Welcome to your CDP Water Security Questionnaire 2023

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Vakıfbank has been established in 1954 with the cooperation of several Turkish Foundations as an incorporation company and has become one of Turkey's leading banks. The Bank’s founding mission was to manage and use the assets of foundations in the most efficient manner, to contribute to Turkey’s savings rate based on modern banking principles, and to channel the deposits collected toward the country’s economic development. Vakıfbank offers corporate, commercial, and small business banking products and services as well as individual and private banking, specializing in all financial areas. In addition to basic banking products and services, Vakıfbank has investment banking and capital market activities, where Vakıfbank has been playing a leading role in domestic and foreign trade financing. It also offers insurance through financial subsidiaries of leasing and factoring services to its customers located up a wide range of financial products with high technology required age.

Vakıfbank offers its services to individual and corporate customers with its branches over 900 spreading over the country, as well as with alternative distribution channels supported by advanced technology. Vakıfbank has branches abroad such as the New York branch in US, Erbil branch in Northern Iraq as well as a banking branch in Bahrain coast. Vakıfbank's last overseas branch is opened in Qatar. Also, Vakıfbank operates in Austria with a subsidiary, Vakıfbank International AG, which has branches in Vienna and Cologne. Vakıfbank's other subsidiaries are Vakıf Faktoring, Vakıf Leasing, Vakıf Yatırım, Vakıf Yatırım Ortaklığı, Vakıf GYO, Taksim International Group Hotels, Vakıf Gayrimenkul Değerleme, Vakıf Pazarlama, Vakıf Enerji ve Madencilik, Vakıf PayS. By BIST Sustainability Index, Borsa İstanbul listed companies based on international sustainability criteria. The assessment is

based upon only publicly available information. In 2014, Vakıfbank has been one of the first four banks and the only public bank that satisfied the Sustainability Criteria developed for the BIST Sustainability Index, and Vakıfbank has been maintaining its own place in the index since 2014.

Vakıfbank puts the best effort to “sustainability” with the value contributed to its customers, shareholders, employees, and society for economic and social responsibility. Vakıfbank is conscious of its responsibility for contributing to global and national efforts to mitigate climate change. Therefore, the Bank adopts the aim of decreasing its carbon footprint in line with its environmental responsibility. Within this framework, the following policies are implemented in Vakıfbank in 2015:
-Supporting the policies and national development plans that will be determined to decrease GHG emissions, through contribution to national draft policies and plans.
-Fulfilling not only the Bank's global and national responsibilities but also being a role model in the Turkish Banking Sector for Environmental Sustainability at several platforms such as Istanbul Stock Exchange Sustainability Index, CDP, MidSEFF, TurSeff, and other initiatives.
-Continuous monitoring, transparent reporting, and improving GHG emission reduction performance since 2014.

In 2017, Vakıfbank has got certified not only its HQ, but also by its 30 branches with ISO 14001 Environmental Management System. Besides, the Bank started to disclose environmental data from its all branches in Turkey. In 2020 and 2021; thanks to our efforts on environmental management, all head office buildings and branches were added to the scope of the ISO 14001 Environmental Management System (EMS) and enabling all VakıfBank employees to work in ISO 14001 certified buildings. Since 2017, VakıfBank has been included in the FTSE4Good Emerging Markets Index, which responsible investors primarily follow. In 2022, VakıfBank volunteered to respond to the Corporate Sustainability Assessment-CSA, prepared by S&p Global which VakıfBank believes that will constitute a basis for VakıfBank's sustainability performance and guide it in improving our performance.
VakıfBank strucks a deal with JCR Eurasia Rating for Corporate Governance Rating services in November 2022. VakıfBank will have a presence on Borsa Istanbul's Corporate Governance Index in the coming period.
VakıfBank attaches importance to disclosing its performance with transparency. As a result, VakıfBank maintain its place in the index since 2014, when the BIST Sustainability Index was created. Since 2017, VakıfBank has been included in the FTSE4Good Emerging Markets Index, which responsible investors primarily follow. In 2023, VakıfBank’s emission reduction targets have been validated by SBTi and VakıfBank became the first bank in Turkey that has SBTi approved targets.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2022	December 31, 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

Bahrain
Iraq
Qatar
Turkey
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, a Ticker symbol	VAKBN in Borsa İstanbul (İstanbul Stock Exchange)

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Vital	For direct use of water: VakıfBank is a bank that operates in 949 branches, 27 main buildings, and a General Directorate which has a two-story cafeteria in Turkey, in addition to 4 branches abroad. It is crucial for our total of over 16,000 full-time employees to have access to an adequate amount of high-quality water for sanitation and hygiene purposes. As part of our adopted Environmental Policy and water management, we are committed to complying with WASH standards in providing clean water to our employees. Therefore, sufficient amounts of good quality water for direct use are important. Due to the predicted increase in water stress in the future, it is considered that the importance attributed to access to water and efficient water usage will also increase in our Bank. In other words, it is anticipated that the significance of access to clean water will be of vital importance in the future, both for direct and indirect use.

			For indirect use of water: The indirect use of water in the banking sector can be crucial due to its potential impact on lending activities to industries. As VakıfBank, we work with various sectors, including water-intensive industries, and we believe that access to quality water for indirect use is of vital importance. Through our Environmental and Social Impact Assessment Policy in Bank Lending Activities, we demonstrate our impact on the conservation of water resources. Access to water and having water in good conditions will be even more important in the long term in our value chain. The importance of assessment will continue to be vital.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Important	For direct use of water: VakıfBank does not operate in a sector that involves production processes or intensive water usage. The use of recycled water is not of great importance to our bank. Therefore, this option is considered neutral for us within the scope of our direct operations. Considering that our direct operations will not change in the near future as a financial institution, we anticipate that the importance level will remain the same in the future. For indirect use of water: The availability of usable, clean water is important for our value chain in our indirect activities. Our customers in lending activities mainly consist of industrial institutions operating in water-intensive sectors such as textiles, agriculture, and beverages. Therefore, access to water under good conditions and the use of recycled water are rated as important for our value chain. Considering the anticipated restriction in access to water in the future, it is predicted that water competition will increase, and efficient water usage will become necessary. Having an

			adequate amount of recycled, saline, and/or produced water will continue to be important for our bank and our value chain in the future.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Monthly	All water withdrawals of our Bank's units can be tracked regarding to the second source of information that follows consumption including flow meter and bills. The usages of mains water and drinking water in the Bank units are billed monthly. These proof documents are uploaded to the joint information system (VakıfBank Innovative Technologies, VIT), and they are periodically cross-checked by the Bank's Environmental Management System unit.	The total water usage in all locations of our Bank, including the headquarters, regional offices, and branches, consists of the combined consumption of city water used for domestic purposes such as cleaning and sanitation, as well as bottled water supplied by third-party vendors. In all our locations, the municipal water is sourced from the city water supply, and 100% of this usage is measured through flow meters/bills. The drinking water needs of our employees are also sourced from third-party suppliers and billed on a monthly basis. We track our environmental performance, including energy, water usage, and waste generation data, through an electronic reporting system where our employees fill in monthly reports for each location. This is because we consider as our

				responsibility that ensuring our employees and customers have access to an adequate quantity and good quality of water for drinking, sanitation, and hygiene purposes.
Water withdrawals – volumes by source	100%	Monthly	The water withdrawals according to its source is measured by the municipality through flow meters and billed to the bank by suppliers on a monthly basis. 100% of the drawn tap water and purchased drinking bottled water are measured both in terms of volume and quantity, respectively. Water consumption, which has been billed based on the source, as well as the water withdrawal volumes in our Bank units, can be tracked separately.	Mains water is used for domestic purposes, while bottled water is used for human consumption in our Bank's headquarters, regional offices, and branches. We track our environmental performance through an electronic reporting system (VIT - VakıfBank Innovative Technologies) where one employee from each location fills in data on energy consumption, water usage, and waste generation on a monthly basis. This is because we consider as our responsibility that ensuring our employees and customers have access to an adequate quantity and good quality of water for drinking, sanitation, and hygiene purposes.
Water withdrawals quality	100%	Monthly	The quality of our water withdrawals can be monitored in real-time through SCADA systems by the Water and Sewerage Authorities within the municipal boundaries. These authorities, such as	Water supply in our Bank's headquarters, regional offices, and branches is obtained from the municipal water network for general use and from suppliers for drinking purposes. The quality of the

			ISKI in Istanbul, ensure water supply control and prepare monthly reports showing water quality parameters to the public through their websites. For this reason, as VakıfBank, we monitor the quality of water withdrawals on a monthly basis.	water we draw is monitored and controlled by the Municipalities to ensure compliance with WASH standards. Our Bank is followed the quality of water drawn from the mains by the assessment reports published online monthly at the website of the authority that oversee water supply to the city. Additionally, our Bank's headquarters building is equipped with sediment traps and 65W UV disinfection lamps in the kitchen and restrooms. As we prioritize our employees' access to high-quality water, we monitor and control both the quality of water supplied from the network and the compliance of drinking water suppliers with the standards for human consumption. Therefore, we select licensed suppliers who provide water of suitable quality for human consumption.
Water discharges – total volumes	100%	Monthly	The water discharged by our Bank is directly monitored and tracked in real-time by the municipalities as it is directed to the municipal sewage system. However, the total discharge volume of our Bank's units can be tracked monthly through flow meter and bills, which serve as the second source of information. These bills are uploaded to the joint information	All the water drawn from the municipal water supply in our Bank's headquarters, regional offices, and branches is discharged into the municipal sewage system after usage; therefore, it is considered that discharged water is monitored by the municipalities to a 100% extent. It is assumed that the volume of wastewater discharged into the sewage

			system (VakıfBank Innovative Technologies, VIT) and periodically cross-checked by the Bank's Environmental Management System unit.	system is equal to the volume of water drawn from the supply. The flow meter and bills enable tracking of the total discharge volume of our Bank's units on a monthly basis.
Water discharges – volumes by destination	100%	Monthly	The water discharges occurring in our Bank's units are directly connected to the sewage system and reach the municipal wastewater treatment plants. The discharged water can be monitored in real-time through direct observation by the municipalities. However, our Bank can monitor the amount of water discharge from the second source of information such as flow meters, and/or invoices.	The water drawn from the network is discharged into the municipal sewage system, which is the sole destination. It is assumed that the volume of discharged water is equal to the volume of water drawn from the network. The discharged water is directly connected to the sewage system and reaches the municipal wastewater treatment plants. It is acknowledged that 100% of the discharged water volume, based on its destination, is measured by the municipalities and our Bank can only monitor the amount of water discharge from flow meters.
Water discharges – volumes by treatment method	100%	Monthly	The discharged water is directly connected to the sewage system, and the volume of treated water can be monitored in real-time through direct visualization by the municipalities. VakıfBank can track the treatment methods through the municipalities' websites monthly.	In our bank, there is an oil trap in the cafeteria of the Headquarter building, but none of our buildings have a primary treatment facility. It is known that the wastewater generated from domestic use in all our locations is discharged into the municipal sewage system and is subject to 100% control by the municipalities. Therefore, the treatment method control

				of the discharged water is not within the scope of our bank's monitoring. However, we have always access to the monthly published reports that include the quantity and quality of the treatment process of water we discharged into the sewage system.
Water discharge quality – by standard effluent parameters	100%	Monthly	The quality of the discharged water, including pollution parameters, can be monitored in real-time through direct visualization by the municipalities, and our bank can monitor the water quality parameters which follow the standards through the monthly published reports on the website of the relevant authority.	In all our locations, wastewater is discharged into the municipal sewage system. The municipalities responsible for receiving the wastewater determine the wastewater parameters based on the discharge point type and closely monitor all water treatment activities with 100% accuracy. Since the control of discharged water quality falls under the jurisdiction of the respective regional municipalities, it is considered beyond the supervision of our Bank. However, we have always access to the monthly published reports that demonstrate the quality of the water treated in accordance with the standard parameters.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	Not relevant			As a banking institution, we only discharge water used for WASH services into the sewage system at all our locations. So, the discharged water directly consists of domestic wastewater. Since our Bank does not have any

				discharge other than domestic use, there are no emissions of nitrates, phosphates, pesticides, or any other substances into the water. As long as we operate in the banking sector, the purpose of water usage will remain same. Hence, the parameter of emissions to water will continue to be considered irrelevant to us in the future.
Water discharge quality – temperature	100%	Monthly	The temperature of the discharged water is monitored in real time by the municipalities and wastewater treatment plants through direct monitoring. However, we can track the average temperature of discharged water through the assessment reports of Municipal wastewater treatment facility published online at the website on a monthly basis.	As a banking service provider, water is used in WASH facilities at all our locations, and after use, it is discharged into the municipal sewage system at room temperature. The temperature of the discharged water is monitored by the municipalities and water treatment facilities and is not under the supervision of our bank. However, we have access to monitor the average temperature of discharged water through the assessment reports of Municipal wastewater treatment facility published online at the website on a monthly basis.
Water consumption – total volume	100%	Monthly	The consumptions occurring at the bank units are invoiced on a monthly basis. These proof documents are uploaded to the shared system as a second sources of information and checked by the relevant	The volume of water consumed can be monitored with 100% accuracy through invoices monthly generated by the suppliers. Invoices obtained from third-party suppliers are entered into the Bank's VIT system.

			departments through periodic cross-readings.	Although it is anticipated that water consumption may increase with the growth of our workforce in the coming years, as of the end of 2022, we have implemented water purification devices in 89 of our branches, and an additional 766 branches will have these devices installed by the end of November 2023, excluding our overseas and affiliated branches. This plan aims to provide tap water in a total of 855 branches. Consequently, we expect a decrease in our future consumption of drinking water obtained from third-party suppliers.
Water recycled/reused	Not relevant			We do not currently have any water recycling or reuse practices in our bank branches and headquarters where banking services are provided. However, in 2023, our headquarters unit will be relocated to a building in Istanbul Financial Center with LEED certification, where rainwater harvesting is implemented. Therefore, it is anticipated that water recycling and reuse practices may become relevant for our bank in the future.
The provision of fully-functioning, safely	100%	Continuously	The provision of WASH services to all employees and customers within the bank is monitored in real-time through	VakıfBank does not engage in any manufacturing activities, and our water consumption is solely for hygiene and

managed WASH services to all workers			employee feedback. Additionally, in units equipped with treatment devices, quality checks are conducted at regular intervals.	sanitation purposes. As a bank that recognizes access to clean water and sanitation as a human right and embraces WASH standards, we provide continuous hygiene and sanitation services to all our employees. This commitment is reflected in our Environmental and Water policies.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	391.68	Much higher	Other, please specify Starting to work on-site instead of remote working in pandemic	About the same	Increase/decrease in efficiency	In our bank, we meet the sanitation requirement of our employees and customers with tap water, and their water needs with bottled drinking water, in our General Headquarters, 27 main buildings, and 949 branches. Therefore, the total water withdrawal is the sum of the water consumed from the mains and the bottled drinking water. We monitor our total water consumption monthly through invoices received from municipalities and suppliers. Additionally, at the end of each year, the total water withdrawal is calculated by our bank and compared with the previous year's consumption.

						For our bank, changes in the range of 5% to 15% from year to year are considered "high" or "low," and changes outside this range are considered "much higher" or "much lower". When comparing our total water withdrawal in 2022 with that of 2021 (188.32 megaliters), there is an increase of approximately 107% which is in the range of much higher. This increase is due to bank employees transitioning from a hybrid work system with limited capacity due to the pandemic in 2021 to work in offices at full capacity in 2022. Water withdrawal, water discharge, and water consumption values are verified in accordance with ISO 14046 Water Footprint Standards. Considering that there will be no fundamental changes in our bank's operations, and we will continue to provide services in the banking sector, we expect our water withdrawal to remain about the same in the future due to the implementation of water treatment systems, rainwater harvesting, and other improvements, although we anticipate an increase in the number of branches and employees.
Total discharges	389.48	Much higher	Other, please specify Starting to work on-site instead of remote	About the same	Increase/decrease in efficiency	Since we provide banking services, the discharged water in all our locations is the wastewater generated from domestic use only for hygiene and sanitation. Due to the absence of any leaks or evaporation, it is assumed that all the water drawn

			working in pandemic			from the mains is discharged back into the sewage system. In evaluating year-to-year changes, variations between 5% and 15% are considered "high" or "low," while changes outside this range are considered "much higher" or "much lower". In 2022, the total amount of water discharged into the municipal sewage system reached 389.48 megaliters, showing a 106% increase which originated from the shifting in the way of working of our employees from remote in 2021 due to the pandemic to on-site working at full capacity in 2022. Water withdrawal, water discharge, and water consumption values are verified in accordance with ISO 14046 Water Footprint Standards. Although we anticipate an increase in branch and personnel numbers in line with our growth plans as a banking institution, we also projected that investments will be made in line with our water usage reduction targets. Therefore, it is anticipated that our water discharge quantities will remain about the same in the future.
Total consumption	2.2	Much higher	Other, please specify Starting to work on-site instead of remote	Lower	Increase/decrease in efficiency	The quantity of bottled water used for drinking purposes in our bank is considered as part of our total consumption. The total consumption volume for the year 2022 was determined to be 2.20 megaliters through tracking and control using

			working in pandemic			invoices obtained from third-party suppliers. When evaluating year-to-year changes, variations between 5% and 15% are classified as "high" or "low," whereas changes outside this range are classified as "much higher" or "much lower". It has been observed that our water consumption in 2022 has increased by 33% compared to the consumption in 2021, which was 1.66 megaliters. This change is considered to be much higher based on the given range. This increase can be attributed to the transition from limited-capacity hybrid work arrangements throughout 2021 to full-time work arrangements in 2022, due to the pandemic. Water withdrawal, water discharge, and water consumption values are verified in accordance with ISO 14046 Water Footprint Standards. Although it is expected that the consumption of drinking water may slightly increase based on water consumption habits and an increase in our personnel number, it is anticipated that water consumption will decrease in the future due to factors such as the widespread use of water purification devices in buildings, leading to improved water management efficiency.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	76-99	About the same	Other, please specify starting to work on-site instead of remote working in pandemic	About the same	Increase/decrease in efficiency	WRI Aqueduct	Vakıfbank uses the WRI Aqueduct Tool to assess water-related risks. This evaluation considers factors such as the level of water stress risk and water pollution with latitude and longitude inputs. It also includes future scenario analysis. The assessment of water stress risk is done on a yearly basis. The findings indicate that 77% of the total volume of water withdrawn comes from regions with extremely high-risk levels. Additionally, 14% of the water withdrawn is from high-risk areas. In 2022, 91% of the total water volume withdrawn came from water-stressed regions, compared to 90% in 2021.

								For our bank, changes in the range of 5% to 15% from year to year are considered "high" or "low," and changes outside this range are considered "much higher" or "much lower". When comparing our total water withdrawal from stressed areas in 2022 with that of 2021, there is an increase of approximately 1% which is in the range of about the same. This increase is due to bank employees transitioning from a hybrid work system with limited capacity due to the pandemic in 2021 to working in offices at full capacity in 2022. Considering that there will be no fundamental changes in our bank's operations, and we will continue to provide services in the banking sector, we expect our water withdrawal to remain about the same in the future due to the implementation of water treatment systems, rainwater harvesting, and other improvements, although we anticipate an increase in the number of branches and employees.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant				In our bank, water usage is limited to drinking and hygiene purposes only. The water demand is met by sourcing utility water from the public supply for general use and procuring drinking water from third-party suppliers. Considering the future plans for our General Headquarters unit to relocate to a building with LEED certification and rainwater harvesting implementation in 2023, this water resource source might be considered "relevant" for our bank in the future, but currently, it is not relevant.
Brackish surface water/Seawater	Not relevant				In our bank, water usage is limited to domestic and drinking purposes only. The water demand is met by sourcing utility water from the public supply for cleaning purposes and purchasing bottled water for drinking purposes. Therefore, the utilization of brackish surface water or seawater as a water source is not relevant for our bank.
Groundwater – renewable	Not relevant				In our bank, water demand for WASH purposes is met through the public supply, while drinking water is

					supplied in bottled form. The utilization of groundwater is not a relevant source for our bank.
Groundwater – non-renewable	Not relevant				In our bank, water demand for WASH purposes is met through the public supply, while drinking water is supplied in bottled form. The utilization of non-renewable groundwater is not a relevant source for us.
Produced/Entrained water	Not relevant				Our bank does not engage in any production activities. We only source household water from the public supply and drinking water from third-party suppliers. The water generated or discharged is not a relevant source of water usage for our bank.
Third party sources	Relevant	391.68	Much higher	Other, please specify Starting to work on-site instead of remote working in pandemic	In 2022, the total volume of water withdrawal is composed of water sourced from the city's public supply and potable water obtained from local suppliers. For our bank, year-on-year changes ranging from 5% to 15% are considered "high" or "low" and changes outside the range are deemed "much higher" or "much lower". Comparing total water withdrawal in 2022 to that of 2021 (which was approximately 188.32 ML), there is an increase of 107% which is in the “much higher” range. The reason for this increase is the shift from working hybrid with a limited capacity in 2021 to working with a regular routine in 2022. The rise in the amount of potable and tap water used results in the rise of total water sourced from third-party providers. Considering there will be no vital changes in our bank's

					operations, we anticipate that our water withdrawal will remain about the same in the future with the utilization of such improvements as water treatment systems, rainwater harvesting, and so on.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Not relevant				Since our bank does not have any wastewater treatment systems, the generated wastewater after use is directly discharged to city network and sent to municipal treatment facilities for treatment. Therefore, the discharge to freshwater bodies is not relevant to VakıfBank.
Brackish surface water/seawater	Not relevant				Since our bank does not have any wastewater treatment systems, the generated wastewater after use is directly discharged to city network and sent to municipal treatment facilities for treatment. Therefore, the discharge to brackish surface water or seawater is not relevant to VakıfBank.
Groundwater	Not relevant				Since our bank does not have any wastewater treatment systems, the generated wastewater after use is directly discharged to city network and sent to municipal treatment facilities for treatment. Therefore, the discharge to groundwater is not relevant to VakıfBank.

Third-party destinations	Relevant	389.48	Much higher	Other, please specify Starting to work on-site instead of remote working in pandemic	Due to our banking activities not causing significant water pollution, discharged wastewater is classified as domestic wastewater. As our bank does not have any treatment systems in our head office, main buildings, and branches, the used tap water is directly discharged into the municipal sewage systems. Therefore, third-party destinations is considered 'relevant' for VakıfBank. We consider changes ranging from 5% to 15% as 'high' or 'low', and outside of this range as 'much higher' or 'much lower'. In 2022, our total water discharge reached 389.48 ML, showing a 106% increase compared to the previous year. The increase in discharged water volume originated from the shift in working from remote/hybrid to on-site with full capacity. As a banking institution, we anticipate growth in branch and personnel numbers as well as investments aligned with water usage reduction goals. Consequently, we expect our water discharge volumes to remain about the same in the future.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant					In all our locations, we use water for activities such as washing and

						cleaning. The domestic wastewater generated at all VakıfBank locations is discharged into the municipal sewage system, which is a third-party entity responsible for the required treatment. Therefore, tertiary treatment is not relevant to our bank.
Secondary treatment	Not relevant					In all our locations, we use water for activities such as washing and cleaning. The domestic wastewater generated at all VakıfBank locations is discharged into the municipal sewage system, which is a third-party entity responsible for the required treatment. Therefore, secondary treatment is not relevant to our bank.
Primary treatment only	Not relevant					In all our locations, we use water for activities such as washing and cleaning. The domestic wastewater generated at all VakıfBank locations is discharged into the municipal sewage system, which is a third-party entity responsible for the required treatment. Therefore, primary treatment is not relevant to our bank.
Discharge to the natural environment	Not relevant					In all our locations, water is used for activities such as washing and cleaning, and the resulting wastewater

without treatment						is discharged into the municipal sewage system, which is a third-party entity. Therefore, the discharge to the natural environment without treatment is not relevant to our bank.
Discharge to a third party without treatment	Relevant	389.48	Much higher	Other, please specify Starting to work on-site instead of remote working in pandemic	100%	There are not any treatment systems in our bank's headquarters, main buildings, and branches. All generated wastewater is discharged into the municipal sewage system, which is operated by third-party entities, and the proper treatment is provided at the municipal wastewater treatment facilities. Therefore, the discharge to a third party without treatment is relevant to our bank. For our bank, changes in water discharge are evaluated as "high" or "low" when they range from 5% to 15% annually, and changes outside this range are considered "much higher" or "much lower". In 2022, our total water discharge, which was entirely directed into the municipal sewage system, reached 389.48 ML, showing a 106% increase compared to the previous year (where it was 188.32 ML in 2021). The increase in

						discharged water volume can be attributed to the transition from a hybrid working model to full office capacity during the reporting year. As a bank operating in the banking sector, we foresee an increase in branch and personnel numbers in line with our growth plans. However, investments will also be made towards reducing water consumption in alignment with our goals. Therefore, we expect that the water withdrawal and discharge volumes of our bank will remain almost the same in the future.
Other	Not relevant					In all our locations, water is used for activities such as washing and cleaning, and the resulting wastewater is discharged into the municipal sewage system, which is a third-party entity. Therefore, there is no other treatment method.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal	Total water withdrawal efficiency	Anticipated forward trend

		volume (megaliters)		
Row 1	99,325,029,000	391.68	253,587,185.968137	As VakıfBank, our net income value for the year 2022 is 99,325,029,000 TRY, and our total water withdrawal volume is 391.68 megaliters. Therefore, our water intensity for the year 2022, representing water consumption efficiency, is 253,587,185.968. We expect an increase in efficiency value due to our efforts to reduce water withdrawals in our operations while increasing our income through efficiency measures.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	No	As a banking institution, in all our locations, we discharge water used for only WASH (Water, Sanitation, and Hygiene) services into the sewage system. Therefore, discharged water is classified as domestic wastewater. Since our bank does not have any discharge other than domestic use and does not have any production activity, it does not release any emissions such as nitrates, phosphates, pesticides, etc. into the water.

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement
Suppliers	Yes
Other value chain partners (e.g., customers)	Yes

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Basin status (e.g., water stress or access to WASH services)
Supplier dependence on water
Supplier impacts on water availability
Supplier impacts on water quality

Number of suppliers identified as having a substantive impact

58

% of total suppliers identified as having a substantive impact

Less than 1%

Please explain

The primary suppliers at the highest level for the bank are technology companies and card manufacturers. The production processes for these products typically do not involve significant water consumption. Therefore, we only evaluate suppliers that have an influence on the provision of drinking water, considering them as entities with a substantial impact on water supply.

As of the end of 2022, the bank had installed purified water dispensers in 23 provinces. In its facilities across 58 provinces, the bank procured drinking water from bottled and PET bottled sources. Recognizing that disruptions in the drinking water supply could adversely affect the bank's WASH services, we assess the water dependency of our suppliers and its impact on water availability and quality. When evaluating climate risks, we also examine the water stress conditions in the regions where we operate. Consequently, the basin status as part of the assessment process for drinking water suppliers is evaluated.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

	Suppliers have to meet specific water-related requirements
Row 1	Yes, water-related requirements are included in our supplier contracts

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement

Providing fully-functioning, safely managed WASH services to all workers

% of suppliers with a substantive impact required to comply with this water-related requirement

100%

% of suppliers with a substantive impact in compliance with this water-related requirement

100%

Mechanisms for monitoring compliance with this water-related requirement

Supplier self-assessment

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

As Vakıfbank, our aim is to create a modern work environment that respects human rights, ensures social justice, and continually improves labor rights, while spreading this understanding and increasing awareness and consciousness about sustainability among our employees,

customers, and all other stakeholders. It is expected that our suppliers also respect universal human rights. In this regard, not only our suppliers with significant impact but all our suppliers are expected to provide fully functional, securely managed WASH (Water, Sanitation, and Hygiene) services to all employees during the evaluation process. If any non-compliance is identified, communication with the supplier will be initiated, aiming to take appropriate actions regarding the non-compliance.

Water-related requirement

Complying with a water-related certification

% of suppliers with a substantive impact required to comply with this water-related requirement

100%

% of suppliers with a substantive impact in compliance with this water-related requirement

100%

Mechanisms for monitoring compliance with this water-related requirement

Supplier self-assessment

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

As part of the ISO 14001 Environmental Management System, Vakıfbank aims for all stakeholders in the supply chain to fulfill their environmental responsibilities and achieve sustainable environmental performance. Therefore, in supplier evaluations, the presence of the Environmental Management Standard or the development of appropriate systems and the sharing of relevant documents may be requested. If any non-compliance is identified, communication with the supplier will be initiated, aiming to take appropriate actions regarding the non-compliance.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Information collection

Details of engagement

Collect water quality information at least annually from suppliers (e.g., discharge quality, pollution incidents, hazardous substances)

% of suppliers by number

Less than 1%

% of suppliers with a substantive impact

100%

Rationale for your engagement

As Vakıfbank, our aim is to provide our employees with a clean and safe working environment and ensure our customers have access to clean drinking water sources and appropriate sanitary conditions. As a bank, we have set a target to gradually reduce the use of plastic water bottles and increase the use of water dispensers, excluding our domestic branches, by the end of 2022, including our headquarters, regional offices, and all other branches. In line with these targets, the requirements that suppliers are expected to comply with in the technical specifications for the purchase of water treatment devices are as follows:

- The quality of the output water should consistently meet the regulatory standards under all circumstances, and the water quality should be analyzed at regular intervals. Filters should be replaced every six months.
- In case of any dissatisfaction with the characteristics of the filtered water or quality/taste complaints, the supplier should take a sample of the water for analysis to the Public Health Center.

Therefore, our water dispenser supplier should conduct quality controls at regular intervals throughout the year.

Impact of the engagement and measures of success

i) The beneficial outcomes of the participation activity related to water: Measuring the water quality of water dispensers enables employees and customers to obtain clean, fresh, and healthy drinking water. This enhances employee and customer satisfaction and promotes the preference for water dispensers. Additionally, measuring water quality provides a criterion for evaluating the performance of water dispensers. It provides

important feedback to monitor the effectiveness of filters, the accuracy of water treatment processes, and the overall functionality of the device, allowing for necessary improvements.

ii) Success criterion: The supplier's compliance with the requirements stated in the specifications and the attainment of outputs that meet the established standards for water treatment and quality control in quality analyses demonstrate the success of the participation. Furthermore, positive feedback from employees regarding the drinking water quality serves as another measure indicating the supplier's success.

Comment

Vakıfbank has less than 1% of suppliers involved in this interaction. However, since all suppliers with a substantive impact are engaged in this interaction, the percentage of suppliers with a substantive impact has been selected as 100%.

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Customers

Type of engagement

Innovation & collaboration

Details of engagement

Collaborate with stakeholders on innovations to reduce water impacts in products and services

Rationale for your engagement

Vakıfbank aims to consider the environmental and social impacts of the loans it finances and manage the environmental and social risks in its lending processes through its Environmental and Social Management System (ESMS) established within the Bank. Water management is of vital importance as an input to production processes and/or operational environments, including their wastewater, in certain sectors. In our Credit Activities, we have developed an Environmental and Social Evaluation Policy, primarily taking these factors into account. The policy includes an exclusion list that identifies sectors not eligible for financing or environmentally sensitive areas in proximity to operations that will not

be financed (such as wetlands protected under the Ramsar Convention). With this policy, projects to be financed are classified based on their environmental and social impacts, including water management issues.

Under the Policy for Managing Environmental and Social Impacts in Credit Processes, particularly for project loans with intensive water usage, companies are requested to comply with IFC performance standards by monitoring water consumption (in monthly cubic meters or tons), preparing a Water Management Plan, and sharing relevant data and procedural documents with the Bank. These requirements are added as provisions to the action plan within the prepared environmental and social risk assessment and are expected to be reported annually.

Impact of the engagement and measures of success

The beneficial outcomes of the participation activity related to water are as follows: Environmental and social risk assessments serve as important tools for identifying and mitigating water pollution risks in projects with high water usage. The conservation of water resources and prevention of water pollution are facilitated through the monitoring of water consumption and usage, contributing to the effective preservation and sustainability of water resources. This interaction encourages water sensitivity and the adoption of sustainable water management practices among both bank customers and stakeholders of financed projects.

Success Criterion: The success of the interaction is demonstrated by customers regularly conducting annual reporting and showing improvements in water management compared to the previous year.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Country/Area & River basin

Turkey

Other, please specify

Sea of Marmara Coast

Type of impact driver & Primary impact driver

Acute physical

Heavy precipitation (rain, hail, snow/ice)

Primary impact

Impact on company assets

Description of impact

Due to excessive rainfall, the bank incurred a damage of 95,950 TRY in the headquarters' residence in Istanbul in 2022. This damage resulted in effects such as painting, refurbishment, purchase of new furniture, and procurement of electronic appliances. Additionally, a lower floor outside the residence also suffered damage.

Primary response

Increase capital expenditure

Total financial impact

95,950

Description of response

Vakıfbank's insurance agreement is a comprehensive policy that encompasses the effects caused by excessive rainfall. The damage amounting to 95,950 TRY has been allocated by the insurer. Additionally, the damage incurred by a lower floor, apart from the residence, has been covered by the insurance policy with which the bank has a contractual arrangement. In the total costs incurred due to the damages concluded in 2022, the share of the 95,950 TRY damage resulting from excessive rainfall in Istanbul is approximately 10%. The bank does not consider a 10% impact as a significant effect within the overall expenses. However, in line with the risk assessment, improvements have been implemented in the emergency action plan to address the potential recurrence of such a situation.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Comment
Row 1	No	N/A

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified
Row 1	Yes, we identify and classify our potential water pollutants	i) The bank defines methods that can control the environmental dimensions of its activities to reduce their impacts in the "Environmental Dimensions Assessment Tables and Control Plans". Additionally, the Waste Control Procedure is followed for the disposal of liquid waste. This procedure focuses on directing liquid waste to the sewage system and preventing it from mixing with the rainwater system. In credit processes, the bank utilizes the Environmental and Social Risk Management System for project financing loans of 20 million dollars and above. For these loans, environmental impact assessment reports and permits or licenses are requested. Depending on the sector, the preparation of policy documents containing environmental topics (such as environmental, energy management, etc.) and the creation of procedural documents regarding resource and energy efficiency for the facility (such as Water Management Plan, Chemical Management Plan, etc.) may also be required.

		ii) The bank, committed to complying with all national and international legal regulations related to the environment, follows the Discharge Regulation to Wastewater Sewage Network and Water Pollution Regulation. In project financing loans, the bank adheres to the relevant regulations and IFC Performance Standards. iii) The bank ensures compliance with the limit values of parameters such as pH, TSS, COD, BOD, etc., as specified in the Water Pollution Regulation, both in its direct operations and credit processes.

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Other physical pollutants

Description of water pollutant and potential impacts

VakıfBank evaluates water risks by the technical team during the credit assessment process within the framework of the Environmental and Social Risk Management System, regardless of the type of credit, in water-intensive sectors. The potential pollutants and impacts of water-intensive sectors financed by the bank are listed below:

Pollutants in Manufacturing, Mining, and Industrial Activities: Heavy metals, organic compounds, solvents, acids, and suspended solids. Impacts: Discharge of heavy metals and toxic chemicals can harm water ecosystems and contaminate groundwater. Organic compounds and solvents can cause water pollution and pose risks to human health.

Pollutants in Energy Production: Thermal pollution, heavy metals, radioactive materials, and chemicals used in extraction processes. Impacts: Thermal pollution from power plants can increase water temperatures and affect aquatic ecosystems. Discharge of heavy metals and radioactive materials can pollute water sources and pose risks to human and environmental health. Chemicals used in extraction processes, such as crushing, can also contaminate water sources.

Pollutants in Agriculture: Fertilizers, pesticides, herbicides, animal waste, and sediment.
Impacts: Leakage of nutrients can lead to eutrophication, while pesticides and herbicides can contaminate water sources and impact aquatic life and human health. Additionally, animal waste can contribute to bacterial pollution and degrade water quality.

Value chain stage

Product use phase

Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements
Provision of best practice instructions on product use

Please explain

ii) Within the scope of the Environmental and Social Management System (ESMS) followed in the credit assessment process, beyond the requirements set by legal and bank policies, the aim is to identify environmental and social risks that may arise from the general activities of companies, especially those with high water usage. These risks are classified based on the risks carried by the companies, and action plans specific to each project are prepared to monitor and ensure that these risks are addressed.
The ESMS model includes assessment questions regarding environmental risks that customers and projects may face due to extreme climate conditions, risks related to water stress in operational activities, and the potential for any negative impact on the environment. During the assessment process, the bank may request documents such as ISO 14001 Environmental Management System Certification, Environmental Permit and License, water consumption records, water quality, and wastewater discharge analysis reports, if necessary.
Based on the outcomes of the parameters of impact, manageability, and probability of occurrence, customers/projects are classified into risk categories A, B, or C.

iii) Success Criterion: Activities with no or insignificant potential environmental impact are classified under Category C, while activities with preventable site-specific effects are classified as B+, B, and activities with high risk of negative impact are classified under Category A.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations
Supply chain
Product use phase

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management
International methodologies and standards
Databases
Other

Tools and methods used

WRI Aqueduct

Enterprise Risk Management
IPCC Climate Change Projections
ISO 14001 Environmental Management Standard
Regional government databases
Internal company methods
External consultants
Nation specific databases, tools, or standards

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Impact on human health
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees
Investors
Local communities
Regulators
Suppliers

Comment

VakıfBank defines climate risk as the probability of damage that may arise from the adverse effects of global climate change and associated extreme weather events on the Bank's business model, operations, assets, and activities in the short-term (0-2 years), medium-term (2-10 years), and long-term (10-30 years).

The Bank addresses climate risk from the perspectives of "Physical Risks" and "Transition Risks" in line with the existing literature in this field.

Measurement is conducted in both credit risk management and operational risk management domains within these two perspectives. The Bank performs calculations for the Green Asset Ratio, which is one of the most important indicators for measuring climate risk and aims to assess the impacts of climate-related risks on the repayment capacity and/or the value of assets and collaterals of credit customers in accordance with the European Union Taxonomy. As a member of the working group established under the Turkey Banks Association, the Bank actively conducted its activities within this working group in 2022.

Heat maps, another classification and measurement method, are created by the Bank based on taxonomy-compliant temperature thresholds, both for credit assessment processes and direct operations. Risk amounts of sectors receiving credit financing are evaluated annually. Additionally, the Bank evaluates the risk of operational disruptions and physical damage that may occur at service locations through various scenarios (temperature, increased precipitation, water stress, etc.).

VakıfBank employs different tools and approaches in managing physical and transition risks that may arise from credit activities, as well as physical risks that may lead to an increase in the level of operational risk. These include organizational structuring, data processing, documentation, risk transfer, and other methods, all of which are integrated into the climate risk management processes. The approaches to these processes are communicated to employees through the following documents:

- Operational Risk Management Policy
- Credit Risk Management Policy
- Climate Risk Management Policy
- Environmental Dimension Assessment and Control Plan Procedure
- Environmental and Social Impact Management Policy and Procedure in Credit Assessment Processes
- Climate Risk Report

For details regarding the process, please refer to the following website: https://www.vakifbank.com.tr/Default.aspx?pageID=5150

W3.3b

(W3.3b) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	VakıfBank aims to minimize the adverse impacts of its direct operations, suppliers, credit, and investment activities through its integrated sustainable approach and develops environmental risk processes within the scope of ISO 14001 Environmental Management Standard. For the assessment of operational physical risks in bank activities, a study based on regional temperature and precipitation projections obtained from the General Directorate of Meteorology is conducted. In these studies, in addition to IPCC RCP4.5 and RCP8.5 projections, the WRI Aqueduct Tool's 2030 and 2040 forecasts are also utilized for water stress risk. Considering contextual and stakeholder issues, scenario outputs are generated to prioritize action plans for service points operating in areas with high exposure to heavy rainfall and water	The bank commits to providing fully functional and secure WASH services for all employees. Decreased water availability and water quality can lead to disruptions in WASH services and dissatisfaction among employees, posing a reputational risk for the bank. Furthermore, the bank may face the risk of operational disruptions and payment delays from customers with high water usage in their operations due to water stress. Therefore, the bank always consider water availability and water quality. Providing finance to sectors that can have a critical impact on human health poses both reputational and financial risks to the bank. Hence, the bank specifically requests water discharge analyses from sectors with high water usage and pollution potential.	VakıfBank evaluates the impact of its customers with high water usage on water consumption and water quality, regardless of the type of credit, as a precautionary measure against liquidity risk. This is because VakıfBank embraces sustainable business practices. The bank includes employees in the risk assessment process to ensure their access to a safe and healthy working environment and to protect them from water-related risks. In order to support sustainable water usage and avoid restricting the access of local communities to water resources and causing environmental impact, the bank includes local communities in the risk assessment process. To prevent potential regulatory risks, the bank manages water risks by operating in compliance with regulators' requirements.	Direct Operations: Necessary precautions are taken for the management of physical losses and/or damage resulting from operational disruptions, and efforts are made to transfer the risk in cases where losses are inherently unavoidable. The Construction Works Department takes necessary measures considering climate risks during leasing/purchasing, relocation, or renovation processes conducted on behalf of the Bank. All physical assets and financial valuables owned by the Bank are insured to cover damages resulting from climate change. In credit processes, including climate-related risks, environmental risks are evaluated, and they are classified into four risk categories: A (High), B+ (Moderately High), B- (Moderately Low), and C (Low). Category A: Monitored by an independent Environmental and Social Consultant in compliance with

	stress risks. Within the scope of Enterprise Risk Management, the Environmental and Social Risk Management System in Credit Processes is specifically designed for VakıfBank, based on relevant local regulations and IFC performance standards. This system aims to identify environmental impacts that may arise from projects and take necessary measures. In this system, the responses to assessment questions, impact, manageability, and probability of realization parameters, and the requested documents are reviewed to determine the project/customer's risk category.	Opening a new branch or providing loans in a watershed where stakeholder conflicts occur in water use can create access issues to water. Therefore, the bank conducts risk assessments by analyzing these conflicts to make informed decisions. The bank commits to complying with all national and international environmental regulations and conditions. Non-compliance with laws can lead to financial losses due to regulatory and reputational risks. Damage to ecosystems leads to loss of biodiversity and disrupts the natural balance. As part of its corporate sustainability responsibility, VakıfBank does not provide financing to activities conducted in critical habitats, including RAMSAR areas, and includes them in its prohibited activity lists.	The bank evaluates the risks of suppliers, especially those with significant impact, as water scarcity, water pollution, or water-related climate events can adversely affect their activities and the quality of their products/services. Factors such as water scarcity, water pollution, or water-related climate events can have negative effects on a company's operations and supply chain, impacting its revenue, costs, and assets. Investors prefer to invest in financially sustainable and resilient companies. Therefore, the bank considers investors' financial expectations when assessing water risks.	the Environmental and Social Monitoring program at least once a year, with the possibility of conducting field visits. Category B+: Monitored by the Process Responsible or, when deemed necessary, an independent Environmental and Social Consultant in compliance with the Environmental and Social Monitoring program at least once a year, with the possibility of conducting field visits. Category B-: Monitored by the Process Responsible in compliance with the Environmental and Social Monitoring program once a year. Category C indicates that the project has minimal or no significant environmental risks. No external consultant is required.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

The negative and destructive effects of climate change are increasing every year around the world. Research shows that the current effort at the global level is not enough to keep global warming below 1.5 degrees Celsius. Considering the magnitude of the impact created by the financing provided by the financial sector, the relationship between climate change and the financial sector is evaluated under a different category in many platforms. In order to mitigate the effects of climate change, it is important to integrate environmental and social risks in the risk assessment process.
It is also critical to assess the impact of climate change and extreme weather events, determine the severity of the impact, and develop a forward-looking perspective on what consequences it may have on business continuity and physical damage losses at service points. Risk assessments, research, stakeholder consultation and good governance provide us with the inputs needed to prioritize risks and challenges. The financial, environmental, reputation, legal and customer criteria of the projects are considered in the risk processes. Then risks are evaluated and prioritized based on the magnitude of the potential financial loss and the probability of the occurrence.

While evaluating the sustainability of an activity subject to transition risk and physical risk, the Bank follows the roadmap specified in the European Union Taxonomy. Accordingly, there are three criteria in the evaluation of the activity in terms of sustainability;
– It must contribute significantly to one of the six environmental objectives specified in the European Union Taxonomy,
– Must not cause 'significant damage' to the other five targets,
– Comply with minimum social and governance standards set by the EU, UN and OECD.

Description of the quantifiable indicator: Transition risks address the risks associated with transitioning to a lower carbon economy that may require extensive policy, legal, technology and market changes to address climate change mitigation and adaptation needs. While conducting bank transition risk analysis, it is handled in parallel with the existing literature. Physical risks from climate change can be event-driven (acute) or longer-term changes (chronic) in climate patterns. Physical risks can have financial implications for organizations, such as direct damage to assets and indirect effects from supply chain disruption. The financial performance of organizations can also be affected by changes in water availability, resource supply and quality. In addition, food safety and extreme temperature changes that affect establishments, operations, supply chain, transportation needs and employee safety are observed under chronic risks. When conduction the risk analyses of companies, their assets, liabilities and EBITDA margins. Pursuant to the Board of Directors decision taken by our Bank in 2022, the activity to be financed should not be included in the VakıfBank Unfinanced Activities List, should be within the scope of project loans, and if the loan amount is 20 million USD and above in accordance with IFC standards, an environmental and social risk assessment for the customer and the project should be done. The Environmental and Social Risk Management System ensures that the environmental and social impacts of project loans of 20 million USD and above are analysed and these effects are followed up and reported with action plans. In the environmental and social risk assessment stage, ESMS (Environmental and Social Risk Management System) is applied to loan applications of 20 million USD and above. The non-financial risks such as environmental, social, governance and occupational health and safety of the loans that are the subject of project financing and the possible effects of these risks are evaluated through ESMS. It is aimed that the system will cover project loans with an investment amount of 10 million USD or more in the future and that the environmental and social risk management system will be integrated into all loan segments except retail in the long term.
Therefore Vakıfbank defines the substantive financial impact as loss of 20 million USD and above.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	533	51-75	Vakıfbank has a total of 533 units/buildings located in extremely high and high-risk areas with strategic significance. These units/buildings constitute 55% of the bank and are situated in the Sea of Marmara Coast and Mediterranean Sea, East Coast basins.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Turkey

Other, please specify

Sea of Marmara Coast

Number of facilities exposed to water risk

252

% company-wide facilities this represents

26-50

% company's total global revenue that could be affected

21-30

Comment

N/A

Country/Area & River basin

Turkey

Other, please specify

Mediterranean Sea, East Coast

Number of facilities exposed to water risk

281

% company-wide facilities this represents

26-50

% company's total global revenue that could be affected

21-30

Comment

N/A

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey

Other, please specify

Sea of Marmara Coast

Type of risk & Primary risk driver

Acute physical

Heavy precipitation (rain, hail, snow/ice)

Primary potential impact

Impact on company assets

Company-specific description

Climate change increases the frequency and intensity of extreme weather events. These include heavy rainfall, severe storms, hurricanes, tornadoes, floods, and inundations. These events cause damage to infrastructure, buildings, agricultural lands, water resources, and human habitats. In this regard, the Bank evaluates the potential short-term adverse effects of irregularities in precipitation levels on the financial sector as the impairment of assets and disruption of operations. These events not only pose operational risks but also have a financial impact. In the Climate Risk Assessment conducted by the Bank, monthly average rainfall change predictions for the periods of 2021-2030 and 2031-2040, under optimistic (RCP 4.5) and pessimistic (RCP 8.5) scenarios, were obtained through the "Turkey Climate Risk Assessment" data provided by the General Directorate of Meteorology. Based on the month with the highest rainfall irregularity, the annualized data were classified at the provincial level, prioritizing provinces and subsequently the Bank's service points according to their risk levels. In this study, it was found that, regardless of temperature change scenarios, 7 provinces in Turkey were exposed to high (200-300 kg/m2) or extremely high (>300 kg/m2) levels of irregular rainfall. The Bank has a total of 80 different service points in these 7 provinces. It can be expected that the physical risks associated with irregular rainfall will be observed in the near term (2021-2030 period). This finding is supported by recent flood-related losses in certain regions. As an example of one of the events, in 2022, there was damage amounting to 95,950 TRY at the headquarters' residence in Istanbul due to excessive rainfall. This damage resulted in effects such as repainting, refurbishing, purchasing new furniture, and obtaining electronic appliances. Additionally, a lower floor of the residence was also damaged.

Timeframe

Current up to one year

Magnitude of potential impact

Low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

95,950

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The Bank incurred damage amounting to 95,950 TL at the headquarters' residence in Istanbul in 2022 due to excessive rainfall. This damage resulted in effects such as repainting, refurbishing, purchasing new furniture, and obtaining electronic appliances. Additionally, a lower floor of the residence, excluding the residence itself, was also damaged.

Primary response to risk

Increase insurance coverage

Description of response

The effects of climate change and excessive urbanization are causing the risk of flooding to increase every day. Vakıfbank's insurance agreement is comprehensive insurance that includes the impacts of extreme rainfall. The damage amounting to 95,950 TRY was allocated from the insurer. The damaged lower floor, apart from the residence, was covered by the insurance company with which the bank has a third-party policy agreement. The share of the 95,950 TRY damage caused by excessive rainfall in Istanbul is approximately 10% of the total costs paid due to the damages concluded in 2022. The Bank does not consider a 10% impact significant among all expenses. However, improvements have been made in the emergency action plan to address the possibility of a recurrence within the scope of risk assessment. When selecting locations for our new branches or determining potential water risks for our existing branches, we assess measures against flood risks. The main idea behind the measures we take against flood risk is to minimize economic and physical risks with emergency plans. Additionally, our headquarters building houses a backup data center that can be utilized in emergencies.

Cost of response

18,133,394.51

Explanation of cost of response

We insure our fixed assets belonging to our bank against climate-related risks, including acute physical risks such as floods. In relation to these risks, we made expenditures of 18,133,394.51 TRY on insurance in 2022.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey

Other, please specify

Mediterranean Sea, East Coast

Stage of value chain

Other, please specify

Portfolio

Type of risk & Primary risk driver

Chronic physical

Precipitation and/or hydrological variability

Primary potential impact

Other, please specify

Increase in repayment risk

Company-specific description

Climate change directly affects the quantity and type of resources used in energy production. For example, hydroelectric power plants rely on water resources for energy generation. Increased water stress, changes in rainfall patterns, and water scarcity due to climate change restrict the water pressure required for turbine rotation, posing significant risks to the efficiency and operation of hydroelectric power plants. According to Turkey's National Energy Plan, the key mitigation policy for climate change in the energy sector until 2030 is to maximize energy efficiency and utilize the potential of renewable energy to the highest extent. Changes in the distribution of renewable energy sources are expected in the energy sector, according to the Ministry's studies. It is anticipated that the share of hydroelectric power will decrease as it reaches its maximum

installed capacity and production potential, while the share of solar energy and wind energy will increase. With the increasing share of solar and wind energy, a transformation towards clean and sustainable energy production is expected. As a public bank, Vakıfbank aims to assess the impact of climate-related risks on the repayment capacity of credit customers and/or the value of their assets and collateral, taking into account the country's nationally determined contributions and strategic action plans.

In 2021, the distribution of the bank's renewable energy portfolio consisted of hydroelectric power plants (HPP) with a share of 39%, wind power plants (WPP) with a share of 27%, and solar power plants (SPP) with a share of 22%. However, in 2022, this distribution changed, with the share of solar power plants increasing to 34%, the share of wind power plants remaining at 27%, and the share of hydroelectric power plants decreasing to 28%.

When we compare these changes in percentage terms, we observe that the share of solar power plants increased by 55%, the share of hydroelectric power plants decreased by 28%, and the share of wind power plants remained unchanged. This indicates that the bank has made greater investments in solar power plants and reduced its investments in hydroelectric power plants within its renewable energy portfolio. This shift can be attributed to the increasing popularity of solar power plants and the challenges faced by hydroelectric power plants due to climate change.

Timeframe

4-6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,491,134,642

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

As of the end of 2022, the total risk amount for hydroelectric power plants operating in areas with high water stress is 1,491,134,642 TRY. Due to changes in precipitation, the potential inability to fully pay this risk amount has been evaluated as a potential financial impact.

Primary response to risk

Direct operations

Other, please specify

Managing portfolio distribution and increasing sales of existing products/services.

Description of response

In 2021, the distribution of the bank's renewable energy portfolio consisted of hydroelectric power plants (HPP) with a share of 39%, wind power plants (WPP) with a share of 27%, and solar power plants (SPP) with a share of 22%. However, in 2022, this distribution changed, with the share of solar power plants increasing to 34%, the share of wind power plants remaining at 27%, and the share of hydroelectric power plants decreasing to 28%.

Cost of response

11,431,466,135.74

Explanation of cost of response

As of the end of 2022, our bank has provided a total financing of 11,328,063,969.37 TRY to 91 SPP (solar power plant) projects and 17 WPP (wind power plant) projects in the portfolio. The expected net interest income from these projects is 103,402,166.440 TRY.

Total Cost of Response: 11,328,063,969.3 + 103,402,166.440 = 11,431,466,135.74 TRY.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Vakıfbank, with over 16,000 full-time employees in its direct operations, is committed to providing sufficient access to clean and high-quality water for sanitation and hygiene purposes to its customers and visitors. However, our country is located in a geography with the risk of water scarcity. Considering the anticipated growth of our bank year by year, which will lead to an increase in branches and staff, it is predicted that we may be significantly affected by the decrease in our country's water reserves in the future. In order to mitigate the risk of insufficient access to clean water, our bank is implementing water efficiency practices in its direct operations.

As Vakıfbank, we are aware of the effects of the climate crisis, such as water stress and water scarcity, and we are developing solutions in our medium and long-term plans regarding water reuse and reducing our water consumption. Through these solutions, we aim to take measures against the risk of water stress while reducing our operational expenses and increasing our profits. The actions we have taken or plan to take as part of these plans are as follows:

1. Increasing the use of water purification devices in our buildings to gradually phase out the purchase of bottled water from third-party suppliers.

2. Implementing rainwater harvesting in our new LEED-certified building in Istanbul Finance Center, constructed by Vakıf REIT, a subsidiary of Vakıfbank, where approximately two thousand Vakıfbank employees will work, as part of our relocation of the headquarters.

These actions will not only provide a solution to water stress but also reduce our water withdrawal from third-party sources. Decreasing our water withdrawals will contribute positively to our economy by reducing our expenses.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

10,444,241.43

Potential financial impact figure – maximum (currency)

15,263,705.36

Explanation of financial impact

1. In 2021, our expenditure on drinking water was ₺6,589,879.26, which increased by 49% in 2022, reaching ₺9,835,640.68. Our goal is to use water purification devices in all branches until November 2023 and not to source drinking water from third parties in the units where the devices are installed. Considering the increasing unit prices year by year, it is projected that when we do not spend on drinking water, we will gain a minimum of 9,835,640.68 TRY and a maximum of 14,655,104.61 TRY (₺9,835,640.68 + ₺9,835,640.68 * 0.49).

2. A 45% decrease in the use of mains water is expected in the LEED-certified building. In 2021, the expenditure on mains water used in the headquarters building was 438,761.00 TRY, which increased by 76% in 2022, reaching 770,325.00 TRY. Assuming no transition to the LEED-certified building in 2023 and the same increase, our expenditure in 2023 would have been 770,325.00 + (770,325.00 * 0.76) = 1,352,446.11 TRY. It is anticipated that with the achievement of the targeted 45% decrease in water usage through the transition to the LEED-certified building, our expenditure in 2023 would be (1,352,446.11 - 1,352,446.11 * 0.45) = 743,845.36 TRY. Thus, it is projected that with this decrease, we would gain 1,352,446.11 - 743,845.36 = 608,600.75 TRY.

Total minimum financial impact = 9,835,640.68 + 608,600.75 = 10,444,241.43 TRY

Total maximum financial impact = 14,655,104.61 + 608,600.75 = 15,263,705.36 TRY

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

252 Branches located in the Mediterranean Sea, East Coast basin

Country/Area & River basin

Turkey

Other, please specify

Sea of Marmara Coast

Latitude

41.008237

Longitude

28.978358

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

101.11

Comparison of total withdrawals with previous reporting year

Much higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

101.11

Total water discharges at this facility (megaliters/year)

100.28

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

100.28

Total water consumption at this facility (megaliters/year)

0.83

Comparison of total consumption with previous reporting year

Much higher

Please explain

This line presents the water accounting data for branches situated along the Sea of Marmara Coast, which holds strategic importance and is specified in the first line of question W4.1c. Vakıfbank utilizes the WRI Aqueduct Tool to monitor the water stress risk across all branches.

The water consumption value represents the amount of water purchased for employee drinking purposes. The water discharge volume refers to the volume of water obtained from municipal water sources. The total withdrawal volume is determined by summing up these two types of usage. The bank categorizes changes between 5% and 15% as either high or low in its operations. If the comparison result is below 5%, it is

considered to be about the same, while values exceeding 15% are regarded as much higher or much lower.

As all business units use water supplied by municipalities and engage in clean water purchasing services, any withdrawal or discharge from sources other than third parties is calculated as 0.

Facility reference number

Facility 2

Facility name (optional)

281 Branches located in the Mediterranean Sea, East Coast basin

Country/Area & River basin

Turkey

Other, please specify

Mediterranean Sea, East Coast

Latitude

36.812104

Longitude

34.641481

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

39.88

Comparison of total withdrawals with previous reporting year

Much higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

39.89

Total water discharges at this facility (megaliters/year)

39.27

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

39.27

Total water consumption at this facility (megaliters/year)

0.62

Comparison of total consumption with previous reporting year

Much higher

Please explain

This line presents the water accounting data for branches situated along the Mediterranean Sea, East Coast , which holds strategic importance and is specified in the first line of question W4.1c. Vakıfbank utilizes the WRI Aqueduct Tool to monitor the water stress risk across all branches.

The water consumption value represents the amount of water purchased for employee drinking purposes. The water discharge volume refers to the volume of water obtained from municipal water sources. The total withdrawal volume is determined by summing up these two types of usage. The bank categorizes changes between 5% and 15% as either high or low in its operations. If the comparison result is below 5%, it is considered to be about the same, while values exceeding 15% are regarded as much higher or much lower.

As all business units use water supplied by municipalities and engage in clean water purchasing services, any withdrawal or discharge from sources other than third parties is calculated as 0.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

76-100

Verification standard used

ISO 14046- Water Footprint Standard

Water withdrawals – volume by source

% verified

76-100

Verification standard used

ISO 14046- Water Footprint Standard

Water withdrawals – quality by standard water quality parameters

% verified

76-100

Verification standard used

Vakıfbank's total water withdrawal volume comprises the drinking water procured for its employees and the water sourced from the mains. Municipalities collect samples and validate the water quality parameters, which are accredited under the 17025 standard in their own laboratories.

Water discharges – total volumes

% verified

76-100

Verification standard used

ISO 14046- Water Footprint Standard

Water discharges – volume by destination

% verified

76-100

Verification standard used

ISO 14046- Water Footprint Standard

Water discharges – volume by final treatment level

% verified

76-100

Verification standard used

In all of Vakıfbank's activities, wastewater is discharged into the municipal sewerage system, and wastewater treatment is conducted at treatment plants operated by the municipalities. The volume of water discharged, based on the final treatment level, is validated in accordance with ISO 14046.

Water discharges – quality by standard water quality parameters

% verified

76-100

Verification standard used

The ISO 14046 verification also includes the calculation and validation of the amounts of COD (Chemical Oxygen Demand) and Suspended Solid in the discharged water.

Water consumption – total volume

% verified

76-100

Verification standard used

ISO 14046- Water Footprint Standard

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Commitment to align with international frameworks, standards, and widely-recognized water initiatives Commitment to prevent, minimize, and control pollution	We are committed to establishing a systematic infrastructure to promote resource conservation in the consumption of resources such as electricity, natural gas, and water in all our buildings (ISO 14001 certified as of 2022), even if our operations are not highly water intensive as a banking institution. We strive to provide our employees with comprehensive hygiene facilities in accordance with WASH standards, ensure compliance with all national and international environmental regulations through our Environmental Policy, and recognize that clean water and sanitation are fundamental human rights. Furthermore, our bank is dedicated to working towards the accessibility and sustainable management of water and sanitary conditions for the entire society and assumes responsibility for leaving a carefully preserved environment for the future, considering the limited resources, and preventing pressure on freshwater sources by taking action to protect and ensure ecological efficiency, while committing not to finance activities in critical habitats, including RAMSAR areas.

		Commitment to reduce water withdrawal and/or consumption volumes in direct operations Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities Commitment to stakeholder education and capacity building on water security Commitment to water stewardship and/or collective action Commitment to the conservation of freshwater ecosystems Commitments beyond regulatory compliance Reference to company water-related targets Acknowledgement of the human right to water and sanitation	VakıfBank, considering the impacts of climate change, formulates policies, raises awareness among its staff about water-related issues, and conducts social campaigns to reduce its direct impact on water. Except for overseas and affiliated branches, our bank sets a target of reducing direct water consumption by 2% annually in all its branches. Sensor faucets have been installed in sinks and kitchens to reduce water withdrawal. Inefficient water usage should be evaluated not only from a financial perspective but also from social and environmental aspects. Therefore, we assess the water usage and potential water-related physical risks of our stakeholders in water-intensive sectors as part of our credit risk evaluation, taking into account the potential impact of excessive rainfall, floods, and droughts on our operations. To enhance this process, an Environmental and Social Impact Assessment Policy was developed for our lending activities in 2021. This enables us to consider social and environmental impacts while ensuring sustainable payment of credits. With our policies, we aim to foster a collective approach to mitigate water-related competition and adverse effects on activities in areas experiencing increasing water stress, finance assets that help reduce water-related risks, and create value in our value chain. https://www.vakifbank.com.tr/Default.aspx?pageID=2793 1

		Recognition of environmental linkages, for example, due to climate change	

[1]Environmental Policy.pdf

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual or committee	Responsibilities for water-related issues
Chief Executive Officer (CEO)	The Sustainability Committee, which is the highest-level decision-making body responsible for sustainability, environmental, and water-related issues at VakıfBank, determines the bank's sustainability strategy and policy and ensures the implementation of necessary actions. The Sustainability Committee, chaired by the CEO, sets the bank's strategy and policy, and ensures the implementation of actions accordingly. The CEO's responsibilities regarding climate and water are as follows: - Prioritizing and managing risks and opportunities arising from climate change, specifically carbon and water. - Presenting sustainability reports for approval by the Board of Directors. - Monitoring national legislation related to environmental and social risks, including water-related issues. - Setting sustainability goals and developing an action plan and strategy in line with these goals. ii) An example of a water-related decision by the CEO: As stated in our environmental policy, the bank aims to achieve a 2% reduction in per capita water consumption annually. Accordingly, on December 30, 2022, the decision was announced to promote the use of treated water instead of plastic bottles and bottled water, which contribute to our consumption values. In 2022, water treatment

	systems were installed in 26 branches, bringing the total number of branches with such systems to 89. It is expected that this goal will be achieved in 855 branches under the bank's control, excluding overseas and affiliated branches, by 2023.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring progress towards corporate targets Overseeing and guiding public policy engagement Overseeing and guiding scenario analysis Overseeing major capital expenditures Overseeing the setting of corporate targets Overseeing value chain engagement Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans	According to the Working Procedures and Principles of VakıfBank Internal Committees, the Sustainability Committee was established under the decision of the Board of Directors (BoD) dated 30.12.2021, with the CEO (General Manager) as its chairman. Prior to the BoD, the Sustainability Committee was responsible for determining the bank's sustainability strategy & policy and ensuring the implementation of necessary actions. This committee serves as the highest-level decision-making body for sustainability and climate-related issues at the bank. The committee, chaired by the CEO, consists of an independent member of the BoD, Deputy General Managers responsible for Financial Management and Strategy; Corporate, Commercial, and SME Banking Marketing; Digital Banking; Treasury Management and International Banking and Investor Relations; Credit Allocation Management; as well as the Presidents of International Banking and Investor Relations; Strategy and Planning; Risk Management; Support Services; and Corporate Loan Allocation Management. All corporate policies focused on climate change, water, and sustainability discussed within the committee are reported to and approved by the BoD. The Sust. Committee and the Corporate Governance Committee meet at least twice a year. During these planned meetings, sustainability-related topics are also discussed at the Board level. The Board members within the Sust. Committee evaluate and approve the committee's responsibilities listed below:

		Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy	- Determination of sustainability goals, - Monitoring of sustainability initiatives and strengthening sustainability - Integration of sustainability into all business units and processes - Decision-making on important matters discussed in the Sustainability Subcommittee, - Proposal of organizational changes necessary for the effective implementation of the bank's sustainability activities - Preparation of sustainability reports and submission to the Board of Directors for approval - Identification and management of water-related risks and opportunities arising from climate change - Monitoring national and international legislation relevant to environmental and social risks significant to the bank's lending process, - Overseeing and guiding scenario analysis and public policy engagement - Providing recommendations on potential collaborations and partnerships in the field of sustainability In addition to these responsibilities, the Sust. Committee that includes Board members are also responsible for evaluating and monitoring corporate goals, as well as overseeing the interaction of the value chain. To implement the sustainability strategy determined and approved by the Committee and ensure necessary coordination within the bank, a "Sustainability Subcommittee" has been established. The subcommittee ensures the continuity of the bank's sustainability practices, manages the implementation of decisions made by the Sust. Committee, and oversees the process of taking necessary actions.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues

Row 1	Yes	The Board of Directors of our Bank closely monitors the activities in which the Bank voluntarily participates in terms of sustainability, approves reports, and ensures necessary engagement. There are members with expertise in water management on the Board of Directors. The authorized personnel of the Bank who report to the Board of Directors participate in working groups of the Banking Regulation and Supervision Agency (BDDK) and The Banks Association of Turkey (TBB) and attend sustainability-oriented meetings. Additionally, we are a member of the TBB Sustainability Working Group. This group includes banks listed in the BIST Sustainability Index, and we participate in sub-working groups formed on specific topics to represent our current Bank practices and perspectives. During the meetings we participate in, various topics such as the preparation of heat maps methodology, the establishment of a sustainable finance framework, monitoring climate risks by the bank's risk and allocation units, and development of potential methods have been discussed. The aim of these efforts is to reach consensus on common issues, achieve uniformity among banks in sustainability matters, and take collective action.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify

Executive Vice Presidents (EVPs)

Water-related responsibilities of this position

Assessing future trends in water demand
Assessing water-related risks and opportunities
Managing water-related risks and opportunities
Conducting water-related scenario analysis
Setting water-related corporate targets

Monitoring progress against water-related corporate targets
Managing public policy engagement that may impact water security
Managing value chain engagement on water-related issues
Integrating water-related issues into business strategy
Managing annual budgets relating to water security
Managing major capital and/or operational expenditures related to low water impact products or services (including R&D)
Providing water-related employee incentives

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The water-related issues are discussed by the unit heads in the Sustainability Sub-Committee, then presented and reported to the EVPs in the Sustainability Committee and Board of Directors (BoD), respectively. The EVPs play a key role in managing water security in VakıfBank. Their responsibilities are assessing future trends in water demand, evaluating risks and opportunities related to water, setting/monitoring corporate goals, integrating water-related issues into business strategy, managing annual budgets, managing value chain engagement in water-related topics, and so on.

Water and sustainability-centered corporate policies are evaluated in the Sustainability and the Corporate Governance Committees. In 2022, the Sustainability Committee and the Corporate Governance Committee held meetings two and three times, respectively, which the water-related discussions are conducted in those meetings, and correspondingly, assessments are presented to the BoD more frequently than quarterly.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	The senior executives (Board members, Vice Presidents, etc.) are the responsible authorities for the performance of our bank, including cost reduction (water efficiency) and revenue generation (income from financing activities obtained

		from International Financial Institutions). Monetary rewards such as bonuses, incentives, or dividends are earned based on the achievement of these goals and the increase in performance and profitability.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Other C-suite Officer Executive Vice Presidents (EVPs)	Reduction of water withdrawals – direct operations Improvements in water efficiency – product use Company performance against a sustainability index with water-related factors (e.g., DJSI, CDP Water Security score, etc.) Implementation of employee awareness campaign or training program on water-related issues	VakıfBank aims to create a shared awareness on environmental issues such as water security through both its internal Environmental Policy and the Environmental and Social Impact Assessment Policy developed to improve the environmental impacts of its financing activities. Within the scope of our Environmental Policy, we have set a target to reduce direct water consumption by 2% annually. Furthermore, in 2023, we aim to complete the transition to a purification system by eliminating the use of plastic water dispensers and bottles in all our branches, except for overseas and affiliated branches, in order to make water consumption more efficient and reduce related expenses. In 2023, we will continue our efforts to provide awareness training on water issues for bank employees and engage in supply chain	The reduction of water use by 2%, reduction of water-related expenses, participation in employee awareness activities and water related training programs are the performance indicators evaluated throughout the Bank. Performance evaluations are based on the Bank's corporate goals and the business objectives of relevant departments. Without any threshold value, a bonus factor ranging from 0.75 to 1.50 is determined based on the achievement rate of set targets, and bonus payments are calculated accordingly. Bonus payments are made subsequently to evaluations carried out per quarter and at the year-end, which corresponds to at least four times in a year. Provided monetary incentives create an

			participation. Additionally, the inclusion of CDP Water Security reporting, continuity in the sustainability index, and ISO 14001 Environmental Management Certification are considered among the investor relations objectives. These objectives are set to raise awareness of water efficiency and water stress among bank employees and other stakeholders in the value chain, aiming to create a shared environmental consciousness. Monetary awards such as bonuses, incentives, and dividends contribute to the development of the business model as well as the establishment of corporate and individual performance awareness.	environment within the Bank for increasing performance and profitability by achieving the annual set targets.
Non-monetary reward	Other C-suite Officer Executive Vice Presidents (EVPs)	Reduction of water withdrawals – direct operations Improvements in water efficiency – product use Company performance against a sustainability index with water-related factors (e.g., DJSI, CDP Water Security score, etc.)	VakıfBank aims to create a shared awareness on environmental issues such as water security through both its internal Environmental Policy and the Environmental and Social Impact Assessment Policy developed to improve the environmental impacts of its financing activities. Within the scope of our Environmental Policy, we have set a target to reduce direct water consumption by 2% annually. Furthermore, in 2023, we aim to complete the transition to a purification system by eliminating the use of	The reduction of water use by 2%, reduction of water-related expenses, participation in employee awareness activities and water related training programs are the performance indicators evaluated throughout the Bank. Performance evaluations are based on the Bank's corporate goals and the business objectives of relevant departments. Without any threshold value, a bonus factor ranging from 0.75 to 1.50 is determined based on the achievement rate of set targets, and bonus

		Implementation of employee awareness campaign or training program on water-related issues	plastic water dispensers and bottles in all our branches, except for overseas and affiliated branches, in order to make water consumption more efficient and reduce related expenses. In 2023, we will continue our efforts to provide awareness training on water issues for bank employees and engage in supply chain participation. Additionally, the inclusion of CDP Water Security reporting, continuity in the sustainability index, and ISO 14001 Environmental Management Certification are considered among the investor relations objectives. These objectives are set to raise awareness of water efficiency and water stress among bank employees and other stakeholders in the value chain, aiming to create a shared environmental consciousness. Monetary awards such as bonuses, incentives, and dividends contribute to the development of the business model as well as the establishment of corporate and individual performance awareness.	payments are calculated accordingly. Bonus payments are made subsequently to evaluations carried out per quarter and at the year-end, which corresponds to at least four times in a year. Provided monetary incentives create an environment within the Bank for increasing performance and profitability by achieving the annual set targets.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers
Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

i) We focus on effective water management through our value chain. We commit to never financing activities that are not compliant with environmental and social regulations or fall under the VakıfBank Non-Financed Activities List. To achieve this, we have developed the Environmental and Social Impact Assessment Policy for Credit Operations. According to the policy, we strictly refrain from financing for activities carried out in vulnerable habitats, including RAMSAR areas (wetlands), that would cause any detrimental impacts on fragile environments. Additionally, within the scope of our policy, we pledge to consider the environmental and social impacts of the loans we finance. Accordingly, through our Environmental and Social Management System (ESMS), we manage the environmental and social risks in the lending processes, incorporate environmental and social action plans into the credit agreement to be signed with the customer, in agreement with the customer, and regularly monitor these action plans.

ii) Within the scope of the VakıfBank Internal Documentation Regulation, regulations, procedures, and policies prepared by business units are evaluated by the Legislation Monitoring and Evaluation Directorate for compliance with regulations before being submitted for approval. In the event of any non-compliance, the units responsible for preparing the document are required to conduct the necessary checks and prepare an updated document in line with the newly issued legislation.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

VKF_Integrated Annual Report_2022.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	21-30	VakıfBank adopts a strategic approach to promote the sustainable management of water resources. The bank is aware of the significant effects of factors such as water stress, climate change, and the depletion of water resources on credit risk, sectoral performance, and environmental sustainability. It takes these factors into consideration in its long-term strategy (10-30 years). The Bank shapes its credit and investment decisions by evaluating water risks. It actively supports sustainability goals by providing financing for water efficiency projects and renewable energy initiatives. Moreover, VakıfBank closely monitors water pricing policies, considering the costs and repayment capacity of water-dependent sectors. As part of its sustainability strategy, VakıfBank considers water-related issues and sustainability requirements in its capital expenditure (CAPEX) spending. Investments aimed at enhancing water efficiency directly influence these expenditures. Similarly, the bank analyzes operational expenditure (OPEX) and sector performance, closely tracking water pricing policies. VakıfBank’s primary objective is to mitigate negative impacts on the environment and society while maximizing positive effects.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	21-30	Climate and water-related issues significantly influence VakıfBank's strategy. The bank evaluates the physical risks associated with water directly in its operations and lending processes during the strategy development process. Based on the results of risk assessments, the bank determines actions to prevent and mitigate these risks in its long-term strategy (10-30 years).

			In this process, the Corporate Strategy department provides strategic management and organizes the sub-business plans of relevant departments. The main goals are managed by breaking them down into sub-goals. KPIs determined for these objectives are also included in the integrated activity report. Investor Relations determine the revenues for the goals and evaluate their realization. Field-level activities are carried out to monitor progress toward the goals. Upon receiving approval from the departments, the sustainability committee is consulted for the final decision. This committee ensures that strategic decisions are made in a coherent manner and integrates water-related issues with the bank's overall objectives. This flow enables the bank to achieve its sustainability goals through a disciplined strategic process and manage them successfully.
Financial planning	Yes, water-related issues are integrated	21-30	Water stress, climate change, and sustainable management of water resources have significant implications for credit risk, sectoral performance, and environmental sustainability. VakıfBank evaluates these risks to shape its credit and investment decisions, supporting sustainability goals by providing financing for water efficiency and renewable energy projects. Additionally, the bank tracks water pricing policies, considering the costs and repayment capacity of water-dependent sectors. In terms of CAPEX expenditures, water-related issues and sustainability requirements are considered when investing in the bank's physical assets and infrastructure. For example, investments in initiatives that enhance water efficiency can influence CAPEX spending. Furthermore, the bank analyzes OPEX expenditures and sector performance by monitoring water pricing policies, allowing for the development of appropriate financial strategies. By evaluating and incorporating these factors for 10-30 years, VakıfBank ensures that water-related issues are integral to its financial planning, promoting responsible resource management and supporting sustainable development.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

3,578

Anticipated forward trend for CAPEX (+/- % change)

139

Water-related OPEX (+/- % change)

52

Anticipated forward trend for OPEX (+/- % change)

35

Please explain

VakıfBank's OPEX expenditures are composed of mains, drinking water, consultancy services, and reporting expenses. Due to both the increased water usage during the post-pandemic normalization process and the annually rising service fees, there has been a 52% increase in OPEX. Next year, due to the rapid increase in service fee prices, a 35% increase is expected. As the bank aims to use purification devices in all departments and branches for CAPEX expenditures, the cost of purchased purification devices has been compared, resulting in a 3578% increase compared to 2021. In 2023, based on the rental cost of these devices, a minimum increase of 139% is expected.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment

Row 1	Yes	N/A

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	In assessing the physical risks within the context of operational risk, the bank has adopted an approach based on temperature and precipitation projections obtained from the General Directorate of Meteorology. These projections provide results for the periods of 1971-2000 (reference period), 2016-2040, 2041-2070, and 2071-2099, considering the RCP4.5 and RCP8.5 scenarios. Additionally, for water stress risk, future results for the years 2030 and 2040 were evaluated using the PCR-GLOBWB 2 model in the WRI Aqueduct Tool, based on the RCP4.5 and RCP8.5 scenarios, with a reference period of 1960-2014. The RCP4.5 scenario (Optimistic Scenario) represents a scenario of stable economic development, peaking and declining carbon	- In the event of the realization of RCP 8.5 scenario conditions, there is a risk of physical losses due to temperature increase in 24 provinces where a total of 108 service points of the bank are located. - The occurrence of these physical loss risks is not expected to be observed in the short term (before 2031-2040). - Both scenario conditions and projection periods indicate high and very high exposure to physical risks caused by irregular precipitation in certain provinces, with a total of 80 different service points operated by the bank in these 7 provinces. - The physical risks caused by	The bank employs various approaches in managing physical and transitional risks arising from lending activities as well as physical risks that could lead to an increase in operational risk levels. Organizational structuring, data processing, risk transfer, and other methods are all included in the climate risk management processes and long-term (10-30 years) climate strategy. Necessary measures are taken in the management of physical losses and damages resulting from operational disruptions, and efforts are made to transfer the risk in cases where such losses are inherently unavoidable. The Construction Works Department takes climate risks into account and implements necessary precautions during leasing, relocation or renovation processes conducted on behalf of

		emissions until 2040, emissions stabilized at around 650 ppm CO2, and temperature constrained to 1.1-2.6°C by 2100, with a countrywide annual average temperature increase of 2.5°C between 2016 and 2099. On the other hand, the RCP8.5 scenario (Pessimistic Scenario) represents a world with an average temperature increase of 3.6°C, characterized by unequal economic development potentially affecting water usage, higher population growth, lower GDP growth, carbon concentrations reaching around 1370 ppm CO2 by 2100, and a steady increase in global carbon emissions with global average temperatures rising by 2.6-4.8°C compared to the 1986-2005 levels. Based on the data sets prepared for the RCP4.5, RCP8.5, and WRI Aqueduct scenarios for 2030 and 2040, the bank has conducted scenario-specific analysis on the risks of operational disruptions and potential physical damages at service locations associated with temperature and precipitation increases, as well as water stress risks.	irregular precipitation are expected to be observed in the near term (2021-2030 period). This result is supported by the recent losses due to floods in specific regions. - In the event of the realization of RCP 8.5 scenario conditions, there is a risk of physical losses due to water stress in 35 provinces where a total of 598 service points of the bank are located. - Although a relatively better condition is observed in a region ranging from the south of the Sea of Marmara to the Mediterranean with a percentage between 40% and 80%, it will still face drought under High Water Stress. - Similarly, the Eastern Anatolia and Southeastern Anatolia regions will face drought with a percentage reaching up to 80%. - There are very few predicted regions in Turkey that are expected to not experience drought, and one of those regions is the northeastern part of the Northeastern Black Sea region.	the bank. All physical assets and monetary assets are insured to cover damages resulting from climate change. Additionally, efficiency practices are implemented in the bank's water usage in line with the reduction target. Under the framework of the Environmental and Social Risk Management System, the bank carries out initiatives, and in February 2022, the Environmental and Social Impact Management System was implemented in the Credit Processes. Through this system, sector-specific risk assessments are conducted, and the risk heat map of the portfolio is taken into consideration in long-term strategic decisions. The bank works on supporting financing initiatives that aim to reduce the risks faced by high-risk sectors.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

Yes

Please explain

As part of the financial planning process, the estimated costs for the next two years are calculated, considering the past 3 years' water data. Feasibility studies are conducted based on the calculated minimum amount, and investments for efficiency-enhancing initiatives are determined. The Environmental Management System department is responsible for implementing the internal water price mechanism and taking necessary actions.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Please explain
Row 1	Yes	VakıfBank defines low water impact as the capacity to minimize the demand for and utilization of water resources in a project or sector. In line with this definition, two of the bank's low water impact products are solar and wind energy financing. Solar and wind energy projects reduce both the reliance on fossil fuels and the dependence on water resources for electricity generation. In these projects, electricity is produced through solar panels or wind	In 2022, the distribution of the bank's renewable energy portfolio consisted of hydroelectric power plants (HPP) with a share of 28%, wind power plants (WPP) with a share of 27%, and solar power plants (SPP) with a share of 34%. As of the end of 2022, our bank has provided a total financing of 11,328,063,969.37 TRY to 91 SPP (solar

		turbines, thereby minimizing, or eliminating the demand for water resources. The bank is aware of the impact of climate change on environmental resources such as water. In order to support renewable energy production, the bank has reduced the expected credit losses for customers falling within the scope of the Renewable Energy Resources Support Mechanism (YEKDEM) in accordance with the TFRS9 regulations. By doing so, the bank ensures the positive differentiation of customers who contribute to environmentally beneficial renewable energy production throughout all processes.	power plant) projects and 17 WPP (wind power plant) projects in the portfolio. This demonstrates the bank's dedication to supporting renewable energy sources and its approach to preserving water resources in the face of climate change.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	Yes	
Water withdrawals	Yes	

Water, Sanitation, and Hygiene (WASH) services	Yes	
Other	No, but we plan to within the next two years	Vakıfbank is actively engaged in developing additional practices and metrics to ensure resource efficiency. As part of our commitment to sustainability, we are diligently exploring avenues to enhance our environmental performance. In line with this, we anticipate setting ambitious targets for both the product use phase and water efficiency in the years ahead. These objectives will guide our efforts to optimize resource utilization.

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water pollution

Target coverage

Business division

Quantitative metric

Increase in investment related to reducing water pollution

Year target was set

2021

Base year

2020

Base year figure

17.77

Target year

2022

Target year figure

39.99

Reporting year figure

40.51

% of target achieved relative to base year

102.3402340234

Target status in reporting year

Achieved

Please explain

As a bank, we only use water for cleaning and hygiene purposes in all our departments, and the generated domestic wastewater is discharged into the sewer system. Since our bank does not have any discharge other than domestic use, there is no emission such as nitrate, phosphate, pesticides, etc. into the water. Furthermore, we take measures to minimize the transfer of potential pollutants such as oil and organic pollutants from generators that come into operation during power outages and from the cafeteria in our headquarters to the sewer system.

We ensure the disposal of the oil used in the generators through recycling companies. We also arrange for the annual maintenance and repairs of e.g., oil trap systems to prevent the discharge of cafeteria oils into the water environment. Investments aimed at preventing the transfer of these pollutants into the water environment are increasing year by year. To reduce our potential impact on the receiving water environment, our bank aims to increase the investments made per unit of waste oil by 50% each year starting from 2020. In 2020, the expenditure per unit of waste oil was 17.77 TRY/kg, and by the end of 2022, this amount reached 40.51 TRY/kg, exceeding the target value of 39.99 TRY/kg. Over the past 3 years, the expenditure per unit of waste oil for recovery activities has increased by 128%, indicating that our bank has achieved its goal of increasing investments to reduce water pollution.

Target reference number

Target 2

Category of target

Water withdrawals

Target coverage

Business division

Quantitative metric

Reduction of water withdrawals from municipal supply or other third party sources

Year target was set

2022

Base year

2019

Base year figure

13.91

Target year

2022

Target year figure

13.09

Reporting year figure

12.77

% of target achieved relative to base year

139.0243902439

Target status in reporting year

Achieved

Please explain

As VakıfBank, we continue to enhance our environmental, social, and governance performance and integrate sustainability into our corporate strategy and goals. Among the annual targets approved by the Board of Directors, one of the goals is to reduce per capita mains water withdrawal by 2% each year compared to the previous year for operations located in Turkey. Actions related to water efficiency practices have been identified as performance indicators and these improvements have been disseminated at the corporate level.

In 2022, mains water withdrawal of operations in Turkey amounted to 216,526.23 m3 when we had 16,965 employees. Due to the implementation of hybrid/remote working arrangements in 2020-2021 in pandemic, it is not considered a reliable basis for comparison. Therefore, 2019 was designated as the base year, and the mains water withdrawal during that year with 16,835 employees was taken into account (234,228.00 m3). According to the 2% reduction target from the previous year, the total mains water withdrawal should have decreased by 6% by the year 2022 compared to the consumption in 2019. When comparing the per capita annual mains water withdrawal in 2019 (13.91 m3) with the per capita withdrawal in 2022 (12.77 m3), it is observed an 8% reduction. VakıfBank has achieved its goal of reducing the amount of water drawn from the municipal network.

Target reference number

Target 3

Category of target

Water, Sanitation and Hygiene (WASH) services

Target coverage

Company-wide (including suppliers)

Quantitative metric

Other, please specify

Increase in WASH score based on WBSCD Self-Assessment Tool

Year target was set

2022

Base year

2022

Base year figure

77

Target year

2025

Target year figure

80

Reporting year figure

77

% of target achieved relative to base year

0

Target status in reporting year

New

Please explain

As VakıfBank, we are committed to providing our employees with a clean and safe working environment and ensuring our customers have access to proper water sources for drinking and sanitation purposes. In 2022, our bank assessed its own performance using the Water, Sanitation, and Hygiene Access Self-Assessment Tool (WASH) developed by the World Business Council for Sustainable Development (WBSCD) and obtained an overall score of 77%. We aim to increase our total score to 80% by implementing appropriate improvements by the year 2025.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

Vakıfbank ISO 14046 Assessment Report-2022_EN_Rev.00.pdf

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total water withdrawal, water discharges, water consumption, water withdrawn by source, water discharge by volume, and water discharge by volume according to destination are verified according to ISO 14046- Water Footprint Standard.	Other, please specify ISO 14046- Water Footprint Standard	ISO 14046 Water Footprint - Principles, Requirements and Guidelines

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain

Row 1	Yes	Supply chain	As a financial institution operating in the banking sector, our Bank does not engage in significant plastic usage in its direct operations. However, we evaluate and monitor raw material usage in the supply chain stage. In particular, we prioritize the bank/credit cards, which are our products and are offered to our customers, with an average weight of around 5.2 ± 0.2 grams and a physical production quantity of 6,335,813 in 2022. Additionally, we oversee our usage of 113,664 water bottles obtained from third-party suppliers for drinking purposes, with an empty weight of 760 grams.

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Yes	Supply chain	Bank/credit cards, which are typically made from Polyvinyl Chloride (PVC), a material commonly used in single-use plastic items, can contribute to the release of pollutants into the air and/or soil during their production, use, and disposal stages. PVC, one of the major sources of dioxins in the world, can release dioxins and other harmful pollutants into the atmosphere when incinerated as a disposal method. Therefore, it can be harmful to both the environment and human health. The plastic water bottles we use for water supply are made from polycarbonate material. It has been found that the level of Bisphenol A (BPA), which is defined as an endocrine disruptor, transferring into water from polycarbonate bottles is negligible, and for an individual to be exposed to a threatening level of BPA from polycarbonate bottles, an impossible amount of consumption like 60 bottles per day would be required. Moreover, in our country, it is possible to provide drinking water from suppliers that guarantee BPA-free bottles regionally, and in some exceptional areas, the use of glass bottles can be preferred.

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Please explain
Row 1	Not assessed – but we plan to within the next two years	The plastic product impact derived from the physical printing of bank/credit cards in 2022 amounted to 32.50 tons for our Bank. Considering that the printed cards will become waste after a lifespan of 5 years and there are no current legal regulations that could have a financial impact such as penalties, it is assessed that our Bank does not face any risks associated with card usage. However, in our main buildings, branches, and units, plastic water bottles used for water supply are procured through a deposit system. Considering that the refilling of bottles for as long as possible in terms of human health and the subsequent recycling or disposal are the responsibility of the supplier, it is evaluated that our Bank does not face any risks associated with the use of plastic water bottles.

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic packaging	Reduce the total weight of plastic packaging used and/or produced	As VakıfBank, we continue to enhance our environmental, social, and governance performance and integrate sustainability into our corporate goals. As part of our sustainability approach, we prioritize benefiting from environmentally friendly products and services and integrating these practices into our corporate culture. Additionally, we are aware of our responsibility to contribute to global and national actions taken for climate change and water security. With this perspective, we take action to minimize the use of plastics, composites, and other materials such as water bottles, PET bottles, and PET cups, resulting from our water consumption, and to reduce waste generation. During the reporting year, the purchase of plastic water bottles,

				cups, and PET bottles has been strictly prohibited in the 23 branches where water purification devices have been implemented. This awareness has been translated into a corporate goal set to reduce plastic consumption. By the end of 2022, a target has been set to gradually reduce the use of plastic water bottles in our headquarters, regional offices, and all other branches, except for our affiliated branches within the country. Under this target, the number of branches using water purification devices is expected to reach 15% by the end of the first quarter of 2023, 30% by the end of the second quarter, and 100% by the end of the third quarter.

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	N/A
Production of durable plastic components	No	N/A
Production / commercialization of durable plastic goods (including mixed materials)	Yes	N/A
Production / commercialization of plastic packaging	No	N/A
Production of goods packaged in plastics	No	N/A
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	Yes	N/A

W10.7

(W10.7) Provide the total weight of plastic durable goods/components sold and indicate the raw material content.

Row 1

Total weight of plastic durable goods/components sold during the reporting year (Metric tonnes)

32.5

Raw material content percentages available to report

% virgin fossil-based content

% virgin fossil-based content

100

Please explain

As a financial institution operating in the banking sector, we consider the impact of our durable plastic products, namely our bank/credit cards. In 2022, a total of 6,335,813 physical cards were printed, which are our products provided to our customers. The total weight of plastic products sold during the reporting year was calculated taking into account the average weight of a card (5.2 ± 0.2 grams) according to the declaration of our card supplier, the number of printed cards, and assuming a plastic content of 95% for the cards.

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	% virgin renewable content	Please explain
Plastic packaging used	86.38	% virgin renewable content	100	As a financial institution operating in the banking sector, we utilize durable plastic products, which also include the water bottles purchased for drinking purposes.

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	% of plastic packaging that is reusable	Please explain

Plastic packaging used	% reusable	100	The bottled water we procure to meet our drinking water needs are delivered in plastic bottles and/or carboys. The carboys, made of polycarbonate material, are suitable for refilling and reuse. Our third-party suppliers, with whom we have agreements, operate on a deposit system.

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

N/A

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Independent Board Member of Vakıfbank	Director on board

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

No

Please confirm below

I have read and accept the applicable Terms