

# 2024 TSRS-Compliant **Sustainability Report**



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## 1. REPORTING PRINCIPLES

### 1.1 Preparation of the Report

The Turkish Sustainability Reporting Standards (TSRS), published in the Official Gazette numbered 32414(M) dated December 29<sup>th</sup>, 2023, has entered into force with the Board Decision numbered 21634 to be applied in the accounting period starting from January 1, 2024.

Türkiye Vakıflar Bankası TAO ("VakıfBank," "Parent Bank") is obliged to publish sustainability reports in line with the TSRS Standards, regardless of the threshold values, since the Parent Bank is subject to the regulation and supervision of the Banking Regulation and Supervision Agency as per the Banking Law No. 5411 dated 19/10/2005. In this context, the 2024 TSRS-Compliant Sustainability Report was drawn up by taking into account the entire value chain of the Parent Bank, including its subsidiaries and affiliates, in addition to its core business, i.e. banking activities, for the reporting period of January 1<sup>st</sup> - December 31<sup>st</sup>, 2024. The Parent Bank, its affiliates and subsidiaries will be collectively referred to as the "Group" throughout this report.

This report was drawn up in accordance with the requirements set out in TSRS 1: General Requirements for Disclosure of Sustainability-Related Financial Information and TSRS 2: Climate-Related Disclosures and was approved by the Bank's Board of Directors. The Parent Bank's core business consists of banking activities, including retail banking, corporate banking, retail and private banking, foreign exchange, money markets and securities transactions and international banking services. Therefore, the disclosures regarding potential ways to identify, measure, and report climate-related risks and opportunities have been prepared with reference to "Volume 16—Commercial Banks," which is part of the Industry-based Guidance for the Application of TSRS 2. This volume, which provides guidance on a per industry basis, is derived from the SASB Standards maintained by the ISSB. The [Metrics and Targets](#) section of the report references the disclosure topics and metrics per industry contained in this volume.

### 1.2 Link to Financial Disclosures

The sustainability- and climate-related disclosures contained in this report have been drawn up for the Group and should be evaluated in connection with the Financial and Non-Financial Subsidiaries Consolidated Financial Statements formatted as per the requirements of the Banking Regulation and Supervision Agency (BRSA). The report covers the reporting period of January 1 - December 31, 2024 and matches the reporting period for consolidated financial statements. All financial metrics in the report are provided in Turkish Lira (TL) unless otherwise specified, and the equivalent amounts in the transaction currencies are also included in relevant sections.

In its 2024 TSRS-Compliant Sustainability Report, the Group also addresses the effects of those risks that have not yet been reflected in financial statements. This approach also covers the forward-looking statements contained in the sustainability disclosures, along with risks and opportunities that may arise in the Bank's value chain. Therefore, certain information has been taken into account in the TSRS-Compliant Sustainability Report due to the strategic importance of such information, even if it is not included in financial statements.

In line with the timeframes used by the Group in its strategic decision-making processes, the Group defines the timeframes in its sustainability and climate-related risk assessment processes as follows:

#### Short-term: 0-2 years

This timeframe is aligned with the objectives of analyzing the impact of policy and legal regulation changes on the activity period and annual strategic plans, managing climate- and sustainability-related risks and opportunities and incorporating necessary actions into the business plan, and closely monitoring opportunities by keeping track of current developments.

#### Medium-term: 2-10 years

This timeframe is aligned with the Parent Bank's science-based targets for the year 2032 as well as for the objectives of managing transition and physical risks in an effective manner, ensuring compliance with increased national and international regulations and requirements, completing the technical infrastructure work required in this process, and increasing the support to Türkiye's sustainable and inclusive development and the funding provided to this end.

#### Long-term: 10 years and more

This timeframe is aligned with Türkiye's 2053 net zero emission targets and the objectives of ensuring alignment with international climate commitments in a broad perspective which covers the financing framework, value chain and suppliers.

### 1.3 TSRS Reporting Transitional Provisions

There are some transitional exemptions in accordance with the articles E3, E4, E5 and E6 in TSRS 1 and articles C3, C4 in TSRS 2 and the KGK Board Decision. In this regard, the transition exemptions applied by the Bank are as follows:

- **TSRS 1-E4:** In the first annual reporting period in which an entity applies TSRS, the entity is permitted to report sustainability-related financial disclosures after issuing its relevant financial statements.
- **TSRS 1-E5:** In its first annual reporting period, an entity is permitted to disclose only information about climate-related risks and opportunities (in accordance with TSRS 2) and therefore apply the requirements of TSRS 1 only to the extent they are relevant to the disclosure of information about climate-related risks and opportunities. In this regard, only climate-related risks and opportunities were taken into account when writing this report.
- **TSRS 1-E3, TSRS 2-C3, TSRS 1-E6:** Disclosure of comparative information is not mandatory in the entity's first annual reporting period. Therefore, only information for the year 2024 will be disclosed in this report, while comparative information on climate-related risks and opportunities will not be disclosed.

- **TSRS 2-C4(b):** If the entity is engaged in commercial banking activities, it is not required to provide disclosures regarding its Scope 3 greenhouse gas emissions that include additional information about its financed emissions. Accordingly, VakıfBank does not report Scope 3 greenhouse gas emissions, which include additional information on financed emissions, in the first year.
- In accordance with the Provisional Article 3 of the Board Decision on the Scope of Application of TSRS, VakıfBank will not disclose its Scope 3 emissions in its 2024 TSRS-Compliant Sustainability Report.

From next year onwards, the Parent Bank's sustainability- and climate-related financial disclosures will include information on all sustainability and climate-related risks and opportunities that could reasonably affect the Group's prospects in the short-, medium- or long-term.

### 1.4 Financial Materiality

The Parent Bank considers both quantitative and qualitative factors when assessing whether information about a climate-related risk or opportunity, either alone or in combination with other information, is material in the context of its climate-related financial disclosures. When making a materiality assessment, the Parent Bank considers information that is reasonably expected to influence the decisions of existing and potential investors, lenders and other creditors, who are the primary users of general purpose financial reporting. While making this assessment, the main financial indicators that play a role in the strategic decision-making processes of the partners, Board of Directors, existing and potential investors, and debt and credit parties of the Parent Bank were taken into account. As a public bank, the Parent Bank accepts the "capital level" as the key indicator that stands out among the information presented to the primary users of the financial statements in order to contribute to the growth, development and integration of the country's economy with the world economy. Based on all these assessments, the Parent Bank determined the financial materiality in its 2024 TSRS-Compliant Sustainability Report as

1% of the equity specified in the BRSA Financial and Non-Financial Subsidiary Consolidated Balance Sheet. It has been concluded that this assessment is an appropriate criterion in terms of the Parent Bank's financial soundness and risk management perspective.

Analyses for affiliates were conducted by taking into account the industries in which the relevant organizations operate, their financial size, their proportional impact on the Parent Bank's balance sheet, and their potential exposure to climate change. As a result of the reviews carried out, it was determined that the risks and opportunities assessed did not exceed the Parent Bank's materiality threshold and therefore could not be considered financially material. All these assessments were carried out through meetings and internal interviews held throughout the process, and a close and holistic follow-up was carried out by the teams involved in the process, and the qualitative and quantitative findings from the affiliates were assessed. As a result, it was concluded that the climate risks identified for both the Parent Bank and its affiliates did not exceed the financial materiality threshold.

### 1.5 Limited Assurance

This report underwent a limited assurance audit by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (EY) within the scope of the independent audit mandated by the Public Oversight, Accounting and Auditing Standards Authority (KGK) in accordance with the GDS 3000 "Assurance

Engagements Other than Audits or Reviews of Historical Financial Information" and GDS 3410 "Assurance Engagements on Greenhouse Gas Statements" standards, and the limited assurance report of the independent auditor has been incorporated in the report.

## 2. ABOUT VAKIFBANK

### 2.1 VakıfBank's Activities



VakıfBank was established on January 11<sup>th</sup>, 1954 as per the Law No. 6219 with a founding capital of TL 50 million to ensure resources of foundations across the nation are utilized in the best way possible, contributing to the country's savings accumulation through the management and working approach of modern banking, and protecting the accumulated savings and using them for economic development. The Bank, which is subject to the provisions of a special law, began its operations on April 13<sup>th</sup>, 1954.

In addition to its core banking products and services, VakıfBank also engages in investment banking and capital markets activities. Through its subsidiaries, the Bank offers its customers a wide variety of financial products, ranging from financial leasing to factoring services, by using the state-of-the-art technologies. VakıfBank, with 959 branches throughout Türkiye as of the end of 2024, offers services to Corporate, Commercial, SME, Retail, Local Administration and Agricultural Banking

customers as well as Retail and Private Banking customers, through a wide range of channels employing high-tech solutions. The Bank also has 4 foreign branches located in New York, Bahrain, Erbil and Qatar.

Maintaining its effectiveness in international capital markets, the Parent Bank continues its activities to obtain resources by employing different structures and instruments in order to diversify access to long-term and cost-effective non-deposit financing sources.

With its 7 financial and 4 non-financial affiliates in its portfolio, VakıfBank offers a complete range of solutions to meet its customers' needs, from international banking to investment, factoring to leasing, investment affiliates to payment services, tourism to support services and appraisal, under the VakıfBank Finance Group brand. The main fields of activity and capital of all affiliates and subsidiaries of VakıfBank as well as VakıfBank's percentage of shares in them are as follows.

### Number of Branches Abroad



### Affiliates

Table 1: Affiliate, Field of Activity, and Shareholding Ratio

<p><b>VakıfBank International AŞ</b></p> <p>Field of Activity <b>Banking</b></p> <p>Capital <b>TL 3,673,474,000</b></p> <p>Shareholding Ratio (%) <b>100%</b></p> <p>Country of Operation <b>Austria, Germany, Hungary</b></p>	<p><b>Vakıf Finansal Kiralama AŞ</b></p> <p>Field of Activity <b>Financial Leasing</b></p> <p>Capital <b>TL 3,500,000,000</b></p> <p>Shareholding Ratio (%) <b>62.12%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Vakıf Faktoring AŞ</b></p> <p>Field of Activity <b>Factoring services for domestic and international commercial transactions</b></p> <p>Capital <b>TL 850,000,000</b></p> <p>Shareholding Ratio (%) <b>92.10%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Vakıf Yatırım Menkul Değerler AŞ</b></p> <p>Field of Activity <b>Intermediary Institutions</b></p> <p>Capital <b>TL 1,000,000,000</b></p> <p>Shareholding Ratio (%) <b>99.50%</b></p> <p>Country of Operation <b>Türkiye</b></p>
<p><b>Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ</b></p> <p>Field of Activity <b>Menkul Kıymet Yatırım Ortaklığı</b></p> <p>Capital <b>TL 30,000,000</b></p> <p>Shareholding Ratio (%) <b>%33,77</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Vakıf Gayrimenkul Yatırım Ortaklığı AŞ</b></p> <p>Field of Activity <b>Gayrimenkul Yatırım Ortaklığı</b></p> <p>Capital <b>TL 3,450,000,000</b></p> <p>Shareholding Ratio (%) <b>53.77%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ</b></p> <p>Field of Activity <b>Payment Systems</b></p> <p>Capital <b>TL 300,000,000</b></p> <p>Shareholding Ratio (%) <b>100%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Vakıf Pazarlama Sanayi ve Ticaret AŞ</b></p> <p>Field of Activity <b>Support Services</b></p> <p>Capital <b>TL 300,000,000</b></p> <p>Shareholding Ratio (%) <b>96.73%</b></p> <p>Country of Operation <b>Türkiye</b></p>
<p><b>Taksim Otelcilik AŞ</b></p> <p>Field of Activity <b>Hotel Management</b></p> <p>Capital <b>TL 350,000,000</b></p> <p>Shareholding Ratio (%) <b>52.43%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Vakıf Gayrimenkul Değerleme AŞ</b></p> <p>Field of Activity <b>Real Estate Appraisal</b></p> <p>Capital <b>TL 100,000,000</b></p> <p>Shareholding Ratio (%) <b>97.14%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Vakıf Enerji ve Madencilik AŞ</b></p> <p>Field of Activity <b>Energy</b></p> <p>Capital <b>TL 85,000,223</b></p> <p>Shareholding Ratio (%) <b>67.27%</b></p> <p>Country of Operation <b>Türkiye</b></p>	

## 2.1 VakıfBank's Activities

### Subsidiaries

Table 2: Subsidiaries, Field of Activity, and Shareholding Ratio

<p><b>Kıbrıs Vakıflar Bankası Ltd.</b></p> <p>Field of Activity <b>Banking</b></p> <p>Capital <b>TL 100,000,000</b></p> <p>Shareholding Ratio (%) <b>15.00%</b></p> <p>Country of Operation <b>Turkish Republic of Northern Cyprus</b></p>	<p><b>Roketsan Roket Sanayii ve Ticaret AŞ</b></p> <p>Field of Activity <b>Production</b></p> <p>Capital <b>TL 10,000,000,000</b></p> <p>Shareholding Ratio (%) <b>9.93%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Bankalararası Kart Merkezi AŞ</b></p> <p>Field of Activity <b>Card Operations</b></p> <p>Capital <b>TL 177,492,990</b></p> <p>Shareholding Ratio (%) <b>4.75%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Türkiye Sınai Kalkınma Bankası AŞ</b></p> <p>Field of Activity <b>Banking</b></p> <p>Capital <b>TL 2,800,000,000</b></p> <p>Shareholding Ratio (%) <b>8.38%</b></p> <p>Country of Operation <b>Türkiye</b></p>
<p><b>KKB Kredi Kayıt Bürosu AŞ</b></p> <p>Field of Activity <b>Credit Information</b></p> <p>Capital <b>TL 7,425,000</b></p> <p>Shareholding Ratio (%) <b>9.09%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>İstanbul Takas ve Saklama Bankası AŞ</b></p> <p>Field of Activity <b>Banking</b></p> <p>Capital <b>TL 600,000,000</b></p> <p>Shareholding Ratio (%) <b>4.37%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Kredi Garanti Fonu AŞ</b></p> <p>Field of Activity <b>Financial Services</b></p> <p>Capital <b>TL 513,134,230</b></p> <p>Shareholding Ratio (%) <b>1.49%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ</b></p> <p>Field of Activity <b>ATM Services</b></p> <p>Capital <b>TL 340,000,000</b></p> <p>Shareholding Ratio (%) <b>33.33%</b></p> <p>Country of Operation <b>Türkiye</b></p>

### Subsidiaries

Table 2: Subsidiaries, Field of Activity, and Shareholding Ratio (Continued)

<p><b>Türkiye Ürün İhtisas Borsası AŞ</b></p> <p>Field of Activity <b>Financial Services</b></p> <p>Capital <b>TL 50,000,000</b></p> <p>Shareholding Ratio (%) <b>3.00%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Güçbirliği Holding AŞ</b></p> <p>Field of Activity <b>Production</b></p> <p>Capital <b>TL 30,000,000</b></p> <p>Shareholding Ratio (%) <b>0.07%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>JCR Avrasya Derecelendirme AŞ</b></p> <p>Field of Activity <b>Credit Rating</b></p> <p>Capital <b>TL 100,000,000</b></p> <p>Shareholding Ratio (%) <b>2.86%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Birleşik İpotek Finansmanı AŞ</b></p> <p>Field of Activity <b>Financial Services</b></p> <p>Capital <b>TL 50,000,000</b></p> <p>Shareholding Ratio (%) <b>8.33%</b></p> <p>Country of Operation <b>Türkiye</b></p>
<p><b>Birleşim Varlık Yönetim AŞ</b></p> <p>Field of Activity <b>Financial Services</b></p> <p>Capital <b>TL 75,000,000</b></p> <p>Shareholding Ratio (%) <b>16.00%</b></p> <p>Country of Operation <b>Türkiye</b></p>	<p><b>Tasfiye Halinde World Vakıf UBB Ltd.</b></p> <p>Field of Activity <b>Banking</b></p> <p>Capital <b>TL 17,679,810</b></p> <p>Shareholding Ratio (%) <b>83.00%</b></p> <p>Country of Operation <b>Turkish Republic of Northern Cyprus</b></p>		

## 2.2 VakıfBank Value Chain

The Parent Bank, in its sustainability and climate-related risk and opportunity assessment process, takes into account not only its own field of activity but also the entire financial ecosystem shaped by its affiliates and subsidiaries. The continuity of banking services depends on core activities such as obtaining financial resources, credit processes and risk management, as well as the development of the technological infrastructure supporting this structure, human resources management, marketing and sales activities, compliance with the requirements of public authorities and regulators, and collaboration with external service providers. Therefore, the Group's value chain encompasses numerous processes and relationships, both upstream and downstream.

## 2.2 VakıfBank Value Chain

Table 3: VakıfBank Value Chain

Value Chain Position	Value Chain Components <sup>1</sup>
Upstream	<p><b>Investors and Shareholders</b> Shareholders, bond investors</p> <hr/> <p><b>Public Authorities and Regulators</b> The Central Bank of the Republic of Türkiye, Banking Regulation and Supervision Agency, Banks Association of Türkiye, Capital Markets Board, Ministry of Treasury and Finance of the Republic of Türkiye, international financial institutions (IMF, World Bank, etc.), other ministries</p> <hr/> <p><b>Obtaining Financial Resources</b> Development banks, international financial institutions</p> <hr/> <p><b>Suppliers</b> Companies that provide point of sale devices (POS devices), companies that design and produce products such as credit cards and debit cards, suppliers that undertake the production, maintenance and repair of ATMs, companies that manage and maintain the Bank's branch and head office buildings, energy suppliers</p>
Own Operations	<p><b>Banking Activities</b> Corporate Banking, Commercial Banking, SME Banking, Retail Banking, Local Administration and Agricultural Banking, Retail and Private Banking activities</p> <hr/> <p><b>Affiliates</b> The Parent Bank's affiliates operate both upstream and downstream in the value chain.</p> <hr/> <p><b>Information Technology Management</b> Digital and mobile banking transactions, hardware and server systems, software and cloud solutions, data security</p> <hr/> <p><b>Risk Management and Internal Control</b> Board of Directors, Senior Management, main bodies responsible for risk management and internal control, employees</p> <hr/> <p><b>Human Resources Management</b> Senior management, employees</p>
Downstream	<p><b>Customers</b> Corporate customers, Commercial customers, SME customers, Retail Banking and Retail and Private Banking customers</p> <hr/> <p><b>Marketing and Sales Activities</b> Traditional advertising, digital marketing, branch-based advertising applications</p>

<sup>1</sup>VakıfBank also has relationships with other businesses in the value chain through its affiliates.

## 3. GOVERNANCE

### 3.1 Sustainability Governance

The Board of Directors is the highest-level governance body responsible for the Group's sustainability performance. Governance of sustainability-related issues starts at the Board level. The Board of Directors is responsible for overseeing the Bank's sustainability strategy and ensuring that climate and

sustainability risks do not threaten the Parent Bank's long-term interests through effective risk management. The Board of Directors is supported by the Sustainability Committee and the Sustainability Sub-Committee for the effective and quick management of sustainability practices.

### 3.2 Sustainability Governance in Affiliates

The Parent Bank carries out its sustainability governance practices with a consolidated approach, in which it, through its relevant units, ensures the establishment of sustainability units in the internal organizations of the financial affiliates within the VakıfBank Finance Group. These affiliates internally analyze sustainability- and climate-related risks and opportunities, develop sustainability policies aligned to those of the Parent Bank, and report sustainability-related data to the Parent Bank. They also play a coordinating role to ensure that sustainability

activities are carried out within the Group in a consistent manner with those of the Bank. Since Vakıf Finansal Kiralama A.Ş., Vakıf Yatırım Menkul Değerler A.Ş. and Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş., which are affiliates within the Group, are among the companies that are subject to the reporting obligations specified in the Board Decision as published by the KGK, they had to individually draw up a TSRS-Compliant Sustainability Report for the 2024 accounting period.

### 3.3 Board Oversight

**Board of Directors**  
Sustainability- and climate-related risks and opportunities are monitored and managed at the highest-level by the Board of Directors at the Parent Bank. The Board of Directors directs the sustainability and climate change strategy of the Parent Bank according to its sustainable banking approach. It ensures that the systems and processes for identifying sustainability and climate risks to the Parent Bank are established, the effectiveness of such systems and processes are monitored, and policies for managing risks and opportunities are put in place, and that the required resources are allocated.

The Board of Directors takes the necessary measures to manage physical losses and/or losses resulting from operational interruptions in order to ensure that climate-related risks and opportunities are prioritized in the Parent Bank's strategic decisions and managed accordingly. In its decision-making processes, the Board strives to capture the balance between the short-term impact of relevant risks and opportunities on the Parent Bank and long-term sustainability goals.

In this context, the Board of Directors approved the climate transition plan and set the Parent Bank's science-based emission reduction targets, which were approved by the Science-Based Targets initiative (SBTi) in 2023.

Monitoring and evaluation of sustainability- and climate-related targets are discussed during Board meetings. Sustainability- and climate-related issues were discussed, and resolutions were adopted unanimously at the single Board meeting held in 2024.

The Sustainability Committee operates mechanisms ensuring that the Board of Directors is provided with interim information and required decisions are taken, depending on the significance of developments. The committee members also include one independent Board Member, which increases transparency and accountability at the management level. The Committee's decisions are submitted to the Board of Directors for approval, when necessary. Accordingly, the Parent Bank's climate transition plan was submitted to the Board of Directors for approval before being publicly disclosed and it was approved.

The Board of Directors consists of members with many years of experience in auditing and corporate management. Detailed resumes of the Board Members are published on the website. As part of capacity-building initiatives for Senior Management, external experts delivered trainings on the Science Based Targets initiative (SBTi). Details are provided in the [Awareness Training](#) section of the report.

### 3.3 Board Oversight

Table 4: VakıfBank’s Sustainability Governance Organization

<b>BOARD OF DIRECTORS</b>	The Board of Directors is the highest-level governance body responsible for VakıfBank’s sustainability performance. Governance of sustainability-related issues starts at the Board level. The Board of Directors is responsible for overseeing the Bank’s sustainability strategy and ensuring that effective risk management is implemented to ensure that climate- and sustainability-related risks do not threaten the long-term interests of the Bank.		
<b>GENERAL MANAGER</b>	The Bank’s strategic objectives are set by the General Manager in collaboration with senior managers. The General Manager has the ultimately responsibility for identifying and assessing climate and sustainability risks and is also the Chair of the Sustainability Committee.		
<b>COMMITTEES SUPPORTING OVERSIGHT ON SUSTAINABILITY AND CLIMATE ISSUES</b>	<b>AUDIT COMMITTEE</b>	It oversees the effectiveness and adequacy of the bank’s internal control, risk management, internal audit and compliance functions. To this end, it also oversees the methodology, data and analysis processes used in the preparation of the Bank’s climate- and sustainability-related reports. It evaluates the independence, competence and performance of external auditors during the external auditor selection process for legally required reports that are subject to external audit. The Committee oversees the bank’s compliance with legal and regulatory requirements related to climate and sustainability.	
	<b>CORPORATE GOVERNANCE COMMITTEE</b>	It oversees the Bank’s compliance with corporate governance principles. In case of non-compliance with corporate governance principles, the Committee identifies the issues and corrective actions. It evaluates and makes recommendations regarding the structure and working style of the committees affiliated to the Board of Directors. The Committee ensures that the governance organizations related to sustainability and climate change are structured according to the Bank’s corporate governance principles and that these topics are monitored within the framework of corporate governance and addressed at the level of governing bodies.	
<b>SUSTAINABILITY COMMITTEE</b>	The Sustainability Committee supports the Board of Directors in overseeing sustainability and climate performance. The Committee is responsible for managing sustainability and climate-related topics and incorporating them into business processes. In this context, it sets the Bank’s sustainability strategies and policies and ensures that necessary actions are taken.		
<b>SUSTAINABILITY SUB-COMMITTEE</b>	<b>CLIMATE RISKS AND ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT WORKING GROUP</b>	It was established to monitor good practices related to climate and sustainability risks and integrate them into the Bank’s business processes according to the Bank’s environmental and social risk management framework, to perform Green Asset Ratio (GAR) calculations and to carry out data analysis, monitoring and documentation processes in connection with loans to be classified as “green assets”.	
	<b>SCIENCE-BASED TARGETS WORKING GROUP</b>	This Working Group was established to coordinate the activities carried out within the scope of science-based targets and the preparation of progress reports.	
	<b>INTEGRATED MANAGEMENT WORKING GROUP</b>	This Working Group was established to maintain the integrated management system and to monitor emerging management standards in order to minimize the Bank’s environmental and social impacts.	
<b>EXECUTIVE VICE PRESIDENTS</b>	All activities of VakıfBank, except internal systems, are carried out under the supervision of Executive Vice Presidents, and all of the involved senior managers are also members of the Sustainability Committee. Thanks to this governance structure, decisions regarding climate and sustainability risks and opportunities taken by the Sustainability Committee and approved by the Board of Directors can be integrated into the activities of the bank, its subsidiaries and affiliates at the highest-level, and awareness is raised. Sustainability activities are carried out under the coordination of the Executive Vice President to whom the Head of Sustainable Banking reports.		

#### Sustainability Committee

The Sustainability Committee, which was established as per the Board of Directors’ decision dated 30.12.2021 and operates in accordance with VakıfBank’s Internal Committee Working Principles and Procedures, is the foundation on which the Parent Bank’s sustainability management structure is built.

The Sustainability Committee supports the Board of Directors in overseeing sustainability and climate performance. The Committee is responsible for managing sustainability and climate-related topics and incorporating them into business processes. In this context, it sets the Parent Bank’s sustainability strategies and policies and ensures that necessary actions are taken.

The Sustainability Committee meets when deemed necessary by the secretariat. With these meetings, the Parent Bank’s sustainability targets and the performance indicators identified based on these targets are reviewed on a regular basis.

The Sustainability Committee is chaired by the General Manager, who is also a Board Member. The Committee is responsible for overseeing climate- and sustainability-related risks and opportunities. The Sustainability Committee identifies climate- and sustainability-related risks and opportunities and conducts an assessment of them by taking into account national and international legislation and sectoral trends. Risks are classified, monitored or communicated to senior management for action, if necessary. As a result of these assessments, identified risks and opportunities are incorporated into strategic decision-making processes. This means that any potential risks that may affect the Parent Bank’s strategic objectives are effectively identified and managed. The Committee convened once in 2024. The meeting attendance rate was 100% in 2024.

In order to minimize the environmental and social impacts of the Parent Bank, an Integrated Management Working Group, which reports to the Sustainability Committee, was established to maintain the integrated management system and to keep track of emerging management standards. In addition, a Climate Risks and Environmental Social Risk Management System Working Group was established to analyze climate risks and environmental and social impacts, and a Science-Based Targets Working Group was established to track the Bank’s science-based targets.

#### Sustainability Sub-Committee

The Sustainability Sub-Committee was established to implement the sustainability strategy of the Parent Bank as set by the Sustainability Committee, to implement the decisions taken and to provide the necessary coordination.

At the beginning of 2024, the Sustainability Sub-Committee was chaired by the Head of International Banking and Investor Relations. Since sustainability is an integral part of the Parent Bank’s strategy and material topics, the Sustainable Banking Department was established by revising the organizational structure to further strengthen the Parent Bank’s sustainability governance organization. Following the organizational change, the Sustainability Sub-Committee is chaired by the Head of Sustainable Banking and meets once a year and when deemed necessary by the Committee Chair. The meeting agenda is determined by the Sustainability Committee or the secretariat.

Table 5: Committees Supporting the Board’s Oversight of Sustainability and Climate Topics

RELATED COMMITTEES	RATIO OF NON-EXECUTIVE MANAGERS	RATIO OF INDEPENDENT MEMBERS	NUMBER OF MEETINGS	NUMBER OF DECISIONS MADE	MEETING ATTENDANCE RATE
CORPORATE GOVERNANCE COMMITTEE	100%	40%	4	4	100%
AUDIT COMMITTEE	100%	100%	23	122	100%

### 3.4 Management Level Roles and Responsibilities

The Board of Directors has delegated the responsibility for the implementation of the Group’s climate and sustainability strategy to designated management roles with certain duties and competencies. To ensure that this responsibility is effectively fulfilled, the Board of Directors carries out continuous oversight through the relevant Board Committees and the Sustainability Committee.

The roles and responsibilities assigned to managers to support the Board oversight are set out in the table below.

**Table 6: Management Level Roles and Responsibilities**

Management Levels	Roles and Responsibilities
<b>General Manager</b>	The General Manager chairs the Sustainability Committee. The Bank’s strategic objectives are set by the General Manager in collaboration with senior managers. The General Manager has the ultimately responsibility for identifying and assessing climate and sustainability risks
<b>Executive Vice Presidents</b>	All activities of the Parent Bank, except internal systems, are carried out under the supervision of Executive Vice Presidents, and all of the involved managers are also members of the Sustainability Committee. Thanks to this governance structure, decisions regarding climate and sustainability risks and opportunities taken by the Sustainability Committee and approved by the Board of Directors can be integrated into the activities of the bank at the highest-level and thus awareness is raised. In addition, an Executive Vice President responsible for sustainable banking activities was appointed as of the end of 2024.
<b>Head of Sustainable Banking</b>	The Sustainable Banking Department was established in 2024 to ensure coordination of sustainability-related processes. Related activities are carried out by the Sustainable Banking Department and the Environmental Management Department. The Department effectively manages the Parent Bank’s sustainability strategies and policies as set by the Sustainability Committee and its activities in order to achieve the targets set; to maximize its performance in environmental, social, and governance matters; to establish, operate, and maintain a Quality and Environmental Management System within the Parent Bank; to integrate the Zero Waste System into all units and branch service locations; to prepare carbon and greenhouse gas emission calculation and verification reports, as well as other reports required by the indices in which the Bank is listed and by the legislation; to keep track of national and international studies for developing and implementing good practices related to sustainability and sustainable banking that could add value to the corporate identity of the Parent Bank and to cooperate with relevant indices and rating agencies in this regard; to implements legal obligations related to sustainability and sustainable banking within the Bank; and to organize training programs to ensure that bank personnel have the required competence in sustainability.
<b>Head of Risk Management</b>	The Risk Management Department has the main responsibility for the management of risks. The Risk Management Department is responsible for assessing and monitoring developments in risks, taking necessary measures in response, establishing risk limits, ensuring that the established limits are not exceeded, and conducting the necessary analysis, measurement and reporting activities by using methods that conforms to the national legislation and international practices. The Parent Bank defines climate risk as the possibility of damage that may arise from the short-, medium- and long-term adverse impact of global climate change and the extreme natural events brought about by resulting changes on the Bank’s business model, operations, assets and activities, and carries out analyses/calculations within the scope of ICAAP (Internal Capital Adequacy and Assessment Process) practices.
<b>Business Unit Managers</b>	Business unit managers who are members of the Parent Bank’s Sustainability Sub-Committee include members from all areas in which the Parent Bank operates, such as allocation, marketing, strategy, reporting, digital banking, corporate communications, human resources, performance management and support services, and therefore have direct knowledge of the decisions taken, the Parent Bank’s sustainability approach and the actions to be taken to achieve the targets. All corporate policies focused on climate change and sustainability which are discussed in the Committee meetings are reported to the Board of Directors for approval. Business unit managers carry out the required business processes in order to achieve the targets set by the committee and approved by the Board of Directors.

**Table 6: Management Level Roles and Responsibilities (Continued)**

Management Levels	Roles and Responsibilities
<b>Chief Audit Executive</b>	The Internal Audit Department of the Parent Bank is to provide assurance to the Senior Management and the Board of Directors that the Group’s activities are carried out in accordance with the Banking Law and other relevant legislation as well as the Bank’s internal strategies, policies, principles and objectives. To this end, the Internal Audit Department carries out periodic and risk-based reviews and audits of all activities of the Bank, including sustainability and climate-related activities, on behalf of the Bank. During the audits, the adequacy and effectiveness of internal control and risk management systems, the compliance of transactions with the bank’s internal strategies, policies and other legal regulations, the accuracy of financial and other legal reports, and the Parent Bank’s ICAAP are also audited. The Internal Audit Department also conducts internal audits in all locations of the Parent Bank to confirm the compliance and effectiveness of the Quality and Environmental Management System on a regular basis.
<b>Head of Internal Control</b>	The Head of Internal Control directly reports to the Audit Committee and is responsible for ensuring that all activities of the Bank, including those related to the protection of the Bank’s assets and the management of climate- and sustainability-related risks and opportunities, are carried out effectively and efficiently in accordance with the Law and other applicable legislation, the Bank’s internal policies and rules, and banking practices, and for ensuring the reliability and integrity of the accounting and financial reporting system and the timely availability of information. The Internal Control Department carries out its activities in an impartial and independent manner.
<b>Head of Corporate Development, Performance Management, and Academy</b>	The Head of Corporate Development, Performance Management, and Academy is responsible for performance management of the Parent Bank employees in all aspects, including performance on climate- and sustainability-related topics, and for taking all necessary actions and managing the process for calculating, measuring, evaluating and improving performance within this scope.
<b>Head of Corporate Credit Allocation Management</b>	The Head of Corporate Credit Allocation Management’s role is to identify, assess and manage the non-financial risks, such as environmental, social, governance, occupational health and safety, and the possible impacts of these risks in the credit processes of all segments, excluding the personal loans segment of the Parent Bank, in accordance with internationally accepted guidelines, standards and local legislation. To achieve this goal, the Environmental and Social Impact Assessment Department integrates the Environmental and Social Risk Management process into the credit allocation phase; develops projects in this area in coordination with the relevant units of the Parent Bank; takes initiatives and engages in efforts to reduce the risks identified with the Environmental and Social Risk Management System and the risks arising from climate change and to raise customer awareness in line with the Sustainable Finance approach.
<b>Head of Strategy and Planning</b>	The Head of Strategy and Planning is responsible for preparing the Parent Bank’s corporate strategy and future strategic goals based on the Parent Bank’s vision; preparing short- and medium-term projections in line with all policies and strategic goals of the Parent Bank, including those related to climate and sustainability; conducting necessary analyses, research and forward-looking forecasts according to the developments in the domestic and international economy and the banking sector; and evaluating requests involving projections by business units in line with the Parent Bank’s strategic goals, including requests related to climate and sustainability risks and opportunities.
<b>Head of International Banking and Investor Relations</b>	The Head of International Banking and Investor Relations is a mandatory member of the Bank’s Corporate Governance Committee as per the Capital Markets Board Corporate Governance legislation. In cases where the Bank will obtain sustainability-oriented financing resources from domestic and international financial markets, the International Banking and Investor Relations Department ensures coordination between units for the execution of the necessary work and processes and preparation of data.
<b>Head of Subsidiaries and Affiliates</b>	The Head of Subsidiaries and Affiliates is responsible for monitoring the activities of the subsidiaries and affiliates; ensuring and enhancing cooperation and coordination between the Parent Bank and its affiliates and creating synergies with them; managing the Bank’s portfolio of affiliates; monitoring, developing, reporting, increasing the profitability and efficiency of the financial and operating status of the companies within the Parent Bank’s affiliates portfolio; coordinating the climate and sustainability efforts of the Parent Bank’s affiliates; establishing sustainability governance within the affiliates themselves, and providing support and guidance in establishing the necessary structures to monitor risks and opportunities within the affiliates in accordance with the Parent Bank’s and the Bank’s policies.

### 3.5 Controls and Procedures Used by Management

The Parent Bank implements pre-defined controls and procedures to support the monitoring of risks and opportunities related to climate and sustainability. This process is supported with the Sustainability Policy, Environmental Policy, Management of Environmental and Social Impacts in Lending Processes Policy, Climate Risk Policy Document and Corporate Risk Management Procedure. The Parent Bank sets out the general framework for identifying, measuring, monitoring and ensuring high-level oversight of climate risks in its policies and procedures. Through its controls and procedures, the Parent Bank also ensures that risk management processes are incorporated into all processes in a manner compatible with the corporate culture. In this regard, climate risk management is carried out through a structured process within the duties and responsibilities of various committees and boards including the Board of Directors, the Audit Committee and the Internal Audit Department.

Regular monitoring and reporting by the Sustainability Committee supports management's oversight role. Climate risks are also integrated into the ICAAP process, and the Bank's ICAAP Report is subject to review by the Internal Audit Department in terms of data, systems and processes. The report prepared in this context is also submitted to the BRSA upon approval of the Audit Committee. Units within the Bank that are directly responsible for managing climate risks, such as the Environmental and Social Impact Analysis Department, the Risk Management Department and the Sustainable Banking Department, are subject to routine inspection and internal control activities, and the processes of these units are reviewed regularly. Thanks to this organization, controls regarding the management of climate risks are carried out in accordance with sustainability principles both at an administrative level and an operational and audit level.

### 3.6 Awareness Training

While carrying out its work in line with its sustainability vision, the Parent Bank provides basic climate and sustainability training through its online training platform to increase awareness about sustainability in order to ensure the effective engagement of all employees in the targets. The Parent Bank provided 10,135 employees with basic sustainability e-learning training in 2024.

Online sustainability training is provided for managers, auditors, and chief auditors within the Risk Management Department, Internal Audit Department, and Internal Control Department, including especially employees in the Sustainable Banking Department. In addition, activities are undertaken to develop competencies by defining subject-specific training programs such as SBTi awareness training in order to ensure better understanding of climate-related targets.

### 3.7 Remuneration

The Environmental Management Department monitors environmental performance through an electronic database system, effectively managing greenhouse gas emissions and energy consumption. In addition to regular monitoring and review of these data, the Department continues its efforts to reduce natural resource consumption and greenhouse gas emissions. Annual targets for reducing environmental impacts such as consumption of electricity, natural gas, water and paper and total carbon emissions within the scope of the operational activities of the Parent Bank's branches and units are established and periodically monitored by the Board of Directors in accordance with the Parent Bank's strategic objectives. The Parent Bank aims to achieve

- 2% reduction in electricity and natural gas consumption per square meter,
- 2% reduction in water and paper consumption per individual,
- 2% reduction in total carbon and greenhouse gas emissions on an annual basis.

While performance indicators directly associated with environmental management have not yet been defined for senior managers, regional and branch managers are evaluated based on their performance indicators in sustainability-related areas, such as expense management, resource efficiency, and customer satisfaction, and these indicators are integrated into the remuneration/bonus system.

The performance criteria for Branch and Regional Managers include various "Operational Efficiency" criteria, e.g. reducing consumption of electricity, water, natural gas, fuel, paper, etc., encouraging digital banking, and reducing the carbon emissions caused by physical branch visits by customers.

The Parent Bank continues its efforts to integrate climate-related performance criteria into the remuneration system at the senior management level as well and is establishing the necessary infrastructure for the healthy operation of this process. There is a plan for the future aimed at ensuring performance associated with affiliates is reflected on wages.

## 4. RISK MANAGEMENT

### 4.1 Managing Climate-Related Risks and Opportunities

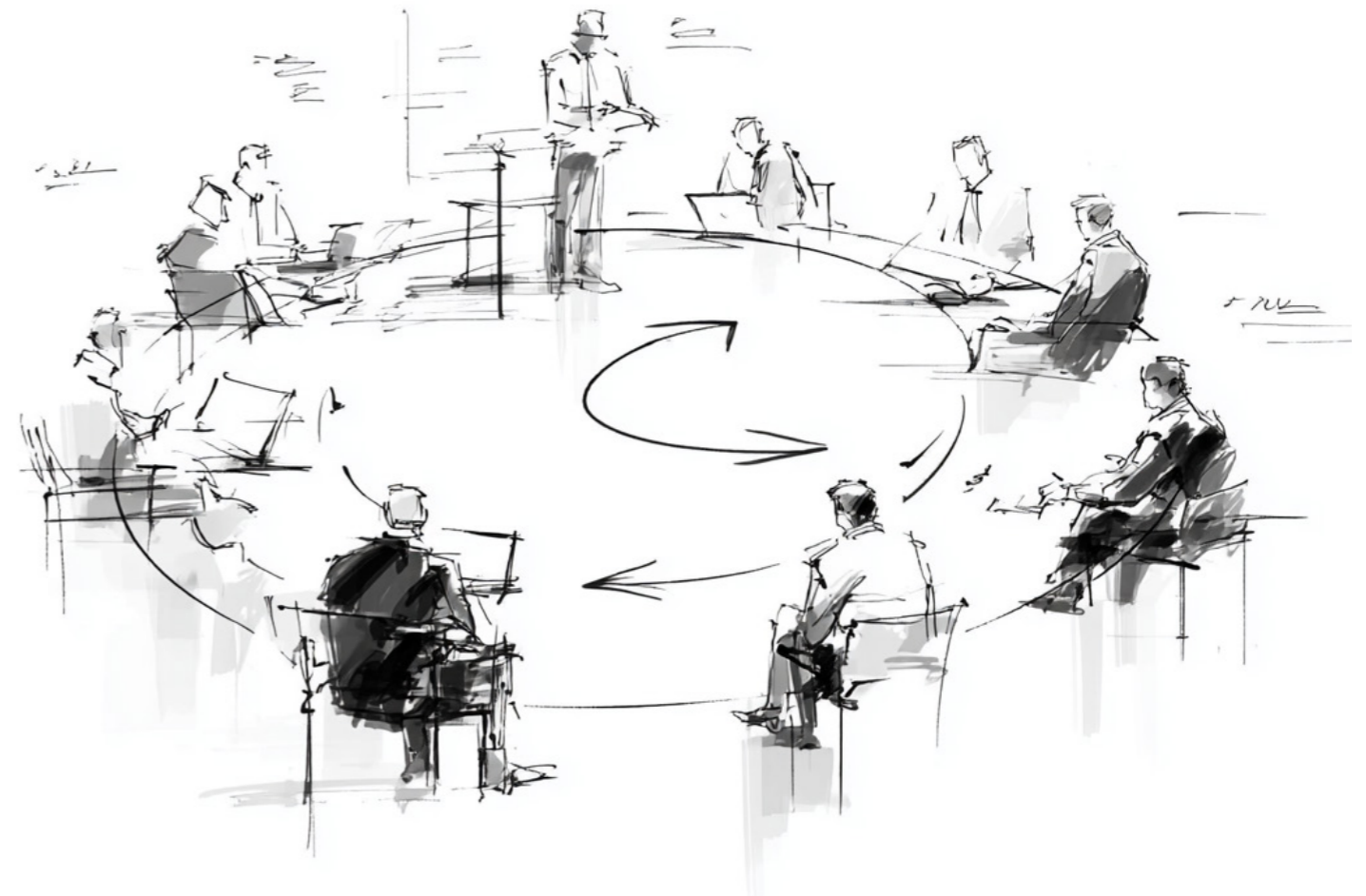
The identification, assessment, prioritization and monitoring of climate risks are carried out within the framework of the Parent Bank's Climate Risk Management Policy document. Affiliates handle the process by developing their own policy documents in line with the Parent Bank's Climate Risk Management Policy Document.

Risk management processes at the Parent Bank are carried out through policies, action plans, implementation procedures and limits established based on the nature and level of activities depending on the risk-return structure, and they include the identification, measurement and reporting of risks on a per affiliate basis and a consolidated basis, and the monitoring of total capital requirements and liquidity adequacy associated with risk profiles.

In this context, the Parent Bank addresses its current or anticipated risks by breaking down them into the categories taking into account the principle of materiality, e.g. Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Counterparty Credit Risk, Interest Rate Risk Arising from Banking Accounts, Residual Risk, Concentration Risk, Country Risk, Reputation Risk, Model Risk, Earthquake Risk and Climate Risk.

The Parent Bank uses different tools and approaches in managing physical and transition risks arising from lending activities and physical risks that may cause an increase in operational risk levels. All methods, such as organizational structuring, data processing, documentation, and risk transfer are included in the process of climate risk management. The Group reviews climate-related risks on an annual basis. Whenever there is any change in the Group's business strategy or in national regulations and international practices, the relevant risks are re-assessed.

In addition, the Parent Bank manages the environmental and social impacts arising from its lending activities within the scope of the Environmental and Social Management System (ESMS). In this regard, the Parent Bank avoids financing activities that are included in the VakıfBank Exclusion List of Non-Financeable Activities, and evaluates and monitors loan applications according to local and international standards. Details of the process are provided in the [Environmental and Social Impact Management in Responsible Financing and Lending Processes](#) section.



## 4.2 Identifying Climate-Related Risks

When climate risks are identified by the Parent Bank, the changes caused by climate change are addressed as “Physical Risks” and “Transition Risks”. For physical risks, the impacts of interruption of banking activities and physical damage that may occur at service locations, as well as the impacts on the value chain of the Bank’s portfolio that could be caused by climate change and temperature increases, are evaluated. Within the scope of transition risks, regulations and sanctions related to the transition to a low-carbon economy — such as increased costs, target market restrictions, and changes in market demand — may lead to a deterioration in the financials of companies in the customer portfolio, which in turn could increase banks’ credit risk.

Climate-related physical and transition risks are monitored by the Sustainability Committee. This committee is ultimately responsible for identifying risks, performing materiality analyses, and establishing strategic actions. Climate risks are managed by The Risk Management Department. The Risk Management Department is a member of the Sustainability Committee and works in coordination with other bank units, including especially the Sustainable Banking Department.

The Bank monitors the Green Asset Ratio key indicators in its portfolio as a key climate risk parameter, and also uses industry heat maps developed by a working group formed with the participation of various banks within the Banks Association of Türkiye (TBB) to monitor climate risks.

## 4.3 Determining Risk Appetite

The Risk Appetite Statement was created, which determines the level of risk that the Bank is ready to take based on the risk capacity the Parent Bank is anticipated to bear at a safe level to realize the its objectives and strategies.

The Parent Bank, in addition to the capital adequacy ratios, has determined risk appetite levels for the first structural block risks and second structural block risks as defined by BRSA in line with Basel regulations. Risk appetite indicators related to capital, liquidity and risk concentrations as assessed within the scope of the Risk Appetite Statement, as well as risk-based limits and the studies that form the basis of the limits are reviewed at least once a year. Within the risk appetite framework, the Parent Bank sets risk limits, oversees exceptions to those limits, and monitors early warning levels. Risk limits are determined and monitored according to the Risk Limits

Framework Document. Risk limits are determined in accordance with the risk levels that the Parent Bank can take, its activities, and the size and complexity of its products and services. Limits are regularly reviewed and updated when necessary, based on developments in market conditions and on the changes in the Parent Bank’s strategy and risk appetite. In addition to the limits, early warning levels that indicate when the limits are approached have also been determined. In cases where the limit levels are approached or exceeded, the relevant units take the necessary actions.

The Parent Bank updates the Risk Appetite Statement, with the anticipated risk capacity that it is ready to bear at a safe level, more frequently when necessary upon approval of the Board of Directors. The Bank aims to determine risk appetite and limits for climate-related risks.

## 4.4 Assessing Risks and Opportunities

Climate-related risks are assessed based on qualitative and quantitative factors, taking into account the Corporate Risk Management framework. In this context, the Parent Bank addresses climate risks from a broad perspective and carries out detailed analyses under Credit and Operational risk categories.

In this regard, the effects of the relevant risk on the strategy are evaluated according to its severity, probability and maturity. The Parent Bank aims to develop more detailed analysis studies about the effects of climate risks on other risks (such as liquidity, legal compliance, reputation) in the future.

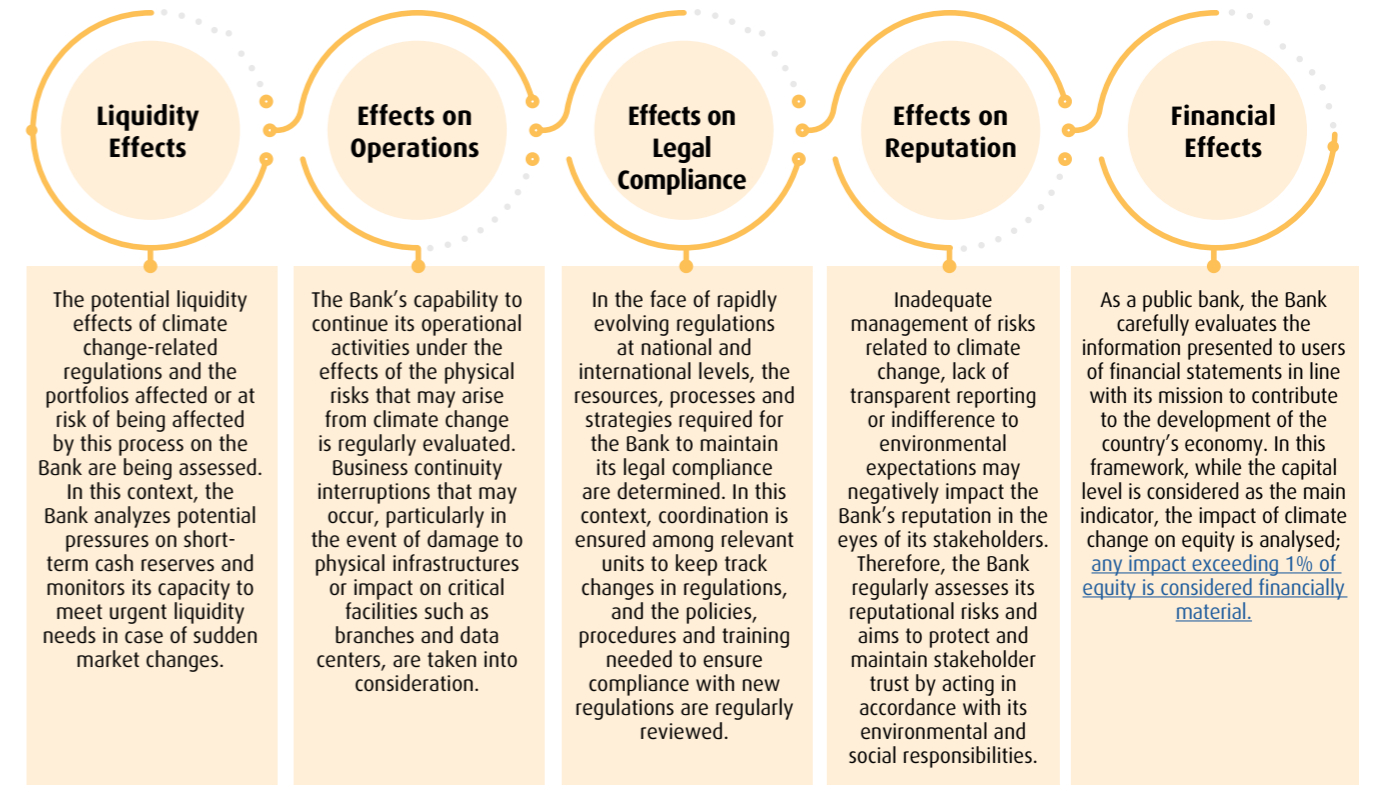


Table 7: Impact and Likelihood Criteria in Risk Assessment

IMPACT	LIKELIHOOD
<b>5: Very high severity</b>	5: Very High, the risk is almost certain to occur
<b>4: High severity</b>	4: High, the risk is likely to occur
<b>3: Medium severity</b>	3: Medium, the risk has a medium likelihood of occurring
<b>2: Low severity</b>	2: Low, the risk is unlikely to occur
<b>1: Very low severity</b>	1: Very low, the risk may occur in only exceptional circumstances

During the risk assessment, factors such as the ability to adapt to rapidly changing market conditions and increasing operational efficiency are taken into account for the short-term, while resource allocation and strategic planning period are taken into consideration for the medium-term based on the risks and opportunities that the Parent Bank may face. The Parent Bank aims to achieve sustainable financial performance by adapting to climate change in the long-term. For this purpose, a comprehensive risk assessment is carried out taking into account the entire value chain. By analyzing the climate risks and opportunities disclosed across the sector, the Bank addressed its

risks and opportunities in a detailed manner in accordance with international standards such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). In this regard, the Parent Bank, which conducts analyses and calculations within the scope of both credit risk and operational risk through literature research, assesses climate-related impacts in two main categories: current and potential impacts. Current impacts include those that have occurred during the reporting period, while potential impacts include events that are likely to occur based on global and sectoral trends and climate scenario analyses.

## 4.5 Prioritizing Risks and Opportunities

Risks are monitored in connection with risk limits and risk appetite. The Parent Bank prioritizes climate risks based on climate risk scenario analyses and according to the likelihood, severity and maturity of the risks. Based on the result of the assessments conducted using qualitative and quantitative

factors, the likelihood and severity of risks are evaluated and their potential effects are addressed. The Parent Bank prioritizes the risks by regularly monitoring their likelihood and impact. Prioritized risks are integrated into the Parent Bank's risk management processes.

## 4.6 Scenario Analysis and Stress Testing

The strategic approach to managing climate risks is based on comprehensive assessments. These assessments are designed to be aligned with Türkiye's national climate targets and the Parent Bank's commitments. In order to develop a business strategy that is resilient to climate change, the Parent Bank meticulously selects and applies the best-fit climate scenario analyses during the assessment process. In this context, different climate scenarios are analyzed to provide insight into the magnitude and probability of climate-related risks. The Parent Bank is assessed to see whether the Parent Bank may face a potential climate risk in the future and to determine the resilience of its business model. In this way, comprehensive assessments are carried out to determine the Parent Bank's resilience to climate risks.

Climate scenario analyses focus on climate-related transition risks and physical risks in operations and the value chain. In this regard, the Parent Bank has identified various climate scenarios that are suited to the net zero emission target, helping the Parent Bank to get prepared for various temperature increases and to ensure business continuity. The Parent Bank uses internationally accepted climate scenarios such as those of the Network for Greening the Financial System (NGFS), Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathways (RCP). The Parent Bank has carefully selected the scenario analyses that it uses, taking into account the dynamics and potential risks in the banking sector. Macroeconomic trends evaluated within the scope of the Parent Bank's climate scenario analysis include the increasing availability of carbon pricing mechanisms, increasing regulatory pressures on sustainability, and the effects of the European Green Deal. The Parent Bank makes multi-faceted assessments in its strategic decision-making processes, taking into account these macroeconomic trends and their short-, medium- and long-term effects.

The Parent Bank conducted a climate scenario analysis in 2024 and integrated the results into its strategic decisions. NGFS scenarios are modeled by considering the effects of climate change on sectors and economic metrics. The outputs of these scenarios are utilized as the primary source of insight for the Parent Bank's decarbonization strategy for its portfolio and also form the basis for its science-based targets.

In order to assess the resilience of its physical assets to climate risks, the Bank uses the RCP 4.5 and RCP 8.5 scenarios, which are among the new generation concentration scenarios developed within the scope of the 5<sup>th</sup> Assessment Report (AR5) of the Turkish State Meteorological Service's Climate Change Panel (IPCC), and the data on changes in annual average temperature and precipitation between 2021 and 2040 as developed by the Turkish State Meteorological Service for Türkiye by using the HadGEM2-ES, MPI-ESM-MR, and GFDL-ESM2M global models.

The Bank analyzes the potential interruption of operational activities and physical damage to its assets within the framework of temperature and precipitation increase scenarios, using data sets prepared in line with the RCP 4.5 and RCP 8.5 scenarios.

The Bank carried out an analysis using the SSP2-4.5 (moderate emission) and SSP5-8.5 (high emission) scenarios within the framework of the Shared Socioeconomic Pathways (SSP) to assess the resilience of Hydroelectric Power Plants to climate change. With this analysis, the predicted drought pressure until 2059 was evaluated on a per city basis for cities that accommodate power plants.

The Group plans to evaluate climate scenario analyses on an annual basis, taking into account current climate policies and macroeconomic trends, in order to assess the possible consequences of climate-related uncertainties in the light of current data. For this purpose, relevant scenario analyses will be updated when necessary and included in the risk assessment process. Details regarding the climate scenario analyses used by the Parent Bank in its climate-related risk mitigation, adaptation and climate resilience opportunities and risk management processes are provided in the [Strategy](#) section of the report.

The Bank aims to effectively manage climate-related risks in an ever-changing dynamic environment to ensure climate resilience. Therefore, it continues to develop innovative green financing products and to offer sustainable financial solutions to customers. At the same time, the Bank continues to work on monitoring the emissions from its portfolio by setting targets to reduce the carbon footprint of its operations.

## 4.7 Monitoring Risks and Opportunities

Integrating climate-related risks and opportunities into strategic decision-making processes as part of its risk management strategy, the Group has established an efficient and effective internal control system for managing these risks and opportunities in accordance with the targets set by the management. Sustainability and climate-related risks and opportunities are monitored and reported to the Board of Directors as described in the [Governance](#) section of the report.

The Bank reviews climate-related risks at least once a year. Every year, the Bank reports to the BRSA the risks that the Bank may encounter due to climate change through the ICAAP Report, which includes an internal assessment of the capital requirement for the risks that the Bank is or will be exposed.

The Bank sets risk-specific mitigation and adaptation strategies against the risks that it may be exposed to due to climate change (e.g. disruption of operations, damage to physical assets).

The Bank's activities regarding risk-specific mitigation and adaptation strategies are detailed in the [Strategy](#) section of the report.

The Bank monitors the risks that may arise in its customer portfolio due to climate change through heat maps and climate scenarios and closely tracks the performance of its risk mitigation and adaptation actions.

## 4.8 Environmental and Social Impact Management in Responsible Financing and Lending Processes

The Parent Bank assesses the environmental and social impacts of loans under the Environmental and Social Management System (ESMS) and integrates environmental and social risk management into its lending processes. Within this framework, the Bank strictly refrains from financing any activities that are non-compliant with environmental and social legislation or included in the "VakıfBank Exclusion List of Non-Financeable Activities".<sup>2</sup>

Within the framework of the ESMS, the Bank manages environmental, social, governance, occupational health and safety risks and other similar non-financial risks for loans of USD 20 million and above by evaluating the potential impacts of these risks. If the financing in question is not included in the VakıfBank Exclusion List of Non-Financeable Activities and falls within the scope of project financing and the loan amount is USD 20 million or more, an environmental and social risk assessment is carried out for the respective customer and project using the Environmental and Social Assessment Tool. Project Finance loan applications are subject to an environmental and social risk classification in line with relevant local legislation and IFC Performance Standards, and are included in the decision-making mechanism before and after the loan is disbursed, as is the case with economic and financial risks.

Where necessary, a detailed environmental and social assessment process is carried out for projects with the support of independent consultants. Field visits are made to observe the environmental and social impacts of the project on site. Upon assessment of environmental and social risks associated with financed projects, risk category is determined and action plans are developed accordingly.

As a result of this assessment, one of the following risk categories is assigned to the project: A (High), B+ (Medium-High), B- (Medium-Low) and C (Low). Following agreement with the customer regarding the action plans developed as a result of the assessment, commitment letter is obtained from the customer and the relevant actions are regularly followed up. Activities are carried out to monitor the environmental and social performance of the financed projects throughout the loan term, and an Environmental and Social Monitoring Report is issued based on the findings.

All stages of the environmental and social risk assessment process have been integrated into the Parent Bank's IT system by the end of 2023. You can access detailed information about the ESMS framework [here](#).

Furthermore, the Bank aims to increase its portfolio of loans that are subject to ESMS assessment by reducing the ESMS assessment limit from USD 20 million to USD 10 million in 2025. The findings and data from the ESG assessment results guide the Bank's green financing strategy and strengthen its product development approach toward sustainable loans. In this regard, the Bank plans to put in place practices intended to diversify its sustainability-themed loans.

Within the scope of the USD 250 million Emergency Company Support Project (SADEK) signed with the World Bank in 2020, a project-specific environmental and social risk assessment process that is independent of the ESMS is also applied for working capital loans to companies operating in the retail, SME, commercial and corporate segments. In the early stages of the process, evaluations were carried out using the same method used for project loans with the support of a consultant firm due to insufficient internal capacity. As of the end of 2023, the Environmental and Social Assessment Tool designed by VakıfBank Environmental and Social Impact Analysis Department for the SADEK project was integrated into the Parent Bank's system and the process began to be carried out entirely within the Parent Bank.

## 5. STRATEGY

### 5.1 Climate-Related Risks and Opportunities



The Group addresses climate risks as physical risks caused by climate change and risks associated with transition to a low-carbon economy. For physical risks, the impacts of interruption of banking activities, physical damage that may occur at service locations and of extreme weather events on the value chain of the Parent Bank's portfolio are evaluated. For transition risks, events that may cause financial deterioration in the companies in the customer portfolio due to increased costs, target market restrictions, changes in market demand and increase in the credit risk of banks are evaluated. In this regard, the Group evaluates the financial impacts of potential

risks and opportunities related to climate change, including their reputational and operational impacts, from a short-, medium- and long-term perspective, and provides strategic guidance in light of this information. The Parent Bank takes an active role in sector-based heat map development studies conducted under the umbrella of the Banks Association of Türkiye and takes firm steps to the future by making joint decisions with all stakeholders in this process. The Parent Bank also includes sector heat maps created by working groups in the assessment phase of climate risks.

In order to get a better understanding of climate risks, climate scenario analyses are carried out using internationally accepted methods such as RCP<sup>2</sup>, NGFS<sup>3</sup> and SSP<sup>4</sup> scenarios. The Parent Bank plans to conduct sensitivity analyses and stress testing in the upcoming period. The relevant scenarios are based on publicly available data, including national and international climate projections. During the scenario analysis process, the Group also evaluated climate policies, macroeconomic trends, variables on a national and regional level, and technological changes. Climate scenario analyses are carried out as part of strategic planning cycles.

As a result of the scenario analyses conducted, it has been concluded that climate-related physical and transition risks do not currently have a financially material impact on the Parent Bank's activities, assets and investment plans. Therefore, the risks anticipated in the analyses do not have a limiting effect on the availability of existing financial resources. In addition, it has been found that the risks in question do not create a situation that would require changes in existing assets in the short-term and do not lead to a significant revision in the Parent Bank's current or planned strategy. Based on the studies carried out, no developments are expected that will require significant correction in the next reporting period. However, since climate risks can vary over time, these assessments are updated periodically, and if a risk that may exceed the significance threshold is identified in future periods, the necessary explanations will be shared with the public in the relevant reports.

In addition, thanks to the Parent Bank's Environmental and Social Assessment Tool, environmental, social and governance risks are assessed in loan applications of USD 20 million and above, which contributes to the development of the sustainability database. All these processes are integrated into financing decisions in line with the targets set by the Parent Bank within the scope of the Science-Based Targets initiative (SBTi) and the Climate Transition Plan, and are intended to increase climate resilience.

As a result of the comprehensive analysis and evaluations carried out by the Parent Bank, it has determined that there is no significant financial risk in the current period. The climate risks of the Parent Bank's affiliates were also assessed, but it has been concluded that there are no significant financial risks. However, considering the risks that may affect the Parent Bank in the future, climate risks related to the Parent Bank are discussed and detailed in the [Climate-Related Transition Risks](#) and [Climate-Related Physical Risks](#) sections.

Efforts to quantify current and projected impacts for most climate-related risks are not yet complete due to data gaps and uncertainties. There are measurement uncertainties, especially in quantifying the relationship between long-term scenario assumptions and financial impacts. However, it is anticipated that climate-related risks and opportunities may have an impact on certain financial items such as those listed below:

- Credit portfolio composition and default rates,
- Loan provisions and provision policies,
- Interest margin and financing costs,
- Asset quality and collateral valuation

These potential financial impacts are monitored within the scope of the Parent Bank's climate risk management process, and as data quality and methodological infrastructure strengthen, it is aimed to include quantitative analyses in forward-looking reports.

The Parent Bank adopts climate risks as well as opportunities in this area as a critical strategic orientation. In this context, VakıfBank, one of the most active Turkish banks in international capital markets, considers access to sustainable financing as a strategic opportunity. In this context, detailed explanations of the Parent Bank regarding the relevant opportunity are included in the [Climate-Related Opportunities](#) section.

<sup>2</sup> Representative Concentration Pathways

<sup>3</sup> Network for Greening the Financial System

<sup>4</sup> Shared Socioeconomic Pathways

### 5.1.1 Climate-Related Transition Risks

**Table 8: The Impact of the Carbon Border Adjustment Mechanism (CBAM) on Credit Activities**

<b>Title of Risk</b>	The Impact of the Carbon Border Adjustment Mechanism (CBAM) on Credit Activities	
<b>Risk Category</b>	Transition – Legal and Regulation	
<b>Description of Risk</b>	The Carbon Border Adjustment Mechanism (CBAM), developed as part of the European Union (EU) Green Deal, entered into force on October 1 <sup>st</sup> , 2023. CBAM is intended to impose financial obligations on companies operating in carbon-intensive sectors and exporting to the EU in order to prevent carbon leakage. This mechanism, which will enter into force as of 2026, covers a wide range of industries, such as aluminum, cement, iron and steel, electricity, hydrogen and fertilizer industries, and results in carbon costs that will cause an increase in the operational and investment costs of companies in these industries.	
<b>Place in the Value Chain</b>	Downstream – Credit Activities	
<b>Concentration Area</b>	Customers Exporting to the EU and Falling into the Scope of CBAM	
<b>Effects of the Risk on the Business Model</b>	The increased carbon costs resulting from the implementation of the CBAM may create additional costs in the income statements of companies in the industries to which loans are granted. In this case, the narrowing profit margins may have a negative effect on the loan repayment capacity of companies, creating additional credit risk for the Bank.	
	Due to the regulations introduced by the CBAM, VakıfBank closely monitors the credit risks of its customers operating in carbon-intensive industries.	
	It has been determined that VakıfBank’s portfolio includes companies from the iron and steel, cement, energy, aluminum and fertilizer industries which face high transition risks and are also within the scope of the CBAM. As of 2024, the share of loans granted to those industries within the scope of the CBAM within the Bank’s total portfolio has been measured as 5%. The Bank evaluated the loan repayment capacity of its customers in the said portfolio by looking at the ratio of their revenues originating from exports to the EU to their total revenues.	
<b>Type of Impact</b>	Current and Potential Impact	
<b>Timeframe</b>	Medium-Term	Long-Term
<b>Term</b>	2-10 Years	10 Years and More
<b>Severity</b>	3	1
<b>Likelihood</b>	5	5

**Table 8: The Impact of the Carbon Border Adjustment Mechanism (CBAM) on Credit Activities (Continued)**

<b>Scenario Analyses</b>	<p>The Bank has conducted a comprehensive climate scenario analysis study based on NGFS climate scenarios to manage the CBAM risk in its loan portfolio. This analysis allows the Bank to assess the potential impacts of different climate policy responses on carbon pricing and hence their reflections on the Bank’s financial performance.</p> <p>The Net Zero 2050 and Divergent Net Zero (Divergent NZ) scenarios envisage that the net zero emission target by 2050 will be achieved in line with tightening climate policies. Under these scenarios, high emission reduction targets could result in high carbon prices (USD 650-800 per tonne of CO<sub>2</sub> in 2050), which could lead to significant cost increases for firms that are operating in the industries covered by the CBAM and are included in the loan portfolio. This may negatively affect the loan repayment ability of these firms, creating a potential credit risk for the Bank.</p>
	<p>The NDCs (Nationally Determined Contributions) scenario envisages a more moderate carbon pricing (0-50 USD per tonne of CO<sub>2</sub>) based on existing national contribution declarations. However, even this level has the potential to create financial difficulties for some companies. The Current Policies scenario assumes no carbon pricing is implemented; however, this scenario introduces credit risk to the loan portfolio due to increased physical climate risks.</p> <p>The NGFS predicts that a carbon price of around USD 160 per tonne of CO<sub>2</sub> will be needed by the end of the decade to achieve the transition to net zero by 2050. The Bank plans to model the financial impacts of different carbon price levels and apply stress tests, taking into account the price ranges projected in these scenarios when assessing the CBAM risk in its loan portfolio. These analyses will enable understanding of potential impacts on capital adequacy, profitability and long-term sustainability and developing proactive risk mitigation strategies.</p>
<b>Current Financial Impact (TL Million)</b>	<p>The CBAM will enter into force in 2026. However, the Parent Bank has calculated the additional provision effect on the model outputs that will occur as a result of a one-level downgrade in the ratings of its customers operating in the iron and steel, cement, energy, aluminum and fertilizer sectors in the short-term projections and set aside an additional provisions on the model outputs in the amount of TL 190,955,624.</p>
	<p>The Bank focuses on providing sustainable financing to customers investing in renewable energy sources to combat climate change. Providing purchase guarantees to energy production facilities within the scope of the Renewable Energy Resources Support Mechanism (RERSM) at a predictable price tariff for a certain period of time creates a positive impact by reducing market and sales risks. In this context, the Parent Bank upgraded the ratings of customers within the scope of RERSM, which was established to support renewable energy production, by one notch in accordance with TFRS 9 legislation and cancelled a total of TL 69,519,644 of provisions.</p> <p>The models and methodologies used for TFRS 9 are evaluated in terms of accuracy and suitability at least once a year by the relevant teams responsible for the model and methodology.</p>

### 5.1.1 Climate-Related Transition Risks

Table 8: The Impact of the Carbon Border Adjustment Mechanism (CBAM) on Credit Activities (Continued)

<b>Potential Financial Impact (TL Million)</b>	The Parent Bank continues to work on potential financial impact projections for the medium- and long-terms. In the medium-term, the financial impacts are expected to be reflected as an increase in the expected loss provisioning items in the Bank's balance sheet, as in the current situation mentioned above. In the evaluations made, it is anticipated that the impact will decrease in the long-term with the prediction that companies operating in the industries in question will take the necessary steps to comply with legal regulations.
<b>Actions Taken</b>	<p>The Parent Bank aims to create a sustainable loan portfolio in the medium- and long-term. For this goal, the main strategies include gradually reducing the share of carbon-intensive industries in the portfolio, prioritizing low-carbon and environmentally sustainable projects, and providing financing to support carbon-intensive industries in their decarbonization processes.</p> <p>The Bank also aims to effectively manage financial risks arising from climate change, reduce transition period risks and increase portfolio resilience. In this context, priority is given to evaluating sustainable financing opportunities; credit allocations to companies operating in the industries covered by the Carbon Border Adjustment Mechanism (CBAM) are carefully monitored; the green transformation processes of the customers from these industries are supported; customers are encouraged to use green financing alternatives, and credit risks in carbon-intensive industries are diversified and managed.</p> <p>In line with this strategy, the Parent Bank aims to both reduce climate-related risks and effectively evaluate opportunities in sustainable growth and transformation.</p>
<b>The Cost of Credit Risk Provisioning</b>	The additional provision on model outputs of TL 190,955,624 allocated for transition risk represents the direct financial cost of the risk. In addition, operational costs such as risk measurement, monitoring, execution of scenario-based projections and management of data-based uncertainties are also taken into account.
<b>Measurement Uncertainties</b>	The Parent Bank continues to diligently conduct the necessary studies to determine the potential financial impact anticipated under the CBAM regulations. However, it is not yet possible to make a reliable and quantitative financial impact assessment due to the fact that the CBAM legislation is currently in the development stage, contains elements that are open to possible changes, and uncertainties in industry dynamics (market demand fluctuations, implementation methods, the scope of the companies to be affected, lack of information on the companies' compliance levels and strategies, etc.). Data and methodology deficiencies are also among the factors limiting this evaluation at the current stage.

### 5.1.2 Climate-Related Physical Risks

Table 9: Increasing Physical Risks Due to Climate Change in Loans Granted to the Tourism Sector

<b>Title of Risk</b>	Increasing Physical Risks Due to Climate Change in Loans Granted to the Tourism Sector
<b>Risk Category</b>	Physical – Chronic & Acute
<b>Description of Risk</b>	Acute events such as climate change, floods, extreme heat waves, wildfires and tsunamis can disrupt operations by damaging tourism infrastructure. Additionally, chronic impacts such as sea level rise and water scarcity may reduce the attractiveness of destinations in the long-term. This may cause a decrease in the number of tourists.
<b>Place in the Value Chain</b>	Downstream – Credit Activities
<b>Concentration Area</b>	<p>As of 2024, the share of tourism-related project finance loans granted to the tourism sector in the Parent Bank's project loan portfolio was 10.5%. It has been noted that 95% of these loans were granted in Antalya and Aydın. According to data from the Think Hazard platform;</p> <ul style="list-style-type: none"> <li>In Antalya, there is a high risk of river and coastal floods, extreme heat, and wildfires, while the risk of water scarcity is low.</li> <li>In Aydın, the risks of river and coastal floods and forest fires are high, while the risk of extreme heat is moderate and the risk of water scarcity is low.</li> </ul>
<b>Effects of the Risk on the Business Model</b>	Increased physical risks arising from climate change may reduce the income and loan repayment capabilities of borrowing businesses, while secondary effects of climate change may increase the costs of businesses in the tourism sector due to increased insurance premiums and disruptions in the supply chain, which could disrupt their cash flows and negatively impact the Parent Bank's financial statements.
<b>Type of Impact</b>	Potential
<b>Timeframe</b>	Long-Term
<b>Term</b>	10 Years and More
<b>Severity</b>	2
<b>Likelihood</b>	3
<b>Current Financial Impact (TL Million)</b>	No current financial impact has been observed regarding the relevant risk in the current period.
<b>Potential Financial Impact (TL Million)</b>	The Parent Bank has conducted studies to quantitatively measure the potential financial impacts. However, due to existing uncertainties in climate modelling and historical data, consistent results cannot be obtained during the reporting period. Therefore, potential financial impacts are not shared quantitatively in the relevant reporting period. Modelling studies for the upcoming period are continuing. The financial impacts are expected to be reflected on the Parent Bank's balance sheet in the long-term as an increase in the expected loss provisioning item.
<b>Actions Taken</b>	In the environmental and social risk assessment conducted by the Parent Bank in connection with project loans, the Parent Bank also assesses the project risks originating from climate change. Detected non-compliances are monitored through action plans and corrective actions are carried out. In the upcoming period, measures are planned to be taken to address the relevant risk, such as strengthening the collateral structure by taking into account customer credit scores, introducing prerequisites for climate resilience, expanding compulsory insurance coverage, implementing project-based sustainability audits, and developing early warning systems. No serious risks are foreseen in the tourism sector in the short- and medium-term. Therefore, it has been concluded that there would be no change in the business plan.
<b>The Cost of Credit Risk Provisioning</b>	Due to the high measurement uncertainty of the method used, the cost of responding to risk could not be reliably quantified.
<b>Measurement Uncertainties</b>	The likelihood of physical risks to happen and their regional effects involve quite high measurement uncertainties as a result of meteorological, geographical and economic factors.

## 5.1.2 Climate-Related Physical Risks

Table 10: Drought-Related Credit Risk in Hydroelectric Projects

<b>Title of Risk</b>	Drought-Related Credit Risk in Hydroelectric Projects
<b>Risk Category</b>	Physical - Chronic
<b>Description of Risk</b>	<p>The World Economic Forum (WEF) 2023 report shows that droughts significantly impacted global hydroelectric production, with production falling by 8.5% in the first half of 2023 compared to the same period of 2022. This confirms that drought poses a significant risk to Hydroelectric Power Plants (HPPs) and complicates the energy transition. The report also highlights the importance of diversifying drought-resistant renewable energy sources and reducing reliance on hydroelectricity.</p> <p>Electricity production in HPPs depend on the flow rate and the height of fall of the water. Drought can negatively impact both factors, significantly reducing energy production. To understand the impact of increasing air temperatures and expected droughts on the efficiency of HPPs, the formula <math>P_{th} = \rho \times q \times g \times h</math>, which calculates the potential energy of water, can be used. In this formula, flow rate of water (q) and height of water (h) are directly affected by drought. When flow rate and height of water decrease due to drought, the amount of power that can be produced (P<sub>th</sub>) also decreases.</p> <p>During drought periods, decreased rainfall and increased evaporation cause water levels in rivers to drop and flow rates to decrease. Water levels in the reservoirs where hydroelectric power plants are located also decrease, which reduces the potential energy of the water that turns the turbines. As a result, the electricity production capacity of HPPs may decrease due to drought, and in some cases, the plants may even be completely rendered out of service.</p>
<b>Place in the Value Chain</b>	Downstream – Credit Activities
<b>Concentration Area</b>	<p>The Parent Bank’s renewable energy portfolio consists of 20.1% HPP projects and finances 13 power plants with a total installed capacity of 1,131 MWe in 9 different locations. These power plants are located in the provinces of Ankara, Artvin, Giresun, Gümüşhane, Karaman, Kastamonu, Manisa, Mersin and Van.</p> <p>Scenario analysis studies indicate that HPP projects in these regions will not be significantly affected by drought and will not pose a high level of credit risk for VakıfBank.</p>
<b>Effects of the Risk on the Business Model</b>	The Parent Bank provides financing for hydroelectric power plants within the scope of sustainable energy investments. As of 2024, hydroelectric projects constitute 20.1% of the renewable energy portfolio and 5.1% of the project loans portfolio. Reductions in river flow rates due to drought may reduce loan repayment capacities, especially in basins with higher drought risk, and may pose a credit risk for the Parent Bank.
<b>Type of Impact</b>	Potential
<b>Timeframe</b>	Long-Term
<b>Term</b>	10 Years and More
<b>Severity</b>	2
<b>Likelihood</b>	2

Table 10: Drought-Related Credit Risk in Hydroelectric Projects (Continued)

<b>Scenario Analyses</b>	<p>Approximately 30 years of historical data were examined, which showed that, during the most severe drought and heat years, there was an average decrease of 5.2% in production at hydroelectric power plants compared to long-term average utilization rates. According to CMIP6 climate modeling, projections until year 2059 under the SSP2-4.5 and SSP5-8.5 scenarios predict that these provinces will not be exposed to significant drought pressure.</p> <p>According to the Standardized Precipitation Evapotranspiration Index (SPEI) P50 percentile data in the World Bank’s Climate Change Knowledge Portal (CCKP), the average drought severity in these provinces is expected to be “-0.81 (slightly dry)” according to the SSP2-4.5 scenario and “-1.08 (moderately dry)” according to the SSP5-8.5 scenario.</p>
<b>Current Financial Impact (TL Million)</b>	No current financial impact has been observed regarding the relevant risk in the current period.
<b>Potential Financial Impact (TL Million)</b>	The Parent Bank has conducted studies to quantitatively measure the potential financial impacts. However, due to existing uncertainties in climate modelling and historical data, consistent results cannot be obtained during the reporting period. Therefore, potential financial impacts are not shared quantitatively in the relevant reporting period. Modelling studies for the upcoming period are continuing. The financial impacts are expected to be reflected on the Bank’s balance sheet as an increase in the expected loss provisioning item.
<b>Actions Taken</b>	<p>The following actions are taken to reduce the environmental and social risks of HPP projects and ensure their compliance with sustainable development principles:</p> <ul style="list-style-type: none"> <li>• <b>Environmental and Social Management Plan:</b> A comprehensive Environmental and Social Management Plan is prepared that assesses the potential environmental and social impacts of the project and identifies mitigation measures.</li> <li>• <b>Workforce and Working Conditions:</b> The rights and safety of the workers at the project site are protected and they are provided with fair working conditions. Compliance with national and international labor standards is ensured.</li> <li>• <b>Resource Efficiency and Prevention of Pollution:</b> Necessary measures are taken to ensure efficient use of water, energy and other natural resources and to prevent pollution.</li> <li>• <b>Public Health and Safety Plan:</b> The potential impacts of the project on public health and safety are evaluated and necessary precautions are taken. Emergency plans are prepared and drills are carried out.</li> <li>• <b>Land Acquisition and Displacement:</b> Land acquisition and involuntary displacement processes are carried out in a fair and transparent manner, in accordance with international standards and local legislation.</li> <li>• <b>Biodiversity and Natural Resource Management:</b> The project’s impacts on biodiversity and natural resources are minimized. Necessary actions are taken for the protection and sustainable use of ecosystems.</li> <li>• <b>Protection of Cultural Heritage:</b> Necessary measures are taken to protect the cultural heritage in the project area. (For example: Preparation of procedures such as the Unexpected Heritage Finds Procedure, etc.)</li> </ul>
<b>The Cost of Credit Risk Provisioning</b>	Due to the high measurement uncertainty of the method used, the cost of responding to risk could not be reliably quantified.
<b>Measurement Uncertainties</b>	The likelihood of physical risks to happen and their regional effects involve quite high measurement uncertainties as a result of meteorological, geographical and economic factors.

### 5.1.2 Climate-Related Physical Risks

#### Physical Climate Risks in Operations

The parent Bank assesses the operational impacts of climate risks in Türkiye and in the regions where it has international operations, and continues to develop strategies for the management of these risks. Extreme rainfall events, which occurred more frequently in recent years, cause physical losses on a regional scale. Moreover, many businesses are forced to suspend their operations when extreme rainfall turns into floods. In this regard, according to the Bank, the most negative short-term impacts of irregular rainfall on the financial sector include damage to its assets and disruption of its activities. As of the end of 2024, VakıfBank had operations in 81 provinces across Türkiye, with one subsidiary in Austria, two branches in Vienna and Germany, a representative office in Hungary, and four foreign branches in the USA, Bahrain, Iraq, and Qatar, operating in a total of seven different countries abroad. The Group has addressed the effects of climate risk in the relevant regions on the possibility of loss due to operational interruption and physical damage under the category of operational risk.

In assessing physical risks under the category of operational risk, the Bank has conducted studies on the risk of “Urban Flood” employing an approach based on rainfall projections from the Turkish State Meteorological Service for domestic locations and data from the “Think Hazard” platform for international locations.

Using the Türkiye Climate Risk Study data obtained from the Turkish State Meteorological Service, monthly average precipitation change estimates for the periods 2021-2030 and 2031-2040 under optimistic (RCP 4.5) and pessimistic (RCP 8.5) scenarios were annualized on a provincial basis, based on the month with the highest precipitation irregularity, and risk level classification was carried out first for the provinces and then for the service points of the Parent Bank. The outputs of the precipitation projections for the periods 2021-2030 and 2031-2040 show that 7 provinces across Türkiye are exposed to high (200-300 kg/m<sup>2</sup>) or extremely high (>300 kg/m<sup>2</sup>) irregular rainfall, regardless of the temperature change scenarios.

In domestic locations, the total number of branches in 7 provinces that are potentially exposed to the risk of irregular rainfall is 88, which corresponds to approximately 9% of the Bank’s total number of branches throughout Türkiye. Foreign locations are considered low or very low risk in terms irregular precipitation. The relatively low share of domestic branches supports the view that possible service interruptions that may occur within the scope of physical risk scenarios arising from excessive rainfall in the relevant regions will not have an impact on the Bank’s activities in general that exceeds the financial materiality threshold. The high usage rate of the Bank’s mobile and internet banking channels, the support provided for service continuity with regional mobile branch applications when necessary, and the incorporation of such situations in the Emergency Action Plan are among the fundamental elements that will ensure operational continuity. In line with these factors, temporary service disruptions that may be experienced at a regional level are not expected to have a significant negative impact on the Bank’s overall financial performance.

### 5.1.3 Climate-Related Opportunities

Table 11: Opportunity to Access Sustainable Financing

<b>Title of Opportunity</b>	Opportunity to Access Sustainable Financing		
<b>Category of Opportunity</b>	Access to Financing		
<b>Description of Opportunity</b>	Sustainability-themed funds from international financing institutions can provide access to low-cost, long-term resources and create a loan portfolio that is aligned with environmental goals.		
<b>Place in the Value Chain</b>	Upstream and Downstream		
<b>Concentration Area</b>	Investors and Customers (Credit Portfolio)		
<b>Impact of the Opportunity on the Business Model</b>	Increasing the diversity of sustainable products (green loans and loans based on carbon reduction, etc.) enables the needs of different customer segments to be met more effectively and improves the product-portfolio balance. Through sustainable financing, the Bank supports Türkiye in achieving its low-carbon development and climate transition goals, thus creating not only financial but also social and environmental impact. The effective use of these funds facilitates compliance with increasing environmental reporting and sustainability requirements of regulatory authorities and ensures that the Bank has a more resilient structure against regulatory compliance risks. At the same time, customer relationships are improved, sustainability awareness is increased, and active support is provided for customers’ transformation processes. This approach creates competitive advantage in the long-term and brings financial inclusion that contribute to sustainable development.		
<b>Type of Impact</b>	Current and Potential Impact		
<b>Timeframe</b>	Short-Term	Medium-Term	Long-Term
<b>Term</b>	0-2 years	2-10 Years	10 Years and More
<b>Severity</b>	2	3	4
<b>Likelihood</b>	3	4	4

### 5.1.3 Climate-Related Opportunities

**Table 11: Opportunity to Access Sustainable Finance (Continued)**

<p><b>Current Financial Impact (TL Million)</b></p>	<p>The Parent Bank has been strategically using sustainable financing instruments since 2020, strengthening its financial structure and fulfilling its environmental and social responsibilities with sustainability-themed resources from international markets.</p> <p>With the 5.25-year maturity sustainable Eurobond issuance of TL 17 billion 680 million (USD 500 million) in 2024, the total sustainable Eurobond issuance of the Parent Bank to date has reached TL 88 billion 400 million (USD 2.5 billion). Thus, VakıfBank has made its balance sheet structure more resilient by increasing its access to low-cost and long-term external financing sources.</p> <p>In addition, with the sustainability-themed syndicated loan of TL 30.5 billion (USD 518.5 million and EUR 331.4 million) secured with the participation of 45 banks from 25 countries in 2024, the Bank's total volume in this scope reached TL 63 billion 648 million (USD 1.8 billion).</p> <p>These funds were offered to customers through the Parent Bank's sustainable financing framework-compliant loan portfolio of TL 194 billion 480 million (approximately USD 5.5 billion) as of 2024. These thematic loan products, covering areas such as renewable energy, green buildings, clean transportation, energy efficiency, prevention and control of pollution, and sustainable water and wastewater management, constitute 16% of the total loan portfolio.</p> <p>Thanks to these practices, VakıfBank has reflected its environmental awareness in its financial products, strengthened its sustainability profile in the eyes of investors, diversified its long-term financing resources, increased national and international collaborations, and achieved stronger corporate alignment with sustainable development goals.</p>
<p><b>Potential Financial Impact (TL Million)</b></p>	<p>Thanks to sustainability-themed funds obtained from international financial institutions, the Parent Bank's commitment to ESG risk management and environmental responsibility is increased and access to new funding sources gets easier. Through these resources, it will be possible to reach a wider customer base by increasing the variety of sustainability-themed products. At the same time, the Bank's contribution to combating climate change will be clearly demonstrated by taking a more active role in financing projects with the funds provided aligned with Türkiye's climate transition goals.</p> <p>Increasing the share of sustainable loans in the total loan portfolio will enhance the Bank's exposure to environmental risks; in this context, the Parent Bank will become a significant financier of development projects that create social impact, thanks to the support given to thematic projects focused on regional development, social inclusion, and environmental transformation. These developments will strengthen the Bank's corporate reputation, investor confidence and brand value in the long-term, establishing them into fundamental pillars of sustainable growth.</p>
<p><b>Actions Taken</b></p>	<p>The Parent Bank adopts increasing access to international resources for financing green transformation as a strategic priority. In this context, sectors with a high need for transformation are given priority, and in collaboration with relevant business units, studies are carried out to develop sustainable financing products specific to these sectors, and financing sources are diversified.</p> <p>In addition, by developing collaborations at both national and international levels through syndicated loans, significant gains are made in terms of environmental sustainability as well as financial resources. Innovative financing solutions strengthen the Bank's asset quality while making meaningful contributions to sectoral transformation processes and sustainable development.</p>

### 5.2 Impact of Climate-Related Risks and Opportunities on the Group's Strategy

While the Group's strategy to combat climate change is primarily shaped within the framework of the Parent Bank's activities, affiliates also act in line with the general strategic approach. Although each affiliate has a different area of activity, they adopt policies that are aligned with those of the Bank in terms of sustainability goals and environmental responsibilities and carry out their activities according to Türkiye's climate policies. Affiliates take structural and industry-related differences into account when integrating the performance indicators determined by the Parent Bank into their business processes.

By adopting a common strategic approach, the Group aims to create a holistic and effective system in combating climate change. In this context, relevant companies are encouraged to implement sustainability principles in line with their own business models and are monitored within the governance structure of the Parent Bank.

The Parent Bank views continuous improvement of its environmental, social and governance performance through banking practices that comply with international sustainability standards as one of the main pillars of its corporate strategy. Acting with a sense of responsibility, the Bank primarily aims to use its financial power to contribute to the sustainable development of the country's economy and for the benefit of society.

The Paris Climate Agreement, adopted at the United Nations Climate Change Conference in 2015, aims to keep the global temperature increase below 2°C compared to pre-industrial levels, and if possible, to limit it to 1.5°C. By signing this agreement in 2021, Türkiye announced its commitment to reach net zero emissions by 2053. In line with this strategy, VakıfBank plays an active role in the transition to low-carbon growth by integrating the fight against climate change into its business strategies, in line with policies such as the National Contribution Declaration and the Green Deal Action Plan.

By identifying sustainability as one of its strategic priorities, the Group aims to leave a more livable world for future generations. The Parent Bank remains committed to reducing greenhouse gas emissions by developing science-based approaches in order to manage the impacts of climate change on operational risks and financing activities and to contribute to low-carbon economy targets. In this context, the Parent Bank joined the Science-Based Targets initiative (SBTi) in 2019 in line with the Paris Climate Agreement, becoming the first Turkish bank to receive SBTi approval in 2023.

Within the framework of the Climate Transition Plan, the Parent Bank focuses on green transformation by diversifying its resource structure with sustainability-themed transactions and aims to increase access to international financing. The Bank prioritizes renewable energy financing by placing the fight against the climate crisis at the center of its business strategies and adopts low-carbon and inclusive growth policies. By integrating the

Environmental and Social Risk Management System into its entire loan portfolio, the Bank encourages sustainable investments and assesses the environmental and social impacts of these investments. In line with TFRS 9 legislation, the Bank addresses its loan loss provisions policies by taking climate risks into account and provides continuous support to its customers in reporting and reducing greenhouse gas emissions. It guides its clients in energy investments by evaluating the need for change and transformation brought about by climate change from a broad perspective.

In order to reduce greenhouse gas emissions and support adaptation to climate change within the scope of combating climate change, the Climate Law was published in Türkiye in July 2025. Preparations for the legal regulations of the Emissions Trading System are continuing in accordance with the law. The National Emissions Trading System (ETS), planned to be established in Türkiye, stands out as a key market-based mechanism for low-carbon development goals. Carbon pricing mechanisms within the Emissions Trading System have not yet been clearly established. The Parent Bank plans to analyze the effects of this system on its portfolio.

In addition, the Parent Bank closely monitors regulations applicable to the banking sector. The Communiqué on the Calculation of Green Asset Ratio of Banks, issued by the BRSA, entered into force upon publication in the Official Gazette dated April 11<sup>th</sup>, 2025. The procedures and principles for calculating and reporting the green asset ratio and other key performance indicators to assess the extent to which banks contribute to the financing of environmentally sustainable economic activities are described in the communiqué. The Parent Bank actively participated in working groups which were established with the participation of various banks within the Banks Association of Türkiye (TBB) and aimed at creating industry heat maps. The Parent Bank also took an active role in the preparation process of the Communiqué on the Calculation of Green Asset Ratio of Banks and presented its opinions on the communiqué. The Parent Bank continues its efforts to diversify sustainable financing instruments in accordance with the Communiqué on the Calculation of Green Asset Ratio.

VakıfBank considers supporting low-carbon financing, reducing financed emissions, and integrating credit policies with ESG criteria as its high priority responsibilities. The Parent Bank prioritizes renewable energy financing in order to increase the positive impact on the environment and thoroughly analyzes the risks and opportunities related to climate change and integrates them into the banking risk management system.

With these steps, the Group continues to take and strengthen the corporate and strategic actions required as per international standards and agreements by shaping its strategy around climate change. The impact of the climate crisis facing humanity and the measures taken to combat this crisis on the Group's business strategy are managed in an informed and decisive manner, making continuous contribution to a sustainable future.

## 6. METRICS AND TARGETS

### 6.1 Climate-Related Targets

While assessing climate-related risks and opportunities, the Parent Bank has set short and medium-term targets to reduce greenhouse gas emissions. These targets cover emissions from banking activities as well as emissions from the investment and loan portfolio.

The Parent Bank became the first Turkish public organization to commit to reducing carbon emissions by joining the Science-Based Targets Initiative in 2019 and the first Turkish bank to have its targets approved in 2023. In this context, the climate targets set by the Bank include mitigation and adaptation activities for physical and transition risks that will arise due to climate change. The Bank also aims to reduce financed emissions, which have the highest emissions burden among Scope 3 emissions. The Science-Based Targets Working Group, affiliated to the Sustainability Sub-Committee, was established to coordinate the work. The Parent Bank continues its efforts at full pace to achieve the 'Net Zero' emissions target by 2050. To learn more about the Bank's SBTi targets, [click here](#).

To achieve its SBTi targets, the Bank plans to increase the data set that it obtains from its customers, support low-carbon financing and create credit policies for reducing financed emissions, integrate ESG criteria into its credit policies, and provide resources and continuous support to its customers in reporting and reducing greenhouse gas emissions, and to improve this process. In this regard, the Parent Bank has created a climate transition plan that is aligned with its SBTi targets. VakıfBank's climate transition plan also includes targets such as prioritizing renewable energy financing, saving energy and water, and reducing use of plastics. In addition, the Parent Bank became the first bank to apply the sustainability approach to expected credit loss policies within the scope of TFRS 9 and updated its credit policies by evaluating the effects of the carbon tax. To learn more about VakıfBank's climate transition plan, [click here](#).

**Table 12: Progress on SBTi Targets**

Definition of Target	Performance Indicator	Purpose of Target	Type of Target	Period of Target	Baseline Year	Realized Progress in the Reporting Period and Targets			Target Reviews and Target Changes
						2024	2032 (Interim Target)	2050	
51% reduction in Scope 1 and Scope 2 Emissions (gross) by 2032	Scope 1 and Scope 2 emissions (tCO <sub>2</sub> e)	Reducing Scope 1 and Scope 2 emissions	Absolute	2024-2032	2021	27.9% reduction was achieved	51%	Net Zero	Targets are monitored annually. There has been no change in the Parent Bank's targets for 2024.

The Parent Bank adopts an approach focused on developing its operational activities in a sustainable manner in order to achieve its emission reduction and Science-Based Targets initiative (SBTi) targets, in line with the Paris Climate Agreement, the European Union Green Deal and national commitments. In this context, the Parent Bank aims to reduce carbon dioxide emissions by taking strategic steps to fulfill its environmental responsibilities and shapes its activities in accordance with national and international frameworks related to sustainability.

The Parent Bank achieved carbon neutral bank status by offsetting more emissions than its Scope 1 and Scope 2 greenhouse gas emissions resulting from banking operations in 2024. By joining I-REC, the international certification system which certifies that electricity is produced from renewable energy sources, in 2024, VakıfBank sourced 100% of their electricity needs, excluding its international operations, from renewable energy sources.

Although the Bank did not disclose its Scope 3 data and targets during the reporting period, this does not affect its commitment to the net zero target. This is a strategic decision taken in the process of developing the computing infrastructure. In this regard, the Parent Bank focuses on increasing transparency regarding data collection and analysis for the calculation of financed emissions and plans to disclose detailed Scope 3 data and targets, including financed emissions, in the upcoming period. There has been no change in the Parent Bank's targets for 2024.

Progress on SBTi targets is as follows.

#### Review of Climate Targets

The Parent Bank regularly reviews its climate-related targets by following the national and international agenda. Climate-related targets are set and managed in line with the Parent Bank's strategy, priorities and sector developments.

The targets set and their related performance indicators are evaluated comprehensively by the Sustainability Committee of the Parent Bank at regular meetings. As a result of the evaluation, progress towards climate-related targets is presented annually to the Board of Directors. In this way, the Board of Directors both reviews the effectiveness of current strategies and makes decisions regarding future sustainability efforts.

### 6.2 Climate-Related Metrics

The Group's emissions were calculated in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). The Bank calculates the emissions of its subsidiaries and affiliates according to the financial control approach. In the greenhouse gas emission calculation, all relevant gases are taken into account, including CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and SF<sub>6</sub>.

During the reporting period of VakıfBank, absolute gross Scope 1 (tCO<sub>2</sub>e) and Scope 2 (tCO<sub>2</sub>e) location-based greenhouse gas emissions of the Parent Bank and its Affiliates<sup>5</sup> are provided in Table 13, while the emissions of its subsidiaries are provided in Table 14.

**Table 13: Greenhouse Gas Emissions of the Parent Bank and its Affiliates**

Affiliates	Shareholder Ratio	Scope 1 Greenhouse Gas Emissions (tCO <sub>2</sub> e)	Scope 2 Greenhouse Gas Emissions (tCO <sub>2</sub> e) (Location-based)	Total Scope 1 and Scope 2 Greenhouse Gas Emissions (tCO <sub>2</sub> e)
VakıfBank (Solo)	-	12,977.14	33,061.27 <sup>6</sup>	46,038.41
VakıfBank International AG	100.00%	8.35	22.54	30.89
Vakıf Finansal Kiralama A.Ş.	62.12%	142.20	214.27	356.47
Vakıf Faktoring A.Ş.	92.10%	57.56	203.51	261.07
Vakıf Yatırım Menkul Değerler A.Ş.	99.50%	119.61	118.00	237.61
Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş.	33.77%	0.42	16.03	16.45
Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.	53.77%	40.78	162.88	203.66
Taksim Otelcilik A.Ş.	52.43%	1,166.20	1,582.56	2,748.76
Vakıf Gayrimenkul Değerleme A.Ş.	97.14%	120.56	55.29	175.85
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	96.73%	52.63	100.20	152.83
Vakıf Enerji ve Madencilik A.Ş. <sup>7</sup>	67.27%	-	-	-
Vakıf Elektronik Para ve Ödeme Hizmetleri A.Ş.	100.00%	4.24	34.06	38.30

<sup>5</sup> In 2024, the Bank also included the emissions of its affiliates and subsidiaries in the calculation process. Within this frame, the equity approach was taken as basis instead of the operational control approach while determining the organizational boundaries during the calculation of the emissions of subsidiaries and affiliates. With the equity approach, the Bank calculated emissions based on the percentage of shares it holds in each subsidiary and affiliate. Thanks to this method, the Bank's greenhouse gas inventory more accurately reflects its financial ownership structure and obtains emission values for each asset appropriate to its financial participation level.

<sup>6</sup> By joining I-REC, the international certification system which certifies that electricity is produced from renewable energy sources, in 2024, VakıfBank sourced 100% of their electricity needs, excluding its international operations, from renewable energy sources. I-REC Reference Number: 27815148 (01.01.2024-31.12.2024). The number given in Table 13 represents the Bank's location-based Scope 2 emissions. VakıfBank's market-based Scope 2 emissions are equivalent to 631.08 tCO<sub>2</sub>e.

<sup>7</sup> No calculation was made for Vakıf Enerji ve Madencilik A.Ş. because it was not in operation during the reporting period.

## 6.2 Climate-Related Metrics

**Table 14: Subsidiaries' Greenhouse Gas Emissions<sup>a</sup>**

Subsidiaries	Shareholder Ratio	Scope 1 Greenhouse Gas Emissions (tCO <sub>2</sub> e)	Scope 2 Greenhouse Gas Emissions (tCO <sub>2</sub> e)	Total Scope 1 and Scope 2 Greenhouse Gas Emissions (tCO <sub>2</sub> e)
Kıbrıs Vakıflar Bankası Ltd.	15.00%	39.09	285.09	324.18
Türkiye Sınai Kalkınma Bankası A.Ş.	8.38%	422.00	515.00	937.00
Birleşim Varlık Yönetimi A.Ş.	16.00%	1,299.54	22.68	1,322.22

Scope 1 emissions include greenhouse gas emissions resulting from the consumption of natural gas, coal, diesel, gasoline, refrigerant gas (usually R-22, R-410 and R-134a) and fire extinguisher use by the Bank, its subsidiaries and affiliates at relevant locations during the reporting period.

Scope 2 emissions include purchased electricity and shared use of natural gas at Bank locations during the reporting period. They include purchased electricity consumption at the locations of subsidiaries and affiliates.

The Bank pays special attention to ensure that the measurement approach, inputs and calculations used in the Scope 1 and Scope 2 emission calculation process can be verified. In this context, activity data corresponding to 100% of the Bank's total emissions have been verified through third-party independent audit processes.

Electricity and natural gas consumption data are obtained from the meters and invoices of the relevant utility companies, while diesel, heating oil and gasoline consumption data are obtained from the service provider invoices according to their intended use (generator, heating systems and company-owned vehicles). This method was used to calculate the consumption data of the Parent Bank and affiliates, and consumption was calculated on a square meter basis only for those affiliates operating in the same building.

### Calculation Method for Greenhouse Gas Emissions

When calculating the emissions of the Parent Bank and its affiliates, calculation methods that minimize uncertainty and provide accurate, consistent and repeatable results were selected. The method used to measure Scope 1 and Scope 2 emissions is based on collecting data from controlled activities and multiplying these data with emission factors obtained first from the Parent Bank and its affiliates and then from national and global sources. In this regard, the Tier-2 approach was taken as basis to make precise calculations. In 2024, no changes were made to the measurement approach, inputs and assumptions.

### Calculation Formula

Amount of Greenhouse Gas Emissions (CO<sub>2</sub>e) = (Consumption Amount) x (Emission Factor)

### Emission Factors and Sources

In the calculations, CO<sub>2</sub> equivalent factors consisting of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs (refrigerant gas) and fire extinguisher emissions were used. Global Warming Potential (GWP) coefficients were taken from the 6<sup>th</sup> Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and calculated by multiplying the resulting tonnes of CO<sub>2</sub> equivalent by the appropriate coefficients. Emission factors for electricity consumed from the mains network were calculated using the relevant year's Turkish National Inventory data for consumption within the borders of Türkiye and the most recent Ecoinvent data for consumption outside Türkiye. Uncertainty calculations were carried out for the Parent Bank, provisions of the national legislation were taken as basis for the meter values, and the GHG Protocol Uncertainty Tool was used as the general method.

<sup>a</sup> Scope 1 and Scope 2 greenhouse gas emissions of affiliates that are not included in the scope of consolidation are not disclosed in the report.

### Cross-Industry Metrics

Cross-Industry Metrics	Descriptions
<b>Greenhouse Gas Emissions</b>	The Parent Bank discloses its Scope 1 and Scope 2 emissions for 2024 in the Metrics and Targets section.
<b>Assets Vulnerable to Climate-Related Physical Risks and Their Percentages</b>	The Parent Bank evaluates its assets that are vulnerable to climate-related physical risks within the framework of its banking operations and portfolio. In this context, based on the result of the assessment carried out by the Parent Bank within the framework of its operations, the total number of vulnerable assets in 7 provinces that may be exposed to the risk of irregular precipitation is 88, which corresponds to approximately 9% of the total number of VakıfBank branches throughout Türkiye.  In the analysis of the portfolio vulnerable to physical risks, the increasing physical risks of climate change in loans granted to the tourism sector and the drought-related credit risks in hydroelectric power plant projects come to the fore. The share of vulnerable assets in the Parent Bank's project loan portfolio was 10.5% as of 2024. In the renewable energy portfolio, this ratio was 20.1% for hydroelectric power plant projects. For more information, see the <a href="#">Strategy</a> section of this report.
<b>Assets Vulnerable to Climate-Related Transition Risks and Their Percentages</b>	Upon an assessment of its loan portfolio, the Parent Bank anticipates that it will be exposed to climate-related transition risks due to the industries that are subject to the Carbon Border Adjustment Mechanism, such as aluminum, cement, iron and steel, electricity, hydrogen and fertilizer industries. In this context, the Bank's vulnerable asset ratio that will be exposed to this risk was measured as 5%. For more information, see the <a href="#">Strategy</a> section of this report.
<b>Climate-Related Opportunities</b>	The Parent Bank has identified access to sustainable financing as a strategic opportunity. In this context, the Sustainable Finance Framework has been updated to reflect the Parent Bank's strategic perspective. By placing provision of sustainable financial solutions to its customers at the center of its business approach, VakıfBank expects to secure a strategic position in the transition of high-emission industries to a low-carbon economy in the future. Accordingly, the Bank plans to align its loan portfolio with the Parent Bank's SBTi targets. Detailed information is provided in the <a href="#">Climate-Related Opportunities</a> section of this report.
<b>Capital Distribution Statement and Amount</b>	In 2024, the Parent Bank secured two sustainability-themed syndicated loans of TL 30.5 billion in total: TL 18 billion 334 million (USD 518.5 million) and TL 12 billion 172 million (EUR 331.4 million) with the participation of 45 banks from 25 countries. As a result, VakıfBank's sustainability-themed syndicated loans reached a total of TL 63 billion 648 million (USD 1.8 billion) in 2024. These funds were offered to customers through the Parent Bank's sustainable financing framework-compliant loan portfolio of TL 194 billion 480 million (approximately USD 5.5 billion) as of 2024. These thematic loan products, covering areas such as renewable energy, green buildings, clean transportation, energy efficiency, prevention and control of pollution, and sustainable water and wastewater management, constitute 16% of the total loan portfolio. For more information, see the <a href="#">Strategy</a> section of this report.
<b>Use of Carbon Credits</b>	VakıfBank purchased 13,700 verified carbon units of carbon credits to offset its Scope 1 and Scope 2 emissions in 2024. The Bank may consider purchasing carbon credits again to achieve net zero emissions targets in the upcoming period.
<b>Domestic Carbon Prices</b>	In 2024, the Bank did not engage in any domestic carbon pricing activity. While VakıfBank's 2024 TSRS-Compliant Sustainability Report was being prepared, the draft Turkish Emissions Trading System Regulation was published. Carbon prices that may arise in this context will be analyzed in the upcoming period.
<b>Remuneration</b>	For more information, see the <a href="#">Remuneration</a> section of this report.

## 6.2 Climate-Related Metrics

### TSRS Volume-16 Commercial Banks

Metric Code	Topic	Sustainability Disclosure Topics and Metrics	Reference
FN-CB-410a.2	Incorporation of Environmental, Social and Governance Factors in Credit Analysis	Description of the approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	The Parent Bank evaluates the environmental and social impacts of the loans granted within the scope of the Environmental and Social Management System (ESMS) and effectively manages environmental and social risks in its lending processes. For more information, see the <a href="#">Environmental and Social Impact Management in Responsible Financing and Lending Processes</a> section of this report.

Metric Code	Metric	Activity Metric	Number	Value (TL)
FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Personal	32,839,157	971,616,054,370
		Small Businesses	1,417,286	221,819,640,275
FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Personal	7,359,910	345,857,965,923.86
		Small Businesses	686,607	461,467,439,024.70
		Corporate	28,921	936,087,802,125.11

## 7. ANNEXES

### 7.1 Assurance Statement



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(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)

#### LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION PRESENTED UNDER THE TURKISH SUSTAINABILITY REPORTING STANDARDS OF TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

To the General Assembly of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Şirketi,

We have been assigned to perform limited assurance engagement on the information ("Sustainability Information") presented in accordance with the Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkish Sustainability Reporting Standards 2 "Climate-Related Disclosures" of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Şirketi and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2024.

Our assurance engagement does not include the information related to prior periods and other information associated with Sustainability Information (including any images, audio files, website links or embedded videos).

#### Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that Group's Sustainability Information for the year ending December 31, 2024, has not been prepared in accordance with the Turkish Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding the information related to prior periods and any other information associated with the Sustainability Information (including any images, audio files, website links or embedded videos).

#### Inherent Limitations in the Preparation of Sustainability Information

The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

#### Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Group's Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkish Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- Additionally, the Group Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those Charged with Governance is responsible for overseeing the Group's sustainability reporting process

#### Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Group Management.

Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

## 7.1 Assurance Statement



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### Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements "3410 Assurance Engagements on Greenhouse Gas Statements", issued by POA.

### Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors, issued by the POA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

### Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information,

- Face-to-face and online interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Group's internal documentation was used to review and assess the sustainability related information.
- The disclosure and presentation of sustainability-related information have been evaluated.
- Through inquiries, we obtained an understanding of Group's control environment and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, we did not obtain evidence about their implementation or we did not test their operating effectiveness.
- The appropriateness and consistency of the Group's estimation development methods were evaluated. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Aykut Üşenti, SMMM  
Partner

07 August 2025  
İstanbul, Türkiye

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