ALBARAKA TÜRK KATILIM BANKASI A.Ş. - Climate Change 2022

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Albaraka Turk Participation Bank, the first financial institution and the pioneer in the field of interest-free (participation) banking commenced its operations in 1985. Albaraka Turk was founded by Albaraka Banking Group, one of the prominent groups of the Middle East, Islamic Development Bank, and a native industrial group of Turkey. Albaraka, in line with the principles of participation banking, is highly active in the field of manufacturing and trade financing. As of 31.12.2021 Albaraka Turk consists of foreign partners (62.12%), native partners (0.95%), and public shares (36.93%). As a participation bank, we regard the community interests at the highest level and climate change is the most important sustainability threat faced by the communities we serve. With the vision of becoming a value-based intermediate in the financial sector, we are aware that all activities we perform as well as the products and services we provide to society interact with the environment. We both aim to minimize the impact of this interaction on climate change and to be a pioneer among the industry's major players by assuming a leading role in mobilizing finance for sustainability. Climate change management in the company is considered at three levels; awareness, institutional capacity building and leadership. In 2016, we started an internal capacity-building program with training programs and implementation of climate change management modules within the departments of Credit Risk Management, Strategic Planning, and Administrative Affairs with the assistance of The Sustainability Committee. In 2017, Albaraka expanded its efforts by initiating a program on ESG. With this program, the bank initiated a five-year scheme to introduce all E&S risks to all credit and banking decisions. Albaraka continues to build capacity to become the center of excellence in sustainability finance by combining ESG efforts with a science-based targets program and build back better principles in line with the COVID19 pandemic. In 2020, progress regarding ESG capacity has been substantial as the design of mechanisms to evaluate E&S risks of lending portfolios in selected sectors and digital infrastructure to monitor outcome has been completed. These mechanisms are expected to be fully put in place in 2021 but the program got extended to 2023 due to COVID . The first phase of climate centered ESG was completed in July 2022. Also, we will incorporate ESG in our retail strategy for mobilizing new finance mechanisms, especially for SMEs to stimulate their activities in both climate change mitigation and adaptation. The carbon pricing initiative was started to match with TCFD recommendations in near future. We plan to set the final price by 2021 and implement it in all our banking decisions. We also aim at estimating the climate impact of our lending portfolio in line with TCFD. We just completed building our own climate-centered taxonomy to institutionally define “green” and categorize the project activities that are sustainable for lending. The taxonomy, to be published by the end of 2022 as part of our post COVID19 build-back better program, is now revised to be in line with EU Taxonomy. In 2022, Albaraka accelerated the preparations and capacity building to issue a green sukuk in near term. Bank customer profile and financial products marketing strategies were reviewed to analyze the potential project origination and eligibility. Certain teams attended workshops to understand green bond process and ICMA requirements. Albaraka is determined to make green sukuk an essential instrument for the green recovery process. In addition, we ultimately care about our own carbon footprint and maintaining resource efficiency in planning our business operations. Our HQ building awarded with LEED Gold Certificate making is the first HQ building in the banking industry in Turkey. Based on our climate change capacity-building activities, we aim at taking a leadership role at two levels. We continuously promote the idea of sustainable banking principles to our peers at TKBB (Participation Banks Association of Turkey). Second, at the global level, our experience started to expand across all group companies and triggered our parent company ABG to sustainable banking. Also, our proactive approach in defining a role in the green rebooting of the economy post-pandemic has attracted attention from the banking sector in the region. Based on all the achievements in developing a robust ESG scheme and the green taxonomy, as well as adopting a roadmap for financial disclosure of climate risks and pursuing a sustainability strategy at different transaction levels including SMEs and retail, Albaraka Turk is destined to be one of the major actors of climate finance in near future. Albaraka Türk was included in the Istanbul Stock Exchange Sustainability Index for the second time, and repeated its title as the first and only participation bank in this index.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2021	December 31 2021	Yes	3 years

C0.3

(C0.3) Select the countries/areas in which you operate.

Turkey

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	<Not Applicable>	Exposed to all broad market sectors
Investing (Asset manager)	No	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No	<Not Applicable>	<Not Applicable>

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, another unique identifier, please specify (GIIN)	86IIBW.00007.ME.792
Yes, another unique identifier, please specify (LEI Code)	789000EJPSW14F8KVG81
Yes, another unique identifier, please specify (BIC/SWIFT)	BTFH TR IS

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The highest level of responsibility for climate change lies within the Albaraka Turk's Board of Directors. The CEO organizes regular meetings with the staff from departments involved with sustainability risks to assure that environmental and social issues are integrated in the decision-making processes and the overall business strategy of the bank. Apart from that, The Sustainability Committee reports to the CEO regularly where the outcome of that communication is reported to the Board by the CEO regularly.
Chief Risk Officer (CRO)	As Albaraka Turk activated a new credit risk analysis system that targets Environmental and Social Governance (ESG) for banking decisions, the CRO and the Credit Risk Department takes a new responsibility in tracking the climate risks and identifying the risk mitigation measures. With the new system, the CRO and their department analyzes the bankability of all loan applications from a climate risk perspective based on the forms and monitoring tools established via the ESG program. The tools consist the analysis of loan applications based on climate risks while proposing risk mitigation measures for different sectors. The ESG mechanism also includes a monitoring tool for existing loans and related risks.
Other, please specify (Sustainability, Social Responsibility and Communication Committee)	The committee consists of 3 board members. The Committee has responsibility for reviewing, monitoring and approving Banks's climate change and other sustainability objectives and providing advice to management on sustainability issues including climate change. It prioritizes the consideration of economic, environmental and social factors in the Bank's activities and decision mechanisms in addition to corporate governance principles in order to ensure the internalization of Corporate Sustainability awareness within the organization, to introduce the objective of sustainable banking in a concrete manner and to establish long-term values.
Other, please specify (Sustainability, Social Responsibility and Communication Executive Committee)	The committee consists of 4 assistant general managers and 1 chairman and 8 department managers under the chairmanship of the general manager. The Committee makes the pre-assessment of the Sustainability and Social Responsibility projects proposed by the Strategic Planning Department at certain periods of the year, puts them on the agenda of the Sustainability and Social Responsibility Committee and follows the projects implemented.
Chief Sustainability Officer (CSO)	By the end of 2022, Albaraka will reach the end of a three year program of incorporating ESG in business. As part of the governance plan in the second ESG phase between 2020 and 2023, a recent reorganization assigned the Unit of Strategic Planning and Economic Research to lead all sustainable banking projects. A Sustainability Unit is now designed under strategic planning and options to enlarge the unit and define a C level presence to the unit by the end of the second phase is being explored.
Director on board	In 2021 Albaraka assigned two board members to fully monitor and engage with ESG issues and especially with climate change risk management. One of the two board members performed as the executive director for accelerating the process of mainstreaming climate change management and ESG in the bank's business.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities The impact of our own operations on the climate The impact of our banking activities on the climate	Climate related risk issues is on the agenda of all board meetings regularly where the CEO includes a section on climate and ESG in his (her) briefing to the Board. The briefing has been prepared by the Sustainability Committee with the assistance of Credit Risk Department but from mid 2020 on the Sustainability Unit under Strategic Planning Department took over this role. The briefing includes the comments on ongoing business strategy, risk management policies and climate, The targets priorly set for climate change management and ESG is reviewed and when necessary new targets and objectives are presented. In case of major business decisions such as capital expenditures and other business acquisitions the climate and ESG related risks are explained for decision making. All briefings include progress in climate related issues. For adoption and internalization of process by the Board, on going executive trainings for the Board and the executive management are provided. New topics in the field of climate change policy and management are regularly introduced through case studies and peer reviews. As part of its ESG program, theExecutive Management of Albaraka Turk targets annual reporting on gap analysis for climate change risk management. The subject report on gap analysis and a road map for institutional capacity building including structural and business strategy changes will also be presented to the Board annually.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	Experience in Credit Risk Management, Sustainability Risk Management and background in Sustainable Finance.	<Not Applicable>	<Not Applicable>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking	Quarterly
Sustainability committee	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	More frequently than quarterly
Chief Risks Officer (CRO)	Risk - CRO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our own operations	More frequently than quarterly
Corporate responsibility committee	Corporate Sustainability/CSR reporting line	Assessing climate-related risks and opportunities	Risks and opportunities related to our own operations	More frequently than quarterly

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	The staff are reworded for taking action in mainstreaming climate risks into bank's business.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Business unit manager	Monetary reward	Efficiency project	Realization of climate change related revenue opportunities is one of the key performance indicators where lines of business that focus directly on climate change and environment-related revenue streams are priority in staff evaluation. For example, Albaraka Turk Bank supports business with firms in Energy Services, Resource Efficiency and Sustainable Energy (energy efficiency, solar & wind equipment finance).
Chief Procurement Officer (CPO)	Monetary reward	Energy reduction target	The CPO is expected to operate a procurement process based on resource efficiency criteria. For instance all purchases of paper, stationary and other resources should evaluated with a resource efficiency and waste minimization perspective. -Energy survey studies were conducted to determine the energy consumption of the Head Office building in detail. -The garden lighting system was restructured at the Head Office building to save electricity. -The timing scheme of lighting sensors was revised to consume less electricity. -Heating and cooling systems came to consume less electricity due to systemic changes in their operating systems -In car rentals, the Bank replaced gasoline vehicles with eco-friendly diesel vehicles, reducing exhaust emission by approximately 1,408 kg/year per vehicle. -The Bank acquired electric vehicles, whose exhaust emission is 70% less than that of gasoline and diesel vehicles. -An eco-friendly solution is used instead of harmful salt during ice and snow events. -Ecolabel certified chemical cleaning materials are used at the Head Office. -Efforts were made to enrich the lawns at the Head Office with individual plants that consume less water. Selecting native types of flowers and trees in landscaping is prioritized. Guano is preferred instead of fertilizer to extend soil life -Instead of artificial fertilizers, organic fertilizers were used for the landscaping work at the Head Office building to improve the soil structure.
Risk manager	Monetary reward	Energy reduction target	All risk managers are expected to embed sustainability and climate change risks in risk evaluation process.
All employees	Non-monetary reward	Emissions reduction target	All employees in Albaraka Turk are encouraged to adopt a behavioral change in resource management and sustainability. They are expected to address all issues of resource management and waste minimization by developing solutions and offering innovation. Also, a new module introduced among the staff for individual GHG assessment and reductions based on an award scheme which will raise further awareness in climate change.
All employees	Non-monetary reward	Emissions reduction target	There is an institutionalized improvement and innovation proposal program, which also covers sustainability improvement proposals.
Environment/Sustainability manager	Monetary reward	Portfolio/fund alignment to climate-related objectives	The head of the new unit under Strategic Planning that improves and implements the new ESG mechanisms is designated with the goal of pushing the portfolio toward sclimate friendly objectives.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated	Provide reasons for not incorporating ESG criteria into your organization's employment-based retirement scheme and your plans for the future
Row 1	Yes, as the default investment option for all plans offered	Albaraka Türk is a participation bank with a mandate and commitment to implement responsible financing in all business.	<Not Applicable>

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Short-term for Albaraka means less than 3 year.
Medium-term	3	6	The medium-term planning covers a time-horizon between 3 to 6 years as our financing usually runs for up to 6 years.
Long-term	6	15	Long-term planning covers a time-horizon between 6 to 15 years as our financing usually runs for up to 15 years.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Identification and assessment of substantive financial and strategic impact is one of the goals in the second phase of ESG and Sustainable Banking Program to be implemented between 2020 and 2022 by Albaraka Turk. Although year 2020 was slow due to Covid, progress regarding ESG capacity in 2021 has been substantial as the design of mechanisms to evaluate environmental and social risks of lending portfolios in selected sectors and digital infrastructure to monitor outcome has been completed. In 2021 these mechanisms were put in place for pilot application. In the second phase, we will incorporate ESG in our retail strategy and mobilizing new finance mechanisms, especially for SMEs to stimulate their activities in both climate change mitigation and adaptation. We are now analyzing all our banking products and simulate the reduction of the profitability of those products based on various climate related risks. We aim at defining a quantified threshold for the reduction of profitability to assign a "substantive financial risk" and utilize the outcome in the TCFD process. We are also working on the simulation of our potential work in SBTs as we were recently admitted to the initiative and we will come up with a plan of designing a science based GHG reduction target within the next 12 months. Our financial impact simulation includes climate risks, SBTs as well as other institutional goals to switch to sustainable banking. Recently, we have decided to incorporate different parameters of post pandemic economic growth case to address our potential role in build back better as well as avoiding the impact of post pandemic rapid financial mobilization that could include non climate friendly banking products. As in 2021, by the end of 2022, the management will be presented with quantified substantive impact figures under different scenarios and the identified impact threshold will be part of our business strategy between 2021 and 2023. The climate and other E&S risk analysis of major sectors have been completed as all loan process above certain financial risk levels now includes scrutinization of climate risks.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
As part of the first phase of ESG program, we have closely looked at all our banking services and products. All sustainability risks including climate related risks were identified and assessed by the Sustainability Committee, Credit Risk Unit and Strategic Planning. A risk and opportunity matrix has been prepared for a snapshot picture of potential risks and opportunities in short, medium and long-term. The report including the assessment matrix was shared with the Executive Management and Strategic Planning to be integrated into corporate risk management modules. The matrix is to be updated annually and at least three case studies to be conducted every year to implement best practice. Continuous capacity building including staff training, consultancy and peer review is part of the assessment and disclosure program. Strategic Planning Unit plays an instrumental role to integrate the outcome in business plans for business opportunities and Credit Risk Department is responsible to reflect the results in risk management modules. As part of our goal to implement TCFD the quantified risks will be disclosed by mid 2023. Late 2021, a new initiative to mainstream climate change in banking business focused on a bottoms up approach in training all relationship managers at Albaraka Turk to build staff level capacity in perceiving and managing the climate and other E&S risks. The capacity building is not a one-time program but a continuous effort within the bank to mainstream climate change management in banking business.

Value chain stage(s) covered
Upstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
One of the key players in the upstream is the government and banking regulating agencies. Albaraka Turk closely observes the potential sustainability regulations by the banking regulation agency of Turkey and provides consultancy when needed. Our review of global practice for sustainability regulations and green taxonomies guide us in assessing the potential risks and opportunities. Another key player is Borsa Istanbul where Albaraka Turk is listed as a public company. We are integrating the sustainability reporting requirements and related risks into our corporate risk management strategy. Not but not least, we are looking into our suppliers and how their sustainability risks could be assessed and integrated into our sustainability strategy. In 2019 we have closely worked with various local governments to reduce our climate impact by reducing waste and water especially from the HQ buildings. In 2021 we have reviewed all our procurement process including staff travel to reach utmost efficiency in resource planning and use.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term
Medium-term

Description of process
As part of the first phase of the ESG program, we have identified key sectors that play an important role: a) climate related risks (fossil fuel based energy, refinery, logistics, steel, cement, paper pulp and aluminum and agro industry) b) climate related opportunities (renewable energy, waste management, green material manufacturing, sustainable agriculture and forestry management). All clients in those sectors were listed and assessed against certain parameters that reflect climate risks. Those clients with an exposure of loans with maturity of less than a year and/or above 20 Mn TRY (approx. 1.370Mn USD) were considered to be of risks. In terms of opportunities, the clients of those sectors were assessed to be included in a priority list. Please note that due to rapid change in currency rates (TRY/USD) and increasing inflation the financial risk threshold was raised to 20 Mn TRY in 2021.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The current MRV (Monitoring Reporting and Verification) regulation in Turkey enforces the GHG inventory management for more than 3000 installations in Turkey. Albaraka Turk monitors the list of installations under enforcement and identifies the clients or potential clients with regulation risk. In 2021, the response of installations to the MRV enforcement was included in the pilot ESG system. The respondents voluntarily reported their MRV response in the Albaraka Turk ESG system as well.
Emerging regulation	Relevant, always included	Emerging regulations are perceived in two ways.At the customer level, the enforcement for mitigating the GHG emissions is part of the bankability risk. At the company level, the Environmental, Social and Governance (ESG) group identifies indirect risks and related regulatory enforcement for financial institutions. These risks are monitored as part of regular sustainability issues monitoring that is executed annually or (more frequently if needed). In 2021, Albaraka Turk assigned the office of Credit Risk with the responsibility of monitoring emerging climate regulations.
Technology	Relevant, always included	Due to climate change, new technology needs may arise. We understand that special financial tools are required to finance the implementation these high risk high return technologies. The taxonomy of Albaraka, which yet to be approved by the Board, includes potential technologies to be financed as part of climate change mitigation and adaptation.
Legal	Relevant, always included	Turkey's Regulation on Energy Performance in Buildings came into force in December of 2008. AAs of May 2020, all qualifying new buildings must meet minimum design requirements for energy efficiency. Our HQ is LEED certified so fulfilling the criteria for the new legislation has already been completed. Albaraka aims to reassessing operational cost for the bank and setting the strategy for relocating the branches in new buildings. Late 2021, a pilot study focusing on selected branched for energy efficiency diligence has been initiated.
Market	Relevant, always included	Physical changes of climate change may result in economic recession as some of our customers face will face new business challenges. Albaraka Bank's performance is dependent on prevailing economic conditions where an economically depressed market reduces demand for credit and other financial products.
Reputation	Relevant, always included	Reputation risk associated with climate change may impact us in two areas • Lending and investing : As a financial institution, some of clients are in carbon intensive industries. As such, we face reputation centered risks as NGOs and other stakeholders may scrutinize our role in lending to and investing in industry sectors of this nature. • Company operations : We may face reputation centered risks if we do not proactively take steps towards reducing our emissions from own operations.
Acute physical	Relevant, always included	We aware of acute physical risks are expected to result in impact on bank's business, cash flows,balance sheets operational risks and liquidity risk. Albaraka has a crisis squad and emergency concepts under the Emergency Action Plan that initiate appropriate counter measures if acute physical risks occur.This plan was prepared as part of Albaraka Türk Business Continuity Management System Plans and summarizes Albaraka Türk's business continuity management approach. However, extreme weather events such as storms, cyclones do not occur in Turkey , if our customers are effected physical damage it can affect the deterioration of the asset quality of the bank. To do this, we conduct real-time monitoring and investigation.
Chronic physical	Relevant, sometimes included	We aware of chronic physical risks are expected to result in impact on operational risks and liquidity risk, if our customers are effected physical damage it can affect the deterioration of the asset quality of the bank. To do this, we conduct real-time monitoring and investigation.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Explain why your portfolio's exposure is not assessed and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	60	Qualitative and quantitative	Long-term	Scenario analysis	Albaraka Turk intends to use UNEP FI Portfolio Impact Analysis Tools for Banking risk management model in near future. Yet, as an interest free participation bank we have our unique risk analysis. By conducting a scenario analysis we intended to comprehend how to use the UNEP FI model at its is best. Hence, we are now building our own scenario analysis with respect to the portfolio we have and eventually we want to implement the UNEP FI model by superposing our own scenario analysis.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information	Explain why you do not consider climate-related information and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio
Banking (Bank)

Type of climate-related information considered
Emissions data

Process through which information is obtained
Directly from the client/investee

Industry sector(s) covered by due diligence and/or risk assessment process
Energy
Materials
Other, please specify (Petrochemical and Other Chemicals, Metals and Steel Manufacturing)

State how this climate-related information influences your decision-making
From a risk management perspective, we consider the GHG emissions risk of our clients as the highest risk parameter in climate risk management.

Portfolio
Banking (Bank)

Type of climate-related information considered
Emissions reduction targets

Process through which information is obtained
Directly from the client/investee

Industry sector(s) covered by due diligence and/or risk assessment process
Energy
Materials
Other, please specify (Petrochemical and Other Chemicals, Metals and Steel Manufacturing)

State how this climate-related information influences your decision-making
From a risk management perspective, we consider the GHG emissions risk of our clients as the highest risk parameter in climate risk management. Hence, we also consider the emission reduction targets indirectly play an important role in Albaraka's risk management.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Acute physical	Cyclone, hurricane, typhoon

Primary potential financial impact
Increased capital expenditures

Bank clients facing increased capital expenditures and operational cost to cope with physical changes and lose their bankability.

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Businesses that depend on logistics and transportation could be impacted severely because Turkey is surrounded by water. Our clients heavily depend on harbor logistics.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
552971542

Potential financial impact figure – maximum (currency)
921619237

Explanation of financial impact figure
Increase in the capital cost for certain industries that rely on naval transportation and logistics. Estimates of the impact of climate change over the course of this century on the PV of global financial assets. Along the DICE baseline or business-as-usual (BAU) emissions scenario, in which the expected increase in the global mean temperature in 2100, relative to pre- industrial, is about 2.5°C (see Supplementary Information), the expected climate VaR of global financial assets today is 1.8% at median. https://eprints.lse.ac.uk/66226/1/Dietz_Climate%20Value%20at%20risk.pdf

Cost of response to risk
5000000

Description of response and explanation of cost calculation
Assessing the customers with this perspective and providing them with guidance to seek help for risk management. It is also imperative to build a robust risk monitoring scheme. The management of this risk has been estimated considering the 2 managers working in climate risk management and cost of consulting services as 5000000 (calculation as follows: 500000* 2 managers = TRY 1000000 + 4000000 Consultancy fee)

Comment
Albaraka Turk pays attention to supply chain conditions of its clients and how those conditions change along with rapidly changing business and economic environment. As part of that, we continuously analyze our credit risk with logistics or or logistics dependent clients based on physical conditions.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Other, please specify (Increased severity and frequency of extreme weather events such as cyclones and floods)

Primary potential financial impact
Increased indirect (operating) costs

Bank operational cost increasing due to extreme weather events and energy consumption to tackle extreme heat.

Climate risk type mapped to traditional financial services industry risk classification
Operational risk

Company-specific description
Hotter summers and colder winters would result in: • increased energy consumption such as electricity and natural gas in facilities occupied • shorter life-span of heating, ventilation and air conditioning (HVAC) equipment, which could be operating well beyond normal design parameters. • Other climate related disasters (floods) This might result in us having to invest in upgrading or replacing the equipment before current projected end-of-life.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
129016764

Potential financial impact figure – maximum (currency)
153462045

Explanation of financial impact figure
Having to replace equipment and building facility sooner with new technology to adjust new temperature conditions. We use scientific estimations to display "Increase in

renovation due to shortened life cycle, annual cost increase 9%" that estimate climate change effects over the lifecycle of a building. https://www.diva-portal.org/smash/get/diva2:859945/FULLTEXT01.pdf

Cost of response to risk
15089680

Description of response and explanation of cost calculation
Replacing the equipment and other facility to cope with temperature changes as well as extreme weather to sustain banking operations where renovation and material used are monitored for durability. Raise in insurance policy by 50% (calculation as follows 2% of fixed assets as standard insurance cost 30179360 = 0.02 * 1508968000 and 50% of it)

Comment
Albaraka Turk gives special concern to maintaining its HQ and branches sustainable in terms of resources and operational conditions. There have been cases of disasters such as earthquakes, floods or other extreme weather events that required retrofitting of physical environment. In the light of that, we analyze all our physical assets and plan how our branches, servers and staff will function under extreme weather.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Other, please specify (Increased severity and frequency of extreme weather events such as cyclones and floods)

Primary potential financial impact
Decreased revenues due to reduced production capacity

Bank clients facing business interruption to cope with physical changes and lose their bankability.

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Customers being affected by extreme weather events and the resulting business volatility.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
279833854

Potential financial impact figure – maximum (currency)
2826604592

Explanation of financial impact figure
Customers' business interruption due to extreme weather events. More floods are observed in the northern parts of Turkey where businesses and agriculture are affected severely.Estimates of the impact of climate change over the course of this century on the PV of global financial assets. Along the DICE baseline or business-as-usual (BAU) emissions scenario, in which the expected increase in the global mean temperature in 2100, relative to pre- industrial, is about 2.5°C (see Supplementary Information), the expected climate VaR of global financial assets today is 1.8%. https://eprints.lse.ac.uk/66226/1/Dietz_Climate%20Value%20at%20risk.pdf According to Zhang, W. L.,et al. (2021) the impacts of climate change on bank performance calculated by CARB, TEMP, BADL effect on non-performing loan ratio. (https://link.springer.com/content/pdf/10.1007/s10644-021-09371-3.pdf)

Cost of response to risk
90000000

Description of response and explanation of cost calculation
Risk analysis, assisting customers for seeking assistance in risk mitigation.

Comment
As part of our ESG program, we already categorized the sectors with respect to their needs for climate change adaptation. Starting with logistics and agro business, we monitor the clients based on their region, forecasts of climate change impact and their business content. Risk information is now shared with the clients regularly.

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Other parts of the value chain

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact
Increased indirect (operating) costs

Bank clients facing increased indirect operational cost due to price of carbon and losing bankability.

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Bank customers face new emission costs due to new GHG regulations and a cap and trade system. They also face new investment requirements such as energy efficiency to meet new standards.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Customers not well prepared a new regulation with cap and trade system cannot handle new operating costs.

Cost of response to risk
2000000

Description of response and explanation of cost calculation
Analyzing the customers readiness for a new GHG cap and trade system with respect to potential regulations and guidance services.

Comment
Turkey is on the verge of creating an Emission Trading Scheme. The new GHG law clearly identifies the business that are mandated with GHG monitoring before 2018 and possible reduction by 2022. We already categorized our clients and identified those under the compliance and potential financial impact from such compliance.

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Bank clients losing business due to a rapidly changing customer demand for climate friendly products.

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Customers losing business because their products and services are not demanded in the new low carbon economy.

Time horizon
Long-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Customers losing business because their products and services are not relevant in low carbon economy.

Cost of response to risk
2000000

Description of response and explanation of cost calculation
Analyzing the customers with a new perspective, assure risk mitigation measures and raise awareness with the customers.

Comment
In this risk category, until 2020 we particularly focus on fossil fuel based energy sector. By 2021, we have concentrated on clients that manufacture or trade carbon intensive or non-green products. In 2022, we will focus on the pilot applications.

Identifier
Risk 6

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Increased capital expenditures

Bank clients may have to invest n expensive new generation climate friendly technologies.

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Customers being unsuccessful with new technology development for adapting the low carbon economy or stretching their Capex to match the new low carbon economy conditions losing liquidity at the end.

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Customers investing in new technology development with no return.

Cost of response to risk
2000000

Description of response and explanation of cost calculation
Analyzing customer technology and project implementation for low carbon economy and identifying risks, assisting customers to understand their risks.

Comment
As part of our new ESG Program, all our clients and their investments are monitored on the basis of fitting into climate friendly best available technologies.

Identifier
Risk 7

Where in the value chain does the risk driver occur?
Other parts of the value chain

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Bank clients face negative response from the stakeholders for their products or services or investments being not climate friendly.

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
As part of our ESG, we have now incorporated new parameters to analyze potential reputation risks of our clients and their business endeavors including climate. The parameters cover health and safety, pollution, gender equality and other social risks. We also implement a new scheme to record the existing negative feedback and

propose remedy or grievance mechanisms with our clients.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Customers investing new practice for emission reduction and low carbon products face long run returns.

Cost of response to risk
5000000

Description of response and explanation of cost calculation
Developing new financial instruments for investments with relatively higher risks

Comment
As part of second ESG Program between 2020 and 2023, Albaraka Turk will start investing in developing new financial instruments to respond to the needs of the clients for long term financing of climate investments. That initiate includes analysis of business risks for the bank for certain client segment that is need of long term financing for climate change mitigation and adaptation.

Identifier
Risk 8

Where in the value chain does the risk driver occur?
Other parts of the value chain

Risk type & Primary climate-related risk driver

Emerging regulation	Regulation and supervision of climate-related risk in the financial sector

Primary potential financial impact
Decreased access to capital

Climate risk type mapped to traditional financial services industry risk classification
Policy and legal risk

Company-specific description
Bank facing new regulations or mandates for climate responsible banking

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Bank facing new regulations to assure climate responsible banking

Cost of response to risk
2000000

Description of response and explanation of cost calculation
Understanding potential banking regulations and adjusting new low carbon banking timely. Developing a new business model with ESG and value integrated banking.

Comment
We continuously conduct peer reviews and gap analysis to assess the global sustainable financing requirements and upcoming domestics regulations.

Identifier
Risk 9

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Strategic risk

Company-specific description
Customers demanding new financial products to adapt the conditions of low carbon economy.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
2871082

Potential financial impact figure – maximum (currency)
8613247

Explanation of financial impact figure
Customers demanding new climate friendly banking products and services and the bank cannot meet that demand. A sensitivity analysis for loss of clients and resulting loss of corporate banking revenue is estimated depending on YALE Universty report. https://climatecommunication.yale.edu/wp-content/uploads/2021/06/international-climate-opinion-february-2021d.pdf

Cost of response to risk
5000000

Description of response and explanation of cost calculation
Understanding the future of low carbon banking and organize business restructuring. Creating climate change centered new banking products.

Comment
As Albaraka Turk, we conduct projects to understand our role in transition to low carbon economy. Our assessments include the investment needed for operational transformation as well as capacity needed to mobilize finance for our clients.

Identifier
Risk 10

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Market risk

Company-specific description
Customers favor climate friendly banks for banking services especially in retail banking.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)
2703235200

Potential financial impact figure – maximum (currency)
3041139600

Explanation of financial impact figure
Customers shifting to climate friendly banks due to consumer awareness. A sensitivity analysis for loss of clients and resulting loss of retail banking revenue is estimated regarding the total operating income of Albaraka Turk.

Cost of response to risk
1000000

Description of response and explanation of cost calculation
Planning for future and promote the bank as a climate friendly bank. The cost of response has been estimated.

Comment

Identifier
Risk 11

Where in the value chain does the risk driver occur?
Other parts of the value chain

Risk type & Primary climate-related risk driver

Market	Uncertainty in market signals

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Market risk

Company-specific description
Bank losing market share due to stigmatization. A sensitivity analysis for loss of clients and resulting loss of operational revenue is estimated.

Time horizon
Long-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
10895512

Potential financial impact figure – maximum (currency)
13074615

Explanation of financial impact figure
Sectoral stigmatization and loss of business. The amount has been estimated regarding the total assets of Albaraka Turk. Also, this amount is equivalent to Albaraka Turk's share among participation banks.

Cost of response to risk
2000000

Description of response and explanation of cost calculation
Investing in new marketing tools to protect the market share.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?
Banking portfolio

Opportunity type
Products and services

Primary climate-related opportunity driver
Ability to diversify business activities

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
Meeting the new demand for sustainable banking, Albaraka Turk will be able to diversify its business with new banking products.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
22198050000

Potential financial impact figure – maximum (currency)
27130950000

Explanation of financial impact figure
Increase in demand for loans for new sustainable energy and resource efficiency products resulting in new business and increased revenue for the bank. Pilot Climate Change Adaptation Study has been used. According to Climate Policy Initiative, climate finance must increase by at least 590% – to USD 4.35 trillion annually by 2030 – to meet climate objectives . Turkey's share in all world investments is 2.1% according to OECD . With respect to that, market share of Albaraka Bank has been applied to overall market size for investments in sectors selected by the study.

Cost to realize opportunity
2000000

Strategy to realize opportunity and explanation of cost calculation
Developing new portfolios and funds for sustainable energy and resource efficiency projects market development for new financial tools.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Use of more efficient production and distribution processes

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
Albaraka Turk opts for increasing resource efficiency in the HQ and all branches. The increased resource efficiency already resulted in significant reduction in operational costs due to decreasing cost of heating, cooling and staff travel.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
6847216

Potential financial impact figure – maximum (currency)
8368819

Explanation of financial impact figure
The reduction of operational cost plays positive role in the financials of the bank. Albaraka has 230 branches and 1 headquarter with 8 regional directorate and others with a total of 241 electricity-consuming buildings where they consume 13600164 kWh total. Since whole electricity consumption is provided from the grid (except 3 branches) which is mixed of fossil and renewable energy systems' transition into Turkish green-tariff by doing offtake agreement, it is possible to get lower tariff price. In the last year, Electricity spot prices are increased due to the high raw material costs of fossil fuels. With the new regulation announced after the price boom, the ceiling price is set for renewables as 1200 TL/MWh and 2500TL/MWh for fossil power plants. (https://www.resmigazete.gov.tr/eskiler/2022/03/20220330-7.pdf)We can estimate that %22 lower cost in long run at least %20 and maximum %25 . Additionally, like the LEED-certified headquarter, increasing building efficiency will decrease energy consumption for heating and cooling Which will decrease indirect cost related to resource efficiency.

Cost to realize opportunity
5200000

Strategy to realize opportunity and explanation of cost calculation
Continue to seek for new options for resource efficiency. Starting to use green-tariff to lower energy consumption prices through offtake agreements where will also contribute to future sustainability. For increasing energy efficiency in buildings and relatively decreasing indirect energy cost. A new energy efficiency team with 4 engineers and experts can be set to work on these targets where their budget is 5200000 with a head salary of 300000 yearly. Additionally technical efficiency improvement in buildings investment budget of 4000000 for 230 branches. (4 * 300000 = 1200000 + 4000000 = 5200000)

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Banking portfolio

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
As the consumer awareness increases, promotion of Albaraka Turk as a sustainable bank in the market will play an important role to increase competitiveness.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
7505287.22

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The increase of awareness will lead the customers to choose the banking products of sustainable and climate friendly banks. A sensitivity analysis for potential increase in bank's operational revenue has been conducted. According to BW Businessworld, the financial value of millennials to the banking system is expected to increase by almost 80% in the next five years to more than $27 billion from the current $15.7 billion in revenue that millennials contribute. Digitalization as well as ESG awareness will play a big part into attracting new generations as customers to Albaraka (https://www.bai.org/wp-content/uploads/2022/01/the-top-banking-trends-and-challenges-for-2022.pdf). $27 billion is multiplied by Turkey's 2021 GDP ratio to sum of all GDPs (https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2021&locations=TR&start=1960&view=chart) and Albaraka's market share 2021 (Albaraka 2021 Annual Report) in order to estimate potential financial opportunity for the bank.

Cost to realize opportunity
2000000

Strategy to realize opportunity and explanation of cost calculation
Maintaining the brand with climate friendly aspects and promote the well being of communities as central to bank's business strategy. Market development and innovative financial tools are needed.

Comment

Identifier
Opp4

Where in the value chain does the opportunity occur?
Banking portfolio

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Use of more efficient production and distribution processes

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
When the customers improve their resource efficiency hence their profitability, the Bank will be able to expand business. Also, EBRD supports the projects and institutions on transition to low-carbon economy. As the customers expand their business to energy-efficiency to adapt the climate change, Albaraka will expand the business.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
445338392

Potential financial impact figure – maximum (currency)
544302479

Explanation of financial impact figure
The customers will create new business for the bank as they shift to resource efficient technologies. Financial Institutions keeps 26% of total EBRD portfolio, which means €1,844 Mn. Albaraka's share from this amount has been estimated as the rate of Albaraka's Market Share among the Participation Banks in Turkey, which is 1.474%.

Cost to realize opportunity
2000000

Strategy to realize opportunity and explanation of cost calculation
Assisting the customers to shift to low carbon economy for increased business.

Comment

Identifier
Opp5

Where in the value chain does the opportunity occur?
Other parts of the value chain

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
Albaraka Turk is already working on introducing new financial instruments for financing the low carbon economy. The shift to sustainable banking will accelerate access to new markets and innovative financial tools. Green Sukuk is one of the target tools in near term.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
6220750758

Potential financial impact figure – maximum (currency)
7603139815

Explanation of financial impact figure
The bank will have access to new tools and borrowers. Sukuk issuances are expected to reach up to $170 billion in 2022, according to Moody's, of which green sukuks will account for a significant portion . Albaraka is expected to use a 22% share of these issuances. It is expected to generate approximately $384 million revenues with this share.

Cost to realize opportunity
2000000

Strategy to realize opportunity and explanation of cost calculation
Develop new products such as Green Bonds or Climate Bonds.

Comment

Identifier
Opp6

Where in the value chain does the opportunity occur?
Other parts of the value chain

Opportunity type
Resilience

Primary climate-related opportunity driver
Resource substitutes/diversification

Primary potential financial impact
Increased access to capital

Company-specific description
Adaptation to climate change is crucial for the well being of communities and businesses. New products to finance such adaptation is important.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
New financial tools and loan mechanisms for infrastructure finance

Cost to realize opportunity
1000000

Strategy to realize opportunity and explanation of cost calculation
Develop financing models for climate change adaptation and develop capacity for infrastructure finance

Comment

Identifier
Opp7

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Use of more efficient production and distribution processes

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
Albaraka Turk promotes resource efficiency among its suppliers especially for paper and staff travels. The ongoing communication with the suppliers leads to use of resources more efficiently. For instance, the communication with the supplier of copy machines and paper resulted in reduction of use of paper significantly.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
327206000

Potential financial impact figure – maximum (currency)
556250200

Explanation of financial impact figure
Based on reduction in operational cost via suppliers analysis for resource efficiency, sensitivity analysis for potential savings on supplier expenses was conducted. The amount has been estimated regarding Albaraka Turk's operating expenses in 2021.

Cost to realize opportunity
1000000

Strategy to realize opportunity and explanation of cost calculation
Maintain communication with suppliers and create incentive mechanisms for resource efficiency. The cost has been estimated regarding the renovation of existing technology.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan
No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a transition plan within two years

Publicly available transition plan
<Not Applicable>

Mechanism by which feedback is collected from shareholders on your transition plan
<Not Applicable>

Description of feedback mechanism
<Not Applicable>

Frequency of feedback collection
<Not Applicable>

Attach any relevant documents which detail your transition plan (optional)
<Not Applicable>

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future
Our ESG Program includes estimating Albaraka Turk's GHG emissions and risk within all three scopes. Estimation of all Scope 3 emissions will be completed by 2023. The ESG process includes collecting data on all climate related risks hence help us to build a transition plan in two years. We have already committed to SBTs and once all our emissions form our value chain are more clear, we will incorporate all collected data and information into building a 1.5 degree transition plan.

Explain why climate-related risks and opportunities have not influenced your strategy
<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios: IEA B2DS	Business division	<Not Applicable>	Internal carbon price, full mapping of GHG inventory, country and region specific climate change impact data, climate finance tools and banking sector climate services.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

How will climate change impact Albaraka Turk's business operations under the conditions of a world with a price put on carbon? How will physical conditions will impact our assets and portfolio?

Results of the climate-related scenario analysis with respect to the focal questions

The climate related scenario analysis will be based on generating results with exogenous parameters of climate change (physical changes, global carbon price and cross border adjustments) and indigenous variables of bank's GHG emissions, internal carbon price and green taxonomy.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	We are developing our ability to predict and prepare for the opportunities and challenges of climate change. The strategy also helps deepen combinations of Albaraka talents. In addition, as part of our ESG process, we are on the verge of a transition to low carbon business. The transition process follows the Assessing Low carbon Transition (ACT) initiated by CDP. Relevant scenario analysis was completed and was presented to the Executive Management. The report on the analysis has been public since 2019. We are also developing a taxonomy to identify what is available for green finance and elaborate climate positive activities in the taxonomy.
Supply chain and/or value chain	Yes	Albaraka operates a procurement process based on resource efficiency criteria. For instance all purchases of paper, stationary and other resources should evaluated with a resource efficiency and waste minimization perspective.
Investment in R&D	Yes	With the loan that Albaraka Bank has been granted from the World Bank, the projects that are harmful to the environment, waterways and basins and have effects to these regions have never been financed and for the all projects that are planned to be financed have been requested Environmental Impact Assessment (EIA) Reports to determine positive and negative environmental effects. Albaraka Turk Bank has continued its works to develop a corporate policy in providing finance for sustainable projects.
Operations	Yes	Climate change has influenced our short term strategy to reduce carbon emissions in our own operations and reduce our operational footprint. Organizational priorities include controlling operating costs, and reducing emissions. Climate change has influenced our long term strategy in that we remain focused operationally on energy costs and reducing the use of fossil fuel based resources. We continue to look for opportunities for alternative/renewable energy sources.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Access to capital Assets	Climate change issues are directly evaluated by our Strategic Planning department which also is responsible with strategic financial planning. A unit under Strategic Planning Department is responsible with incorporating all feedback from Sustainability Committee, Executive Sustainability Committee and the CEO into the strategic financial planning. A key activity in that process is the ESG Planning Project and its output. The department uses two two aspects of climate change, mitigation and adaptation, from both RISK and OPPORTUNITY perspective. In terms of risks, the impact of all identified climate change related risk parameters on revenues, direct costs, indirect costs, access to capital and assets are evaluated. The evaluation includes qualitative and quantitative assessments. In general, the content of the RISK evaluation is as follows: Revenues: The break down of all revenue streams from all products and services are analyzed with respect to potential impact of climate change related risks under different scenarios. Direct and Indirect Costs: The cost items, especially those stem from banking operations and maintenance of physical assets such as branches, servers and HQ buildings are evaluated with respect to forecasted physical changes. Operational cost and over head are part of this section. Assets: All banking assets are revalued with respect to economic forecasts and market outlook. Recently, we incorporated certain climate change related parameters into that evaluation and ear tagged our brown assets and green assets to distinguish increasing and diminishing future value. Access to Capital: As part of strategic planning is improving financial mobility and provision of capital, we now look into climate related risks and how the bank could mitigate the risk of diminishing access to capital. For the OPPORTUNITY section, the content of the evaluation is generating new revenue through climate friendly streams of services and products (Revenues), reducing cost with climate change investments (DIRECT and INDIRECT cost) and increasing asset value while greening of assets. Access to capital is a key factor in conducting a strategic financial planning and considering climate related opportunities. The outcome of greening our bank services and products and a robust ESG mechanism is considered in strategizing for access to capital.

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

No, but we plan to include climate-related requirements and/or exclusion policies in our policy framework in the next two years

C-FS3.6c

(C-FS3.6c) Why does the policy framework for your portfolio activities not include climate-related requirements for clients/investees, and/or exclusion policies?

Climate-related requirements will be established upon completing the ESG system.

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

	Climate-related covenants in financing agreements	Primary reason for not including climate-related covenants in financing agreements	Explain why your organization does not include climate-related covenants in financing agreements and your plans for the future
Row 1	No, but we plan to include climate-related covenants in the next two years	Important but not an immediate priority	We are still in the phase of identifying our value chain related GHG emissions and hotspots. Upon building our transition strategy, we will put covenants to assure climate related risk management within our bank portofolo.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

Intensity target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

<Not Applicable>

Base year

2018

Base year Scope 1 emissions covered by target (metric tons CO2e)

3546.69

Base year Scope 2 emissions covered by target (metric tons CO2e)

7618.11

Base year Scope 3 emissions covered by target (metric tons CO2e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

11164.8

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

35

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

7257.12

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

3776.63

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
5771.77

Scope 3 emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
9548.17

% of target achieved relative to base year [auto-calculated]
41.3705830569545

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
Albaraka Turk has medium and long-term targets milestones (see 'Abs 1' and 'Abs 2'). Our Abs1 emission reduction target includes a 35% reduction in Scope 1 and 2 GHG emissions by 2030 against the 2018 baseline. Albaraka's 2021 scope 1 and 2 emissions were 9,548.17 tCO2-e, equivalent to a 14.48% emission reduction from the 2018 base year emissions, meaning we are reaching our target (14.48/35 = 41.4%). Furthermore, Albaraka Turk signed the science-based targets letter for financial Institutions in 2020 and this target was also submitted to the SBTi Validation Team.

Plan for achieving target, and progress made to the end of the reporting year
Scope 1 and 2 emissions will be reduced through efficiency efforts and carbon offsetting.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

Target reference number
Abs 2

Year target was set
2021

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Location-based

Scope 3 category(ies)
<Not Applicable>

Base year
2018

Base year Scope 1 emissions covered by target (metric tons CO2e)
3546.69

Base year Scope 2 emissions covered by target (metric tons CO2e)
7618.11

Base year Scope 3 emissions covered by target (metric tons CO2e)
<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
11164.8

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1
100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2
100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
100

Target year
2036

Targeted reduction from base year (%)
65

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]
3907.68

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

3776.63

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
5771.77

Scope 3 emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
9548.17

% of target achieved relative to base year [auto-calculated]
22.2764677998986

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
Albaraka Turk has medium and long term targets milestones (see 'Abs 1' and 'Abs 2'). Our Abs2 emission reduction target includes a 65% reduction in Scope 1 and 2 GHG emissions by 2036 against the 2018 baseline. Albaraka's 2021 scope 1 and 2 emissions were 9,548.17 tCO2-e, equivalent to a 14.48% emission reduction from the 2018 base year emissions,meaning we are reaching our target (14.48/65 = 22.28%). Furthermore, Albaraka Turk signed the science-based targets letter for financial Institutions in 2020 and this target was also submitted to the SBTi Validation Team.

Plan for achieving target, and progress made to the end of the reporting year
Scope 1 and 2 emissions will be reduced through efficiency efforts and carbon offsetting.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number
Int 1

Year target was set
2021

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Location-based

Scope 3 category(ies)
<Not Applicable>

Intensity metric
Metric tons CO2e per unit FTE employee

Base year
2018

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)
0.89

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)
1.91

Intensity figure in base year for Scope 3 (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)
2.8

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure
100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure
100

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this Scope 3 intensity figure
<Not Applicable>

% of total base year emissions in all selected Scopes covered by this intensity figure
100

Target year
2030

Targeted reduction from base year (%)
35

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]
1.82

% change anticipated in absolute Scope 1+2 emissions
21.73

% change anticipated in absolute Scope 3 emissions

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)
1.415

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)
2.162

Intensity figure in reporting year for Scope 3 (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)
3.577

% of target achieved relative to base year [auto-calculated]
-79.2857142857143

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
Our Int1 emission reduction target includes a 35% reduction in Scope 1+2 (location-based) emissions by 2030 against the 2018 baseline. Albaraka's 2021 scope 1 and 2 emissions were 9,548.17 tCO2-e, equivalent to a 14.48% emission reduction from the 2018 base year emissions. Normalized base year emissions in 2018 was 2.8 metric tons CO2e in 2021 this value is 3.577 metric tons CO2e. The intensity figure has increased 27.77%. The main reason behind this, the number of employees decreased by 33% between 2018 and 2021. Furthermore, Albaraka Turk signed the science-based targets letter for financial Institutions in 2020 and this target was also submitted to the SBTi Validation Team.

Plan for achieving target, and progress made to the end of the reporting year
Efficiency measures and carbon offsetting will be used.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2021

Target coverage
Company-wide

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Base year
2018

Consumption or production of selected energy carrier in base year (MWh)
0

% share of low-carbon or renewable energy in base year
0

Target year
2030

% share of low-carbon or renewable energy in target year
60

% share of low-carbon or renewable energy in reporting year
0

% of target achieved relative to base year [auto-calculated]
0

Target status in reporting year
Underway

Is this target part of an emissions target?
Target is to achieve 60 percent renewable electricity consumption in 2030. Albaraka Turk signed the science-based targets letter for financial Institutions in 2020 and this target was also submitted to the SBTi Validation Team.

Is this target part of an overarching initiative?
Science Based Targets initiative

Please explain target coverage and identify any exclusions
Albaraka Bank committed to increasing the annual sourcing of renewable electricity from 0% in 2018 to 60% by 2030. At the end of 2020, budget planning was made for the purchase of IREC certificates. The Bank started negotiations with energy companies to sign a renewable energy agreement in 2021.

Plan for achieving target, and progress made to the end of the reporting year
Efficiency measures and carbon offsetting will be used.

List the actions which contributed most to achieving this target
<Not Applicable>

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	2	4000
Implementation commenced*	0	0
Implemented*	2	1451
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Waste reduction and material circularity	Waste reduction

Estimated annual CO2e savings (metric tonnes CO2e)
50

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 3 category 1: Purchased goods & services

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
400000

Investment required (unit currency – as specified in C0.4)
650000

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
Albaraka Bank is an active participant in the Zero Waste Project launched by the Ministry of Environment and Urban Planning. The bank undertakes saving-oriented projects in the fields of prevention/ reduction, reuse, and procurement. We significantly reduce paper consumption by successfully executing the digital transformation process and contribute to the Zero Waste Project.The Bank has undertaken a wide range of efforts to further boost its performance in prevention/reduction, reuse and procurement. In 2020, the Bank implemented the following Zero Waste related projects: By reprogramming the photocopiers, unnecessary printouts that were sent to the printer and forgotten to be taken or sent again were prevented, and the duplex printing option was set as default on devices. Waste papers are delivered to companies assigned by the municipalities. Thanks to successfully executing its digital transformation drive, Albaraka Türk significantly reduced its paper consumption and contributed to the Zero Waste Project in 2020. Executing the processes over the system and recycling of the waste papers given to the recycling company; 57 trees were prevented from being cut, 13,750 kWh of energy was saved and 594 m3 of greenhouse gas to nature was prevented.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
1401

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
2852308

Investment required (unit currency – as specified in C0.4)
1500000

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
High-efficiency lighting fixtures are used in the Head Office building. Fluorescent bulbs used in lighting fixtures are selected from among low- mercury models. In this way, it is aimed both to reduce the energy spent on lighting based on maximum use of daylight and to increase the positive effects of daylight on the people working indoors. Electricity consumption was reduced by approximately 29% by covering the exterior facade of the Head Office Building with glass film, arranging lighting systems and their durations, fixing the heat settings in the thermostats, regulating the working hours of heating and cooling systems. (Electricity consumption was reduced by approximately 29% by covering the exterior facade of the Head Office Building with glass film, arranging lighting systems and their durations, fixing the heat settings in the thermostats, regulating the working hours of heating and cooling systems.)

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Our HQ is LEED certified so fulfilling the criteria for the new legislation has already been completed. The garden lighting system was restructured at the Head Office building to save electricity. The timing scheme of lighting sensors was revised to consume less electricity. Heating and cooling systems came to consume less electricity due to systemic changes in their operating systems.
Dedicated budget for low-carbon product R&D	The Bank acquired electric vehicles, whose exhaust emission is 70% less than that of gasoline and diesel vehicles. In car rentals, the Bank replaced gasoline vehicles with eco-friendly diesel vehicles, reducing exhaust emission by approximately 1,408 kg/year per vehicle. We also use Ecolabel certified chemical cleaning materials which are respectful to nature.Efforts were made to enrich the lawns at the Head Office with individual plants that consume less water. Selecting native types of flowers and trees in landscaping is prioritized. Guano is preferred instead of fertilizer to extend soil life. Instead of artificial fertilizers, organic fertilizers were used for the landscaping work at the Head Office building to improve the soil structure.
Employee engagement	In line with our objective of continuous development, we continued to invest in our human resources and, in 2021, Bank employees are given a total of 22,584 hours of training, 67.5 hours per person. Around 92% of this training was carried out in the digital environment. The digitalization efforts of Albaraka Türk enabled uninterrupted training activities during the pandemic. Employees participated in the trainings remotely through live virtual classrooms. As a result, occupational health among the workforce was maintained at the maximum level. The training activities held digitally, promoted employee comfort, work-family balance and employee satisfaction. In 2021, the average score of the training satisfaction surveys was 88.36%. To raise awareness on the issues of environment and climate change trainings are organized for the personnel.
Compliance with regulatory requirements/standards	Albaraka has developed all necessary steps to ensure compliance with current regulations, considering the investment needed for this. Albaraka Türk shapes its business activities in line with its vision of “Becoming the World’s Best Participation Bank.” The Bank conducts environmental sustainability activities according to ISO 14001 Environmental Management Systems. Albaraka Türk is aware that its products and services are in constant interaction with the environment. Therefore, the Bank strives to minimize the environmental impact of this interaction and contribute to the fight against climate change. Incorporating a sustainable approach in all aspects of its corporate culture, Albaraka Türk is a pioneer of environmental sustainability among participation banks. The Bank moves steadily forward to achieve its sustainability goals. Albaraka Türk conducts and participates in a wide range of sustainability initiatives, including the Borsa Istanbul (BIST) Sustainability Index, Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), and Zero Waste Project.

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Banking	Project finance

Taxonomy or methodology used to classify product

Low-carbon Investment (LCI) Taxonomy

Description of product

A sector standout with its robust capital structure, digital transformation investments and innovative subsidiaries, Albaraka Türk consistently adds value to its stakeholders. Driven by the widespread service network and innovative product portfolio of ABG as well as its solid financial structure, Albaraka Türk operates in line with ABG Objectives (2021-2025). ABG’s focus areas in sustainability and corporate social responsibility activities: •Financing for Sustainability/ Renewable Energy Projects: USD 24 million • Financing for Public and Private Health: USD 42 million

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

1500000000

% of total portfolio value

8

Type of activity financed/insured or provided

Green buildings and equipment
Renewable energy
Sustainable agriculture

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
No

Name of organization(s) acquired, divested from, or merged with
<Not Applicable>

Details of structural change(s), including completion dates
<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
3546.69

Comment
Scope 1 accounts for direct GHG emissions.

Scope 2 (location-based)

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
7618.11

Comment
Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by Albaraka.

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 1: Purchased goods and services

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
1948

Comment
Purchased good and services accounts for GHG emissions from the paper consumptions.

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 5: Waste generated in operations

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 6: Business travel

Base year start
January 1 2018

Base year end
December 31 2018

Base year emissions (metric tons CO2e)
196

Comment
Business travel accounts for GHG emissions from the travels.

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Other, please specify (IEA Emissions Factors)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
3776.63

Start date
January 1 2021

End date
December 31 2021

Comment
The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (1,675.95 t CO2e). Moreover, the other part is caused by energy consumption from fossil fuel sources for heating, generators and refrigerants. (2,100.68 tCO2e). During the reporting period we were able to compile data from 100% of the facilities. We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 1 emissions had been verified by an independent assurance company.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
3114.61

Start date
January 1 2020

End date
December 31 2020

Comment
The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (1,617.48 t CO2e). Moreover, the other part is caused by energy consumption from fossil fuel sources for heating, generators and refrigerants. (1,497.13 tCO2e). During the reporting period we were able to compile data from 100% of the facilities. We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 1 emissions had been verified by an independent assurance company.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)

Start date

End date

Comment

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)

Start date

End date

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment
Albaraka Bank does not have access to electricity supplier emission factors, therefore we could not calculate our Scope 2 emissions on a market-based.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
5771.77

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
January 1 2021

End date
December 31 2021

Comment
During the reporting period, we were able to compile electricity consumption data from 100% of the facilities. (All branches and Regional Headquarters, 1 Headquarters and ATMs). We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 2 emissions had been verified by an independent assurance company. The grid emission factor based on 2019 Turkish Electricity Transmission Corporation data, which is the most recently available official data in Turkey, was used for the calculation of scope 2 emissions in 2021.

Past year 1

Scope 2, location-based
6879.74

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
January 1 2020

End date
December 31 2020

Comment
During the reporting period, we were able to compile electricity consumption data from 100% of the facilities. (All branches and Regional Headquarters, 1 Headquarters and ATMs). We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 2 emissions had been verified by an independent assurance company. The grid emission factor based on 2019 Turkish Electricity Transmission Corporation data, which is the most recently available official data in Turkey, was used for the calculation of scope 2 emissions in 2020.

Past year 2

Scope 2, location-based

Scope 2, market-based (if applicable)
<Not Applicable>

Start date

End date

Comment

Past year 3

Scope 2, location-based

Scope 2, market-based (if applicable)
<Not Applicable>

Start date

End date

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
108.31

Emissions calculation methodology
Other, please specify (Defra Voluntary 2020 Reporting Guidelines Emission Factors. Scope 3 – Material Use)

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
All paper consumed by Albaraka Bank has been recorded and the average data for the CO2 emissions by unit paper (tons) was used. It has been verified by third parties. Thanks to successfully executing its digital transformation drive, Albaraka Türk significantly reduced its paper consumption and contributed to the Zero Waste Project in 2020.

Capital goods

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
There was no purchase of capital goods. Not relevant to the banking sector.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Almost all our fuel and energy-related activities are included in Scope 1 and Scope 2.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As the service sector, Albaraka does not have upstream transportation and distribution.

Waste generated in operations

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Paper is the most significant waste generated by Albaraka. The purchase of paper and the related GHG emissions are included. It has been verified by third parties.

Business travel

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
42.23

Emissions calculation methodology
Other, please specify (EPA Emission Factors for GHG Inventories, Business Travel Emission Factors have been used.)

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
All business trips by the staff paid by Albaraka Bank has been recorded. The list of flights is taken from agency and distances are defined for every flight track. They are multiplied by relevant emission factors in line with GHG Protocols.

Employee commuting

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Employee commuting data is not available.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
There are no upstream leased assets, not relevant.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
There is no downstream transportation and distribution, not relevant.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Albaraka Bank does not sell products, provides services, not relevant to the banking sector.

Use of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Albaraka Bank does not sell products, provides services, not relevant to the banking sector.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Albaraka Bank does not sell products, provides services, not relevant to the banking sector.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Albaraka Bank has no assets to leased, therefore it is not relevant

Franchises

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Albaraka Bank does not provide any franchising activities.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date
January 1 2020

End date
December 31 2020

Scope 3: Purchased goods and services (metric tons CO2e)
87.16

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

Scope 3: Business travel (metric tons CO2e)
34.89

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)
<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

Past year 2

Start date

End date

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)
<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

Past year 3

Start date

End date

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)
<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0000028257

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
9548.17

Metric denominator
Other, please specify (Gross operational profit)

Metric denominator: Unit total
3379044000

Scope 2 figure used
Location-based

% change from previous year
21.74

Direction of change
Decreased

Reason for change
In 2021, Albaraka Bank's gross operational profit was TL 3.38 billion with an increase of %22. Scope 1+2 (location based) emissions was 9,548.17 tCO2e. Compared to the previous reporting period the intensity figure has been decreased by 21.74%. The main reason for this is the increase in the amount of gross operational profit between 2020-2021. Additionally, the second reason is the 4.46% decrease in emissions. Due to rapid increase in currency rate (TRY/USD), the use of unit total revenue has been not applicable. Hence, we selected a new financial metric to reflect intensity.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	Albaraka Bank did not purchase renewable energy in 2021.
Other emissions reduction activities		<Not Applicable>		There was no other emission reduction activities.
Divestment		<Not Applicable>		There had been no divestment activities in the reporting period.
Acquisitions		<Not Applicable>		There had been no acquisition activities in the reporting period.
Mergers		<Not Applicable>		Albaraka Bank was not involved in any mergers in the reporting period.
Change in output		<Not Applicable>		There was no change in output.
Change in methodology	440	Decreased	7.64	The grid emission factor based on 2020 TEİAŞ data was used for the calculation of scope 2 emissions in 2021. (Emission factor is 0.4183 which is most recent available official data) Change in grid emission factor caused an increase in Scopes 1 and 2 emissions. Compared to last year, the emission factor decreased by 8%, therefore, the emission reduction due to the emission factor compared to last year is approximately is 7.64%
Change in boundary		<Not Applicable>		There was no change in boundary.
Change in physical operating conditions		<Not Applicable>		There were no changes in physical operating conditions that resulted in a variation to our emissions in the reporting period.
Unidentified		<Not Applicable>		There were no unidentified reason that resulted in a variation to our emissions in the reporting period.
Other	1107	Decreased	16	There has been a decrease in consumption amounts due to remote working due to Covid19. Electricity consumption decreased related to that decrease in Scope 2 emissions by %16.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)		7327	7327
Consumption of purchased or acquired electricity	<Not Applicable>		13739	13739
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>		21066	21066

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area
Turkey

Consumption of electricity (MWh)
0

Consumption of heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
0

Is this consumption excluded from your RE100 commitment?
<Not Applicable>

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Other, please specify (Water Consumption)

Metric value
12.77

Metric numerator
Cubic meters

Metric denominator (intensity metric only)
FTE

% change from previous year
7.6

Direction of change
Decreased

Please explain
In last year's report metric value has been given as 0.01. However, considering 46862.85 m3 water consumption and 3390 FTE, metric value should have been calculated as 13.82. 34090.51 m3 water consumption has been reported in 2021 and FTE was reported as 2669, which equals to 12.77 metric value. Total water consumption per full-time employee decreased by 7.6% compared with the previous year.

Description
Energy usage

Metric value
5.15

Metric numerator
MW

Metric denominator (intensity metric only)
FTE

% change from previous year
37.5

Direction of change
Decreased

Please explain
In 2021, the number of employees was 2,669 and the total energy consumption was 13,739 MW. During the reporting period, electricity consumption per FTE is approximately 5.15. Total energy consumption per full-time employee decreased by 37.5% compared with the previous year. (The number of employees was 3,390 and intensity figure was 8.24 MW/FTE in 2020)

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
Albarakaturk 2021 Yılı GHG Verification Statement.pdf

Page/ section reference
Page 2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
Albarakaturk 2021 Yılı GHG Verification Statement.pdf

Page/ section reference
2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Albarakaturk 2021 Yılı GHG Verification Statement.pdf

Page/section reference
2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
70

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C9. Additional metrics	Other, please specify (Water Consumption)	ISO14064:3	Please see the Albaraka 2021 Year Water Verification Report ALBARAKA TÜRK 2021 CDP Water Ver. Report.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our customers/clients
Yes, other partners in the value chain

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients
Customers/clients of Banks

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to educate clients about climate change
Included climate change considerations in client management mechanism
Engage with clients on measuring exposure to climate-related risk
Encourage better climate-related disclosure practices

% client-related Scope 3 emissions as reported in C-FS14.1a
0

Portfolio coverage (total or outstanding)
70

Rationale for the coverage of your engagement
Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success
The main impact is raising awareness and pushing our clientele to consider their climate risks in their business strategies and planning.

Type of clients
Customers/clients of Banks

Type of engagement
Information collection (understanding client behavior)

Details of engagement
Included climate change considerations in client management mechanism
Engage with clients on measuring exposure to climate-related risk
Encourage better climate-related disclosure practices

% client-related Scope 3 emissions as reported in C-FS14.1a
0

Portfolio coverage (total or outstanding)
70

Rationale for the coverage of your engagement
Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success
Clients in selected sectors are now required to report their GHG emissions and climate related risks. Albaraka Turk clients are now encouraged to be climate smart enterprises to do banking with Albaraka Turk.

Type of clients
Customers/clients of Banks

Type of engagement
Engagement & incentivization (changing client behavior)

Details of engagement
Engage with clients on measuring exposure to climate-related risk
Encourage better climate-related disclosure practices

% client-related Scope 3 emissions as reported in C-FS14.1a
0

Portfolio coverage (total or outstanding)
50

Rationale for the coverage of your engagement
Engagement targeted at clients with the highest potential impact on the climate

Impact of engagement, including measures of success
Clients with potentially high risk on climate are now required to measure and disclose their risks. Most of these clients have started climate risk management and GHG inventory management to respond Albaraka Turk loan application requirements.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Our climate-related engagement so far consisted of downstream activities and our suppliers especially for green procurement. Downstream, our engagement strategy is based on managing E&S risks as well as raising awareness of the opportunities of transitioning to a low carbon economy. With the suppliers, we have a clear policy that our process of transition to become a green bank gives special consideration to sustainable use of resources. Hence, we regularly communicate with our suppliers to encourage them to adopt green business practices.

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate
Yes, we engage directly with policy makers

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?
No, but we plan to have one in the next two years

Attach commitment or position statement(s)
<Not Applicable>

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy
Our engagement is usually executed through Participation Banks Association of Turkey. Regarding climate and E&S risks related engagement is managed by our Sustainability Committee. Opinion pieces and recommendations are shared at the Association level regularly as the Association is engaged with all public policy makers and other private actors to define and shape climate related policies.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate
Other, please specify (EU CBAM (European Union Green Deal, Carbon Border Adjusment Mechanism))

Specify the policy, law, or regulation on which your organization is engaging with policy makers
Albaraka Turk Bank has participated in the process of understanding the essentials of EU Green deal by the banking sector and related risks and opportunities.

Policy, law, or regulation geographic coverage
Global

Country/region the policy, law, or regulation applies to
<Not Applicable>

Your organization's position on the policy, law, or regulation
Undecided

Description of engagement with policy makers
Cooperation with policy makers to understand the impact of EU Green Deal and CBAM on baking sector.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Focus of policy, law, or regulation that may impact the climate
Emissions trading schemes

Specify the policy, law, or regulation on which your organization is engaging with policy makers
Turkish MRV Law and potential design for ETS (Emission Trading Scheme)

Policy, law, or regulation geographic coverage
National

Country/region the policy, law, or regulation applies to
Please select

Your organization's position on the policy, law, or regulation
Support with minor exceptions

Description of engagement with policy makers
Proposing ideas on the role of banking sector and financial institutions in the upcoming Turkish ETS.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
2021-sustainability-report.pdf

Page/Section reference
Page 91

Content elements
Governance
Strategy
Emissions figures
Emission targets
Other metrics

Comment
In addition, verified emission figures for 2021 have been published on our website.

C-FS12.5

(C-FS12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Science-Based Targets Initiative for Financial Institutions (SBTi-FI)	Albaraka Turk was admitted to the initiative in 2021. We have completed capacity building to understand the process technically and implement the models in the first part of ESG. We now aim at developing a reduction plan within the next 3 months, in a time less than as dictated by SBTI.

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?
No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
We are in the process of estimating the carbon related assets of our bank.

Lending to coal

Are you able to report a value for the carbon-related assets?
No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
Our exposure to coal was estimated in 2021 but we plan to revise it in the light of the new rapidly increasing demand for coal.

Lending to oil and gas

Are you able to report a value for the carbon-related assets?
No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
We are expecting our ESG credit risk system to be established.

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Please explain why you do not measure the impact of your portfolio on the climate
Banking (Bank)	No, but we plan to do so in the next two years	<Not Applicable>	A quantified model based on SBTI process and ESG building, we will quantify the impact of our portfolio.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	No, but we plan to in the next two years	The clients have not started assessing their own alignment with a 1.5°C world.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	Albaraka Turk is a participation bank that follows Islamic rules in banking and investment. Our participation mandate requires to protect the earth's natural assets and cause no disruption to ecosystem.	Risks and opportunities to our bank lending activities Risks and opportunities to our investment activities

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	No, but we plan to do so within the next 2 years	<Not Applicable>	<Not Applicable>

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	Yes, we assess impacts on biodiversity in both our upstream and downstream value chain	Bank lending portfolio (Bank) Investing portfolio (Asset manager)

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management Species management Education & awareness

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	Pressure indicators Response indicators

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Governance Impacts on biodiversity	Regarding our mandate of protecting earth's resources, our annual report and sustainability report publish our claim on protecting the ecosystem services.

C16. Signoff

C-FI

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

For more information, please visit Sustainability Web Site for ALBARAKA TÜRK

https://www.albaraka.com.tr/en/about-us/sustainability

For more information, please see the 2021 Annual Report of Albaraka Bank

https://www.albaraka.com.tr/documents/yatirimci-iliskileri/faaliyet-raporlari/2021-annual-report.pdf

For more information, please see the 2021 Sustainability Report of Albaraka Bank

https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2021-sustainability-report.pdf

You can find among the attached documents, Albaraka's calculation tool for Scope 1, 2 and 3, as well as their verification report by third party. In addition, calcutions made for this report has been uploaded.
ALBARAKA TÜRK 2021 CDP GHG Ver. Report.pdf
Albaraka Scope 1, 2, 3 Calculation Tool.xlsx
CDP 2022 C4-C6-C10 Calculation Sheet.xlsx
2021-annual-report.pdf
CDP 2022 Albaraka Turk C2 Risk and Opps.xlsx

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area	Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future
Forests	Please select	<Not Applicable>
Water	Please select	<Not Applicable>

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

Criteria used to assess competence of board member(s) on this issue area
<Not Applicable>

Primary reason for no board-level competence on this issue area
<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future
<Not Applicable>

Water

Board member(s) have competence on this issue area

Criteria used to assess competence of board member(s) on this issue area
<Not Applicable>

Primary reason for no board-level competence on this issue area
<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future
<Not Applicable>

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Banking - Forests exposure	Please select	<Not Applicable>
Banking – Water exposure	Please select	<Not Applicable>
Investing (Asset manager) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water exposure	<Not Applicable>	<Not Applicable>

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Banking – Forests-related information	Please select	<Not Applicable>
Banking – Water-related information	Please select	<Not Applicable>
Investing (Asset manager) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water-related information	<Not Applicable>	<Not Applicable>

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	Please select	<Not Applicable>	<Not Applicable>
Water	Please select	<Not Applicable>	<Not Applicable>

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	Please select	<Not Applicable>	<Not Applicable>
Water	Please select	<Not Applicable>	<Not Applicable>

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Description of influence on organization's strategy including own commitments
<Not Applicable>

Financial planning elements that have been influenced
<Not Applicable>

Description of influence on financial planning
<Not Applicable>

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning
<Not Applicable>

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Description of influence on organization's strategy including own commitments
<Not Applicable>

Financial planning elements that have been influenced
<Not Applicable>

Description of influence on financial planning
<Not Applicable>

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning
<Not Applicable>

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

Type of scenario analysis used
<Not Applicable>

Parameters, assumptions, analytical choices
<Not Applicable>

Description of outcomes for this issue area
<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy
<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future
<Not Applicable>

Water

Scenario analysis conducted to identify outcomes for this issue area

Type of scenario analysis used
<Not Applicable>

Parameters, assumptions, analytical choices
<Not Applicable>

Description of outcomes for this issue area
<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy
<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future
<Not Applicable>

FW-FS3.3

(FW-FS3.3) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	Please select	<Not Applicable>
Water	Please select	<Not Applicable>

FW-FS3.4

(FW-FS3.4) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	Please select	<Not Applicable>
Water	Please select	<Not Applicable>

FW-FS3.5

(FW-FS3.5) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	Please select	<Not Applicable>	<Not Applicable>
Water	Please select	<Not Applicable>	<Not Applicable>

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	Please select	<Not Applicable>
Clients – Water	Please select	<Not Applicable>
Investees – Forests	<Not Applicable>	<Not Applicable>
Investees – Water	<Not Applicable>	<Not Applicable>

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity	Primary reason for not providing finance and/or insurance to smallholders	Explain why your organization does not provide finance/insurance to smallholders and any plans to change this in the future
Row 1	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	Direct or indirect engagement that could influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Please select	<Not Applicable>	<Not Applicable>
Water	Please select	<Not Applicable>	<Not Applicable>

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>
Banking – Impact on Water	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Lending to companies operating in the timber products supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the palm oil products supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cattle products supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the soy supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the rubber supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cocoa supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the coffee supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms

ALBARAKA TÜRK KATILIM BANKASI A.Ş. - Water Security 2022

W0. Introduction

W0.1

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

Albaraka Turk Participation Bank, the first financial institution and the pioneer in the field of interest-free (participation) banking commenced its operations in 1985. Albaraka Turk was founded by Albaraka Banking Group, one of the prominent groups of the Middle East, Islamic Development Bank, and a native industrial group of Turkey. Albaraka, in line with the principles of participation banking, is highly active in the field of manufacturing and trade financing. As of 31.12.2020 Albaraka Turk consists of foreign partners (62.12%), native partners (1.07%), and public shares (36.01%). As a participation bank, we regard the community interests at the highest level and climate change is the most important sustainability threat faced by the communities we serve. With the vision of becoming a value-based intermediate in the financial sector, we are aware that all activities we perform as well as the products and services we provide to society interact with the environment. We both aim to minimize the impact of this interaction on climate change and to be a pioneer among the industry's major players by assuming a leading role in mobilizing finance for sustainability. Climate change management in the company is considered at three levels; awareness, institutional capacity building and leadership. In 2016, we started an internal capacity-building program with training programs and implementation of climate change management modules within the departments of Credit Risk Management, Strategic Planning, and Administrative Affairs with the assistance of The Sustainability Committee. In 2017, Albaraka expanded its efforts by initiating a program on ESG. With this program, the bank initiated a five-year scheme to introduce all E&S risks to all credit and banking decisions. Albaraka continues to build capacity to become the center of excellence in sustainability finance by combining ESG efforts with a science-based targets program and build back better principles in line with the COVID19 pandemic. In 2020, progress regarding ESG capacity has been substantial as the design of mechanisms to evaluate E&S risks of lending portfolios in selected sectors and digital infrastructure to monitor outcome has been completed. These mechanisms are expected to be fully put in place in 2021 but the program got extended to 2023 due to COVID . The first phase of climate centered ESG was completed in July 2022. Also, we will incorporate ESG in our retail strategy for mobilizing new finance mechanisms, especially for SMEs to stimulate their activities in both climate change mitigation and adaptation. The carbon pricing initiative was started to match with TCFD recommendations in near future. We plan to set the final price by 2021 and implement it in all our banking decisions. We also aim at estimating the climate impact of our lending portfolio in line with TCFD. We just completed building our own climate-centered taxonomy to institutionally define “green” and categorize the project activities that are sustainable for lending. The taxonomy, to be published by the end of 2022 as part of our post COVID19 build-back better program, is now revised to be in line with EU Taxonomy. In 2022, Albaraka accelerated the preparations and capacity building to issue a green sukuk in near term. Bank customer profile and financial products marketing strategies were reviewed to analyze the potential project origination and eligibility. Certain teams attended workshops to understand green bond process and ICMA requirements. Albaraka is determined to make green sukuk an essential instrument for the green recovery process. In addition, we ultimately care about our own carbon footprint and maintaining resource efficiency in planning our business operations. Our HQ building awarded with LEED Gold Certificate making is the first HQ building in the banking industry in Turkey. Based on our climate change capacity-building activities, we aim at taking a leadership role at two levels. We continuously promote the idea of sustainable banking principles to our peers at TKBB (Participation Banks Association of Turkey). Second, at the global level, our experience started to expand across all group companies and triggered our parent company ABG to sustainable banking. Also, our proactive approach in defining a role in the green rebooting of the economy post-pandemic has attracted attention from the banking sector in the region. Based on all the achievements in developing a robust ESG related credit risk scheme and the green taxonomy, as well as adopting a roadmap for financial disclosure of climate risks and pursuing a sustainability strategy at different transaction levels including SMEs and retail, Albaraka Turk is destined to be one of the major actors of climate finance in near future. Albaraka Türk was included in the Istanbul Stock Exchange Sustainability Index for the second time, and repeated its title as the first and only participation bank in this index.

W0.2

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

	Start date	End date
Reporting year	January 1 2021	December 31 2021

W0.3

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

Turkey

W0.4

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

TRY

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

W0.7

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

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, another unique identifier, please specify (GINN)	86IIBW.00007.ME.792
Yes, another unique identifier, please specify (LEI)	789000EJPSW14F8KVG81
Yes, another unique identifier, please specify (BIC/SWİFT)	BTFH TR IS

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Although Albaraka's operations are not significantly based on water use, they still rely on sufficient amounts of good quality freshwater to operate. As such, water quality and quantity are important and Albaraka is focused on the effective management of this resource. One example is the recent introduction of an effluent reduction and water reuse programme within the company.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Within the scope of the Gray Water Project, the waste water used in sinks was treated and reused in the reservoir.Water efficiency was achieved by adopting drip irrigation systems and sprinkler systems in green areas. Treated water was used in lavatories and for the purposes of irrigation in the green areas of the Head Office.

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Albaraka Bank has 237 branches and Head Office&Regional Management Buildings. Water withdrawals are measured regularly, monitored and reported monthly to Albaraka Head Office by all facilities.
Water withdrawals – volumes by source	100%	All facilities obtain water from the municipal water system.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Water withdrawal quality is monitored by the Municipalities&Water and Sewerage Administrations in Turkey. The Chemical Laboratory Departments of Water and Sewerage Administrations seeks the compliance of water to TSE-266 Standards for Potable and Use Water parameters. Various analyses are conducts to make sure the water bears no unhealthy conditions in chemical terms.
Water discharges – total volumes	100%	All water discharges from the Bank's facilities are sent to municipal treatment plants.
Water discharges – volumes by destination	100%	Water is discharged directly to the municipal sewage system.
Water discharges – volumes by treatment method	100%	Water is discharged directly to the municipal sewage system.
Water discharge quality – by standard effluent parameters	Not monitored	Water is discharged directly to the municipal sewage system. The municipalities are responsible for the monitoring of the discharge quality of water used.
Water discharge quality – temperature	Not monitored	Water is discharged directly to the municipal sewage system. The municipalities are responsible for the monitoring of the discharge quality of water used.
Water consumption – total volume	100%	Water use for drinking, cooking and personal and domestic hygiene.
Water recycled/reused	100%	Thanks to the Gray Water Project, the waste water used in sinks was treated and reused in the reservoir. In this way, leading to the recycling of 98 m3 of water during the year.
The provision of fully-functioning, safely managed WASH services to all workers	100%	The importance of providing potable water, adequate sanitation and hygiene for all employees is recognised. All facilities ensure the availability of fullyfunctioning WASH services for employees. However, this is not reported separately.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	34.09	Much lower	The total water withdrawal decreased from 46.86 megaliters in 2020 to 34.09 megaliters in 2021 . With the Covid 19 pandemic, Albaraka Bank switched to a remote working model at a certain capacity, so a 27.25% decrease was seen in the total water withdrawal. Albaraka Bank determined the threshold as follows: 0% - 10% about the same, 10%- 25% higher or lower, over %25: much higher or lower.
Total discharges	22.7	Much lower	The amount of total discharges was 22.7 megaliters in 2021. Total discharges amount during the reporting period has decreased by 33.58% due to changing calculation methodology of water consumption. Another reason is was the transition to a remote working model in the months when the epidemic was widespread due to Covid 19. Albaraka Bank determined the threshold as follows: 0% - 10% about the same, 10%- 25% higher or lower, over %25: much higher or lower.
Total consumption	11.39	Lower	Total basic water need per one person is determined between 7.5 and 15 liters per day according to the case study "Minimum Standards in Water Supply, Sanitation and Hygiene Promotion (https://ec.europa.eu/echo/files/evaluation/watsan2005/annex_files/Sphere/SPHERE2%20-%20chapter%202%20-%20Min%20standards%20in%20water,%20sanitation%20and%20hygiene%20prom.pdf pape 64) . The report states that this value (15 litres per person) is applicable for eight hours of water access, which is approximately equal to the work shift. Therefore, the daily water consumption is determined as 15 litres per person. There is a sharp decline in water consumption mainly due to changing calculation methodology of water consumption. Another reason is was the transition to a remote working model in the months when the epidemic was widespread due to Covid 19. Albaraka Bank determined the threshold as follows: 0% - 10% about the same, 10%- 25% higher or lower, over %25: much higher or lower.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	100%	About the same	WRI Aqueduct	Water demand in Turkey approximately has doubled in the second half of the last century. The overall water demand in Turkey continues to increase, even more in the light of the effects of drought (or climate change). Turkey will suffer from water scarcity in the next years. Albaraka Bank determines water stressed areas through WRI Aqueduct's global water risk mapping tool. All our operational facilities are in water-stressed areas. While the proportion of water withdrawal from water-stressed areas has not changed the amount of water withdrawn is lower (27.25%) as a result of global pandemic effects.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	No withdrawal from this source is why 'Not relevant' was chosen.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	No withdrawal from this source is why 'Not relevant' was chosen.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	No withdrawal from this source is why 'Not relevant' was chosen.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	No withdrawal from this source is why 'Not relevant' was chosen.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	No withdrawal from this source is why 'Not relevant' was chosen.
Third party sources	Relevant	34.09	Much lower	The total water withdrawal decreased from 46.86 megaliters in 2020 to 34.09 megaliters in 2021 . With the Covid 19 pandemic, Albaraka Bank switched to a remote working model at a certain capacity, so a 27.25% decrease was seen in the total water withdrawal.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	No discharge to this source is why 'Not relevant' was chosen.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	No discharge to this source is why 'Not relevant' was chosen.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	No discharge to this source is why 'Not relevant' was chosen.
Third-party destinations	Relevant	22.7	Much lower	Third-party destination is relevant because Albaraka Bank discharges its wastewater to municipal sewer systems. Total discharges amount during the reporting period has decreased by 33.58% compared to the previous reporting year.

W1.2j

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

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There is no Bank's operation that requires tertiary treatment.
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There is no Bank's operation that requires secondary treatment.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There is no Bank's operation that requires primary treatment.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Albaraka Bank does not discharge to the natural environment without treatment.The wastewater is discharged to the municipal sewer.
Discharge to a third party without treatment	Relevant	22.7	Much lower	100%	The wastewater is discharged to the municipal sewer.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There is no Bank's operation that requires other treatment.

W1.3

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

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	9800000000	34.09	287474332.648871	We expect to improve efficiency by water saving programs as the bank grows and the revenue increases.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

26-50

% of total procurement spend

51-75

Rationale for this coverage

We estimate almost half of our clients are in water sensitive business.

Impact of the engagement and measures of success

Engagement with clients in water saving is expected to result in raising awareness among our clients in water efficiency and hense reduce business risk.

Comment

Albaraka Turk, intends to request to disclose of the suppliers' water uses, risks and / or management information in the second phase of the ESG Program between 2021 and 2023.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement
No other supplier engagements

Details of engagement
<Not Applicable>

% of suppliers by number
<Not Applicable>

% of total procurement spend
<Not Applicable>

Rationale for the coverage of your engagement
Albaraka Turk, intends to request to disclose of the suppliers' water uses, risks and / or management information in the second phase of the ESG Program between 2020 and 2023.

Impact of the engagement and measures of success
<Not Applicable>

Comment
<Not Applicable>

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Albaraka refrains from being perceived as mismanaging scarce water resources— particularly problematic when company operations negatively affect basic human and environmental needs or contravene legal requirements. Such problems can reduce investors' and consumers' confidence in a business or sector. Although Albaraka's operations are not significantly based on water use, they still rely on sufficient amounts of good quality freshwater to operate. Besides, Albaraka expanded its efforts by initiating a program on Environmental and Social Governance (ESG) in 2017. With this program, the bank initiated a three-year scheme to introduce all environmental and social risks to all credit and banking decisions. We started to assess environmental and technical issues during the all project finance transactions by due dilligence. This due dilligence form includes details of water needs and supplies (details on source – municipal, groundwater etc. – and volumes). Furthermore, we plan to conduct an assessment study taking into account water-related information of our suppliers. As part of the second phase of the ESG between 2020 and 2023, we plan to introduce new parameters of water use to our credit risk due diligence process.

W2. Business impacts

W2.1

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

W2.1a

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

Country/Area & River basin

Turkey	Other, please specify (Fırat-Dicle)

Type of impact driver & Primary impact driver

Acute physical	Drought

Primary impact
Reduced revenues from lower sales/output

Description of impact
Turkey is a “water stressed” country and has faced several droughts since the 1980s due to a combination of population growth, industrialisation, urban sprawl and climate change Recently, the amount of electricity generation in hydro projects in our loan portfolio has decreased.

Primary response
Greater due diligence

Total financial impact
3000000

Description of response
Albaraka expanded its efforts by initiating a program on Environmental and Social Governance (ESG) in 2017. With this program, the bank initiated a three-year scheme to introduce all environmental and social risks to all credit and banking decisions. We started to assess environmental and technical issues during the all project finance transactions by due dilligence. This due dilligence form includes details of water needs and supplies (details on source – municipal, groundwater etc. – and volumes). Furthermore, we plan to conduct an assessment study taking into account water-related information of our suppliers. As part of the second phase of the ESG between 2020 and 2023, we plan to introduce new parameters of water use to our credit risk due diligence process.

Country/Area & River basin

Turkey	Other, please specify (Doğu Karadeniz Basin)

Type of impact driver & Primary impact driver

Acute physical	Drought

Primary impact
Reduced revenues from lower sales/output

Description of impact
Turkey is a “water stressed” country and has faced several droughts since the 1980s due to a combination of population growth, industrialisation, urban sprawl and climate change Recently, the amount of electricity generation in hydro projects in our loan portfolio has decreased.

Primary response
Greater due diligence

Total financial impact
4000000

Description of response
Albaraka expanded its efforts by initiating a program on Environmental and Social Governance (ESG) in 2017. With this program, the bank initiated a three-year scheme to introduce all environmental and social risks to all credit and banking decisions. We started to assess environmental and technical issues during the all project finance transactions by due dilligence. This due dilligence form includes details of water needs and supplies (details on source – municipal, groundwater etc. – and volumes). Furthermore, we plan to conduct an assessment study taking into account water-related information of our suppliers. As part of the second phase of the ESG between 2020 and 2023, we plan to introduce new parameters of water use to our credit risk due diligence process.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?
No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?
Yes, water-related risks are assessed

W3.3a

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

Value chain stage
Direct operations

Coverage
Full

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

Frequency of assessment
More than once a year

How far into the future are risks considered?
3 to 6 years

Type of tools and methods used
Tools on the market
Enterprise risk management
International methodologies and standards

Tools and methods used
Water Footprint Network Assessment tool
Environmental Impact Assessment
IPCC Climate Change Projections

Contextual issues considered
Water availability at a basin/catchment level

Stakeholders considered
Customers
Employees
Water utilities at a local level

Comment
We perceive such risks from two perspectives. Our company operations are affected by the quality and quantity of water at some not very significant level whereas our clients both in manufacturing and agriculture are impacted severely by changes in the quantity and quality of water.

Value chain stage
Supply chain

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Enterprise risk management
International methodologies and standards

Tools and methods used
Water Footprint Network Assessment tool
Environmental Impact Assessment

Contextual issues considered
Water availability at a basin/catchment level

Stakeholders considered
Customers
Employees
Water utilities at a local level

Comment
We inquire with our paper suppliers to be informed on their risks of water security and their business sustainability.

Value chain stage
Other stages of the value chain

Coverage
Full

Risk assessment procedure
Water risks are assessed in an environmental risk assessment

Frequency of assessment
Annually

How far into the future are risks considered?
3 to 6 years

Type of tools and methods used
Tools on the market
Enterprise risk management

Tools and methods used
Water Footprint Network Assessment tool

Contextual issues considered
Water availability at a basin/catchment level

Stakeholders considered
Customers
Employees
Water utilities at a local level

Comment
We assess environmental and technical issues during the all project finance transactions by due dilligence. This due dilligence form includes details of water needs and supplies (details on source – municipal, groundwater etc. – and volumes).

W3.3b

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

Management of water-related risks in the company is considered at three levels; awareness, institutional capacity building and leadership. In 2016, we started an internal capacity-building program with training programs and implementation of climate change and water management modules within the departments of Credit Risk Management, Strategic Planning, and Administrative Affairs with the assistance of The Sustainability Committee that was established by the attendance of staff from those departments. In 2017, Albaraka expanded its efforts by initiating a program on Environmental and Social Governance (ESG). With this program, the bank initiated a three-year scheme to introduce all E&S risks to all credit and banking decisions. Albaraka continues to build capacity to become the center of excellence in sustainability finance by combining ESG efforts with a science-based targets program and build back better principles in line with the COVID19 pandemic. In 2020, progress regarding ESG capacity has been substantial as the design of mechanisms to evaluate E&S risks of lending portfolios in selected sectors and digital infrastructure to monitor outcome has been completed. It is expected that in 2021 these mechanisms will be fully put in place. In the second phase, we will incorporate ESG in our retail strategy . In 2020, Albaraka accelerated the preparations and capacity building to issue a green sukuk in near term. With that purpose, bank customer profile and financial products marketing strategies were reviewed to analyze the potential project origination and eligibility. Certain teams attended workshops to understand green bond process and ICMA requirements. Albaraka is determined to make green sukuk an essential instrument for green recovery process. In addition, as Albaraka Turk we ultimately care about our own carbon footprint and maintaining resource efficiency in planning our business operations.

Combining its innovative products approach and its environmental responsibilities, Albaraka Türk introduced the Gray Water/ Environment Loan product. Gray Water Loan Project was launched with the aim to fund projects focusing on enabling the reuse of recycled water obtained from gray water in areas such as reservoir feeding, garden irrigation, vehicle washing, rough cleaning works, cooling tower feeding and laundry washing. The intended audience of the product was determined as retail and commercial customers in need of funding for environmentally friendly projects aiming to contribute to sustainability, water efficiency, energy efficiency, environmental awareness of materials and resources, interior-exterior building environmental quality, preventing waste of resources by recycling, etc. Albaraka Türk offers its customers a grace period, a long-term loan facility, profit rate reduction, and interest-free financing within the scope of the Gray Water/ Environmental Loan. Reducing water consumption levels generated from its operations: In the Head Office, watersaving apparatus were installed in the lavatory faucets, helping reduce water consumption by around 20%. Water efficiency was achieved by adopting drip irrigation system and sprinkler systems in green areas.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?
Yes, both in direct operations and the rest of our value chain

W4.1a

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

Albaraka continues to build capacity to become the center of excellence in sustainability finance by combining ESG efforts with a science-based targets program and build back better principles in line with the COVID19 pandemic. In 2020, progress regarding ESG capacity has been substantial as the design of mechanisms to evaluate E&S risks of lending portfolios in selected sectors and digital infrastructure to monitor outcome has been completed. It is expected that in 2021 these mechanisms will be fully put in place.

As part of the first phase of the ESG program, we have identified key sectors that play an important role: a) climate and water-related risks (fossil fuel based energy, refinery, logistics, steel, cement, paper pulp and aluminum and agro industry) b) climate and water related opportunities (renewable energy, waste management, green material manufacturing, sustainable agriculture and forestry management). All clients in those sectors were listed and assessed against certain parameters that reflect climate risks. Those clients with an exposure of loans with maturity of less than a year and/or above 10 Mn TRY (approx. 557,333 USD) were considered to be of imminent risks. The risks were quantified with a manner of multiplying frequency with pre-identified impact. The total exposure is reached by summing up the individual risks in the portfolio. In terms of opportunities, we approach certain sectors such as renewable energy, waste management, green material manufacturing, sustainable agriculture and forestry management.
We intend to develop a quantified adaptation index in the next ESG Program for those sectors that contribute to climate change adaptation.

W4.1b

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	24	1-25	There are 25 major river basins in Turkey. When total water potentials are considered, Büyük Menderes, Konya and Gediz basins are close to the absolute water stress level. It is predicted that many basins will experience very serious water shortages in the coming years, with the increase in population and in water needs.

W4.1c

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

Country/Area & River basin

Turkey	Other, please specify (Gediz, Buyuk Menderes, Konya)

Number of facilities exposed to water risk
24

% company-wide facilities this represents
1-25

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
1-10

Comment
Among the river basins, Gediz (5 facilities), Buyuk Menderes (6 facilities) and Konya Closed (13 facilities) river basin carriers the highest water risk which affects the Bank in terms of client potential. Our agricultural and renewable energy loan portfolio can be negatively affected in this region.

W4.2

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

Country/Area & River basin

Turkey	Other, please specify (All Albaraka branches in Turkey)

Type of risk & Primary risk driver

Regulatory	Higher water prices

Primary potential impact
Increased operating costs

Company-specific description
If water prices increase significantly, operating costs will increase.

Timeframe
Current up to one year

Magnitude of potential impact
Medium

Likelihood
Likely

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
The unit price of water increased by %35 in Turkey. However, Albaraka Bank's water withdrawal amount has decreased by 27.25% due to the global pandemic and water-saving projects.

Primary response to risk
Adopt water efficiency, water reuse, recycling and conservation practices

Description of response
This risk is managed through engagement with local authorities on water pricing and through the implementation of initiatives that increase water efficiency and/or offer alternative sources of water.

Cost of response
150000

Explanation of cost of response
Albaraka Turk continued its activities to reduce water consumption since 2020 as well. Water saving apparatus was installed on Albaraka Türk Headquarter's sink faucets, thereby reducing water consumption. Water-saving apparatus, which provides the same effect with less water consumption by increasing the pressure of the water, were installed on the sink faucets in the Headquarters building.

W4.2a

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

Country/Area & River basin

Turkey	Not known

Stage of value chain
Other, please specify (Downstream)

Type of risk & Primary risk driver

Acute physical	Other, please specify (Severe weather events)

Primary potential impact
Reduced revenues from lower sales/output

Company-specific description
Customers being affected by extreme weather events and the resulting business volatility.

Timeframe

1-3 years

Magnitude of potential impact
Medium

Likelihood
Likely

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
25803352

Potential financial impact figure - maximum (currency)
30692409

Explanation of financial impact
Increase in the capital cost for certain industries that rely on naval transportation and logistics. Estimates of the impact of climate change over the course of this century on the PV of global financial assets. Along the DICE baseline or business-as-usual (BAU) emissions scenario, in which the expected increase in the global mean temperature in 2100, relative to pre- industrial, is about 2.5°C (see Supplementary Information), the expected climate VaR of global financial assets today is 1.8% at median. https://eprints.lse.ac.uk/66226/1/Dietz_Climate%20Value%20at%20risk.pdf

Primary response to risk

Supplier engagement	Promote adoption of waste water management procedures among suppliers

Description of response
Assessing the customers with this perspective and providing them with guidance to seek help for risk management. It is also imperative to build a robust risk monitoring scheme.

Cost of response
400000

Explanation of cost of response
Albaraka Turk pays attention to supply chain conditions of its clients and how those conditions change along with rapidly changing business and economic environment. As part of that, we continuously analyze our credit risk with logistics or or logistics dependent clients based on physical conditions.

Country/Area & River basin

Turkey	Other, please specify (All of the basin)

Stage of value chain
Other, please specify (Downstream)

Type of risk & Primary risk driver
Please select

Primary potential impact
Other, please specify (Credit risk)

Company-specific description
Customers being affected by extreme weather events and the resulting business volatility.

Timeframe
1-3 years

Magnitude of potential impact
Medium-high

Likelihood
Very likely

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
112665870

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
Customers' business interruption due to extreme weather events. More floods are observed in the northern parts of Turkey where businesses and agriculture are affected severely.Estimates of the impact of climate change over the course of this century on the PV of global financial assets. Along the DICE baseline or business-as-usual (BAU) emissions scenario, in which the expected increase in the global mean temperature in 2100, relative to pre- industrial, is about 2.5°C (see Supplementary Information), the expected climate VaR of global financial assets today is 1.8%. https://eprints.lse.ac.uk/66226/1/Dietz_Climate%20Value%20at%20risk.pdf

Primary response to risk

Direct operations	Other, please specify (Risk analysis, assisting customers for seeking assistance in risk mitigation.)

Description of response
Risk analysis, assisting customers for seeking assistance in risk mitigation.

Cost of response
250000

Explanation of cost of response
As part of our ESG program, we already categorized the sectors with respect to their needs for climate change adaptation. Starting with logistics and agro business, we monitor the clients based on their region, forecasts of climate change impact and their business content. Risk information will be shared with the clients regularly starting 2021.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes, we have identified opportunities, and some/all are being realized

W4.3a

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

Type of opportunity
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity
Improve water efficiency project will reduce operating costs with lower water consumption.

Estimated timeframe for realization
4 to 6 years

Magnitude of potential financial impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
486053

Potential financial impact figure – maximum (currency)
594064

Explanation of financial impact
The reduction of operational cost plays positive role in the financials of the bank. A sensitivity analysis for potential savings on bank' operational cost has been conducted.

Type of opportunity
Products and services

Primary water-related opportunity
New R&D opportunities

Company-specific description & strategy to realize opportunity
Meeting the new demand for sustainable banking, Albaraka Turk will be able to diversify its business with new banking products.

Estimated timeframe for realization
4 to 6 years

Magnitude of potential financial impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
30000000

Potential financial impact figure – maximum (currency)
80000000

Explanation of financial impact
The increase of awareness will lead the customers to choose the banking products of sustainable and climate friendly banks. A sensitivity analysis for potential increase in bank's operational revenue has been conducted.

Type of opportunity
Products and services

Primary water-related opportunity
Increased sales of existing products/services

Company-specific description & strategy to realize opportunity
Meeting the new demand for sustainable banking, Albaraka Turk will be able to diversify its business with new banking products.

Estimated timeframe for realization
1 to 3 years

Magnitude of potential financial impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
490000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
Increase in demand for loans for new sustainable energy and resource efficiency products resulting in new business and increased revenue for the bank. Pilot Climate Change Adaptation Study has been used. The study by EBRD and IFC estimate the private sector investment opportunities in sectors for climate change adaptation. With respect to that, market share of Albaraka Bank has been applied to overall market size for investments in sectors selected by the study.* https://www.ebrd.com/downloads/sector/sei/turkey-adaptation-study.pdf

Type of opportunity
Markets

Primary water-related opportunity
Expansion into new markets

Company-specific description & strategy to realize opportunity
Albaraka Turk is already working on introducing new financial instruments for financing the low carbon economy. The shift to sustainable banking will accelerate access to new markets and innovative financial tools. Green Sukuk is one of the target tools in near term.

Estimated timeframe for realization
1 to 3 years

Magnitude of potential financial impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
1676000

Potential financial impact figure – maximum (currency)
2353000

Explanation of financial impact
The bank will have access to new tools and borrowers. A hypothetical profit analysis was conducted for green sukuk issuance between 200 Mn and 500 Mn USD:

W5. Facility-level water accounting

W5.1

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

Facility reference number
Facility 1

Facility name (optional)
Albaraka Headquarters building

Country/Area & River basin

Turkey	Other, please specify (Marmara Basin)

Latitude

28

Longitude
41

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
10.68

Comparison of total withdrawals with previous reporting year
Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
10.68

Total water discharges at this facility (megaliters/year)
7.2

Comparison of total discharges with previous reporting year
Much lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
7.2

Total water consumption at this facility (megaliters/year)
3.48

Comparison of total consumption with previous reporting year
Much lower

Please explain
Total water consumption at HQ has decreased by 50% compared to the previous year. There are two main reasons for this decline. The first is the decrease in water consumption due to the transition to the remote working model due to Covid 19. The second is the projects carried out by Albaraka Bank on water saving. For example, water-saving apparatus, which provides the same effect with less water consumption by increasing the pressure of the water, were installed on the sink faucets in the Headquarters building.

Facility reference number
Facility 2

Facility name (optional)
All of the Branches

Country/Area & River basin

Turkey	Other, please specify (All river basins in Turkey)

Latitude
41

Longitude
29

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
23.41

Comparison of total withdrawals with previous reporting year
Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
23.41

Total water discharges at this facility (megaliters/year)
15.6

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
15.6

Total water consumption at this facility (megaliters/year)
7.81

Comparison of total consumption with previous reporting year
Much lower

Please explain
Total water consumption at all of the branches has decreased by 29% compared to the previous year. There are two main reasons for this decline. The first is the decrease in water consumption due to the transition to the remote working model due to Covid 19. The second is the projects carried out by Albaraka Bank on water saving.

W5.1a

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

Water withdrawals – total volumes

% verified
76-100

Verification standard used
Water Footprint Network: Water Footprint Assessment Manual. Please refer to verification statement attached in section W-FI.

Please explain
<Not Applicable>

Water withdrawals – volume by source

% verified
76-100

Verification standard used
Water Footprint Network: Water Footprint Assessment Manual. Please refer to verification statement attached in section W-FI.

Please explain
<Not Applicable>

Water withdrawals – quality by standard water quality parameters

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water discharges – total volumes

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water discharges – volume by destination

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water discharges – volume by final treatment level

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water discharges – quality by standard water quality parameters

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water consumption – total volume

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Recognition of environmental linkages, for example, due to climate change	Albaraka Türk formulated its environmental policy, which was approved by the Board of Directors. The Bank demonstrated sensitivity and respect to the environment, meticulousness in using the world's resources, resolve to leave a habitable environment to the next generation through participation in various initiatives. These include the Green Building Project, Carbon Disclosure Project, Studies on Gray Water and Waste Water Use, Zero Waste Project, among many others. Also we give priority to considering economic, environmental and social factors as well as corporate governance principles in all Banking operations and decision-making processes in order to raise Corporate Sustainability awareness across the organization, set forth concrete sustainable banking targets and to create long-term values. Please see Albaraka's Environmental Policy (https://www.albaraka.com.tr/assets/en/pdf/cevre-politikasi.pdf)

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain
Board-level committee	The highest level of responsibility for water-related issues lies within the Albaraka Turk's Board of Directors. The CEO organizes regular meetings with the staff from departments involved with sustainability risks to assure that environmental and social issues are integrated in the decision making processes and the overall business strategy of the bank. Apart from that, The Sustainability Committee reports to the CEO regularly where the outcome of that communication is reported to the Board by the CEO regularly.
Chief Risk Officer (CRO)	As Albaraka Turk activated a new credit risk analysis system that targets Environmental and Social Governance (ESG) for banking decisions, the CRO and the Credit Risk Department takes a new responsibility in tracking the climate risks and identifying the risk mitigation measures. With the new system which is still under implementation, the CRO and their department analyzes the bankability of all loan applications from a climate risk perspective based on the forms and monitoring tools established via the ESG program. The tools consist the analysis of loan applications based on climate risks while proposing risk mitigation measures for different sectors. The ESG mechanism also includes a monitoring tool for existing loans and related risks.
Other, please specify (Sustainability and Social Responsibility Committee)	The committee consists of 3 board members. The Committee has responsibility for reviewing, monitoring and approving Banks's climate change and other sustainability objectives and providing advice to management on sustainability issues including water related issues. Prioritizes the consideration of economic, environmental and social factors in the Bank's activities and decision mechanisms in addition to corporate governance principles in order to ensure the internalization of Corporate Sustainability awareness within the organization, to introduce the objective of sustainable banking in a concrete manner and to establish long-term values.
Other, please specify (Sustainability, Social Responsibility and Communication Executive Committee)	The committee consists of 4 assistant general managers and 1 chairman and 8 department managers under the chairmanship of the general manager. The Committee makes the pre-assessment of the Sustainability and Social Responsibility projects proposed by the Strategic Planning Department at certain periods of the year, puts them on the agenda of the Sustainability and Social Responsibility Committee and follows the projects implemented.
Chief Sustainability Officer (CSO)	In 2023, Albaraka is reaching the end of a five year program of incorporating ESG in business. The executive management of the bank is already evaluating the options of establishing a Sustainability Unit and linking the unit to the executive management through a CSO.

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities	Water related issues is on the agenda of all board meetings regularly where the CEO includes a section on sustainability and ESG in his (her) briefing to the Board. The briefing is prepared by the Sustainability Committee with the assistance of Credit Risk Department. The briefing includes the comments on ongoing business strategy, risk management policies and climate, The targets priorly set for water management and ESG is reviewed and when necessary new targets and objectives are presented. In case of major business decisions such as capital expenditures and other business acquisitions the climate and ESG related risks are explained for decision making. All briefings include progress in sustainability issues.

W6.2d

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

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	A board member with experience in sustainable finance and corporate sustainable risk.	<Not Applicable>	<Not Applicable>

W6.3

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

Name of the position(s) and/or committee(s)
Other committee, please specify (Sustainability and Social Responsibility Committee)

Responsibility
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
Gives priority to considering environmental factors (which includes water related issues too)as well as corporate governance principles in all Banking operations and decision-making processes in order to raise Corporate Sustainability awareness across the organization, set forth concrete sustainable banking targets and to create long-term values.

Name of the position(s) and/or committee(s)
Chief Risk Officer (CRO)

Responsibility
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
More frequently than quarterly

Please explain
The Chief Credit Officer (CRO) is responsible with implementation of ESG tools within the department to reflect water related issues in banking strategy. The CRO assures that all loan decisions include the monitoring of water related risks. The CRO reports the process and a briefing to the CEO by cooperating with the Sustainability Committee.

Name of the position(s) and/or committee(s)
Other, please specify (Director on Board)

Responsibility
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Quarterly

Please explain
The representative of the board in the committee is responsible with leading the management of water related sustainability issues.

W6.4

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

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	Albaraka set targets and goals for eco-efficiency, including water-related, which are accompanied by the top management of the company.C-Suite employees recognize the work done and the team's effort to continuous improvement, for the Bank's performance as a whole.

W6.4a

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

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Please select	Please select	
Non-monetary reward	Board/Executive board Chief Executive Officer (CEO) Chief Purchasing Officer (CPO) Chief Risk Officer (CRO) Chief Sustainability Officer (CSO) Other, please specify (All employees)	Reduction of water withdrawals Reduction in consumption volumes Improvements in efficiency - direct operations Improvements in efficiency - supply chain Improvements in waste water quality - supply chain Implementation of employee awareness campaign or training program Increased access to workplace WASH	Albaraka recognises individuals and teams for the implementation of water-related projects and other sustainability projects by including them in internal communications. Albaraka got into the B- List for CDP Water 2020. This recognition has been communicated internally and recognized by everyone in the organization, including top management. All employees in Albaraka Turk are encouraged to adopt a behavioral change in resource management and sustainability. They are expected to address all issues of resource management and minimization of water consumption by developing solutions and offering innovation. Furhermore, accomplish of environmental targets namely water-related targets, are part of the performance evaluation of employees- and can help career progression of employees.

W6.5

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

Yes, direct engagement with policy makers
Yes, trade associations
Yes, other

W6.5a

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

Based on our climate change and water-related issues awareness and capacity building activities, we aim at taking a leadership role in sustainability banking at two levels. First, we introduced the concept to our peers at TKBB and encouraged them to take a strong role in combating climate change. Second, at the global level, we succeeded in drawing the attention of our parent company ABG to the issue and triggered similar work a short while ago. Our experience started to expand across all group companies as well. All in all, as participation banking should regard the community interests at the highest level, we are aware that climate change is the most important sustainability threat faced by the communities we serve.

W6.6

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

Yes (you may attach the report - this is optional)
2021-annual-report.pdf

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Our long term strategy includes reducing the environmental impact of our businesses and promoting the sustainability of the natural resources on which we depend, of which water-related issues such as quality and quantity are integrated.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Albaraka Turk set water reduction targets. Our water reduction target is to decrease water consumption by 10% in the following 5 years period. (until 2025)
Financial planning	Yes, water-related issues are integrated	5-10	In 2016, Albaraka started a joint awareness and internal capacity building program through training programs and implementation of climate change management modules within the departments of Credit Risk Management, Strategic Planning and Administrative Affairs. The Sustainability Committee that was established by the attendance of staff from those departments received various capacity building trainings to construct a road map for leadership in environmental and social risk management. As a result, the credit departments at the HQ as well as all 237 branches that market our lending products started giving specific consideration to sustainable energy and resource efficiency projects while embedding the risks of carbon intensive industries in transition to low carbon economy and other businesses under the threat of physical disruption by climate change. Ultimately, we plan to set science-based targets for emission reduction in near future and adopt a carbon pricing policy while matching our reporting standards with TCFD (Task Force on Climate related Financial Disclosures) recommendations in near future.In addition Albaraka Turk also allocated a certain budget to support water-related organizations and capacity building praogramme.

W7.2

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

Row 1

Water-related CAPEX (+/- % change)

0

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

100

Water-related OPEX (+/- % change)

-16

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

10

Please explain

Between 2020 and 2021, the average unit water price increased by 10.66%. However, our OPEX has been decreased by %16 due to lower water consumption during the reporting period. There was no change in CAPEX in 2020 due to global pandemic. We anticipate a 100% increase in CAPEX, as our work on water saving will continue in 2022. Again, we anticipate a 10% increase in OPEX due to the expenses we expect in water prices.

W7.3

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

	Use of scenario analysis	Comment
Row 1	Yes	Our scenario analysis is based on IEA Sustainable Development Scenario. There is a strong link between the banking strategy and investment in energy business. We prefer to use this scenario because we strongly opt for the commitments to meet criteria set by the Paris Agreement as well as using TCFD by 2024 for climate related risk disclosure. The outcome of the scenarios is as follows; Albaraka needs to diminish its carbon intensive portfolio by X percent by 2030 and shift is investments to low carbon technologies. Under semi-ambitious and modest scenarios the numbers changed to Y percent and Z percent respectively. All the numbers indicating the shift from conventional energy mix to low carbon and the cost of action under each scenario will be made public by 2021. The executive management of the bank is committed to incorporate the results in its business strategy and disclose quantified risks under TCFD by 2024.

W7.3a

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

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	IEA Sustainable Development Scenario	Water is essential for all phases of energy production, from fossil fuels to biofuels and power generation. Based on IEA scenarios with higher shares of renewable energy require much less water.	-Sustainable energy and energy efficiency loans -Reducing water consumption levels generated from its operations

W7.4

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

Row 1

Does your company use an internal price on water?
No, and we do not anticipate doing so within the next two years

Please explain
Albaraka Turk doesn't yet apply an internal price of water and we do not anticipate doing so within the next two years.

W7.5

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

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	Yes	Amount of water saved	<Not Applicable>	Albaraka Turk provides loans for efficient irrigation and agricultural water supply systems.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Albaraka aims to reduce total water consumption per employee thus annual water consumption. We set medium-term reduction target to be achieved by 2025 for all facilities .

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number
Target 1

Category of target
Water consumption

Level
Company-wide

Primary motivation
Reduced environmental impact

Description of target
Albaraka ‘s water reduction target is to decrease water consumption by 15% in the following 5 years period.

Quantitative metric
% reduction in total water consumption

Baseline year
2019

Start year
2020

Target year
2025

% of target achieved
15

Please explain
As part of our initiative to better monitor our water footprints we have developed a comprehensive database to monitor and track consumption in these areas. Albaraka has medium-term target milestones. Our absolute reduction in total water consumption target include a 15% reduction in water consumption by 2025 against 2019 baseline. Albaraka's 2020 water consumption was 34.09 megaliters, equivalent to a 27.25% reduction compared to the previous reporting period. However, we are aware that this decrease is due to our energy efficiency projects as well as the effect of Covid 19 pandemic. Considering the effect of remote work, we did not enter the percentage of reaching the target this year.We will continue our extensive work to achieve our water reduction targets.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal
Other, please specify (Awareness raising activities)

Level
Company-wide

Motivation
Reduced environmental impact

Description of goal
Carrying out environmental awareness trainings to our employees for helping them minimize operational and domestic environmental impacts related to water-related issues.

Baseline year
2018

Start year
2019

End year
2020

Progress
In 2021, Bank employees are given a total of 22,584 hours of training, 67.5 hours per person. In order to increase awareness, online training on environmental issues including the water topic continued in 2021. Approximately 90% of these trainings were held in the digital environment.

Goal
Engaging with customers to help them minimize product impacts

Level
Company-wide

Motivation
Shared value

Description of goal
We started to assess environmental and technical issues during the all project finance transactions by due dilligence. Our ESG Program continues in full force as all decision making mechanisms have been analyzed, restructuring options for better governance have been formed and credit risk analysis systems have been established. Thus, analyzing the customers with a new perspective, assure risk mitigation measures and raise awareness with the customers.

Baseline year
2018

Start year
2019

End year
2020

Progress
All sustainability risks including water-related risks were identified and assessed by the Sustainability Committee, Credit Risk Unit and Strategic Planning.

Goal
Other, please specify (Climate change adaptation and mitigation strategiess)

Level
Company-wide

Motivation
Climate change adaptation and mitigation strategies

Description of goal
Albaraka Türk Participation Bank (Albaraka Türk); aims to achieve the United Nations 2030 Sustainable Development Goals by working with all its stakeholders to produce projects that are sensitive to human and environment and that will support economic and global development for a livable world within the scope of Sustainable Banking Program and aims to be a pioneer in participation banks in this regard. In addition, it is documented that Albaraka Türk minimizes the destruction of natural environment as a result of the valuesit adds to urban living spaces and it is aimed to ensure its recognition on international platforms and to increase its prestige.

Baseline year
2017

Start year
2017

End year
2025

Progress
As part of our initiative to better monitor our carbon and water footprints we have developed a comprehensive database to monitor and track consumption in these areas.

Goal
Providing access to safely managed Water, Sanitation and Hygiene (WASH) in workplace

Level

Company-wide

Motivation
Commitment to the UN Sustainable Development Goals

Description of goal
The importance of providing potable water, adequate sanitation and hygiene for all employees is recognised. All facilities ensure the availability of fully-functioning WASH services for employees

Baseline year
2017

Start year
2020

End year
2025

Progress
As an institution that supports 2030 UN Sustainable Development Goals, Albaraka Türk conducts its sustainability and social responsibility activities in line with these goals. Albaraka Türk supports the following purposes in line with its 2021-2025 targets in coordination with its main shareholder ABG. • No Poverty (1) • Good Health and Well-Being (3) • Quality Education (4) • Gender Equality (5) • Clean Water and Sanitation • Affordable and Clean Energy (7) • Decent Work and Economic Growth (8) • Industry, Innovation and Infrastructure (9) • Reduced Inequalities (10) • Responsible Consumption and Production (12) During the reporting period all employees have access to WASH facilities.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?
No, but we are actively considering verifying within the next two years

W10. Sign off

W-FI

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

For more information, please visit Sustainability Web Site for ALBARAKA TÜRK

https://www.albaraka.com.tr/en/about-us/sustainability

For more information, please see the 2021 Annual Report of Albaraka Bank

https://www.albaraka.com.tr/documents/yatirimci-iliskileri/faaliyet-raporlari/2021-annual-report.pdf

For more information, please see the 2021 Sustainability Report of Albaraka Bank

https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2021-sustainability-report.pdf

You can find among the attached documents, Albaraka's calculation tool, as well as their verification report by third party. In addition, calcutions made for this report has been uploaded.
2021-sustainability-report_.pdf
2021-annual-report.pdf
Albaraka-WC-v01-2021.xlsx
WATER RISK Est 2021 WRI.xlsx
Albarakaturk 2021 Yılı GHG Verification Statement.pdf

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer (CEO)	Chief Executive Officer (CEO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms

TÜRK LOYDU

ALBARAKA TURK KATILIM BANKASI A.Ş.

CARBON DISCLOSURE PROJECT

2021 YEAR
GHG VERIFICATION REPORT

TL Project No: 2022-0419

1. SUMMARY

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. has made the CDP verification of the GHG Inventory of ALBARAKA TURK KATILIM BANKASI A.S. for 01.01.2021-31.12.2021 on the basis of the Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance as well as criteria given to provide for consistent operations, monitoring and reporting in ISO 14064-3:2019.

The verification scope is defined as an independent and objective review of the GHG Inventory Assertion, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the GHG Calculation; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final Verification report and opinion. The overall Verification, from Contract Review to Verification Report & Opinion, was conducted using Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. internal procedures.

In summary, it is Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş.'s opinion that the ALBARAKA TURK KATILIM BANKASI A.S. correctly applies the the Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance to said Verification Period for the addressed head office, 8 regional management buildings and 228 branches (all in TURKEY).

Address:
ALBARAKA TURK KATILIM BANKASI A.Ş.
Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No:6 34768
Ümraniye, Istanbul / TURKEY

2. VERIFICATION CRITERIA

This report is a summary describing the principles and method regarding the preparation and calculation of ALBARAKA TURK KATILIM BANKASI A.S. GHG Inventory Assertion 2021.

The Greenhouse Gas Protocol and the Carbon Disclosure Project Reporting Guidance criteria are met and the calculation method and calculations of greenhouse gas emissions are verified.

3. ASSURANCE LEVEL

Greenhouse gas inventory verification activity was conducted with 5% level of assurance.

4. ORGANIZATION BOUNDARIES FOR GHG EMISSION INVENTORY

Greenhouse gases arising from the activities in ALBARAKA's facilities in Turkey in between 01.01.2021 and 31.12.2021 are within the scope of ALBARAKA TURK KATILIM BANKASI A.S. GHG Inventory.

The organisation has included, within the operational boundaries, head office and all their branches.

The emissions considered are those related to greenhouse gases such as carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), correlated to the following categories of emissions:

Direct GHG emissions originating from sources owned or controlled by the Organisation. Emissions due to the combustion of fuels for heating and auxiliary generators in buildings by the organisation, emissions due to the combustion of fuels in on-road vehicles and the emissions sourcing from refrigerants.

Energy indirect GHG emissions are due to electricity consumption in all locations.

Other Indirect GHG emissions are due to the paper consumption and air travelling taken into account.

5. ACTIVITY BOUNDARIES FOR GHG EMISSION INVENTORY

The emissions of ALBARAKA TURK KATILIM BANKASI A.S. are separated into 3 groups;

a-Direct emissions
b-Energy Indirect Emissions
c-Other Indirect Emissions

Within the scope of the inventory, direct, energy indirect and other indirect emissions were calculated and included in the inventory calculation.

6. CALCULATION METHODOLOGY

The basis for choosing calculation method is to choose the method that will minimize uncertainties. For that matter, TIER 3: activity data-specific emission factors are primarily controlled with regards to technology. If Tier 3 values cannot be attained, then TIER 2: national emission factors of the emission source causing greenhouse gas. Where national sources are not sufficient, TIER 1: emission factors defined by IPCC should be employed.

The calculation for ALBARAKA TURK KATILIM BANKASI A.S.'s greenhouse gas inventory is based on formulas that are multiplications of activity data and emission factors addressed in "2006 IPCC Guidelines for National Greenhouse Gas Inventories".

7. VERIFICATION ACTIVITIES

Türk Loydu verification team was performed a videoconference with Albaraka Turk Katilim Bankasi A.S. in Umraniye District, Istanbul Province of Turkey on 01/07/2022.

During the remote audit, the following verification activities were conducted:

- Review of documentation, calculation sheets and methodologies, including client assertion,
- Assessment of risks and verification planning,
- Assessment of documentation, control and methodologies,
- Interviews and observations by team to assess the client assertion,
- Assessment of verification findings and outstanding issues,
- Assessment and review of resolutions to outstanding issues,
- Follow-up and Closure by Lead Verifier,
- Recommendation by Lead Verifier and level of assurance,
- Internal technical review and determination of assurance by Türk Loydu,
- Issue of Verification Statement by Türk Loydu,
- Issuance of verification statement and completion of verification.

8. EMISSION RESULTS

GHG emissons divided according to type are shown in the following table:

TOTAL GREENHOUSE GAS EMISSIONS INVENTORY	**2021 (tCO_2e)**
Total Direct GHG Emissions from All Facilities (tCO_2e)	**3.776,63**
GHG Emissions From Stationary Combustion (tCO_2e)	1.280,93
GHG Emissions From Mobile Combustion (tCO_2e)	1.675,95
GHG Emissions From Fugitives (tCO_2e)	819,75
Total Indirect GHG Emissions from All Facilities (tCO_2e)	**5.771,77**
Total Other Indirect GHG Emissions from All Facilities (tCO_2e)	**150,54**
GHG Emissions From Air Travelling (tCO2e)	42,23
GHG Emissions From Paper Consumption (tCO2e)	108,31
TOTAL GHG EMISSIONS FROM ALL FACILITIES	**9.699**

9. VERIFICATION OPINION

View Declaration

The greenhouse gas emission data (Scope 1 & 2) for 2021 disclosed in the CDP Climate Change 2022 Information Request as a result of verification audit held on the basis of international standards has been verified with reasonable assurance.

The greenhouse gas emission data (Scope 3) for 2021 in the CDP Climate Change 2022 Information Request as a result of verification audit held on the basis of international standards has been verified with limited assurance.

Lead Verifier: Merve Kubra TUTER

Onur YILMAZ
Technical Manager
Greenhouse Gas Lead Verifier

TÜRK LOYDU

ALBARAKA TURK KATILIM BANKASI A.Ş.

CARBON DISCLOSURE PROJECT

2021 YEAR
WATER VERIFICATION REPORT

TL Project No 2022-0419

1. SUMMARY

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. has made the CDP verification of the water consumption of ALBARAKA TURK KATILIM BANKASI A.S. for 01.01.2021-31.12.2021 with regard to the relevant requirements for Water Footprint Network: Water Footprint Assessment Manual.

The verification scope is defined as an independent and objective review of the Water Footprint Calculation, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the water calculation; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final Verification report and opinion. The overall Verification, from Contract Review to Verification Report & Opinion, was conducted using Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. internal procedures.

In summary, it is Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş.'s opinion that the ALBARAKA TURK KATILIM BANKASI A.S. correctly applies the Water Footprint Network: Water Footprint Assessment Manual to said Verification Period for the addressed head office, 8 regional management buildings and 228 branches (all in TURKEY).

Address:
ALBARAKA TURK KATILIM BANKASI A.S.
Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No:6 34768
Ümraniye, Istanbul / TURKEY

2. VERIFICATION CRITERIA

This report is a summary describing the principles and method regarding the preparation and calculation of ALBARAKA TURK KATILIM BANKASI A.S. Water Footprint Calculation 2021.

Water Footprint Network: Water Footprint Assessment Manual criteria are met and the calculation method and calculations of water consumption data are verified.

3. ORGANIZATION BOUNDARIES FOR GHG EMISSION INVENTORY

Water consumption arising from the activities in ALBARAKA's facilities in Turkey in between 01.01.2021 and 31.12.2021 are within the scope of ALBARAKA TURK KATILIM BANKASI A.S. Water Footprint Calculation.

The organisation has included, within the operational boundaries, head office and all their branches.

4. WATER STATEMENT

Water footprint calculation is shown in the following table:

TOTAL CONSUMED WATER:	**34.090,51 m^3**

5. VERIFICATION ACTIVITIES

Türk Loydu verification team was performed a videoconference with Albaraka Turk Katilim Bankasi A.S. in Umraniye District, Istanbul Province of Turkey on 01/07/2022.

During the remote audit, the following verification activities were conducted:

- Review of documentation, calculation sheets and methodologies, including client assertion,
- Assessment of risks and verification planning,
- Assessment of documentation, control and methodologies,
- Interviews and observations by team to assess the client assertion,
- Assessment of verification findings and outstanding issues,
- Assessment and review of resolutions to outstanding issues,
- Internal technical review and determination of assurance by Türk Loydu,
- Issue of Verification Statement by Türk Loydu,
- Issuance of verification statement and completion of verification.

6. VERIFICATION OPINION

The water consumption data for 2021 disclosed in the CDP Climate Change 2022 Information Request as a result of verification audit held on the basis of international standards has been verified.

We have been informed that the results of our studies; the data and information contained in the assurance statement is clear, understandable, accessible, accurate and reliable without any material error or misstatement.

Lead Verifier: Merve Kubra TUTER

Onur YILMAZ
Technical Manager
Greenhouse Gas Lead Verifier