

Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

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

Albaraka Turk Participation Bank, the first financial institution and pioneer in the field of interest-free (participation) banking commenced its operations in 1985. Albaraka Turk was founded by Albaraka Group, one of the prominent groups in the Middle East, the Islamic Development Bank, and a native industrial group in Turkey. In line with the principles of participation banking, Albaraka Turk is highly active in the field of manufacturing and trade financing. As of December 31st, 2022, Albaraka Turk's shareholder structure consists of Al Baraka Group B.S.C. (43,57%), Dallah Al Baraka Holding CO B.S.C. (8,30%), public shares (42,32%) and other shares (6,31%).

As a participation bank, we prioritize the community's interests, and we recognize that climate change is the most significant sustainability threat faced by the communities we serve. With the vision of becoming a value-based intermediary in the financial sector, we are aware that all our activities, as well as the products and services we provide to society, interact with the environment. We 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 2020, substantial progress was made in terms of ESG capacity, including the design of mechanisms to evaluate E&S risks in lending portfolios in selected sectors and the establishment of digital infrastructure to monitor outcomes. These mechanisms were expected to be fully implemented in 2021, but the program was extended to 2023 due to COVID-19. The first phase of climate-centered ESG was completed in July 2022. Furthermore, we plan to incorporate ESG in our retail strategy to mobilize new finance mechanisms, especially for SMEs, and to stimulate their activities in both climate change mitigation and adaptation.

Albaraka Turk accelerated the preparations and capacity building to issue a sustainability sukuk in the near term. Certain teams attended workshops to understand the sustainability sukuk process and ICMA requirements. Albaraka is determined to make sustainability sukuk an essential instrument for the green recovery process and social development projects. We are in the process of completion our Sustainable Sukuk framework. We are planning to contribute to the ESG Program by evaluating the funds provided by sustainable sukuk in projects that comply with international sustainability standards.

Additionally, we prioritize reducing our own carbon footprint and maintaining resource efficiency in planning our business operations. In 2016, our headquarters building was awarded the LEED Gold Certificate, making it the first headquarters building in the banking industry in Turkey. In 2021, we reclaimed the LEED Gold Green Building Certificate once again. As such, Albaraka Türk's head office maintained its title of being Turkey's first bank head office building certified as a green building.

Based on our climate change capacity-building activities, we aim to take a leadership role at two levels. Firstly, we continuously promote the idea of sustainable banking principles to our peers at TKBB (Participation Banks Association of Turkey). Secondly, at the global level, our experience has started to expand across all group companies, triggering our parent company ABG to adopt sustainable banking practices. 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. With our robust ESG scheme, green taxonomy, a roadmap for financial disclosure of climate risks, and sustainability strategy at different transaction levels, including SMEs and retail, Albaraka Turk is destined to be one of the major actors in climate finance in the near future. Albaraka Türk has been included in the Istanbul Stock Exchange Sustainability Index for the second time and has retained 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 and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for
5 years

Select the number of past reporting years you will be providing Scope 2 emissions data for
5 years

Select the number of past reporting years you will be providing Scope 3 emissions data for
5 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?	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	Exposed to all broad market sectors
Investing (Asset manager)	Yes	Exposed to all broad market sectors
Investing (Asset owner)	No	
Insurance underwriting (Insurance company)	No	

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 or committee	Responsibilities for climate-related issues
Board-level committee	Corporate Governance and Sustainability Committee: Albaraka Türk's Corporate Governance and Sustainability Committee consists of at least two members elected by the Board of Directors. The purpose of the committee is to monitor and evaluate the bank's compliance with the Corporate Governance Principles, to carry out improvement activities, to ensure that the Bank adopts the best practices in the field of sustainability and to offer suggestions to the Board of Directors on all these issues. It informs and updates the Sustainability Executive Committee on sustainability-related matters.
Other, please specify Sustainability Executive Committee	Albaraka Türk's Sustainability Executive Committee acts on recommendations given to them by the corporate governance and sustainability committee. The formation of Albaraka Türk's Sustainability Executive Committee aims to ensure appropriate, efficient, and strategic supervision of the bank's comprehensive sustainability initiatives. Amongst various other tasks, the Sustainability Executive Committee implements the projects that will convey the Bank's vision, mission, and corporate values across the entire society, stakeholders, and business partners as part of the Sustainable Banking Program.

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 annual budgets Reviewing and guiding strategy Overseeing the setting of corporate targets Monitoring progress towards corporate targets Reviewing and guiding the risk management process	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 are regularly discussed during all board meetings at Albaraka Turk Participation Bank. During these meetings, the CEO includes a section on climate and ESG (Environmental, Social, and Governance) in their briefing to the Board. The briefing is prepared by the Corporate Governance and Sustainability Committee with the assistance of The Sustainability and Stakeholder Relations Unit under Investor Relations Department. The briefing includes comments on ongoing business strategy, risk management policies, and climate-related matters. The previously set targets for climate change management and ESG are reviewed, and new targets and objectives are presented when necessary. For significant business decisions, such as capital expenditures and other acquisitions, the climate and ESG-related risks are explained to aid in decision-making. The progress made in climate-related issues is included in all briefings. To ensure the adoption and internalization of these processes by the Board, ongoing executive trainings are provided to both the Board and the executive management. 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, the Executive Management of Albaraka Turk aims to provide annual reporting on gap analysis for climate change risk management. This report, along with a roadmap for institutional capacity building, including structural and business strategy changes, will be presented to the Board on an annual basis.
--------------------------	--	---	---

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
Row 1	Yes	Although the Banking Law does not explicitly outline the requirement for environmental and climate-related expertise among board members, Albaraka Türk acknowledges the significance of environmental competence. The bank considers the board members' previous and ongoing responsibilities and achievements, including experience in Credit Risk Management, Sustainability Risk Management, and a background in Sustainable Finance, when assessing their qualifications and expertise.

C1.2

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

Position or committee

Other, please specify

Corporate Governance and Sustainability Committee (Sub committee of the BoD)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities

Integrating climate-related issues into the strategy

Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

The Committee, which acts as a sub-committee to the Board of Directors, has the authority to take initiative. If a decision is required to be taken by the BoD, the Committee carries the relevant issues to the BoD.

Position or committee

Other, please specify

Sustainability Executive Committee

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Developing a climate transition plan

Implementing a climate transition plan

Integrating climate-related issues into the strategy

Conducting climate-related scenario analysis

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking

Risks and opportunities related to our own operations

Reporting line

Other, please specify

Reports to the Corporate Governance and Sustainability Committee

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

CEO is the Chairman of the Sustainability Executive Committee. The Committee meets at least twice a year. Apart from this, it may hold meetings when necessary.

Position or committee

Investor relations manager

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Developing a climate transition plan

Implementing a climate transition plan

Integrating climate-related issues into the strategy

Conducting climate-related scenario analysis

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking

Reporting line

Other, please specify

Reports to the Sustainability Executive Committee

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

CEO is the Chairman of the Sustainability Executive Committee.

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	No, not currently but we plan to introduce them in the next two years	Albaraka Türk is considering providing incentives after the completion of the climate change transition plan.

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
Row 1	Yes, as an investment option	Albaraka Türk incorporates ESG criteria as an investment option for all retirement schemes offered to employees. As a bank, however, Albaraka Türk does not manage a pension fund directly. Albaraka Türk has a 50 percent share in Katılım Emeklik A.Ş.

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	In the context of Albaraka Türk, "short-term" refers to a duration of less than 3 years
Medium-term	3	6	The medium-term planning at Albaraka Türk covers a time horizon between 3 to 6 years, as our financing typically extends up to 6 years.
Long-term	6	15	The long-term planning at Albaraka Türk covers a time horizon between 6 to 15 years, as our financing typically extends up to 15 years.

C2.1b

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

In the second phase of the ESG and Sustainable Banking Program, implemented between 2020 and 2022, Albaraka Türk aims to achieve the goal of identifying and assessing substantive financial and strategic impacts. Despite the slowdown caused by Covid in 2020, significant progress has been made in building ESG capacity in 2021. This progress includes the design of mechanisms to evaluate environmental and social risks associated with lending portfolios in selected sectors, as well as the establishment of digital infrastructure to monitor outcomes. These mechanisms have been implemented for pilot applications in 2021. The sustainability committee is tasked with supervising the impacts of the Albaraka Türk's activities on the environment, society, and measures taken within this framework.

During the second phase, Albaraka Türk plans to incorporate ESG considerations into its retail strategy and mobilize new finance mechanisms, particularly for SMEs, to stimulate their activities in climate change mitigation and adaptation. The bank is currently analysing all its banking products and simulating the impact of various climate-related risks on its profitability. The aim is to define a quantified threshold for the reduction of profitability that would indicate a "substantive financial risk."

Additionally, Albaraka Türk is working on simulating its potential involvement in Science-Based Targets (SBTs), as the bank has recently been admitted to the initiative. Within the next 12 months, a plan will be developed to design a science-based greenhouse gas (GHG) reduction target. The financial impact simulation encompasses climate risks, SBTs, and other institutional goals related to a transition to sustainable banking. As of 2022, studies have been initiated within the scope of SBTi with the aim of calculating the climate burden of Albaraka Türk in a holistic manner and providing science-based targets. Targets are expected to be validated in the second half of 2023. The bank's goal is to convey its relevant targets and commitment to the SBTi in the 2023-2024 period.

Furthermore, Albaraka Turk has decided to incorporate various parameters of post-pandemic economic growth scenarios to address its potential role in building back better and to avoid the impact of rapid financial mobilization that may include non-climate-friendly banking products.

The climate and other environmental and social (E&S) risk analysis of major sectors have been completed, and now all loan processes above certain financial risk levels undergo scrutiny for 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 the ESG program, Albaraka Türk conducted a thorough review of all its banking services and products. The Sustainability Committee, Credit Risk Unit, and Strategic Planning were involved in identifying and assessing all sustainability risks, including climate-related risks. They prepared a risk and opportunity matrix to provide a snapshot of potential risks and opportunities in the short, medium, and long term. The assessment matrix, along with the comprehensive report, was shared with the Executive Management and Strategic Planning to be integrated into the corporate risk management modules. The matrix will be updated annually, and at least three case studies will be conducted each year to implement best practices. Continuous capacity building, including staff training, consultancy, and peer reviews, is an integral part of the assessment and disclosure program. The Sustainability and Stakeholder Relations Unit plays a vital role in integrating the outcomes into business plans to identify business opportunities, while the Credit Risk Department is responsible for reflecting the results in the risk management modules. In late 2021, a new initiative was launched to mainstream climate change in the banking business, focusing on a bottom-up approach to train all relationship managers at Albaraka Turk. The aim is to build staff-level capacity in perceiving and managing climate and other environmental and social risks. This capacity-building effort is not a one-time program but a continuous endeavour within the bank to mainstream climate change management in its banking operations. As part of the goal to implement the International Sustainability Standards Board (ISSB) framework, the quantified risks will be disclosed by 2024.

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 sector is the government and banking regulatory agencies. Albaraka Türk closely observes potential sustainability regulations set by the banking regulatory agency of Turkey and provides consultancy when needed. We also review global practices for sustainability regulations and green taxonomies to guide us in assessing potential risks and opportunities.

Another key player is Borsa Istanbul (the exchange entity of Turkey), where Albaraka Turk is listed as a public company. We are integrating sustainability reporting requirements and related risks into our corporate risk management strategy. Moreover, Albaraka Türk is the first and only participation bank in the BIST Sustainability Index since 2019.

Last but not least, we are examining our suppliers and how their sustainability risks can be assessed and integrated into our sustainability strategy. In 2019, we closely collaborated with various local governments to reduce our climate impact by implementing measures to reduce waste and water consumption, particularly at our HQ buildings. In 2021, we reviewed our procurement process, including staff travel, to ensure maximum efficiency in resource planning and utilization. Also, we sent our declaration about our sustainability strategy to our suppliers and ask for their tenderness in alignment with the UN Sustainable Development Goals.

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 exposure of loans with a maturity of more than a year and/or above 4 million USD (approx. 107 million TRY) were considered to be of risk. In terms of opportunities, the clients of those sectors will be assessed to be included in a priority list. In 2022, it was piloted for a chemical company. Then the questionnaire was integrated into the information technologies system. However, the application is not disseminated to all sectors, yet.

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 mandates GHG (Greenhouse Gas) inventory management for over 3000 installations in the country. Albaraka Turk actively monitors the list of installations subject to this regulation and identifies clients or potential clients that may have regulatory risks associated with it. In 2021, the response of these installations to the MRV enforcement was incorporated into the pilot ESG (Environmental, Social, and Governance) system at Albaraka Turk. The respondents voluntarily reported their MRV responses within 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 was assigned the office of Credit Risk with the responsibility of monitoring emerging climate regulations. Starting in 2026,

		Turkish companies will be exposed to the effects of the Carbon Border Adjustment Mechanism. Also, a national emission trading system will be launched in 2024. All exposed sectors will be subject to climate-related risk assessments.
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 of these high-risk/high-return technologies. After the national green taxonomy is issued, Albaraka Türk will finalize its own taxonomy which will include 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. As 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 Türk aims to reassessing operational cost for the bank and setting the strategy for relocating the branches in new buildings. In 2022, a study focusing on energy efficiency in headquarter building is completed and potential measures were defined.
Market	Relevant, always included	The market risk will change according to the impact of the climate change on the companies in our bank's portfolio. Decreased demand for goods and services due to changes in consumer preferences, increased production costs due to changing input prices (eg energy, water) and output requirements (eg waste treatment), and Sudden and unexpected changes in energy costs may affect the credibility of the banks in our portfolio.
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 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 risks if we do not proactively take steps towards reducing our emissions from own operations.
Acute physical	Relevant, always included	We are aware of acute physical risks are expected to result in an impact on the bank's business, cash flows, balance sheets operational risks, and liquidity risks. Albaraka Türk has a crisis squad and emergency concepts under the Emergency Action Plan that initiate appropriate countermeasures 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.

		If our customers are exposed to physical damage, Albaraka Türk's deterioration of the asset quality of the bank can be affected. To take precautions, we conduct real-time monitoring and investigation.
Chronic physical	Relevant, sometimes included	We are aware of chronic physical risks are expected to result in an impact on operational risks and liquidity risks. If our customers are exposed to physical damage, Albaraka Türk's deterioration of the asset quality of the bank can be affected. To take precautions, 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
Banking (Bank)	Yes
Investing (Asset manager)	Yes

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	60	Qualitative only	Medium-term Long-term	UNEP FI Portfolio Impact Analysis Tool for Banks	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.

	management process				Internal tools/methods External consultants Other, please specify Partnership for Carbon Accounting Financials (PCAF)	By conducting a scenario analysis we intended to comprehend how to use the UNEP FI model at its 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. Also, Albaraka Türk receives external consultancy services.
Investing (Asset manager)	Integrated into multi-disciplinary company-wide risk management process	60	Qualitative only	Medium-term Long-term	Internal tools/methods External consultants	Albaraka Portfolio A.Ş., a subsidiary of our bank, carries out asset management within the framework of interest-free principles. All assets managed by Albaraka Portfolio are based on participation banking principles. In venture capital investment funds, investments are predominantly made in emerging technology companies including climate mitigation and adaptation technologies.

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
Banking (Bank)	Yes
Investing (Asset manager)	Yes

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 Türk's risk management.

Portfolio

Investing (Asset manager)

Type of climate-related information considered

Climate transition plans

Process through which information is obtained

Directly from the client/investee

Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy

Materials

Software & Services

Technology Hardware & Equipment

Real Estate

State how this climate-related information influences your decision-making

Climate transition plans of those sectors play a significant role in Albaraka Türk's decisions regarding the upcoming investments toward a low-carbon transition.

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?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Heat wave

Primary potential financial impact

Increased direct costs

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 the current projected end-of-life.

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)

Potential financial impact figure – minimum (currency)

233,645,081

Potential financial impact figure – maximum (currency)

277,914,675

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

27,326,910

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 27326910 = 0.02 * 2732691000 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.

By 2040, nationwide, residential and commercial electricity expenditures are projected to increase by 6%–18% under a higher scenario (RCP8.5), 4%–15% under a lower scenario (RCP4.5), and 4%–12% under an even lower scenario (RCP2.6).
(<https://nca2018.globalchange.gov/chapter/4/>)

Identifier

Risk 2

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 credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Bank customers face new emission costs due to the new EU carbon tax mechanism. They also face new investment requirements such as energy efficiency to meet new standards and increasing energy costs. The Carbon Border Adjustment Mechanism will impose costs that are disproportionate to Turkey's GDP and increase costs in energy-intensive and high carbon-emitting sectors. Moreover, if Turkish companies do not adopt sustainable practices to address the climate crisis, they may face difficulties in accessing finance.

Careful planning for the sectoral impacts of the Green Deal and the smooth transition to compliance is crucial. Under the leadership of the Ministry of Trade of the Republic of Turkey, an Action Plan, containing 32 objectives and 81 actions, has been announced under nine basic criteria with the coordination of all actors in the public and private sector. The plan, which is a roadmap, aims to improve export competitiveness, strengthen Turkey's competitiveness at the international level and increase green investments in our country.

Although carbon regulation at the border is a burden for Turkish exporters, this window will provide our country with the opportunity to transition to a circular economy. At this point, the steps taken on carbon regulation will provide an important opening for the banking sector to increase the share of green finance in loan portfolios and benefit the knowledge gained in sustainability and ESG in transforming the real sector.

Time horizon

Medium-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)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Customers not well prepared for a new regulation with a carbon tax system cannot handle new operating costs.

Cost of response to risk

Description of response and explanation of cost calculation

Analyzing the customer's readiness for a new GHG cap and trade system with respect to potential regulations and guidance services.

Comment

The climate crisis is a major risk for our country's economy and the real sector. The first priority here should be the Green Deal announced by the EU, our largest export market. The manifesto contains the promise that for the European continent to be the first carbon neutral continent by 2050. As the EU moves forward to net zero zero carbon economy, it will initiate the Carbon Border Adjustment Mechanism to eliminate the negative impacts of the process on its economy.

Under this mechanism, countries that do not charge carbon prices for exports to the EU will be subject to a fee or tax . It is predicted that Turkey, which directs almost half of its exports to the EU, will be affected by the EU's 'green transformation'.

Identifier

Risk 3

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 credit risk

Climate risk type mapped to traditional financial services industry risk classification

Policy and legal risk

Company-specific description

Albaraka Türk will face 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)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Bank facing new regulations to assure climate responsible banking

Cost of response to risk

Description of response and explanation of cost calculation

Turkey is on the verge of implementing an emissions trading system (ETS). The existing Monitoring, Reporting and Verification (MRV) regulation clearly specifies which sectors are required to monitor GHG emissions by 2018 and potentially reduce them by 2023. These sectors will be potentially included in the cap and trade system when the ETS is launched. We have already categorized our customers and identified those that fall under compliance and the potential financial impact of such compliance. Understanding potential banking regulations and timely adaptation of new low-carbon banking, and developing a new business model with ESG and value-integrated banking is very critical at this point.

Comment

Turkey has been preparing for several years for the possible use of carbon pricing instruments to meet its climate change goals. The country ratified the Paris Agreement in 2021 and announced a new target at COP27 as part of its updated NDC, increasing the 2030 emissions reduction target from 21% of BAU emissions to 41%. The new Climate Law, which is currently being drafted, will provide the legal basis for the key features of a future emissions trading system. As part of this process, Türkiye plans to start its own emission trading system.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Technology

Substitution of existing products and services with lower emissions options

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

Funding risk

Company-specific description

The branchless and fully digital banking application “insha”, the first step in the field of digital participation banking abroad, is also a first in participation banking in Turkey. Continuing its rapid digital transformation process, Albaraka Türk successfully continues its efforts with the aim of providing all of its physical branch services in end-to-end digital environments.

Albaraka Türk, which is a pioneer in the development of the start-up ecosystem in Turkey, provides incubation and acceleration opportunities to entrepreneurs with technology based business ideas and projects with Albaraka Garage, which is a first for participation banks, making a qualified contribution to the development of the entrepreneurship ecosystem in Turkey. As a reflection of the great entrepreneurial movement and motivation created by Albaraka Garaj, a Venture Capital Investment Fund was founded within Albaraka Türk to establish commercial partnerships with entrepreneurs.

Founded by Albaraka Portföy Yönetim A.Ş. Innovation Venture Capital Investment Fund in 2020 and researching, evaluating, testing and implementing technologies and applications that will bring innovative and digital financial solutions to the needs of its customers, insha Ventures continues its activities with the aim of developing and managing financial technology (FinTek) projects. Moreover, we started to see investment ideas to solve climate related problems in recent years. Our initiative will invest in these areas if found feasible.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

3,000,000,000

Potential financial impact figure – maximum (currency)

3,750,000,000

Explanation of financial impact figure

In a rapidly digitalizing world, Albaraka Türk will be investing in the paperless solutions. Considering the already invested financial amount of the Albaraka Portföy Yönetim A.Ş., the figure is expected to be 20-50% for the upcoming years. As of December 2022, the total value of the VCFs and funds within its body exceeded TL 2.5 billion TL. The cost calculation has been considered as minimum 20% and maximum 50% of the already funded financial figure.

Cost of response to risk

86,000,000

Description of response and explanation of cost calculation

The cost has been declared by Albaraka Türk in 2022 Integrated Annual Report. All of the ventures that are funded by Albaraka Türk are a part of the digitalization in the upcoming world, which will contribute to reduce the paper consumption and reducing the logistic costs. 36,184,492 of paperless transactions made through digital channels during the reporting period.

Comment

The Albaraka Portföy Yönetim Venture Capital Mutual Funds unit completed eight new VCF foundations in 2022 and invested a total of TL 86 million in 26 companies, 15 of which are new and 11 are continuing investment tours.

As of December 2022, the total value of the VCFs and funds within its body exceeded TL 2.5 billion TL. APY Ventures, Albaraka's brand which touches the entrepreneurial ecosystem, was selected as the most active VC of the year in the ecosystem awards provided by Startupcentrum based on the available data. Informatics Valley VCFs, one of the most active venture capital investment funds in Turkey and the flagship of Albaraka Portföy Yönetim Venture Capital Funds, undertook 12 new investments in 2022. Informatics Valley VCF, whose main focus is Mobility, continues its investment processes in a dynamic way. The Start-up VCF, another of Albaraka Portföy Yönetim's VCFs, undertook four new investments and five follow-up investments in 2022. The fund volume approximately quadrupled in 2022 and the fund price (APYVC) increased from TL 1,752 at the beginning of 2022 to TL 3,500 TL by the end of the year. With the Fintech VCF, in which Albaraka Türk is the investor, a new investment of USD 750,000 was undertaken in 2 companies.

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?

Investing (Asset manager) portfolio

Opportunity type

Markets

Primary climate-related opportunity driver

Increased demand for funds that invest in companies that have positive environmental credentials

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

Albaraka Türk provides various services to its customers by enriching the scope of sustainable finance products such as renewable energy financing, roof GES, and gray water loans. By the end of 2022, Albaraka Türk has funded 83 renewable energy projects, with a total of 531 MW installed capacity, including Solar Power Plants, Hydroelectric Power Plants, Biomass Power Plants, Wind Power Plant.

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)

Potential financial impact figure – minimum (currency)

983,924,691

Potential financial impact figure – maximum (currency)

1,202,574,623

Explanation of financial impact figure

By the end of 2022, Albaraka Türk has funded 83 renewable energy projects, with a total of 531 MW installed capacity, including Solar Power Plants, Hydroelectric Power Plants, Biomass Power Plants, Wind Power Plants, which are followed by the Bank's contracts and senior management approvals. Also, Albaraka Türk's strategic sustainability targets include expanding the portfolio of sustainable finance products such as renewable energy financing, solar power plants, gray water loans.

The estimated annual electricity generation of 571 MW installed capacity renewable energy projects is 1.250.490 MWh. Based on 2020 Turkish Electricity Transmission Corporation data, the grid emission factor of renewable energy projects is 0.6488 tCO₂e/MWh. Considering these, the annual estimated emission reduction of 83 renewable energy projects funded by Albaraka Türk is 811.317 tCO₂e per year. Considering the 10 years opportunity to make carbon credit profit (such as I-REC) of these projects, the estimated 10-years of emission reduction will be 8.113.170 tCO₂e. The average price of a carbon credit is USD 5, which means the profit of the 83 projects will be approximately USD 40,565,850. The TRY equivalent of 40,565,850 USD is 1,093,249,658. To be conservative, we are using the +/-10% of the calculation.

Cost to realize opportunity

3,069,590,887

Strategy to realize opportunity and explanation of cost calculation

Our strategy is to develop new portfolios and funds for sustainable energy and resource efficiency projects market development for new financial tools.

The cost has been calculated and confirmed with the Limited Assurance Report provided by a third-party auditor company. The Limited Assurance Report has been integrated to Albaraka Türk Integrated Annual Report, which is publicly published.

Comment

Albaraka Türk will continue to provide sustainable finance-based products such as renewable energy financing and roof-top solar power projects.

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 promotes resource efficiency among its suppliers, especially in paper and business travel. Ongoing communication with suppliers leads to more efficient use of resources. For instance, communication with the supplier of photocopiers and paper suppliers led to a significant reduction in paper consumption. Since last year the program expanded wider in procurement. 36,184,492 of paperless transactions made through digital channels during the reporting period.

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)

Potential financial impact figure – minimum (currency)

533,994,000

Potential financial impact figure – maximum (currency)

907,789,800

Explanation of financial impact figure

Based on the 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 2022.

Cost to realize opportunity

1,500,000

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

In order to prevent waste batteries from contaminating nature, batteries are collected separately in the Head Office building. In this context, approximately 65 kg of waste batteries were sorted and delivered to TAP (Portable Battery Manufacturers), the official waste collection authority, in 2022. Cardboard boxes used in the transportation activities of the Headquarters building are used approximately 15 times, and cardboard boxes which have completed their useful lives are referred to municipal recycling facilities.

The Head Office building was designed in such a way to utilize daylight to the highest level. In this way, it was possible to both reduce the

amount of energy used on lighting and to use the positive effects of daylight on the employees in indoor spaces. Highly efficient lighting fixtures are used in the building and low-mercury fluorescent bulbs are selected.

Sustainable cleaning materials are preferred for cleaning the office floors in the Head Office building with cleaner, safer, healthier environmentally sensitive products used.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Other parts of the value chain

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

In 2022, important projects were implemented in order to enable our customers to access banking services without going to the branch. Access to banking services through alternative channels was not limited to individual customers. Thanks to the projects implemented in 2022, our corporate customers have started to access many products, such as online letters of guarantee, in the digital environment.

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)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Working to simplify business processes and continuously enhance the user experience around the concept of simplicity, Albaraka Türk has created a digital ecosystem through collaborations with different institutions. The Bank aims to develop and enrich its digital ecosystem by producing innovative solutions by working with FinTechs and other solution partners. In this vein, the Bank had achieved integration with more than 166 institutions for bill payments, salary payments and school installment payments within the scope of Pay with Albaraka as of the end of 2022, along with integrations with e-commerce sites.

Albaraka Türk has recently redoubled its efforts to offer innovative payment methods in order to mediate in banking transactions and payments based on the latest state-of-the-art technological infrastructure. In this context, once the mobile application reads the NFC-enabled chip ID cards, the remote customer service over video call is activated, thus doing away with the need to go to the branch to open a bank account. The Pay

with Albaraka service has been expanded to more e-commerce sites for customers who wish to shop through online retail sites using the balance in their account rather than shopping with a card. The Bank also offered its customers a host of new innovations such as being able to withdraw or deposit money from Albaraka Mobile using a QR code, shopping with QR code through POS and the Albaraka Digital Debit Card, which can be created digitally.

New competencies have been added to the Albaraka Assistant (Chatbot), one of the channels expected to be used extensively in the future, with the aim of serving more customers.

Comment

Albaraka Türk maintained its activities in 2022 in line with its targets and strategies aimed at digitalization and building its individual customer base. In this context, customer satisfaction was maintained at a high level in the field of remote customer acquisition, and the number of customers acquired remotely grew by 155% in 2022.

However, Practical Finansman Card, which provides consumer financing to our customers through physical or digital channels without visiting a branch, has reached high sales volumes in a short time.

According to 2022 figures;

- Nine in every ten transactions carried out on a daily basis at Albaraka Türk were through digital channels, cards and POS,
- Apart from card and POS transactions, eight in every ten transactions performed on a daily basis were completed through digital channels.

C3. Business Strategy

C3.1

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

Row 1

Climate transition plan

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

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

Over the past years, Albaraka Türk has calculated, verified, and shared its Scope 1, 2, and 3 emissions. Currently, we carry out Scope 3 greenhouse gas emissions calculation studies for the estimation of financial risks stemming from climate change. Since the estimation of Albaraka Türk's Scope 3 emissions will be completed in 2023, we can involve them in our ESG Program and collect data on all climate-related risks, which will help us build a transition plan within the next year. Albaraka Türk has already committed to SBTs and can now incorporate all collected data (spanning the emissions of our entire value chain) into a 1.5°C transition plan.

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	No, but we anticipate using qualitative and/or quantitative analysis in the next two years	Lack of internal resources	Our current department is improving the calculation of climate-related risk scenarios. We plan to incorporate these analyses into our decision-making as soon as possible by including them in our scenario analysis.

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. We are already offering green funds for energy efficiency, and gray water systems. Also, we are aiming to increase the renewable energy projects in our electricity generation project finance

		portfolio. We are planning to develop an ESG-linked loan program. As soon as the regulations on national green taxonomy have been published, we will develop a taxonomy of our own to identify what is eligible for green finance and elaborate on climate-positive activities within said taxonomy.
Supply chain and/or value chain	Yes	Albaraka Türk operates a procurement process based on resource efficiency criteria. All purchases of paper, stationary and other resources, for instance, should be evaluated from a resource efficiency and waste minimization perspective.
Investment in R&D	Yes	Albaraka Türk has never financed any projects that are harmful to the environment, waterways, or basins. For all projects planned to be financed, Environmental Impact Assessment (EIA) Reports have been requested to determine positive and negative environmental effects. Lastly, Albaraka Türk has continued its efforts to develop a corporate policy to provide financing for sustainable projects.
Operations	Yes	Climate change has influenced our short-term strategy to reduce carbon emissions in our own operations and minimize our operational footprint. Organizational priorities include controlling operating costs and reducing emissions. In the long term, climate change continues to impact our strategy as we maintain our operational focus on energy costs and reducing the use of fossil fuel-based resources. We are actively seeking opportunities to adopt alternative and 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	Climate change issues are directly evaluated by our Strategic Planning department, which is also responsible for strategic financial planning. A Sustainability and Stakeholder Relations Unit is responsible for incorporating all feedback from the Sustainability Committee, Executive Sustainability Committee, and the CEO into the strategic financial planning process. A key activity in this process is the ESG Planning Project and its output. The department considers two aspects of climate change, namely mitigation and adaptation, from both a risk and

	Assets	opportunity perspective. In terms of risks, we evaluate the impact of all identified climate change-related risk parameters on revenues, direct costs, indirect costs, access to capital, and assets. The evaluation includes qualitative and quantitative assessments. Generally, the content of the risk evaluation is as follows: • Revenues: We analyse the breakdown of all revenue streams from products and services to assess the potential impact of climate change-related risks under different scenarios. • Direct and Indirect Costs: We evaluate cost items, particularly those stemming from banking operations and the maintenance of physical assets such as branches, servers, and headquarters buildings, in relation to forecasted physical changes. This section includes operational costs and overhead. • Assets: We revalue all banking assets considering economic forecasts and market outlook. Recently, we have incorporated certain climate change-related parameters into this evaluation and have tagged our assets as brown or green to distinguish their increasing or diminishing future value. • Access to Capital: As part of strategic planning, we aim to improve financial mobility and the provision of capital. We now assess climate-related risks and explore how the bank can mitigate the risk of diminishing access to capital. Regarding the opportunity section, the evaluation focuses on generating new revenue through climate-friendly streams of services and products (revenues), reducing costs through climate change investments (direct and indirect costs), and increasing asset value through the greening of assets. Access to capital is a key factor in conducting strategic financial planning and considering climate-related opportunities. The outcome of greening our bank's services and products, along with a robust ESG mechanism, is considered when strategizing for access to capital.
--	--------	--

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
Row 1	No, but we plan to in the next two years

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?

	Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies	Explain why the policy framework for your portfolio activities do not include climate-related requirements for clients/investees, and/or exclusion policies
Row 1	No, but we plan to include climate-related requirements and/or exclusion policies in our policy framework in the next two years	Supporting the United Nations 2030 Sustainable Development Goals, the Bank aims to enrich its sustainability and ESG scorecard with new breakthroughs. In this context, Albaraka Türk maintains its work to establish an Environmental Social Governance System that will enable it to achieve net zero emissions.

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?

We are currently measuring ESG risks and will incorporate climate risk assessment. Then, we will have climate-related requirements for clients/investees.

C-FS3.7

(C-FS3.7) Does your organization include climate-related requirements in your selection process and engagement with external asset managers?

Climate-related requirements included in selection process and engagement with external asset managers	Primary reason for not including climate-related requirements in selection process	Explain why climate-related requirements are not included in selection process and engagement with
--	--	--

		and engagement with external asset managers	external asset managers and your plans for the future
Row 1	No, but we plan to include climate-related requirements in the next two years	Important but not an immediate priority	Albaraka Türk is planning to include climate-related requirements in their selection process and engagement with external asset managers.

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 currently in the phase of identifying the GHG emissions and hotspots within our value chain. Once we have built our transition strategy, we will incorporate covenants to ensure climate-related risk management within our bank's portfolio.

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

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

Year target was set

2023

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

Base year

2018

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

3,546.69

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

7,618.11

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

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

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

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

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

11,164.8

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, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

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

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 (%)

50.4

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

5,537.7408

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

4,037

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

5,942

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

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

9,978.9

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

21.0749515484

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

The target covers Scope 1 and Scope 2 emissions based on the absolute contraction approach.

Plan for achieving target, and progress made to the end of the reporting year

Albaraka Turk has mid-term milestones. Our Abs1 emission reduction target includes a 50% reduction in both Scope 1 and 2 GHG emissions by 2030 against the 2018 baseline. Albaraka Turk's 2021 scope 1 and 2 emissions were 9,548.17 tCO₂-e, equivalent to a 21% emission reduction from the 2018 base year emissions, meaning we are reaching our target. 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.

List the emissions reduction initiatives which contributed most to achieving this target

C4.1b

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

Target reference number

Int 1

Is this a science-based target?

Yes, we consider this a science-based target, but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years

Target ambition

1.5°C aligned

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)

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, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for total Scope 3 (metric tons CO2e per unit of activity)

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, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure

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

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

32.25

% change anticipated in absolute Scope 3 emissions

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

1.5

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

2.2

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for total Scope 3 (metric tons CO2e per unit of activity)

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

3.7

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

-91.8367346939

Target status in reporting year

Underway

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 Türk's 2022 scope 1 and 2

emissions were 9,979 tCO₂-e, equivalent to a 10.62% emission reduction from the 2018 base year emissions. Normalized base year emissions

in 2018 was 2.8 metric tons CO₂e in 2022 this value is 3.7 metric tons CO₂e. The intensity figure has increased 32.25%. The main reason behind this, the number of employees decreased by 32.42% between 2018 and 2022.

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

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

2023

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)

15,631

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

0

Target year

2030

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

100

% 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 100 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

As per Science Based Target Initiative's policy, Albaraka Türk should achieve 100% percent renewable energy consumption by 2030.

Plan for achieving target, and progress made to the end of the reporting year

The target is set in the reporting year. Considering the responsibility with the Science- Based Target Initiative, Albaraka Türk is aiming to achieve the target by 2030.

List the actions which contributed most to achieving this target

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		
To be implemented*	1	9,979
Implementation commenced*		

Implemented*	2	825
Not to be implemented		

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings

Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)

815

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)

2,852,308

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

1,500,000

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

Electricity consumption at the Bank's Head Office was reduced by 29% in 2022 as a result of work carried out in the Head office building, such as covering exteriors with window film, regulating lighting systems and the duration of lighting, adjusting the heat settings in the thermostats and regulating the operation periods for heating and cooling systems.

The amount of energy saved was approximately equivalent to the electricity consumption of 450 households.

The Head Office building was designed in such a way to utilize daylight to the highest level. In this way, it was possible to both reduce the amount of energy used on lighting and to use the positive effects of daylight on the employees in indoor spaces. Highly efficient lighting fixtures are used in the building and low-mercury fluorescent bulbs are selected.

In 2022, an ASHRAE Level II energy audit was carried out at the Head Office building and the feasibility of various energy efficiency investments was calculated.

Initiative category & Initiative type

Waste reduction and material circularity

Waste reduction

Estimated annual CO2e savings (metric tonnes CO2e)

10.45

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)

680,000

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

1,105,000

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

Albaraka Turk 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 contributing 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; 408 trees were prevented from being cut by reducing the paper consumption.

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 2022, Bank employees were given a total of 185.713 hours of training, 57,44 hours per person. Around 70% of this training was carried out in the digital environment. The digitalization efforts of Albaraka Türk enabled uninterrupted training activities during the pandemic. Employees were able to participate 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.
Compliance with regulatory requirements/standards	Albaraka Türk 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)

1,500,000,000

% 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

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?
Row 1	No

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)

3,546.69

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)

7,618.11

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)

1,948

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: 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)

4,036.68

Start date

January 1, 2022

End date

December 31, 2022

Comment

The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (1,714.67 t CO₂e). Moreover, the other part is caused by energy consumption from fossil fuel sources for heating, generators, and refrigerants. (2,322.01 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)

3,776.63

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 2

Gross global Scope 1 emissions (metric tons CO₂e)

3,114.61

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 3

Gross global Scope 1 emissions (metric tons CO₂e)

3,844.99

Start date

January 1, 2019

End date

December 31, 2019

Comment

The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (2,113.82 t CO₂e). Moreover the other part is caused by energy consumption from fossil fuel sources for heating, generators and refrigerants. (1,731.17 t CO₂e). 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 4

Gross global Scope 1 emissions (metric tons CO₂e)

3,546.69

Start date

January 1, 2018

End date

December 31, 2018

Comment

The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (2,176.30 t CO₂e). Moreover, the other part is caused by energy consumption from fossil fuel sources for heating, generators and refrigerants. (1,370.39 t CO₂e). During the reporting period, we were able to compile data from 100% of the facilities. (230 branches and Regional Headquarters and 1 Headquarters). 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 5

Gross global Scope 1 emissions (metric tons CO₂e)

5.198

Start date

January 1, 2017

End date

December 31, 2017

Comment

Scope 1 includes emissions that result from the heating, air conditioning, vehicles, and generator.

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 Türk 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

5,942.19

Start date

January 1, 2022

End date

December 31, 2022

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 2022.

Past year 1

Scope 2, location-based

5,771.77

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 2

Scope 2, location-based

6,879.74

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 3

Scope 2, location-based

7,964.88

Start date

January 1, 2019

End date

December 31, 2019

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 2018 Turkish Electricity Transmission Corporation data, which is most recent available official data in Turkey, was used for the calculation of scope 2 emissions in 2019.

Past year 4

Scope 2, location-based

7,618.11

Start date

January 1, 2018

End date

December 31, 2018

Comment

During the reporting period we were able to compile electricity consumption data from 100% of the facilities. (230 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 2017 TEİAŞ data, which is most recent available official data, was used for the calculation of scope 2 emissions in 2018. (EF: 0.4871)

Past year 5

Scope 2, location-based

7,564

Start date

January 1, 2017

End date

December 31, 2017

Comment

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 2017 TEİAŞ data, which is most recent available official data, was used for the calculation of scope 2 emissions in 2017. (EF: 0.4871)

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 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)

60.81

Emissions calculation methodology

Average data method

Average product method

Site-specific method

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

0

Please explain

All paper consumed by Albaraka Bank has been recorded and the average data for the CO2 emissions by unit of 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

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

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

Please explain

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

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Please explain

Paper is the most significant waste generated by Albaraka Türk. 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)

31.28

Emissions calculation methodology

Distance-based method

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

Please explain

All business trips by the staff paid by Albaraka Türk have been recorded. The list of flights is taken from the 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

Please explain

Employee commuting data is not available.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

There are no upstream leased assets, not relevant.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

There is no downstream transportation and distribution, not relevant.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Albaraka Türk does not sell products, provides services, not relevant to the banking sector.

Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Albaraka Türk 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

Please explain

Albaraka Türk does not sell products, provides services, not relevant to the banking sector.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Albaraka Türk has no assets to leased, therefore it is not relevant.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Albaraka Türk does not provide any franchising activities.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

C6.5a

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

Past year 1

Start date

January 1, 2021

End date

December 31, 2021

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

108.31

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)

42.23

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: Other (upstream) (metric tons CO₂e)

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

Comment

Past year 2

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: Other (upstream) (metric tons CO2e)

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

Comment

Past year 3

Start date

January 1, 2019

End date

December 31, 2019

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

2,781.41

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)

118.65

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: Other (upstream) (metric tons CO2e)

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

Comment

Past year 4

Start date

January 1, 2018

End date

December 31, 2018

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

2,166.02

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)

172.99

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: Other (upstream) (metric tons CO2e)

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

Comment

Past year 5

Start date

January 1, 2017

End date

December 31, 2017

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

1,948

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)

196

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: 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

0.0000009444

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

9,978.87

Metric denominator

Other, please specify

Gross Operational Profit

Metric denominator: Unit total

10,566,536,000

Scope 2 figure used

Location-based

% change from previous year

66.58

Direction of change

Decreased

Reason(s) for change

Other, please specify

Change in gross

Please explain

In 2022, Albaraka Türk's gross operational profit was TL 10.57 billion with an increase of %212.71. Scope 1+2 (location based) emissions was 9,978.87 tCO₂e. Compared to the previous reporting period the intensity figure has been decreased by 66.58%. The main reason for this is the increase in the amount of gross operational profit between 2021-2022. 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

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

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?

Increased

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 in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	Albaraka Türk did not purchase renewable energy in 2022.
Other emissions reduction activities				One of the branches were using coal for heating purposes. It is moved to another location where natural gas is used.
Divestment				There had been no divestment activities in the reporting period.
Acquisitions				There had been no acquisition activities in the reporting period.
Mergers				Albaraka Türk was not involved in any mergers in the reporting period.
Change in output				There was no change in output.
Change in methodology				The grid emission factor based on 2020 IEA data was used for the calculation of Scope 2 emissions in 2022 (The emission factor is 0.4183 which is the most recent available official data when audited). Since the emission factor has not been updated since last year, there has been no change related to the emission factor.
Change in boundary				There was no change in boundary.

Change in physical operating conditions				There were no changes in physical operating conditions that resulted in a variation in our emissions in the reporting period.
Unidentified				There were no unidentified reasons that resulted in a variation in our emissions in the reporting period.
Other	170.42	Increased	3	As the Covid-19 restrictions applied in 2021 started to be relaxed in 2022, the rate of working in the office has increased in the head office and all branches. At the same time, the number of employees increased from 2669 in 2021 to 2695 in 2022. As a result of all these, Scope 2 emissions increased by 3%.

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)		6,223.4	6,223.4
Consumption of purchased or acquired electricity			14,186	14,186
Total energy consumption			20,409.4	20,409.4

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Turkey

Consumption of purchased electricity (MWh)

14,186

Consumption of self-generated electricity (MWh)

0

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

14,186

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

16.61

Metric numerator

Cubic meters

Metric denominator (intensity metric only)

FTE

% change from previous year

30

Direction of change

Increased

Please explain

In last year's report 34090.51 m3 water consumption has been reported in 2021 and FTE was reported as 2669, which equals to 12.77 metric value. This year 44771.95 m3 water consumption reported and FTE value stated as 2695 in annual report. Metric value calculated as 16.61. Total water consumption per full- time employee increased by 30% compared with the previous year.

Description

Energy usage

Metric value

5.26

Metric numerator

MW

Metric denominator (intensity metric only)

FTE

% change from previous year

2

Direction of change

Increased

Please explain

In 2022, the number of employees was 2,695 and the total energy consumption was 14,186 MWh. During the reporting period, electricity consumption per FTE is approximately 5.26. Total energy consumption per full-time employee increased by 2% compared with the previous year. (The number of employees was 2,669 and intensity figure was 5.15 MW/FTE in 2021)

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

Limited assurance

Attach the statement

 Albaraka Türk_Verification Statement.pdf

 2022-integrated-annual-reportt (3).pdf

Page/ section reference

Page 160-165

Relevant standard

ISAE3000

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

Limited assurance

Attach the statement

 Albaraka Türk_Verification Statement.pdf

 2022-integrated-annual-reportt (3).pdf

Page/ section reference

Page 160-165

Relevant standard

ISAE3000

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

 Albaraka Türk_Verification Statement.pdf

 2022-integrated-annual-reportt (3).pdf

Page/section reference

Page 160-165

Relevant standard

ISAE3000

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 Total Annual Water Consumption by Source	ISAE3000	Water consumption and water discharge is verified by the third-party auditor. Please find attached the Integrated Annual Report for the verification statement (p160-165).  1, 2

 ¹Albaraka Türk_Verification Statement.pdf

 ²2022-integrated-annual-reportt (3).pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

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 suppliers

Yes, our customers/clients

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

% of suppliers by number

100

% total procurement spend (direct and indirect)

0

% of supplier-related Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

We are examining our suppliers and how their sustainability risks can be assessed and integrated into our sustainability strategy.

Impact of engagement, including measures of success

In 2021, we reviewed our procurement process, including staff travel, to ensure maximum efficiency in resource planning and utilization. Also, we sent our declaration about our sustainability strategy to our suppliers and ask for their tenderness in alignment with the UN Sustainable Development Goals.

Comment

We are planning to establish a green procurement policy and expand the coverage of engagement to all segments of procurement.

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

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% 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.

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 the sustainable use of resources. Hence, we regularly communicate with our suppliers to encourage them to adopt green business practices.

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

	Exercise voting rights as a shareholder on climate-related issues	Primary reason for not exercising voting rights as a shareholder on climate-related issues	Explain why you do not exercise voting rights on climate-related issues
Row 1	No, and we do not plan to in the next two years	No instruction from management	We have been actively in contact with policy makers on climate-related regulations. However, voting rights is not in our agenda at the moment.

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

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

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

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

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.

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?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Regulations on Green Asset Ratio

Category of policy, law, or regulation that may impact the climate

Low-carbon products and services

Focus area of policy, law, or regulation that may impact the climate

Circular economy

Low-carbon innovation and R&D

Sustainable finance

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Turkey

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

Support with no exceptions

Description of engagement with policy makers

Albaraka Türk has contributed to the policy with their comments.

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 on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Emissions Trading Schemes

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

Focus area of policy, law, or regulation that may impact the climate

Carbon taxes

Emissions trading schemes

Carbon offsets

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Turkey

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

Support with no exceptions

Description of engagement with policy makers

Proposing ideas on the role of banking sector and financial institutions in the upcoming Turkish Emission Trading Scheme.

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 on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

Participation Banks Association of Türkiye

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

Albara Türk Bank is a significant member of the Participation Banks Association of Türkiye. We provide our comments on regulations through the Participation Banks Association of Türkiye.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

0

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

No, we have not evaluated

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

 2022-integrated-annual-reportt (3).pdf

Page/Section reference

Page 115

Content elements

Governance
 Strategy
 Risks & opportunities
 Emissions figures
 Other metrics

Comment

In addition, verified emission figures for 2022 have been published on our website.

C12.5

(C12.5) 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 2023.

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

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify

We are currently working on the calculations.

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 currently working on the calculations.

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

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify

We are currently working on the calculations.

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 currently working on the calculations.

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

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify

We are currently working on the calculations.

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 currently working on the calculations.

Investing in all carbon-related assets (Asset manager)

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

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify

We are currently working on the calculations.

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 currently working on the calculations.

Investing in coal (Asset manager)

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

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify

We are currently working on the calculations.

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 currently working on the calculations.

Investing in oil and gas (Asset manager)

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

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify

We are currently working on the calculations.

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 currently working on the calculations.

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	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	A quantified model based on SBTI process and ESG building, we will quantify the impact of our portfolio.
Investing (Asset manager)	No, but we plan to do so in the next two years	A quantified model based on SBTI process and ESG building, we will quantify the impact of our portfolio.

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)	No, but we plan to in the next two years	A quantified model based on SBTI process and ESG building, we will quantify the impact of our portfolio.

Investing (Asset manager)	No, but we plan to in the next two years	A quantified model based on SBTi process and ESG building, we will quantify the impact of our portfolio.
---------------------------	--	--

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
Row 1	No, but we plan to do so within the next 2 years

C15.3

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

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

No, but we plan to within the next two years

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No, but we plan to within the next two years

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

No

C15.5

(C15.5) 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	Education & awareness Law & policy

C15.6

(C15.6) 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

C15.7

(C15.7) 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
No publications		

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 2022 Integrated Annual Report of Albaraka Bank
<https://www.albaraka.com.tr/documents/yatirimci-iliskileri/faaliyet-raporlari/2022-integrated-annual-reportt.pdf>

You can find attached the Albaraka Türk 's verification statement by the third party auditor company.
 ALBARAKA TÜRK 2022 CDP GHG Ver. Statement.pdf

 Albaraka Türk_Verification Statement.pdf

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	Sustainability and Stakeholder Relations Unit Manager	Environment/Sustainability manager

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	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Water	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.

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

Yes

Criteria used to assess competence of board member(s) on this issue area

The Deputy Chairman of Albaraka Türk Bank has been appointed as the Minister of Agriculture and Forestry. He served to the Minister of Agriculture and Forestry of the Republic of Türkiye until March 2022, and then he has been elected as an independent member of the board of directors of our Bank in August 2022.

Also, another Board Member of Albaraka Türk Bank has established his own investment company and still deals with agriculture and livestock investments.

Water

Board member(s) have competence on this issue area

No, but we plan to address this within the next two years

Primary reason for no board-level competence on this issue area

Important but not an immediate priority

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

We are planning to address this issue in the upcoming years.

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.

Position or committee

Sustainability committee

Issue area(s)

Forests

Water

Forests- and/or water-related responsibilities of this position

Managing annual budgets for forests and/or water security mitigation activities

Developing plans for transition to a deforestation free and/or water secure world
Integrating forests- and/or water-related issues into the strategy

Coverage of responsibilities

Reporting line

Reports to the Board directly

Frequency of reporting to the board on forests- and/or water-related issues via this reporting line

Quarterly

Please explain

The Committee consists of at least two members elected by the Board of Directors. The purpose of the Committee is to monitor and evaluate the Bank's compliance with the Corporate Governance Principles, to carry out improvement activities, to ensure that the Bank adopts the best practices in the field of sustainability and to offer suggestions to the Board of Directors on all these 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	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Banking – Water exposure	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Investing (Asset manager) – Forests exposure	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.

Investing (Asset manager) – Water exposure	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
--	--	---

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	No, but we plan to do so within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Banking – Water-related information	No, but we plan to do so within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Investing (Asset manager) – Forests-related information	No, but we plan to do so within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Investing (Asset manager) – Water-related information	No, but we plan to do so within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.

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	No	Not yet evaluated	It is not in our agenda right now.
Water	No	Not yet evaluated	It is not in our agenda right now.

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	No	Opportunities exist, but we are unable to realize them	We do not have the capability to assess forest related opportunities.
Water	No	Opportunities exist, but we are unable to realize them	We do not have the capability to assess water related opportunities.

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

No, we do not take risks and opportunities into consideration

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

When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.

Water

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

No, we do not take risks and opportunities into consideration

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

When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.

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

No, we have not conducted any scenario analysis to identify outcomes for this issue area, but we plan to in the next two years

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

We do not have the capability to assess this at the moment.

Water

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, but we plan to in the next two years

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

We do not have the capability to assess this at the moment.

FW-FS3.3

(FW-FS3.3) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?

Targets set	Explain why your organization has not set targets for deforestation free and/or water secure lending, investing and/or insuring and any plans to address this in the future
-------------	---

Forests	No, but we plan to set targets within the next two years	We do not have the capability to assess this at the moment.
Water Security	No, but we plan to set targets within the next two years	We do not have the capability to assess this at the moment.

FW-FS3.4

(FW-FS3.4) 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	No, but we plan to address this within the next two years	We do not have the capability to assess this at the moment.
Water	Yes	

FW-FS3.4a

(FW-FS3.4a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.

Product type

Corporate loans

Taxonomy or methodology used to classify product(s)

Externally classified using other taxonomy or methodology, please specify

Product enables clients to mitigate

Water insecurity

Description of product(s)

A national green taxonomy is being established. Then, we will have our internal taxonomy to assess project's ability to mitigate water insecurity.

Type of activity financed, invested in or insured

Water supply and sewer networks infrastructure

Water treatment infrastructure

Wastewater treatment infrastructure

Water resources and ecosystem protection

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

% of total portfolio value

FW-FS3.5

(FW-FS3.5) 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	No, and we do not plan to include this issue area in the next two years	We have not set it as an obligatory requirement in our planning yet.
Water	No, and we do not plan to include this issue area in the next two years	We have not set it as an obligatory requirement in our planning yet.

FW-FS3.6

(FW-FS3.6) 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 why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	No, and we do not plan to in the next two years	Is it not in our agenda right now.
Water	No, and we do not plan to in the next two years	Is it not in our agenda right now.

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	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Clients – Water	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Investees – Forests	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.
Investees – Water	No, but we plan to within the next two years	When we have a transition plan, we will incorporate criteria to assess forests and water related risks and opportunities.

FW-FS4.2

(FW-FS4.2) Does your organization exercise its voting rights as a shareholder on forests- and/or water-related issues?

	We exercise voting rights as a shareholder on this issue area	Explain why your organization does not exercise voting rights on this issue area and any plans to address this in the future
Forests	No, and we do not plan to in the next two years	Voting rights is not in our agenda right now.
Water	No, and we do not plan to in the next two years	Voting rights is not in our agenda right now.

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
Row 1	Yes	Other, please specify Agricultural activities in line with the Islamic rules

FW-FS4.3a

(FW-FS4.3a) Describe how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.

Other, please specify

Financial service provided

Banking

Smallholder financing/insurance approach

Long term financing/insurance contracts

Other smallholder engagement approaches

Organizing capacity building events

Disseminating technical materials

Number of smallholders supported

2,067

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

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?

	External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area
Water	Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area

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	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	No, but we plan to in the next two years	Lack of tools or methodologies available	There is no reliable tool or methodology assesses our portfolio impact on forests and/or water security
Banking – Impact on Water	No, but we plan to in the next two years	Lack of tools or methodologies available	There is no reliable tool or methodology assesses our portfolio impact on forests and/or water security

Investing (Asset manager) – Impact on Forests	No, but we plan to in the next two years	Lack of tools or methodologies available	There is no reliable tool or methodology assesses our portfolio impact on forests and/or water security
Investing (Asset manager) – Impact on Water	No, but we plan to in the next two years	Lack of tools or methodologies available	There is no reliable tool or methodology assesses our portfolio impact on forests and/or water security

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	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	There is no reliable tool or methodology assesses our portfolio impact on forests and/or water security
Lending to companies operating in the palm oil products supply chain	No		
Lending to companies operating in the cattle products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	There is no reliable tool or methodology assesses our portfolio impact on forests and/or water security
Lending to companies operating in the soy supply chain	No		

Lending to companies operating in the rubber supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	There is no reliable tool or methodology assess our portfolio impact on forests and/or water security
Lending to companies operating in the cocoa supply chain	No		
Lending to companies operating in the coffee supply chain	No		
Investing (asset manager) to companies operating in the timber products supply chain	No		
Investing (asset manager) to companies operating in the palm oil products supply chain	No		
Investing (asset manager) to companies operating in the cattle products supply chain	No		
Investing (asset manager) to companies operating in the soy supply chain	No		
Investing (asset manager) to companies operating in the rubber supply chain	No		

Investing (asset manager) to companies operating in the cocoa supply chain	No		
Investing (asset manager) to companies operating in the coffee supply chain	No		

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).

Focus of the Publication

Publication

No publications

Status

Attach the document

Page/Section reference

Content elements

Comment

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

Welcome to your CDP Water Security Questionnaire 2023

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 pioneer in the field of interest-free (participation) banking commenced its operations in 1985. Albaraka Turk was founded by Albaraka Group (ABG), one of the prominent groups in the Middle East, the Islamic Development Bank, and a native industrial group in Turkey. In line with the principles of participation banking, Albaraka Turk is highly active in the field of manufacturing and trade financing. As of December 31st, 2022, Albaraka Turk's shareholder structure consists of Al Baraka Group B.S.C. (43,57%), Dallah Al Baraka Holding CO B.S.C. (8,30%), public shares (42,32%) and other shares (6,31%).

As a participation bank, we prioritize the community's interests, and we recognize that climate change is the most significant sustainability threat faced by the communities we serve. With the vision of becoming a value-based intermediary in the financial sector, we are aware that all our activities, as well as the products and services we provide to society, interact with the environment. We 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 2020, substantial progress was made in terms of ESG capacity, including the design of mechanisms to evaluate E&S risks in lending portfolios in selected sectors and the establishment of digital infrastructure to monitor outcomes. These mechanisms were expected to be fully implemented in 2021, but the program was extended to 2023 due to COVID-19. The first phase of climate-centred ESG was completed in July 2022. Furthermore, we plan to incorporate ESG in our retail strategy to mobilize new finance mechanisms, especially for SMEs, and to stimulate their activities in both climate change mitigation and adaptation.

Albaraka Turk accelerated the preparations and capacity building to issue a sustainability sukuk in the near term. Certain teams attended workshops to understand the sustainability sukuk process and ICMA requirements. Albaraka Turk is determined to make sustainability sukuk an essential instrument for the green recovery process and social development projects. We are in the process of completion our Sustainable Sukuk framework. We are planning to contribute to the ESG Program by evaluating the funds provided by sustainable sukuk in projects that comply with international sustainability standards.

Additionally, we prioritize reducing our own carbon footprint and maintaining resource efficiency in planning our business operations. In 2016, our headquarters building was awarded the LEED Gold Certificate, making it the first headquarters building in the banking industry in Turkey. In 2021, we reclaimed the LEED Gold Green Building Certificate once again. As such, Albaraka Türk's head office maintained its title of being Turkey's first bank head office building certified as a green building.

Based on our climate change capacity-building activities, we aim to take a leadership role at two levels. Firstly, we continuously promote the idea of sustainable banking principles to our peers at TKBB (Participation Banks Association of Turkey). Secondly, at the global level, our experience has started to expand across all group companies, triggering our parent company ABG to adopt sustainable banking practices. 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. With our robust ESG scheme, green taxonomy, a roadmap for financial disclosure of climate risks, and sustainability strategy at different transaction levels, including SMEs and retail, Albaraka Turk is destined to be one of the major actors in climate finance in the near future. Albaraka Türk has been included in the Istanbul Stock Exchange Sustainability Index for the second time and has retained 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, 2022	December 31, 2022

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/SWIFT	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 Turk's operations do not heavily rely on water use, they still require some amounts of good quality freshwater to operate (especially in terms of sanitation). Therefore, water quality and quantity are important considerations for Albaraka Turk, and the company is focused on effectively managing this resource and guaranteeing the hygiene of both employees and customers. One example of this is the recent introduction of an effluent reduction and water reuse program 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 wastewater used in sinks was treated and reused in the reservoirs. Water efficiency was achieved by adopting drip irrigation systems and sprinkler systems in green areas. The treated water was used in lavatories and for irrigation purposes in the green areas of the Head Office. Moreover, water saving devices were placed on taps in the Head Office building, increasing water pressure and providing the same effect with less water. This measure paved the way for 20% savings in water consumption.

W1.2

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

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
--	-------------------------------------	-----------------------------	-----------------------	----------------

Water withdrawals – total volumes	100%	Monthly	water meter readings indicated on bills	Albaraka Turk has 225 branches and Head Office/Regional Management Buildings. Water withdrawals are measured, monitored, and reported regularly by all facilities to Albaraka Head Office.
Water withdrawals – volumes by source	100%	Monthly	water meter readings indicated on bills	All facilities obtain water from the municipal water system which is mostly withdrawn from surface waters. The water needed in green areas is met by a drip irrigation system and fountain method by using artesian water, contributing to the efficient use of water. Water used in the sinks at the Head Office is treated with the Gray Water Project and reused in reservoirs.
Water withdrawals quality	100%	Other, please specify Monitored regularly by the municipalities, available online	Monitored regularly by the municipalities, available online	The quality of water withdrawals is monitored by the Municipalities & Water and Sewerage Administrations in Turkey. The Chemical Laboratory Departments of Water and Sewerage Administrations seek the compliance of water with TSE-266 Standards for Potable and Use of Water parameters. Various analyses have been conducted to make sure the water poses no health risks.
Water discharges – total volumes	100%	Other, please specify Not monitored, only calculated by assumption	The buildings and offices belonging to the Bank are not obliged to have wastewater analysis or to measure the discharge flow.	Not applicable.

Water discharges – volumes by destination	100%	Unknown	Not measured, calculated hypothetically	All water discharges from the Bank's facilities are discharged to sewage system and eventually treated at the municipal wastewater treatment plants.
Water discharges – volumes by treatment method	Not monitored			Water is discharged directly to the municipal sewage system.
Water discharge quality – by standard effluent parameters	100%	Other, please specify Monitored regularly by the municipalities, available online	Monitored regularly by the municipalities, available online	The buildings and offices belonging to the Bank are not obliged to have wastewater analysis or to measure the discharge flow. However, since all of the buildings belonging to the Bank are in office status, they are discharged to sewerage as domestic wastewater. According to the data of the Turkish statistical institution, 87.9% of the wastewater discharged by the municipalities is treated. Based on this statistic, it is assumed that since most of the wastewater from the buildings belonging to the Bank is located in urban centers, it is reduced to the required standards according to the Water Pollution Control Regulation.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	Not monitored			Water is discharged directly to the municipal sewage system. The municipalities are responsible for the monitoring of the discharge quality of the water used.

Water discharge quality – temperature	100%	Unknown	Monitored regularly by the municipalities, available online	Water is discharged directly to the municipal sewage system. The municipalities are responsible for the monitoring of the discharge quality of the water used.
Water consumption – total volume	100%	Other, please specify Not monitored, only calculated by assumption	The buildings and offices belonging to the Bank are not obliged to have wastewater analysis or to measure the discharge flow.	The water is used for drinking, cooking, and personal and domestic hygiene.
Water recycled/reused	Not monitored			Thanks to the Gray Water Project, the wastewater used in sinks is treated and reused in the reservoir, resulting in the yearly recycling of 98 m3 of water.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Unknown	Albaraka provides fully functional water disinfection and hygiene services to its employees. Such services are monitored and maintained by the technical services department.	Albaraka Turk recognizes the importance of providing potable water and adequate sanitation & hygiene for all its employees. Albaraka Turk's facilities ensure the availability of fully functioning WASH services for employees. However, we do not report this separately.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
--	--------------------------	---	--	--------------------	-----------------------------	----------------

Total withdrawals	44.77	Much higher	Other, please specify There are two main reasons for this raise. The first reason is remote employees returning to office after Covid 19. The second reason is the number of employees has increased compared to previous year.	Lower	Increase/decrease in efficiency	In the previous year, most of the employees were working remotely due to the Covid19 pandemic. In 2022, we have started to work full time at the office. If there was no water efficiency measures this figure might have been even higher.
Total discharges	29.85	Much higher	Other, please specify There are two main reasons for this raise. The first reason is remote employees returning to office after Covid 19. The second reason is the number of employees has increased compared to previous year.	Lower	Increase/decrease in efficiency	In the previous year, most of the employees were working remotely due to the Covid19 pandemic. In 2022, we have started to work full time at the office. If there was no water efficiency measures this figure might have been even higher.
Total consumption	14.7	Much higher	Other, please specify There are two main reasons for this raise. The first reason is remote employees returning to office after Covid 19. The second reason is the number of employees has increased compared to previous year.	Lower	Increase/decrease in efficiency	In the previous year, most of the employees were working remotely due to the Covid19 pandemic. In 2022, we have started to work full time at the office. If there was no water efficiency measures this figure might have been even higher.

W1.2d

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

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	100%	About the same	Increase/decrease in efficiency	Higher	Increase/decrease in efficiency	WRI Aqueduct	Water demand in Turkey has approximately doubled in the second half of the last century. The overall water demand in Turkey continues to increase, even more so with the effects of climate change (particularly droughts). Over the coming years, Turkey will increasingly suffer from water shortages. Through WRI Aqueduct, Albaraka Turk determines water-stressed areas. As a result, we have determined all our operational facilities to be in water-stressed areas.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
--	-----------	--------------------------	---	--	----------------

Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant				As there was no withdrawal from this specific source, we chose "Not relevant".
Brackish surface water/Seawater	Not relevant				As there was no withdrawal from this specific source, we chose "Not relevant".
Groundwater – renewable	Not relevant				As there was no withdrawal from this specific source, we chose "Not relevant".
Groundwater – non-renewable	Not relevant				As there was no withdrawal from this specific source, we chose "Not relevant".
Produced/Entrained water	Not relevant				As there was no withdrawal from this specific source, we chose "Not relevant".
Third party sources	Relevant	44.77	Higher	Increase/decrease in business activity	The total water withdrawal increased from 34.09 to 44.77 megalitres in 2022. The primary reason for this was the end of COVID-19-related restrictions, and the return of employees to the office.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Not relevant				
Brackish surface water/seawater	Not relevant				

Groundwater	Not relevant				
Third-party destinations	Relevant	29.85	Lower	Increase/decrease in business activity	The option "Third-party destinations" is relevant because Albaraka Turk discharges its wastewater to municipal sewer systems. The amount of total discharges has decreased by 31,5 percent compared with the previous reporting year.

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	10,566,536,000	44.77	236,018,226.490954	We expect to improve efficiency through water-saving programs as the bank grows and the revenue increases.

W1.4

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

	Products contain hazardous substances	Comment
Row 1	No	As a financial institution, we do not have such products.

W1.5

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

	Engagement	Primary reason for no engagement	Please explain
--	------------	----------------------------------	----------------

Suppliers	No	We are planning to do so within the next two years	In 2021, we reviewed our procurement process, including business travel, to ensure maximum efficiency in resource planning and utilization. Also, we sent our declaration about our sustainability strategy to our suppliers and ask for their tenderness in alignment with the UN Sustainable Development Goals. We are planning to establish a green procurement policy and expand the coverage of engagement to all segments of procurement.
Other value chain partners (e.g., customers)	No	We are planning to do so within the next two years	Substantial progress was made in terms of ESG capacity, including the design of mechanisms to evaluate E&S risks in lending portfolios in selected sectors and the establishment of digital infrastructure to monitor outcomes.

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

All regions

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

4,000,000

Description of response

Albaraka Turk 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 all project finance transactions by due diligence. This due diligence form includes details of water needs and supplies (details on the source – municipal, groundwater etc. – and volumes). 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?

Water-related regulatory violations	Comment
-------------------------------------	---------

Row 1	No	In the reporting year, Albaraka Turk was not subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations.
-------	----	--

W3. Procedures

W3.1

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

	Identification and classification of potential water pollutants	Please explain
Row 1	No, we do not identify and classify our potential water pollutants	According to the current regulation, all the wastewater of the buildings belonging to the Bank is treated by municipalities to the required standards according to the Water Pollution Control Regulation and discharged to the receiving environments.

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

WRI Aqueduct

IPCC Climate Change Projections

ISO 14046 Environmental Management - Water Footprint

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

Partial

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

WRI Aqueduct

ISO 14046 Environmental Management - Water Footprint

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 of 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
International methodologies and standards

Tools and methods used

Water Footprint Network Assessment tool

WRI Aqueduct
 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 assess environmental and technical issues during the all project finance transactions by due diligence. This due diligence form includes details of water needs and supplies (details on the 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.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	Management of water-related risks in the company is considered at three levels; awareness, institutional capacity building, and leadership.	In 2017, Albaraka Turk 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. In 2020, progress regarding ESG capacity has been	Bank customer profiles and financial products marketing strategies were reviewed to analyze the potential project origination and eligibility. The intended audience of the Gray Water/ Environment Loan was determined as retail and commercial customers in need of funding for	All related water risks are discussed within the Sustainability Executive Committee, Corporate Governance, and Sustainability Committee. Then, the risks are directly reported to the Board by

		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. In the second phase, we will incorporate ESG in our retail strategy. In addition, as Albaraka Türk we ultimately care about our own water footprint and maintaining resource efficiency in planning our business operations. Also, 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.	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 the long-term loan facility, profit rate reduction, and interest-free financing within the scope of the Gray Water/ Environmental Loan.	Corporate Governance and Sustainability Committee.
--	--	--	--	--

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 Turk continues to build capacity to become the center of excellence in sustainability finance by combining ESG efforts with a science-based targets program. 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 aluminium 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 4 million USD (approx. 107 million TRY) 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

% 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?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

707,575.82

Potential financial impact figure - maximum (currency)

864,814.9

Explanation of financial impact

The unit price of water increased by %210 in Turkey. However, Albaraka Turk's water withdrawal amount has decreased by 31.33% thanks to the water-saving projects.

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Water saving devices are placed on taps in the Head Office building, increasing water pressure and providing the same effect with less water. This measure paved the way for 20% savings in water consumption. The water needed in green areas is met by a drip irrigation system and fountain method by using artesian water, contributing to the efficient use of water. Wastewater used in the sinks at the Head Office is treated with the Gray Water project and reused in reservoirs.

Cost of response

255,000

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)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

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

Explanation of cost of response

Albaraka Turk pays attention to the supply chain conditions of its clients and how those conditions change along with the 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

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)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

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

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.

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

Improved water efficiency projects will reduce operating costs through 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)

Potential financial impact figure – minimum (currency)

566,060.66

Potential financial impact figure – maximum (currency)

691,851.92

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's operational cost has been conducted. Water saving devices are placed on taps in the Head Office building, increasing water pressure and providing the same effect with less water. This measure paved the way for 20% savings in water consumption. Considering that, we have estimated the increase of unit price of water consumption on an annual basis. After the success in HQ building, we plan to apply similar water efficiency measures in the branches too.

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)

Potential financial impact figure – minimum (currency)

30,000,000

Potential financial impact figure – maximum (currency)

80,000,000

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)

490,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

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 Turk 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 the 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)

Potential financial impact figure – minimum (currency)

1,676,000

Potential financial impact figure – maximum (currency)

2,353,000

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 Turk Headquarters building

Country/Area & River basin

Turkey

Other, please specify

Marmara Basin

Latitude

28

Longitude

41

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

19.96

Comparison of total withdrawals with previous reporting year

Much higher

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

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

19.96

Total water discharges at this facility (megaliters/year)

13.31

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

13.31

Total water consumption at this facility (megaliters/year)

6.43

Comparison of total consumption with previous reporting year

Much higher

Please explain

Total water consumption at HQ has increased by 86% compared to the previous year. There are two main reasons for this increase. The first is the increase in water consumption due to the transition to the remote working model due to Covid 19 in 2021 and the removal of the Covid 19 restrictions in 2022. The second is the increase in the number of employees.

Facility reference number

Facility 2

Facility name (optional)

All of the Branches except HQ

Country/Area & River basin

Turkey

Other, please specify

All river basins in Turkey

Latitude

41

Longitude

29

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

24.81

Comparison of total withdrawals with previous reporting year

Higher

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

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

24.81

Total water discharges at this facility (megaliters/year)

16.54

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

16.54

Total water consumption at this facility (megaliters/year)

8.27

Comparison of total consumption with previous reporting year

Higher

Please explain

Total water consumption at all of the branches has increased by 6% compared to the previous year. There are two main reasons for this raise. The first is the increase in water consumption due to the transition to the remote working model due to Covid 19 in 2021 and in 2022 removed the Covid 19 restrictions. The second is the increase in the number of employees.

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.

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.

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Please explain

Water discharges – total volumes

% verified

Not verified

Please explain

Water discharges – volume by destination

% verified

Not verified

Please explain

Water discharges – volume by final treatment level

% verified

Not verified

Please explain

Water discharges – quality by standard water quality parameters

% verified

Not verified

Please explain

Water consumption – total volume

% verified

Not verified

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 Commitment to align with international frameworks, standards, and widely-recognized water initiatives Commitment to reduce water withdrawal and/or consumption volumes in direct operations Recognition of environmental linkages, for example, due to climate change	Albaraka Türk plans to address environmental issues such as the climate crisis, waste management, and water security. In line with this, the bank has established the Environmental Social Governance System and formulated an environmental policy, both of which have been approved by the Board of Directors. The Bank demonstrates sensitivity and respect for the environment, meticulousness in utilizing the world's resources, and a determination to leave a habitable environment for future generations through participation in various initiatives. Moreover, Albaraka Türk regularly measures and manages the impact of its service cycle and activities on the environment and takes the necessary measures to reduce energy, water, and material consumption. These initiatives include the Green Building Project, Carbon Disclosure Project, studies on grey water and wastewater use, the Zero Waste Project, among many others. Additionally, we prioritize the consideration of economic, environmental, and social factors, as well as corporate governance principles, in all banking operations and decision-making processes. This is done to raise awareness of corporate sustainability throughout the organization, set concrete sustainable banking targets, and create long-term value.  1
----------	------------------	--	---

 1environmental-policy.pdf

W6.2

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

Yes

W6.2a

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

Position of individual or committee	Responsibilities for water-related issues
Other, please specify Corporate Governance and Sustainability Committee	Albaraka Turk's Corporate Governance and Sustainability Committee consists of at least two members elected by the Board of Directors. The purpose of the committee is to monitor and evaluate the bank's compliance with the Corporate Governance Principles, to carry out improvement activities, to ensure that the Bank adopts the best practices in the field of sustainability and to offer suggestions to the Board of Directors on all these issues. It informs and updates the Sustainability Executive Committee on sustainability-related matters.
Other, please specify Sustainability Executive Committee	Albaraka Turk's Sustainability Executive Committee acts on recommendations given to them by the Corporate Governance and Sustainability Committee. The formation of Albaraka Turk's Sustainability Executive Committee aims to ensure appropriate, efficient, and strategic supervision of the bank's comprehensive sustainability initiatives. Amongst various other tasks, the Sustainability Executive Committee implements the projects that will convey the Bank's vision, mission, and corporate values across the entire society, stakeholders, and business partners as part of the Sustainable Banking Program.

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, mergers, and divestitures Overseeing major capital expenditures	Water-related issues are regularly included on the agenda of all board meetings. During these meetings, the CEO provides a section on sustainability and ESG (Environmental, Social, and Governance) in his/her briefing to the Board. The briefing is prepared by the Sustainability Committee with the assistance of the Credit Risk Department. The briefing encompasses comments on ongoing business strategy, risk management policies, and the climate. It also reviews the targets previously set for water management and ESG, and new targets and objectives are presented when necessary. In the case of major

	Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding strategy Reviewing innovation/R&D priorities	business decisions, such as capital expenditures and other business acquisitions, the climate and ESG-related risks are explained to facilitate decision-making. All briefings include updates on 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
Row 1	Yes	A board member with experience in sustainable finance and corporate sustainable risk.

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

Corporate Governance and Sustainability Committee

Water-related responsibilities of this position

Managing water-related risks and opportunities

Setting water-related corporate targets

Integrating water-related issues into business strategy

Managing annual budgets relating to water security

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Committee, which acts as a sub-committee to the Board of Directors, has the authority to take initiative. If a decision is required to be taken by the Board of Directors, the Corporate Governance and Sustainability Committee carries the relevant issues to the Board of Directors.

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

Other, please specify

Sustainability Executive Committee

Water-related responsibilities of this position

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Setting water-related corporate targets

Monitoring progress against water-related corporate targets

Integrating water-related issues into business strategy

Managing annual budgets relating to water security

Managing major capital and/or operational expenditures related to low water impact products or services (including R&D)

Frequency of reporting to the board on water-related issues

As important matters arise

Please explain

CEO is the Chairman of the Sustainability Executive Committee. The Committee meets at least twice a year. Apart from this, it may hold meetings when necessary.

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

Other, please specify

Investor Relations Manager

Water-related responsibilities of this position

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Setting water-related corporate targets

Monitoring progress against water-related corporate targets

Integrating water-related issues into business strategy

Managing annual budgets relating to water security

Managing major capital and/or operational expenditures related to low water impact products or services (including R&D)

Frequency of reporting to the board on water-related issues

As important matters arise

Please explain

The manager of the bank's investor relations department is a natural member of the Corporate Governance and Sustainability Committee. The sustainability and investor relations unit under the department executes the actions under sustainability strategy.

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	No, not currently but we plan to introduce them in the next two years	Albaraka Türk is considering providing incentives.

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)

 2022-integrated-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, including addressing water-related issues such as quality and quantity. In addition, we aim to decrease water consumption at our facilities
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	A few years ago, Albaraka Türk set water reduction targets, aiming to decrease water consumption by 10% by 2025.
Financial planning	Yes, water-related issues are integrated	5-10	In 2016, Albaraka Turk initiated a comprehensive awareness and internal capacity-building program. This program involved conducting training programs and implementing climate change management modules within various departments, including Credit Risk Management, Strategic Planning, and Administrative Affairs. The establishment of the Sustainability Committee, consisting of staff from these departments, facilitated the development of a road map for leadership in environmental and social risk management. As a result, both the credit departments at the headquarters and all 225 branches responsible for marketing our lending products began considering sustainable energy and resource efficiency projects. They also integrated the risks associated with carbon-intensive industries transitioning to a low-carbon economy and businesses vulnerable to climate change-induced physical disruptions.

			Part of Albaraka Turk's plan is to set science-based targets for emission reduction and implement a carbon pricing policy. In 2020, the bank signed the science-based targets letter for financial institutions. In the near future, our plan is to set science-based targets for emission reduction and implement a carbon pricing policy. We also aim to align our reporting standards with the recommendations of the International Sustainability Standards Board (ISSB) framework. Additionally, Albaraka Türk has allocated a dedicated budget to support water-related organizations and capacity-building programs.
--	--	--	---

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)

100

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

20

Water-related OPEX (+/- % change)

276

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

60

Please explain

Between 2021 and 2022, the average unit water price increased by 210% in Turkey. Also, Albaraka Turk's water consumption amount has increased by 31.33% due to the global pandemic has ended and the employee working in the office has increased. Regarding these situations,

our OPEX has increased by 276%. On the other hand, water-saving devices are placed on taps in the Head Office building, increasing water pressure and providing the same effect with less water. This measure paved the way for 20% savings in water consumption that increased our CAPEX by 100%. We anticipate a 20% increase in CAPEX next year, as our work on water saving will continue in 2023. Again, we anticipate a 60% increase in OPEX due to the increase we expect in water unit prices and the estimated inflation rate of Turkey.

W7.3

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

	Use of scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	Our current department is improving capacity to assess water-related risk scenarios. We plan to incorporate these analyses into our decision-making as soon as possible by including them in our scenario analysis.

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 does neither apply an internal price of water nor anticipates 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	Please explain
--	---	--	----------------

Row 1	Yes	Amount of water saved	Albaraka Turk provides loans for efficient irrigation and agricultural water supply systems.
-------	-----	-----------------------	--

W8. Targets

W8.1

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

Yes

W8.1a

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

	Target set in this category	Please explain
Water pollution	No, and we do not plan to within the next two years	
Water withdrawals	Yes	
Water, Sanitation, and Hygiene (WASH) services	No, and we do not plan to within the next two years	
Other	No, and we do not plan to within the next two years	

W8.1b

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

Target reference number

Target 1

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Reduction in total water withdrawals

Year target was set

2020

Base year

2019

Base year figure

60.01

Target year

2025

Target year figure

51.01

Reporting year figure

44.71

% of target achieved relative to base year

170

Target status in reporting year

Achieved

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 Türk has medium-term target milestones. Our absolute reduction in total water withdrawal target includes a 15% reduction in water withdrawal by 2025 against the 2019 baseline. Albaraka Türk's 2022 water withdrawals were 44.71 megaliters, equivalent to a 25.50% reduction compared to the base year figure. Considering that, Albaraka Türk has achieved its Absolute Target thanks to the water efficiency projects.

Target reference number

Target 2

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Reduction in total water withdrawals

Year target was set

2022

Base year

2022

Base year figure

44.77

Target year

2030

Target year figure

38.05

Reporting year figure

44.77

% of target achieved relative to base year

0

Target status in reporting year

New

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 Türk Bank has reached its medium-term target as of 2022. Thereupon, Albaraka Türk Bank has targeted to reduce its water withdrawals by 15% by 2030 starting from 2022.

W9. Verification

W9.1

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

Yes

 Albaraka Türk_Limited Assurance Opinion 2022.pdf

W9.1a

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

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total water consumption and wastewater discharge	ISAE 3000	Limited assurance per ISAE 3000.

W10. Plastics

W10.1

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

	Plastics mapping	Please explain
Row 1	Not mapped – but we plan to within the next two years	We have no sustainable procurement guidelines yet. When we finalize our policy and guidelines, we will incorporate plastic-related considerations into our policy. At that time we will map where in our value chain plastics are used and/or produced.

W10.2

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

	Impact assessment	Please explain
Row 1	Not assessed – but we plan to within the next two years	We have no sustainable procurement guidelines yet. When we finalize our policy and guidelines, we will incorporate plastic-related considerations into our policy.

W10.3

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

	Risk exposure	Please explain
--	---------------	----------------

Row 1	No, risks assessed, and none considered as substantive	As a financial institution, we do not expect a substantive impact. However, we always work on reducing plastics in our direct operations.
-------	--	---

W10.4

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

	Targets in place	Please explain
Row 1	No – but we plan to within the next two years	We always work on reducing plastics in our direct operations and plan to have an internal target for reducing plastics usage.

W10.5

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

	Activity applies	Comment
Production of plastic polymers	No	We do not directly engage in the production of plastic polymers.
Production of durable plastic components	No	We do not directly engage in the production of durable plastic components.
Production / commercialization of durable plastic goods (including mixed materials)	No	We do not directly engage in the production / commercialization of durable plastic goods (including mixed materials).
Production / commercialization of plastic packaging	No	We do not directly engage in the production / commercialization of plastic packaging.
Production of goods packaged in plastics	No	We do not directly engage in the production of goods packaged in plastics.
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	No	We do not directly engage in the provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services).

W11. Sign off

W-FI

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

For more information, please see the 2022 Integrated Annual Report of Albaraka Türk

<https://www.albaraka.com.tr/documents/yatirimci-iliskileri/faaliyet-raporlari/2022-integrated-annual-reportt.pdf>

You can find attached the Albaraka Türk Bank's verification statement by the third-party auditor company.

[Albaraka Türk Limited Assurance Opinion 2022.pdf](#)

📎 2022-integrated-annual-report.pdf

📎 Albaraka Türk_Limited Assurance Opinion 2022.pdf

W11.1

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

	Job title	Corresponding job category
Row 1	Sustainability and Stakeholder Relations Unit Manager	Environment/Sustainability manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
--	---	---------------------

Please select your submission options	Yes	Public
---------------------------------------	-----	--------

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

Yes, CDP may share our Main User contact details with the Pacific Institute

Please confirm below

I have read and accept the applicable Terms