Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

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

Founded on October 26, 1987 as Finansbank A.Ş., QNB Finansbank continues to serve Turkish economy as one of Turkey's largest private banks. Along with a workforce of 11,427 people and 436 branches in 68 cities, including 1 branch in Bahrain, QNB Finansbank (QNBFB) offers a broad collection of products and services across a multichannel network. Furthermore, through its subsidiaries and affiliates, the Bank also provides services in factoring, financial leasing, consumer finance, private pension and life insurance, portfolio management, and offers e-transformation products.

QNB Finansbank (QNBFB) distinguishes itself with its strong shareholder structure, experienced and professional staff, innovative and distinctive products and services, customer-oriented strategies and value-creating social responsibility projects.

In June 2016, 99.88% share of QNB Finansbank (QNBFB) was acquired by Qatar National Bank (Q.P.S.C.) (QNB Group), and since, the Bank continues to take steps to further bolster the success story that made it one of Turkey's largest private banks. Bank's shares are publicly traded on Borsa Istanbul, with the ticker code "QNBFB".

Vision:

Being the architect of every individual and commercial financial plan that will catalyse Turkey's success

Mission:

Forging lifelong partnerships with all stakeholders by understanding their needs, finding right solutions and aiming for maximum customer satisfaction

Values

• Respect and Commitment
• Being "Us"
• Leadership
• Innovation

QNB Group (QNB) and QNB Finansbank (QNBFB) recognize the significant contribution the Group can make to society by adopting business practices to address ESG topics directly (through their business operations), indirectly (through their financing and community activities), as well as by embedding a culture of sustainability in their DNA. Furthermore, the Group believes that a proactive approach to sustainability strengthens QNB Group's business resilience and supports sustainable financial performance in times of uncertainty. The Group is committed to creating long-term value for its stakeholders while remaining committed at the same time to the protection of the environment, and its contribution to the societies in which it operates.

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

No

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	Agricultural products wholesale Apparel design & manufacturing

		Basic plastics Electronic components manufacturing Metal smelting, refining & forming Paper products Personal care & household products Pharmaceuticals Specialty chemicals Supermarkets, food & drugstores Textiles
Investing (Asset manager)	No	
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, a Ticker symbol	QNBFB
Yes, an ISIN code	XS1613091500, XS1959391019
Yes, a SEDOL code	BD20RK7
Yes, another unique identifier, please specify Issuer Legal Entity Identifier (LEI)	789000Q21SW842S9IJ58

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	Board-level Sustainability Committee (SC) was established to provide adequate, effective, and strategic oversight for the Bank's overall sustainability initiatives. SC acts as the primary sustainability management and decision-maker. SC is responsible for general oversight of sustainability strategy and performance, including informing and updating the Board of Directors and Corporate Governance Committee on sustainability-related matters. As a member of the Board, CEO has the responsibility to manage climate related issues and act as the co-chair of the Sustainability Committee. Some members of the sustainability committee are Corporate and Commercial Credits EVP, CFO Financial Control and Planning EVP, Corporate Banking and Project Finance EVP, and Head of Risk Management and Procurement Director. Each member assesses the climate and sustainability-related topics in their fields. In case of new progress on climate change-related issues whether global or national, they are discussed in the sustainability committee. If any risks or opportunities are foreseen, actions start taking place to eliminate these risks. Case Study: Following the decision made by Sustainability Committee; new coal power plants and new coal mining investment projects will not be financed by QNBFB starting from 2022. Coal investment loans in our current portfolio (excluding NPL portfolio) will be closed until 2032. Following sustainability KPIs set by Board level committee, QNBFB also obtained its ISO14001 certificate in 2022. SC has also approved to use of sustainability-linked Key Performance Indicators for QNBFB's May 2022 (approx. USD 360 MM) and Nov 2022 (approx. 450 MM) syndications. QNBFB's sustainability capacity-building efforts enabled it to obtain funding from international markets based on its improvements in sustainability-related performance. The sustainability KPIs is to source total electricity consumption of the bank from renewable generation to be tested on specified Test Dates in the Loan Agreement. In 2022, QNBFB sustained its commitment by sourcing 100% of its electricity consumption through the procurement of an I-REC certificate.

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 – some meetings	Reviewing and guiding annual budgets	Climate-related risks and opportunities to	Defining and approving the Bank's strategic targets on sustainability issues, determining the workforce and financial

	Overseeing major capital expenditures Overseeing acquisitions, mergers, and divestitures Reviewing innovation/R&D priorities Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Monitoring the implementation of a transition plan Overseeing the setting of corporate targets Monitoring progress towards corporate targets Reviewing and guiding the risk management process	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	resources that the Bank will need, guiding the Bank in reaching the targets set in its business plan, and supervising the management's performance is part of the board's responsibility. QNBFB's environmental and sustainability activities are supervised under the Sustainability Committee. The Sustainability Committee (SC), created in 2019, consists of the Executive-Vice Presidents (EVP's), and/or Directors who will be appointed by the Chairperson considering their core responsibilities. The Head of Risk Management also attends the meetings as an observer. The SC is the decision-making body for all matters relating to the Bank's sustainability program. The CEO of the Bank acts as the co-chair of the Sustainability Committee and a member of the Board of Directors. Responsibilities include reviewing the strategic framework and ambition, deciding on priority initiatives for implementation with accountable working groups, monitoring performance and assessing ESG-related risks and opportunities. Then the SC reports key risks and opportunities to the Board of Directors via the Corporate Governance Committee. As a minimum, the Board of Directors and Corporate Governance Committee receive an annual update on the overall execution of the Bank's sustainability strategy and performance. Any important climate-related risks or actions decided to be taken by SC are directly approved by the Board, as the CEO is also a part of the sustainability committee. Additionally, Group Chiefs - GCBO, GCFO, and GCRO - are also on QNBFB's

			Board and they are members of the Group Sustainability Committee of QNB.

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	The assessment criteria of our board members regarding competence and expertise in their positions are stated in the Banking Law. The law does not specifically request any competence about environmental and climate-related issues. However, we take into account the environmental competence based on members' previous and current responsibilities and achievements. As an example, QNBFB's CEO has implemented various climate-related actions in their previous positions and has therefore built his competence and raised awareness on the issue throughout the Bank. The application of environmental and social risk policies to support sustainability activities in line with the overall Bank strategy in Project and Structured Finance was part of the business plan when our CEO was the EVP of Corporate and Commercial Credits. Also, training related to sustainability and climate-related issues were provided to QNBFB's all board level and c-level positions in 2022. In addition, the CEO of QNBFB is the Head of the Board-level Sustainability Committee. All of these actions and criteria are considered in terms of climate-related issues competence of our CEO.

C1.2

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

Position or committee

Chief Executive Officer (CEO)

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)
Managing climate-related acquisitions, mergers, and divestitures
Developing a climate transition plan

Implementing a climate transition plan
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
Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
Climate change requires fast action; and with the changing climate agenda that includes risks and opportunities, QNBFB assigned related responsibilities to the CEO. Therefore, QNBFB is resilient to the changing agenda and is able to take fast and efficient decisions about climate-related issues.
The CEO also leads the Sustainability Committee and works with Executive-Vice Presidents and Directors. Members of Sustainability Committee reports to the CEO and the CEO conveys the matters to the Board. There is a continuous improvement for stronger projects and KPI’s related to climate change and sustainability.

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	The Bank provides the climate change-related incentives starting from the upper management level to all employees.

C1.3a

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

Entitled to incentive
Chief Executive Officer (CEO)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Salary increase

Performance indicator(s)

Board approval of climate transition plan
Progress towards a climate-related target
Implementation of an emissions reduction initiative
Reduction in absolute emissions
Reduction in emissions intensity
Energy efficiency improvement
Increased share of low-carbon energy in total energy consumption
Increased share of renewable energy in total energy consumption
Reduction in total energy consumption
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

The CEO and the C-level suite have sustainability-related responsibilities in their job description and as a part of their KPIs. As the KPI's achieved, they benefit from annual incentives. As an example, the annual KPI's of CEO includes bank-wide sustainability-related activities, including energy reductions and energy efficiency projects.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

QNBFB, operating in Turkey, follows global and regional climate agenda to take strong action against climate crisis. Turkey is also a country that has trade relations with Europe. Therefore, QNBFB follows and supports emerging regulations in Europe, Turkey's national commitment and global race to Net Zero. Gradually integrated climate matters into its operational and banking processes, QNBFB's stronger projects and KPI's year by year contributes to the company's emission reduction and efficiency goals as well as contributing to the national and global commitments.
Financial institutions are key actors for climate change because portfolio emissions have significant impact on climate change. QNBFB is aware of its responsibility as a bank and is working on improvements for a portfolio analysis regarding the emission reductions as well.
To sum up, climate incentives given in QNBFB following related KPI's contribute to its climate transition plan as described.

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 the default investment option for all plans offered	Our default offer of employee-based retirement scheme offers Bank employees access to platforms where they can choose to invest in sustainability-related funds. This system where our employees could invest in various funds (including ESG-related funds) has commenced in July 2021.

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	2	Main short term climate-related risks and opportunities are directly linked to the regulations, international agreements and compliance to legal framework (GHG Monitoring and Reporting, Emission Trading Scheme (ETS), carbon and fuel/energy taxes). Our efforts on Climate Change (CC) will be focusing mainly on issuing a Green Bond &/or Sustainable Bond, managing our Carbon Footprint including Scope 3 emissions, resource management beneath our branches, obtaining funds on low carbon economy & finance, delivering our low carbon products, raising awareness on environment via trainings and CSR activities and our products.
Medium-term	2	5	Main medium-term climate-related risks and opportunities are preparing our Science Based Targets (SBT) and performing accordingly, obtaining and delivering low carbon funds, being a mediating bank in cap and trade schemes, raising awareness on environment and setting sector-specific targets with a well-below 2

			degrees and striving for 1.5 degrees trajectory. We're currently planning to assess our portfolio's exposure to climate-related risks and opportunities. The first step in this effort will be determining our financial exposure of various energy-intensive sectors in our portfolio. For the calculation of our portfolio's exposure to climate related risks & opportunities, we began to consider and collect data related to different parameters such as, sectoral GHG emission breakdowns of our portfolio, sources of these emissions (weighting of the company considering its asset size & revenues). This estimation will form a baseline for our methodological approach on our portfolio's exposure to climate-related risks & opportunities.
Long-term	5	20	In our main long-term climate-related risks and opportunities, QNBFB is committed to Climate Change (CC) mitigation and adaptation. Our ESG efforts are grouped under the umbrella of ‘sustainable finance, sustainable operations and beyond banking’ which is a strategy based on principles that govern all bank policies and behaviour.

C2.1b

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

Operational risks and their possible financial values are disclosed in QNBFB's Operational Risk Management Policy. During risk assessments, the maximum impact score is given for financial impacts over 3 million TL and action planning is activated for risks above medium severity as the final risk score. In addition, losses above 4,000,000 TL (significant losses) and 40,000,000 TL (severe losses) are reported to QNB Group Operational Risk and QNB Group Management Risk Committee and QNBFB directs the business units to take action in operational risk events that occur and have a monetary impact of more than TL 100,000. Thus, risks with a financial impact of more than 3 million TL is a substantive financial impact for QNBFB. These risks are determined according to the criteria in the Operational Risk Management Policy and control actions are taken.

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
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

Identification: Inherent risks are the consolidated risks related to the nature of the activities of the existing processes in the absence of any control. These are evaluated in accordance with the QNBFB Operational Risk Policy in terms of impact, probability and severity. When assessing inherent risks, the inputs provided by each pre-determined business unit are taken into account. Business units provide information about specific inherent risks related to their business in line with the QNBFB's Operational Risk Policy along with possible control strategies.

Assessment: The first assessment includes of rating the risks and opportunities in terms of frequency, financial impact, confidentiality, integrity, availability, legal consequences, legislation compliance, reputational impacts, business continuity, impact on business goals, human and social impact. The climate-related impacts are integrated in each of these possible risk titles. A 6-level probability and impact scale are in use at QNBFB.

Responding: Risks are then evaluated under these titles and scored between numbers 1-6. The scoring methodology works as follows: 0: no impact; 1: not significant impact; 2: low impact; 3: moderate impact; 4: significant impact; 5: very significant impact; 6: critical impact.

After inherent risks and possible control mechanisms are determined by each of the business units, all risks and opportunities are then assessed by the Risk Management unit. As a result of the assessment, action plans are prepared with business units for risks with a high and medium level of severity, risks with a weak control environment and non-existent controls. This risk assessment process takes place at least 1 time in a year. All short-term, medium-term and long terms risk and opportunities that covers QNBFB's own operations and supply chain, including climate-related ones are assessed in this process.

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	QNBFB takes into account national and international current regulations as well as latest recommendations by reputable sources such as Financial Stability Board (ie:TCFD recommendations), not only to ensure full compliance to existing regulations and policies but also to

		swiftly adapt to emerging regulations and policy changes and to manage its direct and indirect risks. Existing regulations directly affect the Bank itself and its customers, as requirements lead to additional costs and non-compliance with regulations may impact banks' and/or its customers' cash flows and repayment capacity. For instance, the monitoring, reporting, and verification regulation for energy intensive industries, and the filtration for air quality requirements for energy generation companies are assessed. The Bank expects its customers to comply with minimum requirements and risks are closely followed in the periodic reviews and taken into account in the provision calculations. Also, QNBFB must comply with Turkey's Zero Waste Regulation in its related locations and oblige to obtain Zero Waste Certificate and integrate it into the environmental information system required by the Ministry of Environment, Urbanization and Climate Change. Any changes in the regulation can create a financial or reputation risk in operational activities. Thus, environmental and climate-related regulations are closely followed by QNBFB to be prepared for possible inherent risks in terms of any changes. In order to comply with the requirements of this regulation, QNBFB works with independent consultants and follows any changes and updates that will occur in the regulation.
Emerging regulation	Relevant, always included	Both national and international emerging regulations are considered in the operational and credit risk assessment, as the Bank closely monitors regulations under consideration for both bank-related and customer-related regulations. Failing to comply with emerging regulations or supporting activities that do not comply with emerging regulations can create a funding, credit and a reputational risk for the bank. Emerging regulations may directly affect the bank's customers, as non-compliance with regulations may impact the bank's customers' repayment capacity. The main emerging regulatory risk associated with climate change is a possible future carbon tax scheme, or an Emission Trading System (ETS). Considering all the policies and enablers of the Green Deal including circular economy to just adjustment mechanism, sustainable finance action plan to CBAM, one can easily predict that Turkish economy and trade with EU will be affected in a great deal. Also, the existing GHG emission monitoring, reporting and verification regulation of the Ministry of Environment, Urbanisation and Climate Change towards an Emission Trading Scheme is considered under emerging regulation. The ratification of the Paris Climate Agreement by Türkiye in October 2021 and the target of net zero emissions by 2053, which was announced afterwards, show that Türkiye will have new climate change-related regulations. The CBAM, which will start in 2023 and create financial obligations for EU importers in 2026, will also indirectly affect the exporters in the carbon-intensive sectors in Türkiye economically. In order to reduce this impact, Türkiye is planning to

		convert the existing MRV system to ETS. This would then create a credit risk if clients face financial fluctuation due to EU exports and their EU market share. This risk is studied in C2.3a Foreign investors also demand compliance with the regulations to which they are subject to. Therefore QNBFB must follow all relevant regulations. Otherwise, QNBFB will not be able to meet the demands of its investors and the money flow will be disrupted. For the maintenance of these risks, QNBFB has formed a Sustainability Coordination Team to closely monitor emerging regulations in addition to the existing Sustainability Committee and has provided climate-related regulations' trainings to the Board. QNBFB also introduced the "Step by Step Export" program, where it offers expert consulting, export and e-commerce solutions to SME's.
Technology	Relevant, always included	QNBFB prioritizes to follow new technological trends to improve its products, services and processes. QNBFB aims to offer user-friendly, accessible and environmentally friendly products and services to its customers to increase customer satisfaction through digitalization. Failing to keep up with new technological developments would lead to a decrease in customer satisfaction, an eventual increase in operating costs and an immediate increase in cyber-security risks. These risks may result in reputational risks and a potential loss of market share. In terms of operations, energy use would increase due to the need of more cooling for branches, headquarters and specifically for Data Centers which then would lead to an increase of operational energy costs. QNBFB gradually shifts to split and VRF air conditioners with high energy efficiency and leverages the upgraded data center cooling system to reduce electricity consumption. For example in 2022, QNBFB has renewed 8 VRF air conditioners. Where applicable QNBFB has rolled out products and services to encourage its customers to shift to more climate-friendly and low-carbon technologies, incentivize resource efficiency and mitigate indirect climate-related risks. As an example, Enpara.com, the first direct-only retail banking platform in Turkey launched in October 2012. Offers all fundamental fee-free retail banking services through non-branch channels only (internet, mobile, ATM and call center). Another similar platform, Digital Bridge, is an award-winning platform of QNBFB tailored for SME clients. This platform serves sustainability through supporting digital transformation and providing customized solutions to underserved SME segment clients. Fitting under sustainability priorities of "Supporting SME's and Entrepreneurship" and "Digital Transformation and Innovation" in the larger QNB Group Sustainability Framework, Digital Bridge creates value for sustainability both as a provider of unprecedented support to SME segment clients and as an environmentally-friendly digitalization. Digital Bridge offers SME clients the chance to carry the management of most of their administrative needs to digital space via e-

		transformation products (developed by QNB E-Finans) and management solutions sourced from fintech. These platforms also enable greater resource management and reduced operational costs by eliminating printing, distribution and archiving costs.
Legal	Relevant, always included	It is a must for QNBFB's operations and business activities to comply with current laws & regulatory requirements. Failure to meet criteria in contracts with customers or national authorities may raise the possibility of litigation, suspension of operations or a potential loss of banking license. This would also trigger the reputational risk which may also cause to lose of market share and also funding opportunities. QNBFB's customers' compliance with laws and contracts are also important. For example, legal obligations of project loan applications with a loan amount of more than 10 million USD and a maturity of 24 months or more are tracked based on customers' risk level, which is pre-assessed via ESRM. If these customers face any legal issues, their risk rating would be affected which is linked to the customers payback capacity. Then QNBFB would face financial and reputational risks, hence project monitoring is prioritized. In such cases, the global measures to limit the temperature increase to 1.5 degrees and the legal sanctions to be applied against the companies that do not comply with these measures will impact the deterioration. When the financial conditions of customers are affected, their payback capacity is affected; which would create a credit risk for QNBFB. QNB Group Green Social and Sustainability Bond Framework has been revised by QNB in 2022 as Sustainable Finance and Product Framework. The eligible categories within this Framework have been reviewed and aligned with the International Capital Markets Association (ICMA) Social Bond, Sustainability Bond Guidelines; Sustainability-Linked Bond Principle, Loan Market Association (LMA) Green Loan, Social Loan, Sustainability-Linked Loan Principles, CBI taxonomy and EU taxonomy, ICMA Green Project Mapping, ICMA GBP Guidance Handbook and Transition Pathway Initiative. With respect to Green Bond issuances, QNBFB is obliged to allocate the proceeds of its Green Bond based on its Framework. The framework brings reporting requirements of KPIs like annual GHG emissions reduced and/or avoided, annual energy consumption or savings etc. Failure to comply with the Framework may cause QNBFB to repay the bond proceeds back to the Investor.
Market	Relevant, always included	Climate impacts increasingly confront companies with unplanned and abrupt changes or disruptions to businesses or assets. In addition, companies face transition risks to a low-carbon economy. All these factors are changing the competition landscape and become critical for the financial sector. Such market conditions force companies to be flexible and proactive enough to gain the ability to transform their businesses according to emerging trends. Customer and sectoral

		expectations are changing due to the transformation to a low-carbon economy. If customer and market expectation changes are not followed thoroughly and appropriate services are not provided to the transforming markets, QNBFB may face market share losses which may lead to financial and reputational risks. For example, Syndicated loans are aimed at financing the wholesale funding portfolio of QNBFB and is a determinant in its ability to have a solid market share in Trade Finance. QNBFB's inability to satisfy these KPIs would create an interest risk as well as a reputation risk. A potential hindrance in the syndication funding may result in QNBFB's inability to sustain wholesale funding products and may lead to a decrease in its market share in trade finance. Foreign creditors also demand compliance with the regulations to which they are subject to. Therefore, QNBFB must follow all relevant regulations. Otherwise, QNBFB will not be able to meet the demands of its investors and the money flow will be disrupted. QNBFB's capacity-building efforts against various ESG targets has enabled the bank to secure borrowings at favourable rates from international markets to support low-carbon investments. For instance, in 2021, the Bank issued its first green bond under its GMTN Programme to finance/refinance energy efficiency projects, more specifically green buildings which have a LEED Gold certificate. QNBFB also closed a sustainability-linked repo based on its improvements in energy efficiency.
Reputation	Relevant, always included	Due to climate change and the transition to a low-carbon economy, the expectations of the bank's customers and investors from the bank are changing. In this context, climate change conscious customers and investors are now questioning financial institutions' plans and strategy on sustainability and climate change related issues. QNBFB may be exposed to serious reputational risks, both on the customer's side and on its investors' side, in cases where global best practices on climate change-related issues are not followed or if the bank cannot comply with its commitments. For example, new greenfield coal projects have not been financed since 2015. Likewise, setting ESG KPIs for syndicated loans has catalysed immediate operational developments, such as sourcing all energy consumption from renewable generation, which, can be shown as an example of a control mechanism against reputational risks.
Acute physical	Relevant, always included	QNBFB assesses acute physical risks such as risks due to extreme weather/climate conditions, flood, drought, cyclones etc, and takes necessary actions to manage these risks. QNBFB's business continuity management processes, contingency plans, crisis management and business recovery plans aim to mitigate operational risks, ensuring business continuity. QNBFB always has a risk of facing flooding due to extreme weather in its headquarters and branches. This would lead to high costs in its operations due to physical harm caused by weather

		events, specifically in its operational buildings. Also, any risk on project activities financed by QNBFB due to extreme weather and climate conditions (flood, drought, hurricane, etc.) would indirectly affect QNBFB's customers' repayment capacities. As an example, agriculture sectors, Hydropower projects and tourism sector projects have a risk of facing extreme weather due to climate change which then may lead to non-payment of the loans.
Chronic physical	Relevant, always included	Chronic physical risks stemming from climate change such as rising temperatures may impact the Bank's long-term business strategy. In terms of temperature rises, energy use would increase due to the need of more cooling for branches, headquarters and specifically QNBFB Data Centers which then would lead to an increase of operational energy costs. QNBFB gradually shifts to split and VRF air conditioners with high energy efficiency and leverages the upgraded data center cooling system to reduce electricity consumption. With these energy efficiency projects, QNBFB will be saving approximately 2,061,622 kWh of electricity per year. Also, QNBFB's headquarter building has a LEED certificate which helps with the energy savings. In terms of downstream activities, any customer production sites or operations near the sea-side would face risks related to rising sea levels. This would indirectly affect customers' repayments and put the bank at financial risk. Thus, Customers' chronic physical climate-related risks are assessed preliminary via the ESRA tool, such as temperature rises and sea level rise, and the results are used to determine the project's risk.

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

C-FS2.2c

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

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to

						climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Internal tools/methods	When assessing the portfolio's exposure climate related risks, all loan applications received by the Bank are checked against QNBFB Exclusion List regardless of loan amount. Therefore, the coverage of risk assessment process is 100% of QNBFB's portfolio. Projects that fall under this list are under no circumstances financed. Then, environmental, sustainability and climate-related risks of all new investment projects with credit amounts worth more than USD 10 M$ and a tenor of 24 months and above are evaluated by the Environmental and Social Risk Assessment Tool (ESRA) at QNBFB. The environmental

						and Social Risk Management Team evaluates project investments against different criteria such as use of natural resources, greenhouse gas emissions, biodiversity, waste management, air, soil and water quality, water stress, noise emission, dust, occupational health and safety, labor conditions, community health and safety, resettlement and stakeholder engagement. Assessment results are used to classify investment projects into risk levels in 4 categories: high (Category A), medium-high (Category B+), medium (Category B-), and low (Category C). Assessments are performed considering national legislation and international best

						practices. At QNBFB, internal tools and methods are in use as of 2022 to determine the environmental, social and climate-related risks of the bank's portfolio. As the bank broadens its sustainability-related applications, use of different external sources, methodologies and tools will be taken into consideration for the assessment of the portfolio's climate-related risks and opportunities. All loan applications are checked to whether they are on the exclusion list; then the ESRA module is applied. 24,8% of the total business loan book of QNBFB was loans that have to be subjected to the ESRA Model as of December 2022. QNBFB's Environmental and Social

						Management System Procedure defines social and environmental policies adopted and workflows in activities of the Bank, investments to be made and loans to be extended. The social and Environmental Impact Assessment Control Form defined in this Procedure is applied for Customers in Micro, Small and Medium Segment. 14% of the total commercial loan book of QNBFB is Micro, Small and Medium Segment as of December 2022. The ESRA process includes 5 assessment steps. • 1. The activity related to the loan application is checked by QNBFB according to the QNBFB Exclusion List, regardless of the loan amount. If

						the activity corresponds to the items in the Exclusion List, the loan application is rejected and the process is stopped. Otherwise, the loan application continues to step 2. • 2. If the proposed loan application's activity is not included in the Exclusion List, QNBFB requests all information and documents necessary for the environmental and social evaluation from the Customer. • 3. The information provided by the customer is reviewed by QNBFB. The environmental and social compliance of the project with the national legislation is checked. • 4. All project loan applications with a loan amount of more than 10 million USD and a

						maturity of 24 months or more are subject to environmental and social risk classification and assessment. In all loan applications within this scope, the "Environmental and Social Risk Assessment Model" is used for the initial categorization of the application. • 5. The model includes questions related to sustainability, environmental, social and climate-related issues. For each question, QNBFB assesses the customers and the project's risk situation. End of the process, the loan applications receive an environmental and social risk rating as high (Category A), medium-high (Category B+), medium (Category B-), and low (Category C).

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

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
Energy usage data
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
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Telecommunication Services
Media & Entertainment
Utilities

Real Estate

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

Environmental, social, sustainability and climate-related risks of all project loans with a loan amount exceeding USD 10 M$ and a tenor of 24 months and more are evaluated via ESRA tool. All loan applications are checked to whether they are on the exclusion list. Then the information gathered during the due diligence are used to determine project's risk levels. Each risk level has different guidelines for suitable project monitoring. If the risk level of project is category A, a detailed Environmental and Social Due Diligence (DD) and additional studies are required for further assessment. An independent Environmental and Social Consultant conducts an independent review and risk assessment. The DD report prepared afterward includes a separate Environmental and Social Action Plan (ESAP). If the project is category B+, the decision to contract an independent Environmental and Social Consultant to conduct a further independent review and risk assessment is optional and evaluated by the E&S Specialist. The E&S Specialist makes this decision taking into account the E&S risks specific to the Project and the available environmental and social information. The DD report prepared by the independent consultant may also include the ESAP. If the risk category of the project is determined as B-Category, the E&S Risk Specialist can finalize the E&S risk analysis. The ESAP is prepared by the E&S Specialist. If the risk category of the loan is determined as Category C, the E&S risk of the Project is considered to be minimal and no further assessment is required. All Category A projects are monitored by an independent E&S Consultant in accordance with the E&S Monitoring Program agreed at the time of risk classification. All Category B+ projects are monitored according to the E&S Monitoring Program agreed by the E&S Specialist and/or an independent Environmental and Social Consultant during risk classification. All Category B- projects are monitored according to the E&S Monitoring Program. E&S follow-up is not required for Category C projects.
Example of a climate-related decision: In 2022, 14.89% of the assessed projects are in the category A, 32.89% are in the category B+, 48.94% are in the category B-, and 3.19% are in the category C. These loans have been monitored in 2022 and will be monitored throughout the loan term in line with the E&S Monitoring Program.

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Emerging regulation

Enhanced emissions-reporting obligations

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Risk impact specific to the company: In the transition to a low-carbon economy, real sector companies need to make new investments, develop low-carbon products and services, and reduce greenhouse gas emissions in order not to be affected by the risks of climate change.

As a bank that provides loans to the real sector, QNBFB also considers the climate-related risks that the customer would face in their own risk assessment processes. Constantly evolving climate-related obligations, such as GHG emission reductions and reporting, pose new obligations and risks to carbon-intensive real sector companies. For example, The ratification of the Paris Climate Agreement by Türkiye in October 2021 and the target of net zero emissions by 2053, which was announced afterwards, show that Türkiye will have new climate change-related regulations. As specified in C2.2a under the Emerging Regulation Climate related risks, the CBAM, which will start in 2023 and create financial obligations for EU importers in 2026, will also indirectly affect the exporters in the carbon-intensive sectors in Türkiye economically. In order to reduce this impact, Türkiye is planning to convert the existing MRV system to ETS. This would then create a credit risk if clients face financial fluctuation due to EU exports and their EU market share.

The risks customers will experience if they do not take the necessary actions for low-carbon transition will affect the loan repayments to be made to QNBFB. Therefore, QNBFB measured the impact of the deterioration in the financial conditions of the customers in bank's loan portfolio due to global measures to be taken to limit the temperature increase at 1.5 degrees and the legal sanctions to be applied against the companies that do not comply with these measures. In this scenario, sectors/firms that will be exposed to transition risks have been evaluated.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

223,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Approach: Climate-related financial risks that customers will face during the transition to a low-carbon economy may cause disruption in their repayments.To quantify the credit risk that could be associated with this,QNBFB considered the firms in the carbon intensive sectors such as Energy,oil,mining,iron&steel,aluminium,chemicals,cement, transport,livestock,agriculture,forestry,building and construction.Then these sectors are further classified in 3 groups with respect to their transition risk levels.Business activities like Retail of Coal,Extraction of Crude Oil and Mining are considered to have the biggest transition risks,hence they are grouped in Level 1. Activities like Cement Production,Manufacturing of Chemical Products and Production of Fertilizers are in Level 2,while other areas such as Distribution of Electricity, Pipeline Transportation and Production of Furniture are considered in Level 3. Based on the companies' financials,a what-if scenario analysis is performed to quantify the increase in the expected credit loss amount. Then the decision matrix is used to decide if a company is to be transferred to a worse stage in IFRS 9. This means if a firm is currently in stage 1 it is assumed to be transferred to Stage 2,while for already Stage 2 borrowers,migration to Stage 3 is assumed.For a firm in Level 1,"equity" being negative is enough for stage deterioration.For a firm in Level 2,equity being negative,leverage being higher than 1.5 is enough for stage deterioration.In Level 3,stage deterioration is decided only if all the following conditions are met:equity being negative,leverage>1.5, EBITDA margin<1%. For firms to be transferred to Stage 2 and Stage 3,ECL (expected credit loss) coverage levels of 15% and 50% are assumed respectively.
Figures&calculation:15% is the proxy for Bank's current Stage 2 portfolio's ECL coverage ratio based on actual data.50% is the proxy for ECL coverage ratio of new NPL's in the Bank's current loan portfolio based on actual data.
These ratios are multiplied with the current outstanding balance figures of the borrowers based on the assumed stages that they are migrating into. These values are referred as 'What if ECL' under the risk scenario.
Difference between the current ECL (as of Jan'23) and What if ECL levels for the migrated borrowers are calculated as 223 million TRY via the ERP system of the bank. This figure can be interpreted as the additional provisioning cost under the specified risk scenario.

Cost of response to risk

117,500

Description of response and explanation of cost calculation

Case study providing a description of the action(s) taken to address the risk: Within the scope of the ISO 14001 Training given to the employees, all important topics about the environmental management system, especially climate change, were provided. Thus, the climate change competencies of the teams that monitor the lending processes and risks in the portfolio have been enhanced, and it has been possible to take early measures for the risks that may be encountered in the portfolio. The cost of these trainings were 7,500 TRY in 2022.

The cost of the strategy workshop within the scope of Integrated Reporting is one of the measures taken against risk. Strategy workshops include identifying priority issues, including climate risks, establishing a sustainability strategy, creating a business model, and identifying risks and opportunities for priority issues. Climate change issues are among the most important topics of these studies. The cost of these workshop were 110,000 TRY. In total, the cost of response is calculated to be 7,500+110,000=117,500.00 TRY

The climate-related trainings help employees to be up-to-date with possible climate-related issues in short & medium term.

Comment

N/A

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

In line with the transition to low-carbon economy, reel sector companies need new green financings to invest in low carbon technologies. Being able to offer the green products to these companies, QNBFB creates new revenue streams from these emerging markets. Delivering sustainable finance is the most significant way in which QNB Group can support national and global sustainable development goals. Moreover, it enables QNB Group to reduce reputational risks in its portfolio and maximize climate-related opportunities emerging from the transition to a greener, more inclusive economy.
In line with that, QNB Group has developed the QNB Group Sustainable Finance and Product Framework. The framework sets out the classification approach and methodology for labelling any products, services or transactions as Sustainable or Transition finance aimed at delivering positive impact to society and the environment. This includes eligible qualifying themes, categories, activities, and criteria, in line with international standards and taxonomies such as International Capital Markets Association (ICMA), Loan Market Association (LMA) and EU taxonomy for sustainable activities.
Primary potential financial impact: Eligible Sustainable products and/or transactions as defined by this Framework create an opportunity for increased revenues for QNBFB.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

443,781,976.5

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Therefore, QNBFB has the opportunity of providing ICMA, LMA, and EU taxonomy-aligned products and services to its clients under the QNB Group Sustainable Finance and Product Framework. The loans provided to clients in line with the framework

increase QNBFB's revenue.
The value of 443,781,976.5 TRY is calculated automatically on the QNBFB's internal ERP systems with the expected revenue of the framework-aligned cash-loans provided to customers in 2022.
The methodology for the calculation of expected revenue of the loans consist of amount of loans provided and interest rates of paybacks.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

QNB Group’s purpose is to promote prosperity and sustainable growth across the markets it serve. By leveraging the strength of its relationships and the diversity of its footprint, QNB Group catalyse growth across multiple, strategically-selected regions, creating long-term sustainable value for individuals, institutions, countries, communities, and its shareholders. Sustainable finance is the integration of Environmental, Social and Governance (ESG) criteria into QNB Group’s financing activities to deliver profit with purpose. Group’s ambition is to help customers to manage their environmental and social risks, lend to businesses that contribute towards sustainable development goals, improve access to finance for small and medium-sized enterprises (SMEs) and underserved groups, and provide responsible customer service. Delivering sustainable finance is the most significant way in which QNB Group can support national and global sustainable development goals. Moreover, it enables the group to reduce reputational risks in its portfolio and maximise business opportunities emerging from the transition to a greener, more inclusive economy.
reference to the result of action(s) and timescale of implementation: For this purpose, QNB Group has prepared the Green Social and Sustainability Bond Framework for the group in 2021. This Framework applies to QNB Group, its selected international branches and subsidiaries that includes QNBFB in Türkiye. QNB Group Green Social and Sustainability Bond Framework has been revised by QNB in 2022 as Sustainable Finance and Product Framework. The eligible categories within this Framework have been reviewed and aligned with the International Capital Markets Association (ICMA) Social Bond, Sustainability Bond Guidelines; Sustainability-Linked Bond Principle, Loan Market Association (LMA) Green Loan, Social Loan, Sustainability-Linked Loan Principles, CBI taxonomy and EU taxonomy, ICMA Green Project Mapping, ICMA GBP Guidance Handbook and Transition Pathway Initiative.
Therefore, QNBFB has no cost to realize this opportunity. This is the explanation of the value of 0 in “cost to realize opportunity” row.

Comment

N/A

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

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

Our climate transition plan is voted on at Annual General Meetings (AGMs)

Attach any relevant documents which detail your climate transition plan (optional)

QNB Finansbank_Climate Transition Plan_17072023_v3.pdf

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
Row 1	Yes, qualitative and quantitative

C3.2a

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

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios NGFS scenarios framework	Portfolio		The NGFS scenarios provide a harmonized set of pathways, physical climate change impacts and economic indicators. Where possible, NGFS uses multiple models for each scenario and global warming level to represent uncertainty. NGFS includes four different scenario types; orderly scenarios where the climate policies are introduced immediately and that get stricter by time. disorderly

			scenarios assume that climate policies are introduced with a delay, resulting a higher climate related transition risk. The hot-house world scenario assumes that policies are late to be introduces and critical climate temperatures are exceeded. The outcomes include irreversible results of physical climate related risks. The scenarios use GDP and carbon pricings as economical input and outputs in line with each scenarios' transition and physical climate assumptions such as expected temperatures, sea level rise amounts. Additionally, population growth, energy and food consumption and their costs are other assumptions these scenarios use. QNBFB use quantitative climate-related scenario analysis to understand the impact of climate-related issues on its operational and portfolio activities. In 2022, based on the companies' financial information, a what-if scenario analysis is performed to quantify the increase in the expected credit loss amount. In the study, QNBFB considered the firms in the sectors with most aggressive targets to reduce GHG emissions. According to clients financial streams such as EBITDA, equity and leverage, a decision matrix is used to decide for the companys' ECL (expected credit loss). The factors that have been taken under consideration were firms' GHG intensity, repayment capacities, the weight of their Exports to the EU, and portfolio risks related to lending activities driven by each sector's own climate exposure. The results of the study shows that the climate related transition risks of clients has a great impact on QNBFB. QNBFB started working on developing a transition plan in line with a 1.5 degrees world in 2022. The bank also has not financed new coal power plant since 2015. All new thermal coal power plant projects and new coal mining projects haven't been financed as of 2022. Existing exposure in QNBFB portfolio will be settled until 2032. The decarbonization actions for direct operations and the portfolio will be increased and a transition plan in line with a 1.5 degrees world will be finalized in coming years by QNBFB.

C3.2b

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

Row 1

Focal questions

While analyzing the climate change scenarios to be followed, the following questions were taken into consideration:
o What risks exist for the bank's operations and portfolio in the near future?
o In order to prevent these risks, which variables should be considered?
o How should the actions to be taken be prioritized and carried out?

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

o What risks exist for the bank's operations and portfolio in the near future?
The short-medium-long-term effects of climate change (CC) will have different consequences directly on operations and on the portfolio. It is important to keep the business strategy up-to-date for the follow-up of the risks and opportunities to be encountered in the portfolio. Operations: Due to QNBFB's operations emissions arise, after the scenario analyses conducted, environmental management related education is presented to the employees in 2022. Also in 2022, transition to hybrid company vehicles continued to decrease fossil fuel consumption to minimize climate change risks. For the portfolio risks, for example, the CBAM in EU Green Deal is expected to create a risk for the portfolio. Additional operational costs for companies may indirectly affecting the repayments to the bank, thus creating a credit risk. Another example is the drought that escalated due to CC. Funded hydroelectric powerplants may face a generation problem as the drought getting more severe. This may result in QNBFB's clients to fail in payments to the bank. In 2022, after the scenario analyses conducted, QNBFB detailed the risk assessments.
o In order to prevent these risks, which variables should be considered?
To avoid and minimize the CC risks, impacts of the portfolio and operations on CC are being followed closely by information gathering and customer engagement. Besides that, CC's impacts on portfolio is monitored. As an example, in 2022 QNBFB conducted an scenario analysis study for five sectors that face immediate risks with regard to CBAM in exports to the EU. The outputs showed the risk distribution for sectors that are most likely to be affected by CBAM. The factors that have been taken under consideration were firms' GHG intensity, repayment capacities, the weight of their Exports to the EU, and portfolio risks related to lending activities driven by each sector's own climate exposure. Another decision after the conducted scenario analysis is to select variables to consider in preventing risks, QNBFB started working on their portfolio emissions and emission calculations in 2022.
oHow should the actions to be taken be prioritized and carried out?
In order to manage the transition to a low-carbon economy, QNBFB is prioritizing its

operation-related exposures to CC as a first step. To do that, several energy efficiency projects are taking place in the bank's operational buildings. QNBFB has been sourcing its electricity consumption from renewable sources in all of its operations since 2021. Another step in to actualize the transition plan is aligning the bank's portfolio with a 1.5 degrees world. To do this, QNBFB implements E&S risk management processes for its portfolio. Also, the bank has not financed any new coal power plant since 2015 and existing exposure in portfolio will be settled until 2032.

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	Sustainable finance is one of the 3 key pillars of QNB Group's Sustainability framework. It is the integration of ESG criteria into QNB’s financing activities to deliver profit with purpose. Our ambition is to help customers manage their environmental and social risks, lend to businesses that contribute toward sustainable development goals, and improve access to finance for SMEs and underserved groups. Moreover, it enables the Group to reduce reputational risks in its portfolio and maximize business opportunities emerging from the transition to a greener, more inclusive economy. As an award-winning platform of QNBFB, Digital Bridge Project has offered services such as e-Invoice and e-Archive alongside other services to its customers free of charge until 2022. Digital Bridge helps customers by providing digital solutions for all their needs, alongside managing their climate related risks. Furthermore, Sustainability metrics and ESG due diligence are incorporated within the Bank's credit policy and existing credit risk management framework through the integration of the Bank’s E&S Risk Assessment Model ESRM Policy (ESRM Framework). ESRM enables the bank to proactively identify and manage exposure to E&S risks in its financing activities. ESRM clearly articulates exclusions, sectors deemed high risk, prohibited activities and risk categorisation. As of 2021, the E&S risk assessment module, which includes climate change metrics, has been utilized. Thus, QNBFB considers climate-related risks of Project finance loans.

		QNBFB, is committed to work with its clients to identify, assess and manage E&S risks with the awareness that financial sector can help reduce such by adopting and promoting responsible investment and lending processes. QNBFB continued to support renewable energy investments to show its commitment to Türkiye's sustainable economic growth and development. It will provide customers with products and services that address an environmental and/or social challenge such as the promotion of financial inclusion or mitigation of climate change. In 2022, QNBFB's renewable energy ratio in its energy portfolio is 22.8% (project finance). Also in 2022, QNBFB started Sustainability Linked SWAPs. With the collaboration with Merrill Lynch International, QNBFB will take rebates if they are fulfilling the requirement of using all renewable electricity consumption.
Supply chain and/or value chain	Yes	Responsible purchasing at QNBFB means reducing the risks arising from the supply chain by taking into account the environmental, social and reputational risks and impacts while making a purchase, and preventing it from adversely affecting the society, the environment and the Bank's reputation. In this context, purchasing practices were reviewed in 2020 within the scope of the QNBFB Sustainability Policy. Sustainability Special Condition Clause has been added to supplier contracts. The purpose of the application is to ensure that the suppliers adopt environmental and social responsibilities and commit to the implementation of these practices, and to act in line with the Bank's sustainability goals. Actions have been actualized to establish the Supplier Code of Conduct. With this practice, QNBFB aims to prevent indirect environmental risks arising from its operations by taking steps toward responsible purchasing and creating a sustainable supply chain. Purchasing activities are carried out in accordance with the QNBFB Purchasing Policy. Sustainability criteria are used to evaluate potential suppliers and their performance. According to the Sustainability clauses in the Supply Contracts, the supplier company must commit to; not act against QNBFB's Sustainability Policy; cooperate with QNBFB to identify opportunities that can improve the environmental and sustainability performances of the services provided; the resources will be used efficiently in the services it provides, adopt sustainable practices; minimize the environmental impact of its employees' daily activities. A questionnaire has been created with social and

		environmental requirements criteria, to be forwarded to the supplier via an online platform. Additionally, to increase the value chain engagement and create the best practices, QNBFB has been also active in the reporting year with NGOs' work (such as UN, WEPs, and. WBCSD Turkey).
Investment in R&D	Yes	Where applicable QNBFB has rolled out products and services to encourage its customers to shift to more climate-friendly and low-carbon technologies. QNBFB launched the digital transformation project "The Digital Bridge" in September 2019 to aid its clients in both banking and non-banking needs. The Digital Bridge Platform was once again awarded in the category of "Europe's Best Innovative Bank" at World Finance 2021, which is one of Europe's most prestigious awards, while ranking first in the "Best Digital Strategy" Category at the "European Customer Centricity Awards", a major customer experience competition in Europe. QNBFB's Digital Bridge platform also ranked among the top 10 banks under the "Top Innovations in Corporate Finance" Category within the scope of Global Finance "The Innovators 2021". Another R&D investment of QNBFB is kiralarsin.com. Kiralarsin.com is one of the ideas that went through QNBEYOND Idea Camp and was actualized by a QNBFB employee with the support of QNBFB. It was established in 2021 as an in-house entrepreneurship project and signed an official agreement with the bank in October 2021, offering its users a rental business and a sharing economy model, where they rent electronic devices for a limited period of time without purchasing them. With this service, QNBFB not only supports in-house entrepreneurship but also provides resource support to a service that provides the first carbon-neutral delivery in Türkiye. Also, Enpara.com, launched in 2012 was the first direct banking model in Türkiye where QNBFB offered a way of banking where retail and SME banking services clients could get service through digital channels only. One of the QNBFB's R&D practices to support resource efficiency of services provided to personal banking customers is to eliminate the use of courier and paper with the Immediate Delivery Credit Card. Mono App is also one of the winners of the QNBEYOND Idea Camp Program. The purpose is to regulate communication between valuable brands and customers. Mono App users receive mobile notifications from brands they would like to see and earn mono points for each notification they receive.

		Mono points can also be transferred to QNBFB accounts as TRY. Therefore, QNBFB not only raises awareness but also provides services that contribute to GHG reductions.
Operations	Yes	Aiming to make strategic progress on its operations' impact on climate QNBFB decided to consume renewable energy and energy efficiency in its buildings. In 2022, QNBFB procured its 100% electricity consumption from renewable sources. This led to an approximately 23,285.04 tCO2e GHG emission reduction in 2022. QNB Finansbank seeks to increase operational efficiency and reduce the environmental impacts of its operations by taking different measures. While it recognizes its greatest environmental impacts are 'indirect' through its financing activities, the Bank also needs to responsibly manage the 'direct' environmental footprint associated with its own operations. Hence, the Bank aim to reduce environmental impact through various measures such as selecting environmentally friendly devices for electrical and mechanical projects, controlling its premises through automation systems and developing products to reduce paper consumption. In 2022, The Bank obtained Zero Waste Certificate and ISO 14001 Environmental Management System certification for its 3 headquarters buildings; and, placed a smart mobile storage bin in its parking lot. QNBFB aims to obtain ISO50001 in the coming years and expand the ISO14001 certificate for some of its branches.

C3.4

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

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Access to capital Assets	Climate-related risks and opportunities influence QNBFB's business strategy and financial planning as it takes current and potential impacts of climate-related risks and opportunities on its revenue streams, direct and indirect costs, ability to access capital and assets. From a risk and opportunity perspective, revenues component of the banks financial planning is influenced when QNBFB seizes the climate-related opportunity, resulting as a revenue increase due to demand for products and services. In contrast, when the Bank can't swiftly adapt to today's changing climate reality the Banks revenue streams may suffer because

		of the inability to meet the demand, loss of market position & competitiveness. Apart from revenues, direct & indirect costs arising from climate related risks and opportunities influence QNBFB's financial planning, varying from costs of response to climate risks, costs to realize climate-related opportunities to possible costs of climate-related risks on its assets. QNBFB decides the share of the budget that will be reserved for green procurement and energy efficiency. In that respect energy efficient products, lighting, green electricity procurements are considered as direct operational costs in the financial planning. In 2022, QNBFB procured 100% of its electricity consumption (Head Office, all branches and off-site ATMs) from renewable sources. As the use of renewable electricity for operations is actualized via I-REC's, the financial planning of OPEX will be affected in line with this purchase annually. In the long term, the Bank considers developing projects to increase its own renewable electricity production capacity. This would then lead to a change in financial planning in terms of energy which would affect the CAPEX expenditures. Additionally, as branches move to and/or open in different locations, the best available technologies are being used such as inverter AC systems etc. As of 2022, QNBFB obtained ISO14001 certificate and ÇED (Environmental Impact Analysis) Industrial Waste Management Plan for its 3 HQs; and the Bank is also still taking actions to obtain ISO 50001 certification and consults CDP accredited providers for 2023 CDP Reporting. Other actions that are taken in 2022: -Corporate Carbon Footprint is calculated and verified by a 3rd Party Verifier (BSI). -Transition has been made from diesel to hybrid cars -Offsetted digital platforms emissions -Obligation of legal environmental documents to become a new supplier of QNBFB has set QNBFB accessed international funds with the help of its focus on climate related activities. In 2020, QNBFB concluded a EUR 25 million facility with the Proparco, a subsidiary of the French Development Bank, Funds are being allocated to agricultural needs of the Bank's SME customers with a commitment to energy efficiency. In 2022, approximately 166 million TRY loans disbursed to SME's for agriculture where some portion of it has resource/energy efficiency benefit.

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	Yes, we identify alignment with our climate transition plan

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

Financial Metric

Revenue/Turnover

Type of alignment being reported for this financial metric

Alignment with our climate transition plan

Taxonomy under which information is being reported

Objective under which alignment is being reported

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

443,781,976.5

Percentage share of selected financial metric aligned in the reporting year (%)

12.85

Percentage share of selected financial metric planned to align in 2025 (%)

0

Percentage share of selected financial metric planned to align in 2030 (%)

0

Describe the methodology used to identify spending/revenue that is aligned

QNB Group created a Sustainable Finance and Product Framework (SFPF) to procedure their process identifying climate related financing. SFPF has an intended application of serving to define the financing and loans eligible to be funded by the proceeds of any Green, Social or Sustainability Bond (GSSB) issued by QNB; and, setting out the Bank's classification approach and methodology for labelling any products, services or transactions as Sustainable or Transition finance aimed at delivering positive impact to society and the environment. This includes eligible qualifying themes, categories, activities, and criteria, in line with international standards and taxonomies.

In this SFPF, there Is a decision tree to classify eligible financing activity. Following these questions below, eligibility is examined:

1. Is it Use of Proceeds (UoP) linked to dedicated project/ asset/ activity?
2. Are UoP compliant with the eligible categories and criteria?
3. Is it for General corporate Purpose where the company derives 90% of its turnover/ revenue from UoP categories
4. Is it for General corporate Purpose with SustainabilityLinked component in the

performance and pricing?
5. Is it for activities meeting eligible for Transition criteria, including credible transition strategy and abatement plans
Accordingly, projects may be excluded from sustainable classification or may be classified with “sustainable finance” or “transition finance” labels.
The Framework is reviewed annually and any changes will be applied to any sustainable finance products and services from QNB Group. Given the rapid evolution and development of the sustainable finance market and ESG standards, QNB Group aims to adopt and apply internationally recognised best practices, standards, frameworks, and/or products once established in the market.
This framework also has a second party opinion as an external verification.
In 2022, the total revenue due to loans given in line with the Framework is 443,781,976.5 TRY. This value is taken from the QNBFB internal IT systems that calculates it automatically with the total loans provided and interest rates. This makes 12.85% of total commercial and corporate income of 2022.
This value is planned to increase each year as QNBFB will be increasing its loan portfolio aligned with the framework. However, due to the interest income irregularity, the 2025 and 2030 percentage cannot be estimated. Therefore the values are given as 0.

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
Row 1	Yes, our framework includes both policies with climate-related client/investee requirements and climate-related exclusion policies

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio
Banking (Bank)

Type of policy
Credit/lending policy
Risk policy

Portfolio coverage of policy
1

Policy availability

Publicly available

Attach documents relevant to your policy

Sustainable finance framework_2022.pdf

Criteria required of clients/investees

Disclosure of Scope 1 emissions
Disclosure of Scope 2 emissions
Disclosure of Scope 3 emissions
Set a science-based emissions reduction target
Develop a climate transition plan
Other, please specify

GHG emissions reduced-avoided, energy consumptions, Energy savings, Environment certifications, Renewable energy generation amounts, Organic farming certifications, Distance of transmission and energy transmitted, Volume of waste processed-recycled

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Clients/investees must be compliant within the next year

Industry sectors covered by the policy

Energy
Materials
Transportation
Automobiles & Components
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Real Estate
Other, please specify

Forests and forestry, Agriculture, Fishery, Pollution prevention and control , Infrastructure, Essential Services, Social Housing, Pandemic Response, Socio-economic Advancement and Empowerment

Exceptions to policy based on

Industry sector
Products and services

Explain how criteria required, criteria coverage and/or exceptions have been determined

QNB Group created a Sustainable Finance and Product Framework (SFPF) to procedure their process identifying climate related financing. SFPF has an intended application of serving to define the financing and loans eligible to be funded by the proceeds of any Green, Social or Sustainability Bond (GSSB) issued by QNB; and, setting out the Bank's classification approach and methodology for labelling any products, services or transactions as Sustainable or Transition finance aimed at delivering positive impact to society and the environment. This includes eligible qualifying themes, categories, activities, and criteria, in line with international standards and taxonomies. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. In line with this framework, the eligibility criteria for Green UoP include the disclosure of estimated annual scope 1-2-3 GHG emissions,reduced and/or avoided emissions, estimated annual energy consumption and energy-saving values of the project. Additionally, QNBFB supports the clients setting SBT aligned emission reduction targets and climate transition plan studies as part of the defined transition activites in the Framework. As of 2022, 12.85% of QNBFB corporate and commercial loans are classified according to sustainability criteria set out in QNB Framework and for approximately 1%, the bank have set sustainability KPIs for.

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio

Banking (Bank)

Type of exclusion policy

Coal mining
Power from coal

Year of exclusion implementation

2021

Timeframe for complete phase-out

By 2030

Application

New business/investment for new projects
New business/investment for existing projects
Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to

Turkey

Description

QNBFB will not engage in any financing where there is clear evidence of illegal activities or severe damage to the env. and/or society. The Exclusion Lists the prohibited activities/ sectors that the Bank will not knowingly finance, directly or indirectly. All loan applications received by the Bank are checked against QNBFB Exclusion List. The list was adapted and revised from the IFC exclusion list. IFC Exclusion List application first started in 2011 and was added to QNBFB lending instructions. In 2021, QNBFB included the List of activities that are not to be financed in its Environmental and Social Risk Management Policy. The exclusion list includes activities such as; Activities conducted in wetlands as defined in “The List of Wetlands of International Importance” (The Ramsar List), Activities falling within the scope of prohibited activities in CITES, Production or trade-in Ozone Depleting Substances not permitted by the national regulations etc. Projects that fall under this list are under no circumstances financed. QNBFB Environmental and Social Risk Assessment Model is applied to all Project loan applications that are not listed in the “QNBFB Exclusion List” which have a credit amount of 10 million USD, and a tenor of 24 months and above. Further details (risk calculation and categorization methodology, responsibilities, etc.) are provided in relevant ESRA procedures. As of 2021, the environmental and social risk assessment module, which includes climate change metrics, has been utilized. The ESRA tool requests information about the projects which have a credit amount of 10 million USD, and a tenor of 24 months and above. The requested information includes scope 1 & 2 emissions of the project, and they are used to determine the project's environmental risks. In its 2021 loan borrowings, QNBFB has committed to sustaining a 0% share or commitment in new greenfield coal projects and to increase the percentage of total electricity consumption sourced from renewable generation. The Bank has publicly announced to not finance new thermal coal power plant projects and new coal mining projects as of 2022, as a general Bank policy. The bank has not financed new coal power plant since 2015. Existing exposure in the portfolio will be settled until 2030.

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
Row 1	Yes

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization’s financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Coverage of covenants	Please explain
Purpose or use of proceeds clause refers to sustainable project Minimum level of green assets mandated	Corporate real estate Project finance	Depending on loan size	QNBFB uses the SFPF developed by QNB to define the financing, loans and investments eligible to be funded by the proceeds of green, social or sustainability bonds. Under this Framework, QNBFB can issue Green Bonds and Sustainability Bonds. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. The Green Bonds include financings for green buildings, renewable

Legal mandate to obtain third party verification Covenants related to compliance with your policies			energy development, construction and operation, clean transportation, energy efficiency projects, sustainable management of natural sources, land and water and pollution prevention control. In line with this framework, the eligibility criteria for Green Bonds require customers' disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project. Also, external audits are actualized for overseas green project loans. Currently, the bank follows KPIs for approximately 1% of its Corporate and Commercial Credits 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?

No, and we do not anticipate setting one in the next two years

Target ambition

Year target was set

2017

Target coverage

Company-wide

Scope(s)

Scope 1
Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2017

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

10,779

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

39,238

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)

50,017

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

2023

Targeted reduction from base year (%)
72

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]
14,004.76

Scope 1 emissions in reporting year covered by target (metric tons CO2e)
14,786

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
0

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)

14,786

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]

97.8306264759

Target status in reporting year

Revised

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of QNBFB's Scope 1 and market-based 2 emissions. No emissions are excluded from the inventory. 2017 was decided as the base year as this is the year the scope of reporting across the QNB Group significantly expanded. ABS1 doesn't include any land-related emissions within the target boundary. In 2022, scope 1 and market based scope 2 total was 14,786 tCO2eq.

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

In 2022, QNBFB sourced electricity consumption from renewable sources in all operations. QNBFB acquired IREC certificates for all electricity use across the Bank’s operations. This led to an approximately 67% decrease in its total scope 1&2 emissions since 2017. The plans to achieve this target include energy efficiency in headquarters and branches (LED Lighting transformation, HVAC transformation), continuous use of renewable and zero-carbon electricity, digital banking & digitalization of our banking services and its implications on the decrease of our branch quantity and cumulative energy demand. The progress curve is likely to be variable.

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?

No, but we anticipate setting one in the next two years

Target ambition

Year target was set

2017

Target coverage

Company-wide

Scope(s)

Scope 1
Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Intensity metric

Metric tons CO2e per unit FTE employee

Base year

2017

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

0.91

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

3.29

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)

4.2

% 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

100

Target year

2022

Targeted reduction from base year (%)

20

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

3.36

% change anticipated in absolute Scope 1+2 emissions

-70

% change anticipated in absolute Scope 3 emissions

-70

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

1.29

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

0

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)

1.29

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]

346.4285714286

Target status in reporting year

Achieved

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of QNBFB's Scope 1 and market-based 2 emissions. No emissions are excluded from the inventory. 2017 was decided as the base year as this is the year the scope of reporting across the QNB Group significantly expanded. GHG emissions per unit FTE is used as the target metric due to QNBFB being in the financial services sector. In 2022, year-end FTE was 11427 and scope 1&2 total was 14786 tCO2e. Therefore GHG emissions per employee are calculated to be 1.29 tCO2e.

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

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

In 2022, QNBFB sourced electricity consumption from renewable sources in all operations. Thus QNBFB acquired IREC certificates for all electricity use across the Bank's business. This led to an approximately 67% decrease in its total scope 1&2 emissions since 2017. In 2022, the intensity target was calculated to be 1.29 tCO2e and the target is achieved. The plans to achieve this year-on-year target continuously are Energy efficiency in HQ and branches (LED Lighting transformation, HVAC transformation), continuous procurement of renewable electricity, digital banking & digitalization of our banking services and its implications on the decrease of our branch quantity and cumulative energy demand.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2019

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency

MWh

Target denominator (intensity targets only)

MWh

Base year

2020

Figure or percentage in base year

22

Target year

2022

Figure or percentage in target year

100

Figure or percentage in reporting year

100

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

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

INT 1 & ABS 1

Is this target part of an overarching initiative?

No, it’s not part of an overarching initiative

Please explain target coverage and identify any exclusions

This target is company-wide and covers all operations in all geographies of QNB Finansbank. No emissions excluded. The target was set in 2019 and is updated in an annual basis. Since 2019, QNBFB increased its renewable energy ratio in total electricity consumption to 22% in 2020. In 2021 and 2022, QNBFB sourced 100% of its electricity need from renewable sources.

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

List the actions which contributed most to achieving this target

In 2019, QNBFB had set a target to increase the low-carbon energy percentage in the total electricity used. In 2020, 2021 and 2022 energy-saving and energy efficiency projects had been realized as a first step. This helped with lowering the electricity consumption values. In 2019, QNBFB had set a target of increasing renewable electricity share by 20% and as a result, sourced 22% of its electricity need from renewable sources. In 2021, the Bank's target was 60% for renewable electricity use for all of its operations and QNBFB achieved this target by sourcing 100% renewable electricity in 2021 and 2022. QNBFB has purchased IREC certificate for all of its operations without excluding any operations or geographies. In the coming years, QNBFB will be continuing to keep the renewable share in its electricity use at 100%.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Target year for achieving net zero

2050

Is this a science-based target?

No, and we do not anticipate setting one in the next two years

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of QNBFB's operations. QNBFB aims to achieve net-zero GHG emissions by 2050.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

Planned actions to mitigate emissions beyond your value chain (optional)

N/A

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	2	445.91
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings

Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)

434.65

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

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

215,820

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

0

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

This emission reduction is due to energy saving initiative. Due to decrease natural gas consumption in 2022, 435 tonnes of CO2eq has been saved.

Initiative category & Initiative type

Company policy or behavioral change

Resource efficiency

Estimated annual CO2e savings (metric tonnes CO2e)

11.26

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)

266,005

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

0

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

This emission reduction is due to the 12% decreased use of copy paper in QNBFB operations. This caused approximately 266,005 tonnes of CO2eq emission reduction.

C4.3c

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

Method	Comment
Dedicated budget for energy efficiency	QNBFB put great importance on its Sustainability Management System, a team of Maintenance Operations and Engineering Services, has a focused

	effort to decrease QNB Finansbank's environmental footprint with the help of emission reduction activities. QNBFB also modernizes the ATM cabin inventory. The new ATMs consume less electricity than old ones. Automation infrastructure project installations that will enable central monitoring of electrical and mechanical equipment of all branches and ATM cabinets have been initiated. Test studies for the use of Hybrid Ups in 11 Off-Site ATM cabins continue since 2021. In this way, ATM cabins will be able to meet 7% of their energy needs with solar panels. Hot/cold corridor containment studies for energy efficiency in E Block Data Center have been completed. Within the scope of the QNB Finansbank Sustainability Management System project, awareness-raising activities are carried out for employees who will serve for behavioral change, including communication. It is aimed to raise awareness among employees to save electricity, water and natural gas consumption with infographic films and presentations. Investments continued to reduce emissions by allocating a budget in 2022. Since 2012, the cooling systems used in QNBFB branches have been replaced with new technology alternatives. By the end of 2022, 64% of branches and buildings and 90% of off-site ATMs have inverter-type devices. In the E Block Operation Center building, the entire lighting system was converted to LED luminaires and lighting automation was implemented. In 2022, The Bank obtained ISO 14001 Environmental Management System certification for its 3 headquarters buildings. QNBFB aims to obtain ISO 50001 for its 2 HQ buildings in the coming years.
Employee engagement	N/A
Dedicated budget for other emissions reduction activities	N/A
Dedicated budget for low-carbon product R&D	N/A

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

QNB Group has developed the Sustainable Finance and Product Framework to define the financing, loans and investments eligible to be funded by the proceeds of green, social or sustainability bonds issued by the QNB Group. Under this Framework, QNBFB can also can issue Green Bonds and Sustainability Bonds. The framework aligns with the International Capital Markets Association (ICMA) Social Bond, Sustainability Bond Guidelines; Sustainability-Linked Bond Principle, Loan Market Association (LMA) Green Loan, Social Loan, Sustainability-Linked Loan Principles, CBI taxonomy and EU taxonomy, ICMA Green Project Mapping, ICMA GBP Guidance Handbook and Transition Pathway Initiative, where applicable. In line with this framework, the eligibility criteria for Green Bond issued in 2021 include the disclosure of estimated annual GHG emissions reduced and/or avoided, estimated yearly energy consumption, and energy-saving values of the project. The financing aligned with the framework includes financings for green buildings, renewable energy development, construction and operation, clean transportation, energy efficiency projects, sustainable management of natural sources, land and water, and pollution prevention control. All the lendings that's in line with the framework make 14.6% of QNBFB's total Corporate and Commercial cash-lendings as of 2022.

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

Adaptation

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

23,387,471,999.91

% of total portfolio value

14.6

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Renewable energy
Sustainable agriculture
Other, please specify

Pharmaceuticals, Biotechnology&Life Sciences, Health Care Equipment& Services, Forests&forestry, Fishery, Pollution prevention and control, Infrastructure, Essential Services,Pandemic Response,Socio-economic Advancement and Empowerment

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, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

14,950

Comment

Scope 1 Emissions cover emissions from all operations including the headquarter buildings, ATMs and branches.

Scope 2 (location-based)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

22,537

Comment

QNB Finansbank's electricity source is the national grid. There are no other energy sources to be included in scope 2 except electricity.

Scope 2 (market-based)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

QNB Finansbank purchases IREC certificates for all of its electricity use. There are no other energy sources to be included in scope 2 except electricity. The emission factors for the market-based calculation have been provided by the IREC issuer and it is 0 kgCO2e. Thus, 52 GWH of electricity used in 2021 across QNBFB operations led to market-based scope 2 emissions of 0.

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

1,503

Comment

Scope 3 category 2: Capital goods

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

2,425

Comment

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

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

11,303

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

1,337

Comment

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

29

Comment

Scope 3 category 6: Business travel

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

216

Comment

Scope 3 category 7: Employee commuting

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

7,642

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

QNBFB does not own any leased assets to be accounted for in this category. Therefore, this category is N/A.

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

QNBFB does not have activities to be accounted for in this category. Therefore, this category is N/A.

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

QNBFB does not own any products to be processed after being sold in this category. Therefore, this category is N/A.

Scope 3 category 11: Use of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

430

Comment

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

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0.18

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

QNBFB does not own any leased assets to be accounted for in this category. Therefore, this category is N/A.

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

QNBFB does not own any franchises to be accounted for in this category. Therefore, this category is N/A.

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

N/A

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

N/A

C5.3

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

IPCC Guidelines for National Greenhouse Gas Inventories, 2006
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

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)

14,786

Comment

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

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

Reporting year

Scope 2, location-based

23,285

Scope 2, market-based (if applicable)

0

Comment

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)

327.67

Emissions calculation methodology

Supplier-specific method

Average data method

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

100

Please explain

This data includes emissions from purchased goods & use of materials such as paper and plastic. The activity data has been gathered from QNBFB internal systems and several suppliers in metric tonnes for goods. The emissions factor has been used from DEFRA 2021. The reference for GWP values is IPCC 5th Assessment Report.

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

185.94

Emissions calculation methodology

Supplier-specific method
Average data method
Asset-specific method

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

100

Please explain

This data includes emissions from purchased capital goods in 2022. The activity data has been gathered from QNBFB internal systems and several suppliers in amount and metric tonnes for such as ATM's, money counters, and server machines. The emissions factors for capital goods has been gathered from Ecoinvent. The reference for GWP values is IPCC 5th
Assessment Report.

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

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

11,878.15

Emissions calculation methodology

Supplier-specific method
Fuel-based method

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

100

Please explain

This data includes emissions from fuel-and-energy-related activities that is not included in scope 1&2. The activity data has been gathered from QNBFB internal systems and several suppliers in kWh for electricity, m3 for natural gas, liter for diesel and petrol, and metric tonnes for other fuels. The emissions factors for fuel related activities has been gathered from DEFRA 2021. The reference for GWP values is IPCC 5th Assessment Report.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

431.73

Emissions calculation methodology

Distance-based method

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

100

Please explain

This data includes emissions from transportation and distribution of purchased goods, capital goods, inbound distribution of products and waste generated in operations. The activity data has been gathered from QNBFB internal systems in metric tonnes for weights and km for distances. The emissions factors have been gathered from DEFRA 2021. The reference for GWP values is IPCC 5th Assessment Report.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

40.08

Emissions calculation methodology

Waste-type-specific method

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

100

Please explain

This data includes emissions from waste and wastewater generated in operations. The activity data has been gathered from QNBFB internal systems and suppliers in metric tonnes for weights. The emissions factors have been gathered from DEFRA 2021. The reference for GWP values is IPCC 5th Assessment Report.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,226.7

Emissions calculation methodology

Distance-based method

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

100

Please explain

This data includes emissions from business trips of employees. The activity data has been gathered from QNBFB internal systems and suppliers as distance traveled in km. The emissions factors have been gathered from DEFRA 2021. The reference for GWP values is IPCC 5th Assessment Report.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

6,752.39

Emissions calculation methodology

Hybrid method
Average data method
Distance-based method

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

100

Please explain

This data includes emissions from employees' commuting to work and homeworking in 2022. The activity data has been gathered from QNBFB internal systems and suppliers as distance traveled in km and number of employees worked from home. The emissions factors have been gathered from DEFRA 2021. The reference for GWP values is IPCC 5th Assessment Report.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

QNBFB does not own any leased assets to be accounted for in this category. Therefore, this category is N/A.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

QNBFB does not have activities to be accounted for in this category. Therefore, this category is N/A.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Please explain
QNBFB does not own any products to be processed after being sold in this category. Therefore, this category is N/A.

Use of sold products

Evaluation status
Not relevant, calculated

Emissions in reporting year (metric tons CO2e)
77.64

Emissions calculation methodology
Average data method

Methodology for indirect use phase emissions, please specify

Average Electricity Consumption

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

Please explain
This data includes emissions from the use of the bank cards sold to customers in 2022 (for the whole life-cycle). The activity data has been gathered from QNBFB internal systems as type of products and their use phase scenarios. The emissions factors have been gathered from Ecoinvent. The reference for GWP values is IPCC 5th Assessment Report. Since these emissions are classified as in-direct scope 3 use phase emissions according to GHG Protocol, the evaluation status has been chosen as "not relevant..."

End of life treatment of sold products

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
0.21

Emissions calculation methodology
Average data method

Waste-type-specific method

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

Please explain

This data includes emissions of the end-of-life emissions of the bank cards sold to customers in 2022. The activity data has been gathered from QNBFB internal systems as type of products and their end of life phase scenarios. The emissions factors have been gathered from DEFRA 2021. The reference for GWP values is IPCC 5th Assessment Report.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

QNBFB does not own any downstream leased assets to be accounted for in this category. Therefore, this category is N/A.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

QNBFB does not own any franchises to be accounted for in this category. Therefore, this category is N/A.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

N/A

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

N/A

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
0.00000032

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
14,786

Metric denominator
unit total revenue

Metric denominator: Unit total
46,898,000,000

Scope 2 figure used
Market-based

% change from previous year
71

Direction of change
Decreased

Reason(s) for change
Other emissions reduction activities
Change in revenue

Please explain
The reason for a change in the tCO2e per unit total revenue is the increase in unit total revenue and the decrease in total scope 1&2 GHG emissions. As QNBFB has been acquiring all of its electricity needs
from renewable sources since 2021, the scope 2 market-based emissions have been calculated to be 0 tCO2e. The other emission reduction initiatives resulted a 1% decrease in Scope 1 and 2 in the reporting year compared to 2021. Unit total revenue has increased 237% compared to 2021 due the USD/TRY exchange rate fluctuations. All these changes led to an approximately 71% decrease in the intensity metric value.

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?
Yes

C7.7a

(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Subsidiary name

IBTECH Uluslararası Bilisim ve İletisim Teknolojileri

Primary activity

IT services

Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

ISIN code – bond

ISIN code – equity

CUSIP number

Ticker symbol

SEDOL code

LEI number

Other unique identifier

Scope 1 emissions (metric tons CO2e)

1,262.95

Scope 2, location-based emissions (metric tons CO2e)

558.53

Scope 2, market-based emissions (metric tons CO2e)

0

Comment

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	QNBFB usess all its electricity from renewable resources since 2021. Both in years 2021 and 2022, scope 2 market based emissions are zero, meaning 100% renewable. Therefore there is 0 change in emissions and in emissions value percentage: (0/14950)x100=0
Other emissions reduction activities	434.65	Decreased	3	The 434.65 tCO2e decrease is due to energy efficiency initiatives in QNBFB buildings and data servers in 2022. Other emission reductions in 2022: 434.65 tCO2e scope 1&2 emissions in 2021: 14,950 tCO2e Emissions value (percentage): (-434.65/14,950)x100= -3%
Divestment				
Acquisitions				
Mergers				
Change in output	271	Increased	2	Changes in output leads to 271 tCO2e increase in total scope 1 and 2 emissions (without other emission reduction initiatives) This is calculated as: 2022 output increase: 271 tCO2e 2021 scope 1 and 2 total tCO2e: 14950 271/14950x100=2%
Change in methodology				
Change in boundary				

Change in physical operating conditions				
Unidentified				
Other				

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?

Market-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)	0	51,911	51,911
Consumption of purchased or acquired electricity		52,921	0	52,921
Total energy consumption		52,921	51,911	104,832

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)

52,921

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]

52,921

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

124,789

Metric numerator

Cubic meters

Metric denominator (intensity metric only)

N/A

% change from previous year

12

Direction of change

Increased

Please explain

QNBFB's total water consumption is increased as the company is growing and number of employees has increased.

C10. Verification

C10.1

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

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

C10.1a

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

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement

QNB-14064-3_for 2022_S1&2.pdf

Page/ section reference
The GHG Statement: pg 1
Verification opinion: pg 1
GHG Emissions: pg 1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

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

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement

QNB-14064-3_for 2022_S1&2.pdf

Page/ section reference

The GHG Statement: pg 1
Verification opinion: pg 1
GHG Emissions: pg 1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement

QNB-14064-3_for 2022_S1&2.pdf

Page/ section reference
The GHG Statement: pg 1
Verification opinion: pg 1
GHG Emissions: pg 1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

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

Scope 3 category
Scope 3: Purchased goods and services
Scope 3: Capital goods
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Use of sold products
Scope 3: End-of-life treatment of sold products

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

QNB-14064-3_for 2022_S3.pdf

Page/section reference

The GHG Statement: pg 1
Verification opinion: pg 1
GHG Emissions: pg 1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

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?

QNB-14064-3_for 2022_S3.pdf
QNB-14064-3_for 2022_S1&2.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain

C6. Emissions data	Energy consumption	ISO 14064-3	2022 Total Electricity Consumption (kwh), acquired IREC certificates has been verified alongside market and location based scope 2 emissions.
C6. Emissions data	Year on year emissions intensity figure	ISO 14064-3	Emission intensity for 2022 is calculated and verified as 3.12 ton CO2e / total number of employees.

C11. Carbon pricing

C11.2

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

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Project type

Wind

Type of mitigation activity

Emissions reduction

Project description

Bares Elektrik Üretim A.S. implemented a wind power plant in Balikesir province of Turkey. The project is located in the Balikesir city close to the coastline of the Sea of Marmara, Turkey. The project involves the installation of 20 unit of GE1,5SE wind power turbines with a total capacity of 30 MW. Expected annual electricity generation is 109.9 GWh. Annualy calculated emission reduction is 71,710 tCO2e. Power plant is in operation since June 2006.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

1,387.13

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2013

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

Gold Standard

Method(s) the program uses to assess additionality for this project

Positive lists

Approach(es) by which the selected program requires this project to address reversal risk

No risk of reversal

Potential sources of leakage the selected program requires this project to have assessed

Upstream/downstream emissions

Provide details of other issues the selected program requires projects to address

The project helps Turkey to stimulate and commercialize the use of grid connected renewable energy technologies and markets. Furthermore, the project demonstrates the viability of grid connected wind farms which can support improved energy security, improved air quality, alternative sustainable energy futures, improved local livelihoods and sustainable renewable energy industry development. The specific goals of the project
are to:
• reduce greenhouse gas emissions in Turkey compared to the business-as-usual scenario;
• help to stimulate the growth of the wind power industry in Turkey;
• create local employment during the construction and the operation phase of the wind farm;
• reduce other pollutants resulting from power generation industry in Turkey, compared to a business-as-usual scenario;
• help to reduce Turkeys increasing energy deficit;
• and differentiate the electricity generation mix and reduce import dependency.

Comment

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Type of internal carbon price

Shadow price

How the price is determined

Alignment with the price of allowances under an Emissions Trading Scheme

Objective(s) for implementing this internal carbon price

Change internal behavior
Identify and seize low-carbon opportunities

Scope(s) covered

Scope 1
Scope 2
Scope 3 (upstream)
Scope 3 (downstream)

Pricing approach used – spatial variance

Uniform

Pricing approach used – temporal variance

Static

Indicate how you expect the price to change over time

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)

1,000

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)

2,000

Business decision-making processes this internal carbon price is applied to

Operations
Risk management
Opportunity management

Mandatory enforcement of this internal carbon price within these business decision-making processes

Yes, for all decision-making processes

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan

The first one is carbon offsets as MonoApp and Kiralarsın.com includes carbon offsets as business strategies. Mono App users can earn MonoPoints as they receive notifications from brands through Mono and then offset carbon emissions. Kiralarsın.com is live since early 2022 and it purchases carbon offsets for the devices transported to customers. The second application is shadow carbon pricing company-wide. QNBFB is using a shadow carbon price in feasibility studies of its operational investments. This application helps with foreseeing the possible risks and opportunities related to investment in terms of climate-related issues. The prices are adapted from EU ETS and for 2022, a variance of 50-100 EUR (1000 - 2000 TRY) is applied.

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

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

45

% total procurement spend (direct and indirect)

45

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

0

Rationale for the coverage of your engagement

Rationale for the coverage of your engagement: Shifting our operational purchases to more environmentally safe options also provide an opportunity to choose more sustainable businesses as suppliers instead of high-carbon service providers. QNBFB works with multiple suppliers therefore sustainable engagement is crucial and has the power to impact a good change. The process of increasing the supplier coverage expands gradually, and, QNBFB aims to cover all of its suppliers in the coming years.

The bank assesses sustainability (environmental, social and human rights) risks in its supply chain as part of its third-party risk management framework, and collaborates with its third parties to ensure compliance. Third parties are required to adhere to local laws and regulations as a minimum requirement. As of 2019, Sustainability principles, which refer to the bank's sustainability policy, have been added to the contracts that have been made with the suppliers. As of 2022, the percentage of suppliers with sustainability principles in the contracts was 45%. The sustainability principles state that the supplier will not act contrary to the principles set forth in the Sustainability Policy of QNBFB, will adopt sustainable practices and environmental responsibility, will ensure that its employees minimize the environmental impact and comply with the QNBFB Sustainability Policy. Compliance with the bank's sustainability clauses also encourages sustainable operations that would reduce GHG emissions. Additionally, In line with the 14001 certification process, educational training focused on environment and sustainability is given to 9411 people with the accomplishment rate of 83% in 2022. Also, the paper used in the bank's operations has been reduced by 81% since 2015 due to digitalization in banking processes; we have investigated the FSC certificate for our suppliers for the printed materials and paper used. Around %80 of our printed materials suppliers' has acquired the FSC certificate. Additionally, the use of disposable plastic and cardboard cups in the Head Office and branches has been prevented in line with the zero-plastic goal. QNBFB is planning the change from plastic carboys to glass dispensers and then to water treatment systems in branches and headquarters buildings for WASH services.

Impact of engagement, including measures of success

QNBFB's third-party risk management demands all suppliers to respect human rights and establish a clean and safe working environment for their employees. This includes prohibiting forced labour, child labour or discrimination and paying appropriate wages. QNBFB also engages and collaborates with suppliers to ensure sound practices to minimize adverse external impacts. In procurement processes, QNBFB gives priority to the selection of suppliers, which are competitive, offer high-quality services, have a high reputation in the market and have the ability to assess and manage their own risks. QNBFB do show utmost effort to minimize the environmental and social effects of the products and services it purchases, and allocate extra budget for this purpose. As of 2019, Sustainability principles, which refer to the bank's sustainability policy, have been added to the contracts that have been made with the suppliers. The success of the engagement is measured by the percentage of suppliers with sustainability principles added to contracts. This engagement activity led QNBFB to choose more climate-aware suppliers and raise awareness for climate-related sustainability issues. Thus the bank has more climate transparency in its procurements and this engagement allows QNBFB to increase its sustainable business engagement and reduce environmental impact (impact of engagement strategy). Description of measures of success which includes a threshold: To QNBFB, a successful engagement is measured by the ratio of engaged suppliers. QNBFB aims no less than the previous year and strives for a more comprehensive perspective if feasible. Keeping the engaged supplier ratio in the next year is the threshold. If achieved, engagement is considered successful.
In 2022, the engagement rate was 45%, considered successful.

Comment

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

Engagement & incentivization (changing client behavior)

Details of engagement

Engage with clients and potential clients, particularly those with the most GHG-intensive and GHG-emitting activities, on their decarbonization strategies and net-zero transition pathways

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

0

Portfolio coverage (total or outstanding)

41

Rationale for the coverage of your engagement

Engagement targeted at clients with the highest potential impact on the climate

Impact of engagement, including measures of success

QNBFB's client engagement consists of requirements for lending and project financing activities specifically from carbon-intensive sectors. According to the QNBFB Sustainable Finance and Product Framework (SFPF), decarbonization requirements is a must to be eligible for related loans. Therefore QNBFB engages with its customers in their decarbonization journey and encourages them for net zero transition pathways. Also in the ESRA Module used to determine the risks related to customers and/or projects, the envisaged GHG emissions are asked. In Greenbond-related financings, information related to energy savings in MWh; Renewable energy generation in MWh; Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent, etc. are requested annually. Cash-lendings evaluated by the Environmental and Social Risk Assessment Tool (ESRA) at QNBFB that is $10M and a tenor of 24 months and above are calculated for portfolio coverage and that equals 41%. The measure of success has been determined by the intensity of climate-related questions/requirements and the percentage of the portfolio covered by these requirements. Protecting the amount of climate related questions is the threshold for measuring a successful engagement. QNBFB aims no less than previous year and aims a more comprehensive perspective if applicable. With this engagement customers face a more climate-aware approach to lending and financing processes.

Impact of climate-related client engagement strategy according to the measure of success chosen: With the outcomes, the customers are expected to approach the climate-related issues in a more responsive manner, become aware and active in climate action. Example for this impact is the growing demand of QNBFB's sustainable-classified loans.

C12.1d

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

In addition to engagement with customers and suppliers, public and employee engagement for climate change is also of great importance for QNBFB. For example in 2022 "Özgür Atölye–Climate events" are held under the sponsorship of the Turkish Education Volunteers Foundation and QNBFB. In this program, which is based on a project-based learning approach, children have the opportunity to find scientific solutions to the problems they observe and share their solution suggestions. With the project, which is carried out under the sponsorship of QNB Finansbank, children experience the basic concepts of climate change, its effects and what actions can be taken about it. In 2023, QNBFB held a sustainable exhibition named "Breaking Point: You Write the End of the Story" in collaboration with Artkolik. In the exhibition which consists of works produced by 30 artists, who put the climate crisis and environmental problems at the center of their works, there are 60 works produced by important representatives of Turkish contemporary art. QNBFB also organized a workshop under the "Breaking Point: You Write the End of the Story" that is a collaboration with Artkolik, engaging with children to raise awareness about sustainability among them. Workshop consists of printing with waste coffee. As of 2022, QNBFB is also providing its employees with an informative movie about sustainability including climate change-related issues. The training video is available as of mid-2022. In addition to this, QNBFB is taking action toward zero-waste operations and providing various recycle bins to buildings to support waste separation at the source. The success of these engagements are measured via the participants to engagements. For the zero-waste applications, the waste sent to landfills is expected to decrease about 48 tonnes per year and be sent to recycling instead.

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

Yes, we fund organizations or individuals whose activities 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?

Yes

Attach commitment or position statement(s)

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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

QNB Finansbank is committed to building a better future and being a responsible partner for all its stakeholders. QNBFB does this by embedding a culture of sustainability and sustainable practices into its business, to better enable it to manage environmental, social, and governance (ESG) factors today, and well into the future. The Bank's principles and sustainability approach have been developed in accordance with all applicable laws, national and international regulations, standards and Paris Agreement. In addition, QNBFB supports and recognizes the following conventions, standards and initiatives as part of its ESG commitments and sustainability framework:

• United Nations Global Compact,
• United Nations Sustainable Development Goals (SDG),
• United Nations Guiding Principles for Business and Human Rights,
• International Labour Organisation's (ILO) Declaration of Fundamental Principles of Rights at Work,
• World Bank Environment, Health and Safety Guidelines,
• Global Reporting Initiative (GRI),
• International Capital Markets Association (ICMA) Green and Social Bond Principles,
• International Finance Corporation (IFC) Performance Standards.

In 2019, QNB Finansbank joined the UNGC and committed to making the principles part of its strategy, culture and day-to-day operations. In 2020, QNB Finansbank signed the 'CEO Statement for Renewed Global Cooperation', issued by the UN Global Compact as part of the United Nations' 75th-anniversary commemoration. With this statement, the Bank once again attested to its support for the United Nations and inclusive multilateralism, and also strengthened its commitment to the United Nations Global Compact (UNGC). In order to show QNBFB's commitment on sustainability and address the issues pointed out in United Nations (UN) 2030 Agenda for Sustainable Development, QNB Finansbank's material topics are aligned with the relevant United Nations Sustainable Development Goals (UN SDGs). More information can be found in the annual report of 2022, the document attached to the question.

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

Banking Regulation and Supervision Agency (BRSA) conducted an impact analysis of Carbon Border Adjustment Mechanism's (CBAM) impact on credit risk in 2022. In engagement with BRSA, QNBFB also participated in this study to analyse increasing credit risks that is a result of CBAM. Within the scope of the impact analysis, the effect of the carbon tax on the existing loan repayment capacities (ceteris paribus) has been estimated for the customers whose main activity is in the five sectors that CBAM prioritized and who export to the EU. The assessment was carried out considering the current financial situation of these customers, their level of dependency on exports to the EU, and their potential for carbon tax exposure according to CBAM. As a result, non-performing loan ratio of these sectors are expected to increase from 3.83% (as of 2021) to 4.77%. Further policy-making process can be followed regarding this analysis.

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

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

Europe is Turkey's one of the important trade partners. In 2022, 26% of Turkey's imports came from the EU and 41% of the country's exports were to the EU. Therefore, there are certain impacts of EU Green Deal and CBAM on Turkey, and to the companies operating in Turkey. The companies in selected sectors can reflect on the bank that they are negatively influenced from these regulations. Negatively affected customers may face hardship in the payback period of loans, and banks may face challenges over customers' situations. QNBFB is a member of the BRSA working group for sustainable banking. The engagement allows both side to give information and be informed of current agenda and regulations on climate change. CBAM is one of the top regulation on the agenda, that Turkey is working on. Studying analyses and reports with BRSA, QNBFB contributes to further policy-making process in Turkey that can be conducted regarding this analysis.

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

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

The climate transition of QNBFB includes mitigation of emissions and adaptation of processes to climate change in operational activities and its portfolio. Portfolio impact has a crucial effect on climate crisis, therefore; managing credit risk means managing climate crisis. Following global agenda on new policies and engaging with potential policy-makers support QNBFB to achieve its climate goals (net zero) and, gives an opportunity to contribute creating new policies for better.

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

Turkish Industrialists and Businessmen Association

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

QNBFB is an active member in TUSIAD's (Turkish Industry and Business Association) sustainability working groups. Output documentation created by these working groups is proposed to policy makers. One example to the working group that QNBFB's actively participating in is Environment and Climate Change Working Group. This working groups was created to deal with energy and environmental issues. QNBFB considers such issues and related actions as strategic, regarding the importance of the subject for Turkey. Priority issues in this working group are low carbon economy, resource efficiency, waste management and combating climate change. QNBFB's position is consistent with the association as they are working together and creating outputs in the working groups.

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?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify

Turkish Banks Association

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

QNBFB is a member of the Sustainability Working Group of the Banks Association of Turkey. Output documents generated by this working group are proposed to regulatory bodies, such as BRSA (Banking Regulation and Supervision Agency). The working group closely monitors incentive practices in the European Union and other developed markets for environmentally friendly financing models. One of the recent focus areas of the working group was the green asset ratio. In 2020, the working group updated the Sustainability Guide for Banking Sector, in line with the recent regulations and industry best practices. The guide was, published in March 2021. The climate-related issues studied and outputs of actions are in line with the latest climate science. Accordingly, as QNBFB works together with the association, the position is consistent.

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?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify

BCSD Turkey

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

In 2021, QNBFB has joined Business Council for Sustainable Development Turkey (BCSD Turkey) and started taking part in working groups for Transition to Low Carbon Economy and Efficiency, Sustainable Agriculture and Access to Food, Sustainable Industry and Circular Economy, Social Inclusion, The Sustainable Finance Forum. Various internal teams are determined to participate these working groups including QNBFB Sustainability Team, Project finance, Credits, Procurement, Maintenance Operations and Engineering, Financial Control, Risk Management, International Banking, Information Technologies, and Human Resources. The bank's work on climate change gains momentum, while contributing to the sector with its work and experience on climate change owing to the working groups within these collaborations. Accordingly, QNBFB's position is consistent with the association.

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?

Yes, we have evaluated, and it is aligned

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization or individual

Non-Governmental Organization (NGO) or charitable organization

State the organization or individual to which you provided funding

World Wildlife Fund (WWF)
WWF was established in 1961 by a group of passionate and committed individuals who sought to secure the funding necessary to protect places and species that were threatened by human development. For 60 years, WWF has worked to help people and nature thrive. WWF collaborate with people around the world to develop and deliver innovative solutions that protect communities, wildlife, and the places in which they live.

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

1,100,000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

In 2022, QNBFB became a supporter of the WWF Nature Pioneers Youth Program under the project management of WWF Turkey and the Ministry of National Education. With this project, 11 secondary school teachers selected from 10 provinces across Turkey were given 30 hours of face-to-face training in Istanbul, and these teachers were trained as formatter trainers. The trainers reached 30-160 teachers in the surrounding provinces and a total of 10 thousand children were given climate training through 1000 teachers. The middle and high school students reached within the scope of the program developed solutions to the problems brought by the climate crisis using innovative approaches and technologies of the age and produced innovative and transformative projects in the communities of Wildlife Protectors, Water Angels, Plastic Hunters, Food Warriors and Carbon Segregators.
The Youth Conference is organized to promote the projects created during the year. In the conference, the children will be rewarded.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

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

Publication

In mainstream reports

Status

Complete

Attach the document

QNB_annual_report_2022_final.pdf

Page/Section reference

Governance and Risks & Opportunities Page: (92)
Strategy Page: (96)
Other Metrics Page: (92:102)

Content elements

Governance
Strategy
Risks & opportunities
Other metrics

Comment

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	UN Global Compact	The United Nations Global Compact (UNGC), the world’s largest corporate sustainability initiative, consists of ten principles to promote better business practices in the areas of human rights, labour, environment and anti-corruption. In 2019, QNB Finansbank joined the UNGC and committed to making the principles part of its strategy, culture and day-to-day operations. In 2020, QNB Finansbank signed the ‘CEO Statement for Renewed Global Cooperation’, issued by the UN Global Compact as part of the United Nations’ 75th-anniversary commemoration. With this statement, the Bank once again attested to its support for the United Nations and inclusive multilateralism, and also strengthened its commitment to the United Nations Global Compact (UNGC). Additionally, BSCD Turkey has established working groups within the framework of the UN Sustainable Development Goals in order to increase the awareness and impact of the business world on sustainable development. In 2021, QNBFB has joined Business Council for Sustainable Development Turkey (BCSD Turkey) and

		started taking part in working groups for Transition to Low Carbon Economy and Efficiency, Sustainable Agriculture and Access to Food, Sustainable Industry and Circular Economy, Social Inclusion, The Sustainable Finance Forum. Various internal teams are determined to participate these working groups including QNBFB Sustainability Team, Project finance, Credits, Procurement, Maintenance Operations and Engineering, Financial Control, Risk Management, International Banking, Information Technologies and Human Resources.

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?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

35,721,723,960

New loans advanced in reporting year (unit currency – as specified in C0.4)

5,145,304,320

Percentage of portfolio value comprised of carbon-related assets in reporting year

24.3

Details of calculation

Total lending in 2022 to transportation, building and materials sectors, and, total portfolio value of transportation, building and materials sectors are calculated in the carbon related asset.

Lending to coal

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

0

New loans advanced in reporting year (unit currency – as specified in C0.4)

0

Percentage of portfolio value comprised of carbon-related assets in reporting year

0

Details of calculation

In project finance, there is no longer a coal loan, but a business loan. Therefore, these figures are given as 0.

Lending to oil and gas

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

0

New loans advanced in reporting year (unit currency – as specified in C0.4)

0

Percentage of portfolio value comprised of carbon-related assets in reporting year

0

Details of calculation

In project finance, there is no oil and gas loan. Therefore, these figures are given as 0.

C-FS14.1

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

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric
Banking (Bank)	Yes	Portfolio emissions

C-FS14.1a

(C-FS14.1a) Provide details of your organization’s portfolio emissions in the reporting year.

Banking (Bank)

Portfolio emissions (metric unit tons CO2e) in the reporting year

637,358

Portfolio coverage

100

Percentage calculated using data obtained from clients/investees

0

Emissions calculation methodology

Other, please specify

PCAF - Partnership for Carbon Accounting Standards

Please explain the details and assumptions used in your calculation

While calculating the portfolio carbon footprint within the scope of the studies, an International Standard PCAF (Partnership for Carbon Accounting Financials) was used and the formulation specified in the Guideline was used. For the emission factors to be used within the scope of the calculation, the factors used by QNB Group were used in order to be in line with the QNB Group calculations; It is stated that there are 2019-2020 EU emissions data given to QNB by its consultants.

Emission intensive 5 sector was selected and portfolio coverage of %100 of these sectors were calculated; a total of 3375 customer data were included in the study. According to the study, the carbon emission data of our Bank's corporate and commercial loans are as follows:

1. The carbon footprint of our Bank's Commercial and Corporate Loans is 637,358 tons of CO2eq.
2. The ratios of 5 carbon sensitive sectors (cement, electricity, fertilizer, iron-steel, aluminium) to total emissions that may affect the carbon footprint of the portfolio were examined; cement 1.23%, electricity 0.0%, fertilizer 0.35%, iron and steel 15.90%, aluminium 1.05%.

Detailed portfolio emissions calculations with external consultancy is underway, these calculations mentioned above is an internal study based on provided assumptions.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization’s portfolio impact?

	Portfolio breakdown
Row 1	Yes, by industry Yes, by country/area/region

C-FS14.2b

(C-FS14.2b) Break down your organization’s portfolio impact by industry.

Portfolio	Industry	Portolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Energy	Avoided emissions financed (tCO2e)	726,136.64

C-FS14.2c

(C-FS14.2c) Break down your organization's portfolio impact by country/area/region.

Portfolio	Country/area/region	Portfolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Turkey	Avoided emissions financed (tCO2e)	726,136.64

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	Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world
Banking (Bank)	Yes	Explanation of the actions taken to align the relevant portfolio including examples and associated timelines: QNBFB uses the Sustainable Finance and Product Framework (SFPF) developed by QNB to define the financing, loans and investments eligible to be funded by the proceeds of green, social or sustainability bonds. The framework improved and got detailed in 2022. In line with this framework, the eligibility criteria for Green Bonds require customers' disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project, which encourages customers to act and care for the environmental impact and climate change. Additional examples for actions taken to align the portfolio including examples and timelines: The bank has not financed any new coal power plant since 2015. Thermal coal power plant projects and coal mining projects hasn't been financed as of 2022. Existing exposure in the Banks portfolio will be settled until 2032. QNBFB prioritizes climate action and 1.5-degree world, and, has set a net zero target in 2022. QNBFB develops its transition plan to a best practice version to align with 1.5-degree world.

C-FS14.3a

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

	Assessment of alignment of clients/investees'	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world

	strategies with a 1.5°C world	
Banking (Bank)	Yes, for some	QNBFB uses the Sustainable Finance and Product Framework (SFPF) developed by QNB to define the financing, loans and investments eligible to be funded by the proceeds of green, social or sustainability bonds. Under this Framework, QNBFB can issue Green Bonds and Sustainability Bonds. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. The Green Bonds include financings for green buildings, renewable energy development, construction and operation, clean transportation, energy efficiency projects, sustainable management of natural sources, land and water and pollution prevention control. In line with this framework, the eligibility criteria for Green Bonds require customers' disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project. Currently QNBFB follows KPIs for approximately 1% of its Corporate and Commercial Credits portfolio. Thus, "yes, for some" has been selected above. QNBFB will establish more intense assessment mechanisms to assess clients' climate plan in future. Additionally, the bank has not financed any new coal power plant since 2015. Thermal coal power plant projects and coal mining projects hasn't been financed as of 2022. Existing exposure in the Banks portfolio will be settled until 2032. QNBFB prioritizes climate action and 1.5-degree world, and, has set a net zero target in 2022. QNBFB develops its transition plan to a best practice version to align with 1.5-degree world.

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	Risks and issues related to biodiversity is managed at board-level and executive level in	Risks and opportunities to

	management-level responsibility	QNBFB. The Sustainable Finance and Product Framework (SFPF) of QNB Group that has been approved by the board gives QNBFB the opportunity to assess project finance loans in terms of biodiversity. The Framework includes KPIs for financing sectors listed under the framework. As an example, Renewable energy from biomass is included in QNBFB SFPF only if the source of biomass is certified (FSC, PEFC, Sustainable Biomass Partnership, or Roundtable on Sustainable Biomass). Feedstocks that are derived from sources of high biodiversity, deplete terrestrial carbon pools or compete with food production are excluded. The Framework also includes Forest, forestry and fishery financings as green bond only if they are under the FCS; PEFC; Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC) certifications. Additionally, QNBFB's Environmental and Social Risk Management Policy and related Environmental and Social Risk Management Tool that has also been approved by the Board upon the review of the Risk Committee and the Corporate Governance Committee including additional questions focusing on biodiversity to assess the environmental risks. The questionnaire includes questions such as if the company identified and assessed the impacts on biodiversity as part of its operations if the company conducts any operations in legally protected areas if the company identified any alien species which may be intentionally or unintentionally introduced through its activities, if company's practices been independently verified or certified, if the company been purchasing primary production that is known to be produced in regions where there is a risk of significant conversion of natural and/or critical habitats and if so has the company established procedures and verification practices to evaluate its primary suppliers and avoid those who adversely impact such areas.	our bank lending activities The impact of our bank lending activities on biodiversity

C15.2

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

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments
Row 1	Yes, we have made public commitments only	Commitment to no trade of CITES listed species Other, please specify Commitment to no lendings to Activities carried out in wetlands defined in the "List of Ramsar Wetlands of International Importance"

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

Yes

Value chain stage(s) covered

Portfolio activity

Portfolio activity

Bank lending portfolio (Bank)

Tools and methods to assess impacts and/or dependencies on biodiversity

Other, please specify

QNBFB Sustainable Finance and Product Framework

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

Risks and issues related to biodiversity is managed at board-level and executive level in QNBFB. The Sustainable Finance and Product Framework (SFPF) of QNB Group that has been approved by the board gives QNBFB the opportunity to assess project finance loans in terms of biodiversity. The Framework includes KPIs for financing sectors listed under the framework. As an example, Renewable energy from biomass is included in QNBFB SFPF only if the source of biomass is certified (FSC, PEFC, Sustainable Biomass Partnership, or Roundtable on Sustainable Biomass). Feedstocks that are derived from sources of high biodiversity, deplete terrestrial carbon pools or compete with food production are excluded. The Framework also includes Forest, forestry and fishery financings as Green bond only if they are under the FCS; PEFC; Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC) certifications. Additionally, QNBFB's Environmental and Social Risk Management Policy and related

Environmental and Social Risk Management Tool that has also been approved by the Board upon the review of the Risk Committee and the Corporate Governance Committee including additional questions focusing on biodiversity to assess the environmental risks.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Portfolio activity

Portfolio activity

Bank lending portfolio (Bank)

Tools and methods to assess impacts and/or dependencies on biodiversity

Other, please specify

QNBFB Sustainable Finance and Product Framework

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

Risks and issues related to biodiversity is managed at board-level and executive level in QNBFB. The Sustainable Finance and Product Framework of QNB Group that has been approved by the board gives QNBFB the opportunity to assess project finance loans in terms of biodiversity. The Framework includes KPIs for financing sectors listed under the framework. As an example, Renewable energy from biomass is included in QNBFB SFPF only if the source of biomass is certified (FSC, PEFC, Sustainable Biomass Partnership, or Roundtable on Sustainable Biomass). Feedstocks that are derived from sources of high biodiversity, deplete terrestrial carbon pools or compete with food production are excluded. The Framework also includes Forest, forestry and fishery financings as Green bond only if they are under the FCS; PEFC; Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC) certifications. Additionally, QNBFB’s Environmental and Social Risk Management Policy and related Environmental and Social Risk Management Tool that has also been approved by the Board upon the review of the Risk Committee and the Corporate Governance Committee including additional questions focusing on biodiversity to assess the environmental risks.

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	Other, please specify No lendings and financings to activities stated in the Exclusion List of QNBFB Env. and Social Risk Management Policy. Details: https://www.qnbfinansbank.com/en/about-qnb-finansbank/policies

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	State and benefit 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
In voluntary sustainability report or other voluntary communications	Impacts on biodiversity	[1]

[1]wwf qnbfb.PNG

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.

N/A

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	CEO	Chief Executive Officer (CEO)

FW-FS Forests and Water Security (FS only)

FW-FS1.1

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

	Board-level oversight of this issue area
Forests	Yes
Water	Yes

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s) or committee(s)	Responsibilities for forests- and/or water-related issues
Forests Water	Board-level committee	Board-level Sustainability Committee (SC) was established to provide adequate, effective, and strategic oversight for the Bank's overall sustainability initiatives. SC acts as the primary sustainability management and decision-maker. SC is responsible for general oversight of sustainability strategy and performance, including informing and updating the Board of Directors and Corporate Governance Committee on sustainability-related matters. As a member of the Board, CEO has the responsibility to manage climate related issues and act as the co-chair of the Sustainability Committee. Some members of the sustainability committee are Corporate and Commercial Credits EVP, CFO Financial Control and Planning EVP, Corporate Banking and Project Finance EVP, and Head of Risk Management and Procurement Director. Each member assesses the climate and sustainability-related topics in their fields. In case of new progress on climate change-related issues whether global or national, they are discussed in the sustainability committee. If any risks or opportunities are foreseen, actions start taking place to eliminate these risks.

		Case Study: Following the decision made by Sustainability Committee; new coal power plants and new coal mining investment projects will not be financed by QNBFB starting from 2022. Coal investment loans in our current portfolio (excluding NPL portfolio) will be closed until 2032. Following sustainability KPIs set by Board level committee, QNBFB also obtained its ISO14001 certificate in 2022. SC has also approved to use of sustainability-linked Key Performance Indicators for QNBFB's May 2022 (approx. USD 360 MM) and Nov 2022 (approx. 450 MM) syndications. QNBFB's sustainability capacity-building efforts enabled it to obtain funding from international markets based on its improvements in sustainability-related performance. The sustainability KPIs is to source total electricity consumption of the bank from renewable generation to be tested on specified Test Dates in the Loan Agreement. In 2022, QNBFB sustained its commitment by sourcing 100% of its electricity consumption through the procurement of an I-REC certificate.

FW-FS1.1b

(FW-FS1.1b) Provide further details on the board's oversight of forests- and/or water-related issues.

Issue area(s)

Forests

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - some meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy
Reviewing and guiding the risk management process
Reviewing and guiding annual budgets
Overseeing major capital expenditures
Overseeing acquisitions, mergers, and divestitures
Reviewing innovation/R&D priorities
Overseeing and guiding employee incentives
Overseeing the setting of corporate targets
Monitoring progress towards corporate targets
Overseeing and guiding the development of a transition plan
Monitoring the implementation of a transition plan

Scope of board-level oversight

Risks and opportunities to our banking activities
The impact of our banking activities on forests and/or water security

Please explain

Defining and approving the Bank's strategic targets on sustainability issues, determining the workforce and financial resources that the Bank will need, guiding the Bank in reaching the targets set in its business plan, and supervising the management's performance is part of the board's responsibility.

QNBFB's environmental and sustainability activities are supervised under the Sustainability Committee. The Sustainability Committee (SC), created in 2019, consists of the Executive-Vice Presidents (EVP's), and/or Directors who will be appointed by the Chairperson considering their core responsibilities. The Head of Risk Management also attends the meetings as an observer. The SC is the decision-making body for all matters relating to the Bank's sustainability program. The CEO of the Bank acts as the co-chair of the Sustainability Committee and a member of the Board of Directors.

Responsibilities include reviewing the strategic framework and ambition, deciding on priority initiatives for implementation with accountable working groups, monitoring performance and assessing ESG-related risks and opportunities. Then the SC reports key risks and opportunities to the Board of Directors via the Corporate Governance Committee. As a minimum, the Board of Directors and Corporate Governance Committee receive an annual update on the overall execution of the Bank's sustainability strategy and performance. Any important climate-related risks or actions decided to be taken by SC are directly approved by the Board, as the CEO is also a part of the sustainability committee.

Additionally, Group Chiefs - GCBO, GCFO, and GCRO - are also on QNBFB's Board and they are members of the Group Sustainability Committee of QNB.

Issue area(s)

Water

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - some meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy
Reviewing and guiding the risk management process
Reviewing and guiding annual budgets
Overseeing major capital expenditures
Overseeing acquisitions, mergers, and divestitures
Reviewing innovation/R&D priorities
Overseeing and guiding employee incentives
Overseeing the setting of corporate targets
Monitoring progress towards corporate targets
Overseeing and guiding the development of a transition plan
Monitoring the implementation of a transition plan

Scope of board-level oversight

Risks and opportunities to our banking activities
The impact of our banking activities on forests and/or water security

Please explain

Defining and approving the Bank's strategic targets on sustainability issues, determining the workforce and financial resources that the Bank will need, guiding the Bank in reaching the targets set in its business plan, and supervising the management's performance is part of the board's responsibility.

QNBFB's environmental and sustainability activities are supervised under the Sustainability Committee. The Sustainability Committee (SC), created in 2019, consists of the Executive-Vice Presidents (EVP's), and/or Directors who will be appointed by the Chairperson considering their core responsibilities. The Head of Risk Management also attends the meetings as an observer. The SC is the decision-making body for all matters relating to the Bank's sustainability program. The CEO of the Bank acts as the co-chair of the Sustainability Committee and a member of the Board of Directors.

Responsibilities include reviewing the strategic framework and ambition, deciding on priority initiatives for implementation with accountable working groups, monitoring performance and assessing ESG-related risks and opportunities. Then the SC reports key risks and opportunities to the Board of Directors via the Corporate Governance Committee. As a minimum, the Board of Directors and Corporate Governance Committee receive an annual update on the overall execution of the Bank's sustainability strategy and performance. Any important climate-related risks or actions decided to be taken by SC are directly approved by the Board, as the CEO is also a part of the sustainability committee.

Additionally, Group Chiefs - GCBO, GCFO, and GCRO - are also on QNBFB's Board and they are members of the Group Sustainability Committee of QNB.

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 assessment criteria of our board members regarding competence and expertise in their positions are stated in the Banking Law. The law does not specifically request any competence about environmental and climate-related issues. However, we take into account the environmental competence based on members' previous and current responsibilities and achievements. As an example, QNBFB's CEO has implemented various climate-related actions in their previous positions and has therefore built his competence and raised awareness on the issue throughout the Bank. The application of environmental and social risk policies to support sustainability activities in line with the overall Bank strategy in Project and Structured Finance was part of the business plan when our CEO was the EVP of Corporate and Commercial Credits. Also, training related to sustainability and climate-related issues were provided to QNBFB's all board level and c-level positions in 2022. In addition, the CEO of QNBFB is the Head of the Board-level Sustainability Committee. All of these actions and criteria are considered in terms of climate-related issues competence of our CEO.

Water

Board member(s) have competence on this issue area

Yes

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

The assessment criteria of our board members regarding competence and expertise in their positions are stated in the Banking Law. The law does not specifically request any competence about environmental and climate-related issues. However, we take into account the environmental competence based on members' previous and current responsibilities and achievements. As an example, QNBFB's CEO has implemented various climate-related actions in their previous positions and has therefore built his competence and raised awareness on the issue throughout the Bank. The application of environmental and social risk policies to support sustainability activities in line with the overall Bank strategy in Project and Structured Finance was part of the business plan when our CEO was the EVP of Corporate and Commercial Credits. Also, training related to sustainability and climate-related issues were provided to QNBFB's all board level and c-level positions in 2022. In addition, the CEO of QNBFB is the Head of the Board-level Sustainability Committee. All of these actions and criteria are considered in terms of climate-related issues competence of our CEO.

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

Chief Executive Officer (CEO)

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

Managing forests- and/or water-related acquisitions, mergers, and divestitures
Providing forests- and/or water-related employee incentives
Developing plans for transition to a deforestation free and/or water secure world
Implementing plans for transition to a deforestation free and/or water secure world
Integrating forests- and/or water-related issues into the strategy
Setting forests- and/or water-related corporate targets
Monitoring progress against forests- and/or water-related corporate targets
Assessing forests- and/or water-related risks and opportunities
Managing forests- and/or water-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking portfolio

Reporting line

Reports to the Board directly

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

More frequently than quarterly

Please explain

Climate change requires fast action; and with the changing climate agenda that includes risks and opportunities, QNBFB assigned related responsibilities to the CEO. Therefore, QNBFB is resilient to the changing agenda and is able to take fast and efficient decisions about climate-related issues.
The CEO also leads the Sustainability Committee and works with Executive-Vice Presidents and Directors. Members of Sustainability Committee reports to the CEO and the CEO conveys the matters to the Board. There is a continuous improvement for stronger projects and KPI's related to climate change and sustainability.

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
Banking – Forests exposure	Yes
Banking – Water exposure	Yes

FW-FS2.1a

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

Banking – Forests exposure

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term
Medium-term
Long-term

Tools and methods used

Internal tools/methods

% of clients/investees (by number) exposed to substantive risk

0

% of clients/investees (by portfolio exposure) exposed to substantive risk

24.8

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

When assessing the portfolio's exposure climate related risks, all loan applications received by the Bank are checked against QNBFB Exclusion List regardless of loan amount. Therefore, the coverage of risk assessment process is 100% of QNBFB's portfolio.

Projects that fall under this list are under no circumstances financed. Then, environmental, sustainability and climate-related risks of all new investment projects with credit amounts worth more than USD 10 M$ and a tenor of 24 months and above are evaluated by the Environmental and Social Risk Assessment Tool (ESRA) at QNBFB. The environmental and Social Risk Management Team evaluates project investments against different criteria such as use of natural resources, greenhouse gas emissions, biodiversity, waste management, air, soil and water quality, water stress, noise emission, dust, occupational health and safety, labor conditions, community health and safety, resettlement and stakeholder engagement. Assessment results are used to classify investment projects into risk levels in 4 categories: high (Category A), medium-high (Category B+), medium (Category B-), and low (Category C). Assessments are performed considering national legislation and international best practices. At QNBFB, internal tools and methods are in use as of 2022 to determine the environmental, social and climate-related risks of the bank's portfolio.

As the bank broadens its sustainability-related applications, use of different external sources, methodologies and tools will be taken into consideration for the assessment of the portfolio's climate-related risks and opportunities. All loan applications are checked to whether they are on the exclusion list; then the ESRA module is applied.

24,8% of the total business loan book of QNBFB was loans that have to be subjected to the ESRA Model as of December 2022.

QNBFB's Environmental and Social Management System Procedure defines social and environmental policies adopted and workflows in activities of the Bank, investments to

be made and loans to be extended. The social and Environmental Impact Assessment Control Form defined in this Procedure is applied for Customers in Micro, Small and Medium Segment. 14% of the total commercial loan book of QNBFB is Micro, Small and Medium Segment as of December 2022.
The ESRA process includes 5 assessment steps.
• 1. The activity related to the loan application is checked by QNBFB according to the QNBFB Exclusion List, regardless of the loan amount. If the activity corresponds to the items in the Exclusion List, the loan application is rejected and the process is stopped. Otherwise, the loan application continues to step 2.
• 2. If the proposed loan application's activity is not included in the Exclusion List, QNBFB requests all information and documents necessary for the environmental and social evaluation from the Customer.
• 3. The information provided by the customer is reviewed by QNBFB. The environmental and social compliance of the project with the national legislation is checked.
• 4. All project loan applications with a loan amount of more than 10 million USD and a maturity of 24 months or more are subject to environmental and social risk classification and assessment. In all loan applications within this scope, the "Environmental and Social Risk Assessment Model" is used for the initial categorization of the application.
• 5. The model includes questions related to sustainability, environmental, social and climate-related issues. For each question, QNBFB assesses the customers and the project's risk situation. End of the process, the loan applications receive an environmental and social risk rating as high (Category A), medium-high (Category B+), medium (Category B-), and low (Category C).

Banking – Water exposure

Type of risk management process
Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process
100

Type of assessment
Qualitative and quantitative

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

Tools and methods used
Internal tools/methods

% of clients/investees (by number) exposed to substantive risk
0

% of clients/investees (by portfolio exposure) exposed to substantive risk
24.8

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

When assessing the portfolio's exposure climate related risks, all loan applications received by the Bank are checked against QNBFB Exclusion List regardless of loan amount. Therefore, the coverage of risk assessment process is 100% of QNBFB's portfolio.
Projects that fall under this list are under no circumstances financed. Then, environmental, sustainability and climate-related risks of all new investment projects with credit amounts worth more than USD 10 M$ and a tenor of 24 months and above are evaluated by the Environmental and Social Risk Assessment Tool (ESRA) at QNBFB. The environmental and Social Risk Management Team evaluates project investments against different criteria such as use of natural resources, greenhouse gas emissions, biodiversity, waste management, air, soil and water quality, water stress, noise emission, dust, occupational health and safety, labor conditions, community health and safety, resettlement and stakeholder engagement. Assessment results are used to classify investment projects into risk levels in 4 categories: high (Category A), medium-high (Category B+), medium (Category B-), and low (Category C). Assessments are performed considering national legislation and international best practices. At QNBFB, internal tools and methods are in use as of 2022 to determine the environmental, social and climate-related risks of the bank's portfolio.
As the bank broadens its sustainability-related applications, use of different external sources, methodologies and tools will be taken into consideration for the assessment of the portfolio's climate-related risks and opportunities. All loan applications are checked to whether they are on the exclusion list; then the ESRA module is applied.
24,8% of the total business loan book of QNBFB was loans that have to be subjected to the ESRA Model as of December 2022.
QNBFB's Environmental and Social Management System Procedure defines social and environmental policies adopted and workflows in activities of the Bank, investments to be made and loans to be extended. The social and Environmental Impact Assessment Control Form defined in this Procedure is applied for Customers in Micro, Small and Medium Segment. 14% of the total commercial loan book of QNBFB is Micro, Small and Medium Segment as of December 2022.
The ESRA process includes 5 assessment steps.
• 1. The activity related to the loan application is checked by QNBFB according to the QNBFB Exclusion List, regardless of the loan amount. If the activity corresponds to the items in the Exclusion List, the loan application is rejected and the process is stopped. Otherwise, the loan application continues to step 2.
• 2. If the proposed loan application's activity is not included in the Exclusion List, QNBFB requests all information and documents necessary for the environmental and social evaluation from the Customer.
• 3. The information provided by the customer is reviewed by QNBFB. The environmental and social compliance of the project with the national legislation is checked.
• 4. All project loan applications with a loan amount of more than 10 million USD and a maturity of 24 months or more are subject to environmental and social risk classification and assessment. In all loan applications within this scope, the "Environmental and

Social Risk Assessment Model" is used for the initial categorization of the application.
• 5. The model includes questions related to sustainability, environmental, social and climate-related issues. For each question, QNBFB assesses the customers and the project's risk situation. End of the process, the loan applications receive an environmental and social risk rating as high (Category A), medium-high (Category B+), medium (Category B-), and low (Category C).

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
Banking – Forests-related information	Yes
Banking – Water-related information	Yes

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-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.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Banking – Forests-related information	Certification of forests risk commodities Origin of forest risk commodities	Directly from the client/investee Public data sources	Energy Materials Capital Goods Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services Retailing Food & Staples Retailing Food, Beverage & Tobacco Household & Personal Products	Environmental, social, sustainability and climate-related risks of all project loans with a loan amount exceeding USD 10 M$ and a tenor of 24 months and more are evaluated via ESRA tool. All loan applications are checked to whether they are on the exclusion list. Then the information gathered during the due diligence are used to determine project’s risk levels. Each risk level has different guidelines for suitable project monitoring. If the risk level of project is category A, a detailed Environmental and Social Due Diligence (DD) and additional studies are required

			Health Care Equipment & Services Pharmaceuticals, Biotechnology & Life Sciences Software & Services Technology Hardware & Equipment Semiconductors & Semiconductor Equipment Telecommunication Services Media & Entertainment Utilities Real Estate	for further assessment. An independent Environmental and Social Consultant conducts an independent review and risk assessment. The DD report prepared afterward includes a separate Environmental and Social Action Plan (ESAP). If the project is category B+, the decision to contract an independent Environmental and Social Consultant to conduct a further independent review and risk assessment is optional and evaluated by the E&S Specialist. The E&S Specialist makes this decision taking into account the E&S risks specific to the Project and the available environmental and social information. The DD report prepared by the independent consultant may also include the ESAP. If the risk category of the project is determined as B-Category, the E&S Risk Specialist can finalize the E&S risk analysis. The ESAP is prepared by the E&S Specialist. If the risk category of the loan is determined as Category C, the E&S risk of the Project is considered to be minimal and no further assessment is required. All Category A projects are monitored by an independent E&S Consultant in accordance with the E&S Monitoring Program agreed at the time of risk classification. All Category B+ projects are monitored according to the E&S Monitoring Program agreed by

				the E&S Specialist and/or an independent Environmental and Social Consultant during risk classification. All Category B- projects are monitored according to the E&S Monitoring Program. E&S follow-up is not required for Category C projects. Example of a climate-related decision: In 2022, 14.89% of the assessed projects are in the category A, 32.89% are in the category B+, 48.94% are in the category B-, and 3.19% are in the category C. These loans have been monitored in 2022 and will be monitored throughout the loan term in line with the E&S Monitoring Program.
Banking – Water-related information	Water withdrawal and/or consumption volumes	Directly from the client/investee Public data sources	Energy Materials Capital Goods Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services Retailing Food & Staples Retailing Food, Beverage & Tobacco Household & Personal Products Health Care Equipment & Services	Environmental, social, sustainability and climate-related risks of all project loans with a loan amount exceeding USD 10 M$ and a tenor of 24 months and more are evaluated via ESRA tool. All loan applications are checked to whether they are on the exclusion list. Then the information gathered during the due diligence are used to determine project's risk levels. Each risk level has different guidelines for suitable project monitoring. If the risk level of project is category A, a detailed Environmental and Social Due Diligence (DD) and additional studies are required for further assessment. An independent Environmental and Social Consultant conducts an independent

			Pharmaceuticals, Biotechnology & Life Sciences Software & Services Technology Hardware & Equipment Semiconductors & Semiconductor Equipment Telecommunication Services Media & Entertainment Utilities Real Estate	review and risk assessment. The DD report prepared afterward includes a separate Environmental and Social Action Plan (ESAP). If the project is category B+, the decision to contract an independent Environmental and Social Consultant to conduct a further independent review and risk assessment is optional and evaluated by the E&S Specialist. The E&S Specialist makes this decision taking into account the E&S risks specific to the Project and the available environmental and social information. The DD report prepared by the independent consultant may also include the ESAP. If the risk category of the project is determined as B-Category, the E&S Risk Specialist can finalize the E&S risk analysis. The ESAP is prepared by the E&S Specialist. If the risk category of the loan is determined as Category C, the E&S risk of the Project is considered to be minimal and no further assessment is required. All Category A projects are monitored by an independent E&S Consultant in accordance with the E&S Monitoring Program agreed at the time of risk classification. All Category B+ projects are monitored according to the E&S Monitoring Program agreed by the E&S Specialist and/or an independent Environmental and Social Consultant during risk classification. All Category

				B- projects are monitored according to the E&S Monitoring Program. E&S follow-up is not required for Category C projects. Example of a climate-related decision: In 2022, 14.89% of the assessed projects are in the category A, 32.89% are in the category B+, 48.94% are in the category B-, and 3.19% are in the category C. These loans have been monitored in 2022 and will be monitored throughout the loan term in line with the E&S Monitoring Program.

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	Risks exist, but none with the potential to have a substantive financial or strategic impact on business	At QNB Finansbank, internal tools and methods are in use as of 2022 to determine the environmental, social and climate-related risks of the bank's portfolio. As the bank broadens its sustainability-related applications, use of different external sources, methodologies and tools will be taken into consideration for the assessment of the portfolio's climate-related risks and opportunities. All loan applications are checked to whether they are on the exclusion list; then the ESRA module is applied. The forest-related risks and opportunities are assessed within the ESRA module. Identified forest-related risks and opportunities in the portfolio do not meet the substantive threshold for QNBNFB. Operational risks and their possible financial values are disclosed in QNB Finansbank's Process Risk Assessment

			Procedures. During risk assessments, the maximum impact score is given for financial impacts over 3 million TL and action planning is activated for risks above medium severity as the final risk score. In addition, QNB Finansbank directs the business units to take action in operational risk events that occur and have a monetary impact of more than TL 100,000. Thus, risks with a financial impact of more than 3 Million TL is a substantive financial impact for QNB Finansbank. These risks are determined according to the criteria in the Process Risk assessment procedure and control actions are taken.
Water	No	Risks exist, but none with the potential to have a substantive financial or strategic impact on business	At QNB Finansbank, internal tools and methods are in use as of 2022 to determine the environmental, social and climate-related risks of the bank's portfolio. As the bank broadens its sustainability-related applications, use of different external sources, methodologies and tools will be taken into consideration for the assessment of the portfolio's climate-related risks and opportunities. All loan applications are checked to whether they are on the exclusion list; then the ESRA module is applied. The forest-related risks and opportunities are assessed within the ESRA module. Identified forest-related risks and opportunities in the portfolio do not meet the substantive threshold for QNBFB. Operational risks and their possible financial values are disclosed in QNB Finansbank's Process Risk Assessment Procedures. During risk assessments, the maximum impact score is given for financial impacts over 3 million TL and action planning is activated for risks above medium severity as the final risk score. In addition, QNB Finansbank directs the business units to take action in operational risk events that occur and have a monetary impact of more than TL 100,000. Thus, risks with a financial impact of more than 3 Million TL is a substantive financial impact for QNB Finansbank. These risks are determined according to the criteria in the Process Risk assessment procedure and control actions are taken.

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 none with the potential to have a substantive financial or strategic impact on business	At QNB Finansbank, internal tools and methods are in use as of 2022 to determine the environmental, social and climate-related risks of the bank's portfolio. As the bank broadens its sustainability-related applications, use of different external sources, methodologies and tools will be taken into consideration for the assessment of the portfolio's climate-related risks and opportunities. All loan applications are checked to whether they are on the exclusion list; then the ESRA module is applied. The water related risks and opportunities are assessed within the ESRA module. Identified water-related risks and opportunities in the portfolio do not meet the substantive threshold for QNBNFB. Operational risks and their possible financial values are disclosed in QNB Finansbank's Process Risk Assessment Procedures. During risk assessments, the maximum impact score is given for financial impacts over 3 million TRY and action planning is activated for risks above medium severity as the final risk score. In addition, QNB Finansbank directs the business units to take action in operational risk events that occur and have a monetary impact of more than 100,000 TRY. Thus, risks with a financial impact of more than 3 million TRY is a substantive financial impact for QNB Finansbank. These risks are determined according to the criteria in the Process Risk assessment procedure and control actions are taken.

Water	No	Opportunities exist, but none with the potential to have a substantive financial or strategic impact on business	At QNB Finansbank, internal tools and methods are in use as of 2022 to determine the environmental, social and climate-related risks of the bank's portfolio. As the bank broadens its sustainability-related applications, use of different external sources, methodologies and tools will be taken into consideration for the assessment of the portfolio's climate-related risks and opportunities. All loan applications are checked to whether they are on the exclusion list; then the ESRA module is applied. The water related risks and opportunities are assessed within the ESRA module. Identified water-related risks and opportunities in the portfolio do not meet the substantive threshold for QNBNFB. Operational risks and their possible financial values are disclosed in QNB Finansbank's Process Risk Assessment Procedures. During risk assessments, the maximum impact score is given for financial impacts over 3 million TRY and action planning is activated for risks above medium severity as the final risk score. In addition, QNB Finansbank directs the business units to take action in operational risk events that occur and have a monetary impact of more than 100,000 TRY. Thus, risks with a financial impact of more than 3 million TRY is a substantive financial impact for QNB Finansbank. These risks are determined according to the criteria in the Process Risk assessment procedure and control actions are taken.

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

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization’s strategy including own commitments

Climate-related risks and opportunities influence QNBFB’s business strategy and financial planning as it takes current and potential impacts of climate-related risks and opportunities on its revenue streams, direct and indirect costs, ability to access capital and assets. Apart from revenues, direct & indirect costs arising from climate related risks and opportunities influence QNBFB’s financial planning, varying from costs of response to climate risks, costs to realize climate-related opportunities to possible costs of climate-related risks on its assets. QNBFB decides the share of the budget that will be reserved for green procurement and energy efficiency. In that respect energy efficient products, lighting, green electricity procurements are considered as direct operational costs in the financial planning. In 2022, QNBFB procured 100% of its electricity consumption (Head Office, all branches and off-site ATMs) from renewable sources. As the use of renewable electricity for operations is actualized via I-REC’s, the financial planning of OPEX will be affected in line with this purchase annually. In the long term, the Bank considers developing projects to increase its own renewable electricity production capacity. This would then lead to a change in financial planning in terms of energy which would affect the CAPEX expenditures. As of 2022, QNBFB obtained ISO14001 certificate and ÇED (Environmental Impact Analysis) Industrial Waste Management Plan for its 3 HQs; and the Bank is also still taking actions to obtain ISO 50001 certification and consults CDP accredited providers for 2023 CDP Reporting. Other actions that are taken in 2022:

-Corporate Carbon Footprint is calculated and verified by a 3rd Party Verifier (BSI).
-Transition has been made from diesel to hybrid cars
-Offsetted digital platforms emissions
-Obligation of legal environmental documents to become a new supplier of QNBFB has set

QNBFB accessed international funds with the help of its focus on climate related activities. In 2020, QNBFB concluded a EUR 25 million facility with the Proparco, a subsidiary of the French Development Bank, Funds are being allocated to agricultural needs of the Bank’s SME customers with a commitment to energy efficiency. In 2022, approximately 166 million TRY loans disbursed to SME’s for agriculture where some portion of it has resource/energy efficiency benefit.

Financial planning elements that have been influenced

Revenues
Indirect costs
Access to capital
Assets

Description of influence on financial planning

Climate-related risks and opportunities influence QNBFB’s business strategy and financial planning as it takes current and potential impacts of climate-related risks and opportunities on its revenue streams, direct and indirect costs, ability to access capital and assets. Apart from revenues, direct & indirect costs arising from climate related risks and opportunities influence QNBFB’s financial planning, varying from costs of

response to climate risks, costs to realize climate-related opportunities to possible costs of climate-related risks on its assets. QNBFB decides the share of the budget that will be reserved for green procurement and energy efficiency. In that respect energy efficient products, lighting, green electricity procurements are considered as direct operational costs in the financial planning. In 2022, QNBFB procured 100% of its electricity consumption (Head Office, all branches and off-site ATMs) from renewable sources. As the use of renewable electricity for operations is actualized via I-REC's, the financial planning of OPEX will be affected in line with this purchase annually. In the long term, the Bank considers developing projects to increase its own renewable electricity production capacity. This would then lead to a change in financial planning in terms of energy which would affect the CAPEX expenditures. As of 2022, QNBFB obtained ISO14001 certificate and ÇED (Environmental Impact Analysis) Industrial Waste Management Plan for its 3 HQs; and the Bank is also still taking actions to obtain ISO 50001 certification and consults CDP accredited providers for 2023 CDP Reporting. Other actions that are taken in 2022:
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Water

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

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

Climate-related risks and opportunities influence QNBFB's business strategy and financial planning as it takes current and potential impacts of climate-related risks and opportunities on its revenue streams, direct and indirect costs, ability to access capital and assets. Apart from revenues, direct & indirect costs arising from climate related risks and opportunities influence QNBFB's financial planning, varying from costs of response to climate risks, costs to realize climate-related opportunities to possible costs of climate-related risks on its assets. QNBFB decides the share of the budget that will be reserved for green procurement and energy efficiency. In that respect energy efficient products, lighting, green electricity procurements are considered as direct operational costs in the financial planning. In 2022, QNBFB procured 100% of its electricity consumption (Head Office, all branches and off-site ATMs) from renewable

sources. As the use of renewable electricity for operations is actualized via I-REC's, the financial planning of OPEX will be affected in line with this purchase annually. In the long term, the Bank considers developing projects to increase its own renewable electricity production capacity. This would then lead to a change in financial planning in terms of energy which would affect the CAPEX expenditures. As of 2022, QNBFB obtained ISO14001 certificate and ÇED (Environmental Impact Analysis) Industrial Waste Management Plan for its 3 HQs; and the Bank is also still taking actions to obtain ISO 50001 certification and consults CDP accredited providers for 2023 CDP Reporting. Other actions that are taken in 2022:
-Corporate Carbon Footprint is calculated and verified by a 3rd Party Verifier (BSI).
-Remote Monitoring Network is set to accomplish efficiency in 210 points
-Transition has been made from diesel to hybrid cars
-Offsetted digital platforms emissions
-Obligation of legal environmental documents to become a new supplier of QNBFB has set
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Financial planning elements that have been influenced

Revenues
Indirect costs
Access to capital
Assets

Description of influence on financial planning

Climate-related risks and opportunities influence QNBFB's business strategy and financial planning as it takes current and potential impacts of climate-related risks and opportunities on its revenue streams, direct and indirect costs, ability to access capital and assets. Apart from revenues, direct & indirect costs arising from climate related risks and opportunities influence QNBFB's financial planning, varying from costs of response to climate risks, costs to realize climate-related opportunities to possible costs of climate-related risks on its assets. QNBFB decides the share of the budget that will be reserved for green procurement and energy efficiency. In that respect energy efficient products, lighting, green electricity procurements are considered as direct operational costs in the financial planning. In 2022, QNBFB procured 100% of its electricity consumption (Head Office, all branches and off-site ATMs) from renewable sources. As the use of renewable electricity for operations is actualized via I-REC's, the financial planning of OPEX will be affected in line with this purchase annually. In the long term, the Bank considers developing projects to increase its own renewable electricity production capacity. This would then lead to a change in financial planning in terms of energy which would affect the CAPEX expenditures. As of 2022, QNBFB obtained ISO14001 certificate and ÇED (Environmental Impact Analysis) Industrial Waste Management Plan for its 3 HQs; and the Bank is also still taking actions to

obtain ISO 50001 certification and consults CDP accredited providers for 2023 CDP Reporting. Other actions that are taken in 2022:
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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

QNBFB uses NGFS Scenarios for transition and physical scenarios and some additional resources such as NDC of Turkey. More additional scenarios are planned to be integrated to assess any forest or water related outcomes in the coming years.
The NGFS scenarios provide a harmonized set of pathways, for both transition and physical climate change impacts and economic indicators. Where possible, NGFS uses multiple models for each scenario and global warming level to represent uncertainty.

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

QNBFB uses NGFS Scenarios for transition and physical scenarios and some additional resources such as NDC of Turkey. More additional scenarios are planned to be integrated to assess any forest or water related outcomes in the coming years.
The NGFS scenarios provide a harmonized set of pathways, for both transition and

physical climate change impacts and economic indicators. Where possible, NGFS uses multiple models for each scenario and global warming level to represent uncertainty.

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	QNBFB works for a better world working on sustainable businesses, initiatives, products and projects. Climate related targets are important to monitor the progress towards the better world. Forest and water related lending targets are not currently exist, but QNBFB plan to add such targets in the next 2 years.
Water Security	No, but we plan to set targets within the next two years	QNBFB works for a better world working on sustainable businesses, initiatives, products and projects. Climate related targets are important to monitor the progress towards the better world. Forest and water related lending targets are not currently exist, but QNBFB plan to add such targets in the next 2 years.

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
Forests	Yes
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

Project finance

Taxonomy or methodology used to classify product(s)

Low-carbon Investment (LCI) Taxonomy

Product enables clients to mitigate

Deforestation

Water insecurity

Description of product(s)

QNB Group has developed the Sustainable Finance and Product Framework to define the financing, loans and investments eligible to be funded by the proceeds of green, social or sustainability bonds issued by the QNB Group. Under this Framework, QNBFB can also can issue Green Bonds and Sustainability Bonds. The framework aligns with the International Capital Markets Association (ICMA) Social Bond, Sustainability Bond Guidelines; Sustainability-Linked Bond Principle, Loan Market Association (LMA) Green Loan, Social Loan, Sustainability-Linked Loan Principles, CBI taxonomy and EU taxonomy, ICMA Green Project Mapping, ICMA GBP Guidance Handbook and Transition Pathway Initiative, where applicable. In line with this framework, the eligibility criteria for Green Bond issued in 2021 include the disclosure of estimated annual GHG emissions reduced and/or avoided, estimated yearly energy consumption, and energy-saving values of the project. The financing aligned with the framework includes financings for green buildings, renewable energy development, construction and operation, clean transportation, energy efficiency projects, sustainable management of natural sources, land and water, and pollution prevention control. All the lendings that's in line with the framework make 14.6% of QNBFB's total Corporate and Commercial cash-lendings as of 2022.

Type of activity financed, invested in or insured

Sustainable forest management
Forest protection
Sustainable agriculture
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)

23,387,471,999.91

% of total portfolio value

14.6

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
Forests	Yes
Water	Yes

FW-FS3.5a

(FW-FS3.5a) Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Forests

Type of policy

Credit/lending policy
Risk policy

Portfolio coverage of policy

1

Policy availability

Publicly available

Attach documents relevant to your policy

Sustainable finance framework_2022.pdf

Requirements for clients/investees

Avoid negative impacts on threatened and protected species and habitats

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Clients/investees must be compliant within the next year

Industry sectors covered by the policy

Energy
Materials
Transportation
Automobiles & Components
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Real Estate
Other, please specify

Forests and forestry, Agriculture, Fishery, Pollution prevention and control, Infrastructure, Essential Services, Social Housing, Pandemic Response, Socio-economic Advancement and Empowerment

Forest risk commodities covered by the policy

All agricultural commodities

Commodities with critical impact on water security covered by the policy

Forest risk commodity supply chain stage covered by the policy

Production
Processing
Trading
Manufacturing
Retailing

Exceptions to policy based on

Industry sector
Products and services

Explain how criteria coverage and/or exceptions have been determined

QNB Group created a Sustainable Finance and Product Framework (SFPF) to procedure their process identifying climate related financing. SFPF has an intended application of serving to define the financing and loans eligible to be funded by the proceeds of any Green, Social or Sustainability Bond (GSSB) issued by QNB; and, setting out the Bank’s classification approach and methodology for labelling any products, services or transactions as Sustainable or Transition finance aimed at delivering positive impact to society and the environment. This includes eligible qualifying themes, categories, activities, and criteria, in line with international standards and taxonomies. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. In line with this framework, the eligibility criteria for Green UoP include the disclosure of estimated annual scope 1-2-3 GHG emissions,reduced and/or avoided emissions, estimated annual energy consumption and energy-saving values of the project. Additionally, QNBFB supports the clients setting SBT aligned emission reduction targets and climate transition plan studies as part of the defined transition activites in the Framework. As of 2022, 12.85% of QNBFB corporate and commercial loans are classified according to sustainability criteria set out in QNB Framework and for approximately 1%, the bank have set sustainability KPIs for.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Water

Type of policy

Credit/lending policy
Risk policy

Portfolio coverage of policy

1

Policy availability

Publicly available

Attach documents relevant to your policy

Sustainable finance framework_2022.pdf

Requirements for clients/investees

Comply with all applicable local, national and international laws and water regulations

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Clients/investees must be compliant within the next year

Industry sectors covered by the policy

Energy
Materials
Transportation
Automobiles & Components
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Real Estate
Other, please specify

Forests and forestry, Agriculture, Fishery, Pollution prevention and control, Infrastructure, Essential Services, Social Housing, Pandemic Response, Socio-economic Advancement and Empowerment

Forest risk commodities covered by the policy

Commodities with critical impact on water security covered by the policy

Palm oil
Tobacco
Fish and seafood from aquaculture

Forest risk commodity supply chain stage covered by the policy

Exceptions to policy based on

Industry sector
Products and services

Explain how criteria coverage and/or exceptions have been determined

QNB Group created a Sustainable Finance and Product Framework (SFPF) to procedure their process identifying climate related financing. SFPF has an intended application of serving to define the financing and loans eligible to be funded by the proceeds of any Green, Social or Sustainability Bond (GSSB) issued by QNB; and, setting out the Bank's classification approach and methodology for labelling any products, services or transactions as Sustainable or Transition finance aimed at delivering positive impact to society and the environment. This includes eligible qualifying themes, categories, activities, and criteria, in line with international standards and taxonomies. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. In line with this framework, the eligibility criteria for Green UoP include the disclosure of estimated annual scope 1-2-3 GHG emissions,reduced and/or avoided emissions, estimated annual energy consumption and energy-saving values of the project. Additionally, QNBFB supports the clients setting SBT aligned emission reduction targets and climate transition plan studies as part of the defined transition activites in the Framework. As of 2022, 12.85% of QNBFB corporate and commercial loans are classified according to sustainability criteria set out in QNB Framework and for approximately 1%, the bank have set sustainability KPIs for.

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 how the covenants included in financing agreements relate to your policies for this issue area
Forests	Yes	QNBFB uses the SFPF developed by QNB to define the financing, loans and investments eligible to be funded by the proceeds of green, social or sustainability bonds. Under this Framework, QNBFB can issue Green Bonds and Sustainability Bonds. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. The Green Bonds include financings for green buildings, renewable energy development, construction and operation, clean transportation, energy efficiency projects, sustainable management of natural sources, land and water and pollution prevention control. In line with this framework, the eligibility criteria for Green Bonds require customers' disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project. Also, external audits are actualized for overseas green project loans. Currently, the bank follows KPIs for

		approximately 1% of its Corporate and Commercial Credits portfolio.
Water	Yes	QNBFB uses the SFPF developed by QNB to define the financing, loans and investments eligible to be funded by the proceeds of green, social or sustainability bonds. Under this Framework, QNBFB can issue Green Bonds and Sustainability Bonds. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. The Green Bonds include financings for green buildings, renewable energy development, construction and operation, clean transportation, energy efficiency projects, sustainable management of natural sources, land and water and pollution prevention control. In line with this framework, the eligibility criteria for Green Bonds require customers' disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project. Also, external audits are actualized for overseas green project loans. Currently, the bank follows KPIs for approximately 1% of its Corporate and Commercial Credits portfolio.

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
Clients – Forests	Yes
Clients – Water	Yes

FW-FS4.1a

(FW-FS4.1a) Give details of your forests- and/or water-related engagement strategy with your clients.

Type of clients

Clients of Banks

Issue area this engagement relates to

Forests

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Offer financial incentives for clients managing forests-related issues

Portfolio coverage of engagement

41

Rationale for the coverage of your engagement

Engagement targeted at clients with the highest potential impact on forests

Impact of engagement, including measures of success

QNBFB's client engagement consists of requirements for lending and project financing activities specifically from carbon-intensive sectors. According to the QNBFB Sustainable Finance and Product Framework (SFPF), decarbonization requirements is a must to be eligible for related loans. Therefore QNBFB engages with its customers in their decarbonization journey and encourages them for net zero transition pathways. Also in the ESRA Module used to determine the risks related to customers and/or projects, the envisaged GHG emissions are asked. In Greenbond-related financings, information related to energy savings in MWh; Renewable energy generation in MWh; Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent, etc. are requested annually. Cash-lendings evaluated by the Environmental and Social Risk Assessment Tool (ESRA) at QNBFB that is $10M and a tenor of 24 months and above are calculated for portfolio coverage and that equals 41%. The measure of success has been determined by the intensity of climate-related questions/requirements and the percentage of the portfolio covered by these requirements. Protecting the amount of climate related questions is the threshold for measuring a successful engagement. QNBFB aims no less than previous year and aims a more comprehensive perspective if applicable. With this engagement customers face a more climate-aware approach to lending and financing processes.

Impact of climate-related client engagement strategy according to the measure of success chosen: With the outcomes, the customers are expected to approach the climate-related issues in a more responsive manner, become aware and active in climate action. Example for this impact is the growing demand of QNBFB’s sustainable-classified loans.

Type of clients

Clients of Banks

Issue area this engagement relates to

Water

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Offer financial incentives for clients managing water-related issues

Portfolio coverage of engagement

41

Rationale for the coverage of your engagement

Engagement targeted at clients with the highest potential impact on water security

Impact of engagement, including measures of success

QNBFB's client engagement consists of requirements for lending and project financing activities specifically from carbon-intensive sectors. According to the QNBFB Sustainable Finance and Product Framework (SFPF), decarbonization requirements is a must to be eligible for related loans. Therefore QNBFB engages with its customers in their decarbonization journey and encourages them for net zero transition pathways. Also in the ESRA Module used to determine the risks related to customers and/or projects, the envisaged GHG emissions are asked. In Greenbond-related financings, information related to energy savings in MWh; Renewable energy generation in MWh; Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent, etc. are requested annually. Cash-lendings evaluated by the Environmental and Social Risk Assessment Tool (ESRA) at QNBFB that is $10M and a tenor of 24 months and above are calculated for portfolio coverage and that equals 41%. The measure of success has been determined by the intensity of climate-related questions/requirements and the percentage of the portfolio covered by these requirements. Protecting the amount of climate related questions is the threshold for measuring a successful engagement. QNBFB aims no less than previous year and aims a more comprehensive perspective if applicable. With this engagement customers face a more climate-aware approach to lending and financing processes.
Impact of climate-related client engagement strategy according to the measure of success chosen: With the outcomes, the customers are expected to approach the climate-related issues in a more responsive manner, become aware and active in climate action. Example for this impact is the growing demand of QNBFB’s sustainable-classified loans.

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	Timber products

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.

Timber products

Financial service provided

Banking

Smallholder financing/insurance approach

Financial incentives for sustainable practices
Use of government subsidized schemes
Long term financing/insurance contracts

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

16,357

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

QNBFB uses the Sustainable Finance and Product Framework (SFPF) developed by QNB to define the financing, loans and investments eligible to be funded by the proceeds of green, social or sustainability bonds. Under this Framework, QNBFB can issue Green Bonds and Sustainability Bonds. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. The Green Bonds include financings for green buildings, renewable energy development, construction and operation, clean transportation, energy efficiency projects, sustainable management of natural sources, land and water and pollution prevention control. The Forest & water related part includes organic or fair trade certified farming, hydroponic farming, vertical farming, agroforestry and silvopastoral systems, Forest land certified in accordance with the Forestry Stewardship Council (FSC) or Programme for the Endorsement of Forest Certified (PEFC), sustainable fishery certified by e.g., the Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC), Wastewater treatment and recycling facilities, Sustainable Urban Drainage Systems (SUDS), Improvements to water infrastructure that increase water use efficiency through replacements and upgrading of inefficient systems. In line with this framework, the eligibility criteria for Green Bonds require customers' disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energysaving values of the project. Currently, the bank follows KPIs for approximately 1% of its Corporate and Commercial Credits portfolio. In the row "Number of smallholders supported" the percentage has been disclosed.

Environmental impact assessment report is mandatory when applying for a loan to manage impact and sustain best practices on agriculture. Also, 25 million EUR PROPARCO fund that will be given to the customers applying agricultural loans, the project is still ongoing.

Other projects on the agenda to increase awareness among agricultural banking customers can be exampled as increasing financial literacy and sustainability training.

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, we engage directly with policy makers
Water	Yes, we engage directly with policy makers

FW-FS4.4a

(FW-FS4.4a) On what policy, law, or regulation that may impact forests and/or water security have you been engaging directly with policy makers in the reporting year?

Issue area(s)

Forests

Focus of policy, law or regulation that may impact this issue area

Sustainable finance

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

Banking Regulation and Supervision Agency (BRSA) conducted an impact analysis of Carbon Border Adjustment Mechanism's (CBAM) impact on credit risk in 2022. In engagement with BRSA, QNBFB also participated in this study to analyse increasing credit risks that is a result of CBAM. Within the scope of the impact analysis, the effect of the carbon tax on the existing loan repayment capacities (ceteris paribus) has been estimated for the customers whose main activity is in the five sectors that CBAM prioritized and who export to the EU. The assessment was carried out considering the current financial situation of these customers, their level of dependency on exports to the EU, and their potential for carbon tax exposure according to CBAM. As a result, non-performing loan ratio of these sectors are expected to increase from 3.83% (as of 2021) to 4.77%. Further policy-making process can be followed regarding this analysis.

Policy, law or regulation 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 policymakers

Europe is Turkey’s one of the important trade partners. In 2022, 26% of Turkey’s imports came from the EU and 41% of the country’s exports were to the EU. Therefore, there are certain impacts of EU Green Deal and CBAM on Turkey, and to the companies operating in Turkey. The companies in selected sectors can reflect on the bank that they are negatively influenced from these regulations. Negatively affected customers may face hardship in the payback period of loans, and banks may face challenges over customers’ situations. QNBFB is a member of the BRSA working group for sustainable banking. The engagement allows both side to give information and be informed of current agenda and regulations on climate change. CBAM is one of the top regulation on the agenda, that Turkey is working on. Studying analyses and reports with BRSA, QNBFB contributes to further policy-making process in Turkey that can be conducted regarding this analysis.

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

Have you evaluated whether your engagement on this policy, law, or regulation is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

Issue area(s)

Water

Focus of policy, law or regulation that may impact this issue area

Sustainable finance

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

Banking Regulation and Supervision Agency (BRSA) conducted an impact analysis of Carbon Border Adjustment Mechanism’s (CBAM) impact on credit risk in 2022. In engagement with BRSA, QNBFB also participated in this study to analyse increasing credit risks that is a result of CBAM. Within the scope of the impact analysis, the effect of the carbon tax on the existing loan repayment capacities (ceteris paribus) has been estimated for the customers whose main activity is in the five sectors that CBAM prioritized and who export to the EU. The assessment was carried out considering the current financial situation of these customers, their level of dependency on exports to the EU, and their potential for carbon tax exposure according to CBAM. As a result, non-performing loan ratio of these sectors are expected to increase from 3.83% (as of 2021) to 4.77%. Further policy-making process can be followed regarding this analysis.

Policy, law or regulation 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 policymakers

Europe is Turkey's one of the important trade partners. In 2022, 26% of Turkey's imports came from the EU and 41% of the country's exports were to the EU. Therefore, there are certain impacts of EU Green Deal and CBAM on Turkey, and to the companies operating in Turkey. The companies in selected sectors can reflect on the bank that they are negatively influenced from these regulations. Negatively affected customers may face hardship in the payback period of loans, and banks may face challenges over customers' situations. QNBFB is a member of the BRSA working group for sustainable banking. The engagement allows both side to give information and be informed of current agenda and regulations on climate change. CBAM is one of the top regulation on the agenda, that Turkey is working on. Studying analyses and reports with BRSA, QNBFB contributes to further policy-making process in Turkey that can be conducted regarding this analysis.

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

Have you evaluated whether your engagement on this policy, law, or regulation is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

FW-FS5.1

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

	We measure our portfolio impact on this issue area	Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact
Banking – Impact on Forests	Yes	Description of the method: QNBFB carried out stress tests under the studies of ICAAP with different scenarios. One was related to the 1.5 climate transition and related global warming scenario. The other was a physical scenario that includes a higher global warming number and related risks. Under this second test, QNBFB studied lan (agriculture, livestock, forestry) and water risks under life threatening increasing temperatures. As a result, QNBFB considers related sectors as high risk; for example, hydroelectric powerplant (water risk), agriculture (forest risk). Metrics for measuring portfolio impacts: In the related second scenario these parameters are considered: - Temperature increase more than 2.5 degree Celsius.

		- geographical region of the sectors - financial strength of the companies/sectors
Banking – Impact on Water	Yes	Description of the method: QNBFB carried out stress tests under the studies of ICAAP with different scenarios. One was related to the 1.5 climate transition and related global warming scenario. The other was a physical scenario that includes a higher global warming number and related risks. Under this second test, QNBFB studied lan (agriculture, livestock, forestry) and water risks under life threatening increasing temperatures. As a result, QNBFB considers related sectors as high risk; for example, hydroelectric powerplant (water risk), agriculture (forest risk). Metrics for measuring portfolio impacts: In the related second scenario these parameters are considered: - Temperature increase more than 2.5 degree Celsius. - geographical region of the sectors - financial strength of the companies/sectors

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	QNBFB provides financing for this commodity. The data is not provided in 2022 due to confidential reasons. Studies will be established and financing figures will be disclosed in coming years.
Lending to companies operating in the palm oil products supply chain	No		
Lending to companies	Yes	No, but we plan to assess our portfolio's	QNBFB provides financing for this commodity. The data is not

operating in the cattle products supply chain		exposure to this commodity in the next two years	provided in 2022 due to confidential reasons. Studies will be established and financing figures will be disclosed in coming years.
Lending to companies operating in the soy supply chain	No		
Lending to companies operating in the rubber supply chain	No		
Lending to companies operating in the cocoa supply chain	No		
Lending to companies operating in the coffee supply chain	No		

FW-FS5.3

(FW-FS5.3) Indicate whether you measure the percentage of clients/investees compliant with your forests- and/or water-related requirements stated in question FW-FS3.5, and provide details.

Portfolio

Banking (Bank)

Issue area(s) the requirements cover

Forests

Forests risk commodity covered by the requirements

All agricultural commodities

Commodities with a critical impact on water security covered by the requirements

Palm oil

Tobacco
Fish and seafood from aquaculture

Measurement of proportion of clients/investees compliant with forests- or water-related requirements

Yes

Metric used for compliance with forests-related requirements

QNB Group created a Sustainable Finance and Product Framework (SFPF) to procedure their process identifying climate related financing. SFPF has an intended application of serving to define the financing and loans eligible to be funded by the proceeds of any Green, Social or Sustainability Bond (GSSB) issued by QNB; and, setting out the Bank's classification approach and methodology for labelling any products, services or transactions as Sustainable or Transition finance aimed at delivering positive impact to society and the environment. This includes eligible qualifying themes, categories, activities, and criteria, in line with international standards and taxonomies. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. In line with this framework, the eligibility criteria for Green UoP include the disclosure of estimated annual scope 1-2-3 GHG emissions,reduced and/or avoided emissions, estimated annual energy consumption and energy-saving values of the project. Additionally, QNBFB supports the clients setting SBT aligned emission reduction targets and climate transition plan studies as part of the defined transition activites in the Framework. As of 2022, 12.85% of QNBFB corporate and commercial loans are classified according to sustainability criteria set out in QNB Framework and for approximately 1%, the bank have set sustainability KPIs for.

Metric used for compliance with water-related requirements

Percentage of portfolio companies/clients/investees that have water withdrawal reduction targets

% clients/investees compliant with forests- or water-related requirements

0

% portfolio value that is compliant with forest- or water-related requirements

1

Target year for 100% compliance

Portfolio

Banking (Bank)

Issue area(s) the requirements cover

Water Security

Forests risk commodity covered by the requirements

All agricultural commodities

Commodities with a critical impact on water security covered by the requirements

Palm oil
Tobacco
Fish and seafood from aquaculture

Measurement of proportion of clients/investees compliant with forests- or water-related requirements

Yes

Metric used for compliance with forests-related requirements

QNB Group created a Sustainable Finance and Product Framework (SFPF) to procedure their process identifying climate related financing. SFPF has an intended application of serving to define the financing and loans eligible to be funded by the proceeds of any Green, Social or Sustainability Bond (GSSB) issued by QNB; and, setting out the Bank's classification approach and methodology for labelling any products, services or transactions as Sustainable or Transition finance aimed at delivering positive impact to society and the environment. This includes eligible qualifying themes, categories, activities, and criteria, in line with international standards and taxonomies. The framework aligns with the ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. In line with this framework, the eligibility criteria for Green UoP include the disclosure of estimated annual scope 1-2-3 GHG emissions,reduced and/or avoided emissions, estimated annual energy consumption and energy-saving values of the project. Additionally, QNBFB supports the clients setting SBT aligned emission reduction targets and climate transition plan studies as part of the defined transition activites in the Framework. As of 2022, 12.85% of QNBFB corporate and commercial loans are classified according to sustainability criteria set out in QNB Framework and for approximately 1%, the bank have set sustainability KPIs for.

Metric used for compliance with water-related requirements

Percentage of portfolio companies/clients/investees that have water withdrawal reduction targets

% clients/investees compliant with forests- or water-related requirements

0

% portfolio value that is compliant with forest- or water-related requirements

1

Target year for 100% compliance

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

Forests

Publication

In voluntary communications

Status

Complete

Attach the document

wwf qnbfb.PNG

Page/Section reference

Page 1

Content elements

Response to forests- and/or water-related risks and opportunities

Comment

QNBFB conducted a project with WWF and published this engagement on the QNBFB's website as a voluntary communicaiton.

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