

## Welcome to your CDP Climate Change Questionnaire 2022

### 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 10,944 people and 444 branches in 68 cities, including 1 branch in Bahrain, QNB Finansbank 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 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 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 catalyze 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 and QNB Finansbank 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.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2021	December 31, 2021	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	
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## 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(s)	Please explain
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Board-level committee	<p>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. The CEO of the Bank acts as the Chairperson of the Sustainability Committee and a member of the Board of Directors.</p> <p>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.</p> <p>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.</p> <p>Case Study: SC has approved to use of sustainability-linked Key Performance Indicators for QNBFB's May 2021 (approx. USD 335 MM) and Nov 2021 (approx. 350 MM) syndications. QNB Finansbank's sustainability capacity-building efforts enabled it to obtain funding from international markets based on its improvements in sustainability-related performance. The sustainability KPIs included QNBFB's commitments to sustain a commitment of having a 0% share or commitment in new greenfield coal projects and to increase the percentage of total electricity consumption sourced from renewable generation to be tested on specified Test Dates in the Loan Agreement. In 2021, QNBFB actually overdid its commitment by sourcing 100% of its electricity consumption through the procurement of an I-REC certificate.</p>
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## 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 strategy	Climate-related risks and opportunities to our own operations	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

	Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives	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	responsibility. QNB Finansbank's environmental and sustainability activities are supervised under the Sustainability Committee. The Sustainability Committee, 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 Chairperson 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 QNB Finansbank's Board and they are members of the Group Sustainability Committee of QNB.
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## 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
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Row 1	Yes	<p>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, Finansbank'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. For instance, 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 will be provided to Finansbank's all board level and c-level positions in 2022. In addition, the CEO of Finansbank 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.</p>
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## C1.2

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

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

## C1.3

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

Provide incentives for the management of climate-related issues	Comment
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Row 1	Yes	The Bank provides the climate change-related incentives starting from the upper management level to all employees.
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## C1.3a

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

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Energy reduction project Efficiency project	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.
Dedicated Responsible Investment staff	Monetary reward	Emissions reduction project Efficiency project Behavior change related indicator	<p>QNBeyond Idea Camp is a project established to evaluate and reward various ideas within the bank. In Idea Camp, ideas go through a 3-stage pre-selection process, and short-listed ideas are presented to the senior management with the Dragons Den model in the final stage (with the participation of our Board members and CEO).</p> <p>Kiralarsin.com is one of the ideas that went through Idea Camp and was actualized by a QNB Finansbank employee with the support of QNB Finansbank. It was established last year 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 can rent electronic devices for a limited period of time without purchasing them. With this service, QNB Finansbank not only supports in-house entrepreneurship but also provides resource support to a service that provides the first carbon-neutral delivery in Turkey, which ensures the reduction of outward technological waste.</p> <p>The monetary reward and support consist of budget support, a room that can be used as a warehouse and an office in the headquarters building, the opportunity to work with the bank's lawyers, agencies and the opportunity to work with a C-level mentor.</p> <p>Kiralarsin.com has become Turkey's first e-commerce business model with carbon-neutral delivery.</p>



			The website went live in January 2022, and since then it calculates the carbon footprint of each order delivered based on the distance the cargo company travels to the user, the weight of the device, and information such as vehicle, engine and fuel type since the first order. Kiralarsin.com then offsets the GHG emissions per product delivery from domestic renewable energy projects that are considered 'Gold Standard'.
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## C-FS1.4

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

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated
Row 1	Yes, as an investment option	Our offered 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	<p>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, based on scientific climate scenarios by 2023.</p> <p>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 &amp; 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 &amp; revenues). This estimation will form a baseline for our methodological approach on our portfolio's exposure to climate-related risks &amp; opportunities.</p>
Long-term	5	20	In our main long-term climate-related risks and opportunities, QNB Finansbank 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 behavior.

## 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 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 40,000. 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.

## C2.2

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

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#### 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

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 QNB Finansbank 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 QNB Finansbank's Operational Risk Policy along with possible control strategies. The first assessment includes of rating the risks and opportunities in terms of frequency, financial impact, confidentiality, integrity, availability, legal consequences, legislation compliances, 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 is in use at QNB

Finansbank. 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 QNB Finansbank'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	QNB Finansbank 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 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, QNB Finansbank 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 reputational risk in operational activities. Thus, environmental and climate-related regulations are closely followed by QNB Finansbank to be prepared for possible inherent risks in terms of any changes. In order to comply with the requirements of this regulation, QNB Finansbank 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 both a funding and a reputational risk for the bank. Emerging regulations may directly affect the bank's customers, as requirements lead to additional costs and 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 Carbon Border Adjustment Mechanism, one can easily predict that Turkish economy and trade with EU will be affected in a great deal. And also, the existing GHG emission monitoring, reporting and verification regulation of the Ministry of Environment and Urbanization towards an Emission Trading Scheme is considered under emerging regulation. As the new regulations emerge, their scope may also broaden and include banks. This would possibly create new operational and financial risks. 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. In addition, QNBFB also introduced the "Step by Step Export" program, where it offers expert consulting, export and e-commerce solutions to SME companies who work in the export industry or intend to export. Additionally, offer companies seminars to improve their knowledge of trade finance and financial literacy.
Technology	Relevant, always included	QNB Finansbank prioritizes following new technological trends to improve its products, services and processes. QNB Finansbank 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. Where applicable QNB Finansbank 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, launched in 2012 was the first direct banking model in Turkey where QNBFB offered a way of banking where retail and SME banking clients could get service through digital channels only. Another similar platform, Digital Bridge, is an award-winning platform of QNB Finansbank 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 medium. 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 QNB Finansbank'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. QNB Finansbank'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, QNB Finansbank may also face financial and reputational risks, hence project monitoring is prioritized. QNBFB issued a Green Bond in 2021 under QNB Group Green, Social and Sustainability Bond Framework. . The eligible categories within this Framework have been reviewed and aligned with the International Capital Markets Association (ICMA) GBP, SBP categories, CBI taxonomy and/ or EU taxonomy, where applicable. With respect to Green Bond issuance in 2021, 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, QNB Finansbank may face market share losses which may lead to financial and reputational risks. QNB Finansbank's capacity-building efforts against various ESG targets has enabled the bank to secure borrowings at favorable 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 on sustainability and climate change. QNB Finansbank 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 catalyzed 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	QNB Finansbank 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. QNB Finansbank's business continuity management processes, contingency plans, crisis management and business recovery plans aim to mitigate operational risks, ensuring business continuity. QNB Finansbank 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 QNB Finansbank due to extreme weather and climate climatic conditions (flood, drought, hurricane, etc.) would indirectly affect QNB Finansbank'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 uses would increase due to the need of more cooling for branches, headquarters and specifically QNB Finansbank Data Centers which then would lead to an increase of operational energy costs. QNB Finansbank 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 this project, QNB Finansbank will be saving approximately 700.000 kWh of electricity per year. Also, QNB Finansbank'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	23	Qualitative and quantitative	Short-term Medium-term Long-term	Internal tools/methods	All loan applications received by the Bank are checked against QNB Finansbank Exclusion List. 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 QNB Finansbank. 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



					<p>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 QNB Finansbank, internal tools and methods are in use as of 2021 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. 23% of the total loan book of QNB Finansbank was loans that have to be subjected to the ESRA Model as of December 2021. QNB Finansbank's Environmental and Social Management System (SEMS) 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. 13% of the total loan book of QNB Finansbank is Micro, Small and Medium Segment as of December 2021. The ESRA process includes 5 assessment steps.</p>
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					<ul style="list-style-type: none"> <li>• 1. The activity related to the loan application is checked by QNB Finansbank 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.</li> <li>• 2. If the proposed loan application's activity is not included in the Exclusion List, QNB Finansbank requests all information and documents necessary for the environmental and social evaluation from the Customer.</li> <li>• 3. The information provided by the customer is reviewed by QNB Finansbank. The environmental and social compliance of the project with the national legislation is checked.</li> <li>• 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.</li> <li>• 5. The model includes questions related to sustainability, environmental, social and climate-related issues. For each question, QNB Finansbank 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</li> </ul>
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						A), medium-high (Category B+), medium (Category B-), and low (Category C).
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## 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

### 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  
Semiconductors & Semiconductor Equipment  
Telecommunication Services  
Media & Entertainment  
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 by the Environmental and Social Risk Assessment Tool (ESRA) at QNB Finansbank. The proportion of the portfolio covered by the climate-related risk and opportunity assessment was calculated as the proportion of project financings (Over 10M\$ and a tenor of 24 months and longer) to the total loan book as of December 2021 and found to be 23%. 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 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 due diligence 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 environmental and social risk of the Project is considered to be minimal and therefore no further assessment is required. Environmental and social monitoring continues throughout the loan term. All Category A projects are monitored by an independent Environmental and Social Consultant in accordance with the Environmental and Social Monitoring Program agreed at the time of risk classification. All Category B+ projects are monitored according to the Environmental and Social 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 Environmental and Social Monitoring Program. E&S follow-up is not required for Category C projects.

## 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.**

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### Identifier

Risk 1

### Where in the value chain does the risk driver occur?

Other parts of the value chain

### Risk type & Primary climate-related risk driver

Market

Inability to attract co-financiers and/or investors due to uncertain risks related to the climate

**Primary potential financial impact**

Decreased access to capital

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

Funding risk

**Company-specific description**

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 has secured approximately USD 685 MM syndicated loans in 2021 , Both of the syndications have included KPIs that are essentially ESG targets where the pricing was adjusted based on our achievement against these KPIs. In 2021, these KPIs were commitments to not finance any new greenfield coal projects and sourcing electricity consumption from renewable sources. QNBFB's inability to satisfy these KPIs would create an interest risk as well as a reputation risk. A potential hindrance in our syndication funding may result in our inability to sustain wholesale funding products and may lead to a decrease in our market share in trade finance. In the short term, QNBFB might endure a risk of approximately USD 130.000 increase in its interest costs.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

2,243,804

**Potential financial impact figure – minimum (currency)**

## Potential financial impact figure – maximum (currency)

### Explanation of financial impact figure

In the event of QNBFB failing both of its ESG KPIs, QNBFB would face a risk of higher interest costs around 2.5 basis points. Potential financial impact figure is calculated as USD 685 MM \* date to maturity / 360 \* 0.025 %. Date to maturity changes as margin adjustment becomes effective only when the third-party verifier verifies our compliance with ESG KPIs. For May 2021, days from reset date to maturity date was 301 days. For our USD tranche,  $197500000 * 0.025\% * 301 / 360 =$  USD 41,282. For EUR tranche, it is  $134500000 * 0.025\% * 301 / 360 =$  EUR 28,114. Taking EUR/USD as 1.11, it is USD 31,207. In total, if QNBFB complies with its ESG KPIs, it will pay USD 72,490 less interest for its May 2021 syndication. For November 2021, days from reset date to maturity date was 282 days. For our USD tranche,  $96950000 * 0.025\% * 282 / 360 =$  USD 18,986. For our EUR tranche, it's  $196500000 * 0.025\% * 282 / 360 =$  EUR 38,481. Taking EUR/USD as 1.11, it is USD 42,714. If QNBFB complies with its ESG KPIs, it will pay USD 61,700 less interest for its November 2021 syndication. In total, for two syndications, the potential financial impact figure is calculated as USD 134,190 (May 2021 syndication + November 2021 syndication). This equals to 2,243,804 TRY with June 2022 USD/TRY currency.

### Cost of response to risk

535,184

### Description of response and explanation of cost calculation

QNBFB has procured an IREC certificate to source its energy from renewable generation and has not funded any new greenfield coal projects. Both of these KPIs were verified by a third-party limited assurance company, creating additional cost. Hence there is both financial cost and opportunity cost involved. The IREC procured was around 20.000-25000 EUR and the third-party verification was around 4000-5000 EUR. The bank would not be able to provide exact financial figures as the purchasing agreements are confidential. Thus, approximately 32,000.00 USD is estimated for the cost of response. Since 2015, QNBFB has declined a corporate investment credit for a coal mine. This extension of credit request was around USD 24.6 MM with a tenor of 10 years. Creating a theoretical repayment plan with a grace period of 2 years and repayments every 6 months, the potential interest revenue to be gained would be approximately around USD 8.9 MM. Thus, the response to risk is estimated as 32,000.00 USD; with USD/TRY currency of 2022, this equals to 535,184.00 TRY in total.

### Comment

## C2.4

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

Yes

### C2.4a

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

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**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Banking portfolio

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of new technologies

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

QNBFB tackles the chronic risk of an increase in temperatures and a potential need for greater consumption of electricity for the purposes of cooling through investment in energy-efficient technologies. Through this, QNBFB ensures greater savings in OPEX while decreasing its energy



use and GHG emissions. QNBFB's energy efficiency project realized in its Data Center has enabled it to save 1.840.400 kwh energy since November 2020.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

5,025,417

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The Energy Efficiency Project 1 (with the existing cooling system) has saved 720.200 kWh of electricity in its first full year of operations (2021). Assuming the same amount of savings for 2022, the total saving amount will be 1.440.000 kWh by the end of this year. For this project, the unit electricity price was realized as 2.40TL/kWh by the end of March 2022. Thus, the potential financial impact figure for project 1 is calculated as:  $1.440.000 \times 2.40 = \text{TL } 3.456.960$  TL (USD 235.167 – USD/TL 14.71 on 22/04/2022). The Energy Efficiency Project 2 (with the new free cooling system) is expected to save 400.000 kWh by the end of this year. Thus, the potential financial impact figure for project 2 is calculated as:  $400.000 \text{ kWh} \times 2.40 = \text{TL } 960.000$  (USD 65.292 – USD/TL 14.71 on 22/04/2022). In total these two projects will result in a saving worth USD 300.459 by the end of 2022. This equals to 5,025,417 TRY with USD/TRY currency in June 2022.

**Cost to realize opportunity**

15,936,643

**Strategy to realize opportunity and explanation of cost calculation**

The cost of realizing the first project was around 209,818.00 USD; the cost of the second project was 743,000.00 USD. In total, the cost to realize this opportunity is calculated to be 952,818.00 USD. This equals 15,936,643 TRY with USD/TRY currency in June 2022. The energy savings due to this investment will be active for approximately 10 to 15 years.

**Comment**

## C3. Business Strategy

### C3.1

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

##### Row 1

**Transition plan**

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

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

QNB Finansbank was following the NDC by Turkey as the transition plan so far. The NDC was aiming to decrease GHG emissions by 21% by 2030 from the business as usual level in line with a 2 degrees scenario. However, Turkey ratified the Paris Agreement in October 2021 and set a 2053 net-zero target. Thus, it needs to update its NDC. In line with this, QNB Finansbank is also taking action to have a quantitative transition plan in line with Paris Agreement and 1.5 degrees world. The bank has not financed new coal power plant since 2015. All new thermal coal power plant projects and new coal mining projects will not be financed as of 2022. Existing exposure in our 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

actualized in coming years by QNB Finansbank. Since 2017, QNBFB emissions have been reduced by 22.5% due to energy efficiency. With the increase in the use of renewable electricity, this reduction reached up to 67%.

## 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, but we plan to add quantitative in the next two years

## 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 Customized publicly available transition scenario	Portfolio	1.6°C – 2°C	The most significant effects of climate change are likely to emerge over the medium- to long-term, but their precise timing and magnitude is uncertain. QNB Finansbank considers Turkey's Intended Nationally Determined Contribution (INDC) submitted on 30 September 2019 for its scenario analysis. Turkey ratified the Paris Agreement in October 2021. At that time, it submitted its 2015 INDC as its NDC, with the aim of unconditionally reducing GHG emissions in 2030 by 21% below a BAU projection in line with a 2 degrees scenario. However, Turkey will submit an updated NDC target that's in line with the Paris Agreement. Alongside that, QNB Finansbank also considers using quantitative climate-related scenario analysis to understand the impact of climate-related issues on its operational and portfolio activities. QNBFB considers developing a transition plan in line with a 1.5 degrees world as of 2022. The bank has not financed new coal power plant since 2015. All new thermal coal power plant projects and new coal mining projects will not be financed as of 2022. Existing exposure in our 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 actualized in coming years by QNB Finansbank.
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## 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

What risks exist for the bank's operations and portfolio in the near future?: The short-medium-long-term effects of climate change will have different consequences directly on operations and on the portfolio. While some conditions create opportunities for the bank, most of the time, risks will be encountered due to climate change. In order to manage them correctly, the bank will need to take different actions in the value chain. Prevention of operational risks are of great importance in terms of business continuity. 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. For example, the Carbon Border Adjustment Mechanism in EU Green Deal is expected to create a risk for the companies in the bank's portfolio. Additional operational costs for companies are indirectly effecting the repayments to the bank, thus creating a credit risk.

In order to prevent these risks, which variables should be considered?: To avoid and minimize the climate-related risks, impacts of the portfolio and operations on climate change are being followed closely by information gathering and customer engagement. Besides that, climate change's impacts on operations and the portfolio are also being followed to expose any possible risks related to climate. As an example, in 2022 QNBFB conducted an impact analysis study for five sectors that face immediate risks with regard to Carbon Border Adjustment Mechanism (CBAM) in exports to the European Union. 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.

How should the actions to be taken be prioritized and carried out? : In order to manage the transition to a low-carbon business with the best approach, QNBFB is prioritizing controlling its operation-related exposures to climate change as the first step. To do that, several energy efficiency projects are taking place in the bank's operational buildings. Also, as of 2021, QNBFB has been sourcing its electricity consumption from renewable sources in all of its operations. Another step in achieving a meaningful transition plan is aligning the bank's portfolio with a 1.5 degrees world. To do this, QNBFB is implementing environmental and social risk management processes for its lending activities. Also, phasing out coal activities is taking place in the business plan. The bank has not financed any new coal power plant since 2015. All new thermal coal power plant projects and new coal mining projects will not be financed as of 2022. Existing exposure in our 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	<p>Sustainable finance is one of the three 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 QNB Finansbank, 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. 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 ESRM Framework. ESRM enables the bank to proactively identify and manage exposure to E&amp;S risks in its financing activities. ESRM clearly articulates exclusions, sectors deemed high risk, prohibited activities and risk categorisation. As of 2021, the environmental and social risk assessment module, which includes</p>

		<p>climate change metrics, has been utilized. Thus, QNB Finansbank has considered climate-related risks of Project finance loans to avoid the risks of climate change. QNB Finansbank, is committed to work with it's clients to identify, assess and manage environmental and social 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 Turkey'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. The Bank will catch up with ever-changing technological trends to improve its products and services by an innovative and customer-oriented point of view.</p>
Supply chain and/or value chain	Yes	<p>Responsible purchasing at QNB Finansbank 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, QNB Finansbank 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 QNB Finansbank 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 QNB Finansbank's Sustainability Policy; cooperate with QNB Finansbank 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.</p>
Investment in R&D	Yes	<p>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</p>

		<p>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&amp;D investment of QNBFB is kiralarsin.com. Kiralarsin.com is one of the ideas that went through QNBEBYOND 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, QNB Finansbank not only supports in-house entrepreneurship but also provides resource support to a service that provides the first carbon-neutral delivery in Turkey, which ensures the reduction of outward technological waste. Also, Enpara.com, launched in 2012 was the first direct banking model in Turkey 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&amp;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 QNBEBYOND 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.</p>
Operations	Yes	<p>Aiming to make strategic progress on its operations’ impact on climate QNB Finansbank decided to consume renewable energy and energy efficiency in its buildings. In 2021, QNB Finansbank procured its 100% electricity consumption from renewable sources. This led to an approximately 22.300,00 tCO<sub>2</sub>e GHG emission reduction in 2021. QNB Finansbank seeks to increase operational efficiency and reduce the environmental impacts of its operations by taking different measures. 720.200,00 kWh electricity is saved with energy efficiency projects for QNBFB Data Centers in 2021. The projects saved almost 340 tCO<sub>2</sub>e GHG emissions so far. While it recognizes its greatest environmental impacts are</p>

		<p>'indirect' through its financing activities, the Bank also needs to responsibly manage the 'direct' environmental footprint associated with its own operations. Hence, the Banks aim to reduce our 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. The Bank, which takes necessary actions to operate an environmental management system up to international standards, aims to obtain ISO 14001 Environmental Management System certification.</p>
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### 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	<p>Climate-related risks and opportunities influence QNB Finansbank'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 &amp; competitiveness. Apart from revenues, direct &amp; indirect costs arising from climate related risks and opportunities influence QNB Finansbank'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. QNB Finansbank 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 2021, QNB Finansbank 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 may consider 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</p>



	<p>expenditures. For example, using hybrid UPS systems for 11 of QNBFB's off-site ATM's energy needs is an R&amp;D project that would affect both CAPEX and OPEX in the medium term. 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 2021, QNBFB is taking actions to obtain ISO 14001 Environmental Management System certification and consults CDP approved providers for 2021 CDP Reporting. QNB Finansbank accessed international funds with the help of its focus on climate related activities. In 2020, QNB Finansbank 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 2021 approximately 200mn TRY loans disbursed to SME's for agriculture where some portion of it has resource/energy efficiency benefit.</p>
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## 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?**

Yes, our framework includes both policies with client/investee requirements and 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**

 QNBGreenSocialandSustainability2021.pdf

**Criteria required of clients/investees**

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 coverage and/or exceptions have been determined**

QNB Group has developed the Green, Social and Sustainability Bond 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 issue Green, Social and Sustainability Bonds. 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 Bonds include the disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project. As of 2021YE, 15% 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.**

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**Portfolio**

Banking (Bank)

**Type of exclusion policy**

Coal mining  
Power from coal

**Year of exclusion implementation**

2,021

**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/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. QNB Finansbank 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 ESRM 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. As of 2022, the Bank has publicly announced to not finance new thermal coal power plant projects and new coal mining projects as general Bank policy. The bank has not financed new coal power plant since 2015. Existing exposure in the portfolio will be settled until 2032 Also within the scope of QNB Framework exclusion list, fossil fuel energy generation or transportation, palm oil activities etc are not financed.

## 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	Please explain
Purpose or use of proceeds clause refers to sustainable project Minimum level of green assets mandated Legal mandate to obtain third party verification Covenants related to compliance with your policies	Corporate real estate Project finance	QNBFB uses the Green, Social and Sustainability Bond Framework 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, 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?

Intensity target

### C4.1b

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

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**Target reference number**

Int 1

**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 (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 (in all Scope 3 categories) covered by this 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**

0

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

1.37

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

0

**Intensity figure in reporting year for 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)**

1.37

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

336.9047619048

**Target status in reporting year**

Achieved

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years



## Target ambition

### Please explain target coverage and identify any exclusions

2017 was decided as the base year as this is the year the scope of reporting across the QNB Group significantly expanded. This is a year-on-year target that covers all QNBFB operations and no emissions are excluded from the inventory. GHG emissions per unit FTE is used as the target metric due to QNBFB being in the financial services sector. In 2021, year-end FTE was 10944 and scope 1&2 total was 14950 tCO<sub>2</sub>e. Therefore GHG emissions per employee are calculated to be 1.37 tCO<sub>2</sub>e.

### 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 2021, 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 2021, the intensity target was calculated to be 1.37 tCO<sub>2</sub>e 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?

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**

2021

**Figure or percentage in target year**

60

**Figure or percentage in reporting year**

100

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

205.2631578947

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

INT 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. 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 by 22% in 2020 and 100% in 2021.

**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 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. 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%.

## C4.3

**(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 CO<sub>2</sub>e savings.**

	Number of initiatives	Total estimated annual CO <sub>2</sub> e savings in metric tonnes CO <sub>2</sub> e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	187
Implementation commenced*	1	94
Implemented*	2	22,872
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

Low-carbon energy consumption  
 Large hydropower (>25 MW)

### Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)

22,537

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

Scope 2 (market-based)

### Voluntary/Mandatory

Voluntary

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

0

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

540,000

**Payback period**

<1 year

**Estimated lifetime of the initiative**

<1 year

**Comment**

QNBFB has procured an IREC certificate to source its energy from renewable generation. The IREC procured was around 20.000-25000 EUR and the third-party verification was around 4000-5000 EUR. Thus in total, approximately 30.000,00 EUR (32.000,00 USD) investment was required. Which equals to 540.000,00 TRY approximately.

---

**Initiative category & Initiative type**

Energy efficiency in buildings

Heating, Ventilation and Air Conditioning (HVAC)

**Estimated annual CO2e savings (metric tonnes CO2e)**

335

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

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

1,900,000

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

3,500,000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

QNBFB tackles the chronic risk of an increase in temperatures and a potential need for greater consumption of electricity for the purposes of cooling through investment in energy-efficient technologies. Through this QNBFB ensure greater savings in OPEX while decreasing its energy use and GHG emissions. The energy efficiency project realized in the Data Center has enabled the Bank to save 720.200,00 kWh energy in 2021.

## 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 our ATM cabin inventory. The new ATMs consume less electricity than old ones. Automation infrastructure project installations have begun, which will enable central monitoring of the electrical and mechanical equipment of all branches and ATM cabinets. It is aimed to complete the installations at 2500 ATMs and branches by the end of 2025 at the latest. Test studies for the use of Hybrid Ups in 11 Off-Site ATM cabins continue as of 2021. In this way, ATM cabins will be able to meet 8% of their energy needs with solar panels. For E Block Data Center, hot/cold aisle containment work was completed for energy efficiency. Within the QNB Finansbank Sustainability Management System project, awareness-raising activities for employees are conducted to serve behavioral change including communications. It is aimed to increase the

	awareness of the employees about saving in electricity, water and natural gas consumption with infographic films and presentations. One of the presentations will be going live in 2022. In order to lower emissions, a budget has been dedicated to lowering emissions with investments. The cooling systems used in QNBFB branches since 2012 are replaced with new technology alternatives. By the end of 2021, 55% of the branches have inverter-type devices. In the E Block Operational Center building, the entire lighting system has been converted to LED luminaires and the lighting automation has been put into practice. In this way, 200,000 kWh/Year can be saved. Feasibility studies are being carried out for the installation of solar energy panels on the roof of the B Block of the headquarters building. Also in 2021, QNB Finansbank sourced 100% of its electricity consumption from renewable generation and achieved its internal target to increase this ratio above 60%.
Employee engagement	
Dedicated budget for other emissions reduction activities	
Dedicated budget for low-carbon product R&D	

## 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 Green, Social and Sustainability Bond 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 ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. In line with this framework, the eligibility criteria for Green Bonds include the disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project. 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. All the lendings that's in line with the framework make 15% of QNBFB's total Corporate and Commercial lendings as of 2021.

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

Adaptation

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

16,453,263,091

**% of total portfolio value**

15

**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?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology	<p>In 2021, the bank changed the standard followed for GHG emission reporting to GHG Protocol from ISO 14064-1.</p> <p>QNBFB included the following scope 3 categories in its inventory in 2021: 1, 2, 3, 4, 9, 11, 12.</p> <p>Categories 5, 6, and 7 were already included in inventory in previous years.</p> <p>Categories 8, 10, 13, and 14 have been screened and found to be not relevant for</p>

		QNBFB. Category 15: investments are relevant and details are given in module C14
--	--	---

## C5.1c

**(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?**

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	Yes	Due to changes in emission calculating methodology in 2021, QNBFB changed its base year from 2016 to 2021. The main driver for this change is the 2021 inventory includes full scope 3 screening and calculations and GHG Protocol is used for the calculations and reporting.

## 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 in Turkey 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 CO<sub>2</sub>e)**

**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 CO<sub>2</sub>e)**

**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 CO<sub>2</sub>e)**

**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 CO<sub>2</sub>e)**

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 CO<sub>2</sub>e)**

0.18

**Comment**

**Scope 3 category 13: Downstream leased assets**

---



**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**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 CO<sub>2</sub>e)**

**Comment**

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

**Scope 3 category 15: Investments**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Category 15: investment emissions have been shared in module C14.

**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

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

Reporting year

Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)

14,950

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 CO<sub>2</sub>e?**

**Reporting year**

---

**Scope 2, location-based**

22,537

**Scope 2, market-based (if applicable)**

0

**Comment**

QNB Finansbank's source of electricity is the national grid. The bank also purchases IREC certificates for all of its electricity use. There are no other energy sources to be included in scope 2 except purchased electricity. The emission factors for the market-based calculation have been provided by the IREC issuer and it is 0 kgCO<sub>2</sub>e.

### C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

### C6.5

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

## Purchased goods and services

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

1,503

### 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, plastic, purchased services such as water supply, outsourced services, and cafeteria services. The activity data has been gathered from QNBFB internal systems and several suppliers in metric tonnes for goods; m3, kWh and metric tonne for services respectively. 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 CO<sub>2</sub>e)

2,425

### 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 2021. The activity data has been gathered from QNBFB internal systems and several suppliers in amount and metric tonnes for ATM's and POS machines. The emissions factors for capital goods has been gathered from Ecoinvent v3.7.1. 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)**

11,306

**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)**

1,337

**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)**

29

**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 CO<sub>2</sub>e)

216

### 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 CO<sub>2</sub>e)

7,624

### 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 2021. 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 International Council on Clean Transportation and 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 CO<sub>2</sub>e)

430

#### 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

0

#### Please explain

This data includes emissions from the use of the bank cards sold to customers in 2021 (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 3.7.1. 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 CO<sub>2</sub>e)

0.18

#### Emissions calculation methodology

Average data method

Waste-type-specific method

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

0

**Please explain**

This data includes emissions of the end-of-life emissions of the bank cards sold to customers in 2021. 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 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 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 CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

**Intensity figure**

0.00000108

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

14,950

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

13,900,000,000

**Scope 2 figure used**

Market-based

**% change from previous year**

73

**Direction of change**

Decreased

**Reason for change**

The main reason for a change in the tCO<sub>2</sub>e per unit total revenue is the decrease in total scope 1&2 GHG emissions. As QNBFB has acquired all of its electricity needs from renewable sources, the scope 2 market-based emissions have been calculated to be 0 tCO<sub>2</sub>e. This led to a 65% decrease in Scope 1&2 GHG emissions compared to 2020. In addition, total unit revenue has increased 32% compared to 2020. All these changes led to an approximately 73% decrease in the intensity metric value.

## C7. Emissions breakdowns

### C7.9

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

Decreased

### C7.9a

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

	Change in emissions (metric tons CO <sub>2</sub> e)	Direction of change	Emissions value (percentage)	Please explain calculation

Change in renewable energy consumption	15,226	Decreased	36	<p>The 15226 tCO<sub>2</sub>e decrease is due to the use of renewable electricity in 2021. The IREC amount in 2021 is 22,537 tCO<sub>2</sub>e. In 2020, this amount was 7,311 tCO<sub>2</sub>e. Thus, there is an 15,226 tCO<sub>2</sub>e decrease of GHG emissions due to increased renewable energy consumption.</p> <p>scope 1&amp;2 emissions in 2021: 14,950 tCO<sub>2</sub>e  scope 1&amp;2 emissions in 2020: 42,454 tCO<sub>2</sub>e  Emission reduction due to use of renewable energy in 2021: 15,226 tCO<sub>2</sub>e  Emissions value (percentage): <math>-15,226 / 42,454 = -36\%</math></p>
Other emissions reduction activities	335	Decreased	1	<p>The 335 tCO<sub>2</sub>e decrease is due to energy efficiency initiatives in QNBFB buildings and data servers in 2021.</p> <p>scope 1&amp;2 emissions in 2021: 14,950 tCO<sub>2</sub>e  scope 1&amp;2 emissions in 2020: 42,454 tCO<sub>2</sub>e  Other emissions reduction activities in 2021: 335 tCO<sub>2</sub>e  Emissions value (percentage): <math>-335/42,454 = -1\%</math></p>
Divestment				
Acquisitions				
Mergers				
Change in output	11,944	Decreased	28	<p>If no measures had been introduced, decreased consumption of fuel and energy leading to decreased output would have generated 28% less emissions which corresponds to 11,944 tCO<sub>2</sub>e.</p> <p>scope 1&amp;2 emissions in 2021: 14,950 tCO<sub>2</sub>e  scope 1&amp;2 emissions in 2020: 42,454 tCO<sub>2</sub>e  Change in output in 2021: -11,944 tCO<sub>2</sub>e  Emissions value (percentage): <math>-11,944/42,454 = -28\%</math></p>
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	49,221	49,221
Consumption of purchased or acquired electricity		52,021	0	52,021
Total energy consumption		52,021	49,221	101,242

## C8.2g

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

### Country/area

Turkey

### Consumption of electricity (MWh)

52,021

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



0

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

52,021

## 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**

111,796

**Metric numerator**

Cubic meters

**Metric denominator (intensity metric only)**

N/A

**% change from previous year**

8

**Direction of change**

Decreased

**Please explain**

Total water consumption QNB Finansbank in 2021 has decreased around 8% comparing to the previous year. The decrease is due to the efficiency initiatives and awareness studies for employees.

## 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	No third-party verification or assurance

### 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**

 QNBFB-14064-3\_for 2021\_250722.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**

 QNBFB-14064-3\_for 2021\_250722.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**

 QNBFB-14064-3\_for 2021\_250722.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?**

 QNBFB-14064-3\_for 2021\_250722.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain
--	---------------	--------------------------	----------------

C6. Emissions data	Energy consumption	ISO 14064-3	2021 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 2021 was calculated and verified as 1.37 tonCO2eq/number of employees.

## C11. Carbon pricing

### C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

### C11.2a

**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

#### Credit origination or credit purchase

Credit purchase

#### Project type

Landfill gas

#### Project identification

The Adana Landfill Gas Collection and Energy Utilization Project is located at the Adana Landfill in Adana, in the South Mediterranean Region of Turkey. The landfill receives the daily amount of waste of approximately 1000-1500 tonnes. The proposed project involves covering the landfill with soil, installing a gas extraction system, installing other treatment units, and installing gas engines to generate electricity to feed to the national grid. "Landfill Gas Collection and Utilization Project" and "Anaerobic Digestion of Municipal Solid Waste" utilized methane gas to

generate electricity with the installed 15.6 MW capacity. This contributed to a decrease in emission in the power sector and reduced the dependency on imported fuel for electricity generation.

**Verified to which standard**

Gold Standard

**Number of credits (metric tonnes CO2e)**

58,675

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

58,675

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

## 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.**

---

**Objective for implementing an internal carbon price**

Change internal behavior

Identify and seize low-carbon opportunities

### GHG Scope

- Scope 1
- Scope 2
- Scope 3

### Application

The carbon pricing application is used for two reasons in QNBFB. The first one is carbon offsets as MonoApp and Kiralarsin.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. Kiralarsin.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. The prices are adapted from EU ETS and for 2021, a variance of 50-100 EUR is applied.

### Actual price(s) used (Currency /metric ton)

100

### Variance of price(s) used

50-100

### Type of internal carbon price

- Shadow price
- Offsets

### Impact & implication

The MonoApp use carbon off-sets as the nature of the business. In Mono App, users earn MonoPoints as they receive notifications from brands through Mono. MonoPoints can be used to offset carbon emissions. The MonoMedia under the MonoApp also carbon offsets for its users per news read on the app. Other than that, 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 2021, a variance of 50-100 EUR 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**

At all times, QNBFB strives to procure goods and services that have a reduced impact on the environment and its operations. 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 2021, 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 will be given to ISS personnel as of 2022. Also, the paper used in the bank's operations has been reduced by 82% 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' have acquired the FSC certificate. We have supplied ATM and POS rolls which have been manufactured with BPA-Free paper since 2021 (maintained from industrial forests). 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. Shifting our operational purchases to more environmentally safe options also provides an opportunity to choose more sustainable businesses' as suppliers instead of high-carbon service providers.

**Impact of engagement, including measures of success**

Our third-party risk management demands all our 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. We also engage and collaborate with suppliers to ensure sound practices to minimize adverse external impacts. In our procurement processes, we give 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. We 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.

**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**

Information collection (understanding client behavior)

**Details of engagement**

Collect climate change and carbon information at least annually from long-term clients

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

0

**Portfolio coverage (total or outstanding)**

40

**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 information requirements for lending and project financing activities specifically from carbon-intensive sectors. 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 CO<sub>2</sub> equivalent, etc. are requested annually. The outstanding portfolio coverage has been calculated as 40% as the customers subjected to ESRA module and Greenbond lendings as of 2021 to a total of corporate and commercial

portfolios. The measure of success has been determined by the intensity of climate-related questions and the percentage of the portfolio covered by the requirements. With this engagement customers face a more climate-aware approach to lending and financing processes. With the outcomes, the customers are expected to approach the climate-related issues in a more responsive manner.

## 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. "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. As of 2022, QNBFB is also providing its employees with an informative movie about sustainability including climate change-related issues. The training video will be available in 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

#### Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

#### 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)**

 QNBFB SUSTAINABILITY REPORT 2020 ENG.pdf

**Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy**

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). Detailed information can be found in the 2020 Sustainability Report attached pg 18 and QNBFB's Sustainability web-site: <https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports>

## C12.3a

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

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

Adaptation and/or resilience to climate change  
Sustainable finance

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

Credit Allocation and Monitoring Processes Guide

**Policy, law, or regulation geographic coverage**

National

**Country/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**

QNBFB is a member of the BRSA working group for sustainable banking. Banking Regulation and Supervision Agency (BRSA) has released its 2022 – 2025 strategic plan on sustainable banking, published on 27.12.2021. The strategy document outlines the general strategies and policies required for the Turkish banking sector to establish a sustainable banking infrastructure in the upcoming periods. In this strategy document, BRSA states that “in the preparation of the strategy document, importance was attached to obtain the contribution of sector representatives by making close cooperation with the relevant parties, especially with the member banks of the Banks Association of Turkey and the Participation Banks Association of Turkey.” As an active member of the Banks Association of Turkey, QNB Finansbank was a part of this contribution within the reporting year 2021. Expectations were communicated to the BRSA for the development of policies for climate risks and green lendings in the “Credit Allocation and Monitoring Processes Guide” in 2021. As an example, BRSA has requested an impact analysis study from the member banks for five sectors that will be subject to Carbon Border Adjustment Mechanism for exports to the EU. QNBFB teams carried out an analysis in this context and shared the outcomes with the BRSA.

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

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

Yes, we have evaluated, and it is aligned

## C12.3b

**(C12.3b) Provide details of the trade associations your organization 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 Banks Association, Turkish Industrialists and Businessmen Association, BCSD Turkey

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

Consistent

### Has your organization influenced, or is your organization attempting to influence their position?

We publicly promote their current position

### State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

QNBFB is an active member in TUSIAD (Turkish Industry and Business Association)'s sustainability working groups including but not limited to Environment and Climate Change Working Group. Output documentation created by these working groups is proposed to policy makers. The TUSIAD's working group was created to deal with energy and environmental issues, which we consider to be of strategic importance for Turkey. Priority issues worked are as low carbon economy, resource efficiency, waste management and combating climate change. QNBFB is also 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. 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.

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

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

## C12.4

**(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).**

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**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**



 QNBFB ANNUAL REPORT 2021\_ENG.pdf

### Page/Section reference

Refer to Pages 58-59 for governance; 32-55 for Strategy; 106-108 for risk management in our Annual Report. The information related to the sustainability governance structure and strategy of the Bank, as well as initiative taken by the Bank to mitigate climate related risks can be found in the document attached. Additionally, financial and non-financial metrics can be found in several chapters of the report.

### Content elements

Governance  
 Strategy  
 Risks & opportunities  
 Other metrics

### Comment

## C-FS12.5

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

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	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, labor, 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

		<p>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.</p>
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## 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)**

24,633,840,000

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

570,657,300

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

21.8

#### 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)**

816,462,500

**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**

0.72

**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

## 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	Other carbon footprinting and/or exposure metrics (as defined by TCFD)

## C-FS14.1b

**(C-FS14.1b) Provide details of the other carbon footprinting and/or exposure metrics used to track the impact of your portfolio on the climate.**

---

**Portfolio**

Banking (Bank)

**Portfolio metric**

Avoided emissions financed (tCO<sub>2</sub>e)

**Metric value in the reporting year**

726,136.64

**Portfolio coverage**

1.4

**Percentage calculated using data obtained from clients/investees**

100

**Calculation methodology**

QNBFB is taking action to measure its portfolio exposure to climate change. The data is estimated with annual productions of financed renewable energy projects. The bank is aware of the unavailability of data for accurate calculations for financed emissions. Thus in 2021, as a start to control and measure the effects of the portfolio on climate change, QNBFB has calculated the avoided emissions due to financings for renewable electricity generation. The Avoided Emissions Framework has been used to calculate emissions avoided with renewable electricity generation.

## 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/region

## C-FS14.2b

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

Portfolio	Industry	Portfolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Energy	Avoided emissions financed (tCO <sub>2</sub> e)	726,136.64

## C-FS14.2c

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

Portfolio	Country/region	Portfolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Turkey	Avoided emissions financed (tCO <sub>2</sub> e)	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
Banking (Bank)	Yes

## C-FS14.3a

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

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	Yes, for some	QNBFB uses the Green, Social and Sustainability Bond Framework 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. All new thermal coal power plant projects and new coal mining projects will not be financed as of 2022. Existing exposure in the Banks portfolio will be settled until 2032.

## 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
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Row 1	Yes, both board-level oversight and executive management-level responsibility	<p>Risks and issues related to biodiversity is managed at board-level and executive level in QNBFB. The Green, Social and Sustainability Bond 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 green bond framework includes KPIs for financing sectors listed under the framework. As an example, Renewable energy from biomass is included in QNBFB Green-bond Framework 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 Greenbond 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.</p>	<p>Risks and opportunities to our bank lending activities</p> <p>The impact of our bank lending activities on biodiversity</p>
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## 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 impact of its value chain on biodiversity?**

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

### C15.4

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

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Other, please specify No lendings and financings to activities stated in the Exclusion List of QNBFB Env. and Social Risk Management Policy. Details: <a href="https://www.qnbfinansbank.com/en/about-qnb-finansbank/policies">https://www.qnbfinansbank.com/en/about-qnb-finansbank/policies</a>

### C15.5

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

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
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Row 1	No, we do not use indicators, but plan to within the next two years	State and benefit indicators
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## C15.6

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

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications		

## C16. Signoff

### C-FI

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

Details of QNBFB sustainability governance and strategy can be found at <https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability>

### 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)	Please explain
Forests	Board-level committee	<p>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 Board of Directors and Corporate Governance Committee on sustainability-related matters. The CEO of the Bank acts as the Chairperson of the Sustainability Committee and a member of the Board of Directors.</p> <p>Some members of the sustainability committee are Corporate and Commercial Credits EVP, CFO Financial Control and Planning EVP, Corporate Banking and Project Finance EVP, Head of Risk Management and Procurement Director. Each member assesses the climate, forest, water and sustainability-related topic in their fields. In case of a 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.</p> <p>Case Study: The board has approved the QNB Group Green, Social and Sustainability Bond Framework in 2021. The framework includes criteria and KPI's related to forest and water safety-related green bonds.</p>

Water	Board-level committee	<p>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 Board of Directors and Corporate Governance Committee on sustainability-related matters. The CEO of the Bank acts as the Chairperson of the Sustainability Committee and a member of the Board of Directors.</p> <p>Some members of the sustainability committee are Corporate and Commercial Credits EVP, CFO Financial Control and Planning EVP, Corporate Banking and Project Finance EVP, Head of Risk Management and Procurement Director.</p> <p>Each member assesses the climate, forest, water and sustainability-related topic in their fields. In case of a 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.</p> <p>Case Study: The board has approved the QNB Group Green, Social and Sustainability Bond Framework in 2021. The framework includes criteria and KPI's related to forest and water safety-related green bonds.</p>
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## 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 major plans of action

Reviewing and guiding risk management policies

### 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.

QNB Finansbank's environmental and sustainability activities are supervised under the Sustainability Committee. The Sustainability Committee, 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. 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 programme. The CEO of the Bank acts as the Chairperson of the Sustainability Committee and a member of the Board of Directors.

Responsibilities include reviewing and guiding strategy, major plans of action and risk management policies. Then the SC reports key risks and opportunities to the Board of Directors via Corporate Governance Committee. As a minimum, the Board of Directors and Corporate Governance Committee receives 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 CEO is also a part of the sustainability committee. Additionally, Group Chiefs - GCBO, GCFO, and GCRO - are also on QNB Finansbank's Board and they are members of the Group Sustainability Committee of QNB.

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**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 major plans of action

Reviewing and guiding risk management policies

### 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.

QNB Finansbank's environmental and sustainability activities are supervised under the Sustainability Committee. The Sustainability Committee, 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. 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 programme. The CEO of the Bank acts as the Chairperson of the Sustainability Committee and a member of the Board of Directors.

Responsibilities include reviewing and guiding strategy, major plans of action and risk management policies. Then the SC reports key risks and opportunities to the Board of Directors via Corporate Governance Committee. As a minimum, the Board of Directors and Corporate Governance Committee receives 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 CEO is also a part of the sustainability committee.

Additionally, Group Chiefs - GCBO, GCFO, and GCRO - are also on QNB Finansbank'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

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**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 about competence and expertise on 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, Finansbank'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. For instance, the application of environmental and social risk policies to support sustainability activities in line with overall Bank strategy in Porject and Structured Finance was part of the business plan when our CEO was the EVP of Corporate and Commercial Credits. Also, trainings related to sustainability and climate related issues will be provided to Finansbank's all board level and c-level positions in 2022. In addition, CEO of QNBFB is the Head of the Board-level Sustainability Committee. All of these actions and criterias are considered in terms of climate related issues competence of our CEO.

## Water

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### **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 about competence and expertise on 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, Finansbank'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. For instance, the application of environmental and social risk policies to support sustainability activities in line with overall Bank strategy in Porject and Structured Finance was part of the business plan when our CEO was the EVP of Corporate and Commercial Credits. Also, trainings related to sustainability and climate related issues will be provided to Finansbank's all board level and c-level positions in 2022. In addition, CEO of QNBFB is the Head of the Board-level Sustainability Committee. All of these actions and criterias 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.**

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

Chief Executive Officer (CEO)

**Reporting line**

Reports to the Board directly

**Issue area(s)**

Forests

Water

**Responsibility**

Both assessing and managing risks and opportunities

**Coverage of responsibility**

Risks and opportunities related to our banking portfolio

**Frequency of reporting to the board on forests- and/or water-related issues**

More frequently than quarterly

## 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.**

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**Portfolio**

Banking (Bank)

**Exposure to**

Forests-related risks and opportunities

**Type of risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Proportion of portfolio covered by risk management process**

23

**Type of assessment**

Qualitative and quantitative

**Time horizon(s) covered**

Short-term

Medium-term

Long-term

**Tools and methods used**

External consultants

Internal tools/methods

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

All loan applications received by the Bank are checked against QNB Finansbank Exclusion List. 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 amount 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 QNB Finansbank. 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 QNB Finansbank, internal tools and methods are in use as of 2021 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 portfolio's climate related risks and opportunities. All Loan applications are checked whether they are on the exclusion list; then the ESRA module is applied. 23% of the total loan book of QNB Finansbank was loans that have to be subjected to the ESRA Model as of December 2021. QNB Finansbank's Environmental and Social Management System (SEMS) Procedure defines social and environmental policies adopted and work flows in activities of the Bank, investments to be made and loans to be extended. Social and Environmental Impact Assessment Control Form defined in this Procedure is applied for Customers in Micro, Small and Medium Segment. 13% of the total loan book of QNB Finansbank is Micro, Small and Medium Segment as of December 2021. The ESRA process includes 5 assessment steps.

- 1. The activity related to the loan application is checked by QNB Finansbank 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, QNB Finansbank 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 QNB Finansbank. 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 questions, QNB Finansbank assess the customers and the projects 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).

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## Portfolio

Banking (Bank)

**Exposure to**

Water-related risks and opportunities

**Type of risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Proportion of portfolio covered by risk management process**

23

**Type of assessment**

Qualitative and quantitative

**Time horizon(s) covered**

Short-term

Medium-term

Long-term

**Tools and methods used**

External consultants

Internal tools/methods

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

All loan applications received by the Bank are checked against QNB Finansbank Exclusion List. 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 amount 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 QNB Finansbank. 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 QNB Finansbank, internal tools and methods are in use as of 2021 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 portfolio's climate related risks and opportunities. All Loan applications are checked whether they are on the exclusion list; then the ESRA module is applied. 23% of the total loan book of QNB Finansbank was loans that have to be subjected to the ESRA Model as of December 2021. QNB Finansbank's Environmental and Social Management System (SEMS) Procedure defines social and environmental policies adopted and work flows in activities of the Bank, investments to be made and loans to be extended. Social and Environmental Impact Assessment Control Form defined in this Procedure is applied for Customers in Micro, Small and Medium Segment. 13% of the total loan book of QNB Finansbank is Micro, Small and Medium Segment as of December 2021. The ESRA process includes 5 assessment steps.

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- 2. If the proposed loan application's activity is not included in the Exclusion List, QNB Finansbank 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 QNB Finansbank. 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 questions, QNB Finansbank assess the customers and the projects 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.**

### Portfolio

Banking (Bank)

### Information related to

Forests

### Type of information considered

Certification of forests risk commodities

Origin of forest risk commodities

### 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

Transportation

### State how these forests- and/or water-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 by the Environmental and Social Risk Assessment Tool (ESRA) at QNB Finansbank. The proportion of the portfolio covered by the climate-related risk and opportunity assessment was calculated as the proportion of project financings (Over 10M\$ and

a tenor of 24 months and longer) to the total loan book as of December 2021 and found to be 23%. 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 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 due diligence 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 environmental and social risk of the Project is considered to be minimal and therefore no further assessment is required. Environmental and social monitoring continues throughout the loan term. All Category A projects are monitored by an independent Environmental and Social Consultant in accordance with the Environmental and Social Monitoring Program agreed at the time of risk classification. All Category B+ projects are monitored according to the Environmental and Social 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 Environmental and Social Monitoring Program. E&S follow-up is not required for Category C projects.

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**Portfolio**

Banking (Bank)

**Information related to**

Water

**Type of information considered****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

**State how these forests- and/or water-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 by the Environmental and Social Risk Assessment Tool (ESRA) at QNB Finansbank. The proportion of the portfolio covered by the climate-related risk and opportunity assessment was calculated as the proportion of project financings (Over 10M\$ and a tenor of 24 months and longer) to the total loan book as of December 2021 and found to be 23%. 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 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 due diligence 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 environmental and social risk of the Project is considered to be minimal and therefore no further assessment is required. Environmental and social monitoring continues throughout the loan term. All Category A projects are monitored by an independent Environmental and Social Consultant in accordance with the Environmental and Social Monitoring Program agreed at the time of risk classification. All Category B+ projects are monitored according to the Environmental and Social 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 Environmental and Social Monitoring Program. E&S follow-up is not required for Category C projects.

**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 2021 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 40,000. 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 2021 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 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 40,000. 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.
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## 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 2021 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 40,000. 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	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 2021 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 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 40,000. 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-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 QNB Finansbank'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, indirect costs arising from climate related risks and opportunities influence QNB Finansbank'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. QNB Finansbank 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 2021, QNB Finansbank 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 may consider developing projects to increase its own renewable electricity production capacity. As of 2021, QNBFB is taking actions to obtain ISO 14001 Environmental Management System certification and consults CDP approved providers for 2021 CDP Reporting. QNB Finansbank accessed international funds with the help of its focus on climate related activities. In 2020, QNB Finansbank 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 2021 approximately 200mn 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 QNB Finansbank'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, indirect costs arising from climate related risks and opportunities influence QNB Finansbank'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. QNB Finansbank 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 2021, QNB Finansbank 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 may consider developing projects to increase its own renewable electricity production capacity. As of 2021, QNBFB is taking actions to obtain ISO 14001 Environmental Management System certification and consults CDP approved providers for 2021 CDP Reporting. QNB Finansbank accessed international funds with the help of its focus on climate related activities. In 2020, QNB Finansbank 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 2021 approximately 200mn TRY loans disbursed to SME's for agriculture where some portion of it has resource/energy efficiency benefit.

## 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 QNB Finansbank'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, indirect costs arising from climate related risks and opportunities influence QNB Finansbank'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. QNB Finansbank 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

2021, QNB Finansbank 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 may consider developing projects to increase its own renewable electricity production capacity. As of 2021, QNBFB is taking actions to obtain ISO 14001 Environmental Management System certification and consults CDP approved providers for 2021 CDP Reporting. QNB Finansbank accessed international funds with the help of its focus on climate related activities. In 2020, QNB Finansbank 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 2021 approximately 200mn 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 QNB Finansbank'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, indirect costs arising from climate related risks and opportunities influence QNB Finansbank'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. QNB Finansbank 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 2021, QNB Finansbank 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 may consider developing projects to increase its own renewable electricity production capacity. As of 2021, QNBFB is taking actions to obtain ISO 14001 Environmental Management System certification and consults CDP approved providers for 2021 CDP Reporting. QNB Finansbank accessed international funds with the help of its focus on climate related activities. In 2020, QNB Finansbank

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 2021 approximately 200mn TRY loans disbursed to SME's for agriculture where some portion of it has resource/energy efficiency benefit.

## FW-FS3.2

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

### Forests

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#### **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**

The most significant effects of climate change are likely to emerge over the medium- to long-term, but their precise timing and magnitude is uncertain. QNB Finansbank considers Turkey's Intended Nationally Determined Contribution (INDC) submitted on 30 September 2019 for its scenario analysis. Turkey ratified the Paris Agreement in October 2021. At that time, it submitted its 2015 INDC as its NDC, with the aim of unconditionally reducing GHG emissions in 2030 by 21% below a BAU projection in line with a 2 degrees scenario. However, Turkey will submit an updated NDC target that's in line with the Paris Agreement. Alongside that, QNB Finansbank also considers using quantitative climate-related scenario analysis to understand the impact of climate-related issues on its operational and portfolio activities. QNBFB considers developing a transition plan in line with a 1.5 degrees world as of 2022. The bank has not financed new coal power plant since 2015. All new thermal coal power plant projects and new coal mining projects will not be financed as of 2022. Existing exposure in our 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 actualized in coming years by QNB Finansbank.

### Water

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#### **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**

The most significant effects of climate change are likely to emerge over the medium- to long-term, but their precise timing and magnitude is uncertain. QNB Finansbank considers Turkey's Intended Nationally Determined Contribution (INDC) submitted on 30 September 2019 for its scenario analysis. Turkey ratified the Paris Agreement in October 2021. At that time, it submitted its 2015 INDC as its NDC, with the aim of unconditionally reducing GHG emissions in 2030 by 21% below a BAU projection in line with a 2 degrees scenario. However, Turkey will submit an updated NDC target that's in line with the Paris Agreement. Alongside that, QNB Finansbank also considers using quantitative climate-related scenario analysis to understand the impact of climate-related issues on its operational and portfolio activities. QNBFB considers developing a transition plan in line with a 1.5 degrees world as of 2022. The bank has not financed new coal power plant since 2015. All new thermal coal power plant projects and new coal mining projects will not be financed as of 2022. Existing exposure in our 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 actualized in coming years by QNB Finansbank.

### FW-FS3.3

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

Existing products and services that enable clients to mitigate deforestation and/or water insecurity	
Forests	Yes
Water	Yes

### FW-FS3.3a

**(FW-FS3.3a) 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

### **Description of product(s)**

QNB Group has developed the Green, Social and Sustainability Bond 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 ICMA GBP, SBP categories, CBI taxonomy and/or EU taxonomy, where applicable. In line with this framework, the eligibility criteria for Green Bonds include the disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project. 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), Waste water 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. All these lendings that's in line with the forest & water criteria of the framework make less than the 1% of QNBFB's total Corporate and Commercial lendings as of 2021. The portfolio value shared below is calculated approximately.

### **Product enables clients to mitigate**

Deforestation  
Water insecurity

### **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)**

259,600,000

**% of total portfolio value**

1

**FW-FS3.4**

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

	Policy framework includes this issue area
Forests	Yes
Water	Yes

**FW-FS3.4a**

**(FW-FS3.4a) 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**

 QNBGreenSocialandSustainability2021.pdf

**Criteria required of 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

**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 has developed the Green, Social and Sustainability Bond 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 issue Green, Social and Sustainability Bonds. 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 Bonds include the disclosure of estimated annual GHG emissions reduced and/or avoided, estimated annual energy consumption and energy-saving values of the project. As of 2021YE, 15% 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-FS3.5

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

Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area
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Forests	Yes	<p>QNBFB uses the Green, Social and Sustainability Bond Framework 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 &amp; 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), Waste water 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 energy-saving values of the project. Currently, the bank follows KPIs for approximately 1% of its Corporate and Commercial Credits portfolio.</p>
Water	Yes	<p>QNBFB uses the Green, Social and Sustainability Bond Framework 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 &amp; 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), Waste water 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</p>

		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, the bank follows KPIs for approximately 1% of its Corporate and Commercial Credits portfolio.
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## 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

40

### **Rationale for the coverage of your engagement**

Engagement targeted at clients currently not meeting forests-related policy requirements

### **Impact of engagement, including measures of success**

QNBFB's client engagement consists of information requirements for lending and project financing activities specifically from carbon-intensive sectors. 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, Forest area (hectares), Forestry certification scheme (if applicable), Net carbon sequestration (tonnes per year) (if available), Quantity of treated wastewater and/or supplied freshwater (cubic meters per year), Qualitative improvements in freshwater supply and/or wastewater treatment etc. are requested annually. The outstanding portfolio coverage has been calculated as 40% as the customers subjected to ESRA module and Greenbond lendings as of 2021 to a total of corporate and commercial portfolios. The measure of success has been determined by the intensity of climate-related questions and the percentage of the portfolio covered by the requirements. With this engagement customers face a more climate-aware approach to lending and financing processes. With the outcomes, the customers are expected to approach the climate-related issues in a more responsive manner.

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### **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**

40

### Rationale for the coverage of your engagement

Engagement targeted at clients currently not meeting water-related policy requirements

### Impact of engagement, including measures of success

QNBFB's client engagement consists of information requirements for lending and project financing activities specifically from carbon-intensive sectors. 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, Forest area (hectares), Forestry certification scheme (if applicable), Net carbon sequestration (tonnes per year) (if available), Quantity of treated wastewater and/or supplied freshwater (cubic meters per year), Qualitative improvements in freshwater supply and/or wastewater treatment etc. are requested annually. The outstanding portfolio coverage has been calculated as 40% as the customers subjected to ESRA module and Greenbond lendings as of 2021 to a total of corporate and commercial portfolios. The measure of success has been determined by the intensity of climate-related questions and the percentage of the portfolio covered by the requirements. With this engagement customers face a more climate-aware approach to lending and financing processes. With the outcomes, the customers are expected to approach the climate-related issues in a more responsive manner.

## 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

### **Other smallholder engagement approaches**

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

### **Number of smallholders supported**

1

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

QNBFB uses the Green, Social and Sustainability Bond Framework 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 energy-saving 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.

## **FW-FS4.4**

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

Direct or indirect engagement that could influence policy, law, or regulation that may impact this issue area

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

Credit Allocation and Monitoring Processes Guide

### Policy, law or regulation coverage

National

### Country/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

QNBFB is a member of the BRSA working group for sustainable banking. Banking Regulation and Supervision Agency (BRSA) has released its 2022 – 2025 strategic plan on sustainable banking, published on 27.12.2021. The strategy document outlines the general strategies and policies required for the Turkish banking sector to establish a sustainable banking infrastructure in the upcoming periods. In this strategy



document, BRSA states that “in the preparation of the strategy document, importance was attached to obtain the contribution of sector representatives by making close cooperation with the relevant parties, especially with the member banks of the Banks Association of Turkey and the Participation Banks Association of Turkey.” As an active member of the Banks Association of Turkey, QNB Finansbank was a part of this contribution within the reporting year 2021. Expectations were communicated to the BRSA for the development of policies for climate risks and green lendings in the “Credit Allocation and Monitoring Processes Guide” in 2021. As an example, BRSA has requested an impact analysis study from the member banks for five sectors that will be subject to Carbon Border Adjustment Mechanism for exports to the EU. QNBFB teams carried out an analysis in this context and shared the outcomes with the BRSA.

**Details of exceptions (if applicable) and your organization’s proposed alternative approach to the policy, law or regulation****Have you evaluated whether your organization’s engagement is aligned with the Sustainable Development Goals?**

Yes, we have evaluated, and it is aligned

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**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**

Credit Allocation and Monitoring Processes Guide

**Policy, law or regulation coverage**

National

**Country/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

QNBFB is a member of the BRSA working group for sustainable banking. Banking Regulation and Supervision Agency (BRSA) has released its 2022 – 2025 strategic plan on sustainable banking, published on 27.12.2021. The strategy document outlines the general strategies and policies required for the Turkish banking sector to establish a sustainable banking infrastructure in the upcoming periods. In this strategy document, BRSA states that “in the preparation of the strategy document, importance was attached to obtain the contribution of sector representatives by making close cooperation with the relevant parties, especially with the member banks of the Banks Association of Turkey and the Participation Banks Association of Turkey.” As an active member of the Banks Association of Turkey, QNB Finansbank was a part of this contribution within the reporting year 2021. Expectations were communicated to the BRSA for the development of policies for climate risks and green lendings in the “Credit Allocation and Monitoring Processes Guide” in 2021. As an example, BRSA has requested an impact analysis study from the member banks for five sectors that will be subject to Carbon Border Adjustment Mechanism for exports to the EU. QNBFB teams carried out an analysis in this context and shared the outcomes with the BRSA

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

#### Have you evaluated whether your organization’s engagement is aligned with the 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	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	No, but we plan to in the next two years	Important but not an immediate priority	QNBFB is taking action to measure its portfolio exposure to climate change. The bank is aware of the unavailability of data for accurate calculations for financed emissions. Thus in 2021, as a start to control and measure the effects of the portfolio on climate change, QNBFB has only calculated the avoided emissions due to financings for renewable electricity

			generation. Other portfolio impacts including GHG emissions related to forest and water security will be taken into consideration in the coming years.
Banking – Impact on Water	No, but we plan to in the next two years	Important but not an immediate priority	QNBFB is taking action to measure its portfolio exposure to climate change. The bank is aware of the unavailability of data for accurate calculations for financed emissions. Thus in 2021, as a start to control and measure the effects of the portfolio on climate change, QNBFB has only calculated the avoided emissions due to financings for renewable electricity generation. Other portfolio impacts including GHG emissions related to forest and water security will be taken into consideration in the coming years.

## 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 2021 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 operating in the cattle products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	QNBFB provides financing for this commodity. The data is not provided in 2021 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-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).**

### Publication

No publications

### Status

### Attach the document

### Page/Section reference

**Content elements**

**Comment**

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

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

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I have read and accept the applicable Terms