SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Yapı ve Kredi Bankası A.Ş.

22 July 2024

Scope 1 and 2: Yapı ve Kredi Bankası A.Ş. commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2021 base year.

Yapı ve Kredi Bankası A.Ş. commits to increase active annual sourcing of renewable electricity from 39% in 2021 to 100% by 2022 and to continue active sourcing of 100% renewable electricity through 2030.

Scope 3 Portfolio Targets

Headline target: Yapı ve Kredi Bankası A.Ş.' portfolio targets cover 29% of its total investment and lending by total assets as of 2021[1]. As of that year, required activities made up 29% of Yapı ve Kredi Bankası A.Ş.' total investment and lending by total assets while optional activities made up 13% and out of scope activities made up 58%.

Scope 3 asset class level targets

Asset class	Method	Target language
Electricity generation project finance	Sector Decarbonization Approach (SDA)	Yapı ve Kredi Bankası A.Ş. commits to reduce its electricity generation project finance portfolio GHG emissions 73.7% per MWh by 2030 from a 2021 base year.
Corporate loans: Real estate	SDA	Yapı ve Kredi Bankası A.Ş. commits to reduce GHG emissions from the commercial real estate sector within its corporate loan portfolio 67.4% per square meter by 2030 from a 2021 base year.
Corporate loans: Electricity Generation	SDA	Yapı ve Kredi Bankası A.Ş. commits to reduce GHG emissions from the electricity generation sector within its corporate loan portfolio 41.7% per MWh by 2030 from a 2021 base year.

[1]These targets and coverage % do not include third-party asset management activities. Third-party asset management activities made up 12% of total investment, lending and asset management activities by total assets and assets under management.

Corporate loans: Other	Temperature Rating	Yapı ve Kredi Bankası A.Ş. commits to align its scope 1 + 2 portfolio temperature score by invested value within its other long-term corporate loans portfolio from 3.05°C in 2021 to 2.64°C by 2026.[2] Yapı ve Kredi Bankası A.Ş. commits to align its scope 1 + 2 + 3 portfolio temperature score by invested value within its other long-term corporate loans portfolio from 3.2°C in 2021 to 2.75°C by 2026.[2]

Summary

Yapı ve Kredi Bankası A.Ş. will implement the following strategy and actions to achieve its targets:

To achieve the necessary reductions in emissions from electricity generation:

1. Increase the share of renewable energy projects within its portfolio to reduce its overall emissions intensity (tCO_2e/MWh).
2. No financing for new coal mining projects and new coal fired thermal power plant projects.
3. Prioritize financing corporates within the renewable energy sector.
4. Steer investments in electricity generation through actively supporting clients' low carbon transition.
5. Enhance its due diligence process by considering the production mix of companies it may finance, ensuring this is renewable-based.

To achieve the necessary reductions in emissions from commercial real estate:

1. Increase the share of low carbon assets within its portfolio to reduce overall emissions intensity per floor area (tCO_2e/m^2).
2. Identification of assets through various energy ratings and certificate schemes.
3. Enhance environmental due diligence at the time of investment.
4. Rather than financing the carbon-intensive development of new assets, focus on financing refurbishments in order to boost energy efficiency and lower emissions from the use-phase of assets.
5. Support clients' low carbon transition by, for example, offering more favorable interest rates to investees and borrowers.

To achieve the Temperature Rating target on other long-term debt:

1. Proactively develop and conduct more targeted strategies at country and / or sector level to achieve alignment of Yapı Kredi's portfolio.
2. Support clients and companies which Yapı Kredi may be able to influence and encourage them to set net zero-aligned transition strategies and plans, and track progress.

[2] This target covers 100% of fossil fuel corporate loans.

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About the SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

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