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**UNEP FI Principles for Responsible  
Banking Impact Report**  
**March, 2022**

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**Şekerbank** 

# Şekerbank UNEP FI Principles for Responsible Banking Impact Report

## Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>1.1</b> Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Founded on October 12, 1953, by farming entrepreneurs, who were members of hundreds of thousands of beet cooperatives in Anatolia, with the aim of supporting economic development and the agricultural industry based on rural development, Şekerbank offers an exemplary model in Turkey in the field of responsible banking by maintaining its same establishment mission for 68 years. As a reflection of the collective culture stemming from its foundation, our Bank has always played a pioneering role in supporting small producers in the Turkish banking sector, encouraging widespread savings and financing production. Thanks to these strong roots, we have been supporting farmers, tradesmen and SME customers for generations all over the country. As Şekerbank, we continue to develop our "Anatolian Banking" mission in the perspective of "sustainable banking" and achieve many firsts in the Turkish banking sector in this field.</p> <p>We serve in each region of Turkey through 238 branches and seven regional directorates, distributed throughout 67 provinces and 87 non-central districts, 72% of which are located outside of the three major metropolises and most have been serving in the same address for more than half a century. Thus, we are taking our role in financial inclusion to a new level with our ongoing digital transformation investments. Through the on-site tablet banking that accesses those who are unable to physically visit our branches, we are able to offer financing opportunities to shopkeepers and farmers in coffee shops or in the field. We have developed the first mobile banking product range primarily directed to the farming and craftsmen segments in Turkey. The financial need of tradesmen and farmers who are visited by our customer representatives in the agricultural field or district bazaar by following the social distance rules, were met through "Diji Branch".</p>	<p>2021 Annual Report: Şekerbank's Strategy and Position in the Industry (Pages 4-5) Digital Transformation in Şekerbank (Pages 16-17)</p>
<p><b>1.2</b> Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>With the United Nations Global Compact (UNGC) we signed in 2015, we adopted global sustainability principles and aligned our Bank's strategy with the United Nations Sustainable Development Goals. Based on our history of supporting economic growth that is socially inclusive and environmentally sustainable, we grouped all our activities into four strategic areas as sustainable agriculture, energy efficiency and combating climate change, financial inclusion and banking for women, as well as supporting production and employment.</p> <p>Through the sustainability reports prepared in accordance with the GRI Standards, the Bank has been presenting its performance in these strategic areas and its direct contributions to the UN SDGs. Today, we continue to increase our commitments to global goals by directly serving sub-targets of the 11 among the 17 Sustainable Development Goals.</p>	<p>2021 Annual Report: Şekerbank's Strategy and Position in the Industry (Pages 4-5) Our 2021 Activities and Future Goals (Pages 34-75) 2018-2019 Sustainability Report: Stakeholder Engagement and Our Focus Areas (Pages 12-13)</p>

Our Focus Areas:

- Sustainable Agriculture
- Financing of Sustainable Manufacturing and Employment
- Inclusive Finance
- Energy Efficiency
- Occupational Health and Safety
- Employees’ Rights
- Training and Development
- Diversity and Equal Opportunity
- Corporate Governance Performance
- Social and Environmental Impact Management in Underwriting Process
- Environmental Impact Management
- Barrier-Free Banking
- Support for Development Through Education
- Inclusivity in Culture and Arts

Sustainable Development Targets and SDGs We Support:

- SDG 2 (2.3, 2.4)
- SDG 4 (4.1, 4.a, 4.4)
- SDG 5 (5.a, 5.5)
- SDG 7 (7.2, 7.3)
- SDG 8 (8.3, 8.5, 8.8, 8.10)
- SDG 9 (9.3)
- SDG 10 (10.2)
- SDG 12 (12.2, 12.8, 12.12)
- SDG 13 (13.3)
- SDG 16 (16.6)
- SDG 17 (17.17)

**Principle 2: Impact and Target Setting**

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements	High-level summary of bank’s response	Reference(s)/ Link(s) to bank’s full response/ relevant information
<p><b>2.1 Impact Analysis:</b> Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p><b>a) Scope:</b> The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p><b>b) Scale of Exposure:</b> In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p>	<p>We attach importance to the harmonization of our activities and processes with sustainability principles, as well as determining the current situation and progress and guiding the future. In this context, we believe that sustainability reporting in accordance with global criteria is of critical importance in order to create strategies that comply with sustainability principles, to measure the work done and to share it with all stakeholders.</p> <p>At Şekerbank, we conduct control and inspection activities to assess, measure, analyze and monitor the risks that may arise from our strategies and activities by using the Internal Systems mechanism, which is compatible with the structure and scope of our activities and is also responsive to changing conditions.</p>	<p>2021 Annual Report: Sustainable Development Banking (Pages 62-65) 2018-2019 Sustainability Report: Stakeholder Engagement and Our Focus Areas (Pages 12-13)</p>

- c) **Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/ regions in which it operates.
- d) **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Considering that different stakeholder groups' evaluations about our Bank may differ depending on their interests, we communicate with all our key stakeholders on special platforms for them, informing our stakeholders about our activities and paying attention to obtaining their opinions on many issues, including our sustainability impacts.

We continue the stakeholder materiality studies, which we carried out in 2008 for the first time, with the review meetings we hold every two years. With our positive performance within the scope of our focus topics, we directly serve the sub-targets of 11 of the 17 goals set by the United Nations to achieve by 2030.

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

As Şekerbank, we conduct materiality analysis in line with the requirements of the United Nations Responsible Banking Principles and determine our focus areas. In this context, we have fulfilled the impact analysis requirements.

## 2.2 Target Setting

Show that the bank has set and published a minimum of two **Specific, Measurable** (can be qualitative or quantitative), **Achievable, Relevant** and **Time-bound (SMART)** targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

- As Turkey's first bank having a corporate governance note, we are keen to continue to maintain our leading role in this field.
- Compliance with corporate governance principles are monitored closely at the Board of Directors' level. In this context, we regularly assign independent auditors to evaluate our Corporate Governance Rating in areas such as "Shareholders", "Public Disclosure and Transparency", "Stakeholders" and "Board of Directors".
- Within the scope of CDP, based on our 2018 results, we aim to reduce our carbon emission rate by 5% until 2023.
- Within the scope of CDP, based on our 2018 results, we aim to reduce our water consumption by 2% per employee until 2023.
- We contribute to the development of financial literacy in rural areas. By the end of 2020, we target to provide e-training on financial literacy to women and farmers especially in rural areas.
- With the awareness of the risks that may arise from carbon and water, trainings on increasing efficiency on carbon emission and water consumption are organized for our employees each year, besides the Sustainability and Carbon Disclosure Project (CDP) e-training is assigned and mandatory for all of our new employees at both branches and regional offices.

Corporate Website

Sustainable Banking > Objectives on Sustainability

<https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/objectivesonsustainability>

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/ climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

In addition, we follow the studies on the "Science Based Target" methodology, which is a joint venture of CDP-UNGC-WRI (World Resources Institute) and the World Resources Foundation (WWF), in order to develop more comprehensive targets starting from 2022.

As Şekerbank, we have set targets in line with our focus areas and published these targets through our website and CDP reports, and fulfilled the Target Setting requirements within the framework of Principles for Responsible Banking.

### 2.3 Plans for Target Implementation and Monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

As Şekerbank, we monitor our performance towards achieving the targets we have set. In this context, we have been reporting our performance to all of our stakeholders, especially international investors, through the Carbon Disclosure Project (CDP), one of the world's leading platforms to combat climate change, by calculating our carbon footprint resulting from our activities every year since 2010.

In the 2020 period, we continued to strengthen the infrastructure of our carbon footprint measurement system, to improve our energy management system aimed at data reliability, and to carry out activities to increase awareness among our employees through trainings. Within the scope of the Carbon Disclosure Project (CDP) climate change, water security and sustainability, In 2021, Sustainability and CDP training was assigned to all our employees on the online training platform.

Corporate Website  
Sustainable Banking >  
Our Reports > CDP Turkey  
Reports  
  
<https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports>

As Şekerbank, we fulfill the requirements for Implementation and Monitoring of our activities within our Bank in line with the targets we have set.

### 2.4 Progress on Implementing Targets

**For each target separately:**  
Show that your bank has implemented the actions it had previously defined to meet the set target.  
Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

In addition to the UNEP FI Responsible Banking Principles Reporting, our Bank annually announces the Bank's target realizations and future targets in CDP climate change and water reports.

In accordance with our emission reduction targets, in 2020, we achieved to decrease our absolute Scope 1+2 emission by 46%. Thanks to our energy efficiency projects and due to remote working conditions, we achieved this decrease.

Our Bank will follow the progress in the implementation of the targets we have set within the scope of UNEP FI Responsible Banking Principles in the upcoming period and regularly report on the progress every year.

Corporate Website  
Sustainable Banking >  
Our Reports > CDP Turkey  
Reports  
  
<https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports>  
  
Corporate Website  
Sustainable Banking >  
Our Reports > UNEP FI  
Principles for Responsible  
Banking Impact Reports  
  
<https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports>

Through our CDP climate change and water reports, we have shared the progress towards our performance with all our stakeholders, and fulfilled the requirements for the principle of Progress on Implementation Targets.

### Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>3.1</b> Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Şekerbank's activities within the scope of managing social and environmental impacts are not limited to internal operations. Furthermore, at Şekerbank, we evaluate the environmental and social impacts of the projects we finance. We have been implementing and continuously developing the Social and Environmental Management System (SEMS), which is based on the analysis of the potential environmental and social impacts of the loans provided and prepared under the guidance of International Finance Corporation (IFC) - a member of World Bank Group - since 2009, as an indispensable part of our lending processes.</p> <p>With our experience of being one of the first banks in Turkey to implement SEMS, we review the social and environmental impact and potential risks of the projects related to the financial support we provide to tradesmen, commercial and corporate customers, except for individual customers, based on our SEMS. We conduct the SEMS in coordination with our customers and significantly contribute to the enhancement of their activities by raising awareness and providing feedback on the improvement of negative issues and to ensure sustainability of the positive measures; and by following up on the actions that need to be taken. In this way, we make a significant contribution to the development of our customers' activities with the awareness of society and the environment, and we encourage the real sector to make sustainable investments. SEMS enables us to directly respond negatively to loan requests from some fields of activity that may have social and environmental risks, negative effects that cannot be eliminated, or are defined as objectionable in international norms. With these characteristics, SEMS enables us to monitor credit risks within this framework and to perform effective risk management.</p> <p>In 2021, Social and Environmental Management System in Lending training was assigned to all our employees on the online training platform.</p>	<p>2018-2019 Sustainability Report:  Social and Environmental Impact Management in Underwriting Process (Page 41)</p>
<p><b>3.2</b> Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/ implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>As Şekerbank, we are one of the first banks to take into account the environmental and social impacts of lending activities in Turkey under the guidance of International Finance Corporation (IFC), a member of the World Bank Group. With EKOcredi, which we developed in 2009 within the scope of financing energy efficiency, we support all kinds of projects which increase energy efficiency such as insulation, solar and wind energy systems, waste treatment and management, natural gas conversion, A class electrical devices, efficient heating and cooling systems, efficient lighting systems and modern irrigation equipment. To date, we have provided more than TL 1.3 billion in all customer segments and introduced energy saving to 120 thousand people.</p>	<p>2021 Annual Report:  Sustainable Development Banking (Page 62)</p>

Approximately 31.8 billion kWh energy and 6.8 billion tons of carbon dioxide savings have been achieved via energy efficiency investments through EKO kredi. One of our main goals is to expand the customer base who is introduced to the energy efficiency through our EKO kredi product.

Code of Ethics and Social Responsibility (Page 98)

Corporate Website

Sustainable Banking >  
Framework Agreement >  
Şekerbank Sustainable  
Finance Framework

To encourage sustainable economic activities among our customers, in 2021, we signed an agreement of EUR 30 million with the Dutch Development Bank (FMO). Through this facility, we aim to support SME and farmers across Turkey within the scope of sustainable development.

[https://sekerbank.com.tr/docs/default-source/english\\_doc/%C5%9Fe-kerbank-sustainable-finance-framework.pdf?Status=Master&sfvrsn=174a6593\\_5](https://sekerbank.com.tr/docs/default-source/english_doc/%C5%9Fe-kerbank-sustainable-finance-framework.pdf?Status=Master&sfvrsn=174a6593_5)

Moreover, in 2021, we created our Sustainable Finance Framework which will enable us to obtain funding via green/social/sustainable bond issuance or loan borrowing. Under this framework which has obtained Second Party Opinion, the eligible loan categories are determined in line with our strategic focus areas as "sustainable agriculture, energy efficiency and combatting climate change, financial inclusion and women's banking, supporting production and employment".

## Principle 4: Stakeholders

We will proactively and responsibly consult, engage and collaborate with relevant stakeholders to achieve society's goals.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>4.1</b> Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>At Şekerbank, we carry out our activities with the vision of growth while creating value for all of our stakeholders. We define our stakeholders as all persons and organizations that our Bank is in contact with, who are affected by our products-services and activities, or that can affect our Bank's achievement of its corporate goals with its actions and decisions.</p> <p>Considering that different stakeholder groups' evaluations about our Bank may differ depending on their interests, we communicate with all our key stakeholders on special platforms for them, informing our stakeholders about our activities and paying attention to obtaining their opinions on many issues, including our sustainability impacts. Details of these communication channels can be found in the Communication Platforms with Our Stakeholders table.</p> <p>We are a founding member of the Business Council for Sustainable Development (BCSD Turkey) which is Turkey's representative of the World Business Council for Sustainable Development (WBCSD). Since 2013, we have been leading the association's Sustainable Finance Working Group and we are working to organize a special summit and raise awareness in this area every year.</p>	<p>2021 Annual Report:  Sustainable Development Banking (Pages 62-65)</p>

On the other hand, we believe that connecting the local with the global serves all the goals of sustainability. With this awareness, we continue to take an active role in international initiatives in the field of sustainability. We combine our know-how in leading platforms such as the United Nations Global Compact (UNGC), Women’s Empowerment Principles (WEPS) and the United Nations Environment Program Finance Initiative (UNEPFI) with our expertise in local banking. Since 2010, we regularly report the carbon footprint resulting from our activities to international investors through the Carbon Disclosure Project (CDP).

In 2021, we became the supporter of ERTA (Integrated Reporting Turkey) to contribute the works towards transition to integrated reporting and currently we are working to publish our first integrated report in 2022.

## Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

Reporting and Self-Assessment Requirements	High-level summary of bank’s response	Reference(s)/ Link(s) to bank’s full response/ relevant information
<p><b>5.1</b> Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Our Sustainable Banking Committee, which was established in order to develop the sustainability activities within our Bank and to integrate the sustainable development approach into all activities, coordinates all our operations within this scope. The Sustainability Banking Committee is affiliated with the Board of Directors. Through our Sustainable Development Banking Division, we regularly inform all internal and external stakeholders about our Bank’s activities on behalf of sustainable banking, as well as prepare all reports within the scope of sustainability management, and carry out processes related to compliance with regulations and policies established at the Board of Directors level.</p> <p>While the Sustainable Development Regulation plays an essential role in the internalization of our vision in this field for both senior management and all employees, we ensure that our employees receive training to increase their knowledge and awareness on sustainable development, environmental issues and social awareness when necessary.</p> <p>Furthermore, in 2021, the Sustainable Bond Working Group has been established to select and evaluate the eligible loans to be financed / refinanced and report to the Sustainable Banking Committee within the scope of sustainable bond issuance.</p>	<p>2021 Annual Report: Sustainable Development Banking (Page 62)</p>
<p><b>5.2</b> Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>As Şekerbank, we create progressive, systematic and innovative training programs in line with our strategies in order to increase the performance of all our employees, contribute to their personal development and support their career advancement. Through the Career School (classroom training) and Şeker Academy (e-training), in 2018-2019, we provided training courses, which are designed specifically for our employees’ business units and will contribute to their technical knowledge on banking, as well as their personal development.</p>	<p>2021 Annual Report: Human Resources (Pages 72-75)</p>

In addition to these platforms, we continued to enable our employees to enhance their potential through additional training courses such as elective training, distance learning, training courses outside of the bank, and on the job transfer of experience. As of YE 2020, the average training hours per employee realised as 31.22 hours.

**5.3 Governance Structure for Implementation of the Principles**

Show that your bank has a governance structure in place for the implementation of the PRB, including:

- a) target-setting and actions to achieve targets set
- b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

Our Sustainable Banking Committee, which was established in order to develop the sustainability activities, including compliance with the United Nations Principles for Responsible Banking, within our Bank and to integrate the sustainable development approach into all activities, coordinates all our operations within this scope. The Sustainability Banking Committee is affiliated with the Board of Directors. Through our Sustainable Development Banking Division, we regularly inform all internal and external stakeholders about our Bank’s activities on behalf of sustainable banking, as well as prepare all reports within the scope of sustainability management, and carry out processes related to compliance with regulations and policies established at the Board of Directors level.

2021 Annual Report: Sustainable Development Banking (Page 62)

As Şekerbank, we will continue to fulfill the Governance Structure for Implementation of the Principles with our existing sustainability governance structure and the actions we have implemented to strengthen this structure.

**Principle 6: Transparency & Accountability**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

Reporting and Self-Assessment Requirements	High-level summary of bank’s response	Reference(s)/ Link(s) to bank’s full response/ relevant information
<p><b>6.1 Progress on Implementing the Principles for Responsible Banking</b></p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/ regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p>	<p>As Şekerbank T.A.Ş., with our sustainability reports published on a biennial basis, we present our Bank’s economic, social and environmental impacts on key stakeholder groups, our performance in these areas and the support we give to sustainable development to our stakeholders. This report has been prepared in accordance with the GRI Standards: Comprehensive option.</p> <p>For 2022, we are working to publish our first integrated report covering the activity period of 2020-2021. After this reporting, we plan to publish our ESG performance through integrated annual reports.</p> <p>In addition to the policies we have implemented within the bank; we also follow the developments in Turkey and we are taking various actions against this developments. For example, Sustainability Principles Compliance Framework issued by the Capital Markets Board in October 2020, to increase the awareness of companies on ESG issues in Turkey and taken towards the expansion of the principles of transparency and accountability in this area was one of the most important steps. As Şekerbank, in the upcoming period, the knowledge gained in this field, our customers just as a consultant in nature, we aim to support the transfer and development of green and social oriented investments in Turkey.</p>	<p>Corporate Website Sustainable Banking&gt; Our Reports</p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/oureports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/oureports</a></p>

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

We have fulfilled our requirements regarding the Progress on Implementing the Principles for Responsible Banking.

