

C0. Introduction

C0.1

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

Şekerbank T.A.S. was founded in 1953 as the "Sugar Beet Cooperative Bank" in Eskişehir, Turkey. The founding mission of the bank was to fund the needs of sugar beet producers, farmers and the sugar industry in order to finance agriculture, rural development and local production. Today, Şekerbank has a well-penetrated branch network and broad geographical coverage with its 65 years of experience. With its Community Banking mission, spanning from village to city, Şekerbank is one of the leading banks to service the agriculture sector, micro, small and medium enterprises (MSMEs) and to support initiatives and production. Throughout its 65-year journey, Şekerbank has carried out its activities under the framework of sustainable development and has been committed to creating economic, social, and cultural value and improving local and rural development, especially within the Anatolian region in Turkey at 272 domestic branches, 9 Regional Headquarters and 2 Headquarters with 3571 employees. Şekerbank pursues its mission of supporting producers and offering broad-based banking services to segments lacking sufficient access to financial services, especially unbanked segments under the scope of financial inclusion. Within its sustainable development strategy, in 2009, Şekerbank developed a leading product in Turkey called EKO kredi for the financing of energy efficiency projects (waste management, insulation, modern irrigation etc.) by SMEs, individuals, industrial and agricultural enterprises under favourable conditions. Through EKO kredi, the Bank has introduced over 100 thousand people to energy savings thus far. EKO kredi, selected as one of the best sustainability practices to represent Turkey at the Rio+20 summit, continues to be one of the Bank's key business initiatives and a strategic standpoint for raising energy awareness and efficiency at national levels. Şekerbank, as part of its strategy to operate as a sustainable bank, participated in the United Nations Climate Change Conference of the Parties (COP21) held in Paris in December 2015, and signed the Business Leadership Criteria on Carbon Pricing created by the UN Global Compact. Within the scope of combating climate change, we signed the "Energy Efficiency in Buildings" charter on January 10, 2013, by invitation of the Turkish Business Council for Sustainable Development (TBCSD). We are committed to setting targets and policies to achieve energy efficiency improvements in our offices and to reduce our carbon emissions as a member of the TBCSD, which is a branch of the World Business Council for Sustainable Development (WBCSD). In 2015, the Sustainable Development Department (SDB) was established under the Executive Vice President (EVP) of Strategy (Chief Strategy Officer), reflecting the strategic importance of sustainable development both in the Bank's history and in its vision of the future. The SDB department's main functions include incorporating and aligning the global Sustainable Development Goals into Bank job flows, as well as analysing Bank projects through the lens of the banks' sustainable development strategy. In addition, we apply Social and Environmental Management System Regulation (SEMS) to all our customers (consumer loans are excluded), which is an integrated part of our credit application system and was recently updated by the SDB Department in collaboration with IFC.

Having played a key role in financing Turkey's sustainable development since its founding, Şekerbank was included in the BIST Sustainability Index in 2018, which is comprised of companies that are traded on Borsa Istanbul and demonstrate an exceptional sustainability

performance.

Lastly, in August 2015, Şekerbank moved its HQs to a new building that was intentionally designed as more energy and resource efficient and has obtained its Energy Performance Certificate, in addition to the LEED Gold certificate. Şekerbank is the first bank in the country to receive a corporate governance rating as a result of a criteria assessment of "Shareholders," "Public Disclosure and Transparency," "Stakeholders" and "Board of Directors" provided by ISS Corporate Services Inc., recognized as the world's leading corporate governance rating firm and authorized by the Capital Markets Board to provide services in Turkey.

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	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	Yes	2 years

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Turkey

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

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 consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

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
Other C-Suite Officer	With awareness for sustainability vision in banking and a deep rooted knowledge in this field, Şekerbank has determined to finance sustainable development as the main basis for its operations aiming to increase the value it adds to its customers, shareholders, employees, the public and the environment more each day and has defined principles at the Board of Directors level. The principles, which are determined and monitored at Şekerbank's Board of Director's level and executed by the General Manager(CEO) and Executive Vice President of Strategy(Chief Strategy Officer), are integrated with the Bank's main fields of operation and are implemented in coordination with all administrators and the field. The Chief Strategy Officer coordinates climate related issues throughout the year in collaboration with the Sustainable Development Banking Department with cooperation of other departments. The Chief Strategy Officer reports the process to the CEO and The Board of Directors regularly.

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	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy 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 Monitoring and overseeing progress against goals and targets for addressing climate-related issues 	In accordance with the tradition of responsible banking approach stemming from the establishment of the bank, The Board of Directors oversees sustainability strategy and related agenda, as well as the risks and opportunities of climate related issues on a regular basis. Chief Strategy Officer reports all activities carried out within the scope of the Bank's Sustainable Development Banking Regulation approved by the Board of Directors on a quarterly basis. The Board of Directors is informed about the latest developments on climate related issues to ensure that the Bank's strategy is aligned with the SDGs in order to maintain the leading role of the Şekerbank in financing sustainable development within Turkish Financial Sector.

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)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (EVP of Strategy (Chief Strategy Officer))	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

With awareness for sustainable vision in banking and a deep rooted knowledge in this field Şekerbank has determined financing sustainable development as the main basis for its operations aiming to increase the value it adds to its customers, shareholders, employees, the public and the environment more each day and has defined principles at the Board of Directors level in this field to guide this strategy. The sustainability principles, determined and monitored at Şekerbank's Board of Director's level and executed by the General Manager (CEO) and Executive Vice President of Strategy (Chief Strategy Officer), are integrated with the Bank's main fields of operation and are implemented in coordination with all administrators as well as the field. In 2015, the offices under the Chief Strategy Officer were expanded to include the Sustainable Development Banking Department, reflecting the strategic importance of sustainable development both in the Bank's history and in its vision of the future. The Sustainable Development Banking (SDB) department is deliberately integrated within the EVP of Strategy (Chief Strategy Officer) as well as other business units in order to better integrate sustainable development goals spanning over Bank's strategy. The SDB department's main functions include incorporating and aligning the global Sustainable Development Goals into Bank's job streams, as well as analysing Bank projects through the lens of the global Sustainable Development goals. The SDB department is made up of three officers at the head office, who daily manage with the bank's sustainable development projects and activities. The SDB department's main functions are to develop, monitor, and manage sustainability initiatives within the bank's head office and branches, as well as encourage improving the Bank's operations relating to sustainability. The department also provides employees with in-depth trainings for middle management and e-learning training for branch officers on sustainability as part of the internal initiative to improve the overall understanding of sustainability and climate change and incorporate it as a top-down strategy. In addition, the SDB department coordinates the Social and Environmental Management instructions that evaluates the social and environmental impacts of loans. Recently, the SDB developed a comprehensive database system to monitor its carbon and water footprints and developed the infrastructure for SEMS after revising the related policy documents with support of IFC. Şekerbank also joined a pilot phase of a framework programme developed by IFC on identifying and managing environmental and social risks associated with our loans, in order to further enhance the Bank's environmental, social and governance practices.

C1.3

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

Yes

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).

Who is entitled to benefit from these incentives?

Other, please specify (Customer Representatives Branch Managers)

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (KPI for EKOkredi sales)

Comment

Through its support of energy efficiency investments, Şekerbank has introduced energy savings to more than 100,000 people and businesses through EKOkredi since 2009. As part of the overall sustainable banking strategy, the Bank has KPI's defined under the EKOkredi product that aims to encourage the relative customer representatives in their sales of the energy efficiency loans with the overall effect of contributing to raising awareness across Turkey on energy efficiency, lead to energy savings, and indirectly contribute to reducing the Bank's environmental footprint. In order to incentivize customer representatives a monetary reward is introduced for achieving these KPI's that is part of the overall premium system that is in place.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	Climate-related risks normally considered "long term", arising in 10+ years; however, physical risks including the frequency and intensity of storms, floods, and droughts are recognized short-term risks. For example, in selection of new branch locations, we consider flood risk and try to select low flood risk locations. We also deploy "water alarms" in our branches in order to protect our branches. We are also deploying check-valve systems to our branches' sewage connection points to prevent flood.
Medium-term	3	6	In line with the national Climate Change Strategy 2010-2023, we aim to increase our collaboration with international initiatives in order to benefit more from international funds. Increasing the amount of funding is considered as a medium term objective since collaboration with international lenders already has its part within the Banks operations. In 3 to 6 years Şekerbank plans to enhance its funding resources for Ekokredi which had been developed in 2009 for the financing of energy efficiency projects (waste management, insulation, modern irrigation etc.) by SMEs, individuals, industrial and agricultural enterprises under favourable conditions for good agricultural practices and energy efficient technologies.
Long-term	6	10	Since most of the climate related risks are considered long-term for our country, there are number of subjects included in Bank's follow-up list. Those are; According to DSI (State Hydrolics Works), the amount of water available for human consumption in Turkey is 1519 m3/year however it is expected to be 1120m3/year in 2030 based only on the projected increase in population. On the other hand, our loans for agricultural purposes are a significant part of our loan portfolio, therefore water related issues are very important for the Bank. We consider the data released by official bodies and NGOs on water availability at basin/catchment in Turkey and assess the risks related to the agricultural loans. Our assessment provides a basis for our long-term plans. Other follow up issues regarding climate change for Şekerbank are the international initiatives as well as the national development action plans of Turkey. Therefore, we closely monitor the policy makers of climate change. Şekerbank, as part of its strategy to operate as a sustainable bank, participated in the United Nations Climate Change Conference of the Parties (COP21) held in Paris in December 2015, and signed the Business Leadership Criteria on Carbon Pricing created by the UN Global Compact. As a bank, we consider that the change in customer behaviour in the long term due to climate change may lead to interest in new banking products and existing products that offer both energy efficiency and cost savings. The development of new banking products will be important and as a Bank who already developed Ekokredi which is an umbrella product in financing energy efficiency, we continue to prioritise this product in order to lead the market.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	The sustainability principles, determined and monitored at Şekerbank's Board of Director's level and executed by the General Manager (CEO) and Chief Strategy Officer, are integrated with the Bank's main fields of operation. Main functions of the Sustainable Development Banking Department established under the Chief of Strategy in 2015 include incorporating and aligning the global Sustainable Development Goals into Bank's job streams, as well as analysing Bank projects through the lens of the banks' sustainable development strategy. The risks and opportunities related with climate change are monitored and evaluated by the SDB department to support forming a basis for the Bank under the leadership of the Chief Strategy Officer throughout the year. The Chief Strategy Officer then reports the process to the CEO and The Board of Directors regularly. On the other hand, climate related risks are assessed under three areas: asset level, company level and physical level.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

We assess customer portfolio to identify sustainability related risks through the Social and Environmental Management System (SEMS), which is based on the analysis of environmental and social impacts that is fully integrated to our credit application system. SEMS is based on the extensive international information developed by the International Finance Corporation (IFC) which is a member of the World Bank Group. SEMS aims to mitigate the negative environmental and social impact of extended loans. The system provides feedback to project owners and hence contributes in raising awareness on climate change and its effects to business. We are one of the pioneering banks to implement such a system in Turkey. We also have an investment plan to control and manage our operational risks due to climate change impacts. We have an ongoing renovation plan including 10-12 branches each year during which air conditioners are replaced with energy efficient ones. In order to prevent interruptions to our banking operations we take measures such as placing generators for electricity cuts and water tanks for water cuts also in order to enhance our current capacity. We have already developed Emergency Response Plans to manage unexpected events at the facilities. We also have been measuring our greenhouse gas (GHG) emissions and reporting to international investors under the CDP Climate Change program since 2010. We had the privilege to be among the first few participants of the CDP Water Program, which was launched for the first time in Turkey in 2015, and voluntarily measured and publicly disclosed our water footprint as well. We strive to improve our report each year and raise awareness among our employees on sustainability issues by organizing training programs. On the other hand, Şekerbank has finalised the process of attaining "Enerji Kimlik Belgesi" (EKB) or Energy Performance Certificates for all of its owned and single unit buildings, in line with both national regulations and the Bank's climate change strategy. Also, Şekerbank is working closely with the landlords of the rental branch buildings in order to get Energy Performance Certificates for the rest of the buildings.

Moreover, Şekerbank worked with an external consultant in 2018 to take further its ambition on sustainable development by updating the sustainability strategy that is based on SDGs and published the updated strategy within the Sustainability Report-2017 (https://www.sekerbank.com.tr/docs/default-source/faaliyet-raporlari/sr_ing2017.pdf?sfvrsn=1).

Şekerbank, a party to CDP Climate Change and the United Nations Environment Finance Initiative (UNEP-FI) expects its suppliers to refrain activities which can violate the provisions of the initiatives. It is also targeted to assure a certain level of awareness of the sustainability and climate change approach of the Bank among the suppliers. Through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018. Şekerbank is a member of Business Council for Sustainable Development Turkey acts as a pioneer in the sustainable banking sector. Şekerbank signed the Declaration on Sustainable Finance, which provides commitment to consider the environmental and social impacts during the project finance assessment process during the fifth Sustainable Finance Forum in 2017, along with 6 other banks. The Declaration aims the integration of environmental and social risks assessment in the credit processes. Şekerbank who has been implementing social and environmental risk assessment for all projects since 2009, committed to take into account a set of criteria during the risk assessment process by signing the declaration. According to the declaration, the signatory banks agreed to implement the provisions and embed them into their project finance operations for all new investment projects with an amount of more than USD 50 million.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The Bank principally takes the National Development Plans into consideration and integrates to its risk assessment strategy regarding climate change. Şekerbank is also active in relevant international initiatives based on its deep-rooted strength in financing sustainable development. In this context, the Bank participated in the United Nations Climate Change Conference of the Parties (COP21) held in Paris in December 2015, and signed the Business Leadership Criteria on Carbon Pricing created by the UN Global Compact. Şekerbank was invited to COP 24 by the Ministry of Environment and Urbanization and participated events as a part of the Turkish committee in 2018. The Bank also assesses the potential risks of the anticipated legal practices which affects taxes, cost of energy and raw material put into force due to climate change. For example, Turkey's Law on Energy Efficiency came into force in April 2007 and was followed up with the Regulation on Energy Performance in Buildings that came into force in December of 2008. According to the regulation as of December 2020, all qualifying new and current buildings must meet minimum design requirements for energy efficiency. Within its sustainable development strategy, in 2009, Şekerbank developed a leading product in Turkey called EKOkredi for the financing of energy efficiency projects (waste management, insulation, modern irrigation etc.) by SMEs, individuals, industrial and agricultural enterprises under favourable conditions. Under the umbrella of EKOkredi, Şekerbank introduced the home isolation loan project in partnership with İZODER in an effort to increase the number of insulated homes. Through EKOkredi, the Bank has introduced over 100 thousand people to energy saving thus far. In 2016, Şekerbank was invited to join the workshop held by the Ministry of Environment and Urbanisation to comment on financing energy efficiency. In the following months and while preparing for the proclamation of the National Energy Efficiency Action Plan, the ministry invited Şekerbank to contribute to the taxonomy of the loans that will be extended through energy efficiency. Şekerbank maintains its good relationship, presents its contribution based on its responsible banking approach whenever required, and therefore is able to assess risks of current regulations related with climate change.
Emerging regulation	Relevant, always included	Regarding Turkey's Climate Change Strategy 2010-2023, there are 2 planned regulations on sustainable agriculture and climate change adaptation that we can contribute, The Law on Soil Protection and Land Use shall be efficiently implemented and enforced, appropriate secondary legislation shall be introduced; legal regulations on protection and improvement of meadows and pastures shall be efficiently implemented and effective monitoring systems will be introduced. Environmental impact assessment processes shall be supported with legal regulations and plans. Use of architectural styles and construction materials appropriate for local climate shall be encouraged. With regards to these emerging regulations, As we have already involved in the drafting sessions, we adopted our risk assessment procedure in line with these regulations. Likewise, The Ministry of Development has invited the bank to the workshops for the 11th Development Plan of the State on preservation of environment and natural resources where topics like natural accounting for the goods and services of the ecosystems and taxonomy of the loans pertaining to energy efficiency have been addressed. According to our contacts during the workshops for the development of National Energy Efficiency Action Plan, we understood that we could take our part for the establishment of a national financial mechanism for the rehabilitation of existing buildings and improvement of energy efficiency which is one of the actions determined in the plan. http://www.eyoder.org.tr/UlusalEVEP.pdf Şekerbank is always in contact with the legislators at different platforms as a part of its responsible banking approach. Şekerbank maintains its good relationship and presents its contribution based on its responsible banking approach whenever required and therefore is able to assess risks of emerging regulations related with climate change. Lastly, Şekerbank is following closely the progress in Carbon Pricing in Turkey. "Partnership for Market Readiness" Project under the Ministry of Environment and Urbanization which aims to increase the emission mitigation policy options, to assess applicable carbon pricing policies and to develop capacity of public and private sector has completed its first phase in 2018. Şekerbank participates seminars and meetings conducted in the scope of the project.
Technology	Relevant, sometimes included	The risks associated with technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system are taken into consideration especially in our physical operations. For example we have an ongoing renovation plan including 10-12 branches each year during which air conditioners are replaced with energy savings ones. In terms of our products, new agricultural technology would be key for the long-term security of our EKOkredi loans e.g. smart farming systems for irrigation etc.
Legal	Relevant, always included	It is vital for Şekerbank to prevent any litigations as a leading actor in financial sector. Risk of litigation is also a considered as a major setback for the Bank's reputation. Therefore, Şekerbank always assesses legal risks within its risk assessment process. As a bank, Şekerbank is subject to Banking Regulations and based on its pioneer role in financing sustainable development is devoted to monitor the regulation regarding banking. Şekerbank is also a member of The Role of The Financial Sector In Sustainable Growth Working Group within the Banks Association of Turkey. Şekerbank responds to the queries of the Banking Regulation and Supervision Agency on sustainable development issues for the finance sector and submit our comments when required.
Market	Relevant, always included	In 2009, Şekerbank developed a leading product in Turkey called EKOkredi for the financing of energy efficiency projects (energy efficient cooling/heating systems, A class electrical appliances, energy efficient Lighting, solar energy, waste management, insulation, modern irrigation etc.) by SMEs, individuals, industrial and agricultural enterprises under favourable conditions. Through EKOkredi, the Bank has introduced more than 100 thousand people to energy savings thus far. EKOkredi, selected as one of the best sustainability practices to represent Turkey at the Rio+20 summit, continues to be one of the Bank's key business initiatives and a strategic standpoint for raising energy awareness and efficiency at national levels. The launch of EKOkredi provided IFI interest at the Bank in utilising sustainability funds. By scaling up the EKOkredi, the Bank also increased its brand value. On the other hand, we carry out collaborations with national and international stakeholders for opportunities of climate related projects. Also extending the funds obtained from IFI's to the customers for energy efficiency with favourable conditions improved our competitive advantage in the market. Through collaboration with IFIs and EKOkredi, Şekerbank manages changes in market due to the climate related risks.
Reputation	Relevant, always included	As emphasized in our annual report (https://www.sekerbank.com.tr/docs/default-source/default-document-library/annual-2018.pdf?sfvrsn=0), we believe that banking means adding value to people, society and the natural environment. Our core mission is to safeguard the abundance of our soil, the labour of our people, and our common future. We as Şekerbank have been announcing ourselves responsible for Anatolia for 65 years. Şekerbank became the first bank in the country to receive a corporate governance rating as a result of a criteria assessment of "Shareholders," "Public Disclosure and Transparency," "Stakeholders" and "Board of Directors" provided by ISS Corporate Services Inc., recognized as the world's leading corporate governance rating firm and authorized by the Capital Markets Board to provide services in Turkey. In 2009, Şekerbank developed a leading product in Turkey called EKOkredi for the financing of energy efficiency projects. EKOkredi, selected as one of the best sustainability practices to represent Turkey at the Rio+20 summit, continues to be one of the Bank's key business initiatives and a strategic standpoint for raising energy awareness and efficiency at national levels. This well-deserved reputation enables Şekerbank to receive funding from IFIs. Having played a key role in financing Turkey's sustainable development since its founding, Şekerbank was included in the BIST Sustainability Index in 2018, which is comprised of companies that are traded on Borsa Istanbul and demonstrate an exceptional sustainability performance. Therefore, reputation risk of the Bank is always considered within the risk assessment.
Acute physical	Relevant, always included	Although extreme weather events due to climate change have limited affects in Turkey, financial burdens are faced because of storms and flood. In order to prevent interruptions to our banking operations we take measures such as generators for electricity cuts and water tanks for water cuts also in order to enhance our current capacity. We have already developed Emergency Response Plans to manage unexpected events at the facilities. In addition, we are exposed to certain risks through our financial products offered to customers. Agricultural activities, which can be affected by climate related risks, constitute 11% of our total loan portfolio. Therefore, it is important for the Bank to assess risks, which may arise from the agricultural loans. We consider the data released by official bodies and NGOs in Turkey and assess the risks due to the agricultural loans.
Chronic physical	Relevant, sometimes included	We are exposed to certain risks through our financial products offered to customers. Agricultural activities, which can be affected by climate related risks, constitute 11% of our total loan portfolio. Therefore, it is important for the Bank to assess risks, which may arise from the agricultural loans for example due to future droughts. We consider developing new products according to the future demands of the customers. We have developed Ekokredi which includes modern irrigation systems. The Bank evaluates the climate change related risks while developing new products and lending policies.
Upstream	Relevant, not included	Our upstream activities are mainly related to our suppliers. Şekerbank, as a party to CDP Climate Change and Water Programs and the United Nations Environment Finance Initiative (UNEP-FI), expects its suppliers to refrain activities which can violate the provisions of the initiatives. Even we do not include supplier related risks to our risk assessment process for now, we are aware of that activities of a certain supplier which do not comply with Şekerbank's Sustainability commitment might have negative effects on Bank's reputation which is also very important for relationships with all other stakeholders i.e. access to capital. To manage that risk, it is targeted to assure a certain level of awareness of the sustainability approach of the Bank among the suppliers. Also through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018.
Downstream	Not relevant, explanation provided	As we are a national financial services provider operating in the fields of enterprise and agricultural banking, commercial/SME banking, corporate banking and retail banking and sell financial products and services, downstream activities related to suppliers, like distribution or storage, are not relevant about our mission. Therefore, we did not include these activities to our risk assessment. However, we consider risks related to market and our customers as downstream risks. Therefore, we could indicate that all risk assessments procedures related to regulations, physical risks or legal are included to assessment of downstream risks.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The sustainability principles, which are determined and monitored at Şekerbank's Board of Director's level and executed by the General Manager (CEO) and Executive Vice President of Strategy (Chief Strategy Officer), are integrated with the Bank's main fields of operation. The Sustainable Development Banking Department was established under the Chief Strategy Officer in 2015 and main functions include incorporating and aligning the global Sustainable Development Goals into job flows also analysing projects through the lens of the banks' sustainable development strategy. The risks and opportunities are monitored and evaluated by the SDB department throughout the year with the cooperation of other departments. The EVP (Chief Strategy Officer) then reports the process

to the CEO and The Board of Directors regularly. Climate related risks and opportunities are assessed under three areas: asset level, company level and physical level. Asset Level; Şekerbank uses the Social and Environmental Management System (SEMS), which analyses the environmental and social impacts of the projects. The system aims at mitigating the adverse environmental and social impact of loans. Under the new SEMS, every member of our credit committees, from the branch-level to top-tier management, takes into consideration the SEMS regulations. Following this evaluation, the embedded risks are taken into consideration in line with SEMS and the loan assessment process is completed. Credit officers review Environmental Impact Assessments on a project basis and specifically review those highly risked projects. By the feedback provided to our clients as an outcome of this process, we enable the customers to evaluate their climate change related risks better and increase the repayment rate of the loans which eventually enhance the resilience of the Bank. Company level; Şekerbank continuously explores new business and banking products taking into consideration the new climate related targets. For example Şekerbank's EKO kredi product is a loan that finances energy efficiency investments under favourable terms. Farmers make up a significant segment of our customers so we have designed the EKO kredi

Agricultural loans to encourage energy and water efficiency and help farmers combat climate change. We also provide loans to energy efficiency suppliers and construction companies and work to broaden our partnerships and network with these companies.

Through EKO kredi, Şekerbank provides foreign resources obtained from international financial institutions for the financing of energy efficiency projects and passes these resources on to its broad-based customer profile. This product has served a major contribution on the Bank's reputation. It is considered that the need for EKO kredi and similar products developed regarding the climate change related risks will increase in the future which is an opportunity for the Bank. On the other hand, Şekerbank is the first bank to participate in the European Bank for Reconstruction and Development (EBRD) Energy Efficiency Finance Facility Program in Turkey (TuREEFF), providing energy efficiency loans within the scope of urban transformation. Through the program, risky buildings are demolished and we offer loan possibilities for reconstruction in accordance with energy efficiency criteria. In addition, by building partnerships with many leading construction companies, consultants and industry leaders, we provide our customers with support and reassurance that their buildings will have less carbon emissions and energy loss. Şekerbank carries out infrastructure investments at its branches. Although extreme weather events due to climate change do not occur in Turkey, damages are faced because of storms and flood. In order to prevent interruptions to our banking operations we take measures such as generators for electricity cuts and water tanks for water cuts also in order to enhance our current capacity. We have already developed Emergency Response Plans to manage unexpected events at the facilities. With regard to sustainable development financing, we are well aware of the financial system's exposures to climate-related risks. We participate in events, webinars and follow publications regarding TCFD. Moreover, we plan to obtain consultancy services for capacity building to get ready for TCFD recommendations. Şekerbank also considers that the CDP programmes had helped the Bank to better understand and control its physical risks and enhance operational efficiency related to climate change. We also try to develop a certain level of awareness of the sustainability approach of the Bank among the suppliers. The social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018.

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Exposure to litigation

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Turkey's Law on Energy Efficiency came into force in April 2007 and was followed up with the Regulation on Energy Performance in Buildings that came into force in December of 2008. According to the regulation as of December 2020, all qualifying new and current buildings must meet minimum design requirements for energy efficiency. Therefore, it is obligatory to obtain an EKB certificate for Şekerbank owning and rental buildings, which do not yet have this certificate, costs approx. 18,000 USD. However, all of the owning buildings of Şekerbank has already EKB certificate because of that increasing operating cost risks are related to rental buildings of the Bank. As our Construction department has completed renovations in a significant number of buildings already and renovates about 10-12 buildings per year fully in line with energy cost savings, a significant number of energy improvement projects are already completed.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

13250

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Maximum fine amount notified in regulation for a building without an EKB certificate. Since our rental branches are a part of those buildings and we obliged to pay only the share of our related branch in the building. For that reason, it is difficult to calculate the most possible amount of the fine that our Bank can come to face with.

Management method

We already obtained the EKB certificates for Şekerbank owned buildings Şekerbank is working closely with the landlords of the rental branch buildings in order to get Energy Performance Certificates for the rest of its buildings. The number of the facilities that have EKB is 51.

Cost of management

17000

Comment

Cost of management is calculated for 232 facilities.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Write-offs and early retirement of existing assets (e.g., damage to property and assets in "high-risk" locations)

Company- specific description

Change in mean temperature could affect agro-business yields and thus increase the number of high-risk loans and customers (farmers), as well as lead to higher percentage of irregular loan payments and loan defaults.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

78000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

There are 31 branches located at the three river basins that we consider as having potential water risks due to climate change As 11% of our branches are located on possible water stress basins, these branches extended around 19.7% of the total agricultural loans. Thus, we consider 2.01% of our total loan portfolio should be monitored more closely due to they expose to water risks more than the others.

Management method

In order to manage this climate change based crisis we should aim to increase the number of EKO kredi farming customers who will fare better under extreme temp situations as their fields and crops will have utilised energy and cost saving technology that will help them to adapt and mitigate in case of such a crisis. Also through EKO kredi we can continue encouraging customers to make better choices toward mitigating and adapting to changes in extreme temperatures (in their respective regions). In addition, under the SEMS (Social and Environmental Management System) manual as a management method we can increase training for our credit officers (approx. 52 personnel) on temperature changes who will apply this knowledge in agro-project evaluations, this in turn will help to spread awareness through our customer network, particularly farmers. The loans which have been extended to support agricultural facilities by branches located on water stress basins are considered to be monitored closely.

Cost of management

10000

Comment

Training cost is approximately \$10,000 for 52 personnel for two days, and includes hotel, transport, costs of hiring a consulting firm, and factors in lost labour hours.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact

Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment)

Company- specific description

The increase in the cost of electricity, fuel and water required at the branches due to climate change will have impact on the bank's operational costs. Turkey's energy use is expected to increase by 50% over the next decade. <https://www.enerji.gov.tr/File/?path=ROOT%252f1%252fDocuments%252fAnnouncement%252fINVESTOR%2527S%2bGUIDE%2bFOR%2bELECTRICITY%2bSECTOR%2bIN%2bTURKEY.pdf>

Time horizon

Long-term

Likelihood

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)

4500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

As electricity consumption is the most vital element for the banking operations, we considered only cost of electricity consumption during calculation of the potential financial impact of Risk 3.

Management method

As we report our consumption to CDP and our Sustainability Report, we are closely monitoring our energy consumption. Besides, we try to increase awareness of the personnel on energy reduction through the CDP trainings. Also, to maximise the use of daylight, automatic lighting system has been established in HQ and branches of the Bank. On the other hand, within the scope of the renovation plan of the Bank, air conditioners are replaced by energy saving ones.

Cost of management

60000

Comment

Cost of management calculated only for air conditioner changes realised in 2018, other costs consist of personnel expenditures for 2018 since the trainings related to climate change generally distributed from our e-learning channel.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact

Reduced revenue from decreased demand for goods/services

Company- specific description

Şekerbank, a party to CDP Climate Change and Water Programs and the United Nations Environment Finance Initiative (UNEP-FI), expects its suppliers to refrain activities which can violate the provisions of the initiatives. Activities of a certain supplier which do not comply with Şekerbank's Sustainability commitment might have negative effects on Bank's reputation which is also very important for relationships with all other stakeholders i.e. access to capital. To manage that risk, it is targeted to assure a certain level of awareness of the sustainability approach of the Bank among the suppliers. Also through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Although there are no selection criteria required as per the regulations, social, environmental and ethical principles for suppliers have been developed with our tradition of responsible banking. It is not possible to calculate the financial impact since we could not clearly estimate which stakeholder will react and to what extent to non-compliances of our suppliers with our defined sustainability commitments in different market conditions.

Management method

Şekerbank, a party to CDP Climate Change and Water Programs and the United Nations Environment Finance Initiative (UNEP-FI), expects its suppliers to refrain activities which can violate the provisions of the initiatives. Activities of a certain supplier which do not comply with Şekerbank's sustainability commitment might have negative effects on Bank's reputation which is also very important for relationships with all other stakeholders i.e. access to capital. To manage that risk, it is targeted to assure a certain level of awareness of the sustainability approach of the Bank among the suppliers. Also through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018.

Cost of management

5000

Comment

Sustainable Development Banking Department (2 personnel) is responsible for the coordination works of supplier assessment criteria.

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

In Turkey, the Renewable Energy Law, amended in 2010 encourages individuals, companies, and SMEs to build projects producing up to 1 MW of energy and help create a renewable energy market in Turkey. As well, the Energy Efficiency Law (2011) requires all new buildings to have insulation installed in buildings by 2020. These regulations directly and indirectly affect the Bank through its EKO kredi product which is a loan financing energy efficiency projects. Up to date Şekerbank has allocated about USD 101 million in financing to more than 98 thousand retail banking customers via EKO kredi and introduced them to the energy saving concept. As a part of EKO kredi Insulation product, more than 154 thousand homes have been insulated.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10100000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We estimated that we will extend EKO kredi loans to 10.000 new customers in the individual segment next year.

Strategy to realize opportunity

The management of this opportunity is achieved through the awareness raising marketing of both the EKO kredi product and the potential savings that can be attained by customers through energy efficiency and renewable energy projects. As an example, we already have several award winning EKO kredi commercials that raise awareness and encourage potential customers to seek such projects. Under EKO kredi the Bank continued to offer various payment conditions to customers by its collaborations with

leading brands, including Filli Boya, Polisan, Terraco, Weber, DYO, and Marshall. Şekerbank signed an agreement related to EKOkredi with Zorlu Energy Group's distribution company GAZDAŞ. Under this agreement, Şekerbank introduced various campaigns to support individual customers in their natural gas conversion efforts. The Bank also launched new campaigns for Class A electrical appliances and visited home appliance manufacturers during 2018. As a part of EKOkredi marketing, Şekerbank participated in the Real Estate Managers Conference held by GN Yapı, one of the leading firms in its sector. At the conference, the Bank presented the features and opportunities of EKOkredi products to more than 700 residential buildings and condominiums' managers.

Cost to realize opportunity

100000

Comment

As required by the Energy Efficiency Law, insulation in buildings must be completed by 2020, thus we expect an increase in the EKOkredi loans as it is one of the primary loan products financing energy efficiency in Turkey. Since 2009, EKOkredi has shown a steady increase in number of customer growth thus far, and in line with previous years growth, 10,000 new individual customers are expected to be introduced with EKOkredi in the next fiscal year. The cost calculated related to marketing expenses should be considered as minimum levels.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient modes of transport

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

We reduced the number of personnel shuttles and total fuel consumption was reduced by 7% so decrease in CO2 emissions was achieved.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

17000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We decreased the number of service vehicles and achieved reduction of both fuel consumption and distance taken by the service vehicles by relocating the personnel of the Bank working at different HQ buildings to a single building. After the rearrangement, carbon emissions from personnel commuting due to fuel consumption were reduced by 7% in 2018. The relocation of the personnel was started in 2017 and continued in 2018, therefore the impact is expected to be better observed after two years, in other words from 2016 to 2018 35% decrease in total fuel consumption occurred.

Strategy to realize opportunity

Personnel of the Bank working at different HQ building have been relocated in one single building therefore commuting of the personnel has been reorganized and number of vehicles and moreover the distance driven was decreased; which lead to reduced fuel consumption and thus reduced carbon emissions.

Cost to realize opportunity

350

Comment

It is worth mentioning that although total cost and total amount of fuel consumption is reduced, the unit cost of fuel per liter is increased for the Bank due to the increase in traffic congestion throughout the year.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

Renovation at 7 branches was completed in 2018 including replacement of air conditioning and lighting systems with energy saving ones. The renovation provided the Bank energy saving of about 25 thousand Kwh. Each year 10-12 branches are renovated according to the plan.

Time horizon

Long-term

Likelihood

Virtually certain

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Electricity consumption cost of related branches has been calculated and compared for 2017 and 2018. Although energy consumed in 2018 is lower than in 2017, it is not possible to present a potential financial impact figure due to the increase in electricity costs in Turkey.

Strategy to realize opportunity

Energy efficient air conditioning and lighting systems have been installed during the renovation plan.

Cost to realize opportunity

95000

Comment

Cost to realize opportunity defines all elements of renovation (construction cost etc.), not only energy efficient air conditioning and lighting systems.

Identifier

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Other

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

Businesses, especially the agro-business sector may need new energy and water efficiency systems/projects to adapt to new climate conditions and thus need financing of these projects. For example, we have introduced our customers with a specific type of loan which includes financing modern irrigation equipment in order to enable farmers to use less water. In this way we aim to enable our customers to save energy and time and also provide other stakeholders benefit from the reduced use of water as natural resource. In the future, we expect to expand our product range in order to meet needs related to climate change. We have provided our customers in all segments with our EKO kredi loans, which finances energy efficiency investments, especially in agriculture. We have a credit line called, EKO kredi Agriculture since 2009. The aim of this product is to introduce the idea of "efficiency" amongst the farmers in the fields of energy and water through introduction of modern irrigation systems, solar panel systems, and organic greenhouses. EKO kredi Agriculture, includes financing modern irrigation equipment in order to enable farmers use less water. In this way we aim to enable our customers to save energy and time. Şekerbank funds 100% of modern irrigation systems in agriculture so that farming families increase their productivity via sustainable farming. We also carry out collaborations with national and international stakeholders for opportunities of water related projects.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We have developed several products that can help to mitigate water related risks. There are also some subsidy and more affordable products provided by the state banks within the market. However, our products could be further improved in line with the customer needs. Our targeted customers benefit from government supports and we could also receive high demand from our farmer customers. It is not possible to calculate the potential financial impact of these products but we could indicate that these type of products are much more important for farmers located on possible water-stressed areas. Since, 11% of our branches located on those basins extended around 19.7% of the total agricultural loans in 2018, we could consider that the customers who located on those areas could potentially use our products. We also try to collaborate with IFIs to formulate a fund that can make our products more affordable. We expect that our efforts on this issue can be concluded in 1 to 3 years.

Strategy to realize opportunity

We try to collaborate with IFIs to formulate a fund that can compete with the government support. We expect that our efforts on this issue can be concluded in 1 to 3 years

Cost to realize opportunity

0

Comment

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	We have provided our customers in all segments with our EKO kredi loans, which finances energy efficiency investments, especially in agriculture. In May 2009 a new product named "EKO kredi; the credit that protects the Energy and Labor" was introduced as realization of Şekerbank's understanding of sustainable development adopted in the form of the internal regulation, which includes the works carried out through national and international collaborations in recent years at the forefront of the global agenda in the field of energy saving and efficiency. With this product Şekerbank aims to create widespread energy efficiency awareness across the society through financing under appropriate circumstances the energy saving investments and expenditures in addition to communication and collaboration activities with NGOs. EKO kredi Agriculture, which includes financing modern irrigation equipment in order to enable farmers use less water. In this way, we aim to enable our customers to save energy and time. Şekerbank funds 100% of modern irrigation systems in agriculture so that farming families increase their productivity via sustainable farming. We carry out collaborations with national and international stakeholders for opportunities of water related projects.
Supply chain and/or value chain	Not yet impacted	As a financial institution there are limited number of players in our supply and value chain, which could impact our sustainability related activities. However, Şekerbank, a party to CDP Climate Change and Water Programs and the United Nations Environment Finance Initiative (UNEP-FI) expects its suppliers to refrain activities which can violate the provisions of the initiatives. Activities of a certain supplier which do not comply with Şekerbank's sustainability commitment might have negative effect on Bank's reputation which is also very important for relationships with all other stakeholders. To manage this risk, it is targeted to assure a certain level of awareness among the suppliers related to sustainability approach of the Bank. Also through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018.
Adaptation and mitigation activities	Impacted	In 2009, Şekerbank developed a leading product in Turkey called EKO kredi to finance energy efficiency projects (waste management, insulation, modern irrigation etc.) by individuals, SMEs, industrial and agricultural enterprises under favourable conditions. The Bank has introduced more than 100 thousand people to energy savings thus far with EKO kredi, selected one of the best sustainability practices to represent Turkey at Rio+20, continues to be one of the Bank's key business initiative and a strategic standpoint for raising energy awareness and efficiency at national levels. Through EKO kredi, Şekerbank provides foreign resources for the financing of energy efficiency projects and on to its broad-based customer profile that obtained from IFI's. Şekerbank, is a member of Business Council for Sustainable Development Turkey acts as a pioneer in the sustainable banking sector. In 2017 Şekerbank signed the Declaration on Sustainable Finance, which provides commitment to consider the environmental and social impacts during the project finance assessment process, along with 6 other banks during Sustainable Finance Forum. The Declaration aims to integrate of environmental and social risks assessments in the credit processes. Şekerbank who has been implementing social and environmental risk assessment for all projects since 2009, committed to take into account a set of criteria during the risk assessment process by signing the declaration. The signatory banks agreed to implement the provisions and embed them into their project finance operations for all new investment projects with an amount of more than USD 50 million. On the other hand, we assess customer portfolio risks to identify sustainability risks through the Social and Environmental Management System (SEMS), which is based on the analysis of environmental and social impacts which is fully integrated to our credit application system. SEMS is based on the extensive international information developed by the International Finance Corporation (IFC) which is a member of the World Bank Group. The system provides feedback to project owners and hence contributes in raising awareness to mitigate climate related risks. We are one of the pioneering banks to implement such a system in Turkey.
Investment in R&D	We have not identified any risks or opportunities	We have not identified any risks or opportunities
Operations	Impacted	Our operational cost mainly depends on energy consumption, which has an increasing trend of energy prices therefore in 2018 we conducted following actions: As we place sustainable development at the center of our operations with the responsible banking culture that comes from our roots, we limited the use of the cars for Banking operations. Therefore the amount of fuel is decreased by 23% in 2018. The potential financial impact is calculated 45500 USD. Besides, energy efficient air conditioning and lighting systems have been installed during the renovation plan for 7 branches. The renovation provided the Bank energy saving of about 25thousand Kwh. Although energy consumed in 2018 is lower than in 2017, it is not possible to present a potential financial impact figure due to the increase in electricity cost in Turkey.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted for some suppliers, facilities, or product lines	During financial planning process, we consider that opportunities for products and services and physical risks related to our loans may affect the Bank's revenue. As Şekerbank has disbursed nearly USD 200 million in financing via Ekokredi and introduced the concept of energy saving to more than 100 thousand people – 98,602 individual customers and 8,196 SMEs, tradesmen and farmers, we could indicate that Ekokredi has potentially a high magnitude of impact in the Bank's revenue and financial planning process. Therefore, the Bank plans to increase financing through Ekokredi each year. However, we also consider the negative impacts related to climate change on our revenue. For instance, change in mean temperature could affect agro-business yields and thus increase the number of high-risk loans and customers (farmers), as well as lead to higher percentage of irregular loan payments and loan defaults. The Bank has been implementing SEMS (Social and Environmental Management System) as an integrated part of our loan process in order to manage this risk and monitor more closely. Through SEMS we enable the customers to evaluate their climate change related risks better and also increase the repayment rate of the loans which eventually enhance the resilience of the Bank.
Operating costs	Impacted	During financial planning process, we consider that opportunities for resource efficiency and transition risks related to litigations and increased cost of raw materials could affect our operating costs. For example, through limiting the use of the cars for banking operations, the bank achieved to decrease the fuel consumption in 2018, the replanning of personnel commuting in 2017 and 2018, we succeed to decrease our operational costs related to fuel consumption and attain a positive financial impact. Also, with our ongoing renovation plan including 10-12 branches each year during which air conditioners and lighting systems are replaced with energy savings ones, we consider a reduction in operational costs by enhancing value of our buildings and decreasing cost of energy consumption in the long-term even in the short term cost of our renovation plan seems over costing. With this plan, we also aim to mitigate the impact of rising prices of energy. On the other hand, as it is obligatory to obtain an EKB certificate as of December 2020 in Turkey, if we could not get EKB certificate for all of our rental buildings, as we have already secured EKB for our own buildings, we have to pay fines which will affect our operational costs negatively.
Capital expenditures / capital allocation	Impacted	As a part of our investment plan to control and manage our operational risks due to climate change impacts, we plan to renovate 10-12 branches each year during which air conditioners and lighting systems are replaced with energy efficient ones. In order to prevent interruptions to our banking operations we take measures such as placing generators for electricity cuts and water tanks for water cuts also in order to enhance our current capacity. All of these measures which provide energy efficiency, increase the value of our material good, decrease the OPEX and have a potential positive financial impact medium/high magnitude especially in long term.
Acquisitions and divestments	We have not identified any risks or opportunities	Any acquisition or divestment is not anticipated to occur due to climate change.
Access to capital	Impacted	During financial planning process, we consider that opportunities related to our collaboration with IFIs and transition risks related to our suppliers and reputation could affect our access to capital. For instance, the launch of EKOkredi provided IFI interest at the Bank in utilising sustainability funds. By scaling up the EKOkredi, the Bank also increased its brand value. Both extending the funds obtained from IFI's to the customers for energy efficiency with favourable interest rates and conditions in the Bank also improved its competitive advantage in the market and access to capital. However, we also consider the negative impacts related to dependence between our suppliers and reputation on our potential of access to capital. As we mentioned Şekerbank, a party to CDP Climate Change and Water Programs and the United Nations Environment Finance Initiative (UNEP-FI), expects its suppliers to refrain activities which can violate the provisions of the initiatives. Activities of a certain supplier which do not comply with Şekerbank's sustainability commitment might have negative effects on Bank's reputation which is also very important for relationships with all other stakeholders i.e. access to capital. To manage that risk, it is targeted to assure a certain level of awareness of the sustainability approach of the Bank among the suppliers. Through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018. Having played a key role in financing Turkey's sustainable development since its founding, Şekerbank was included in the BIST Sustainability Index in 2018, which is comprised of companies that are traded on Borsa Istanbul and demonstrate an exceptional sustainability performance.
Assets	Impacted	We consider that opportunities related to resource efficiency could affect the value of our assets with a medium/low magnitude. For example, with our ongoing renovation plan including 10-12 branches each year during which air conditioners and lighting system are replaced with energy savings ones, we consider a reduction in operational costs by enhancing value of our buildings and decreasing cost of energy consumption in long-term even in the short term cost of our renovation plan seems overcosting. On the other hand, in 2009, Şekerbank developed a leading product in Turkey called EKOkredi for the financing of energy efficiency projects. EKOkredi, selected as one of the best sustainability practices to represent Turkey at the Rio+20 summit, continues to be one of the Bank's key business initiatives and a strategic standpoint for raising energy awareness and efficiency at national levels. This product has served a major contribution on the Bank's reputation by enabling Şekerbank to receive funding from IFIs. It is also considered that the need for EKOkredi and similar products developed regarding the climate change related risks will increase in the future and which is an opportunity for the Bank. As we consider the brand value and name of Şekerbank as an asset, through EKOkredi product, we aim to increase the value of our assets.
Liabilities	Impacted	We consider that risks related to our customers could affect our liabilities with a high magnitude. Change in mean temperature could impact agro-business yields and thus increase the number of high risk loans and customers (farmers), as well as lead to higher percentage of irregular loan payments and loan defaults. Agricultural activities which can be affected by climate related risks constitute 11% of our total loan portfolio. In order to manage that risk and consider it in our financial planning process, we encourage customers to make better choices toward mitigating and adapting to changes in extreme temperatures (in their respective regions), we finance modern irrigation systems with affordable conditions and apply SEMS (Environmental and Social Management System) which is based on the analysis of environmental and social impacts which is fully integrated to our credit application system and aims at mitigating the negative environmental and social impact of extended loans.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Şekerbank founded in 1953 with the savings of hundreds of thousands of cooperative members, sugar beet farmers, to support economic growth driven by rural development and agricultural industry. Since that time, Şekerbank has grown alongside the producers it supports, fulfilling its mission of "Community Banking". In line with our mission of supporting sustainable production and our leading role in financing inclusion, we will continue to focus on SMEs, in particular, farmers, agricultural firms and microenterprises in the upcoming years. Şekerbank also has a leading role in financing energy efficiency throughout Turkey. The bank launched EKO kredi loan product in 2009 to finance energy savings and efficiency initiatives. Şekerbank's aim is to develop further its expertise, in areas where the Bank has strong and competitive advantages like energy savings. Thus, Şekerbank's business strategy is linked with its 5% emission intensity reduction target. In Turkey, about 35% of total energy consumption occurs from buildings and it is estimated that more than 50% of the energy consumed in buildings is used for heating and cooling purposes. However, 85% of the dwellings in our country have no heat insulation. If all of these buildings were to be insulated Turkey has the potential to save around 10 billion dollar worth of energy annually. With EKO kredi, we promote awareness regarding efficient use of labor and natural resources and offer energy efficiency investments with favorable loan terms. By the end of 2018, we have provided nearly USD 200 million worth of energy efficiency financing and introduced more than 100 thousand people to energy savings. Thus, we have achieved 29.7 billion kWh of energy savings and prevented 6.3 million tons of CO₂ emissions. Furthermore, 137 million m³ of natural gas savings achieved by insulating over 154 thousand dwellings through EKO kredi. At first EKO kredi was only for building insulations but at time product's range is expanded to all kind of energy efficiency projects from renewable energy systems to waste treatment, from natural gas conversion to class A electrical appliances, and from efficient heating/cooling to modern irrigation equipment. Awareness about energy efficiency is low and options are presumed to be expensive. By acknowledging the positive effect of combat climate change, Şekerbank decided to expand its portfolio by disbursing energy efficiency loans to SME's, by launching new products under EKO kredi. Finally, Şekerbank collaborates with the real sector to extend energy efficiency investments and to create business models for financing sustainable development. EKO kredi, along with receiving numerous awards, also selected as one of the best sustainability practices to represent Turkey at Rio+20 and continues to be one of the Bank's strategic standpoint for raising energy awareness and efficiency at a national level. Şekerbank harbors a significance competitive advantage due to its firstly developed product in the sector on this subject. This pioneering role in sustainable development banking also enhances Şekerbank's strategic positioning in responsible banking alongside its efforts on financial inclusion, SME and agricultural banking. The bank is among a limited number of institutions from Turkey that participates in the United Nations Finance Initiative (UNEP-FI) and the United Nations Global Compact (UN Global Compact). Following its participation to climate conference COP21 in Paris, Şekerbank signed the UN Global Compact's Business Leadership Criteria on Carbon Pricing platform and took its place among a wilful number of institutions to initiate work toward the transition to a low-carbon economy. Shortly after the announcement of the United Nations Sustainable Development Goals (SDGs), Şekerbank re-defined its sustainability strategy in the light of substantial similarities between the Goals and the Bank's existing work in regards to sustainable development. The Bank also publishes Sustainability Reports biennially and last two reports were formed around these 4 SDGs. Grouped under four key Sustainable Development Goals, which are, Zero Hunger: Under this goal Şekerbank aims to finance sustainable agriculture. Gender Equality: Şekerbank aims to increase number of female business owners and entrepreneurs in the country especially in the rural areas. Affordable and Clean Energy: With EKO kredi, we have given support to energy efficiency investments with favorable conditions. Decent Work and Economic Growth: Şekerbank implements Turkey's sole microfinancing system to offer specially tailored microloans for unbanked groups who are unable to benefit from financial services. The Bank will continue to play a pioneering role in the financing of inclusive growth that will ensure sustainable economic growth with a focus on development through production, decent work and entrepreneurship. One of the leading banks in Turkey's banking sector with regard to sustainable development financing, we are well aware of the financial system's exposures to climate-related risks. We participate events, webinars and follow publications about TCFD. Moreover, we plan to obtain consultancy services for capacity building to get ready for TCFD recommendations. In 2017 Sustainable Finance Forum was organized with the sponsorship of Şekerbank, during which Declaration of Sustainable Finance was signed. The Declaration aims the integration of environmental and social risks assessment in the credit processes. The bank also has been invited to the workshops for 11th Development Plan of the State by The Ministry of Development on preservation of environment and natural resources where the topics like taxonomy of the loans will be extended through energy efficiency has been addressed. In 2016, Şekerbank was invited to join the workshop held by the Ministry of Environment and Urbanisation to comment on the financing energy efficiency. In the forthcoming months and while preparing for the proclamation of the National Energy Efficiency Action Plan, the ministry invited Şekerbank to contribute to the taxonomy of the loans that will be extended through energy efficiency. Having played a key role in financing Turkey's sustainable development since its founding, Şekerbank was included in the BIST Sustainability Index in 2018, which is comprised of companies that are traded on Borsa Istanbul and demonstrate an exceptional sustainability performance. Şekerbank was invited to COP 24 by the Ministry of Environment and Urbanization and participated events as a part of the Turkish committee in 2018. Lastly, Şekerbank is following closely the progress in Carbon Pricing in Turkey. "Partnership for Market Readiness" Project under the Ministry of Environment and Urbanization which aims to increase the emission mitigation policy options, to assess applicable carbon pricing policies and to develop capacity of public and private sector has completed its first phase in 2018.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

Şekerbank monitors closely the international initiatives related with climate change issues as well as national development action plans of Turkey. As part of its strategy to operate as a sustainable bank, participated in the United Nations Climate Change Conference of the Parties (COP21) held in Paris in December 2015, and signed the Business Leadership Criteria on Carbon Pricing created by the UN Global Compact. Şekerbank also follows closely the progress in Carbon Pricing in Turkey. Şekerbank participates seminars and meetings conducted in the scope of "Partnership for Market Readiness" Project under the Ministry of Environment and Urbanization which aims to increase the emission mitigation policy options, to assess applicable carbon pricing policies and to develop capacity of public and private sector for which the first phase was completed in 2018. The Bank was also invited to COP 24 by the Ministry of Environment and Urbanization and participated events as a part of the Turkish committee in 2018. As a leading bank in Turkey's private sector banking with regard to sustainable development financing, Şekerbank is well aware of the financial system's exposures to climate-related risks and participates events, webinars and follow publications about TCFD. Moreover the Bank plans to obtain consultancy services for capacity building to get ready for TCFD recommendations. The Bank is also measuring its own carbon footprints since 2010 and its water footprint since 2016 and reporting these to international investors through the Carbon Disclosure Project (CDP), in this manner bank has been measuring its environmental impacts from direct operations. For the impacts through the Bank's loans Şekerbank has been implementing Social and Environmental Management System (SEMS) which is an integrated part of the Bank's credit process. Through SEMS possible environmental and social impacts of the loans are analysed and the customers are supported to reduce their environmental and social impacts and to grow their businesses in a more sustainable way. As a financing institution Şekerbank is involved in business relationships with different sectors which will be impacted by climate change in different levels. Although climate change risks have been defined for certain sectors, discussions for banking sector risks are on-going. Therefore it is challenging to include a climate-related scenario analysis covering all the sector risks at the existing conditions.

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) Provide details of your emissions intensity target(s) and progress made against those target(s).**Target reference number**

Int 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

5

Metric

Metric tons CO2e per unit FTE employee

Base year

2016

Start year

2016

Normalized base year emissions covered by target (metric tons CO2e)

4.73

Target year

2020

Is this a science-based target?

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

% of target achieved

100

Target status

Achieved

Please explain

The target was achieved before the target year. Because of relocation of HQ personnel in one single building in 2017 and tests which were carried out for IT equipment and fire-fighting system at the new building, our Scope 2 emissions increased in 2017, especially in our HQ building. However, even our Scope-2 emissions are increased, due to sharp decrease of our Scope-1 emissions, we achieved a reduction on global combined Scope 1 and 2 emissions for the reporting year. This sharp decrease is based on reduction in refrigerant gas consumption. Our HQ building started operation during the previous reporting period when a large number of air conditioners and refrigerant gas purchase occurred which is the reason of the high amount of refrigerant gas consumption last year. It was determined that the decrease in 2017 was by 95%. This reduction is the main reason that we could achieved our last year target with %9 of decrease in Scope 1+Scope 2 emissions. Because of that we consider to define a new emission target. Another point to note is that the emission's of the branches related to heating is also decreased.

% change anticipated in absolute Scope 1+2 emissions

10

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 2

Scope

Scope 1+2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

5

Metric

Metric tons CO2e per unit FTE employee

Base year

2016

Start year

2017

Normalized base year emissions covered by target (metric tons CO2e)

4.28

Target year

2030

Is this a science-based target?

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

% of target achieved

93.4

Target status

Underway

Please explain

As we place sustainable development at the center of our operations with the responsible banking culture that comes from our roots, we limited the use of the cars for banking operations. Therefore the amount of fuel is decreased by 23% in 2018. We decreased the number of service vehicles and achieved reduction of both fuel consumption and distance taken by the service vehicles by relocating the personnel of the Bank working at different HQ buildings to a single building. After the rearrangement, carbon emissions from personnel commuting due to fuel consumption were reduced by 7% in 2018. The relocation of the personnel was started in 2017 and continued in 2018, therefore the impact is expected to be better observed after two years, in other words from 2016 to 2018 35% decrease in total fuel consumption occurred.

% change anticipated in absolute Scope 1+2 emissions

5.2

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 3

Scope

Scope 2 (location-based)

% emissions in Scope

96

Targeted % reduction from base year

5

Metric

Metric tons CO2e per unit FTE employee

Base year

2017

Start year

2017

Normalized base year emissions covered by target (metric tons CO2e)

1.89

Target year

2020

Is this a science-based target?

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

% of target achieved

95.33

Target status

Underway

Please explain

Our target includes only the branches, not the HQ and the regional HQs since relocation of HQ personnel to a single building is an ongoing process and it is not possible to compile data from regional HQ which are located in places where more than one business places exist and the facilities use shared electricity consumption. In addition the contract duration with the single electricity distribution company which provided for all our facilities ended in mid 2018 and the branches renewed their contracts with local distribution companies individually. Thus we experienced a limited level of missing data for consumption. Besides, unit prices for electricity increased, so that the total cost. We decided to make a new agreement with one single company for 2019. We believe that, next year we will monitor the data more precisely, so we are not defining a new target although we have almost achieved the set target.

% change anticipated in absolute Scope 1+2 emissions

5.5

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 4

Scope

Scope 1+2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

17

Metric

Metric tons CO2e per unit FTE employee

Base year

2016

Start year

2018

Normalized base year emissions covered by target (metric tons CO2e)

4.73

Target year

2030

Is this a science-based target?

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

% of target achieved

0

Target status

New

Please explain

Through rearrangements in operational activities and achieved awareness of the personnel, we almost achieved our emission reduction target of 5% for scope1+ scope2 emissions before the target year. Therefore we set a new target for 2030.

% change anticipated in absolute Scope 1+2 emissions

17

% change anticipated in absolute Scope 3 emissions

0

C4.2**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.****Target**

Engagement with suppliers

KPI – Metric numerator

Number of suppliers who is in compliance with the Bank's sustainability strategy

KPI – Metric denominator (intensity targets only)

0

Base year

2018

Start year

2018

Target year

2028

KPI in baseline year

0

KPI in target year

5

% achieved in reporting year

0

Target Status

Underway

Please explain

Şekerbank, a party to CDP Climate Change and Water Programs and the United Nations Environment Finance Initiative (UNEP-FI) expects its suppliers to refrain activities which can violate the provisions of the initiatives. It is targeted to assure a certain level of awareness of the sustainability approach of the Bank among the suppliers. Also through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018. We plan to assess the compliance of suppliers against the principles which have significant services or goods next year.

Part of emissions target

Although a numerical emission reduction target has not been defined related with suppliers, Şekerbank aims to to develop a certain level of awareness of the sustainability approach of the Bank among the suppliers through established social, environmental and ethical criteria

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	3	
To be implemented*		
Implementation commenced*	1	156.53
Implemented*	2	58.62
Not to be implemented		

C4.3b

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

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

16.51

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

3000

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

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Automated lighting system has been installed at the HQ building which turns off the lights during lunchtime. So that 117,01 kWh of energy was saved per day by this project. The cost of implementation consist of decision making process of the Bank, so there are no material cost calculated for, since the system parameters allows to predefine the hours that the system will be running between.

Initiative type

Process emissions reductions

Description of initiative

Changes in operations

Estimated annual CO2e savings (metric tonnes CO2e)

42.11

Scope

Scope 3

Voluntary/Mandatory

Voluntary

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

17000

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

350

Payback period

<1 year

Estimated lifetime of the initiative

<1 year

Comment

We decreased the number of service vehicles and achieved reduction of both fuel consumption and distance taken by the service vehicles by relocating the personnel of the Bank working at different HQ buildings to a single building. After the rearrangement, carbon emissions due to fuel consumption were reduced by 7% in 2018 regarding personnel commuting. The relocation of the personnel was started in 2017 and continued in 2018, therefore the impact is expected to be better observed after two years, in other words from 2016 to 2018 35% decrease in total fuel consumption occurred.

C4.3c

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

Method	Comment
Dedicated budget for energy efficiency	Şekerbank renovates or renews a certain percentage of its buildings and branches, giving priority to areas where maximum energy savings and costs can be actualized. With our ongoing renovation plan including 10-12 branches each year during which air conditioners and lighting systems are replaced with energy savings ones, we consider a reduction in operational costs by enhancing value of our buildings and decreasing cost of energy consumption. Also HQ building of the Bank has been awarded with LEED Gold Certificate
Employee engagement	In 2015, the Sustainable Development Banking (SDB) Department was established under the Executive Vice President of Strategy (Chief Strategy Officer), reflecting the strategic importance of sustainable development both in the Bank's history and in its vision of the future. The SDB Department organizes several events in order to increase company wide awareness on sustainability. As part of our efforts, the Sustainable Development Banking department led several trainings for more than 2000 employees on sustainability and climate change related issues in 2018. Also, training for CDP reporting supports the employees to act to reduce their energy consumption during direct operations of the Bank.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Within its responsible banking strategy, Şekerbank has developed EKOkredi, for the financing of energy efficiency projects (waste management, insulation, solar panels, modern efficient irrigation systems, renewable energy projects etc.) of individuals, SMEs, and industrial and agricultural enterprises.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Avoided CO2 emissions)

% revenue from low carbon product(s) in the reporting year

0.2

Comment

The figure represents estimated % contribution of EKOkredi to our revenue. Until today, Şekerbank has allocated nearly USD 200 million in financing and introduced the concept of energy saving to more than 100 thousand people – 98,602 individual customers and 8,196 SMEs, tradesmen and farmers – with EKOkredi product. This innovative offering is the first banking product in Turkey specially designed for financing energy efficiency initiatives. The energy efficiency investments financed with EKOkredi have resulted in energy savings of 29.7 billion kWh and a total reduction of 6.3 million tons in CO2 emissions. In addition, through EKOkredi, nearly 154 thousand homes have been insulated and about 137 million cubic meters of natural gas has been conserved.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2016

Base year end

December 31 2016

Base year emissions (metric tons CO2e)

7337

Comment

We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 1 emissions had been verified by an independent assurance company

Scope 2 (location-based)

Base year start

January 1 2016

Base year end

December 31 2016

Base year emissions (metric tons CO2e)

9738

Comment

We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 2 emissions had been verified by an independent assurance company.

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

We do not calculate our Scope 2 emission based on market.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Other, please specify (Defra Voluntary 2018 Reporting Guidelines)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Defra Voluntary 2018 Reporting Guidelines

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

3246

Start date

January 1 2018

End date

December 31 2018

Comment

During the reporting period we were able to compile data from 97% of the facilities. It was not possible to collect data from 8 of the facilities (3 regional HQ and 5 branches) within our 283 facilities (272 branches and 9 Regional Headquarters and 2 Headquarters) since the facilities are located in places where more than one business places exist and the facilities use shared heating consumption. In our Scope 1, we included our natural gas consumption, diesel and fuel consumption for generator, geo-thermal heating, coal and diesel consumption for heating and refrigerant gas. We included also diesel and fuel consumption of company owned and leased cars. However, different types of heating occurs in different branches. For example, we are using geo-thermal heating in 1 of our branches (Sandıklı), we are using coal in our 11 branches and diesel for heating in our 25 branches.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)

3839

Start date

January 1 2017

End date

December 31 2017

Comment

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)

7337

Start date

January 1 2016

End date

December 31 2016

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 have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

We do not have access to electricity supplier emission factors, therefore we could not calculate our Scope 2 emissions on market-based.

C6.3

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

Reporting year

Scope 2, location-based

11329

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2018

End date

December 31 2018

Comment

In our Scope 2, we included the electricity consumptions in our branches, regional offices, HQs and ATMs. During the reporting period we were able to compile data from 97% of the facilities. It was not possible to collect data from 8 of the facilities (1 regional offices and 7 branches) within our 283 facilities (272 branches and 9 Regional Headquarters and 2 Headquarters) since the facilities are located in places where more than one business places exist and the facilities use shared electricity consumption.

Past year 1

Scope 2, location-based

11535

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2017

End date

December 31 2017

Comment

Past year 2

Scope 2, location-based

9738

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2016

End date

December 31 2016

Comment

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?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

8 facilities

Relevance of Scope 1 emissions from this source

Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant but not yet calculated

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why this source is excluded

During the reporting period we were able to compile data from 97% of the facilities. For scope 1, It was not possible to collect data from 8 of the facilities (3 regional HQ and 5 branches) and for scope 2 emissions, it was not possible to collect data from 8 of the facilities (1 regional offices and 7 branches) within our 283 facilities (272 branches and 9 Regional Headquarters and 2 Headquarters) since the facilities are located in places where more than one business places exist and the facilities use shared energy consumption.

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.**Purchased goods and services****Evaluation status**

Relevant, calculated

Metric tonnes CO2e

405.41

Emissions calculation methodology

Defra Voluntary 2018 Reporting Guidelines Emission Factors. Scope 3 – Material Use

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

100

Explanation

All paper purchased by Şekerbank have been recorded and the average data for the CO2 emissions for unit paper (tons) by Defra 2018 Emission Factors.

Capital goods**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

According to GHG Protocol, emissions from capital goods are generally originated by buildings or facilities and they are accounted for in either scope 1 (e.g., for fuel use) or scope 2 (e.g., for electricity use), rather than in scope 3. As we mentioned before we calculated energy consumption of our own facilities in Scope 1 and Scope 2.

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

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

There are no fuel-and-energy-related activities which is not included in Scope 1 or 2.

Upstream transportation and distribution**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

As mentioned in GHG Protocol, emissions caused by upstream transportation and distribution included transportation and distribution of products purchased and its own operations in vehicles not owned or operated by the reporting company. However, at this point none of our suppliers were able to precisely report the amount of CO2 emissions to be allocated to the distribution services for Şekerbank.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

As a financial service actor, Şekerbank's main production factors are human, intellectual and financial capital. Therefore, Şekerbank's business model is not based on production activities which usually generate a lot of waste and there is no significant waste generation from Şekerbank banking activities. On the other hand, major waste generated by the Bank is considered as paper waste which was assessed in purchased goods and services

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

220.37

Emissions calculation methodology

Defra Voluntary 2018 Reporting Guidelines Emission Factors. Scope 3 – Business Travel – Air and Approximation for miles calculation.

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

100

Explanation

Even we do not have any foreign branches and we operate only in Turkey, as Şekerbank distinguishes itself from the competition thanks to its accumulation of knowledge in local banking and widespread network of branches (branches in 71 cities and 97 offcenter districts), we include all trips by the staff paid by Şekerbank in our Scope 3. Also, when we calculate our Scope 3 emissions through air travel, we differentiate emission factors regarding economy and business class information.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

586.6

Emissions calculation methodology

IPCC 2006 Volume 2 chapter 3 Table 3.2.1 and Ministry of Energy and Natural Resources' "Lower Heat Values of Energy Sources and Petrol Equivalent

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

100

Explanation

Employee commuting is provided only for HQ employees. There is no other employee commuting for the other banking locations since the personnel are generally are living very close to the respected working places

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

No assets are leased in upstream activities, so that the consideration of upstream leased assets scope 3 emissions is not relevant.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

As mentioned in GHG Protocol, these type of emissions include emissions that occur in the reporting year from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company. As Şekerbank sells financial products and services, these are not physical, this type of emission is not relevant for our bank.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Şekerbank is a national financial services provider operating on the basis of "Community Banking". It operates in the fields of enterprise and agricultural banking, commercial/SME banking, corporate banking and retail banking. So, processing of sold products is not relevant with our activities.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Şekerbank is a national financial services provider operating on the basis of "Community Banking". It operates in the fields of enterprise and agricultural banking, commercial/SME banking, corporate banking and retail banking. So, use of sold products is not relevant with our activities.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Şekerbank is a national financial services provider operating on the basis of "Community Banking". It operates in the fields of enterprise and agricultural banking, commercial/SME banking, corporate banking and retail banking. So, the emissions of sold products are not relevant with our activities

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Depending on the type of lease and the consolidation approach Şekerbank uses to define its organizational boundaries, our leased assets are included in a company's scope 1 or scope 2 inventory.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Şekerbank is a national financial services provider operating on the basis of "Community Banking". So, no emissions related to any franchise activities apply to Şekerbank.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

No significant investments that would result in Scope 3 emissions.

Other (upstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Other (downstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000044

Metric numerator (Gross global combined Scope 1 and 2 emissions)

14575

Metric denominator

unit total revenue

Metric denominator: Unit total

328382880

Scope 2 figure used

Location-based

% change from previous year

22.2

Direction of change

Increased

Reason for change

We reduced our energy consumption and yet carbon emissions in 2018 by limiting the use of vehicles leased by the bank, replacing equipment by energy saving ones, however the financial impact of these measures was not as expected due to the increase in the cost of services.

Intensity figure

4.08

Metric numerator (Gross global combined Scope 1 and 2 emissions)

14575

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

3571

Scope 2 figure used

Location-based

% change from previous year

4.7

Direction of change

Decreased

Reason for change

We limited the use of the cars during operations which lead to fuel decrease by 23% in 2018. Automated lighting system has been installed at the HQ building which turns off the lights during lunchtime. So that 117,01 kWh of energy was saved per day by this project. Also we have installed 75 new AC units that are more energy efficient which also led to less carbon emissions.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	2980.85	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	26.74	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	26.6	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify (R-410A)	173.14	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify (HFC22)	38.92	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Turkey	3246

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Heating	1363.17
Vehicles	1622.1
Power Generators	48.72
ACs and Fire Extinguisher	212.05

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Turkey	11329		20312	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By facility

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Head Quarters (HQ)	4227.53	
Branches & Regional Management Buildings	6705.44	
Stand-alone ATMs	395.66	

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	We use geo thermal heating in only one of our branches. The boundary for renewable energy is the same as last year therefore there is no change.
Other emissions reduction activities	666.34	Decreased	4.57	As we limited the use of the cars for operations, 180000 lt of fuel was saved in 2018. Accordingly total carbon emissions saved: 493.30 tCO2e. Also we have installed 75 new AC units that are more energy efficient. These units provided tCO2e savings of 156.53. Automated lighting system has been installed at the HQ building which turns off the lights during lunchtime. So that 117.01 kWh energy was saved per day by this project which is equal to 16.51tCOe saving. Calculation: S1+S2 emissions:14575 tCO2e ((156.53+493.30+16.51)/ 14575)*100= 4.57
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output		<Not Applicable >		
Change in methodology		<Not Applicable >		
Change in boundary	0	No change	0	Boundry is not changed.
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
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 MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	10940.14	10940.14
Consumption of purchased or acquired electricity	<Not Applicable>	0	20312	20312
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	0	31252.2	31252.2

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Gas Oil

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

5650.24

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Lignite Coal

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

271.03

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

4431.41

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

587.46

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Gas Oil

Emission factor
2.68779

Unit
kg CO2e per liter

Emission factor source
Defra Voluntary 2018 Reporting Guidelines Emission Factors. Scope 1 – Fuel

Comment

Lignite Coal

Emission factor
2881.65

Unit
kg CO2e per metric ton

Emission factor source
Defra Voluntary 2018 Reporting Guidelines Emission Factors. Scope 1 – Fuel

Comment

Motor Gasoline

Emission factor
3.17799

Unit
kg CO2e per liter

Emission factor source
Defra Voluntary 2018 Reporting Guidelines Emission Factors. Scope 1 – Fuel

Comment

Natural Gas

Emission factor
2.04652

Unit
kg CO2e per m3

Emission factor source
Defra Voluntary 2018 Reporting Guidelines Emission Factors. Scope 1 – Fuel

Comment

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type

<Not Applicable>

Region of consumption of low-carbon electricity, heat, steam or cooling

<Not Applicable>

MWh consumed associated with low-carbon electricity, heat, steam or cooling

<Not Applicable>

Emission factor (in units of metric tons CO2e per MWh)

<Not Applicable>

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify (Electronical Waste)

Metric value

5543

Metric numerator

Kilograms

Metric denominator (intensity metric only)

% change from previous year

36

Direction of change

Increased

Please explain

We send our electronical waste to a recycling company.

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 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Sekerbank GHG verification statement final.pdf

Page/ section reference

Page 1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Sekerbank GHG verification statement final.pdf

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Sekerbank GHG verification statement final.pdf

Page/ section reference

Page 1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Sekerbank GHG verification statement final.pdf

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?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

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

No

C11.3

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

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our customers

Yes, other partners in the value chain

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Other, please specify (Financing energy efficiency by EKO kredi)

Details of engagement

<Not Applicable>

% of customers by number

100

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

Şekerbank plays a leading role in environmentally sustainable financing while at the same time finances socially inclusive growth. So far, Şekerbank has provided nearly USD 200 million in funds to all customer segments (individuals, SMEs, industrial and agricultural enterprises) and introduced energy saving to over 100 thousand people – 98,602 individual customers and 8,196 SMEs, tradesmen and farmers – through EKO kredi, which it developed as a first of its kind product in Turkey in the year 2009 in order to popularize energy efficiency investments and support the sustainability of natural resources.

Impact of engagement, including measures of success

The energy efficiency investments financed with EKO kredi have resulted in energy savings of 29.7 billion kWh and a total reduction of 6.3 million tons in CO2 emissions. In addition, through EKO kredi, nearly 154 thousand homes have been insulated and about 137 million cubic meters of natural gas has been conserved.

C12.1c

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

Within its sustainable development strategy, in 2009 Şekerbank developed a leading product in Turkey called EKO kredi for the financing of energy efficiency projects (waste management, renewable energy projects, modern irrigation etc.) by individuals, SMEs, industrial and agricultural enterprises under favourable conditions. Through EKO kredi the Bank introduced over 100 thousand people to energy savings thus far and also collaborates with various partners in the public & private sector, and NGOs via EKO kredi. At the Rio+20 United Nations Conference on Sustainable Development, EKO kredi was selected as one of the best sustainability practices to represent Turkey, and continues to be the Bank's key business initiative and a strategic standpoint for raising energy awareness and efficiency at national levels. Through EKO kredi, Şekerbank provides foreign resources obtained from international financial institutions for the financing of energy efficiency projects and passes these resources on to its broad-based customer profile. Also, after 2017 we created new partnerships with private sector suppliers and worked with these companies to be part of our certified energy efficiency suppliers when offering EKO kredi financing to customers. The launch of EKO kredi provided IFI interest at the Bank in utilising sustainability funds. By scaling up the EKO kredi the Bank increased its brand value. Şekerbank uses the Social and Environmental Management System Instructions (SEMS), which analyses the environmental and social impacts of the loans financed by Şekerbank. The system aims mitigating the adverse environmental and social impact of loans. Under SEMS, every member of our credit committees, from the branch-level to top-tier management takes into consideration the SEMS. Following this evaluation, the embedded risks are taken into consideration in line with SEMS and the loan allocation process is completed. Şekerbank also joined the pilot phase of a framework programme developed by IFC on identifying and managing environmental and social risks associated with our loans, in order to enhance the Bank's environmental, social and governance practices. Şekerbank, as part of its strategy to operate as a sustainable bank, participated in the United Nations Climate Change Conference of the Parties (COP21) held in Paris in December 2015 and signed the Business Leadership Criteria on Carbon Pricing created by the UN Global Compact. Şekerbank was invited to COP 24 by the Ministry of Environment and Urbanization and participated events as a part of the Turkish committee in 2018. Lastly, Şekerbank is following closely the progress in Carbon Pricing in Turkey. "Partnership for Market Readiness" Project under the Ministry of Environment and Urbanization which aims to increase the emission mitigation policy options, to assess applicable carbon pricing policies and to develop capacity of public and private sector has completed its first phase in 2018. Şekerbank participates seminars and meetings conducted in the scope of the project. In addition to this, we actively participate in working groups of the Banks Association of Turkey to discuss strategies toward transitioning to a low-carbon market. Şekerbank, a member of Business Council for Sustainable Development Turkey signed the Declaration on Sustainable Finance, which provides commitment to consider the environmental and social impacts during the project finance assessment process during the fifth Sustainable Finance Forum in 2017, along with 6 other banks. Şekerbank, a party to CDP Climate Change and the United Nations Environment Finance Initiative (UNEP-FI) expects its suppliers to refrain activities which can violate the provisions of the initiatives. It is also targeted to assure a certain level of awareness of the sustainability and climate change approach of the Bank among the suppliers. Through social, environmental and ethical principles developed for suppliers, it is aimed to apply a selection process of suppliers based on compliance with the Bank's sustainability strategy. The principles were published at our web site for the access of our stakeholders in 2018. Having played a key role in financing Turkey's sustainable development since its founding, Şekerbank was included in the BIST Sustainability Index in 2018, which is comprised of companies that are traded on Borsa Istanbul and demonstrate an exceptional sustainability performance. It is a part of our sustainability strategy to take place in platforms that combat climate change, determine and assess the environmental and social impacts of conducting banking activities and work on minimizing these impacts. We voluntarily participate the CDP Climate Change and Water Programmes which imply our pro-active approach to water related risks. In order to inform the stakeholders including investors, we disclose our sustainability performance through our annual report and also sustainability report which is released biennially.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	Şekerbank has participated in the process of promoting legislation of financing energy efficiency investments as a stakeholder along with NGOs and other real sector associations	As part of the National Energy Efficiency Plan Workshop organized by the Ministry of Energy and National Resources, private sector, NGO's and governmental officers reviewed the National Plan and Şekerbank proposed that in order to encourage energy efficiency projects on a broader level, incentives need to be included, in particular, we suggested not to collect some of the indirect taxes and funds charged to consumers who receive energy efficiency loans. The bank also has been invited to the workshops for the 11th Development Plan of the State by The Ministry of Development on preservation of environment and natural resources where the topics like natural accounting for the goods and the services of the ecosystems and taxonomy of the loans will be extended through energy efficiency has been addressed. Also we respond to the queries of Banking Regulation and Supervision Agency on sustainable development issues for the finance sector and submit our comments when required. Şekerbank was invited to COP 24 by the Ministry of Environment and Urbanization and participated events as a part of the Turkish committee in 2018.
Carbon tax	Support	Şekerbank has participated in working group in order to discuss the development of a Carbon Market in Turkey	As part of the Banks Association of Turkey's working group, we are discussing the development of a Carbon market in Turkey and sharing our experience and information on Banking Law's limitations and allowances. Şekerbank is following closely the progress in Carbon Pricing in Turkey. "Partnership for Market Readiness" Project under the Ministry of Environment and Urbanization which aims to increase the emission mitigation policy options, to assess applicable carbon pricing policies and to develop capacity of public and private sector has completed its first phase in 2018.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Şekerbank participates in global and local scale sustainability organizations that mentioned below. - CPLC (Carbon Price Leadership Coalition): Şekerbank is a signatory to the CPLC and actively participates in the task group. - TBA (The Banks Association of Turkey): Şekerbank bank actively participates the Sustainable Working Group at TBA and shared its expertise on carbon pricing schemes. - WBCSD Turkey: Şekerbank is a member of board at WBCSD Turkey. Also participates in the "Women Empowerment", "Sustainable Agriculture and Food Security" and "Sustainable Finance" working groups. - CEDBIK (Turkish Green Building Council): Şekerbank is also a member of board at the ÇEDBIK. Finally, Şekerbank its one of the sponsors of the "Sustainable Finance Forum" gathers annually by WBCSD Turkey, UNEPFI and the Global Compact.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Şekerbank takes special interest in the area of energy efficiency financing, and considers itself a role model in the sector. Thus significant importance is placed on these issues from top-management who follow these issues, stay in contact with the related ministries and encourage the Bank's departments to follow up with meetings, thus keeping such engagements on the agenda. The Bank's sustainability strategy is built around four of the United Nations Sustainable Development Goals. Şekerbank aims to support sustainable agriculture, women entrepreneurship, energy efficiency projects and economic growth with this strategy based on SDGs. In 2016, Şekerbank was invited to join the workshop held by the Ministry of Environment and Urbanisation to comment on financing energy efficiency. In the forthcoming months and while preparing for the proclamation of the National Energy Efficiency Action Plan, the ministry invited Şekerbank to contribute to the taxonomy of the loans that will be extended through energy efficiency. The bank has been invited to the workshops for the 11th Development Plan of the State by The Ministry of Development on preservation of environment and natural resources where topics like natural accounting for the goods and services of the ecosystems and taxonomy of the loans pertaining to energy efficiency have been addressed. Şekerbank was invited to COP 24 by the Ministry of Environment and Urbanization and participated events as a part of the Turkish committee in 2018. Lastly, Şekerbank is following closely the progress in Carbon Pricing in Turkey. "Partnership for Market Readiness" Project under the Ministry of Environment and Urbanization which aims to increase the emission mitigation policy options, to assess applicable carbon pricing policies and to develop capacity of public and private sector has completed its first phase in 2018. Şekerbank participates seminars and meetings conducted in the scope of the project. In addition to this, we actively participate in working groups of The Banks Association of Turkey to discuss strategies toward transitioning to a low-carbon market.

C12.4

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

Publication

In mainstream reports

Status

Complete

Attach the document

Link_2018AnnualReportofSekerbank.docx

Page/Section reference

Content elements

Governance

Strategy

Other metrics

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

Link_SustainabilityReportofSekerbank.docx

Page/Section reference

Content elements

Governance

Strategy

Emissions figures

Emission targets

Other metrics

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

Link_65thYearGazetteofSekerbank.docx

Page/Section reference

Content elements

Governance

Strategy

Other metrics

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

Link_WBCSDTurkeyGoodAgriculturalPractices_Sekerbank.docx

Page/Section reference

Content elements

Governance

Strategy

Other metrics

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

Link_WBCSDTurkeyBEV_Sekerbank.docx

Page/Section reference

Content elements

Governance

Strategy

Emissions figures

Emission targets
Other metrics

Comment

C14. 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.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	General Manager	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms