


FURTHER DIGITAL FURTHER INCLUSIVE **FURTHER SUSTAINABLE**

2018-2019
Sustainability
Report



Şekerbank 

We are carrying forward the legacy of our founders, the Anatolian farmers who started the tradition of responsible banking 66 years ago, into the future with our sustainable banking activities.

Supporting more than 350 thousand farmers, whom we have worked alongside with for three generations,

Increasing the production of our SMEs and commercial companies and strengthening employment,

Enabling our women to participate in production and the economy more effectively,

Adding hundreds of thousands of new people to the nearly 111 thousand we have already introduced energy efficiency to,

Supporting the development of our human resources and enhancing welfare in both business and private lives,

Making all of our decisions according to Corporate Governance Principles,

Observing the social and environmental impacts of the loans that we provide,

Reducing our operational impacts on the environment,

Carrying out projects and activities intended for social inclusion and development,

Increasing financial access and production by digitalizing end-to-end,

In brief, we are adding value to society, human and nature and as Turkey's sustainable bank, we are working with all of our might for the future.

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ABOUT OUR REPORT

We attach importance to the harmonization of our activities and processes with sustainability principles, as well as determining the current situation and progress and guiding the future. In this context, we believe that sustainability reporting in accordance with global criteria is of critical importance in order to create strategies that comply with sustainability principles, to measure the work done and to share it with all stakeholders.

As Şekerbank T.A.Ş., with our sustainability reports published on a biennial basis, we present our Bank's economic, social and environmental impacts on key stakeholder groups, our performance in these areas and the support we give to sustainable development to our stakeholders.

This Sustainability Report, the fourth we have published thus far, indicates our environmental, social and economic performance between January 1, 2018

and December 31, 2019. This report has been prepared in accordance with the GRI Standards: Comprehensive option.

Our report is also aligned with the requirements of the United Nations Global Compact Principles (UNGC) and includes our direct contributions to the United Nations Sustainable Development Goals (SDGs) and their targets.

In the report, "Bank" and "Our Bank" all refer to Şekerbank T.A.Ş. unless specified otherwise. The data and information in the report covers Şekerbank T.A.Ş's banking activities in Turkey, which operates with 238 branches, seven regional directorates and the main headquarter in Istanbul.

You may also contact us for any questions and comments concerning our report at surdurulebilirlik@sekerbank.com.tr.

For information about Şekerbank's corporate profile, please visit:

<i>Mission, Vision and Values</i>	<i>2019 Annual Report</i>	<i>Page 2</i>
<i>Shareholding Structure</i>	<i>2019 Annual Report</i>	<i>Page 6</i>
<i>Financial Indicators</i>	<i>2019 Annual Report</i>	<i>Page 11</i>
<i>Şekerbank: From Past to the Present</i>	<i>2019 Annual Report</i>	<i>Page 12</i>
<i>Digital Transformation Program</i>	<i>2019 Annual Report</i>	<i>Page 18</i>

Please see our **2019 Annual Report.**



CHAIRMAN'S MESSAGE

In 2019, we accelerated the “Transformation Program”, which we launched in 2018 by taking the first steps to digitize and renew our Bank’s technological infrastructure from end to end. Thanks to this Program, we were able to enter into the difficult period caused by the Covid-19 pandemic, which accelerated digital transformation all over the world, stronger and better equipped. This Program also enabled us to maintain uninterrupted service, including in rural areas. We continue our digitalization journey in order to be better equipped and to make our sustainable banking activities more accessible during and after the new normal.



Dear Stakeholders,

With the beginning of 2020, the Covid-19 outbreak, which the whole world had to face, has increased the importance of sustainability more than ever. Within the scope of sustainable banking, we present Şekerbank’s economic, social and environmental performance figures in 2018 and 2019 with our fourth sustainability report.

The Covid-19 pandemic has been and continues to be a milestone that led to radical changes not only in public health, but also in economic and social life, environment, production, income distribution and future-oriented approaches. This period indicates an important repositioning and transformation for the banking sector, which has begun to question its future with the 2008 global financial crisis.

With the purpose of carrying our title as ‘Turkey’s sustainable bank’ into the future in a better-equipped manner, we have considered this period, which stands out for its uncertainties, as a period for investment, renewal and improvement as is the case in all eras of economic turbulence.

In 2019, we accelerated the “Transformation Program”, which we launched in 2018 by taking the first steps to digitize and renew our Bank’s technological infrastructure from end to end. Thanks to this Program, we were able to more strongly enter the challenging period caused by the Covid-19 pandemic, which accelerated digital transformation all over the world. We quickly adapted to the conditions of the pandemic period and continued to provide uninterrupted service to our customers by prioritizing digital service channel projects among our digital transformation investments during the reporting period. We continue our investments and projects within the scope of the “Transformation Program”, in order to be better equipped for the pandemic period that has not only caused radical changes in every aspect of life but will also establish the new normal that will occur afterwards. In this way, we have ensured our sustainable banking activities are more accessible.

The pandemic period has wreaked the highest economic damage to small businesses, tradesmen and farmers around the world. As Şekerbank, we have supported small businesses, tradesmen and farmers, who constitute our Bank’s traditional customer base, with many campaigns and projects. With our campaigns that include grace periods for urgent needs, we have supported many people, including farmers, tradesmen, SMEs and women entrepreneurs, as well as healthcare professionals, pharmacists, restaurants, tourism professionals, and stationeries.

In line with our pioneering role in sustainable banking, which has been over the past 66 years since our establishment and during this period, we have maintained an exemplary model we have presented in our strategic orientation in the Turkish banking sector towards sustainable finance, with a deep sense of responsibility.

During the reporting period, we continued to take an active role in international initiatives to support the financing of socially inclusive and environmentally sustainable growth. With the United Nations Global Compact (UNGC) we signed in 2015, we adopted global sustainability principles and aligned our Bank’s strategy with the United Nations Sustainable Development Goals. The Sustainable Development Goals served as the main guidelines of our activities in the reporting period as well. Today, we continue to increase our commitments to global goals by directly serving sub-targets of the 11 among the 17 Sustainable Development Goals.

With our high level environmental, social and governance performance in sustainability management, we have been entitled to be included in the Borsa Istanbul (BIST) Sustainability Index in 2018 and 2019. Furthermore, we became one of the 130 founding signatory banks, with a total asset size exceeding 47 trillion dollars, committed to implementing the United Nations Environment Program Finance Initiative (UNEP FI) “Responsible Banking Principles (Principles for Responsible Banking)”, launched at the United Nations General Assembly in New York in September 2019.

We provide Turkey’s contribution to sustainable development under the main topics that can be summarized as supporting sustainable agriculture, local production, employment and exports, financing energy efficiency, ensuring that more farmers, tradesmen, women entrepreneurs and SMEs have access to financing, and encouraging widespread savings.

Respectfully yours,

Dr. Hasan Basri Göktaş
Chairman of the Board of Directors,
Executive Board Member

STRATEGY AND MANAGEMENT

With the “Transformation Program”, we aim to increase the number of people who benefit from agriculture and SME banking, which are at the core of our strategy. We want to more effectively finance environmentally sustainable and socially inclusive growth and carry our goal of “supporting production” forward into the future. In this respect, we are combining our deep-rooted local experience with international digital applications and aim to offer an exemplary banking model in both Turkey and throughout the globe.

Digital Transformation for Sustainable Banking

Founded on October 12, 1953, by farming entrepreneurs, who were members of hundreds of thousands of beet cooperatives in Anatolia, with the aim of supporting economic development and the agricultural industry based on rural development, Şekerbank offers an exemplary model in Turkey in the field of responsible banking by maintaining its same establishment mission for 66 years.

As a reflection of the collective culture stemming from its foundation, our Bank has always played a pioneering role in supporting small producers in the Turkish banking sector, encouraging widespread savings and financing production.

Thanks to these strong roots, we have been supporting farmers, tradesmen and SME customers for generations



all over the country. As Şekerbank, we continue to develop our “Anatolian Banking” mission in the perspective of “sustainable banking” and achieve many firsts in the Turkish banking sector in this field.

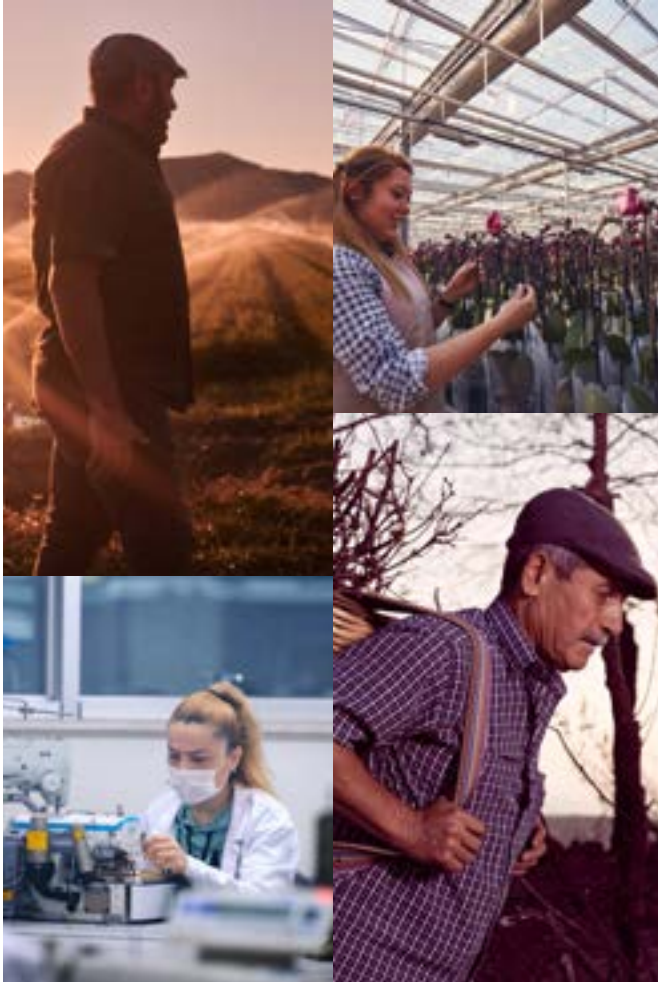
Thus, in 2019, we accelerated the “Transformation Program”, which we launched in 2018 by taking the first steps to digitize and renew our Bank’s technological infrastructure from end to end. During the Covid-19 pandemic, sustainability has become more important than ever. Thanks to the “Transformation Program”, we are maintaining our activities in this field without interruption and are reaching out to much wider audiences.

We serve in each region of Turkey through 238 branches and seven regional directorates, distributed throughout 67 provinces and 87 non-central districts, 72% of which are located outside of the three major metropolises and most have been serving in the same address for more than half a century. Thus, we are taking our role in financial inclusion to a new level with our ongoing digital transformation investments. Through the on-site tablet banking that accesses those who are unable to physically visit our branches, we are able to offer financing opportunities to shopkeepers and farmers in coffee shops or in the field. We have developed the first mobile banking product range primarily directed to the farming and craftsmen segments in Turkey.



In this report, in which we share our 2018-2019 sustainability performance, you can also read the summary and stories about a number of positive effects of our digitalization investments in the reporting period on our customers and during the pandemic of 2020.

On the other hand, we believe that connecting the local with the global serves all the goals of sustainability. With this awareness, we continue to take an active role in international initiatives in the field of sustainability. We combine our know-how in leading



platforms such as the United Nations Global Compact (UNGC), Women's Empowerment Principles (WEPs) and the United Nations Environment Program Finance Initiative (UNEP-FI) with our expertise in local banking. Since 2010, we regularly report the carbon footprint resulting from our activities to international investors through the Carbon Disclosure Project (CDP).

We have been implementing the social and environmental management system prepared under the guidance of the International Finance Corporation (IFC), a member of World Bank Group, and its performance standards in all lending processes since 2009, encouraging the real sector to make sustainable investments.

In this context, we strategically continue our activities under the topics of sustainable agriculture, energy efficiency and combating climate change, financial inclusion and banking for women, as well as supporting production and employment. We set an example for our sector and carry our 'Turkey's sustainable bank' title into the future by transferring our resources to environmentally sustainable and socially inclusive investments.

ANADOLU
ÖZÜMÜZDE
GELECEK
ÖNÜMÜZDE

We renewed our data center from end to end by increasing our technological infrastructure and our service’s quality within the “Transformation Program”, and moved our data center to the Headquarters. Our new data facility center is equipped with the most advanced physical and cyber security systems and sensitive technological equipment. Şekerbank’s new data facility center, which has adopted world-class standards in terms of digital data and processing security, also provides uninterrupted service against risk factors such as earthquakes, fire, heat, humidity and energy cuts.

Sustainability Management Structure and Monitoring Tools

Within the framework of our sustainable development approach and sustainability strategy, we believe in the importance of a good governance structure in terms of creating long-term value for our Bank and for all of our stakeholders and in contributing to the country’s targets.

For this reason, the Sustainable Banking Committee, which was established in order to develop the sustainability activities within our Bank and to integrate the sustainable development approach into all activities, coordinates all our operations within this scope. The Sustainability

Banking Committee is affiliated with the Board of Directors. Through our Sustainable Development Banking Division, we regularly inform all internal and external stakeholders about our Bank’s activities on behalf of sustainable banking, as well as prepare all reports within the scope of sustainability management, and carry out processes related to compliance with regulations and policies established at the Board of Directors level.

While the Sustainable Development Regulation plays an essential role in the internalization of our vision in this

field for both senior management and all employees, we ensure that our employees receive training to increase their knowledge and awareness on sustainable development, environmental issues and social awareness when necessary.



Risk Management and Internal Control

At Şekerbank, we conduct control and inspection activities to assess, measure, analyze and monitor the risks that may arise from our strategies and activities by using the Internal Systems

mechanism, which is compatible with the structure and scope of our activities and is also responsive to changing conditions. We aim to ensure the correct and effective functioning of all

of these processes and mechanisms through the Internal Audit Department, Internal Control and Compliance Department and Risk Management Department.

Risk Management Structure

Board of Directors

Senior Management

Units within internal systems

Committees established by the Board of Directors within the scope of the Risk Management System

Committees established by the senior management within the scope of the Risk Management System

The Audit Committee’s assessment of the Internal Systems in 2019 is included on pages 84-85 in our **2019 Annual Report**, and detailed information on the Risk Management System and Strategy is on pages 86-89.

Ethics Management

We consider the fight against corruption and bribery to be one of our main policies within the framework of our ethical values and as an entity we must manage diligently in our sustainability journey. The ‘Code of Ethics in Banking’ is one of the mandatory trainings assigned to our employees.

In the 2018-2019 period, we provided 7,700 hours of training to approximately 4,800 employees within the scope of combating corruption (Methods for Detecting and Preventing Fraud in Banking, Features of Original Banknotes and Counterfeit Banknotes, Fight Against Laundering of Proceeds of Crime and Financing of Terrorism, Fraud Investigation and Remote Auditing Techniques etc.). Furthermore, within the scope of ethics and compliance (Information and Internet Law, Information Crimes, Information Security, Competition Law and Consumer Rights in Bank Transactions, etc.), 3,500 employees received 6,700 hours of face-to-face and online trainings.

As Şekerbank, we care not only about our employees but also senior management’s compliance with ethical principles. As a result, each newly elected Board Member signs a declaration of “Code of Ethics in Banking”, which reflects the corporate sensitivity of our Bank and includes the sector’s professional code of ethics. These 30 ethical principles that try to refer to every aspect of management and operations are also accepted as the bank’s business principles and compliance with these principles is one of the most important elements of our Human Resources Policy. If there is a concern of noncompliance with these principles or in case of any suspicion, a

control system is implemented through our pertinent Internal Systems unit.

Additionally, the Internal Audit Group Head regularly audits operational transactions in our branches. Operational transactions were audited in 83% of the branches in 2018 and 100% of the branches in 2019. Moreover, during this period audits were carried out at the Headquarters and focused on fraud investigation using computer-aided remote control methods.

In order to detect and prevent actions and transactions that may cause consequences against our Bank or our employees, we provide an ‘Employee Complaint and Notification

Line’, which protects employees’ confidentiality, to all employees in our internal communication portal for the notification of such matters as violations of such regulations. During the reporting period, no notification was received regarding corruption in our Bank.

As Turkey’s first bank to achieve a corporate governance score, Şekerbank was the recipient of the “ETİKA 2017 Turkey’s Most Ethical Company” award for the third time in 2018. The Ethical Values Center Foundation (EDMER) rewards companies that are meticulous in maintaining their activities in line with business ethics and ethical values in company management.



Stakeholder Engagement and Our Focus Areas

At Şekerbank, we carry out our activities with the vision of growth while creating value for all of our stakeholders. We define our stakeholders as all persons and organizations that our Bank is in contact with, who are affected by our products-services and activities, or that can affect our Bank's achievement of its corporate goals with its actions and decisions.



Considering that different stakeholder groups' evaluations about our Bank may differ depending on their interests, we communicate with all our key stakeholders on special platforms for them, informing our stakeholders about our activities and paying attention to obtaining their opinions on many issues, including our sustainability impacts. Details of these communication channels can be found in the **Communication Platforms with Our Stakeholders** table.

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







OUR CUSTOMERS



FOCUS AREAS

Sustainable Agriculture

SUSTAINABLE DEVELOPMENT TARGETS WE SUPPORT

2.3. By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment

2.4. By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

5.a. Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

SDGs



Financing of Sustainable Manufacturing and Employment

8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

9.3. Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Inclusive Finance

2.3. By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment

8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

5.a. Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Energy Efficiency

7.2. By 2030, increase substantially the share of renewable energy in the global energy mix

7.3. By 2030, double the global rate of improvement in energy efficiency

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships





SUSTAINABLE AGRICULTURE



Within the scope of the “Transformation Program”, which advances Şekerbank’s competencies in the field of financial inclusion, in 2019, we launched “Banki” tablet Project*, aimed at increasing the effectiveness of our Agricultural and Micro Customer Representatives in the field. Thanks to the project, we reached out to rural areas without branches and conducted loan applications in accordance with social distancing rules. We continued to provide uninterrupted service to our customers even when working with remote access due to the Covid-19 outbreak.



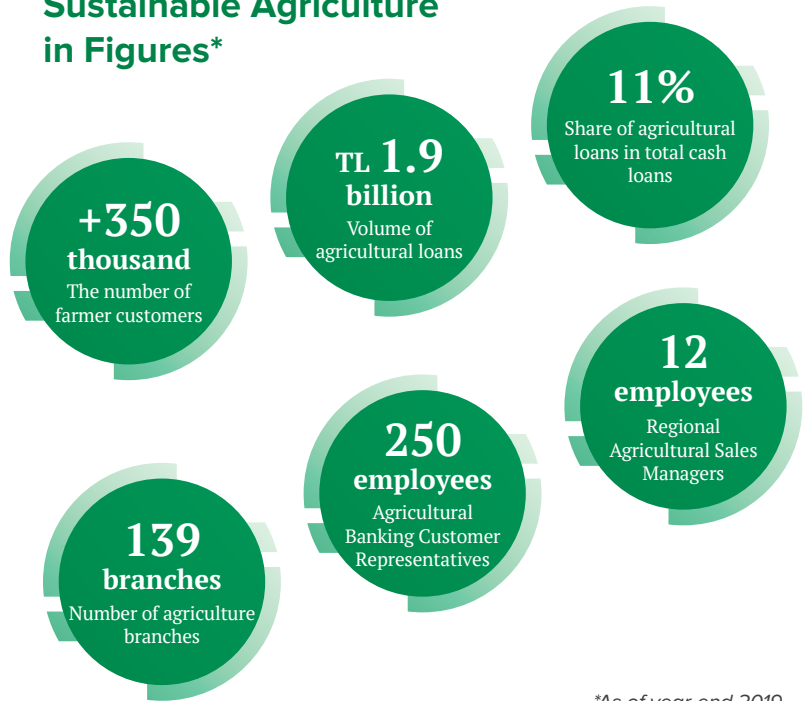
The rapid rise in the world population and the increase in the obtained by developing countries from the world GDP increased the number of people participating in consumption and consequently the food demand. On the other hand, the increase in agricultural areas triggered by migration from rural areas to metropolises has revealed the future food security problem at the highest level.

Şekerbank’s founding purpose is to finance sustainable agriculture and it is the bank that allocates the largest share in its portfolio to the financing of agriculture in the Turkish banking sector. Of our farmers to whom our Bank provides funds, 99% are small producers. For generations, over 350,000 farmers across Turkey continue production with the support of Şekerbank.

As Şekerbank, considering the agricultural sector as a strategic sector in the finance of production today, we aim to realize our mission to support Anatolian farmers, the source of our capital throughout our establishment, by enabling more resources to be accessible through agricultural banking activities, thus also contributing to the development of our country.

* As of October 2020, a total of 324 tablets are actively used, including 129 businesses and 195 agricultural customer representatives.

Sustainable Agriculture in Figures*



*As of year-end 2019



Stakeholder’s Review

During the pandemic period, I received support only from Şekerbank, and set up my own greenhouse. The most important difference between Şekerbank and other banks is the approach of the employees, the reasonable price of the products and the basis on harvest time for farmers. Şekerbank meets all of the needs I expect from a bank as my guide in the right term with the right products.

Fatih Özpak-Farmer
Finike/Antalya

Reaching out to over 113 thousand farming families!



We started a project that was the first of its kind in the world in 2014 called “Family Farming Banking” with which we aimed to prevent farmers abandoning their land for economic reasons, migration from rural areas to the city and the loss of land being divided due to inheritance. During the reporting period, with the applications included in “Family Farming Banking” we continued to offer products and services that mediate joint action in agricultural input purchases by conducting collective agriculture from merging small land to supporting rural development and from increasing efficiency in agricultural production to the reduction of costs. In the 2018-2019 period, through Family Banking, we reached out to 22 thousand farming families and provided 3 billion TL in new financing. Our Agricultural Customer Representatives have tried to identify the needs of cooperatives and producers on-site, by visiting them in every environment they are in whether it is the farm or the village coffee house. In this context, approximately 1,000 village visits were made and nearly 10 thousand farmers were interviewed.



Harvest Card: Preferred by 150 Thousand Farmers!

Hasat Kart, which we developed to provide easy access to finance for farmers, meets the short-term cash needs of farmers with its two separate limits and enables them to purchase agricultural inputs such as diesel, feed, and fertilizer from contracted merchants. Payments are made once a year depending on the period when the producer provides agricultural income.



As of the end of 2019, Şekerbank has approximately 150 thousand Harvest Card customers. Farmers can use the cash limits offered with Hasat Card by taking cash withdrawals from Şekerbank ATMs, as well as all banks ATMs and PTT ATMs or via Bank counters.



Support the Manufacturer via TMO Card!



With the Şekerbank TMO Card put into service in 2017, we continued to mediate the delivery of manufacturers' products to TMO in 2019. Producers who receive the TMO Card from Şekerbank branches as soon as they request to can receive their products with TMO purchasing points without a stock cost. In 2019, TMO Kart was delivered to approximately 1,000 farmers and a product payment of approximately TL 6 million was made by Şekerbank.



Harvest Support Loan Campaign

TL 610 million loans were extended to approximately 26 thousand producers within the scope of the "Harvest Support Loan Campaign", organized to provide much-needed funds by the producers to harvest their product, for which they exerted great effort to cultivate, and to sell when the price is fair and not discounted when the product is abundant.



Support to Combating Climate Change Through Energy Efficient Agriculture!

We believe that achieving energy efficiency in agriculture will have a great impact on our country's efficiency in total production and on reducing the impacts of climate change. Therefore, we aim to support our farmers to produce more efficiently by reducing their energy consumption through Agricultural EKO kredi, offered under our EKO kredi product, which finances energy efficiency. Thanks to the "Modern Irrigation Equipment Loan" we developed in this scope, we enable our farmer stakeholders to use less water in a more efficient way and therefore decrease their cost of production due to the savings on labor and energy for a better yield.

Şekerbank 

aile
ÇİFTÇİLİĞİ

Çiftçilerimiz emek ve enerji tasarrufu sağlasın diye...

**60 aya varan vade,
hasat zamanı ödeme imkânı ile
"Tarımsal EKO kredi"
Şekerbank'tan!**

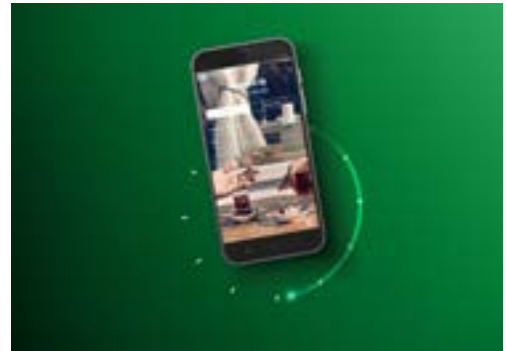
Advertisement text: Şekerbank provides agricultural EKO kredi upto 60 months, with payment dates adjusted to harvest seasons to support our farmers' savings on energy and labor.



FINANCING OF SUSTAINABLE MANUFACTURING AND EMPLOYMENT



We are expanding our support for widespread economic growth by renewing our technological infrastructure and through digital channels are becoming even further accessible to SMEs, which account for 54% of the Bank's total loans. Within the scope of the "Transformation Program", with the "Customer On Board Phase" project, we reduced our processing time, which was previously completed in 30 minutes on average, to 7 minutes by reducing the number of signatures and documents necessitated.



Financing of Sustainable Manufacturing in Figures

Establishing an economic infrastructure that will ensure sustainable growth in Turkey, encouraging value-added production in sectors with intense competitive power and supporting exports and employment are the top priority in national economy programs.

During the reporting period, we continued to support productive SMEs that have been the lifeline of the country's economy in terms of its share in economic activity such as production, investment, employment and exports. Today, the 54% share allocated by Şekerbank for SME loans in its own loan portfolio is double the amount of the Turkish banking sector average.

80 thousand
(approximately)
Active SME customer

TL 5.6 billion
SME Banking loans

54%
Share of SME loans

31,136
The number of loan customers

TL 2.3 billion
(17% increase)
Time deposit volume in the SME banking segment

TL 1.1 billion
Demand deposit in the SME banking segment



Stakeholder's Review

We import livestock from 10 countries in Europe and South America. Şekerbank was the first bank for our family business. Due to the advantages it offers during the pandemic period, Şekerbank was the only private bank we included amongst the banks we work with. We were impressed with the quality of service offered and the know-how of the branch employees regarding the bank's products. A safe partner that serves as a safe harbor on rainy days is our family's favorite bank, Şekerbank.

İbrahim Ceren
Company Owner

Loan with KGF Guarantee to SMEs

As a bank that differentiates itself in its sector with its widespread customer base and deep-rooted expertise in SME banking, we have increased the volume of loans extended with the KGF guarantee within the scope of additional support packages for SMEs in this segment in cooperation with KGF that aims to provide financing for its customers who are unable to secure sufficient collateral, to TL 4.9 billion as of the end of 2019.



More Than 55 Thousand Tradesmen and Businesses Prefer the “Üreten Card”!

The number of “Üreten Cards”, which is the first commercial combo card product in the sector, in which Şekerbank enables tradesmen and businesses to both use it for their company expenditures and withdrawing credit from ATMs without going to the branch, has exceeded 55 thousand as of the end of the year. With the “Üreten Card”, we achieved a 45% increase in the bank’s commercial card turnover in 2019.



Transformation Program: End-to-End Automation in Loans

With one of the most important objectives of our “Transformation Program” being to raise the quality of our assets, we have opened the Decision Support System to the usage of all of our branches. The system’s infrastructure provides accurate risk assessment and risk-sensitive limitation in the Bank’s target SME and agriculture segments. We took an important step toward sustainable growth with end-to-end automation, from entering the loan offer to the disbursement phase. In addition, we have increased our credit-underwriting rate to the best practices level by finalizing 75% of the offers in our branch locations. Furthermore, we implemented the statistical analytical models based on the data of our own SME customers with the “Transformation Program”. In this way, we accelerated our branches and increased customer satisfaction by offering automatic pricing specific to the customer.





INCLUSIVE FINANCE



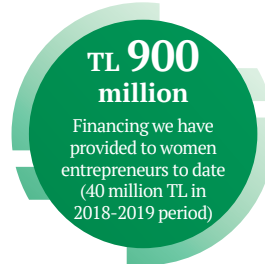
Within the scope of our “Transformation Program”, we continue our efforts on establishing multiple and integrated channel structures under the priority of mobile channels. We are combining the digital world with our microfinancing lending model – the first and only one of its kind in Turkey. With this innovative approach, we are transforming the labor of the country’s women, who were not previously involved in the banking system, into production and economic added value. The number of active customers in Şeker Mobil Branch, which was renewed on the axis of providing perfect service to its customers, increased by 22%, while the number of transactions rose by 30% and volume of transactions by 29%.



The rapid growth of the world’s population has brought about the reduction in natural resources and future food supply risks, and has made income inequality much more apparent in almost every country. In this context, not only governments, but also the global financial sector, adopting more inclusive strategies and promoting the equal distribution of resources has been one of the top priorities in achieving sustainable development goals.

Fulfilling our target of reaching the unbanked population, which is one of the main elements of our mission, by applying the international micro-finance lending method in our country, we continue to reach out tradesmen, micro-enterprises and small farmer producers by supporting women producers and developing digital banking channels. As of the end of 2019, we have provided micro-finance support to more than 1,150 producers.

Inclusive Finance in Figures



Stakeholder’s Review

Women gain self-confidence by producing and earning, and this creates sustainable and positive effects in their lives. Contributing to our members economically, Şekerbank has carried out an essential activity in terms of social responsibility by contributing to the economy of both our region and our country by supporting women’s labor with various micro loans.

Eda Hoşhan

Founder and Chairwomen of “Battalgazi’nin Kalbi” Women’s Cooperative



Supporting Women Entrepreneurship in Rural Areas!

The more active participation of women in the economy, production and social life is of critical importance in terms of achieving development in our country as well as on a global scale. Research shows that most of women in Anatolia are unbanked. Supporting the rural female population is also of great importance in terms of the education of girls, reducing migration to metropolitan areas and continuity of production.

In 2019, we continued to support women's entrepreneurship and to increase women's participation in education and the workforce, especially in rural areas, by increasing financial inclusion and facilitating access to economic resources. In 2019, we provided "Financial Literacy Training" to approximately 1,200 women within this context, based on the fact that educating society is an important element of women's empowerment. With these initiatives, we supported many housewives to participate in the labor market, and many women gained knowledge on basic financial issues.



Strengthening Women Entrepreneurship in Agriculture

In 2018-2019, we supported the Strengthening Women Entrepreneurship in Agriculture program, initiated by the Ministry of Agriculture and Forestry as part of "Family Farming Banking".

This initiative aims to develop rural women entrepreneurship. With 1,081 project owners from 17 provinces, we have supported more than 5 thousand women in total to be brought to the economy as employers over the last five years. As of the end of 2019, we provided TL 900 million in financing to women entrepreneurs. Of this financing, TL 800 million of was within the scope of "Family Farming Banking".



Şekerbank: “Women’s SME Bank of the Year”

Şekerbank received an honorable mention in the “Women’s SME Bank of the Year” category at the Global SME Finance Awards 2019 organized by SME Finance Forum.



Creating value with our strength through a widespread branch network and upholding deep-rooted relationships with locals!

We create value through our local banking competence and our branches, 72% of which are located in Anatolia and most serving from the same address for more than half a century.

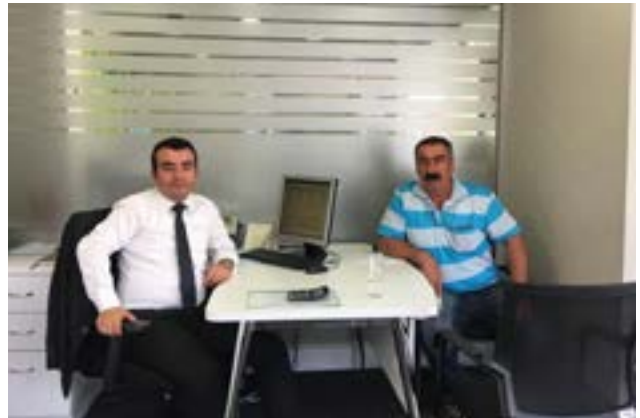
With the “Muhtarım Package”, Şekerbank has increased its support for the locally elected official mukhtars who hold an important place in our village and neighborhood culture.



Account maintenance fee exemption and free transfer advantages were provided with the “Muhtarım Package”, while the mukhtars who applied to Şekerbank branches with a mukhtar identity document, were granted personal accident insurance with coverage of up to TL 5,000. In 2019, we registered nearly 4 thousand mukhtars to the group of customers paying no fees and gave over 2 thousand mukhtars personal accident insurance. In addition to these advantages; we offered subscription fee-free credit facilities, and in 2019, we provided more than TL 15 million of funds to 555 mukhtars. In this context, we have provided approximately TL 60 million of funds to nearly 2,500 producers.

MUHTARIM PAKETİ

Şekerbank





ENERGY EFFICIENCY



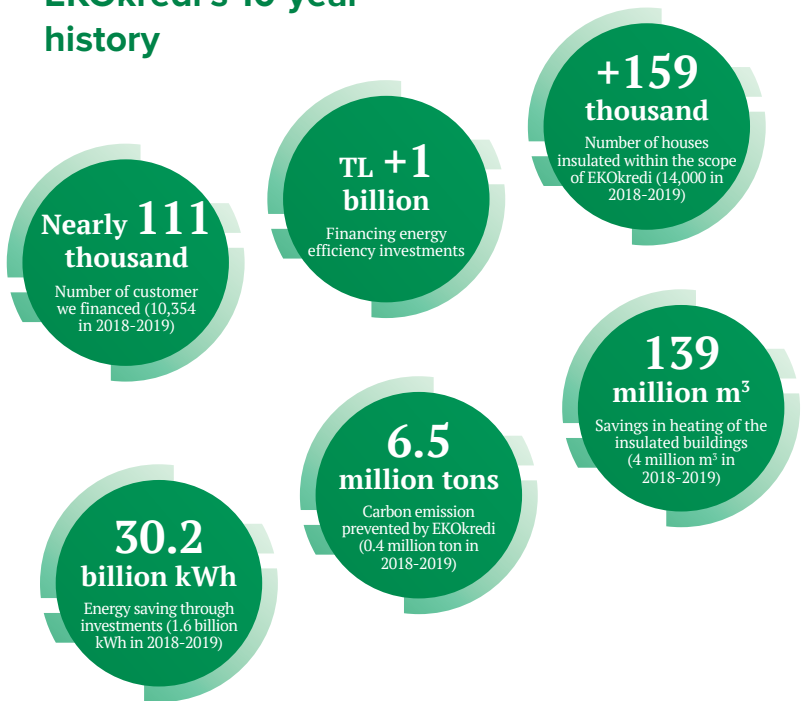
We proudly celebrated the 10th anniversary of EKO kredi, one of the Bank's most important offerings in financing sustainable development. Through EKO kredi, which expands further each year, from financing agriculture to insulation and renewable energy to waste management, we are focused on supporting Turkey's sustainable development with opportunities brought on by advanced technology.



In addition to reducing the negative effects caused by climate change, financing energy efficiency investments is one of the most important issues that the banking sector should focus on in terms of ensuring energy security both globally and locally. As a matter of fact, in Turkey, which imports a large part of its energy, supporting energy efficiency and renewable energy investments provides a significant added value to the country's economy.

As Şekerbank, we are one of the first banks to take into account the environmental and social impacts of lending activities in Turkey under the guidance of International Finance Corporation (IFC), a member of the World Bank Group. With EKO kredi, which we developed in 2009 within the scope of financing energy efficiency, we support all kinds of projects which increase energy efficiency such as insulation, solar and wind energy systems, waste treatment and management, natural gas conversion, A class electrical devices, efficient heating and cooling systems, efficient lighting systems and modern irrigation equipment. To date, we have financed the energy efficiency investments of nearly 111,000 SMEs, tradesmen, farmers and housing owners.

EKO kredi's 10-year-history



Stakeholder's Review

We used EKO kredi to conduct the internal and external thermal insulation of our residential site. Our aim was to save heat energy and reduce environmental pollution. Thanks to the building insulation provided through EKO kredi, we have achieved a 20-25% reduction in our natural gas consumption. In addition, thermal insulation also ensures that less air conditioning is used in summer. In this case, we anticipate that the investment we made with EKO kredi will be returned within 3 years. We recommend EKO kredi, which has been the most beneficial and productive loan we have used so far, to all houses and housing estates.

Bülend Kolkıran

Villa Görkem Condominium - Building Manager

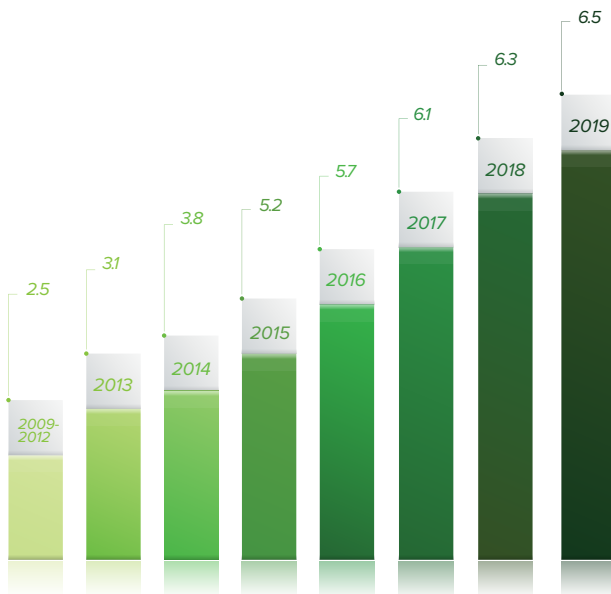
International Award from EBRD!

Şekerbank, the first bank that participated in “Turkey’s Residential Energy Efficiency Facility” (TuREEFF), held in cooperation with European Bank for Reconstruction and Development (EBRD), was awarded for EKO kredi in the 2019 TuREEFF Forum.

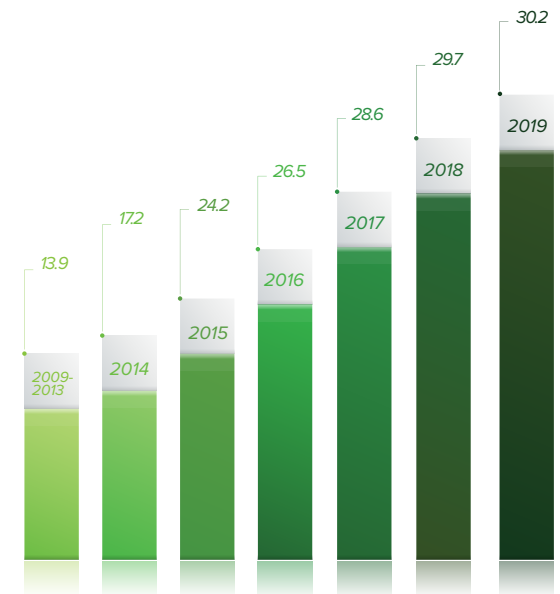


Benefits of EKO kredi

The Carbon Emissions Prevented with EKO kredi (CO₂ million ton)*



The Energy Savings Achieved with EKO kredi (Billion kWh)*



*Cumulative results from 2009 to the present.



Collaborations for EKO kredi

We cooperate with the IZODER (Association of Thermal Insulation, Waterproofing, Sound Insulation and Fireproofing Material Producers, Suppliers and Applicators) with the aim of financing energy-saving products and services. Thanks to the association's technical consultancy, we have ensured that apartment and residential site managements, as well as the end consumers who receive insulation services throughout the country, will receive services in accordance with the "TS825 insulation standards" from the leading companies in the field of insulation material and applications. In addition, we offer our customers the opportunity to finance this service with favorable interest rates in the long term.



Turkey's "Sustainable Development" Representative

As a result of an assessment conducted by Turkey's Ministry of Development, Şekerbank's project was named one of the best country applications in sustainable development and the green economy.

Şekerbank participated in Rio+20 as the sole representative of the Turkish financial services industry in 2012.





OUR EMPLOYEES



FOCUS AREAS

SUSTAINABLE DEVELOPMENT TARGETS WE SUPPORT

SDGs

Occupational Health and Safety

8.8. Protect labour rights and promote safe and secure working environments for all workers

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Employees' Rights

8.8. Protect labour rights and promote safe and secure working environments for all workers

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Training and Development

4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Diversity and Equal Opportunity

5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Within the scope of the work carried out diligently by our Business Continuity Committee, we ensured the health of our employees during the Covid-19 pandemic by establishing a flexible working arrangement, organizing the physical working spaces and providing access to digital platforms. Through the “Banki” tablet project developed as a part of the “Transformation Program”, we enable our customer representatives to attend meetings and to conduct research remotely. While our customer representatives were working remotely or in the field, accessing all the products and information in the bank, they both met customer needs easily and worked in accordance with social distancing rules.



OCCUPATIONAL HEALTH AND SAFETY

At Şekerbank, we consider our employees as our most valuable asset. Providing our employees with a safe and healthy work environment is one of the most important priorities of our Bank. Within this scope, we carry out issues related to Occupational Health and Safety (OHS) in accordance with the Occupational Health and Safety Instructions. Within the scope of the instruction and the Occupational Health and Safety Law No. 6331, we define the responsibilities among occupational safety specialists, workplace physicians and departments. Within our Bank, the responsibilities regarding the OHS are managed by the Logistics Division, and the highest responsibility authority is the Executive Vice President Financial Control, Reporting & Budget Management.

We raise our employees’ awareness by providing occupational health and safety trainings at all branches, regional directorates and headquarters, which has been obligatory since 2014. We provided 2,718 hours of OHS training to 657 in 2018 and, 2,804 hours for 558 employees in 2019. For detailed information on occupational health and safety, please refer to the **Social Performance Indicators** section.



EMPLOYEES' RIGHTS

We offer many financial and social benefits for our employees in order to provide them with better working conditions. We offer private health and life insurance to our full-time employees, along with social benefits such as compensation for moving, marriage benefits, maternity benefits, and a clothing stipend depending on their positions and when required.

Through our flexible maternity leave practices, in order to ensure the regular attendance of our female employees, we support them in establishing a balance of family and work life. Accordingly, 94% of female employees who took maternity leave in 2018 continued working on with the Bank, while 93% of the female employees who took maternity leave in 2019 also stayed on with the Bank. We seek out our employees' opinions about our Bank through our satisfaction surveys, and through open communication channels. Our 1,927 employees in 2018 and 634 employees in 2019 received 1,385 hours of training under the Law on the Protection of Personal Data, which also includes employee rights.



We respect the collective bargaining and union rights of all of our employees, and support the relevant communication efforts within the bank. In this context, as of 2019, 40% of our employees are covered by union and collective bargaining agreements. This rate has increased by 3% compared to 2017. We do not have operations where freedom of association and collective bargaining rights are at risk.

Şekerbank supports the Universal Declaration of Human Rights and complies with national laws. There is absolutely no forced, compulsory or child labor in any of our Bank's locations, including sub-employer. No cases of discrimination were received during the reporting period.



Since the beginning of the Covid-19 pandemic, as Şekerbank, we have supported all Bank employees with online training of the “Next to Development” training series. We ensured that our employees are informed through online meetings, webinars and e-learnings about “Information about Coronavirus”, “Tips for Working Remotely” and “Matters to be Considered in the Return to Work Process”. We continued to contribute to the personal development of our employees by compiling useful resources and activities with the “Online Activity Guide”.

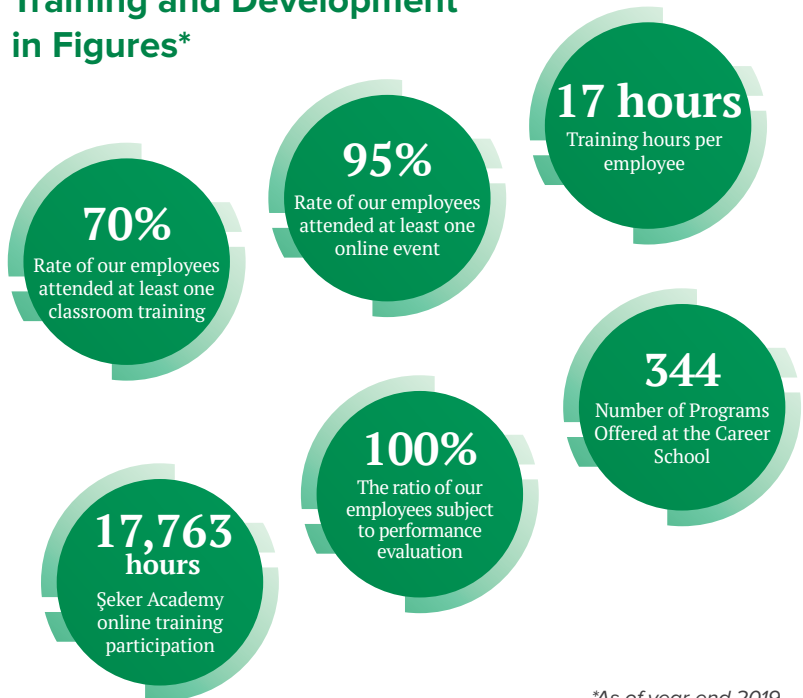


TRAINING AND DEVELOPMENT

As Şekerbank, we create progressive, systematic and innovative training programs in line with our strategies in order to increase the performance of all our employees, contribute to their personal development and support their career advancement. Through the Career School (classroom training) and Şeker Academy (e-training), in 2018-2019, we provided training courses, which are designed specifically for our employees' business units and will contribute to their technical knowledge on banking, as well as their personal development.

In addition to these platforms, we continued to enable our employees to enhance their potential through additional training courses such as elective training, distance learning, training courses outside of the bank, and on the job transfer of experience. In 2019, we provided supplementary e-learning courses on the changes made to products and systems, in accordance with the request from relevant business units. In this context, we have created e-education/ online exams. For detailed information on trainings, please refer to the **Social Performance Indicators** section.

Training and Development in Figures*



*As of year-end 2019

We measure and evaluate the goal management and sales performances of 100% of our employees in business units and branches with a transparent approach, through mechanisms such as the Şeker Kazan System (ScoreCard), “Competency Based Performance Evaluation System” and “Performance Measurement Performance System”.

DIVERSITY AND EQUAL OPPORTUNITY

At Şekerbank, we offer our 3,265 employees a fair work environment under our principles of diversity and equal opportunity regardless of age, religion, gender, nationality or disability. We ensure that our employees will not be discriminated against during their employment at Şekerbank, starting from recruitment to occupation. In this context, we guarantee the rights of our employees within our Human Resources Policy and Bonus Regulations.

We are in compliance with the high rate of female employees in the banking sector considering the percentage of female managers at our Bank. 49.5% of our employees are females, and the ratio of female employees who are managers or have more senior titles is 43.5%. The salaries of our employees with the same title and seniority are similar, regardless of gender. The salaries of our female employees working in managerial and above positions are five points higher than male employees. In all of our activities, we observe legal requirements for the employment of disabled employees.



Support to Orange the World Campaign

We also supported the “Orange the World” call that was made as part of the “16 Days of Activism against Gender-Based Violence” by UN Women worldwide in 2019. We illuminated our headquarters building in the color orange from November 25 to December 10 to raise awareness of gender-based violence.



OUR SHAREHOLDERS AND INVESTORS



FOCUS AREAS

Corporate Governance
Performance

Social and Environmental
Impact Management in
Underwriting Process

SUSTAINABLE DEVELOPMENT TARGETS WE SUPPORT

16.6. Develop effective, accountable and transparent institutions at all levels

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

12.2. By 2030, achieve the sustainable management and efficient use of natural resources

12.8. By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

SDGs



The “Transformation Program” started in the reporting period, and an important phase of the Program was carried out during the Covid-19 outbreak. The Board of Directors, the decision-making body of our Bank, played an important role with a responsive and visionary approach. Thus, we quickly adapted to the conditions in the new normal period and continued to provide uninterrupted service to our customers by prioritizing non-branch digital service channel projects among our digital transformation investments during the reporting period.



CORPORATE GOVERNANCE PERFORMANCE

As a Bank in Turkey to receive a corporate governance rating and as the first Bank to be included in the Borsa Istanbul Corporate Governance Index in 2008, we conduct our activities under the principles of fairness, transparency, accountability and within our corporate management approach and efficient corporate structure that we established with principles based on responsibility.

We monitor our compliance with the principles of corporate management at the Board of Directors level and work for its improvement. In this context, we regularly track our corporate management rating by requesting independent assessments on ‘Shareholders’, ‘Public Disclosure and Transparency’, ‘Stakeholders’ and ‘Board of Directors’ practices. The results of the evaluations made by Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri

A.Ş. (Kobirate) are given in the table below. We continued our activities with the aim of protecting and improving our corporate management rating.



Sub Categories	Weight	2018	2019
Shareholders	0.25	94.89%	94.91%
Public Disclosure and Transparency	0.25	96.41%	95.75%
Stakeholders	0.15	99.20%	99.20%
Board of Directors	0.35	90.07%	90.47%
Total	1.00	94.23%	94.21%

The Declaration of Compliance with Corporate Governance Principles is on page 67 of our **2019 Annual Report**, and explanations on the Board of Directors and Affiliated Committees are on page 71.

SOCIAL AND ENVIRONMENTAL IMPACT MANAGEMENT IN UNDERWRITING PROCESSES

Şekerbank's activities within the scope of managing social and environmental impacts are not limited to internal operations. Furthermore, at Şekerbank, we evaluate the environmental and social impacts of the projects we finance. We have been implementing and continuously developing the Social and Environmental Management System (SEMS), which is based on the analysis of the potential environmental and social impacts of the loans provided and prepared under the guidance of International Finance Corporation (IFC) - a member of World Bank Group - since 2009, as an indispensable part of our lending processes.

With our experience of being one of the first banks in Turkey to

implement SEMS we review the social and environmental impact and potential risks of the projects related to the financial support we provide to tradesmen, commercial and corporate customers, except for individual customers, based on our Social and Environmental Management System. We conduct the SEMS in coordination with our customers and significantly contribute to the enhancement of their activities by raising awareness and providing feedback on the improvement of negative issues and to ensure sustainability of the positive measures; and by following up on the actions that need to be taken. In this way, we make a significant contribution to the development of our customers' activities with the awareness of society and the

environment, and we encourage the real sector to make sustainable investments.

SEMS enables us to directly respond negatively to loan requests from some fields of activity that may have social and environmental risks, negative effects that cannot be eliminated, or are defined as objectionable in international norms. With these characteristics, SEMS enables us to monitor credit risks within this framework and to perform effective risk management. In 2019, we provided 412 hours of training to 458 employees within the scope of the Social and Environmental Impact Management in Underwriting Process.



OUR SOCIETY



FOCUS AREAS

SUSTAINABLE DEVELOPMENT TARGETS WE SUPPORT

SDGs

Environmental Impact Management

12.12. By 2030, achieve the sustainable management and efficient use of natural resources

13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Barrier-Free Banking

8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Support for Development Through Education

4.1. By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

4.a. Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Inclusivity in Culture and Arts

10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



During the Covid-19 outbreak, as a result of the precautions we took to protect the health of our employees and customers, the population at our headquarters and branches decreased. Accordingly, our energy and water consumption from our activities has also decreased. In addition to our support for inclusion projects in culture and arts in the banking sector, we continued to support social development and make a positive impact on all segments of society in this challenging period through our Şeker Çocuk Magazine.



ENVIRONMENTAL IMPACT MANAGEMENT

Combating Climate Change

We have been reporting our performance to all of our stakeholders, especially international investors, through the Carbon Disclosure Project (CDP), one of the world's leading platforms to combat climate change, by calculating our carbon footprint resulting from our activities every year since 2010. With our 2018 and 2019 reports that we prepared voluntarily, we preserved our grade B, which was also in the previous reporting period.

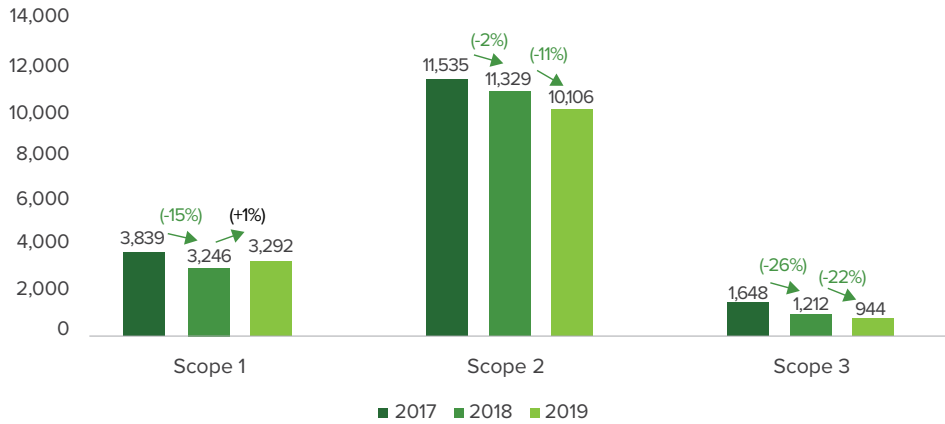
In the 2018-2019 period, we continued to strengthen the infrastructure of our carbon footprint measurement system, to improve our energy management system aimed at data reliability, and to carry out activities to increase awareness among our employees. We provided one-hour training to 253 employees with the intent of the efficient and safe usage of generators in our branches. Within the scope of the Carbon Disclosure Project (CDP) climate change, water security and sustainability, we provided a total of 2,307 hours of in-class and online training to our 2,085 employees.

Our target to combat climate change is to reduce our emission rate by 5% until 2020, based on 2016. As a result of moving to our new headquarters building in 2016, we achieved a 10% reduction in our scope 1 and scope 2 emissions. From 2017 to the end of 2019, we continued to reduce our Scope 1-2 and 3 emissions. We follow

the studies on the "Science Based Target" methodology, which is a joint venture of CDP-UNGC-WRI (World Resources Institute) and the World Resources Foundation (WWF), in order to develop more comprehensive targets starting from 2020.



Greenhouse Gas Emissions (ton CO₂e)



For detailed information on our Scope 1-2-3 explanations and our energy and emissions, please refer to the [Environmental Performance Indicators](#) section.

CDP 2019-2020 Climate Change Program and our related data verification reports are available on the links below.

[CDP Climate Change 2020](#) Please [click](#) to access our report.

[Green House Gas Emissions Verification 2019](#) Please [click](#) to access our report.

[CDP Climate Change 2019](#) Please [click](#) to access our report.

[Green House Gas Emissions Verification 2018](#) Please [click](#) to access our report.

Water Footprint

We have been reporting our performance to all our stakeholders, especially international investors, through the Carbon Disclosure Project (CDP) Water Program, by calculating our water footprint resulting from our activities every year since 2010. We received the “CDP Turkey Water Leadership” award for the work we have done on responsible water use in 2016. Our score in both 2018 and 2019 reports, which we prepared voluntarily, was B-.

For detailed information on our water data, please refer to the [Environmental Performance Indicators](#) section.

CDP 2019-2020 Water Program and our related data verification reports are available on the links below.

[CDP Water 2020](#) Please [click](#) to access our report.

[Water Verification 2019](#) Please [click](#) to access our report.

[CDP Water 2019](#) Please [click](#) to access our report.

[Water Verification 2018](#) Please [click](#) to access our report.

BARRIER-FREE BANKING

In line with our responsible banking approach, we implemented a “Barrier-Free Banking” project in order to enable our clients with special needs to access our products and services more easily. Within the scope of the project, we offer both our existing clients with special needs, and clients who wish to work with us, priority and free use of several services provided by our Bank. For the implementation of the service, we first provide e-training on sign language for our employees so that they can provide direct services to our clients with special needs, and we also make arrangements at our branches and ATMs to allow our clients with special needs to receive services without effort. In the reporting period, we completed the audio menu enhancements to facilitate the access of our visually impaired customers to our banking products and services via our ATMs.



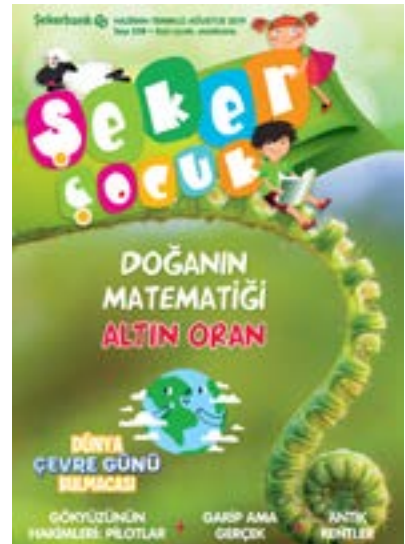
SUPPORT FOR DEVELOPMENT THROUGH EDUCATION

Şeker Çocuk (Şeker Child) Magazine

Şekerbank's periodical magazine Şeker Çocuk (Şeker Child) has been in publication for 36 years. Its content mainly addresses primary school students, and aims to support their fundamental education. The magazine reaches thousands of children in Turkey, through 238 Şekerbank branches in 67 provinces and 87 districts, hundreds of primary schools in villages, kindergartens in Child Protection Institutions and in hospitals. During the reporting period,

our magazine reached approximately one million children.

We also publish the Braille Alphabet version of the magazine (published in the tactile writing system used by people who are blind or visually impaired) and deliver to schools and rehabilitation centers for visually impaired children. “Şeker Çocuk” magazine received a Special Prize as the Best Social Responsibility Project at the Third TCMA Capital Markets Awards, organized by the Turkish Capital Markets Association (TCMA) in 2018.



INCLUSIVITY IN CULTURE AND ARTS

Dokunduğum Renk (The Color I Touch) Project

As Şekerbank, we sponsor the “Dokunduğum Renk (The Color I Touch)” project, which was developed by the Istanbul Modern Museum to benefit visually impaired children through various workshops and movie screenings with the help of specialists. Through the project, which we have been sponsoring since 2011, we have reached out to more than 4,000 visually impaired children, teenagers and adults, 1,200 of them in the reporting period. With the “Dokunduğum Renk (The Color I Touch)” project, we aim to improve life quality and to contribute to the discovering of their own creative paths.



Açıkekran

Şekerbank Açıkekran New Media Arts Gallery, Turkey's first culture-art initiative that emphasizes new media and video art, continued to host contemporary art through its branches in 2019.

Açıkekran platform, exhibited works that are also exhibited in some of the world's most reputable art institutions at nine Şekerbank branches in eight Anatolian cities, namely Istanbul Merkez Branch, Ankara Küçükesat and Kızılay, Tekirdağ Alpullu, Ordu, Izmir, Bodrum, Mardin and Edirne. Through the project, we have reached millions of people since 2011.



APPENDIX

Memberships and Endorsed Initiatives

We are a founding member of the Business Council for Sustainable Development (BCSD Turkey) which is Turkey's representative of the World Business Council for Sustainable Development (WBCSD). Since 2013, we have been leading the association's Sustainable Finance Working Group and we are working to organize a special summit and raise awareness in this area every year.

National and International Organizations, Associations and Chambers

Business Council for Sustainable Development in Turkey (BCSD Turkey)

Corporate Communications Professional Association (KİD)

Association of Advertisers (RVD)

The Banks Association of Turkey (BAT)

Corporate Governance Association of Turkey (TKYD)

Turkish Green Building Council (ÇEDBİK)

Financial Literacy and Inclusion Association (FODER)

Institute of International Finance (IIF)

Endorsed Initiatives

United Nations Global Compact (UNGC)

United Nations Environment Program Financial Initiative (UNEP-FI)

United Nations Women's Empowerment Principles (UN WEPs)

Carbon Disclosure Project - Climate Change and Water Programs (CDP)

Role of The Financial Sector In Sustainable Growth Working Group (BAT)

Business Leadership Criteria on Carbon Pricing (CPLC)

Communication Platforms with Our Stakeholders

KEY STAKEHOLDERS	Communication Platforms
OUR CUSTOMER	All authorized communication channels, Public Disclosure Platform e-bulletins, call center, branches, website, social media accounts, promotional campaigns, special customer meetings, art activities
OUR EMPLOYEES	Employee satisfaction survey, corporate performance system, meetings, e-mail announcements, e-mail newsletters, Şeker.Net portal and “I have a suggestion” platform
OUR SHAREHOLDERS AND INVESTORS	General Assembly meetings, Public Disclosure Platform, annual and interim reports, CMB Corporate Governance Principles Compliance Report, press releases, financial statements, reporting
OUR SOCIETY (Public and Regulatory Authorities, National and International Financial Institutions, Media, Non-Governmental Organizations, Local Community)	Public Disclosure Platform, website, meetings, legal compliance and annual reports, individual interviews, various working groups, Press Releases, social media accounts, memberships, panel discussions and forums, conferences, Regional Offices and Branches

Foreign Borrowings

In 2018 and 2019, we raised a total of TL 1,293,316,000 in funds from financial institutions within the purpose of on-lending in SME, agriculture, women entrepreneurs, energy efficiency, micro finance and foreign trade financing. The breakdown of these funds we raised according to segments and the contributing institutions are shown in the chart below.

SME Backed Covered Bond / FMO – Dutch Development Bank	Financing SME and Agriculture 15%
SME Backed Covered Bond / EIB - European Investment Bank	SME and Micro Finance 31%
ETDB – Eco Trade and Development Bank	
IFC - International Finance Corporation	
KfW - German Development Bank	Financing SMEs 19%
AFD - French Development Agency	
FMO - Dutch Development Bank	
SME Backed Covered Bond / IFC - International Finance Corporation	Energy Efficiency 15%
EBRD - European Bank for Reconstruction and Development	
OeEB- Development Bank of Austria	
GCPF - Global Climate Partnership Fund	
FMO - Dutch Development Bank	Financing SME and Women Entrepreneurship 5%
IFC - International Finance Corporation	
TSKB & IBRD - Türkiye Sınai Kalkınma Bankası & International Bank for Reconstruction and Development	
FMO - Dutch Development Bank	Financing Foreign Trade and Others 14%
Subordinated Bond	
Syndication	

Awards



2018	Product	Award	Awarding Organization
	Şeker Çocuk*	Best Social Responsibility Project award	Turkish Capital Markets Association (TCMA)
	Corporate Reputation / Ethics **	ETİKA Turkey Ethics Awards	Center for Ethical Values (EDMER)

* “Şeker Çocuk” magazine, distributed free of charge to children via the Bank’s branches and village schools across Turkey, received a Special Prize as the Best Social Responsibility Project at the Third TCMA Capital Markets Awards, organized by the Turkish Capital Markets Association (TCMA).

** As the first bank in Turkey to receive a corporate governance rating, Şekerbank won the ETİKA 2017 Ethics Award for the third time. ETİKA Turkey Ethics Awards is organized by the Center for Ethical Values (EDMER) to recognize business ethics and ethical values in companies.



2019	Product	Award	Awarding Organization
	SME***	SME Finance Awards 2019	SME Finance Forum
	EKO kredi****	Turkey’s Energy Efficiency Program of Housing (TuREEFF)	EBRD

*** Şekerbank received an award in the “Women’s SME Bank of the Year” category at the Global SME Finance Awards 2019 organized by SME Finance Forum.

**** With EKO kredi, which we developed to support all investments in energy savings, we have productive partnership with international development banks and funds. These partnerships continue to bring rewards to both our Bank and our customers. As the first bank that participated “Turkey’s Energy Efficiency Program of Housing” (TuREEFF), held in cooperation with European Bank for Reconstruction and Development (EBRD), Şekerbank was awarded with EKO kredi on November 26, 2019 TuREEFF Forum. At the TuREEFF Forum, in which Şekerbank SME Banking Marketing Manager also participated as a panelist, our customers, Zafer Hakan Yapı İnşaat, Modern Air Conditioning, Elvan İnşaat, Eldem AŞ and Neyka Nakliyat were also awarded with their projects that increase energy efficiency in residences, as well as our Bank.

PERFORMANCE TABLES

Social Performance Indicators

Number of Employees	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Full-time	1,771	1,813	1,777	1,759	1,613	1,641
Part-time	3	4	4	7	4	7
Total number of employees	1,774	1,817	1,781	1,766	1,617	1,648
Total	3,591		3,547		3,265	

Number of Employees by Age and Gender	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
>50 Years old	12	63	13	77	10	75
30-50 Years old	1,140	1,299	1,173	1,323	1,144	1,281
<30 Years old	622	455	595	366	463	292
Total number of employees	1,774	1,817	1,781	1,766	1,617	1,648

Number of Newly Hired Employees by Age and Gender	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
>50 Years old	4	9	1	5	0	5
30-50 Years old	108	162	69	113	40	49
<30 Years old	180	182	177	142	68	63
Total number of new employees	292	353	247	260	108	117

Number of Employee Turnover by Age and Gender

	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
>50 Years old	3	18	3	25	6	30
30-50 Years old	175	198	130	163	190	154
<30 Years old	94	77	95	109	88	61
Total number of employee turnover	272	293	228	297	284	245

Top Management by Age and Gender

	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
>50 Years old	0	3	0	3	0	3
30-50 Years old	1	7	1	7	1	7
<30 Years old	0	0	0	0	0	0
Total number of top managers	1	10	1	10	1	10

Directors and Upper Level Employees Breakdown by Age and Gender

	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Top management (GM and EVP)	1	10	1	10	1	10
Group managers	1	4	0	5	1	4
Managers	104	252	106	258	91	244
Directors	581	596	613	613	543	566
Total number of top managers	687	862	720	886	636	824

Number of Employees Benefitting from Maternal/ Paternal Leave	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of employees benefitting from maternal/paternal leave	112	0	148	0	121	0
Number of employees returning from maternal/paternal leave	108	0	139	0	113	0
Ratio	96.4%	0%	93.9%	0%	93.4%	0%

Turnover Ratios	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
>50 years old	27%	27%	24%	34%	52%	38%
30-50 years old	17%	17%	11%	12%	16%	11%
<30 years old	18%	28%	13%	18%	14%	17%
All Employees (Female /Male)	N/A	N/A	11%	14%	16%	13%
All Employees	N/A	N/A	13%		15%	

Employees under Collective Bargaining Agreement	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of employees under collective bargaining agreement	737	592	762	578	730	572
Total	1,329		1,340		1,302	

**Occupational Health and Safety
(Employees)**

	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of accidents	4	4	3	0	8	5
Number of fatalities related to work	0	0	0	0	0	0
Number of occupational disease cases	0	0	0	0	0	0
Absenteeism	0	0	0	0	36	2
Accident frequency rate	2.78	2.78	2.08	0	5.55	3.47
Occupational disease rate	0	0	0	0	0	0
Lost workdays rate	0	0	0	0	0.27	0.13
Absenteeism rate	0	0	0	0	0.145	0.008

**Occupational Health and Safety
(Subcontractors)**

	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of accidents	0	1	0	0	2	0
Number of fatalities related to work	0	0	0	0	0	0
Number of occupational disease cases	0	0	0	0	0	0
Absenteeism	0	0	0	0	0	0
Accident frequency rate	0	0.69	0	0	1.38	0
Occupational disease rate	0	0	0	0	0	0
Lost workdays rate	0	0	0	0	0	0
Absenteeism rate	0	0	0	0	0	0

Calculations and Explanations:

Absenteeism rate: Calculated without 104 weekends and 15 days public holidays. Annual leaves are not included.

Accident frequency rate: Calculated based on the daily 8-hour working time of all employees for 30 days. Weekends, public holidays, annual leaves, etc. are not included.

(Total working hours: 750 persons*40 hours*4 weeks*12 Months = 1,440,000)

Lost workdays rate: Number of occupational accidents causing lost working days * 200,000 / total working hours

Occupational Health and Safety Training	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of employees participating in training	132	158	301	356	308	250
Total amount of training (hours)	1,056	1,264	1,252	1,466	1,580	1,225
Average hours of OHS training per employee	0.60	0.70	0.70	0.82	0.98	0.74

Other OHS Indicators:

The OHS boards established in our Bank's Head Office and our Ankara Service Building, where the Central Anatolia Regional Directorate is located, meet quarterly to make decisions regarding the health and safety of the employees and ensure their implementation. The Boards represent all employees in these locations. In other locations, legal requirements (risk analysis studies, preparation of emergency action plans, training etc.) within the scope of Law No. 6331 are systematically fulfilled.

There are no high OHS risks in our sector and our Bank.

OHS issues are not included in our Collective Bargaining Agreement. OHS issues are executed within the scope of Law No. 6331.

Our Supply Chain (GRI 102-9)

As a Bank, we aim to reflect our sustainability approach to our entire value chain. While carrying out the procurement of products and services within the framework of the existing "Regulation on Purchase-Sale and Bidding Transactions", we prioritize local companies in the selection of suppliers to support the national economy. We are working with suppliers in many different categories, including office supplies, maintenance and repair services, drinking water and cargo services. As of the end of 2019, 84.2% of 284 suppliers from which we purchase products and services are local suppliers.

Local Communities (GRI 413-2)

We do not have any operations with significant actual and potential negative impacts on local communities.

Employee Training	2017		2018		2019	
	All Employees		Female	Male	Female	Male
(Face-to-Face Trainings)	All Employees		Female	Male	Female	Male
Total hours of training provided	65,663		33,481	45,759	24,613	27,894
Number of employees participated	8,378		4,118	5,176	3,300	3,170
Average hours of training per employee	18.29		18.67	25.74	15.22	16.93

Trainings	2017	2018	2019
Number of programs offered at the career school (Classroom Trainings)	627	503	344
Number of attendees at the Şeker Academy (Online Trainings)	34,226	17,708	17,763

Environmental Protection Awareness Trainings

	2018		2019	
(Classroom and Online Trainings)	Number of Participants	Total Hours	Number of Participants	Total Hours
CDP Climate Change, Water Security and Sustainability Trainings	1,504	1,654	581	653
Environmental and Social Impacts in Underwriting Process	N/A	N/A	458	412
Efficient and Safe Usage of Generators in Our Branches	190	190	63	63

**Other Trainings**

(Classroom and Online Trainings)

	2018		2019	
Anti-Bribery and Anti-Corruption	Number of Participants	Total Hours	Number of Participants	Total Hours
Methods for Detecting and Preventing Fraud in Banking	464	563	128	159
Fight Against Laundering of Proceeds of Crime and Financing of Terrorism	1,159	1,992	2,635	2,953
Features of Original Banknotes and Counterfeit Banknotes	146	869	55	327
Counterfeit Banknotes	129	452	73	256
Fraud Investigation and Remote Auditing Techniques	12	42	23	161
Total	1,910	3,918	2,914	3,856

Employees' Rights	Number of Participants	Total Hours	Number of Participants	Total Hours
KVKK (Law on the Protection of Personal Data) Trainings	1,927	1,031	634	351

Ethics and Compliance	Number of Participants	Total Hours	Number of Participants	Total Hours
Information Technology Law	N/A	N/A	95	95
Cyber Crimes	N/A	N/A	85	85
Internet Law	N/A	N/A	86	86
Information Security and Awareness Trainings	399	858	2,369	5,159
Competition Law	304	304	107	107
Consumer Rights in Bank Transactions	N/A	N/A	84	84
Total	703	1,162	2,826	5,616

Environmental Performance Indicators

Green House Gas Emissions (ton CO ₂ e)	2017	2018	2019
Scope 1*	3,839	3,246	3,292
Scope 2**	11,535	11,329	10,106
Scope 3***	1,648	1,212	944
Total Greenhouse Gas Emissions (Scope 1+2+3)	17,022	15,787	14,342
Greenhouse Gas Emissions per employee (Scope 1+Scope 2/number of employees)	4.28	4.08	4.10

2018-2019

Scope 1	<p>* Conversion factors for fuels (natural gas, coal, generator (diesel oil, gasoline), etc.) were derived from the data provided by the Intergovernmental Panel on Climate Change (IPCC). The references used were IPCC Guidelines for National Greenhouse Gas Inventories Table No: 2.4 in Chapter 2: Stationary Combustion.</p> <p>* Conversion factors for mobile combustion fuels (company vehicles (diesel oil, gasoline), etc.) were derived from the data provided by the Intergovernmental Panel on Climate Change (IPCC). The references used were IPCC Guidelines for National Greenhouse Gas Inventories Table No: 3.2.1 and No: 3.2.2 in Chapter 2: Mobile Combustion.</p>
Scope 2	** IEA - CO2 Emissions from Fuel Combustion, 2017 Edition source prepared by International Energy Agency (IEA) for electricity consumption emission factors was used.
Scope 3	<p>*** Scope 3 'Defra 2019 Emission Factors' prepared by the UK government for conversion factors of paper consumption and air travel data in calculations of greenhouse gas emissions. Scope 3 - Material Use / Business Travel – Air were used. Scope 3 greenhouse gas emissions calculations for personnel services, the IPCC's emission factors for fuels and the Ministry of Energy and Natural Resources prepared by the Ministry of Energy and the Lower Thermal Values of the Equivalents of Oil Equivalent Conversion Table.</p> <p>2019: *** Refrigerant gases conversion factors were derived from the "Defra 2019 Emission Factors - Scope 1 - Refrigerant & other" prepared by the UK government.</p> <p>2018: *** Refrigerant gases conversion factors were derived from the "Defra 2017 Emission Factors - Scope 1 - Refrigerant & other" prepared by the UK government.</p>

2017

Scope 1	* Defra 2017 Emission Factors prepared by the UK government for the emission factors of fuel consumption (such as natural gas, diesel, gasoline). Scope 1 - Fuels source is used. 'Defra 2017 Emission Factors' prepared by the UK government for the emission factors of refrigerant gases. Scope 1 - 'Refrigerant & other' and 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2, Chapter 1 sources were used.
Scope 2	** IEA - CO2 Emissions from Fuel Combustion, 2017 Edition source prepared by International Energy Agency (IEA) for electricity consumption emission factors was used.
Scope 3	*** Scope 3 'Defra 2017 Emission Factors' prepared by the UK government for conversion factors of paper consumption and air travel data in calculations of greenhouse gas emissions. Scope 3 - Material Use / Business Travel - Air and (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2017) were used. Scope 3 greenhouse gas emissions calculations for personnel services, the IPCC's emission factors for fuels and the Ministry of Energy and Natural Resources prepared by the Ministry of Energy and the Lower Thermal Values of the Equivalents of Oil Equivalent Conversion Table.

Energy Consumption	2017	2018	2019
Natural gas* (m ³)	538,185	461,947	415,707
Coal* (ton)	105.2	116.5	54.2
Electricity** (kWh)	20,682,200	20,312,064	18,120,445
Diesel* (liter)	736,592	573,973	624,715
Gasoline* (liter)	107,302	66,094	91,571
Total energy consumption (GJ)	125,098	111,545	104,664
Energy consumption per employee (GJ/number of employees)	34.83	31.24	32.06

2017

2018

2019

* Density and conversion coefficient values for natural gas, coal, gasoline and diesel, 'Regulation on Increasing Efficiency in the Use of Energy Resources and Energy' (Official Gazette: 27 October 2011/28097: VAL.03 / 09 / 2014-29108), ANNEX-2 : 'Lower Thermal Values of Energy Resources and Conversion Coefficient to Petroleum Equivalence' table.

** Since the supply unit for electricity is invoiced in kWh, kWh - GJ conversion is made while the energy conversion is performed. 1 kWh = 0.0036 GJ conversion factor was used for this conversion.

Water Consumption	2017	2018	2019
Network water (m ³)	52,608	50,200	55,080
Total water consumption (m ³)	54,058	51,700	56,603
Water consumption per employee (m ³ /number of employees)	15.05	14.48	17.34

Recycled or reused water is not used within Şekerbank.
No water source is significantly affected by withdrawal of water by Şekerbank.

United Nations Global Compact (UNGC) Progress Statement

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<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</p> <p>Principle 2: Businesses should make sure that they are not complicit in human rights abuses</p>	Human Rights	Page 35
Labor Standards		
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor</p> <p>Principle 5: Businesses should uphold the effective abolition of child labor</p> <p>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation</p>	Human Rights	Page 35
Environment		
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges</p> <p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly Technologies</p>	Energy Efficiency Environmental Impact Management	Page 28 Page 44
Anti-corruption		
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>	Sustainability Management Structure and Monitoring Tools	Page 10



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Turkish version of the report.

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102-5	Ownership and legal form	Corporation
102-6	Markets served	Page 8
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102-8	Information on employees and other workers	Page 52-53
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102-16	Values, principles, standards, and norms of behavior	Şekerbank Ethical Principles are available on our website .
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Governance		
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