

**INTEGRATED  
REPORT  
2021**

**Our principle  
is sustainability,  
our method is  
integrated  
focus**

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We were established in 1953 to support rural development and agriculture sector. We became one of the key players of the country's development with Community Banking development with our mission over time. On this scope, we have undertaken many initiatives, which are the first in the Turkish banking sector. Today, with the strength of our roots, we continue our efforts to support the sustainable development of our country.

While we carry our success to the future with our Sustainable Banking approach, we move forward with the responsibility of being a bank that produces, develops and rises in Anatolia increase the value we add to people, society and the environment, and we move forward.



## ABOUT THE REPORT

**We are pleased to submit to the opinion of our stakeholders our first integrated report which marks a key turning point in our sustainability journey and demonstrates our 2020-2021 financial performance by adopting an integrated reporting approach with a focus on Environment, Society and Governance.**

Şekerbank was established 68 years ago as a cooperative bank for financing sustainable development with the aim of supporting rural development and the agricultural industry and, become a role model in the inclusive banking area. This unique role of the Bank is built on its strong customer base, especially in rural locations with intensive agricultural activities where it operates a well-established branch network, with highly competent staff in local banking in addition to as well as its collective capital structure.

Delivering many firsts in sustainable development banking in Turkey thanks to its solid track record and its legacy as an Anatolian bank, Şekerbank has started to harmonize the environmental and social aspects of its production-based and society-oriented activities in line with international practices, as of the second half of the 2000s. Accordingly, the Bank reshaped its strategy and banking activities with a focus on environment, society and governance and set relevant policies at the Board of Directors's level, adopting a reporting principle which monitors its performance relating to sustainable banking activities in line with its business targets. In this context, the Bank embarked on its integrated reporting journey in 2013 and, after the United Nations Sustainable Development Goals were announced in 2015, all of Şekerbank's sustainable banking activities have been categorized under four groups in line with the relevant global targets:

- Sustainable agriculture
- Energy efficiency and combating climate change
- Financial inclusion and banking for women
- Supporting production and employment.

Şekerbank set its business targets under these topics as criteria for its financial performance and stepped into the integrated reporting process with the aim of measuring and reporting the social, economic and environmental value created by the Bank in the relevant areas in a much more extensive manner.

Thus, the financial targets and the social and environmental impact/value performance delivered to realize such targets, which are inseparable for Şekerbank, are presented in this report with a perspective that is in harmony with the integrated thinking system.

We are pleased to submit to the opinion of our stakeholders our first integrated report which marks a key turning point in our sustainability journey and demonstrates our 2020-2021 financial performance by adopting an integrated reporting approach with a focus on Environment, Society and Governance.

Our Integrated Report covers the environmental, social and governance performance of our bank between 1 January 2020-31 December 2021. In the report, "Bank" and "Our Bank" all refer to Şekerbank T.A.Ş. and, 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.

This report has been prepared in accordance with the GRI Standards: Core option. Our report relies on Integrated Thinking Principles and is also aligned with the requirements of the United Nations Global Compact Principles (UNGC), to which we are a party, and includes our direct contributions to the United Nations

Sustainable Development Goals (SDGs) and their targets. In line with the global reporting standards, our Integrated Report has been prepared in accordance with the GRI Standards: Core option.

**You may also contact us for any questions and comments concerning our report at [surdurulebilirlik@sekerbank.com.tr](mailto:surdurulebilirlik@sekerbank.com.tr).**



## CHAIRMAN'S MESSAGE

**The social and environmental developments that we experienced globally in 2020 and 2021 prove that our Bank took the right step by conducting its activities from the viewpoint of their social and environmental impacts acting as a pioneer in our country, even before the concept of sustainable banking was not yet a hot topic.**

The global social and environmental issues triggered by the Covid-19 pandemic as of 2020 have become more complicated to resolve with the Russian invasion of Ukraine, which emerged at the beginning of 2022, and the current global environment has led to the possibility of an early occurrence of possible crisis scenarios due to climate change and food safety.

This has also made it more essential to adopt an integrated mindset with regards to the measuring and reporting of climate related risks and environmental impacts, on which significant progress has been made in the recent years, especially by the global finance sector. Thus, for our Bank, which inherited the sustainable banking mission from its founders and has been conducting its activities accordingly for 68 years, stepping into the integrated reporting system provides significant benefits for developing our capacity to define and manage risks arising from external factors which we may face in the medium and long term.

The global transformation, which gained pace as of the last quarter of the 20th century, continues to accelerate as the income distribution has worsened and social balances have taken new forms in almost every country. In 2015, the deadline set for achieving the United Nations Sustainable Development Goals, which were announced to create global enthusiasm for a more sustainable future is only eight years away.

The Glasgow Climate Pack, which was created in 2021 as part of the COP26 Summit held in Glasgow and signed by around 200 countries, remains committed to limit the global temperature rise to 1.5 degrees, and it is expected that nations will act fast and be committed to seriously achieving and even improving on the 2030 goals. During the Summit, many developed countries made a commitment to provide financial support to developing countries for the purpose of promoting environmental good practices.

The global finance sector played a more active role in 2021 in order to manage climate risks which are far more difficult to resolve by governments alone. More than 450 financial institutions controlling 130 billion dollars announced that they will support sustainability-driven investments and contribute to climate funds.

Globally in 2020 and 2021 the social and environmental developments that we experienced prove that our Bank took the right step by conducting its activities from the viewpoint of their social and environmental impacts acting as a pioneer in our country, even before the concept of sustainable banking was not yet a hot topic.

We take justified pride in representing the sustainable banking heritage in a number of areas from EKO kredi, the first energy efficiency financing product in Turkey, to our current micro financing project, which is also one-of-its-kind in our country, and to our historical role in supporting the agricultural production.



Thanks to International Financial Institutions' recognition of our efforts of being an institution with 100% of its foreign funding obtained for the purpose of financing energy efficiency investments and supporting farmers, women entrepreneurs and SMEs, i.e., the financing of sustainable development; we believe that sustainable banking plays a key role in enabling our country to access foreign resources.

Combining the global and local scales through a perspective of sustainable banking, Şekerbank has been playing an active role for years as an Anatolian bank in many international platforms in the field of sustainability. Within the scope of the United Nations Global Compact (UNGC) that we signed in 2015, we aligned our Bank's Strategy with ten principles of United Nations Global Compact and continue to fulfill the requirements. Şekerbank also participated in the Target Gender Equality program introduced in 44 countries by the United Nations Global Compact with the aim of strengthening women representation and leadership in the business world during the reporting period. On the other hand, we committed to adhering to the "Principles For Responsible Banking" introduced by UNEP FI as one of the 130 founding signatory banks in the World with a total asset size exceeding USD 47 billion.

The years 2020-2021 challenged the entire world, yet gave our Bank an important opportunity in terms of technological transformation and renewal and Şekerbank made great progress with the "Digital Transformation Program" launched during the same period, which is also reflected in the financial results of 2021. As part of the Digital Transformation Program, we gave priority to our farmers and SMEs and extended financial access in rural areas through digital facilities. We work continuously to further develop our initiatives to allow tradesmen, farmers and SMEs, who need more financial support during the pandemic, to submit much faster credit applications regardless of their location by using the digital infrastructure.

Building on knowledge accumulated over about 15 years since we started to measure the social and environmental risks of our activities and the investments, we are pleased to present you, our valued stakeholders, the achievements we obtained during the 2020-2021 period and our commitments associated with the sub-targets of the 11 goals out of 17 Sustainable Development Goals, in our Integrated Report.

Yours respectfully,

**Dr. Hasan Basri Gökten**  
Chairman of the Board of Directors  
Executive Board Member

## ORGANIZATIONAL PROFILE

**Şekerbank, which operates across Turkey with 238 branches and 7 regional offices delivers upon a banking tradition that has embraced all segments of society, supported production and encouraged widespread savings for 68 years.**

Established in 1953 to support rural development and the agricultural industry with the savings of hundreds of thousands of beet cooperative member farmers in Anatolia, our Bank has delivered upon a banking tradition that has embraced all segments of society, supported production and encouraged widespread savings for 68 years.

We operate across Turkey with 238 branches, 72 percent of which are located outside the top three large cities, and seven regional offices. With the support of our well-established branch network spanning 67 provinces and 90 off-center districts in Turkey, most of which have operated at the same location for more than a half century, we take justified pride in being one of the most established brands in the Turkish Banking sector with our customer base consisting of farmers and SMEs with whom we have grown together with for generations, as well as with our widespread and solid deposit structure.

As of the second half of the 2000s, our Bank started to advance the phenomenon of sustainable banking, which is the common ground for all of its activities in line with the social mission defined during its establishment, by adopting a global perspective and delivering a number of initiatives, many of which were a first in the Turkish banking sector.

Şekerbank is a leader in sustainable banking not only with its banking activities but also with its legacy of governance and became the first bank in the Turkish banking sector to receive a corporate governance rating in 2008.

As part of EKO kredi, the first energy efficiency financing product in Turkey which was developed in 2009 and has so far helped more than 120,000 people conserve energy, our efforts to provide financing and to raise social awareness were also recognized by the public authorities. We took great pride in representing the Turkish Banking sector in the Rio+20 United Nations Sustainable Development Conference in 2012 with EKO kredi, which was selected as one of the best sustainable banking applications by the Ministry of Development.

The inclusive banking activities of our Bank in rural areas helped us to position ourselves as a key bank for the development-oriented International Finance Institutions to deliver global financing opportunities to local communities through every era. In this respect, we built a significant financing bridge between international financial institutions and Turkish SMEs through issuing "The First Securities in the World that are Backed by SME Credits (Covered Bond) in 2011.

In 2014, we started the Family Farming Banking project which was the first of its kind in Turkey under which we supported the continuity of agricultural production, collective farming and small producers and worked to maintain the local culture. Thus, we delivered a number of pioneering initiatives in terms of inclusive financing and harmonized our strategy with the United Nations Development Goals.

As part of the "Transformation Program" launched in 2018 to carry this heritage to the future by renewing and digitalizing the entire technological infrastructure, processes and channels of our Bank from end to end, we delivered upon our sustainable banking mission and extended financial access through rural digital banking practices.

As we prepare a place for ourselves in the future of banking, we continue, and will continue, to focus on the financing of environmentally sustainable and socially inclusive growth with our activities grouped under the topics of sustainable agriculture, financial inclusion and banking for women, supporting production and employment, energy efficiency and combating climate change.



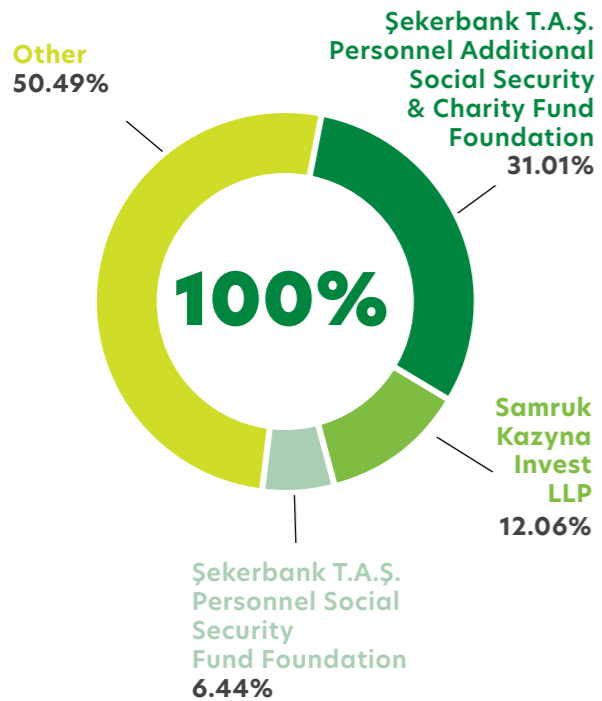
**We take justified pride of being one of the most established brands of the Turkish Banking sector with both our customer base consisting of farmers and SMEs with whom we have grown together for generations and our extensive and robust deposit structure.**

## ORGANIZATIONAL PROFILE

### Şekerbank's Shareholding Structure

Shareholders	Number of Shares	Total Nominal Value (TRY)	Share Ratio (%)
Şekerbank T.A.Ş. Personnel Additional Social Security & Charity Fund Foundation	576,786,000.80	576,786,000.80	31.01
Samruk Kazyna Invest LLP	224,353,417.47	224,353,417.47	12.06
Şekerbank T.A.Ş. Personnel Social Security Fund Foundation	119,730,103.73	119,730,103.73	6.44
Other	939,130,478.00	939,130,478.00	50.49
<b>Total</b>	<b>1,860,000,000.00</b>	<b>1,860,000,000.00</b>	<b>100.00</b>

The Bank's capital does not have any privileged shares as of 31.12.2021.  
There is not a real person shareholder with a share exceeding 5%.



**Subsidiaries:**  
 Şeker Securities  
 Şeker Factoring  
 Şeker Leasing  
 Şekerbank (Kıbrıs) Ltd.  
 Şeker Finance  
 Şeker REIT  
 Şekerbank International Banking Unit Ltd.

RESPONSIBLE  
FOR ANATOLIA  
FOR THE PAST  
**68 YEARS**

## our mission

With the "Community Banking" understanding from village to city, we are a modern bank that considers both local features and needs, introduces banking services to those who do not use a bank, grows by creating value together with its satisfied customers, employees and partners, and gains its strength from its deep rooted past.

## our vision

To become the "leading bank in financing small enterprises" among Turkey's top 10 private banks in terms of asset size.

## 2020-2021 ECONOMIC OUTLOOK

**Through its digital channel infrastructure that was built in 2021, Şekerbank launched projects that can provide financial services to more remote areas, carrying its historical leadership in financial inclusion to the future.**

The years 2020 and 2021 were marked by the Covid-19 pandemic which drastically affected the lives of people around the world drastically and almost drove to global economy to a deadlock. The global economy contracted by 3.2% in 2020, according to the "2021 World Economic Outlook Report" prepared by IMF. As the pandemic became a stubborn reality in March 2020 and later, governments worldwide took a series of financial measures in order to reduce the effects of the pandemic, to support production and to eliminate any possible inequality of income, and these expansionary steps were supported by monetary policies implemented by central banks.

The Turkish economy saw a 9.9 percent contraction in 2020 Q2 during which pandemic measures had been implemented at the highest level but still achieved a 6.7 percent growth in Q3 thanks to the normalization period started as of June 1 and the measures taken by government in order to revive the economy. Turkey became the fastest growing country in Q3 among G-20 countries and was one of the countries ending the entire year of 2020 with the highest growth performance in the world at the rate of 1.8%.

In 2021, while new waves of Covid-19 emerged, it was also the year when economic recovery started. Our strong national vaccination campaign and easy access to vaccines helped the rate of the vaccinated population to rise above 60 percent, contributing greatly to bringing the possible damage from the pandemic on the economy to the minimum level. The Turkish economy achieved a growth of 7.4 percent in the first quarter of 2021 which started with strong momentum in the industrial

sector and became the second country to record the highest growth among OECD countries with a record-high annual growth of 23.3% with the base effect in Q2. Maintaining its strong growth performance in Q3 as well at the rate of 7.4%, the growth in the Turkish economy was highlighted by the support obtained from exports. Despite fluctuations in financial markets, the momentum in our economy was also sustained in the last quarter with an annual growth of 9.1% and Turkey demonstrated the strongest growth performance among G20 countries with 11 percent growth in 2021.

On the other hand, the inflation rates in developed countries reached the highest levels of recent history with the impact of the unprecedented expansionary steps taken at a global scale in order to reduce the effects of the pandemic, as well as the increased demand due to vaccination. In this respect, it is widely accepted that the main global theme of the next period will be monetary tightening under the FED leadership, which will create a significant pressure on the developing economies.

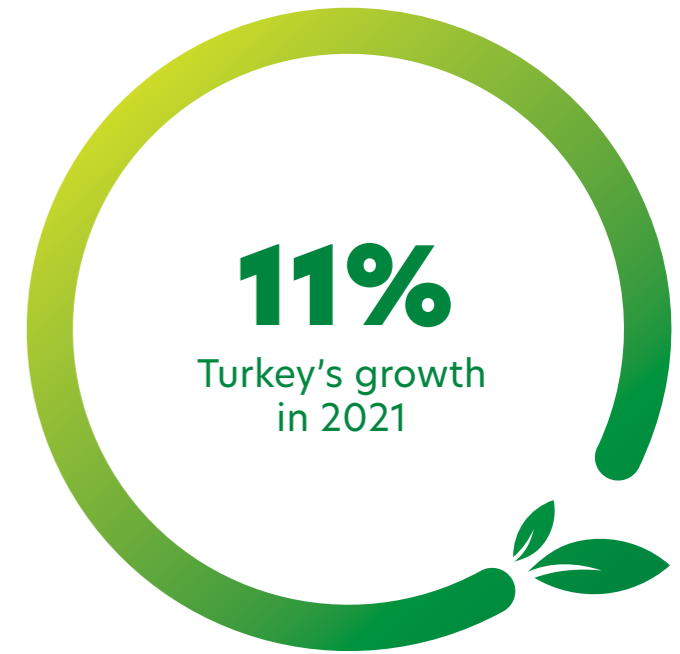
During 2020-2021, banks had to undergo a transformation, which would have otherwise taken many more years, through making decisions such as changing the work activities of their employees, increasing the implementation of digital technologies and innovations and developing specific practices for individual customer profiles, in order to adapt themselves to the economic realities they faced. Despite these challenges, the banking sector continued to focus on the welfare and productivity of their employees in the face of the stress caused by the ongoing pandemic on the workforce and aimed to create a decent work model.

Meanwhile, as the problems resulting from climate change began to become more obvious due to the pandemic not only in our country but also in the world while the inequality in the distribution of welfare came to the surface almost in every country in the world, the agenda of both the global business world and the banking sector was focused more than ever on the concept of "sustainability".

In 2020, Şekerbank took a much more strategic approach to the activities the bank has conducted for the past 67 years as part of its founding philosophy of Sustainable Banking. Setting its goals for Sustainable Banking activities grouped under the topics of sustainable agriculture, supporting energy efficiency, combating climate change, financial inclusion and banking for women and, supporting production and employment, the Bank delivered successful initiatives to raise awareness about sustainable finance with campaigns organized at the national scale. Supporting the tradesmen, small producers, farmers and SMEs, who experience the impact of the pandemic relatively heavier, to recover from this challenging period with minimum damage, the Bank provided the sectors and all of its customers affected by the pandemic the continuous support they needed.

2021 also marked an important milestone in Şekerbank's digitalization journey. Şekerbank centered its digitalization strategy on the mission of sustainable banking, which has been the modern expression of its focus on the welfare of people, the planet and society since its establishment. Through its digital channel infrastructure, Şekerbank launched projects that can provide financial services to more remote areas, carrying its historical leadership in financial inclusion well into the future.

As part of the New Economic Program announced during the last months of the year, which is based on employment and exports with the aim of growing through an investment model of high added value and technology, Şekerbank increased its support to production and became one of the first banks to make available to its customers the "Currency-Protected TL Time Deposit Account" product after completing all the relevant infrastructure and processes by focusing on the goal of making the Turkish Lira the main savings instrument.



In summary, while the years 2020 and 2021 brought many challenges, this was a period during which awareness of the concept of "sustainability", which would otherwise take decades to raise, became the top item in the global agenda. Although the war in Ukraine which emerged in the early 2022 signals a short-term slowdown in the adaptation of this awareness into strategies and implementation planning, the global banking sector has reached a consensus on the fact that the only way to be involved in the future of banking is by making progress in the areas of responsible capital management through taking a holistic Environmental, Social and Governance approach, decreasing the risks of global warming and expanding the risk frameworks accordingly, and improving the reports on liabilities to keep up with the international standards in a more transparent manner.



## Trust for everyone, everywhere

We have been a bank with deep-rooted expertise in financing inclusive growth for 68 years. With our deep-rooted branch network, 72% of which is located in Anatolia and most of them have been operating in the same place for half a century, we continue to reach people who have not met with banking services or have limited access to financial resources, and we continue to support producers wherever they are.

**6%**

Market share in  
agricultural financing  
and sustainable  
agriculture amongst  
private deposit  
banks



## ECONOMIC VALUE CREATED

**We sustained our support to tradesmen, SMEs and farmers continuously and demonstrated an increasing financial performance by taking our positive momentum that we demonstrated in 2020 to the next level in 2021.**

Established to finance rural development 68 years ago, our Bank has taken on a leading role in supporting small producers, encouraging widespread savings and financing production as reflected in the collective culture stemming from its establishment. Delivering upon this mission during the pandemic period as well by providing continuous support to tradesmen, SMEs and farmers, we carried into 2021, and exceeded, the positive momentum we had acquired in 2020 into the year 2021 by demonstrating an increasing financial performance over the year. We maintain our focus on sustainable profitability with a principle of effective risk management in order to ensure the continuation of our performance improvement.

In the upcoming period, we aim to make our corporate/commercial credit portfolio more widespread, mainly for financing production and supporting exports and to increase our financing support to our tradesmen, farmer and SME customers. We maintain our key role in agricultural financing and sustainable agriculture with a 6%

market share among private deposit banks and, as food safety steadily gains more importance in today's world, we continue to provide support to agricultural production. We give our customers the support they need at the right time and within the right program and scope and analyze the farmers, SMEs and tradesmen based on their sectors, needs and expectations to develop individual solutions for each sub segment.

We consider our widespread savings portfolio as a clear indicator of the Bank's long-established branch network and brand perception. We aim to diversify our borrowing structure by increasing the acquisition of foreign funds focused on sustainable development, in accordance with our esteemed reputation in the eye of international finance institutions thanks to our expertise in SME and agricultural banking.

We have also expanded our asset quality thanks to our "Transformation Program", reduced the cost of funding, perfected our customer experience, and have maximized our healthy growth capacity.

As Şekerbank, in 2021, we increased our asset size by 35% to TRY 50.8 billion by accelerating our financial performance compared to the previous year.

### Selected Consolidated Financial Indicators

(TRY Thousand)	2020	2021	Change
Total Assets	39,538,664	54,045,003	37%
Total Loans (Gross)	27,123,906	32,459,351	20%
Shareholders' Equity	2,764,791	3,366,128	22%
Total Deposits	30,096,017	37,432,707	24%
Net Profit/Loss	205,550	430,728	110%

### Selected Unconsolidated Financial Indicators

(TRY Thousand)	2020	2021	Change
Total Assets	37,504,455	50,764,830	35%
Total Loans (Gross)	25,926,705	30,780,924	19%
Shareholders' Equity	2,636,078	2,986,569	13%
Total Deposits	30,743,678	38,498,975	25%
Net Profit/Loss	52,617	254,789	384%

# SUSTAINABILITY GOVERNANCE

As of Şekerbank, we established our “Sustainable Banking Committee” which is directly related to our Board of Directors to address and develop sustainable business practices in 2020.

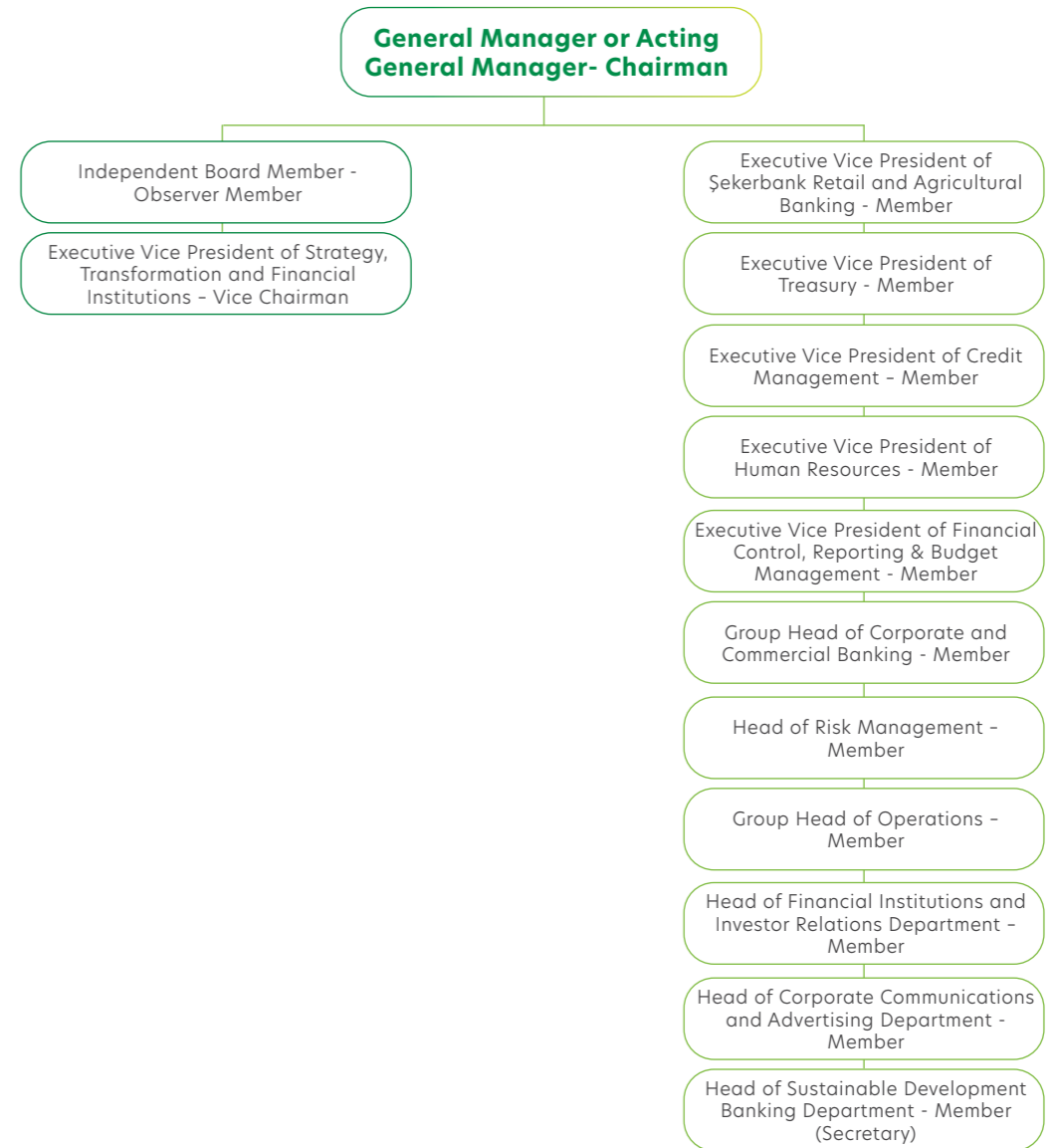


We believe in the importance of a good governance structure in terms of integrating the sustainability strategy into business models. For this reason, we further strengthen our governance structure in order to create long-term value for our stakeholders and contribute to local-global targets with our sustainable banking mission delivered through policies established at the Board of Directors level.

Today sustainable business practices have gained further importance, becoming a prerequisite for stable financial performance. As Şekerbank, we established the “Sustainable Banking Committee” led by our Board of Directors in 2020 to address and develop sustainable business practices at the highest level.

We believe in the importance of a good governance structure in terms of integrating the sustainability strategy into business models.

## Sustainable Banking Committee



Our Sustainable Banking Committee plays a key role in determining implementation strategies within the framework of economic, environmental, and social factors as a continuation of the main strategy defined by the Board of Directors, developing the efforts of our Bank by coordinating all of our operations as part of sustainability, ensuring the compliance of activities with the sustainability strategy and integrating the understanding of sustainable development into all of our activities. As a rule, the Sustainable

Banking Committee must convene at least once a year with the freedom of having special meetings for different topics during the year. The Committee reinforces the bond between the main strategy and practices by presenting the Board of Directors the social and environmental policies and projects for strengthening, and integrating into Bank’s structure, the sustainability strategy of our Bank in accordance with the UN Sustainable Development Goals.

## SUSTAINABILITY STRATEGY

**Şekerbank, which was established for financing sustainable development as a cooperative bank, under its “Anatolian Banking” mission, which represents its founding philosophy, has always been aligned with the international vision of “Sustainable Banking”.**

Founded on October 12, 1953, with the aim of supporting economic development and the agricultural industry based on rural development by farming entrepreneurs, who were members of hundreds of thousands of beet cooperatives in Anatolia, our Bank developed its unique “Anatolian Banking” mission, which expresses its founding philosophy, to be aligned with the international vision of “Sustainable Banking”. Through this mission, we offer an exemplary model in Turkey in the field of banking. In addition to our collective capital structure, this unique role is built on our strong customer base, especially in mainly rural locations with solid agricultural activities where we operate a well-established branch network, with employees that are especially skilled in local banking competency. In this context, we grouped our activities under the categories below; all of which aim to support sustainable economic growth in a socially inclusive and environmentally sustainable manner.

- Sustainable agriculture,
- Energy efficiency and combating climate change,
- Financial inclusion and
- Banking for women, as well as supporting production and employment

Our value creation model developed in compliance with our sustainability strategy complements the sustainable banking approach taken by our Bank. We support international platforms, which we rely on in the field of sustainability and to which we are a party, such as the United Nations Global Compact (UNGC), Carbon Disclosure Project (CDP), Climate Change and Water Programs,

Women’s Empowerment Principles (WEPIs) and the United Nations Environment Program Finance Initiative (UNEPFI) and strive to harmonize our activities with the principles set by these initiatives.

With the Social and Environmental Management System, which was established in 2009 and developed over the years under the guidance of International Finance Corporation (IFC), a World Bank Group institution, Şekerbank is among the first institutions in Turkey to have considered the environmental and social impacts in its lending activities. We continue to deliver many firsts that set an example for our sector in terms of sustainable banking.

As part of our “Digital Transformation Program”, we expand financial access through digital facilities in rural areas in Turkey by giving priority to farmers and SME customers in our digital channel investments in harmony with our main strategy. Our Bank has carried its loan assessment and allocations infrastructure, designed especially for tradesmen, farmers and SMEs who are in need of further financial support due to the pandemic, which is done through mobile and tablet channels, thus continuously extending access to financial resources through its digital transformation.

### Sustainable Finance Framework

We created the Sustainable Finance Framework, which enables Şekerbank to issue green, social and sustainable bonds in 2021. The Sustainable Finance Framework is based on Şekerbank’s business strategy and sustainability approach and outlines the social



**Şekerbank, aims to carry its “Turkey’s Sustainable Bank” title into the future by supporting environmentally sustainable and socially inclusive investments.**

and ecologic principles associated with the classification of sustainable financial products and services. The criteria to determine the compliance of this framework to the project is aligned with the general sustainability strategy of Şekerbank and complements the Bank’s sustainable banking approach.

As Şekerbank, we are committed to supporting a large segment of target populations with our sustainable finance framework created in line with our value creation approach, including farmers, SMEs, small tradesmen and entrepreneurs, women entrepreneurs, and business owners - who in general have limited access to banking services, as well as the financing of energy efficiency as part of

combating against climate change. By offering customized loans tailor made for the needs of these target groups, we ensure that these groups are integrated into the economy more actively, contribute to production, employment growth and, energy efficiency investments in all segments.

Meanwhile, we have also launched efforts in the operating cycle to set up a new ‘Sustainable Bond Working Group’ that is responsible for the selection, evaluation, and reporting to the Sustainable Banking Committee, of eligible projects to be (re) financed as part of the Sustainable Bond Issuance.

## CORPORATE GOVERNANCE

**As the first Bank in Turkey to be included in the Borsa Istanbul Corporate Governance Index in 2008, we conduct our activities under the principles of fairness, transparency, accountability and responsibility.**

Şekerbank was the first bank to obtain the Corporate Governance Rating measured against the Corporate Governance Principles set by the Capital Markets Board. As the first Bank in Turkey to be included in the Borsa Istanbul Corporate Governance Index in 2008, we conduct our activities under the principles of fairness, transparency, accountability and responsibility. We believe that monitoring these four principles is essential to succeed in sustainable development in today's environment.

In line with our continuous development efforts in the field of corporate governance and the financing of sustainable development, each year the Board of Directors conducts in-house self-assessment of the Board and its Committees. The Board Self-Assessment Process is designed to evaluate the effectiveness of the Board and Committee meetings; the Board and Committee processes and relationships with executive directors; quality and timing of meeting agendas; sufficiency and timing of the Board and Committee documents/reports; and diversity in the Board and Committees, including composition, location, nationality and gender, by focusing on skills, experience, independence and information about the Bank.

In order to meet these objectives in the best way, we focus on four related areas:

- Board Structure & Composition
- Oversight of Strategy, Risk and Control
- Decision Making and Accountability
- Development and Culture

The "Corporate Governance Rating Periodic Revision Report" was completed on January 25, 2022, by the rating agency SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which is licensed to rate in accordance with the Capital Markets Board (CMB) Corporate Governance Principles in Turkey. Our Corporate Governance Rating, which was 9.43 (94.31%) in 2020, was revised up to 9.46 (94.60%) in the evaluation made for 2021. We monitor our compliance with the principles of corporate management at the Board of Directors level and work for its improvement.

Our corporate website containing the section on Corporate Governance and a disclosure policy approved by our Board of Directors are available for investors. This policy is available on our website. Documents related to General Assembly meetings, our articles of association, annual reports, independent audit reports, credit ratings, investor relations presentations and all documents relating to corporate governance are disclosed to the public with their latest versions.

Our Corporate Governance Rating, which was 9.43 (94.31%) in 2020, was revised up to 9.46 (94.60%) in the evaluation made for 2021.

Ethical rules and policies on combating insider trading are made available to the public on our corporate website. The statement by the independent auditor clearly sets forth that the independent auditor providing auditing services does not offer consultancy services to the bank and is subject to a regular rotation. We develop our practices every year in accordance with the principle of independence.

As Şekerbank, we address the rights of "Beneficiaries" with utmost attention and adopt a systematic approach regarding this. Investor Relations Department returns to inquiries regarding the rights of Beneficiaries orally and in writing.

## OUR BOARD OF DIRECTORS

### Dr. Hasan Basri GÖKTAN - Chairman of the Board of Directors, Executive Board Member

Dr. Hasan Basri Gökten holds undergraduate degrees in Engineering, Economics and Law, as well as a PhD in Economics. He started his professional life in 1973 at Türkiye Şeker Fabrikaları A.Ş. He served as the Chairman and General Manager of Pankobirlik between 1983-1993. Between 1988-1993, he served as the General Manager of Pankobirlik, Chairman of the Board of Directors of Şekerbank T.A.Ş. and Konya Şeker Fabrikası A.Ş. In this process, he successfully realized the privatization of Konya Sugar Factory, a first in the Turkish sugar industry. In 1993-2002, he served as the General Manager of Şekerbank T.A.Ş. He also served as a Member of the Board of Directors of T. Şeker Fabrikaları A.Ş. and for a while as the Chairman of the Board of Directors of Yüksel İnşaat A.Ş. Between 2002-2007, he served as the General Manager and Chairman of the Board of Directors of Şekerbank T.A.Ş. Dr. Hasan Basri Gökten, who has been the Chairman of the Board of Şekerbank T.A.Ş. and its financial subsidiaries since February 1, 2008, is also an Executive Board Member.

### Yernar ZHANADIL - Vice Chairman of the Board of Directors

Zhanadil graduated from Kazakhstan Management, Economics and Strategic Research Institute, Department of Business Administration and Accounting in 2006, and completed his Master's Degree of Accounting and Finance at Manchester University in 2009. He is currently pursuing the eMBA program at Columbia University. Zhanadil started his career as a Specialist at PwC in 2006 and served as Head of Internal Audit at Samruk Kazyna Kazakhstan National Wealth Fund between 2010 and 2016. Then, he served as the Financial Controller and General Manager in Charge of Finance and Operations at Samruk Kazyna Kazakhstan National Wealth Fund between 2016 and 2018, and as the Finance and Economics Co-General Manager and a member of the Board of Directors between 2018-2021. He is currently the General Manager of Investments, Privatization, and International Cooperation at Samruk Kazyna National Wealth Fund. He is the Chairman of the Supervisory Board at Samruk Kazyna Invest LLP, Member of the Board of Directors of Kazakhstan Railways Inc., NAK Kazatomprom Inc. and Chairman of the Board of Tau-Ken Samruk Inc. He was appointed as a Member of the Board of Directors of Şekerbank T.A.Ş. on April 30, 2021.

### Nariman ZHARKINBAYEV\* - Executive Board Member, Acting General Manager

Nariman Zharkinbayev graduated from T. Ryskulov Kazakhstan University of Economics, Department of International Economics and International Relations. Between 2002-2008, he worked in various institutions and banks, including BTA Bank JSC, Alliance Bank JSC, GarantiBank International N.V. in Kazakhstan and abroad. In May 2008, he joined BTA Bank JSC as Head of the Financial Institutions Department. Nariman Zharkinbayev was appointed as a Board Member of Şekerbank T.A.Ş. in November 2012 and as Acting General Manager of Şekerbank T.A.Ş. on April 27, 2020. Nariman Zharkinbayev is also Deputy Chairman of Şeker Factoring A.Ş.

### Orhan KARAKAŞ - Executive Board Member

He graduated from Marmara University, Department of Economics. He started his career at Şekerbank in 1983 and served at various levels. Karakaş, who served as the Deputy General Manager of Şekerbank between 2006-2017, served as the General Manager of Şeker Factoring A.Ş. between 2017-June 2020. He was elected as a member of Şekerbank's Board of Directors in June 2020. Orhan Karakaş is also a Board Member of Şeker Yatırım Menkul Değerler A.Ş.

### Mehmet ERTÜRKMEN - Board Member

Born in Kahramanmaraş in 1967, Mehmet Ertürkmen completed his undergraduate study in 1987 at Anadolu University, Faculty of Economics and Administrative Sciences. After having some experience in the private sector, Ertürkmen started his banking career in 1991 as an Assistant Inspector at Ziraat Bank's Board of Inspectors. Until 2014, he served in many senior positions such as Vice President, Head of Division, and Head of Department. He took part in the founding team of Ziraat Participation Bank in 2014 and continued his duty there as the Head of the Inspection Board between 2015 and 2016. Ertürkmen, who also served as a Branch Manager at Ziraat Bank between 2016-2019, served as a Member of the Supervisory Board of Başak Emeklilik A.Ş. between 2001-2003, a Member of the Supervisory Board of KZI-Kazakhstan Ziraat International Bank between 2005-2010, and a Member of the Inspection Board of Turkish Ziraat Bank Bosnia D.D. between 2010-2011 and as Deputy Secretary-General in Kahramanmaraş Metropolitan Municipality between 2019-2021.

*\*After the Board of Directors meeting dated 30.06.2022, a change was made in the acting general manager position. It has been decided that Mr. Orhan KARAKAŞ, the Executive Board Member, be appointed as the Acting General Manager instead of Mr. Nariman ZHARKINBAYEV, as of 01.07.2022.*

He also holds a Certified Public Accountant and Financial Advisor certificate and an Independent Auditor certificate. He was elected as a Member of the Board of Directors of Şekerbank T.A.Ş. at the General Assembly held in June 2020.

### Levend TORUSDAĞ - Board Member

Born in Van in 1967, Levend Torusdağ graduated from the Department of Mechanical Engineering of the Engineering Faculty in Erciyes University. He worked at Türkiye Halk Bankası A.Ş, as an Engineer, Chief Engineer, Department Manager, Branch Manager, Head of Department, Regional Coordinator, and Deputy General Manager responsible for SME and Tradesmen Banking. He retired on October 19, 2018. Torusdağ, who served as the Deputy Chairman of the Board of Directors at Halk Faktoring A.Ş. and Chairman of the Board of Directors at Halkbank AD Skopje between 2016 and 2018, was elected to be the Member of the Board of Directors of Şekerbank T.A.Ş. in the General Assembly held in June 2020.

### Mehmet Ayhan ALTINTAŞ - Independent Board Member

Mehmet Ayhan Altıntaş graduated from Hacettepe University, Department of Business Administration. He received his master's degree from the University of Westminster in London and his doctorate in Accounting and Finance from Başkent University in Ankara. He started his career at the Treasury's Banks Sworn Auditors Board. He worked for 10 years as Assistant Auditor and Auditor at the Board. Then, he served as Head of Undersecretariat of Treasury's Banking Department, Economic Counselor at the London Embassy, Head of SDIF Finance Department, Head of BRSA Monitoring Department, Head of BRSA Research Department, Head of T.C. Ziraat Bankası A.Ş. Risk Management Group, Director of Istanbul Takas ve Saklama Bankası A.Ş. Central Risk and Collateral Management Group. Altıntaş was elected as a Member of the Board of Directors of Şekerbank T.A.Ş. at the General Assembly held in March 2018. He is also in charge of the Risk Management and Internal Control Systems as part of his role as a Board Member. Mehmet Ayhan Altıntaş is also an Independent Board Member of Şekerbank International Banking Unit Ltd.

### Çetin AYDIN - Executive Board Member

Çetin Aydın graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Economics. He joined Şekerbank in 1988 as Assistant Internal Auditor. He took part in various positions at Şekerbank. He served as Deputy General Manager between 2005-2016. He was elected as a Member of the Board of Directors of Şekerbank T.A.Ş. at the General Assembly held in March 2018. Çetin Aydın is also a Board Member of Şeker Factoring A.Ş.

### Almat ZHAMİYEV - Board Member

Almat Zhamiyev graduated from Al Farabi Kazakhstan National University, Department of Law in 2001 with honors. Zhamiyev, who received his master's degree in Law from the same university in 2003, completed his master's degree in finance from the Faculty of Business Administration of Nazarbayev University (joint program with Duke University, USA) in 2019. After working at ATF Bank JSC between 2003-2004 and Transtelecom JSC between 2004-2005, he served as a Credit Committee Member and Legal Counsel at Kazkommertsbank JSC between 2005-2008. He has been working as the Head of the Legal Department and a Member of the Investment and Strategic Committee at the National Wealth Fund Samruk Kazyna JSC since 2008. Mr. Zhamiyev was appointed Board Member at Şekerbank T.A.Ş. in March 2017.

### Andrey KRAVCHENKO - Board Member

Kravchenko graduated from Kazakh State University Law Department in 1991 and completed his MBA at Moscow Institute of Technology in 2011. After working as a Senior Inspector at the State Tax Inspectorate between 1991 and 1994, he continued his duty as a Prosecutor between 1994 and 2006. After serving as the Head of the Social and Economic Area Supervision Department at the Prosecutor General's Office of the Republic of Kazakhstan between 2006 and 2011, he worked as the Deputy Chief Prosecutor of the Republic of Kazakhstan between 2011 and 2017 at the Office of Chief Prosecutor of the Republic of Kazakhstan. He is the Chairman of the Board of Kazpost Inc., and a Member of the Board of Air Astana Inc. and Kazakhstan Railways Inc. He was appointed as a Member of the Board of Directors of Şekerbank T.A.Ş. on April 30, 2021.

### Hikmet Aydın SİMİT - Board Member

He graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1987. Starting his career as an Assistant Inspector at Yaşarbank A.Ş., Simit served as an Inspector, Assistant Manager, and Branch Manager. Between 1999 and 2007, he worked as Credits Manager and Branch Manager at Türkiye Finans Katılım Bankası A.Ş. between 2007 and 2013, he served as a Member of the Board of Directors of T.C. Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş., Kredi Garanti Fonu A.Ş., Arap Türk Bankası A.Ş. and affiliates of Ziraat and Halkbank at home and abroad. Simit who served as a Member of the Board of Directors at Türkiye Emlak Katılım Bankası A.Ş., Merkezi Kayıt Kuruluşu A.Ş., Sermaye Piyasası Lisanslama Sicil Eğitim Kuruluşu A.Ş., Şeker Finansal Kiralama A.Ş., Şeker Faktoring A.Ş. and Şeker Yatırım Menkul Değerler A.Ş. between 2013-2021, was elected as a Member of the Board of Directors of Şekerbank T.A.Ş. on March 31, 2021.

## OUR SENIOR MANAGEMENT

### **Nariman ZHARKINBAYEV - Acting General Manager, Executive Board Member**

The resume of Nariman Zharkinbayev is available on Our Board of Directors page.

### **Aybala ŞİMŞEK - Executive Vice President - Strategy, Transformation and Financial Institutions**

Aybala Şimşek holds an MBA degree from the Faculty of Business Administration at Istanbul Bilgi University and a masters level diploma degree in Financial Strategy from the University of Oxford's Said Business School. Having completed her undergraduate degree at Ankara University Faculty of Communication, Şimşek is also a graduate of the Harvard Business School General Management Program. Joining Şekerbank T.A.Ş. as Department Head in 2007, Aybala Şimşek was promoted as a Group Head responsible for Strategy, Corporate Communications, Sustainable Development Banking and Micro Financing Loans in 2013. In 2016, Şimşek was appointed as Executive Vice President, with her areas of responsibility expanding over the years to include Strategy, Digital Banking, Corporate Communications, Sustainable Development Banking, Marketing and Risk Analytics, Financial Institutions, Treasury and Human Resources. Şimşek is currently serving as the EVP of Strategy, Transformation and Financial Institutions. Ms. Şimşek, who has been leading Şekerbank's "Transformation Program" initiated in 2018, which comprises the end-to-end optimization and digitalization of the Bank's entire technological infrastructure, is also a member of Şekerbank Kıbrıs Ltd. Board of Directors and Vice Chairman of Şeker Finansman A.Ş.

### **Burak Latif LATİFOĞLU - Executive Vice President - Financial Control, Reporting and Budget Management**

Burak Latif Latifoğlu graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics (English) in 2004. He started his professional career in 2005 as an Administrative Judge. Afterwards, he joined to the Banking Regulation and Supervision Agency (BRSA) and resigned from his position as under the title of Chief Sworn Bank Auditor in 2017, which he started in 2006 as a Certified Bank Auditor.

Meanwhile, in Turkey and abroad in numerous banks and non-bank financial institutions has carried out audits and served as the Audit Group President and Vice Chairman in the years 2014-2017. Between October 2017 and September 2019, Latifoğlu served as the General Manager of Şeker Finansal Kiralama A.Ş. Latifoğlu was appointed as the Executive Vice President of Şekerbank TAŞ in October 2019. He is a Member of the Board of Directors at Şekerbank T.A.Ş. Employee Social Insurance Fund Foundation and Vice Chairman of Şeker Gayrimenkul Yatırım Ortaklığı A.Ş. and Chairman of Şeker Finansman A.Ş.

### **Mehmet AK - Executive Vice President - Information Technologies**

After graduating from Hacettepe University Computer Sciences Engineering Department, he started his career as a Software Analyst at Şeker Bilişim San. Tic. A.Ş. in 1999. After continuing his career as a Software Analyst at Şekerbank T.A.Ş. between 2002-2004, he worked as a Project Manager at Şeker Bilişim San. Tic. A.Ş. between 2004-2007. After serving as Software and Project Management, Department Manager, and Head of Information Technologies Group at Şekerbank T.A.Ş. since 2007, Mehmet Ak was appointed as Executive Vice President in November 2019. He is serving as a Member of the Board of Directors of Şeker Yatırım Menkul Değerler A.Ş. as of April 30, 2021.

### **Şükrü Tuğbay KUMOĞLU - Executive Vice President - SME, Retail and Agricultural Banking**

Graduating from Gazi University, Faculty of Economics and Administrative Sciences, Department of Finance, Şükrü Tuğbay Kumoğlu started his banking career at Garanti Bank in 1999. Kumoğlu assumed different roles at the branches, regional offices and headquarters of the bank, and then became the Regional Manager at Türk Ekonomi Bankası A.Ş. (TEB) in 2006. He was appointed to the position of Retail Banking Sales Director of the same bank in 2007, after serving as the Regional Director for one year. Between 2013 and 2018, he served as a Member of the Board of Directors responsible for the expansion of retail banking activities in TEB Sha Kosovo and finally served as the TEB Retail Banking Sales

and Call Center Group Director. Şükrü Tuğbay Kumoğlu was appointed as the Executive Vice President in charge of Şekerbank Retail and Agricultural Banking in December 2019 and has also undertaken the responsibility of SME Banking since July 2020. Kumoğlu is also a Member of the Board of Directors at Kredi Kayıt Bürosu A.Ş. and a Member of the Board of Directors of Kredi Garanti Fonu A.Ş.

### **Ahmet Hakan EKEN\* - Executive Vice President - Credit Management**

A. Hakan Eken, who graduated from Marmara University, Department of Business Administration, started his career as an Inspector at Yapı Kredi Bank in 1986. Eken, who worked as a senior manager for many years, served as Deputy Director of the Internal Audit Department at the Yapı Kredi Bank, Head of the Credit - Risk Management Department, Head of the Internal Audit Department at Yapı Kredi Moscow, Deputy General Director in charge of Loans at Yapı Kredi Leasing, and later as CFO and CEO in tourism and media groups. Eken joined Şekerbank T.A.Ş. as Director of Credit Monitoring Unit in September 2014. A. Hakan Eken, who has been working as the Head of Credit Monitoring and Administrative Follow-up Group, has been serving as the Executive Vice President in charge of Şekerbank Credit Management since December 2016. Eken is also a member of the Board of Directors of Şeker Faktoring A.Ş. and Deputy Chairman of Seltur Turistik İşletmeler Yatırım A.Ş.

### **Hüseyin ÜST - Executive Vice President - Credit Monitoring and NPL Management**

Hüseyin Üst graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Finance. He began his professional career as Assistant Specialist at Şekerbank in 1995. After serving as Assistant Inspector and Authorized Assistant Inspector at Şekerbank between 1996 and 1999, he served as Marketing Director, Corporate Branch Manager, and Regional Manager. Üst was appointed as Executive Vice President in November 2017, and he is a member of the Board of Directors at Şeker Finansman Kiralama A.Ş. and Şekerbank T.A.Ş. Personnel Social Security and Aid Foundation, and he also serves as the Chairman of the Board for Şekerbank T.A.Ş. Personnel Social Insurance Fund Foundation.

### **Çiğdem ÜNSAL - Executive Vice President - Human Resources**

Çiğdem Ünsal graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics in 1995. In 1995, she started her banking career as a specialist within the scope of the Executive Training Program at Yapı ve Kredi Bankası. In 1998, she transferred to Türk Ekonomi Bankası in charge of Human Resources Projects. She took part in all processes and projects of Human Resources until 2006 and served as the Human Resources Remuneration and Performance Management Manager. As of 2006, she took the position of Human Resources Strategic Planning, Organizational Development, and Remuneration Management Director. She has been the Executive Director responsible for the management of all human resources processes since 2015. She assumed the role of TEB Holding Coordinator as of October 2020 and joined the Şekerbank Family by being appointed as the Executive Vice President in charge of Şekerbank Human Resources in February 2021.

### **Zehra Karaca IŞIK\*\* - Executive Vice President - Corporate and Commercial Banking**

Zehra Karaca Işık graduated from Hacettepe University, Department of Economics (English) in 2003. She started her banking career in 2004 as an Assistant Inspector at Şekerbank Board of Inspectors. Throughout her career, she worked as a manager and Branch Manager at Şekerbank Headquarters and Branches. She took the position of Head of Corporate and Commercial Banking Group in 2020 and was appointed Executive Vice President in charge of Corporate and Commercial Banking in 2021. Zehra Karaca is a Board Member at Şekerbank T.A.Ş. Personnel Social Security Foundation and Sekar Oto Filo Yönetim Hizmetleri ve Ticaret A.Ş.

\*Mr. Ahmet Hakan Eken left his office as of 04.03.2022. Our Board of Directors resolved that Ender Dilekçi be appointed as the Executive Vice President as of 30.03.2022, subject to the approval of the Banking Regulation and Supervision Agency.

\*\*Ms. Zehra Karaca IŞIK left her office as of 04.03.2022.

## OUR COMMITTEES

### Audit Committee

Established pursuant to the Article 24 of the Banking Law No. 5411, the Audit Committee is comprised of members nominated by the Board of Directors from among its members to assist the Board of Directors in the fulfillment of audit and supervision tasks, and who assume no executive roles, but have the qualifications specified in Article 6 of the Regulation on Internal Systems of the Banks.

It consists of the Chairman of the Committee Levend TORUSDAĞ (Board Member), committee members Hikmet Aydın SİMİT (Board Member), and Mehmet ERTÜRKMEN (Board Member). The Audit Committee held four meetings in 2021.

### Credit Committee

The credit committee ensures that the Bank's credit activities are conducted in accordance with the Bank's strategy and within the limits set by the Board of Directors. Additionally, the Committee evaluates credit proposals, within the limits specified by the Board of Directors. The Committee can approve or reject those that are within its limits or submit them to the Board of Directors. In addition, the Committee discusses the systems related to the improvement of the loan process and quality and advises the Board of Directors. In 2021, the Committee held 51 meetings. Committee members consist of Orhan KARAKAŞ (Executive Board Member), Nariman ZHARKINBAYEV (Acting General Manager, Executive Board Member), Çetin AYDIN (Executive Board Member), committee alternate members; Dr. Hasan Basri GÖKTAN (Chairman, Executive Board Member), Yernar ZHANADIL (Vice Chairman of the Board), and Hikmet Aydın SİMİT (Board Member).

### Remuneration Committee

According to the CMB "Communiqué on Corporate Governance" numbered II-17.1 and as per the principle 6 of the BSRA Regulation on Corporate Governance Principles, the remuneration committee was established to determine and monitor the principles, criteria and applications to be used in the remuneration of Board members and executives taking into consideration the long term targets of the company and to provide the Board of Directors the proposals related to the remuneration of the Board members and executives taking into consideration the degree to which these criteria used for remuneration are met. The Committee was established under the Board of Directors to monitor and audit the policies and practices of the Bank regarding the remuneration system. Dr. Hasan Basri GÖKTAN (Chairman, Executive Board Member), Yernar ZHANADİL (Vice Chairman of the Board), and Çetin AYDIN (Executive Board Member) are members of the committee. Nariman ZHARKINBAYEV (Acting General Manager, Executive Board Member) is attending as the observer. The Remuneration Committee convened once in 2021.

### Corporate Governance Committee

According to "Communiqué on Corporate Governance" numbered II-17.1 of the CMB, the Corporate Governance Committee was established to determine whether principles of corporate governance applied in a sufficient manner, implement the conflict of interest policy and supervise the compliance with the principles and policies, advise to the Board of Directors to enhance the implementation of corporate governance and supervise the work of the investor relations department. The nomination committee has not been established due to the structure of the Board of Directors, and the Corporate Governance Committee fulfills the duties of that committee. Within this scope; the Corporate Governance Committee ensures that a transparent system on the nomination, evaluation and training of the candidates suitable for the positions of the Board of Directors and executives exists and advises on the policies and strategies in this regard, evaluates regularly the structure and efficiency of the Board of Directors and submits its proposals to the Board of Directors regarding necessary improvements in this respect. Committee members consist of Dr. Hasan Basri GÖKTAN (Chairman, Executive Board Member), Mehmet Ayhan ALTINTAŞ (Independent Board Member), Almat ZHAMIYEV (Board Member). The Corporate Governance Committee held 6 meetings in 2021.

### Sustainable Banking Committee

Our Sustainable Banking Committee plays a key role in determining implementation strategies within the framework of economic, environmental, and social factors as a continuation of the main strategy defined by the Board of Directors, developing the efforts of our Bank by coordinating all of our operations as part of sustainability, ensuring the compliance of activities with the sustainability strategy and integrating the understanding of sustainable development into all of our activities. As a rule, the Sustainable Banking Committee must convene at least once a year with the freedom of having special meetings for different topics during the year. The Committee reinforces the bond between the main strategy and practices by presenting the Board of Directors the social and environmental policies and projects for strengthening, and integrating into Bank's structure, the sustainability strategy of our Bank in accordance with the UN Sustainable Development Goals. Please see Sustainability Governance section of our report for detailed information about the Sustainable Banking Committee.

# RISK MANAGEMENT

**As a bank with a strategy that is focused on the environment and society and based on the transition to a low carbon, sustainable economy, we consider the risk management system as a whole.**

The global economic environment signals a transformation in the risk management approach, especially by referring to risks associated with development and climate change. According to the 'Global Risks Report' by the World Economic Forum, the nature of risks has shifted from economic-financial area to environmental issues in the last decade. The global trade and financial regimes are affected especially by food safety and epidemics, and geopolitical risks, as well as acute and long term results of the risks caused by climate change, such as earthquakes, fires and extreme weather conditions.

As a bank with a strategy that is focused on the environment and society and based on the transition to a low carbon, sustainable economy, we consider the risk management system as a whole. The risk management structure of our Bank is configured in a way to include organizational, managerial and transactional processes and information systems processes, ensuring awareness on risks. Our Bank's personnel at all levels are responsible for ensuring the system functions properly.

The objectives planned to be achieved by our Bank with the Risk Management System can be summarized under the following topics:

- To establish a common risk culture by means of efficient risk management strategies and policies,
- To set Risk Limits and manage their procedures of implementation in an efficient manner,
- To improve the Bank's asset quality,
- To meet the Bank's obligations in full,
- To align the Bank's risk appetite with its strategies and activities,
- To set the Bank's capital requirement in line with its risk appetite,
- To consider the social and environmental effects of Bank's activities in the main decision making processes.

The Risk Management System's structure covers the Board of Directors, Senior Management, the units forming the Internal Systems, committees established by the Board of Directors and senior management within the scope of the Risk Management System. Additionally, there is a Risk Advisory Committee that is formed by senior management within the Risk Management System to discuss risk capacity, risk appetite and limits and current risk level of the Bank and its financial subsidiaries which are subject to consolidation, and to take advisory decisions.

Please visit the '[Risk Management System and Strategy](#)' or our [website](#) to find more details about the Risk Management System.

Our risk categories defined as a result of the evaluations by our Risk Management Department and the Board of Directors are as follows:

## Credit Risk

Credit risk is the possibility of loss that the Bank might suffer in case the loan recipient, whether an individual or institution, fails to comply with the loan agreement partially, entirely or in a timely manner.

In accordance with the applicable legislation and the policies of the Board of Directors of the Bank, the Bank's loan allocation activities are performed in line with the principle of "division of authorities," that is, executed through independent marketing, allocation, monitoring, control and audit functions. During the loan allocation process, risk rating and scoring systems are effectively deployed. The creditworthiness of debtors is monitored periodically; loan limits are updated once a year or whenever necessary according to economic conditions. The Bank's credit risk profile is monitored and assessed by the Risk Management Department. The Risk Management Department presents the results of compliance of the Bank's activities and monitoring assessment activities to the Assets & Liabilities Committee on a weekly basis and to the Board of Directors on a monthly basis.

## Market Risk

Market risk is the possibility of loss that the Bank may suffer due to changes in the prices of financial instruments featured in the trading accounts, arising from fluctuations in market prices.

We, as Şekerbank, have approved both nominal-based limits (transaction, dealer, desk and stop-loss limits) and risk-based limits (Value-at-Risk limits) monitored on a daily basis; all of which are reviewed at least once a year according to market conditions and changes in the Bank's strategies and updated whenever deemed necessary. The market risk profile of our Bank is monitored and assessed by the Risk Management Department. The Risk Management Department presents the results of compliance of the Bank's activities and monitoring assessment activities to the Assets & Liabilities Committee on a weekly basis and to the Board of Directors on a monthly basis.



\*2021 risk landscape (World Economic Forum)



# RISK MANAGEMENT

**The Bank employs two separate approaches, i.e. “income approach” and “economic value approach” in order to measure and monitor the impact of interest rate risk on its income and capital.**

## Interest Rate Risk Arising from Banking Accounts

The Bank can be exposed to interest rate risk arising from the banking accounts as a result of the following factors:

- The reprising risk, which arises from the mismatch between the maturity of the Bank’s assets and liabilities and interest-sensitive off balance sheet items (fixed interest items) and repricing periods (variable interest items),
- The yield curve risk, which arises from a change in the shape and/or slope of the yield curve due to the variation in the change in market interest rates by different maturity segments,
- The basis risk arising from the relative changes in different interest rates that are used as a basis in bilateral or multilateral transactions performed by the Bank that negatively affect the Bank’s net interest income or economic value,
- Optionality risk arising from the financial products that include the option of right/liability, including those embedded by the Bank that negatively affects the Bank’s net interest income or economic value.

The Board of Directors has approved Risk Limits based on the net worth, as regards the interest rate risk arising from the banking accounts outside the trading accounts and determined the acceptable level of interest rate risk by certain maturity segments. Compliance with these provisions is monitored on a weekly basis and reviewed and revised, if deemed necessary, at least once a year with respect to market conditions and changes in the Bank’s strategies. The Bank employs two separate approaches, i.e. “Income Approach” and “Economic Value Approach” in order to measure and monitor the impact of interest rate risk on its income and capital. It is the priority of Asset Liability Management to provide protection against fluctuations in market interest rates. In this vein, gap analyses, duration and economic value analyses, as well as sensitivity analyses, are evaluated on a weekly basis by the Bank’s Assets & Liabilities Committee. The Bank’s interest rate risk profile is monitored and assessed by the Risk Management Department. The Risk Management Department presents the results of compliance of the Bank’s activities and monitoring assessment activities to the Assets & Liabilities Committee on a weekly basis and to the Board of Directors on a monthly basis.

## Liquidity Risk

Liquidity risk is the possibility of loss that the Bank may face when the cash inflows and cash outflows are not met fully and/or on time due to the low level of cash or cash inflows.

The Board of Directors has approved Risk Limits compliant with the legal “Liquidity Adequacy Ratios” and based on the Bank’s net worth and determined the acceptable level of liquidity risk by certain maturity segments. Compliance with these provisions is monitored on a weekly basis and reviewed and revised, if deemed necessary, at least once a year with respect to market conditions and changes in the Bank’s strategies. The Bank employs GAP analyses in order to measure and monitor the impact of liquidity risk, which shows the current and future liquidity needs. These analyses are evaluated on a weekly basis by the Bank’s Assets & Liabilities Committee. The Bank’s liquidity risk profile is monitored and assessed by the Risk Management Department. The Risk Management Department presents the results of compliance of the Bank’s activities and monitoring assessment activities to the Assets & Liabilities Committee on a weekly basis and to the Board of Directors on a monthly basis.

## Operational Risk

The operational risk is the possibility of loss that the Bank may suffer, including the legal risks, due to failures in internal processes, systems or human resources or external factors such as riots, food safety and epidemics and geopolitical risks or earthquake, fire, and extreme weather conditions caused by climate change.

Operational losses within the Bank are classified and risk analyzes and assessments are conducted to determine the root causes of operational risks. The Bank creates certain control points across banking processes and its performance is regularly monitored to ensure its efficiency. The Bank’s operational risks are monitored and assessed by the Risk Management Department. Possible threat predictions of the Bank units regarding operational risks are analyzed and suggestions are presented to the relevant Bank units according to the emerging need. The Risk Management Department submits its monthly report to the Board of Directors within the scope of compliance with Risk Limits.

## RISK MANAGEMENT

**Especially as a bank with a rich agricultural credit portfolio, we are working on a lending policy as part of our fight against climate change across Turkey.**

### Climate-Related Risks

Making maximum efforts to define, and to manage, the physical and transitional risks caused by the climate change as part of our Sustainable Banking strategy, we continue our works by taking relevant international practices as an example for the integration of such risks into the main risk management processes of our Bank.

We work on scenarios by considering the direct effects of these risks on credit, market, operational, liquidity and reputation risks.

We consider the impact of physical risks, e.g. acts of God such as storm, drought, flood not only on our activities but also on the assets of our customers. Especially as a bank with a rich agricultural credit portfolio, we are working on a lending policy as part of our fight against climate change across Turkey in order to measure and reduce the difficulties that may occur in the financial repayment capacities or guarantees of our customers as a result of natural phenomenon caused by the climate change.

We completed infrastructure and insurance work for any possible damage caused by physical risks to our own operating premises. In addition, we pay attention to areas with flood risks when selecting locations for new branches and choose low-risk areas. We have plans to renew these risks annually and always inform our employees about the risks through regular briefings and trainings.

We strive to monitor and manage the risks related to climate change with our in-house risk management tools and special products offered to our customers based on climate change risks. We consider as one of the main factors of lending decisions the social and environmental impacts of the loans we provide, within the scope of the Social and Environmental Management System (SEMS), which was prepared in 2009 under the guidance of IFC. As one of the banks to take the first step in this respect, we are creating an environmentally and socially sustainable loan portfolio.

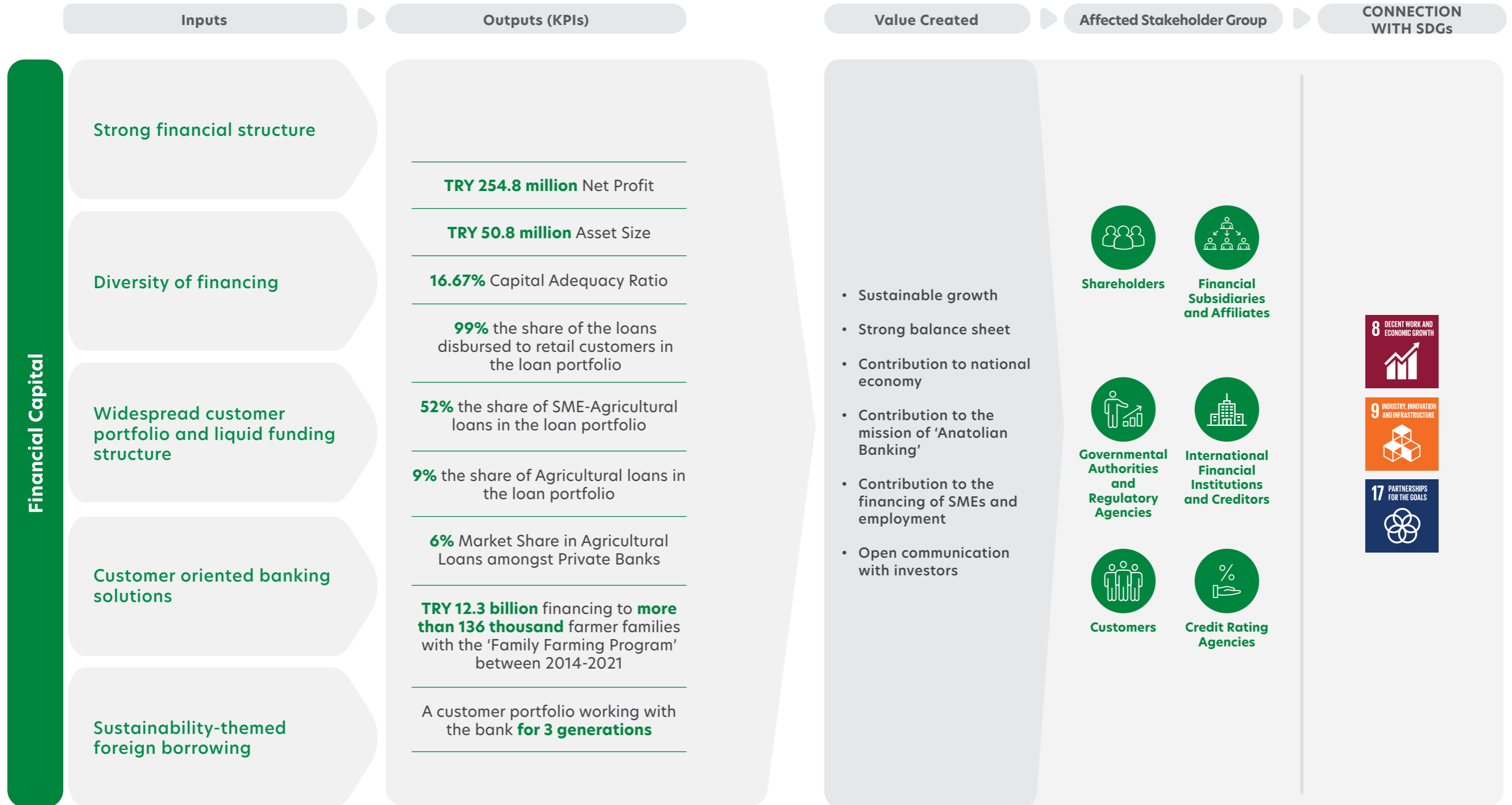
On the other hand, we evaluate factors such as decreased demand that may be caused by changes in the attitude and behaviors of customers, or additional costs resulting from regulatory developments and work on the integration of these factors into our Corporate Risk Management processes in a more systematic manner.

We oversee the compliance of our suppliers to sustainability criteria with a risk management approach that covers all our stakeholders, and we require our suppliers to comply with our sustainability commitment with the knowledge that their activities are very important in terms of relations with all other stakeholders and the reputation of our Bank. To manage this risk, we monitor our suppliers and make our relevant principles available on our website as part of the sustainability approach of our Bank.

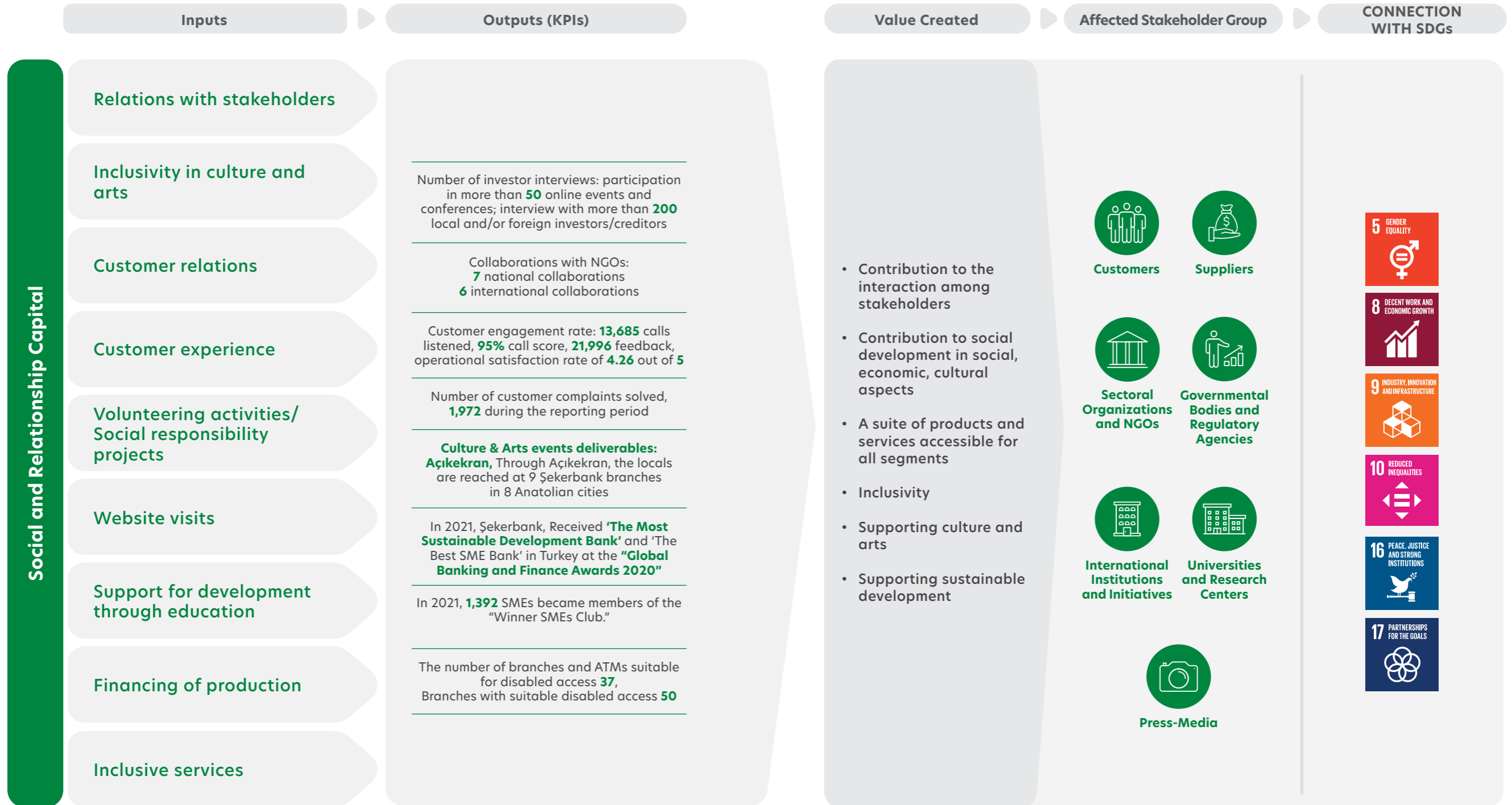


**As part of our Sustainable Banking strategy, we make maximum efforts to define and to manage the physical and transitional risks caused by the climate change.**

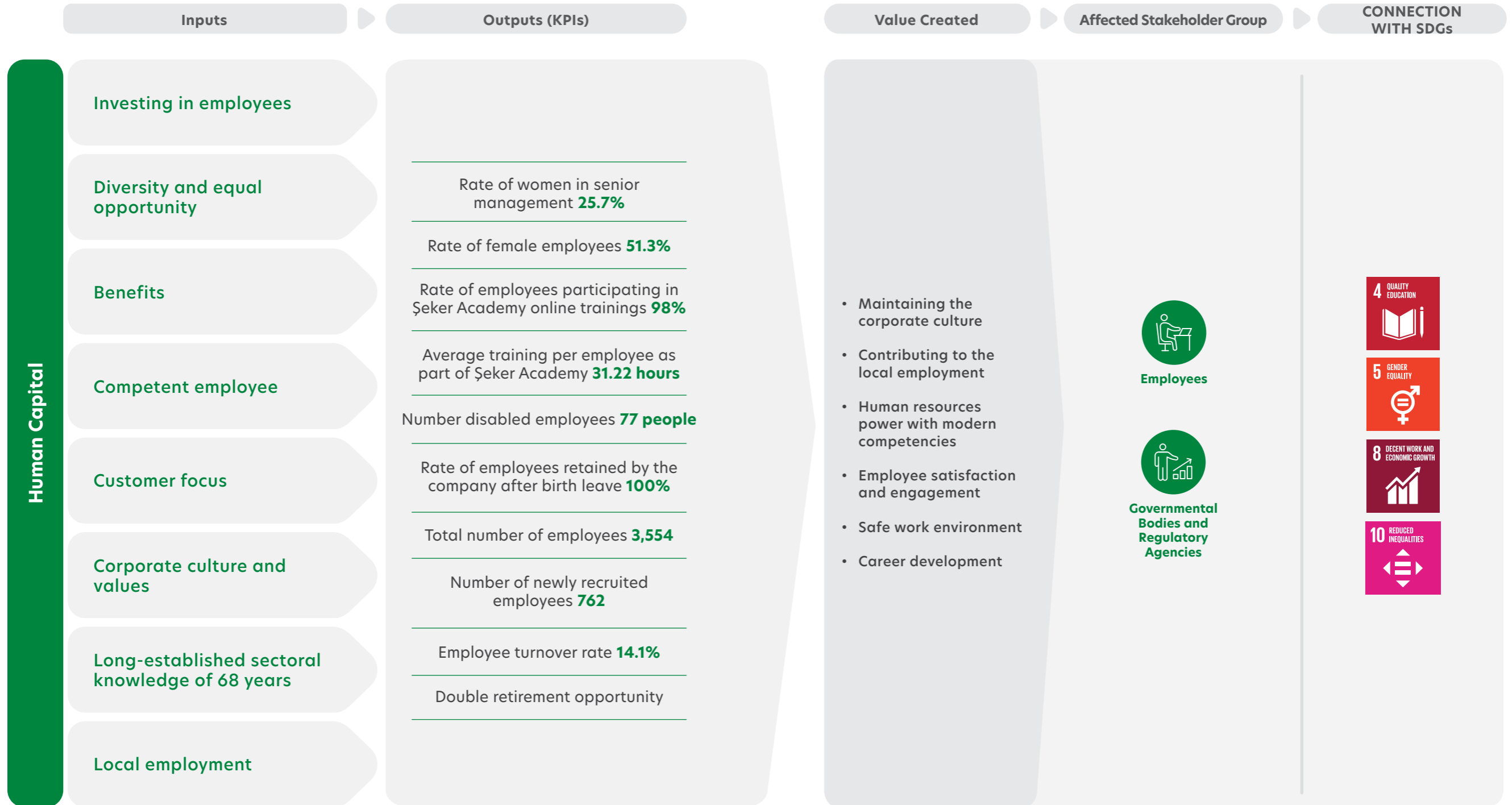
# ŞEKERBANK'S VALUE CREATION MODEL



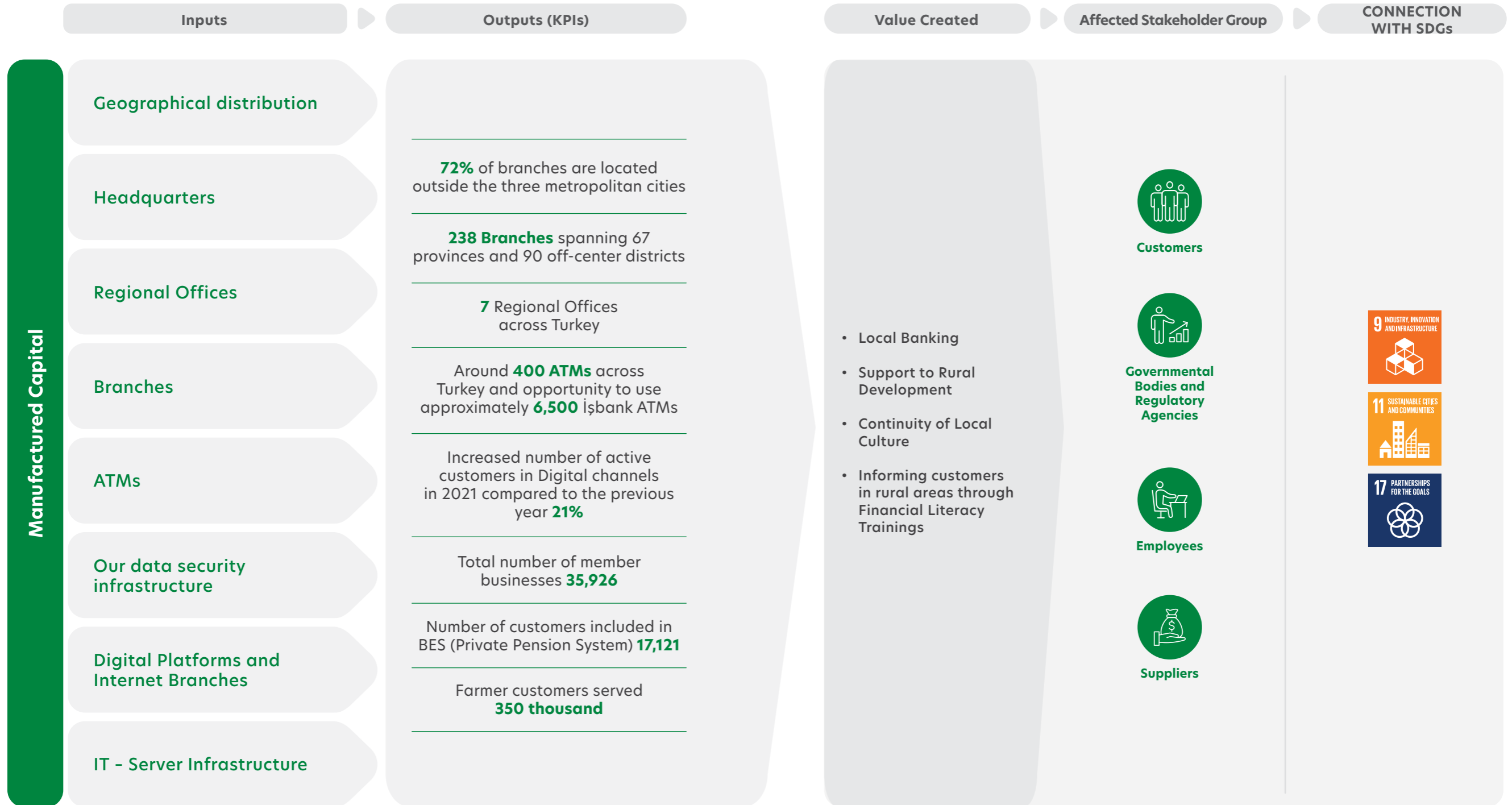
# ŞEKERBANK'S VALUE CREATION MODEL



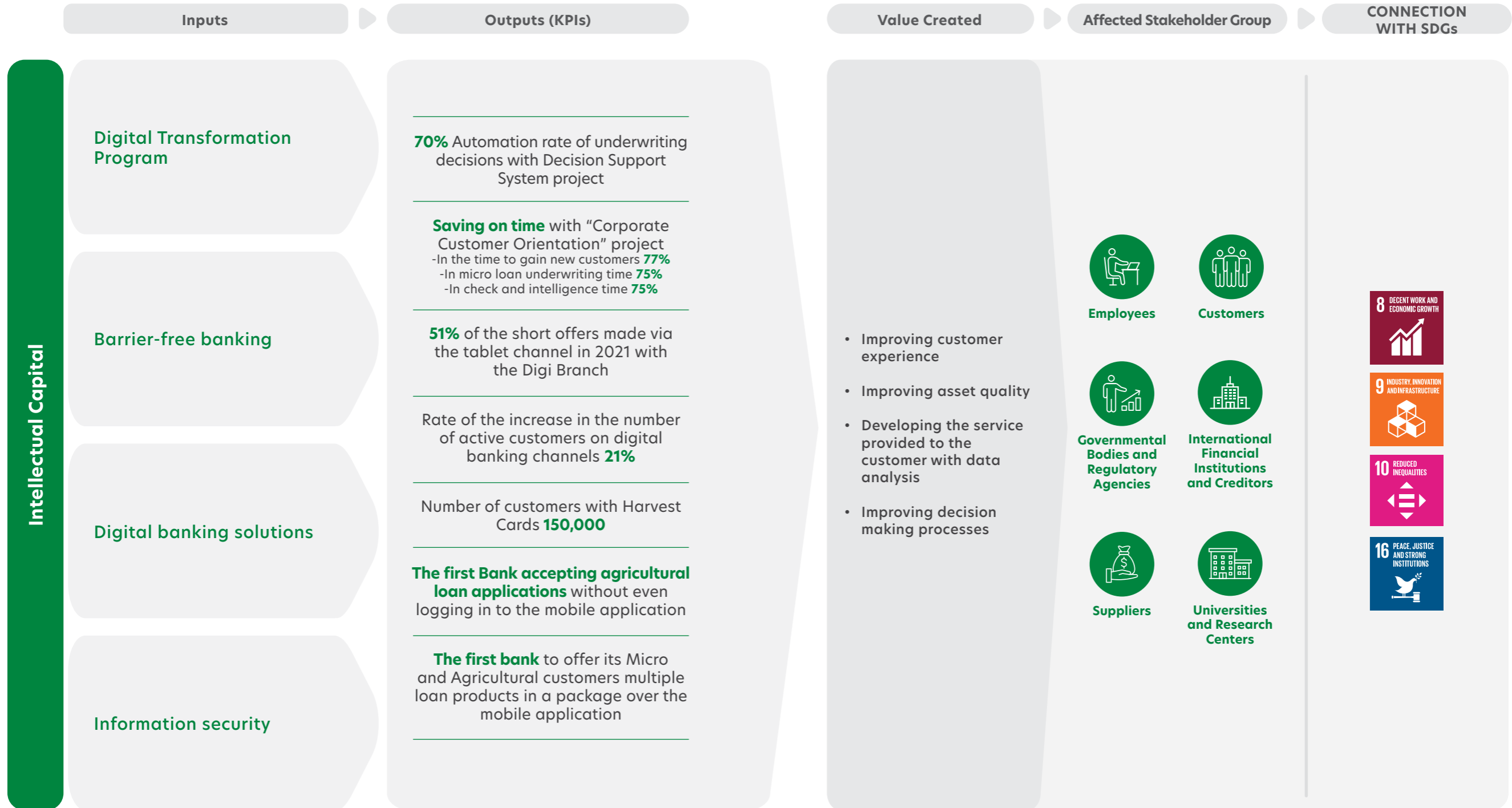
# ŞEKERBANK'S VALUE CREATION MODEL



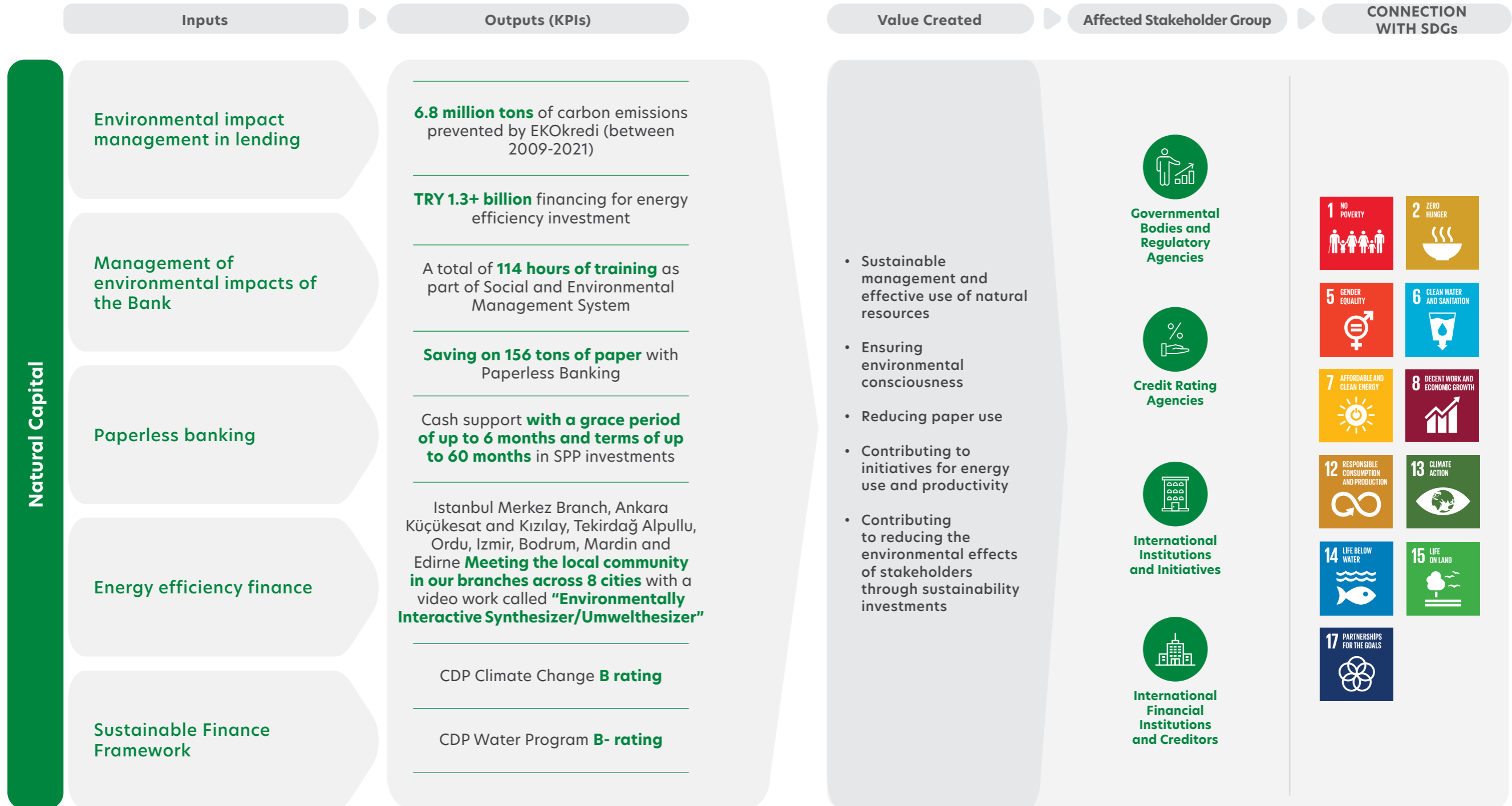
# ŞEKERBANK'S VALUE CREATION MODEL



# ŞEKERBANK'S VALUE CREATION MODEL



# ŞEKERBANK'S VALUE CREATION MODEL





## OUR DIALOG WITH STAKEHOLDERS AND MATERIALITY ANALYSIS

We inform our internal and external stakeholders regularly about the outputs created in the field of sustainability through Sustainable Development Banking Department of our Bank.

We, as Şekerbank, care about the opinions and suggestions of our stakeholders and adopt them in our decision-making and implementation processes in our activities. We set our stakeholder communication method and frequency based on the expectations

and needs of our stakeholders. We inform our internal and external stakeholders regularly about the outputs created in the field of sustainability through Sustainable Development Banking Department of our Bank.



You can find the details of the communication methods for stakeholders under "ANNEX-2: Communication Channels with Our Stakeholders".

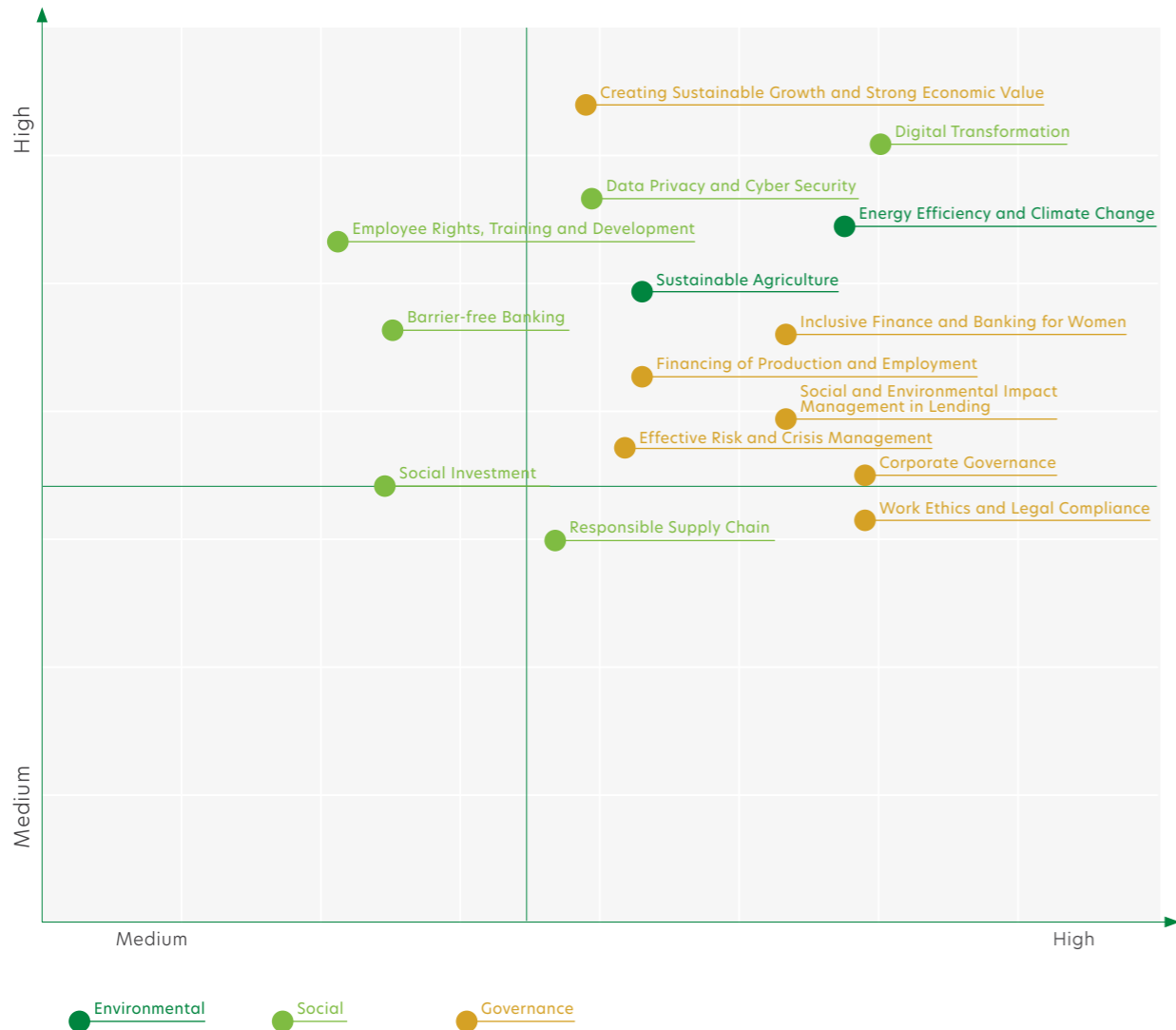
We define our material issues in line with our sustainability strategy consisting of changing expectations of stakeholders, global trends and all environmental, social and governance-related topics and aim to integrate these priorities into our business model in a more effective manner. To that end, our first action to determine priority issues for 2021 was to evaluate external factors by considering the sectoral and global reports, sustainability reporting standards and competition analyses.

We asked for feedback from our key stakeholders by engaging them with an online survey study containing the list of material issues determined as a result of the evaluation. As part of this study and in line with the expectations of our stakeholder groups, we created Şekerbank's 2021 Materiality Matrix by determining the material issues in Environmental, Social and Governance-related areas. The priority issues included in the Matrix guide our efforts to establish the connection between the strategy of our Bank and Sustainable Development Goals.



# 2021 ŞEKERBANK MATERIALITY MATRIX

While we were determining our priority issues, as the first step, we evaluated the external factors by considering sectoral and global reports, sustainability reporting standards and competitive analysis.



## Şekerbank Material Topics for 2021

## Relevant SDG

### Environmental

Energy Efficiency and Climate Change



Sustainable Agriculture



### Social

Digital Transformation



Data Privacy and Cyber Security



Employee Rights, Training and Development



Barrier-free Banking



Social Investment



Responsible Supply Chain



### Governance

Inclusive Finance and Banking for Women



Work Ethics and Legal Compliance



Social and Environmental Impact Management in Lending



Corporate Governance



Creating Sustainable Growth and Strong Economic Value



Financing of Production and Employment



Effective Risk and Crisis Management



A photograph of a man and a woman communicating in sign language. The man is on the left, seen from the side, wearing a light blue shirt. The woman is on the right, facing him, wearing a white top. They are both smiling and their hands are raised in a sign language gesture. The background is a plain, light-colored wall.

## Value to employees, people and society

We pay attention to the satisfaction of our employees and carry out the best practices regarding women's employment and employees' rights. While contributing to career development through the training support we provide, we enhance access to our products and services thanks to the sign language training within the scope of the "Barrier-Free Banking" project we put into practice. We continue to support projects that will contribute to social development as well as economic development.

**37** Branches

**50** ATMs

Suitable for disabled access

## DIVERSITY AND EQUAL OPPORTUNITY

**Based on our priority to support female employees, increasing the number of our female employees is included among our focus areas.**

We know that our employees are our most important capital and are committed to create value for our employees. As of 2021, we provide services with 3,554 employees. Based on our priority to support female employees, increasing the number of our female employees is included among our focus areas. In this respect, 51.3% of our employees are women and 48.7% are men.

Our corporate structure and communication are shaped regardless of race, religion, language, sect, belief, gender, mental or physical disability, age, cultural or social class differences. We guarantee that none

of our employees is subject to discrimination under any circumstances whatsoever, and our Human Resources Policy and the corresponding Premium Regulation, which are created accordingly, will make sure we keep our promise. The salaries of our employees with the same title and seniority are set at similar levels, regardless of gender. The salaries of our female employees working in managerial and above positions are five points higher than those of male employees. In all of our activities, we pay regard to legal requirements for the employment of disabled employees. No cases of discrimination were received during the reporting period. In such a case, we will evaluate the issue in the most delicate and careful manner with the Human Resources Department and other relevant departments and take necessary actions.

## EMPLOYEE RIGHTS

**The biggest human capital factor that differentiates Şekerbank in the sector is the fact that all of its employees also represent the main shareholder of the Bank.**

We, as Şekerbank and all of its members, have signed Şekerbank's Code of Ethics in order to protect the values of compliance with the laws and ethical rules, justice, transparency, integrity and reliability in the eyes of customers, society and stakeholders and to adopt a behavioral code that will guard the reputation of our Bank and our entire sector. Our Code of Ethics, which is an integral part of our Human Resources Regulation, is also made available to all of our stakeholders on our website.

We are aware of our responsibility to improve the working conditions of our employees to their satisfaction for their economic and social prosperity and expand our steps to achieve this. 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. Through our flexible maternity leave practices, we support them in establishing a balance of family and work life. Accordingly, 96 of our female employees took maternity leave in 2021 and 93 of them returned to their job at the Bank, and 92 of them are still employed by our Bank.

With the Covid-19 process, of June 1, 2020, we have switched to a flexible working order in which our Headquarters employees can work from home rotationally in accordance with the normalization plan.

We respect the collective bargaining and union rights of all of our employees and support the relevant communication efforts within the bank.

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-employers.

### Second Retirement Plan

The biggest human capital factor that differentiates Şekerbank in the sector is the fact that all of its employees also represent the main shareholder of the Bank. Our corporate culture is also highlighted by the collective and collaborative working environment created thanks to SEMVAK (Şekerbank T.A.Ş. Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı), the members of which consist of our employees and retirees who are also the main shareholders of our Bank. SEMVAK offers our employees a chance to have a second retirement plan. Thanks to this structure, our employees, who are also the shareholders of our Bank, demonstrate a high corporate identity and benefit from the opportunities provided in the work environment.

**Our corporate structure and communication are shaped regardless of race, religion, language, sect, belief, gender, mental or physical disability, age, cultural or social class differences.**



## EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

**We organize continuous, systematic, and rich training programs to increase the performance and motivation of all our employees and to contribute to their personal development and career goals.**

### Recruitment

Şekerbank maintained its support for employment during the reporting period when the effects of the pandemic continued to be felt not only in our country but also in the entire world. While 62% of the 744 recruitments for sub-manager titles realized at the Bank in 2021 consisted of new graduates recruited for training and career opportunities in banking, 38% of them were experienced candidates. For branches, a total of 327 people were recruited, including 9 groups of assistant operation officers (180 people) and 4 groups of sales representatives (147 people). Within the scope of recruitment, exams were made for 3,553 candidates, and Human Resources or technical interviews were held with 5,162 candidates.

### Career Management Policy

As stipulated by the human resources policies, our Bank gives priority to offering career opportunities equally to all employees, with appointments made upon evaluation of the applicant's competencies and past performance-based upon objective criteria.

In 2021, it was aimed to meet the Bank's human resources needs through career planning movements, and a total of 105 career movements were carried out in the Head Office units by resorting to internal resources. 37 internal mobilities were realized from regional and branch positions to headquarters units. Following performance-based promotion assessments, 290 employees were promoted to upper level titles. With the Branch Manager

Pool Program, which was created through identifying employees with managerial competencies and high leadership potential in line with the corporate culture and strategic goals, approximately 81% of the manager needs were met from within the Bank.

### Remuneration Policy

In order to support Şekerbank's strategy, we created our remuneration policy considering corporate governance principles as well as Guidance on Good Remuneration Practices in Banks published by the Banking Regulatory and Supervisory Authority (BRSA). In line with the clause "The Board of Directors of the Bank is responsible for the approval, regular review and oversight of the implementation of the remuneration policy" in this guide, the policies, processes and practices are established and regularly reviewed within the framework of a reliable and effective risk management approach. The "Review Report on Our Bank's Remuneration System and Policies" was prepared by the Remuneration and Benefits Department, evaluated by the Remuneration Committee, and presented to the Board of Directors. As the experience level of our employees increases, different wage levels are implemented to ensure sector-based competition and retention, depending on the level of performance.

### Training

We organize continuous, systematic, and rich training programs to increase the performance and motivation of all our employees and to contribute to their personal development and career goals. We provide training and development opportunities through different learning methods in order to contribute to the professional and personal development of our employees in line with the vision, mission and strategy of our Bank. In order to ensure

continuous development of our employees, we conduct training activities based on the functions and titles of our employees, considering the sectoral dynamics and trends. We organize technical or competence-based training programs for all of our new hires, both experienced and unexperienced, or our promoted employees based on their titles/job definitions.



## EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

**As of the end of 2021, 98% of our employees attended at least one training event such as an in-class webinar, seminar, simulation, or e-training, and the average training per person was 31.22 hours.**

We conduct our internal trainings under four main categories.

- 1) "Certificate Programs" containing compulsory trainings consisting of topics on professional knowledge, skills and personal development areas required by the role;
- 2) "Catalogue Trainings" consisting of in-class trainings, seminars and webinars, as well as elective training programs designed by considering the training and development needs of our employees;
- 3) "Special Need Trainings" updated in accordance with focus group activities/ workshops organized with employees based on their needs and business targets;
- 4) "Legal Requirement Trainings" conveyed through in-class or remote training methods for trainings that must be completed as required by legal authorities such as BRSA, Financial Crimes Investigation Board (MASAK), etc.

In addition to our face-to-face (in-class) and remote (virtual classroom) trainings, we perform e-training assignments on various subjects on Şekerbank Academy platform. As of the end of 2021, 98% of our employees attended at least one training event such as an in-class webinar, seminar, simulation, or e-training, and the average training per person was 31.22 hours. A 20-day "Assistant Inspector Basic Banking Training" was held for newly hired assistant inspectors, and a 25-day "Management Trainee Development Program" consisting of personal and professional

development training was organized for management trainees whose recruitment processes were completed during the year.

In addition, for branch employees with transaction volume in this field, "Foreign Trade and Sales of Foreign Trade Products" training was held, and a "From Performance to Potential" training program was organized to support the leadership competency development of Şekerbank unit and department managers.

Average annual training hours per employee for the reporting period of 2021 was 31.99 hours for women; 27.34 hours for men and the total expenditure made for these trainings was TRY 1 million. Please see Training Practices Regulation for all the details about the subject.

### **Şekerbank Supports Orange the World Campaign**

As Şekerbank, we recognize that the violence based on social gender is one of the most common human right violations. To stand against this violation of right, we supported "16 Days of Activism against Gender-Based Violence", an annual international campaign by UN Women that kicks off on 25 November, the International Day for the Elimination of Violence against Women, and runs until 10 December, Human Rights Day, during the reporting periods of 2020 and 2021 as we do every year. In line with the campaign's slogan of "Paint the World Orange," which aims to raise awareness about gender-based violence, this year again, the Bank's Headquarters was illuminated with orange lights for 16 days, with the color orange representing a brighter future and a world free from violence against women and girls.



We supported "16 Days of Activism against Gender-Based Violence" campaign during the reporting periods of 2020 and 2021 as we do every year.

## OCCUPATIONAL HEALTH AND SAFETY

Providing our employees with a safe and healthy work environment is one of the most important priorities of our Bank.

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 our activities related to Occupational Health and Safety (OHS) in accordance with the Occupational Health and Safety Instructions of Şekerbank and the Occupational Health and Safety Law No. 6331. Within our Bank, the responsibilities regarding the OHS are managed by the Logistics Division, and the highest responsible authority is the Executive Vice President Financial Control, Reporting & Budget Management.

We define the responsibilities among occupational safety specialists, workplace physicians and departments within the scope of the OHS Instructions of Şekerbank, which is established in line with our Occupational Health and Safety Policy, and the relevant law. As of 2021, 21 employees, 7 of which are employee representatives, serve as members at the committees we created as part of occupational health and safety.

In 2021, we substantially increased our trainings and provided a total of 12,248 hours of OHS training to 1,531 employees.



Number of Members of Occupational Health and Safety Committees	2019	2020	2021
Female	5	10	7
Male	6	6	14
<b>Total</b>	<b>11</b>	<b>16</b>	<b>21</b>

Number of Employee Representatives of Occupational Health and Safety Committees	2019	2020	2021
Female	2	3	3
Male	5	5	4
<b>Total</b>	<b>7</b>	<b>8</b>	<b>7</b>

For the purpose of measuring our OHS performance, we calculate and record data on accident frequency rate, accident severity rate, injury rate and occupational disease

rate each year for our Bank employees and subcontracted employees. In this respect, no accident resulting in occupational disease or death took place during 2020-2021.

Accident Frequency Rate (Total work accidents/Total working hours x 1,000,000)	2020	2021
Employees	2.11	3.9
Subcontracted	7.2	2.4

Accident Severity Rate (Number of lost days/Total working days x 1,000)	2020	2021
Employees	2.11	3.9
Subcontracted	0.13	0.18

Injury Rate	2020	2021
Employees	0	0
Subcontracted	0	0

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.

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 4,896 hours of OHS training to 612 employees in 2020. In 2021, we substantially increased such trainings and provided a total of 12,248 hours of OHS training to 1,531 employees.

Occupational Health and Safety Training (person x hour)	2019	2020	2021
	2,805	4,896	12,248

## SUPPORT FOR SOCIAL DEVELOPMENT THROUGH EDUCATION

We believe that education is one of the most important stones of social development, we aim to increase inclusiveness and achieve to all segment of society equally.

We believe that one of the most important elements of social development is education, and we aim to increase inclusivity also in education-related projects and to reach all segments of society equally as part our banking activities.

### Şeker Çocuk (Şeker Child) Magazine

As Şekerbank, we care about supporting primary education of young generations. The magazine that we have been publishing for 39 years reaches hundreds of thousands of children in Turkey through 238 Şekerbank branches in 67 provinces and 90 out-of-center districts, hundreds of primary schools in villages, kindergartens under Child Protection Institution and hospitals.

Şeker Çocuk has also been available in Braille since 2010 for children with visual impairments, and it is distributed free of charge to schools and rehabilitation centers for visually impaired children across the country.

With Şeker Çocuk (Şeker Child) Magazine, we reach hundreds of thousands of children in all over Turkey through hundreds of village schools in Anatolia, kindergartens under Child Protection Institution, and hospitals.

## INCLUSIVITY IN CULTURE AND ARTS

Şekerbank founded Açıkekran New Media Arts platform in 2010 with the aim of decentralizing art and introducing it to Anatolia.

Şekerbank opened one of Turkey's first bank art galleries in the 1980s and founded Açıkekran New Media Arts platform in 2010 with the aim of decentralizing art and introducing it to Anatolia.

### Açıkekran

Within the framework of our mission of integrating the local to the global, supporting the production of art and making the society familiar with art, we introduce art pieces to local communities at our branches by supporting modern art with Şekerbank Açıkekran New Media Arts, which is the first culture & arts initiative focused on new media and video art in Turkey. Artwork displayed at

Şekerbank branches on special monitors are introduced to art lovers at nine Şekerbank locations, including the head office in Istanbul and branches in eight Anatolian cities, namely Küçükesat and Kızılay branches in Ankara, Alpullu in Tekirdağ, and Ordu, İzmir, Bodrum, Mardin, and Edirne. After being interrupted by the pandemic, Açıkekran met art lovers in 2021 at the modern art fair Contemporary Istanbul. Searching for ways to understand nature through art, Volkan Dinçer's video art "Environmentally Interactive Synthesizer/ Umwelthesizer" was exhibited at the Açıkekran booth and our branches as part of the art fair.

We introduce art pieces to local communities at our branches by supporting modern art with Şekerbank Açıkekran New Media Arts.





## BARRIER-FREE BANKING

**In line with our responsible banking approach, we implemented a “Barrier-Free Banking” project in order to increase the accessibility of our products and services by eliminating barriers.**

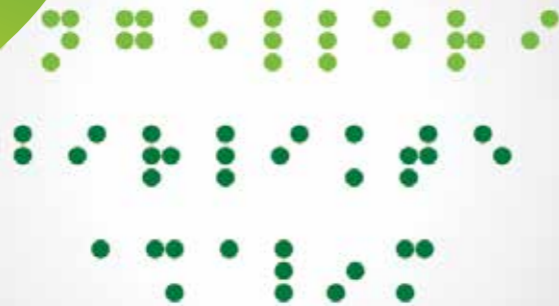
Şekerbank continues to develop different projects to provide equal and inclusive services to all customers. In line with our responsible banking approach, we implemented a “Barrier-Free Banking” project in order to increase the accessibility of our products and services by eliminating barriers. With our “Barrier-Free Banking” project, we offer our clients with special needs priority and free use of our products and services.

We care about the participation of Şekerbank employees, and the value they create, in the services provided by our Bank. Therefore, we provide 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 increase accessibility. In addition, we completed the audio menu enhancements to facilitate the access of our visually impaired customers to our products and services.

### **Blind Friendly Brands (EyeBrand) Network of BlindLook**

We made our web and mobile channels a barrier-free brand in line with our goal as part of barrier-free banking services. We joined the Blind Friendly Brands network of BlindLook, a social initiative founded to increase and support the social inclusion of visually impaired individuals.

Within the scope of our “Barrier-free Banking” project, we provide sign language trainings for our employees to enable them to communicate directly with hearing impaired customers.



\*engelleri birlikte aşalım

## OUR SUPPLY CHAIN

**We, as Şekerbank, give priority to local companies when selecting suppliers in order to support the national economy in the process of procuring products and services.**

For our Bank, executing sustainability practices in the supply chain means increased productivity, efficiency and awareness based on sustainability when managing business risks. We, as Şekerbank, require our suppliers to perform our organizational obligation with respect to issues such as greenhouse gas emissions, human rights, data security, waste, and we consider our suppliers as our ambassadors to increase the positive impact create. We address the evaluation and management of such risks in the Sustainable Development Regulation. We believe that awareness and capacity development form the basis of the value creation network. Building on this, we inform the companies included in our supplier portfolio about our Principles of Ethics and Sustainable Development Regulation and oversee their compliance with these principles.

We, as Şekerbank, give priority to local companies when selecting suppliers in order to support the national economy in the process of procuring products and services.

We evaluate the eligibility of our suppliers against the following criteria through our Supplier Management Survey.

- Compliance with all applicable legal requirements;
- Evaluating environmental and social effects, such as greenhouse emissions, use of natural resources and waste generation and minimizing potential negative effects depending on the scope and nature of their activities;
- Supporting equal opportunities for employees, protecting the health of employees and ensuring compliance with labor laws and regulations;
- Ensuring all the necessary legal and internal processes are in place for information security and personal data protection.



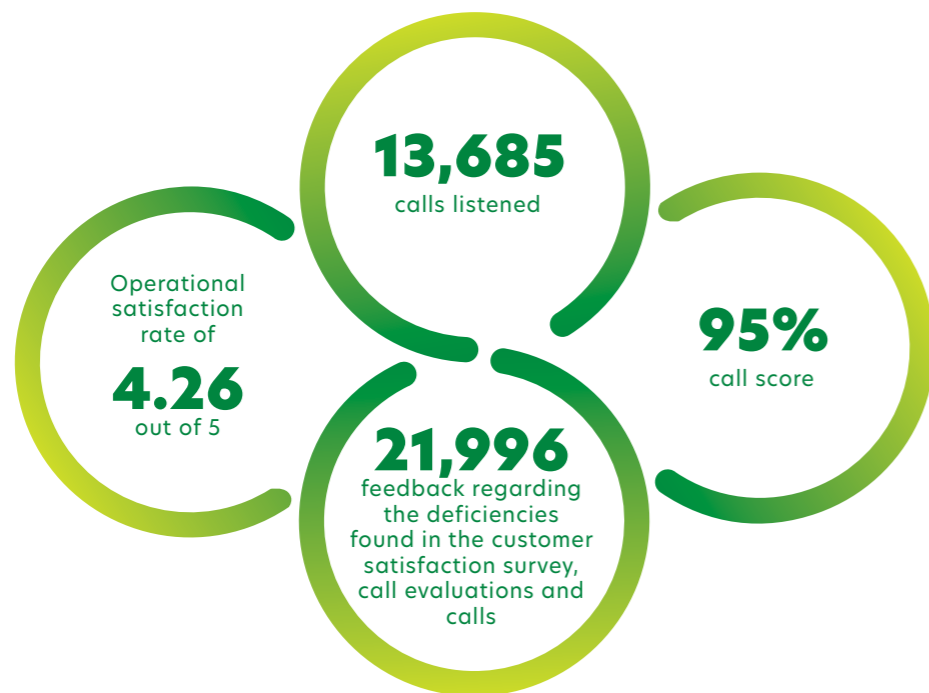
## CUSTOMER RELATIONS MANAGEMENT

**In line with our goal of being “customer oriented”, which is among our values, we care about, and give priority to, meeting the expectations and needs of all our customers and ensuring customer satisfaction by offering products and services in a fast and gracious manner.**

In line with our goal of being “customer oriented”, which is among our values, we care about, and give priority to, meeting the expectations and needs of all our customers and ensuring customer satisfaction by offering products and services in a fast and gracious manner.

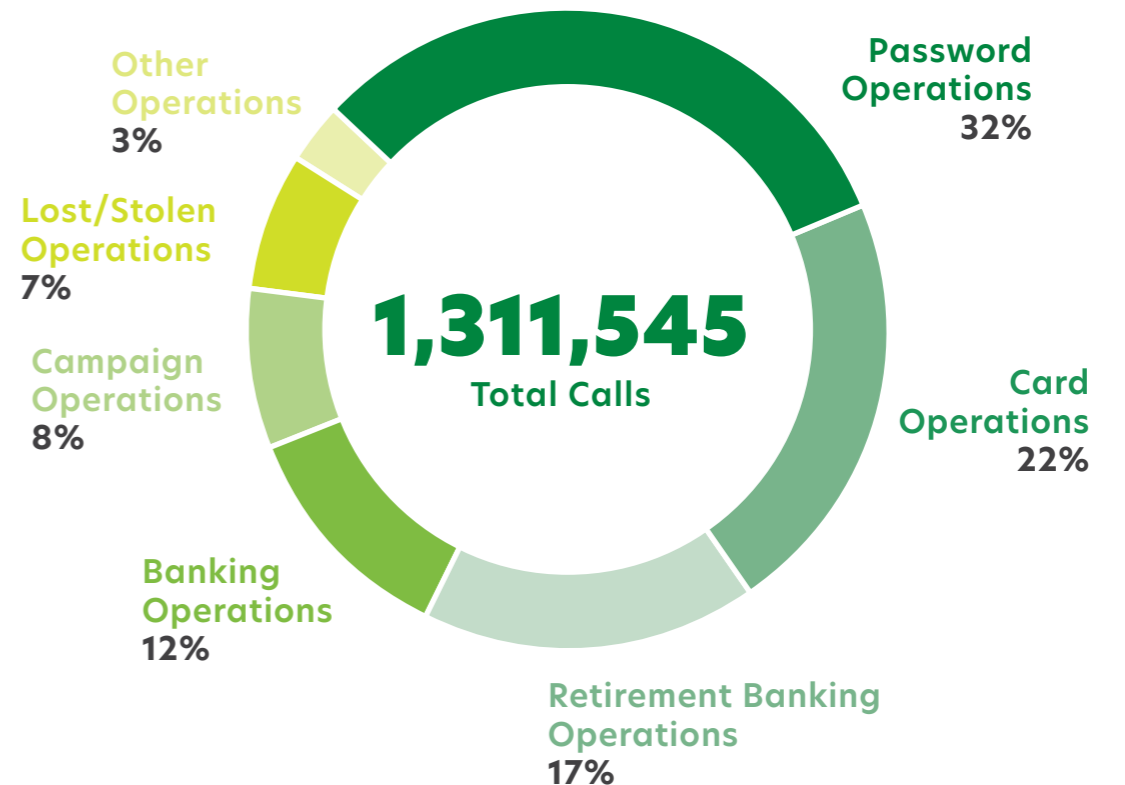
We create regular communication channels in order to be able to develop fast solutions for the needs and requests of our customers. We stay in touch with our customers through a wide range of channels, such as our branches, call center, contact form on our website,

and governmental agencies. We record all requests, complaints, objections, suggestions and feedback of satisfaction received by our Bank on our Customer Communication System application as part of the Instruction on Customer Communication System. We use this system to manage our relations with customers, track the feedback received from customers, and provide fast responses. We aim to increase the quality of the overall experience with improvements made based on the feedback received within the framework of customer feedback management included among our objectives in the Instruction on Customer Communication System.



We use our call center to receive the most of customer feedback. The call center company we worked in 2021 that helped us to further strengthen our communication with customers has ISO 9001 Quality, ISO 14001 Environmental, ISO 45001 OHS, ISO 10002 Customer Satisfaction, ISO 18295 Call Center, ISO 27001 Information Security, and ISO 22301 Business Continuity Management System certificates.

In 2021, our call center received a total of 1,311,545 calls. The number of our average monthly calls was 109,295. The operations performed via such calls are distributed as shown in the following graph.



A photograph of two women in a clothing store. One woman is standing and pointing at a fabric sample book on a table, while the other is sitting and looking at the book. In the background, there are mannequins wearing clothing and a brick wall. On the right side of the image, there are two small inset images of cars: a red one on top and a blue one below it.

## The power of women, the future of our country

We believe that it is important to facilitate women's access to finance and to be included in the economy by establishing their own businesses in order to empower development. We provide support with different projects to enable women to participate more effectively in the economy through Sustainable Banking activities, and we continue to support women entrepreneurs. We are constantly working to support women not only in big cities but also all over Anatolia.

**1,843**

Number of female tradesmen supported

## FINANCIAL INCLUSION AND WOMEN'S BANKING

**As Şekerbank, since our establishment we pursue a banking approach that includes all segments of the society, including the upstate.**

As Şekerbank we distinguish ourselves among privately owned domestic deposit banks by our widespread base in both deposit and loan portfolio, and since our establishment we pursue a banking approach that includes all segments of the society, including the upstate.

Our Bank, fulfills its goal of reaching the unbanked population, which we have defined as one of the main elements of our mission, by implementing the international micro-financing lending method in our company, supporting women producers, and with digital banking channels that we have developed for tradesmen and farmers, continues to implement practices that are the first in Turkey in the field of financial inclusion.

**We have provided a total of TRY 192 million financing to 1,843 female tradesmen through our lending activities.**

### Micro Financing

According to researches, there is an unbanked population of more than 15 million in Turkey that has limited access to loan facilities. The inclusion of this group, which is mostly composed of tradesmen, farmers and women, into the economy through production is of great importance for the sustainable development of Turkey. To serve this purpose, we have developed alternative lending models specific to tradesmen, farmers, women entrepreneurs and micro-enterprise owners who are included in the definition of SMEs but are segregated from both SMEs and individual customers due to their structures. Thanks to these micro financing efforts, we have doubled the loan repayment rates of women compared to men. In addition, we are also contributing to the development of financial literacy in rural areas with our cash flow-based lending model which we have created with the know-how that we acquired from international institutions, that is carried out with face-to-face interaction, aims to increase entrepreneurship and production capacity and is based on the total income of the household. In order to provide these loans, we have signed a 3-year loan agreement of USD 10 million with the Microfinance Enhancement Facility/MEF, which is an investment fund established by the International Finance Corporation (IFC) and German Development Bank (KfW).

The active participation of women in the economy and production is of importance in terms of advancing its development. According to studies, 55 percent of the women residing in Anatolia are unbanked. Lowering this number is of great importance in terms of the continuity of the rural female population, education of girls, reducing migration to metropolitan areas and continuity of production.

Based on these deductions, we have focused on supporting the women's entrepreneurship in terms of financial inclusion.

### Financial Literacy

We are aware of the need of providing accurate information and the importance of activities that support increasing the financial literacy rates, for all individuals to benefit from financial services equally under the inclusive financing. Under the scope of inclusive financing, we have started a financial literacy training program to support women's participation in the workforce, increase awareness of financing issues, and increase financial efficiency. Starting from the importance of empowering women to empower the society, we provided 1,500 women with "Financial Literacy Training" in 2021 and by continuing to support them also on social aspects we made possible many housewives to gain knowledge on basic financial issues and participate in the labor market.

### Our Supports to Women's Producer Cooperatives

As a reflection of the sharing culture we had since our establishment, we practice loaning processes specific to women's producer cooperative to support the women to be collectively included in the production via cooperatives.

To support the women in becoming a part of the collective production, we are practicing lending processes specific to women's producer cooperatives. As of 2021, as Şekerbank, we are the supporter of 39 women's producer cooperatives. Also we have provided a total of TRY 192 million in financing to 1,843 female tradesmen through our lending activities.

## FINANCING OF PRODUCTION AND EMPLOYMENT

**In 2021, the size of the cash loans extended to customers identified as an SME in our bank segmentation increase to TRY 3.7 billion by an increase of 12% compared to the previous year.**

The topic of supporting export and employment is one of the most prominent topics to support the sustainability of our country. We continued to support SMEs of different sizes that have been the lifeline of the country's economy in terms of their contributions to production, investment, employment, export, etc. economical activities also during the reporting period. The 51 percent share which we allocated to SME loans in our loan portfolio is double the amount of the Turkish banking sector average.

In 2021, the size of the cash loans extended to customers identified as an SME in our bank segmentation increase to TRY 3.7 billion by an increase of 12% compared to the previous year. In 2021, while we grew our total loan customers by 9%, we also increased our active SME customers by 15%. As Şekerbank, our non-interest income in SME Banking increased by 80% compared to the previous year. We have also left a very intense year in terms of card payment systems and member merchants. We have also increased the number of our commercial card owner SME customers by 16% and number of check holders by 15%.

### CGF Loans for SMEs

As Şekerbank, we continued to support SMEs adversely affected by the pandemic conditions also in 2021, we have provided our customers that had their cash flow and balance of payments affected adversely with both our resources and surety-backed

financing provided by the CGF. We did not only restructured the loans of our customers who had difficulty in payment, but also continued to stand by SMEs in this challenging period with grace period and advantageous interest rates. In 2021, within the scope of CGF Support Loan-2of Kredi Garanti Fonu A.Ş. we provided financing support for our SME customers.

### Friendly Loan for Your Business

As Şekerbank, we continued to add new ones to the products we developed for SMEs. In 2021, we provided financing support with "Friendly Loan for Your Business" which we prepared specifically to our SME customers who had problems with their cash flows due to the ongoing pandemic. Within the scope of the product which relieves the SMEs in payment maturities, there are payment plans without principal payment up to the first 12 months for maturities up to 36 months. We offered financing up to TRY 500 thousand to SMEs with "Friendly Loan for Your Business" who can also benefit from advantageous POS, credit card and check product.

### Winning SMEs Club

We launched "Winning SMEs Club" loyalty program in 2021, in line with our goal of establishing a long-term solution partnership based on trust with our SME customers. Under "Winning SMEs Club" loyalty program, we shared four different options as Standard, Silver, Gold and Platinum memberships, and provided advantages to our SME customers for one year from the beginning of membership.



We launched "Winning SMEs Club" loyalty program in 2021, in line with our goal of establishing a long-term solution partnership based on trust with our SME customers.



## Supporting production with the power of the sun

With EKO kredi, which we offered as a first in Turkey in 2009 within the scope of financing energy efficiency, we support all kinds of investments for energy saving. After many energy efficiency projects, we are undertaking an important initiative for producers to benefit more from the sun. We provide financing under favorable conditions for the installation of roof SPP systems, and contribute to our country to benefit from the power of the sun.

**TRY 1.3 billion**

Total financing with  
EKO kredi

# ENVIRONMENTAL IMPACT MANAGEMENT

**As Şekerbank, we have been carrying works to monitor our potential environmental effects and reduce our effects for years with our activities, many of which are first in our sector.**

In order to leave a clean world to future generations it is vital to use natural resources effectively, and producers/consumers to manage their environmental impacts. As Şekerbank, we have been carrying works to monitor our potential environmental effects and reduce our effects for years with our activities, many of which are first in our sector.

### Combating Climate Change

Under combat against climate change, it is important for companies' environmental effects to be traceable thus to implement improvements in their areas of activity. In line with monitoring and reducing greenhouse gas emissions purpose, which is the main reason of global warming, we have been measuring our carbon footprint caused by our activities since 2010. In addition, we report or measured carbon footprint to Combating Climate

Change program under Carbon Disclosure Project (CDP) (one of the global platforms of combating against climate change) and share our performance with international investors. We also participated in the project in 2021 which we continue to report voluntarily, and maintained our CDP Climate Change report assessment grade which was B in the previous reporting period.

You can access 2020-2021 Şekerbank CDP Climate Change Program report at <https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports>.

We are continuing to strengthen the infrastructure of our measurement system to ensure the most accurate monitoring of the greenhouse gasses caused by our activities. Also in order to accurately share our greenhouse gas measurements, we have our emission data verified and share it publicly.

You can access Şekerbank 2020 Greenhouse Gas Emissions Data Verification reports at <https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports>.

We continue our works to increase the awareness in combat against climate change. We are providing our employees with regular training on reducing carbon emission and increasing the water consumption efficiency with the awareness of environmental risks caused by carbon, water and waste. In this

context, we provided environmental training to 218 employees last year. We make the Sustainability and Carbon Disclosure Project (CDP) online training obligatory to all branch and regional employees who are new to their duties.

	2019	2020	2021
Number of Employees Who Received Environmental Training	1,102	97	218

Under the scope of the combat against climate change, compared to 2018 we are aiming to reduce our carbon dioxide emission rate by 5% by 2023. In line with our goals, we measure our Scope 1 and Scope 2 emissions which are caused directly by our operations. In addition, we measure and share our emissions caused by travels under Scope 3 category which

we caused indirectly by globally accepted measurement methods and standards. As a result of our works under this scope, we have reduced Scope 1 and Scope 2 emissions caused by our activities by 32% compared to the previous reporting period. In addition, we achieved a 56% reduction in our Scope 3 emissions.

	2018	2019	2020
Scope 1 Emissions (tCO <sub>2</sub> e)	3,246	3,292	2,368
Scope 2 Emissions (tCO <sub>2</sub> e)	11,329	10,106	6,728
Scope 3 Emissions (tCO <sub>2</sub> e)	1,212	944	418

In order to create more comprehensive targets to combat climate change, we are following the studies on the "Science Based Target" methodology, which is a joint initiative of CDP-UNGC-WRI (World Resources Institute) and the World Wildlife Fund (WWF), and we are taking new steps to improve our reporting in this direction.



## ENVIRONMENTAL IMPACT MANAGEMENT

**The report we prepared in the CDP Water Program Project, in which we also took place voluntarily in 2020-2021 term, our report was rated at B- level.**

### Water Management

We continue our works for the best management of the water resources, which is among the most prominent natural resources that ensure the continuity of life on the Earth. As Şekerbank, as of 2010, every year we regularly measure our water footprint caused by our activities. We report our water footprint performance via Carbon Disclosure Project (CDP) Water Program and share it with all of our stakeholders, especially institutional investors. In 2016, we received "CDP Turkey Water Leadership" award with our works under responsible water consumption. The report we prepared in the CDP Water Program Project, in which we also took place voluntarily in 2020-2021 term, our report was rated at B- level

You can access 2021 Şekerbank CDP Water Program reports at <https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports>.

We have the water usage data that we publish under CDP Water Program verified by independent external institutions and we present the verification reports openly to all our stakeholders through our website.

You can access 2019-2020 Şekerbank Water Data Verification reports at <https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports>.

Water Consumption	2018	2019	2020
Mains Water (m <sup>3</sup> )	50,201	55,080	22,520
Total water consumption (m <sup>3</sup> )	51,727	56,603	23,337
Water Consumption Per Employee (m <sup>3</sup> /number of employees)	14.58	17.34	6.57

Under the scope of water management, compared to 2018 we are aiming to reduce our water consumption per employee by 2% by 2023.

### Waste Management

In order to ensure the sustainability of resources, it is necessary to use raw materials efficiently, reuse products, recycle wastes and ensure circularity in production. As Şekerbank, we continue our work without pause to reduce the use of natural resources.

In 2021, to reduce paper use, which is one of the largest inputs of the banking sector, we transferred a significant part of our contracts and documents to the digital platform and we made it possible to advance the transactions with digital approval. Therefore, by taking an important step in "Paperless Banking", we saved 156 tons of paper total in 2020 and 2021.

## ENERGY EFFICIENCY

**With EKOkredi, we introduced more than 120 thousand of our customers, among which more than 109 thousand were individuals and 10 thousand were SME, tradesmen or farmers by providing TRY 1.3 billion financing until today.**

In order to ensure the energy security of our world, it has become crucial to use resources efficiently and disseminate alternative energy types such as renewable energy. In this context, the financing of energy efficiency investment has also become one of the most prominent subjects of the banking sector that needs to be focused on. It is important to support energy efficiency and renewable energy investments, especially in our country which imports a large part of its energy.

As Şekerbank, in order to make new energy technologies accessible for everyone, and to reduce energy consumption without reducing production and service quality we are serving the Partnership goals of the United Nations

under SDG 7: Accessible and Clean Energy, SDG 13: Climate Action, and SDG 17: Partnerships for the Goals. In order to support the efficient use of the natural resources while ensuring savings for individuals and institutions, we finance energy efficiency investments and provide advantages that supports investments in this area. We are getting involved in preparation of national strategy documents and development plans with our leading role in energy efficiency financing. In addition, thanks to our international reputation in banking field we have acquired 30% of the foreign resources in our balance sheet to finance energy efficiency and renewable energy investments.





## ENERGY EFFICIENCY

**With EKO kredi, we introduced more than 120 thousand of our customers, among which more than 109 thousand were individuals and 10 thousand were SME, tradesmen or farmers by providing TRY 1.3 billion financing until today.**

### EKO kredi

As Şekerbank, we are among the first banks in Turkey to take into account environmental and social effects in lending activities under the guidance of International Finance Corporation (IFC), a World Bank organization. While we are aiming to support all investments towards energy savings with EKO kredi which we developed in 2009 under the financing of energy efficiency as a first in Turkey we also protect the nature and our common future by creating social awareness on importance of energy efficiency. With EKO kredi, we continue

to provide financial support to all kinds of projects that will increase energy efficiency such as insulation, solar and wind energy system, waste treatment and management, natural gas conversion, A class electrical devices, efficient heating and cooling systems, modern irrigation equipment, etc. With EKO kredi, we introduced more than 120 thousand of our customers, among which more than 109 thousand were individuals and 10 thousand were SME, tradesmen or farmers by providing TRY 1.3 billion financing until today.

### EKO kredi in Numbers in the 2020-2021 Period

	2020-2021 Period	Total
The number of customers we are financing	~3,000	~120,000
Financing provided for energy efficiency investments	TRY 159.6 million	TRY 1.3 billion in total
The number of houses insulated under EKO kredi	+3,000	+168,000
Energy savings achieved with investments	0.8 billion kWh	31.8 billion kWh
Carbon emissions prevented	0.1 million tons	6.8 million tons
Natural gas savings in insulated houses	2.7 million m <sup>3</sup>	143.7 million m <sup>3</sup>

We continued to direct organizations and individuals to energy saving also in 2021 with our EKO kredi product that we developed for more efficient use of all kinds of energy sources, and financing investments and enterprises towards development of sustainable and local energy resources. In 2021, we organized two new campaigns for our individual customers within the scope of product. We aim to support both reduction of energy costs and contribute to low carbon emission by providing financing support they need to our customers that will buy A class electrical device and electric or hybrid vehicles with EKO kredi along with the opportunity of 3 months installment postponement.

In the 2020-2021 period by contributing 1.6 billion Kilowatt-hours in energy savings with energy efficiency investments made with EKO kredi we have contributed to 31.8 billion Kilowatt-hours energy savings in total. Also by preventing 0.3 million tons of carbon dioxide emissions with the energy saving investments we financed in this period, we prevented the emission of a total of 6.8 million tons of carbon dioxide into the atmosphere since 2009.

### Carbon Dioxide Emissions Prevented by EKO kredi (CO<sub>2</sub> thousand tons)

	2019	2020	2021
Carbon Dioxide Emissions Prevented by EKO kredi (CO <sub>2</sub> thousand tons)	200	200	100

### Energy Savings Achieved with EKO kredi (million kWh)

	2019	2020	2021
Energy Savings Achieved with EKO kredi (million kWh)	500	800	800

We define the financing of sustainable production and energy efficiency projects from renewable and local energy sources as one of our focus activity areas and in this scope, we continue our collaborations with companies engaged in commercial activities. We aim to increase the share of firms that produce and operate towards energy efficiency and renewable energy in the Bank's portfolio. We organize campaigns and training that will increase the awareness of our customers and branch employees on this matter.

In 2012, we represented our country as the sole participant of the Turkish financial sector at the Rio+20 United Nations Summit on Sustainable Development with EKO kredi which was selected as the best sustainable practice by the Ministry of Development.

# SUSTAINABLE AGRICULTURE

**As the bank that allocates the highest share to agriculture financing in its loan portfolio among the privately owned banks, we support more than 350 thousand farmers we have reached throughout Turkey to continue their production.**

Material Topic	2020 Current Status	2021 Targets	2021 Current Status	2022 Targets
Digitalization Works in Agricultural Banking	Tradesmen/ Micro enterprises and Farmers are provided with opportunity to get instant loan allocation with tablet banking launched in December 2019. In 2020, 51% of the short offers were made through Digital Branch.		In 2021, 51% of the short offers were made through Digital Branch.	Launching "Tarım Mobile App", focusing on development and dissemination works
Fintech Applications		Launching Hasat Mobile App	Hasat Mobile works continued.	Providing loans for agricultural inputs such as feed, seed, fertilizers, pesticides, equipment, fuel, etc. which the farmers will procure over contracted agricultural dealers
Increasing the Number of Agricultural Customer Representatives	200 people work as Agriculture Customer Representatives.		213 people work as Agriculture Customer Representatives.	Establishing an agricultural sales representative staff to work in the field and provide more active service in the field
Establishing Collaboration with Farmers by Participating in Agricultural Fairs	Due to the pandemic, we could not attend to Fairs in 2020.	Participation in the 3 largest agricultural fairs	3 Agricultural Fairs were attended. Loan product with Contribution Against Invoice was developed	Participation in 14 more Agricultural Fairs

While the increase in the share of developing countries in the world economy, increase in consumption and migration to central regions has led to a decrease in agricultural areas, providing sufficient food to increasing world population has become one of the top priority global risks. As Şekerbank, we take an important role in line with our historical leadership in sustainable agriculture financing for food security and with the activities we carry out in this field we continue our support to "SDG 2: Zero Hunger, "SDG 8: Decent Work

and Economic Growth", "SDG 12: Responsible Consumption and Production" and "SDG 15: Life On Land" issues under United Nations Sustainable Development Goals.

As the bank that allocates the highest share to agriculture financing in its loan portfolio among the privately owned banks, we support more than 350 thousand farmers we have reached throughout Turkey to continue their production.

### Sustainable Agriculture in Numbers;

- More than 350 thousand Farmer Customers
- Volume of Agricultural Loans; more than TRY 2.3 million
- Share of agricultural loans in total cash loan volume; 9%
- Market share of agricultural loans among private banks; 6%
- Agricultural Branches; 133
- Agricultural Banking Customer Representatives; 213
- Agriculture Regional Sales Managers; 12
- Family Farming Banking Financing Amount in 7 years; TRY 13.2 billion
- Number of Customers with Harvest Card; 150 thousand

As Şekerbank we make it possible for our farmers to reach more resources with our mission to support Anatolian farmers, our founders, thus we contribute to the development of our country.

With our digital channel investments we continue to serve farmers who cannot access a branch via mobile banking which we defined as priority non-branch channel. With our works that allows our customers to apply for loan without login to application we provided to our producers, we managed to become the first bank that develop mobile banking solutions and provide multiple loan products to small enterprises over mobile application. In this context, as of 2020, our farmers were able to make their loan and Harvest Card applications over Şekerbank Mobile. We continue our works to improve our channel infrastructure in order to increase the quality of service that we provide to our customers.

With the "Diji Şube" (Digital Branch) tablet banking project we make it possible for producers to reach loan support without requiring visiting a branch in rural areas. Farmers can reach the financing that they need by getting visited by our agricultural banking customer representative at their location.

By increasing our support to the producers in sustainable agricultural practices we signed and important cooperation protocol with Türkiye Ürün İhtisas Borsası A.Ş. in 2021. Under the protocol, we provided cash support to producers and firms engaged in agricultural product trade that used loans with Electronic Product Certificate (ELÜS) guarantee from Şekerbank between 1 July - 31 December 2021.

We participate in Agricultural Fairs held throughout the country to communicate with our farmers personally and to integrate their thoughts to our activities. In 2021, we promoted our Bank and products by making interviews towards cooperation by visiting Agricultural Enterprises/Companies at 3 fairs.

### Family Farming Banking

As a bank being aware of the strategic importance of agriculture and its role in the employment, we are continuing to support farming families that have critical importance for the continuity of agricultural production in Turkey. Under the Family Farming Banking project that we launched in 2014 as a first in Turkey, we continue our works towards supporting the continuity of agricultural production in rural area from consolidation of small lands to rural development, from increasing efficiency in agricultural production to reducing the costs.

With this project, which we started with the declaration of 2014 as International Year of Family Farming by Food and Agriculture Organization of United Nations (FAO), we aim to support sustainable production by reducing the migration of our farmers from rural regions to urban regions.

With the TRY 3.7 billion financing support that we provided under Family Farming Banking in 2020 - 2021 term, we have provided a total of TRY 13.2 billion financing to more than 143 thousand farming families since the commencement of the project.

## SUSTAINABLE AGRICULTURE

**With the consciousness of the importance of energy efficiency, we support our farmers for more production by reducing their energy consumption with our product “EKO kredi”.**

### Harvest Card

We introduced the Harvest Card, Turkey's first commercial card product towards farmers, to facilitate the access of farmers to financing. With Harvest Card, farmers are able to meet their short term cash needs and procure their agricultural needs such as diesel, feed, fertilizer, etc. from nearly 5 thousand contracted merchants.

We provide farmers with opportunities to procure their agricultural needs in sowing time without experiencing cash shortage, easy payment terms, zero interest advantage and online shopping with the “Sanal Hasat POS” (Virtual Harvest POS) product we developed in 2021.

### Farmer Support Loan Campaign

As Şekerbank, we continue to offer products and applications for the protection and survival of agricultural producers. We organized the Farmer Support Loan Campaign to support farmers and provide the financing they need to get what their products are worth. Within the scope of the campaign, we provided roughly 12 thousand farmers support loans and TRY 275 million in financing to 10,294 producers in 2021.

### TMO Card


With TMO Card which we introduced in 2017 to mediate the product deliveries of producers to Turkish Grain Board (TMO), farmers are able to deliver their products to TMO purchasing points right after their harvests without delay and are able to get free from inventory cost burden. As of the end of 2021, more than 15 thousand farmer customers have TMO Card.

### Agricultural EKO kredi

With the awareness of the importance of energy efficiency in agriculture to increase efficiency in production and reduce the effects of climate change, we support more efficient production by reducing the energy consumption of our farmers with our “Agricultural EKO kredi” product that finances energy efficiency. With the Modern Irrigation Equipment Loan we implemented in this context, we provide financing to our farmers to allow them to reach modern irrigation equipment that requires less water use and provides more efficient irrigation. This way, while producers save labor and energy, they are able to get more efficiency and increase their earning by reducing their costs.

With the Solar Energy Systems Loan under our Agricultural EKO kredi practices, our farmers produce their own energies and reduce their operation costs with modern solar energy systems, they also contribute to the protection of our natural resources by saving energy.

In addition, with the Organic Farming and Greenhouse Loan, we provide financing opportunities to our farmer customers to have them cover their expenses towards the construction and operation of greenhouses, and organic agriculture that modernizes the production methods of farmers.



**With the Modern Irrigation Equipment Loan, while producers save labor and energy, they are able to get more efficiency and increase their earnings by reducing their costs.**

# SOCIAL AND ENVIRONMENTAL IMPACT MANAGEMENT IN LENDING ACTIVITIES

**Şekerbank does not provide resources to sectors that are harmful to the environment and social life in international norms and guides its customers to make environmentally and socially sensitive investments.**

Şekerbank's activities within the scope of managing social and environmental impacts are not limited to internal operations. In Şekerbank, we also 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. We evaluate and monitor the social and environmental effects and possible risks of the projects in connection

with financial supports we provide to our customers under Social and Environmental Management System. Thus, we encourage our customers towards more responsible investments. The system covers Project Financing, SME Banking Agricultural Banking, Corporate and Commercial Banking segments of Şekerbank.

As one of the first banks to implement Social and Environmental Management System in its lending activities, Şekerbank does not provide resources to sectors that are harmful to the environment and social life in international norms and guides its customers towards environmentally and socially sensitive investments. In this context, we aim to contribute to the development of our customers' activities by increasing their sustainability awareness by providing necessary feedback and follow-up to improve the negative results and maintain the positive results.



## Flow of Social and Environmental Management System (SEMS)



In order to increase the knowledge and awareness of Bank's personnel in sustainability, development, environment and social awareness topics, training programs are organized by our Human Resources Department. In 2021, we provided 114 hours of training to 127 employees within the scope of the Social and Environmental Impact Management in Lending Activities.

## Accessible banking with digital transformation

With the “Digital Transformation Program” we run, we support production everywhere. We are renewing the entire process, data and digital channel infrastructure, and transferring our deep-rooted expertise in tradesmen, agriculture and SME banking to digital channels. In this way, we support the sustainability of production by making financial opportunities accessible to everyone. At the same time, we contribute to the future of our world by saving time, energy and paper.



**21%**

Rate of the increase in  
the number of active  
customers on digital  
banking channels

## DIGITAL TRANSFORMATION

**While re-establishing our digital channels, the “Digital Transformation Program”, in which we rebuilt all of our bank’s technological infrastructure and processes, is a very important turning point for Şekerbank, which forms the basis of its sustainable success.**

The “Digital Transformation Program” that we initiated before the reporting period and where we established our digital channels from scratch while rebuilding all the technological infrastructure and processes of our Bank from end to end, has the significance of being a very important keystone that makes up the foundation of sustainable success for Şekerbank.

The positive reflection of the program which includes more than 50 projects covering many decision processes of the bank from the loan allocation processes to pricing methodologies on the financial results has begun to be seen concretely during the reporting period.

Şekerbank have accomplished its sustainable development mission also in its digitization journey and has made its digital channel investments primarily for segments with limited financial access, such as farmers and tradesmen. Thus, it has both increased the support for production and succeeded in expanding financial access during the pandemic period.

### First Mobile Branch for Tradesmen and Farmers

The mobile application we developed specifically for tradesmen and agricultural customers stood out as the ‘first mobile branch’ in the sector that offers multiple products such as cash loans, overdraft accounts and commercial credit cards as a package to relevant customer segments.

Our prominent activities within the framework of the “Digital Transformation Program” in 2021 are as follows:

- By designing Şekerbank’s new mobile branch with user-friendly screens, we improved our customers’ transactions in the channel use and by adding different functions to login screen we increased the number of transactions that the customers can make from this section.
- We have created a digital channel infrastructure that enables tradesmen, farmers and SMEs, who need financial support during the pandemic process, to apply for loans at any time and from anywhere. With the tablet project we named “Diji Branch”, we adapted the customer opening, loan allocation and disbursement processes that can be realized in the branch to tablet banking and enabled the producer to reach loan support without the need to go to the branch in rural areas where there is no bank branch. In this way, in 2021, we made 51% of short offers on the tablet channel.
- With the “Diji Branch” we made it possible to start using the products by first providing “Welcome SMS notification”, then sending temporary passwords to also encourage digital channel usage and enabling the filing for Loan Request Form (KTF) of the installment loan, Loan Deposit Account (KMH), anonymous Producer Card, and anonymous Harvest Card products. We have also completed the “Customer Update” function on the tablet, which is the continuation of the project.
- By accelerating the integration of digital channels with branches, we enabled the completion of the consumer loans waiting for the disbursement step through the internet branch and call center.

We have created a digital channel infrastructure that enables tradesmen, farmers and SMEs, who need financial support during the pandemic process, to apply for loans at any time and from anywhere.

- We transferred a significant part of our contracts and documents to the digital environment and made it possible to advance the transactions by obtaining digital approval. Thus, we have taken another important step for “Paperless Banking”.
- We renewed Şeker.net, Şekerbank’s most important internal communication channel, and put it into use of all Şekerbank employees.
- With our “Corporate Customer Opening” which we designed towards SME segment, we achieved time savings of 77% by reducing the new customer acquisition from 35 to 8 minutes, 75% by reducing the micro loan allocation from 4 days to half a day, and 75% by reducing the control and intelligence duration from 60 minutes to 20 minutes.
- By establishing an automatic allocation and limit assignment infrastructure in accordance with risk appetite with end-to-end central management in loan allocation processes, we implemented the SME and agricultural loans Decision Support System project developed within the scope of the “Transformation Program” and based on statistical analytical models in June 2019. In the end of 2021 while cash risk increased by 32% compared to end of 2018 when the “Decision Support System” was not active in SME, enterprise and agriculture loans, we saw the positive effect of increase in active quality of the system with a reduction of 56% in non-performing loans with the established loan assessment and allocation system.

- The conversion rate of the loans assessed via the system to non-performing from June 2019 (when the system was disseminated) to end of 2021 was 1.3. We also increased the automation rate of allocation decisions to 70% by increasing the customer experience to the level of best practices.
- We piloted the “Early Warning System” in March 2021 which calculates the possibility of performing customers of the bank turning into non-performing customers and envisions consulting to the customer according to that.
- In December 2021, we piloted the “Collection System”, which evaluates the past payment performance of delayed customers at Şekerbank or other banks in the sector and proposes the right collection action to the right customer.
- We have added approximately 100 Daily Warning Signals to the “Early Warning System” and “Collection System” for all credited customers to monitor new issues that may arise on a daily basis.
- As of December 2021, we completed the validation studies of the Analytical Deposit Pricing Model, which further developed our Bank’s strong widespread deposit portfolio, and started the systematic development process of the model in line with the strategic objectives.

## DATA PRIVACY AND INFORMATION SECURITY

**We invest in automation technologies in order to provide a safe and better experience to our customers through the more effective use of information technologies.**

In line with the digital transformation accelerated by the pandemic and the changing remote working practices, we increased the security level for our Bank's employees and customers with additional security controls. In line with our Bank's goals, we make information security investments that will contribute to the digital trust perception of our customers within the scope of the "Digital Transformation Program". We are making our monitoring capabilities that are needed due to increasing digital data and regulations, more effective with our investments in new technologies. We invest in automation technologies in order to provide a safe and better experience to our customers through more effective use of information technologies.

We follow the effects of cyber attacks on the supply chain in the world on the banking sector. To this end, we are making technology investments in order to carry out the risk assessments of our Bank's suppliers more effectively. In addition, we continue to take steps towards the employment of qualified human resources in order to operate the process effectively.

We conduct risk analyses to intervene in possible security breaches before problems occur, with a proactive approach, and we design security controls that fits to the needs of our Bank's business units according to the Security by Design principle. We implement the controls and appropriate policies for the accounts created in all systems in parallel with the developments in the sector.

As Şekerbank, we continuously continue our system infrastructure investments and keep internet servers at the most reliable level in order to further develop our high discipline in protecting the confidentiality of personal information received from customers and/or customer officers. In our renewed and digitalized channels, we ensure that the necessary compliance and controls are made for the Personal Data Protection Law.

In parallel with technological developments, we carry out studies to increase awareness by providing training to all our employees on information security. According to the evaluation of the information security incidents in 2020/2021 and the expectations in 2022, we have prepared suitable and effective

Information Security Awareness Training for our employees. In 2021, a total of 3,907 people from our subsidiaries, Bank employees and external participants participated in our online training and briefings that raise awareness on information security on subjects such as Data Privacy, Data Leakage and Safe Internet Use with 19 different contents.

We also inform our customers against parties that request their personal banking information via reward notifications, phone or message, phishing attacks, suspicious money transfers, and information requests and what to do in these situations and provide them with information on safe internet banking.

We are constantly increasing our information security maturity by referencing regulations. We continue to work on compliance with the "Regulation on Banks' Information Systems

and Electronic Banking" published by the BRSA and related mandatory legislation. In this context, we have obtained ISO/IEC 20000-1 Management System Certificate, DIN ISO 20002 Customer Satisfaction Management Certificate, ISO/IEC 27701 Personal Information Management Certificate, DIN EB ISO 9001 Quality Management System Certificate, DIN ISO / IEC 27001 Information Security Management System Certificate, EN ISO 22301 Security and Resilience - Business Continuity Management Systems Certificate. In line with the developments in the sector, we take all kinds of measures to provide secure and uninterrupted service in order to reduce risks and increase the effectiveness of our Bank's digital channels and to further increase the level of information security.

You can access our Bank's Privacy Policy on our website at <https://sekerbank.com.tr/hakkimizda/bilgi>.

## ANNEX-1 MEMBERSHIPS AND ENDORSED INITIATIVES

### 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)  
Financial Literacy and Inclusion Association (FODER)

### Endorsed Initiatives

United Nations Global Compact (UNGC)  
United Nations Environment Programme 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 (TBB)  
Business Leadership Criteria on Carbon Pricing (CPLC)  
United Nations Environment Programme Financial Initiative / Responsible Banking Principles (UNEP-FI/PRB)

## ANNEX-2 COMMUNICATION PLATFORMS WITH OUR STAKEHOLDERS

Stakeholders	Communication Platforms
Our Customers	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
International Financial Institutions and Creditors	Information and situational evaluation meetings
Shareholders	General Assembly meetings, Public Disclosure Platform, activity reports, CMB Corporate Governance Compliance Report, press releases, corporate website
Governmental Bodies and Regulatory Agencies	Meetings, legal compliance and activity reports, one-on-one meetings, various working groups, panels, forums and conferences
Credit Rating Agencies	Information and situational evaluation meetings, activity reports, Public Disclosure Platform
Press - Media	Press releases, social media accounts, memberships, sponsorships, interviews, panels, forums and conferences
Suppliers	One-to-one interviews
Chambers, Sectoral Organizations and NGOs	One-on-one meetings, various working groups, press releases, social media accounts, memberships, panels, forums and conferences
Universities and Research Centers	Joint projects, collaborations
International Organizations and Initiatives	Memberships, joint projects, various working groups, collaborations



## ANNEX -3 WHOLESALE BORROWING

In 2020 and 2021, we raised approximately TRY 600 million 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 distribution of these resources we have been providing since 2011 according to their objectives and the contributing institutions are included in the following diagram.

<b>SME-Backed Covered Bond</b>	
FMO - Dutch Development Bank	SME, Agriculture, Micro and Female Entrepreneur Financing 100%
KfW - German Development Bank	
IFC - International Finance Corporation	
EIB - European Investment Bank	
EBRD - European Bank for Reconstruction and Development	
ETDB - Eco Trade and Development Bank	SME, Agriculture, Micro and Female Entrepreneur Financing 100%
IFC - International Finance Corporation	
KfW - German Development Bank	
FMO - Dutch Development Bank	
EBRD - European Bank for Reconstruction and Development	Energy Efficiency 100%
OeEB- Development Bank of Austria	
GCPF - Global Climate Partnership Fund	
GGF - Green Growth Fund	
TSKB & IBRD - Türkiye Sınai Kalkınma Bankası & International Bank for Reconstruction and Development	Financing SME and Women Entrepreneurship %100
MEF - Microfinance Enhancement Facility	Micro Financing 100%
AFD - French Development Agency	

## ANNEX -4 AWARDS

1. The "Turkey's Sustainable Bank Şekerbank" advertising campaign was granted the Golden Award in the Effie Turkey Advertising Event Competition.
2. With the "Family Farming Banking" project, which was launched for the first time in Turkey, Şekerbank won the first prize in the "2020 Partnership for Sustainability Award" competition organized by the United Nations Global Compact Ukrainian Local Network.
3. Şekerbank won the award for Best Bank for Sustainable Finance at the World Economic Award 2021" held by the World Economic Magazine.

## ANNEX-5 PERFORMANCE INDICATORS

<b>ECONOMIC AND ADMINISTRATIVE PERFORMANCE</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Total Assets (TRY Thousand)	30,596,129	37,504,455	50,764,830
Total Loans (Gross) (TRY Thousand)	21,821,692	25,926,705	30,780,924
Shareholders' Equity (TRY Thousand)	1,976,583	2,636,078	2,986,569
Total Deposit (TRY Thousand)	24,547,812	30,743,678	38,498,975
Net Profit/Loss (TRY Thousand)	-684,082	52,617	254,789
Capital Adequacy Ratio	13.40	14.47	16.67
Securities/Total Assets	11.61	12.60	11.71
Total Loans/Total Assets	71.32	69.13	60.63
Total Deposits/Total Assets	80.23	81.97	75.84
<b>ENVIRONMENTAL MANAGEMENT</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total energy consumption (MWh)	31,252.2	29,557.8	24,404.5
Total water consumption (m <sup>3</sup> /ton)	51,727	56,603	23,337
Electricity Consumption Per Employee Rate	14.58	17.34	6.57
Scope 1 Greenhouse Gas Emissions (ton CO <sub>2</sub> e/year)	3,246	3,292	2,368
Scope 2 Greenhouse Gas Emissions (ton CO <sub>2</sub> e/year)	11,329	10,106	6,728
Scope 3 (Travel) (ton CO <sub>2</sub> e/year)	1,212	944	418
<b>SOCIAL MANAGEMENT</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total Training (person x hour)</b>	23.37	16.60	31.22
Female	22.13	17.00	31.99
Male	24.60	16.20	27.34
<b>Number of Employees Provided with Anti-Corruption Training</b>	2,914	2,820	4,541
<b>Number of Employees Provided with Environmental Training</b>			
Female	459	51	118
Male	643	46	110
<b>Ratio of Minimum Starting Wage to Minimum Wage (%)</b>	110	110	109.5
<b>Total Number of Complaints Resolved in the Reporting Period</b>	762	1,158	814

## ANNEX-5 PERFORMANCE INDICATORS

EMPLOYEE DEMOGRAPHICS	2019	2020	2021
<b>Total Number of Employee</b>	<b>3,265</b>	<b>3,272</b>	<b>3,554</b>
Female	1,617	1,640	1,824
Male	1,648	1,632	1,730
<b>Employee Rates by Gender (%)</b>			
Female	49.5	50.1	51.3
Male	50.4	49.8	48.6
<b>Employees by Employment Type</b>			
<b>The number of full-time employees</b>			
Female	1,613	1,636	1,821
Male	1,641	1,625	1,723
<b>The number of part-time employees</b>			
Female	4	4	3
Male	7	7	7
<b>Number of Employees by Age Groups</b>			
Below 30 years old	754	711	943
31-50 years old	2,426	2,463	2,506
50 years and above	85	98	105
<b>Employee Rates by Age Groups (%)</b>			
Below 30 years old	23.09	21.73	26.53
31-50 years old	74.3	75.28	70.51
50 years and above	2.6	3	2.95
<b>Number of Senior Managers</b>			
Female	1	1	3
Male	10	9	6
<b>Number of Middle Level Managers</b>			
Female	94	92	86
Male	251	241	251
<b>Total Workforce by Educational Status</b>			
Undergraduate-Female	1,291	1,309	1,489
Undergraduate-Male	1,299	1,296	1,389
High school and below-Female	100	90	81
High school and below-Male	182	167	145
Associate Degree-Female	154	162	170
Associate Degree-Male	95	89	104
Master's Degree and above-Female	72	79	84
Master's Degree and above-Male	72	80	92

EMPLOYEE DEMOGRAPHICS	2019	2020	2021
<b>Number of Employees by Title and Gender</b>			
GM and AGM- Female	1	1	3
GM and AGM-Male	10	9	6
Manager and Above- Female	94	92	86
Manager and Above- Male	251	241	251
Director- Female	543	528	594
Director- Male	566	614	702
Below Director - Female	979	1,019	1,141
Below Director - Male	821	768	771
<b>Number of Employees by Age and Gender</b>			
Below 30 years old -Female	462	453	619
Below 30 years old -Male	292	258	324
31-50 years old -Female	1,145	1,176	1,187
31-50 years old -Male	1,281	1,287	1,319
50 years and above- Female	10	11	18
50 years and above- Male	75	87	87
<b>Number of Employees Hired</b>			
Female	108	201	410
Male	117	178	352
<b>Number of Employees Hired (Gender-Age Group)</b>			
Below 30 years old -Female	68	147	329
Below 30 years old -Male	63	89	220
31-50 years old -Female	40	54	81
31-50 years old -Male	49	88	129
50 years and above- Female	0	0	0
50 years and above- Male	5	1	3
<b>Number of Employees Leaving the Job</b>			
Female	284	179	225
Male	245	193	255

## ANNEX-5 PERFORMANCE INDICATORS

EMPLOYEE DEMOGRAPHICS	2019	2020	2021
<b>Number of Employees Leaving the Job (Gender-Age Group)</b>			
Below 30 years old -Female	88	71	83
Below 30 years old -Male	61	48	78
31-50 years old -Female	190	106	134
31-50 years old -Male	154	120	150
50 years and above- Female	6	2	8
50 years and above- Male	30	25	27
<b>Number of Employees Benefitting from Maternal/ Paternal Leave</b>	<b>121</b>	<b>124</b>	<b>90</b>
<b>Employee Turnover -Voluntary (%)</b>			
Female	5.92	4.48	7.45
Male	6.95	5.55	10.11
Total	6.44	5.02	8.76
<b>Employee Turnover - Involuntary (%)</b>			
Female	10.73	6.51	5.54
Male	7.36	6.22	5.06
Total	9.04	6.36	5.30
<b>The number of unionized employees</b>	<b>1,302</b>	<b>1,245</b>	<b>1,564</b>
<b>The number of employees who received promotion</b>			
Female	82	151	132
Male	122	221	158
<b>The number of foreign employees</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>The number of employees with disabilities</b>			
Female	26	21	18
Male	46	58	59

## ANNEX-6 UNITED NATIONS GLOBAL COMPACT (UNGC) PROGRESS STATEMENT

Subject	UNGC Principles	Report Section
HUMAN RIGHTS	Principle 1: Businesses should support and respect protection of internationally proclaimed human rights	Corporate Governance People and Society Oriented Banking
	Principle 2: Make sure that they are not complicit in human rights abuses	Corporate Governance People and Society Oriented Banking
STUDY STANDARDS	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	People and Society Oriented Banking
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor	Our Human and Community-Oriented Banking Supply Chain
	Principle 5: Businesses should uphold the effective abolition of child labor	Our Human and Community-Oriented Banking Supply Chain
	principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	People and Society Oriented Banking
ENVIRONMENT	principle 7: Businesses should support a precautionary approach to environmental challenges	Combating Climate Change and Environmentally-Focused Banking
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Combating Climate Change and Environmentally-Focused Banking
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly Technologies	Combating Climate Change and Environmentally-Focused Banking
FIGHTING AGAINST CORRUPTION:	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Corporate Governance

# ANNEX-7 GRI CONTENT INDEX



The GRI Services Team has revealed that the GRI content index within the scope of the Materiality Disclosures Service is clearly included in the report and references of notifications 102-40-102-49 are in the relevant places in the report content. The service was performed on the Turkish version of the report.

Title	Department:	Page:
<b>GRI 101: Basic Principles (2016)</b>		
<b>General Notifications</b>		
<b>Organizational Profile</b>		
102-1	About the Report	2
102-2	Corporate Governance	20
102-3	communication	118
102-4	About Şekerbank	6
102-5	Joint Stock Company	
102-6	About Şekerbank	6
102-7	About the Report Corporate Governance	2 20
102-8	Performance Indicators	95-96-97-98
102-9	Our Supply Chain	63
102-10	There was no significant change.	
102-11	Risk Management	28-29-30-31-32-33
	Sustainability Governance	16-17
	Environmental Impact Management	74-75-76
102-12	2021-2021 Economic Outlook	10
	Sustainability Governance	16-17
	Memberships and Endorsed Initiatives	92
102-13	Memberships and Endorsed Initiatives	92
	Chairman's Message:	4-5
102-14	Corporate Governance	20
	Risk Management	28-29-30-31-32-33
	Sustainability Governance	16-17
	2021 Şekerbank Prioritization Matrix	48-49
<b>Ethics and Honesty</b>		
102-16	Şekerbank Ethical Principles (sekerbank.com.tr) is available on our website.	
102-17	Vision and Mission	9
	Corporate Governance	20
<b>Governance</b>		
102-18	Corporate Governance	20
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102-19	Corporate Governance	20
	Sustainability Governance	16-17
102-20	Corporate Governance	20
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102-21	Our Dialog with Stakeholders and Prioritization Analysis	46-47
	Our Board of Directors	22-23
102-22	Our Senior Management	24-25
	Our Board of Directors	22-23
102-23	Our Senior Management	24-25

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102-24		Annual Report Page 86 sekerbank_2021-faaliyet-raporu.pdf
102-25		Şekerbank Conflict of Interest Policy çıkar-catismasi-politikasi.pdf (sekerbank.com.tr)
102-26	Corporate Governance	20
102-27	Corporate Governance	20
102-28		Annual Report Page 78 sekerbank 2021-faaliyet-raporu.pdf
		Annual Report Page 85 sekerbank 2021-faaliyet-raporu.pdf
102-29	Corporate Governance	20
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102-30	Risk Management	28-29-30-31-32-33
102-31	Sustainability Governance	16-17
102-32	Sustainability Governance	16-17
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102-35	Memberships and Endorsed Initiatives	92
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102-36	Şekerbank Wage Policy Wage Policy (sekerbank.com.tr)	
	Şekerbank Wage Policy Wage Policy (sekerbank.com.tr)	
102-37	Şekerbank Wage Policy Wage Policy (sekerbank.com.tr)	
102-38	Annual Report Page 236 sekerbank 2021-faaliyet-raporu.pdf	
102-39	Annual Report Page 236 sekerbank 2021-faaliyet-raporu.pdf	
<b>Stakeholder Engagement</b>		
102-40	Our Dialog with Stakeholders and Prioritization Analysis	46-47
	Memberships and Endorsed Initiatives	92
102-41	Employee Rights	53
102-42	Our Dialog with Stakeholders and Prioritization Analysis	46-47
102-43	Our Dialog with Stakeholders and Prioritization Analysis	46-47
102-44	Sustainability Governance	16-17
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	Customer relationship management	64-65
<b>Reporting Application</b>		
102-45	About the Report	2
102-46	About the Report	2
	Sustainability Governance	16-17
	2021 Şekerbank Prioritization Matrix	48-49
102-47	Sustainability Governance	16-17
	2021 Şekerbank Prioritization Matrix	48-49
102-48	There is no repetitive information.	
102-49	About the Report	2
102-50	About the Report	2
102-51		2018-2019
102-52		every two years

**GRI 102: General Notifications (2016)**

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<b>GRI 102: General Notifications (2016)</b>	Contact	118	118
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<b>GRI 200: Economic Standard Series</b>			
<b>Indirect Economic Impacts</b>			
<b>GRI 103: Management Approach (2016)</b>	103-1	Sustainability Governance	16-17
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		Sustainable Agriculture	80-81-82-83
		Our Intellectual Capital	42
	103-3	Energy Efficiency	77-78-79
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<b>GRI 203: Indirect Economic Effects (2016)</b>	203-1	Energy Efficiency	77-78-79
		Sustainable Agriculture	80-81-82-83
		Our Intellectual Capital	42
	203-2	Energy Efficiency	77-78-79
		Sustainable Agriculture	80-81-82-83
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	103-2	Corporate Governance	20
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	103-3	Corporate Governance	20
<b>GRI 205: Anti-Corruption (2016)</b>	205-1	Corporate Governance	20
	205-2	Corporate Governance	20
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<b>GRI 300: Environmental Standard Series</b>			
<b>Energy</b>			
<b>GRI 103: Management Approach (2016)</b>	103-1	Sustainability Governance	16-17
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<b>GRI 302: Energy (2016)</b>	302-1	Performance Indicators	95-96-97-98
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	302-3	Energy Efficiency	77-78-79
		Performance Indicators	95-96-97-98
	302-4	Energy Efficiency	77-78-79
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302-5	Performance Indicators	95-96-97-98	

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<b>GRI 303: Water and Wastewater (2018)</b>	303-3	Performance Indicators	95-96-97-98
		Water Management	76
	303-4	Performance Indicators	95-96-97-98
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<b>GRI 305: Emissions (2016)</b>	305-1	Combating Climate Change and Environment-Oriented Banking	74-75-76-77-78-79-80-81-82-83-84-85
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	305-3	Combating Climate Change and Environment-Oriented Banking	74-75-76-77-78-79-80-81-82-83-84-85
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	305-5	Combating Climate Change and Environment-Oriented Banking	74-75-76-77-78-79-80-81-82-83-84-85
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<b>GRI 306: Wastes (2020)</b>	306-3	Performance Indicators	95-96-97-98
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<b>GRI 307: Environmental Compliance (2016)</b>	307-1	Şekerbank's Value Creation Model	34-35-36-37-38-39-40-41-42-43-44-45
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	103-2	People and Society Oriented Banking	52-53-54-55-56-57-58-59-60-61-62-63-64-65
	103-3	People and Society Oriented Banking	52-53-54-55-56-57-58-59-60-61-62-63-64-65
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	103-2	People and Society Oriented Banking	52-53-54-55-56-57-58-59-60-61-62-63-64-65
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	403-2	Occupational Health and Safety	58-59
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	103-3	People and Society Oriented Banking	52-53-54-55-56-57-58-59-60-61-62-63-64-65
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<b>GRI 407: Freedom of Trade Unionization and Collective Bargaining (2016)</b>	407-1	Employee Rights	53
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<b>GRI 103: Management Approach (2016)</b>	103-1	Sustainability Governance	16-17
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# ANNEX-8

## COMPLIANCE WITH THE SUSTAINABILITY PRINCIPLES

We explain the report sections in the table below, where we address the requirements of the Sustainability Principles Compliance Framework within the scope of the Comply or Explain principle.

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
<b>A. General Principles</b>			
<b>A1. Strategy, Policies and Objectives</b>			
The Board of Directors should determine ESG-priority issues, risks and opportunities, and form ESG policies in accordance with them. For the sake of effective implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation. For these policies, a decision of the Board of Directors should be taken and made public.	Yes	All ESG policies are shared with the public through Şekerbank's corporate website.	<p>Corporate website - Policies</p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/policies">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/policies</a></p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/human_resources">https://www.sekerbank.com.tr/en/aboutsekerbank/human_resources</a></p> <p><a href="https://www.sekerbank.com.tr/en/investorrelations/corporate-governance">https://www.sekerbank.com.tr/en/investorrelations/corporate-governance</a></p>
Should determine a Corporation Strategy in compliance with ESG policies, risks and opportunities, and should determine and publicly disclose its short and long-term goals in line with its ESG policies.	Yes	In Şekerbank, which guides its strategy in a sustainable banking perspective, products and services are offered on the axis of "supporting sustainable agriculture, energy efficiency, combating climate change, financial inclusion and women's banking, supporting production and employment".	<p>2021 Annual Report, pages 4, 62-65, 99</p> <p><a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a></p>
<b>A2. Implementation/Monitoring</b>			
Should appoint and publicly disclose its committees/units in charge of implementation of ESG policies. Committees/units in charge, should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	Yes	Şekerbank Sustainable Banking Committee is the highest level decision-making authority on the implementation of ESG policies, development of sustainable business practices and integration into decision-making processes.	<p>Corporate Website-Sustainable Banking Committee</p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/sustainability-committee">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/sustainability-committee</a></p> <p>2021 Annual Report, page 62</p> <p><a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a></p>
Should formulate and publicly disclose the implementation and action plans in line with the short and long-term goals determined as above.	Yes	Şekerbank's medium- and long-term objectives on sustainable banking are shared with the public on its corporate website. Studies and performance indicators related to the four strategic focus areas of the Bank created on the sustainability axis are included in the activity report. In addition, the next year's targets on the basis of credit product segments are announced in the relevant year's annual report.	<p>Corporate Website - Sustainability Objectives</p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/objectivesonsustainability">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/objectivesonsustainability</a></p> <p>2021 Annual Report, pages 62 - 65, 34 - 57</p> <p><a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a></p>

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis. In case of availability of verifiable data, it should present KPIs with local and international sector comparisons.	Yes	ESG performance indicators are followed on a yearly basis and announced to the public through sustainability reports.	<p>2021 Integrated Report, page 95-98</p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a></p>
Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	Yes	Remedial actions aimed at improving the sustainability performance of Şekerbank's own operations and lending activities are disclosed to the public.	<p>2021 Annual Report, page 66-71</p> <p><a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a></p>
<b>A3. Reporting</b>			
Should report and publicly disclose its sustainability performance, goals and actions at least once a year. Should provide information about its sustainability activities within its annual report.	Partially	<p>Şekerbank's performance, objectives and actions in sustainable banking have been shared with the public in two-year periods with sustainability reports prepared in accordance with the GRI (Global Reporting Initiative) since 2013. In addition, annual activity reports published each year include information on sustainability activities.</p> <p>Şekerbank has published its first integrated report that deals with its financial and non-financial data with a holistic approach since 2022. In the following period, it plans to announce its performance annually with integrated activity reports.</p>	<p>2021 Integrated Report</p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a></p> <p>2021 Annual Report</p> <p><a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a></p>
It is essential to ensure that information material for stakeholders to understand and grasp the current position, performance and development of the corporation is shared directly and concisely. It may separately declare detailed information and data on its corporate internet site, and may prepare separate reports directly meeting the needs of different stakeholders.	Yes	<p>In addition to annual and sustainability reports, information on the company structure and financial and non-financial performance is available on Şekerbank's corporate website.</p> <p>In addition, since 2010 and 2015, carbon and water footprints are disclosed through CDP reports, respectively.</p>	<p>Corporate Website &gt; Investor Relations</p> <p><a href="https://www.sekerbank.com.tr/en/investorrelations">https://www.sekerbank.com.tr/en/investorrelations</a></p> <p>CDP Reports</p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a></p>
It should exercise utmost care in terms of transparency and reliability. As a requirement of balanced approach, it should declare objectively all kinds of developments relating to the priority issues in its statements and reports.	Yes	Within the framework of the transparency principle, the developments related to the priority issues determined by Şekerbank together with the different stakeholder groups in the value chain are included in the sustainability reports.	<p>2021 Integrated Report</p> <p><a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a></p>

# ANNEX-8 COMPLIANCE WITH THE SUSTAINABILITY PRINCIPLES

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
It should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	Yes	The priority issues of Şekerbank, determined together with different stakeholder groups, are related to the UN Global Sustainable Development Goals.	2021 Integrated Report, page 34-49 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
It should disclose information about lawsuits filed and/ or completed against it in environmental, social and corporate governance issues.	Yes	There are no lawsuits filed against Şekerbank that may affect its financial status and operations.	
<b>A4. Verification</b>			
If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavour to increase said verification actions.	Partially	The verification and assurance statements obtained from an independent third party for the greenhouse gas emission and water consumption data included in the CDP reporting are disclosed to the public on the corporate website every year.  The sustainability report is prepared in accordance with GRI Standards.	CDP GHG Emissions and Water Data Assurance Reports <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a> 2021 Integrated Report, page 98-103 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
<b>B. Environmental Principles</b>			
Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	Partially	Methodologies and performance indicators related to the management of environmental impacts are shared with the public through CDP reports. The Bank does not have ISO 14001 Environmental Management Standard.	CDP Climate Change Report, C1.2a <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a> 2021 Integrated Report, page 74-79 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
It should comply with and declare the laws and other pertinent regulations with respect to the environment.	Yes	At Şekerbank, the current environmental laws and regulations are complied with while carrying out its activities, and the contributions made to the new environmental regulations are disclosed to the public when necessary.	CDP Climate Change Report, C2.2a <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	Yes	During the relevant reporting period, information regarding the carbon and water footprint data arising from Şekerbank's own operations and the collection process of these data are disclosed through CDP reports.	CDP Climate Change Report, C0.2, C0.5, C1.2a <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
Should provide information about the most senior director and related committees of the corporation with respect to environment and climate change issues, as well as their duties and functions.	Yes	At Şekerbank, the highest decision maker responsible for climate change and environmental issues is the Sustainable Banking Committee. Detailed information about the committee members and their duties is presented to the stakeholders in the CDP report and on the corporate website	CDP Climate Change Report, C1. <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a> Corporate Website > Sustainable Banking Committee <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.	Yes	At Şekerbank, within the scope of performance-based payment system and remuneration policy, initiatives are offered to employees to achieve climate-related targets.	CDP Climate Change Report, C1.3 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose how environmental issues are integrated into business objectives and strategies.	Yes	Şekerbank is aware of the physical and transition risks and opportunities that climate change will create on its direct activities, credit portfolio and products. Therefore, it shapes its strategy, considering climate-related risks and opportunities, in order to accelerate the positive effects and avoid negative effects.	CDP Climate Change Report, C2 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose sustainability performances relating to business processes or products and services, and activities for improvement of said performance.	Yes	The effects of Şekerbank, which are handled in two dimensions, namely its direct operations and lending activities, its approach and studies on how these effects are managed and improved are explained in CDP reports.	CDP Climate Change Report, C2.1 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	Yes	Compliance with environmental and social principles in purchasing processes is observed within the framework of "Social, Environmental and Ethical Principles for Suppliers". In addition, the Social and Environmental Management System (SEMS) in lending, developed at Şekerbank under the guidance of IFC (International Finance Corporation), has been implemented and continuously improved since 2009 as an integral part of the lending processes.	Sustainable Banking Regulation, Annex-1: Social, Environmental and Ethical Principles for Suppliers <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/policies">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/policies</a> CDP Climate Change Report, C3.4 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>



# ANNEX-8 COMPLIANCE WITH THE SUSTAINABILITY PRINCIPLES

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
Should disclose whether it is included in the (sectoral, regional, national and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	Yes	It actively cooperates with Non-Governmental Organizations (NGOs), regulatory agencies and policy makers in the development of legislation and policy on environmental and sustainable finance In addition, Şekerbank, an active member of the Sustainable Development Association, is the co-chair of the Sustainable Finance and Risk Management Working Group established within the association, and leads the studies within the Climate-Related Risk Management Sub-Working Group formed under this group.	CDP Climate Change Report, C12.3a <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a> Memberships and Endorsed Initiatives <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/memberships-and-endorsed-initiatives">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/memberships-and-endorsed-initiatives</a>
Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions {Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)}], air quality, energy management, water and waste water management, waste management, biodiversity effects].	Partially	Şekerbank's greenhouse gas emissions are reported comparatively as Scope-1, Scope-2 and partially as Scope-3 by periods. Efforts are continuing to expand the scope of emissions arising from lending activities.	CDP Climate Change and Water Reports <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data..	Yes	Details on the methodology and standards for the data collection process are detailed in the CDP reports.	CDP Climate Change Report, C5. CDP Water Report, W5.1a <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	Yes	Greenhouse gas emissions and water consumption data are disclosed in CDP reports on a comparative basis by years.	CDP Climate Change and Water Reports <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
Should determine and disclose short and long-term goals for reduction of its environmental impact. These goals are recommended to be determined in ScienceBased manner as advised by the United Nations Climate Change Conference of the Parties. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.	Partially	Based on 2018, Şekerbank aims to reduce carbon emissions by 5% and water consumption by 2% by 2023. In addition, it is planned to initiate studies in line with the Science-Based Targets Initiative (SBTi).	CDP Climate Change Report, C4. <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose its strategy and actions for fight against climate crisis.	Yes	In line with the responsible banking principle, Şekerbank's strategy and actions regarding climate change are disclosed through CDP reports.	CDP Climate Change Report, C3. <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services, and should also declare the actions of third parties aiming to reduce greenhouse gas emissions.	Yes	Environmental and social impacts arising from lending activities at Şekerbank are managed within the scope of the Social and Environmental Management System (SEMS), which was prepared in 2009 under the guidance of IFC. In 2022, it is planned to share the policy regarding this process with the public.	2021 Annual Report, page 4, 51-57 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a>
Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings	Yes	At Şekerbank, energy efficiency practices are developed and shared with the public through CDP reports in order to reduce its carbon footprint and the associated operational costs. In addition, energy savings and emission reduction data obtained through loan products offered to customers are announced in the annual reports.	CDP Climate Change Report, p. 38 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a> 2021 Annual Report, page 98 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a>
Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	Yes	Scope-1 and Scope-2 consumption data are disclosed by CDP reporting.	CDP Climate Change Report, C4. <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should provide information about electricity, heat, vapour and refrigeration produced and consumed in the reporting year.	Partially	Consumption items for the relevant year are detailed in the sustainability reports.	2021 Integrated Report, page 95 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>

# ANNEX-8 COMPLIANCE WITH THE SUSTAINABILITY PRINCIPLES

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	Yes	Products and studies developed by Şekerbank for both its customers and its own operations regarding renewable energy and energy efficiency are included in the reports.	2021 Annual Report, p. 23, 48 - 51 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a> CDP Climate Change Report, p. 38 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose its renewable energy generation and consumption data.	Yes	Information on renewable energy production and consumption is disclosed in the CDP report.	CDP Climate Change Report, C8.2a <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	Yes	At Şekerbank, air conditioners used in branches are gradually replaced with energy efficient ones every year and water alarms and warehouses are commissioned.	CDP Climate Change Report, C2.2 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged (Total water extraction on source basis, water sources affected from water extraction, percentage and total volume of recycled and reused water, etc.).	Yes	All kinds of data on water consumption are shared with CDP Water reporting.	CDP Water Report <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	Yes	Although carbon pricing is not currently applied at Şekerbank, developments in this regard in Turkey are closely followed. In the coming period, it is planned to start work on the implementation of the internal carbon price.	CDP Climate Change Report, C11 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose its carbon credit data accumulated or bought in the reporting period.	Yes	No carbon credits were purchased during the reporting period.	
If carbon pricing is applied in the corporation, it should disclose details relating thereto.	Not Applicable	Carbon pricing is not yet implemented.	CDP Climate Change Report, C11 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	Yes	Şekerbank's environmental information is disclosed through CDP and sustainability reporting and the BIST Sustainability Index platform.	

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
<b>C. Social Policies</b>			
<b>C1. Human Rights and Employee Rights</b>			
Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and legal framework and legislation regulating human rights and labour issues in Turkey. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy.	Partially	Acting in compliance with the Universal Declaration of Human Rights and national laws, Şekerbank's Human Resources Policy, which is published on its corporate website, is planned to be arranged in such a way as to include this compliance.	Corporate Website <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/human_resources">https://www.sekerbank.com.tr/en/aboutsekerbank/human_resources</a> 2021 Integrated Report, page 56-61
Should provide equal opportunities in recruitment processes. Includes fair labour, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	Yes	In 2021, Şekerbank participated in the Target Gender Equality program implemented by the United Nations Global Compact in 44 countries in order to strengthen the representation and leadership of women in the business world.	2021 Annual Report, pages 62 - 64, 72 - 73 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a>
Should disclose measures taken along the value chain for the sake of supervision and protection of rights/equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.).	Yes	At Şekerbank, of which 72% of its branches across Turkey are located in Anatolia, alternative lending models specific to tradesmen, farmers, women entrepreneurs and micro-business owners continue to be developed in line with the banking approach that covers all segments of the society, and studies on this subject are included in the reports	2021 Annual Report, page 22, 42 - 43 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a>
Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labour, and disclose its regulations and measures aiming to prevent employment of child labour.	Yes	Among Şekerbank's supplier evaluation criteria, the condition of not employing child labor is observed. In addition, IFC Performance Criteria are taken into account in lending activities within the scope of the Social and Environmental Management System (SEMS).  There is no question of forced, compulsory or child labor in any of Şekerbank's locations, including sub-employers.	Social, Environmental and Ethical Principles for Suppliers <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/policies">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/policies</a> 2021 Integrated Report, p. 53, 63 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>

# ANNEX-8 COMPLIANCE WITH THE SUSTAINABILITY PRINCIPLES

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management. Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes. Regularly declares its activities aimed at employee satisfaction.	Yes	Continuous, systematic and innovative training programs are prepared in order to contribute to the personal development of all Şekerbank employees and to support their career advancement.	2021 Integrated Report, page 54-57 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should formulate and disclose its occupational health and safety policies. Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	Yes	Providing a safe and healthy work environment to its employees is one of Şekerbank's main priorities.	2021 Integrated Report, page 58-599 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should formulate and disclose to public its personal data protection and data security policies.	Partially	The Information text on the Law on the Protection of Personal Data is published on the corporate website. The Bank's information security policy is an internal document.	Corporate Website, Information on the Law on the Protection of Personal Data <a href="https://www.sekerbank.com.tr/hakimizda/kisisel-verilerin-korunmasi">https://www.sekerbank.com.tr/hakimizda/kisisel-verilerin-korunmasi</a>
Should formulate and disclose its ethics policy (also including business, work ethics, compliance processes, advertising and marketing ethics, public information, etc. initiatives).	Yes	The Banking Ethical Principles Commitment, which reflects the Bank's corporate sensitivity, such as honesty, impartiality, reliability, transparency, observance of social benefit and respect for the environment, which all employees undertake to comply with, is made available to all stakeholders on the corporate website.	Corporate Website, Ethical Principles <a href="https://www.sekerbank.com.tr/en/investorrelations/corporate-governance">https://www.sekerbank.com.tr/en/investorrelations/corporate-governance</a>
Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.	Yes	The approach and the projects developed within the scope of social responsibility are included in the annual reports and on the corporate website. Studies within the scope of "Financial Inclusion and Women's Banking", one of Şekerbank's four strategic focus areas, are reported annually.	2021 Annual Report, pages 42 - 43, 98 - 99 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a> Corporate Website <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/contribution-to-education">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/contribution-to-education</a> <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/culture-art">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/culture-art</a>
Should organize information meetings and training programs for employees with respect to ESG policies and applications.	Yes	The training courses that Şekerbank offers to its employees on ESG policies and issues are explained in the sustainability reports.	2021 Integrated Report, pages 55-56, 95 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
<b>C2. Stakeholders, International Standards and Initiatives</b>			
Should conduct its activities in sustainability field by taking into consideration the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public administrations, shareholders, communities and non-governmental organizations, etc.).	Yes	In Şekerbank, which carries out its activities with the vision of creating value for all its stakeholders, the role of key stakeholders in the process of determining focus areas is explained with sustainability reports.	2021 Integrated Report, page 46-49 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints.	Partially	Principles regarding increasing customer satisfaction are included in Şekerbank's Ethical Principles policy. There is no separate policy regarding the management of complaints.	Corporate Website, Ethical Principles <a href="https://www.sekerbank.com.tr/en/investorrelations/corporate-governance">https://www.sekerbank.com.tr/en/investorrelations/corporate-governance</a>
Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates, as well as the developments in its sustainability activities.	Partially	While the communication channels with internal and external stakeholders are reported, it is planned to announce how often and on which subjects they are contacted, in the next reporting period.	2021 Integrated Report, pages 46-49, 93 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose international reporting standards it has adopted [Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), etc.].	Yes	International reporting standards such as CDP and GRI are supported.	Corporate Website, Memberships and Supported Initiatives <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/memberships-and-endorsed-initiatives">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/memberships-and-endorsed-initiatives</a>
Should disclose the international organizations or principles it has signed or enrolled in [Equator Principles, United Nations Environmental Program - Financial Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles of Responsible Investment (UNPRI), etc.] and the international principles it has adopted [such as International Capital Markets Association (ICMA) Green/Sustainable Bond Principles].	Yes	Many national and international initiatives related to sustainability are supported. In addition, the Sustainable Finance Framework, which will enable Şekerbank to raise funds through green, social and sustainable bond issuance or loan borrowing in 2021, was created in line with the ICMA Principles and announced on the corporate website.	Corporate Website, Memberships and Supported Initiatives <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/memberships-and-endorsed-initiatives">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/memberships-and-endorsed-initiatives</a> Corporate Website, Framework Agreement <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/framework-agreement">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/framework-agreement</a>
Should concretely endeavour to be included in the Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Yes	Şekerbank has been listed on the BIST Sustainability Index since 2018.	2021 Annual Report, page 14 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a>

## ANNEX-8 COMPLIANCE WITH THE SUSTAINABILITY PRINCIPLES

PRINCIPLES	DECLARATION OF COMPLIANCE	EXPLANATIONS	LINKS
<b>D. Corporate Management Principles</b>			
Should exert maximum efforts for compliance with all Corporate Governance principles, apart from the Corporate Governance principles mandatorily required to be complied under and pursuant to the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board.	Yes	Within the scope of the Capital Markets Board's Corporate Governance Communiqué numbered II.17.1, Şekerbank's Corporate Governance Principles Compliance Statement, Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) are available on the Bank's corporate website and on Şekerbank's Public Disclosure Platform. It is announced on its page.	Corporate Website, Corporate Governance <a href="https://www.sekerbank.com.tr/en/investorrelations/corporate-governance">https://www.sekerbank.com.tr/en/investorrelations/corporate-governance</a>
Should take into consideration sustainability issues, environmental effects of its activities, and principles pertaining thereto in determination of its corporate governance strategy.	Yes	Within the scope of Şekerbank's Corporate Governance Policy and Ethical Principles, environmental protection is essential and the principle of nature protection is adopted.  Forming its corporate governance strategy within the perspective of sustainability banking, Şekerbank focuses on the target of sustainable, healthy growth and profitability by increasing its competitiveness with the investments made.	Corporate Website, Corporate Governance <a href="https://www.sekerbank.com.tr/en/investorrelations/corporate-governance">https://www.sekerbank.com.tr/en/investorrelations/corporate-governance</a>  2021 Annual Report, page 100 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a>
Should take all of the required measures in order to comply with principles regarding stakeholders and to strengthen communications with stakeholders as stated in the Corporate Governance Principles. Should consult with stakeholders in determination of measures and strategies in sustainability field.	Yes	The principle of balance policy, which aims to protect the rights of stakeholders, is adopted in Şekerbank's Corporate Governance Policy  Having received a corporate governance rating from an independent rating agency on an annual basis, Şekerbank's rating rose to 9.43 in 2020, ranking it in the 1st group according to the World Corporate Governance Index (DKYE). In line with the CMB's Corporate Governance Principles, Şekerbank was rated with a score of 99.20 out of 100 in the "Stakeholders" category, which is one of the four evaluation headings	Corporate Website, Corporate Governance <a href="https://www.sekerbank.com.tr/en/investorrelations/corporate-governance">https://www.sekerbank.com.tr/en/investorrelations/corporate-governance</a>
Should endeavour to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	Yes	Within the scope of corporate social responsibility strategy such as culture, arts, environment, education and health, Şekerbank supports projects and studies related to the protection and sustainability of natural resources and cultural values.  In order to internalize Şekerbank's vision set forth in the Sustainable Development Regulation by both senior management and all employees, trainings on environmental and social sensitivity are provided. With the "Financial Literacy Training Courses" offered, studies for the empowerment of women in the society continue.	2021 Integrated Report, page 60-61 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>  2021 Annual Report, page 98 - 99 <a href="https://www.sekerbank.com.tr/en/investorrelations/annual-reports">https://www.sekerbank.com.tr/en/investorrelations/annual-reports</a>
Should endeavour to be a member of and to contribute to works and activities of international standards and initiatives on sustainability.	Yes	Şekerbank is the signatory and supporter of many national and international initiatives and contributes.	2021 Integrated Report, page 92 <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/ourreports</a>
Should disclose its policies and programs with respect to fight against bribery and corruption and the tax honesty principle.	Yes	Anti-Bribery and Anti-Corruption Policy has been established in order to ensure that employees, outsourced companies and business partners comply with anti-bribery and anti-corruption legal regulations, ethical and professional principles.	Corporate Website, Policies <a href="https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/policies">https://www.sekerbank.com.tr/en/aboutsekerbank/sustainablebanking/policies</a>

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### Sustainability and Reporting Consultant

[Deloitte Turkey Sustainability Services \(deloitte.com\)](https://www.deloitte.com)

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