



**İŞBANK**

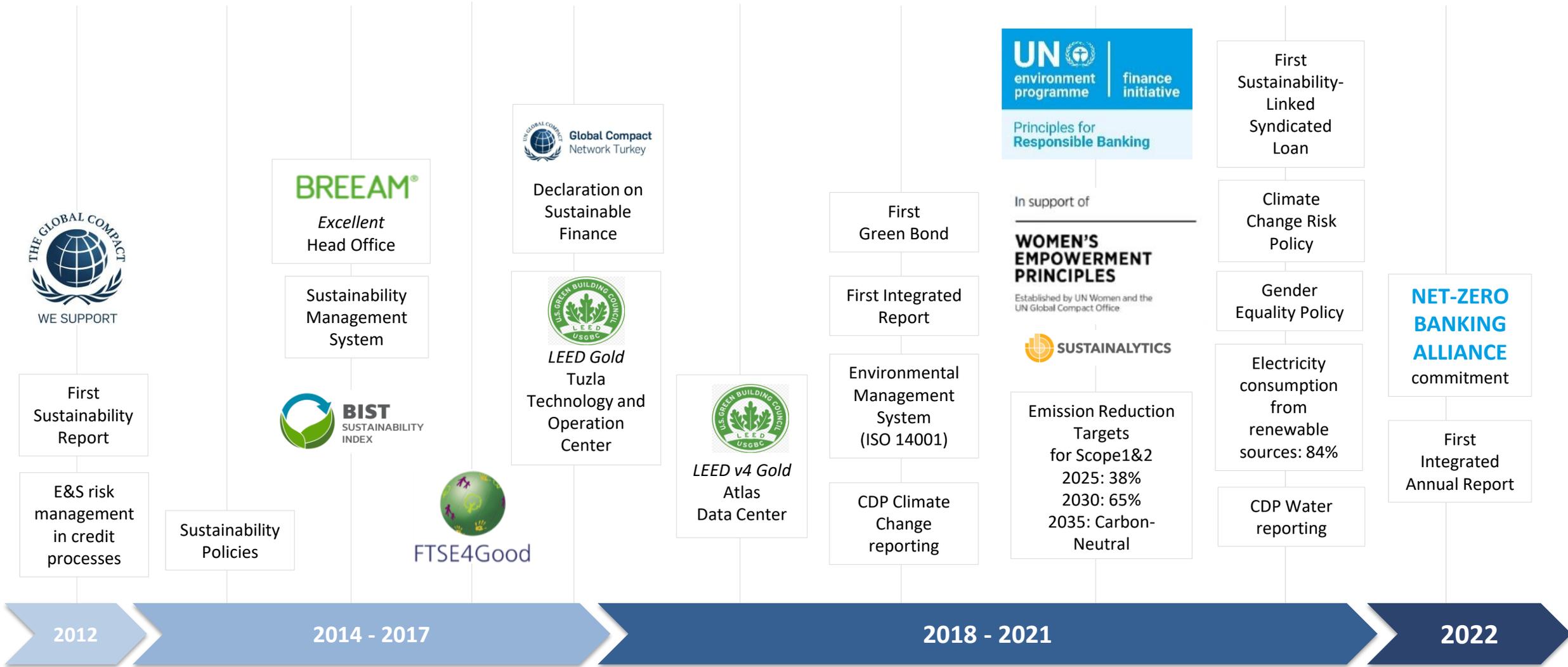
*Creating Sharable & Sustainable Value*

**International Institute of Finance | Banks Association of Türkiye  
Türkiye Transition Finance Workshop**

Istanbul

November 1, 2022

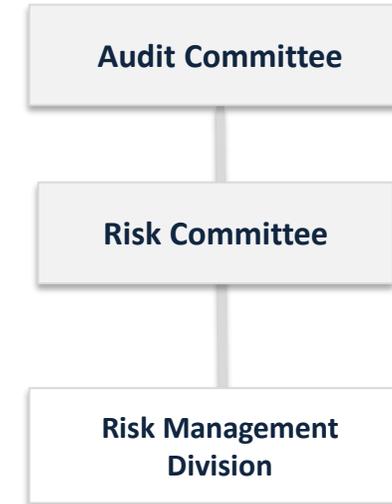
# Our Sustainability Journey



# Sustainability Governance



## Climate Change Risk Management



### Board-level policies

- Sustainability Policy
- Environmental and Social Impact Policy
- ABC Policy
- Human Rights and Human Resources Policy
- Gifts and Hospitality Policy
- Supplier Code of Conduct
- OHS Policy
- Ethical Principles & Code of Conduct
- Gender Equality Policy
- Climate Change Risk Policy
- Information Security Policy
- Board Diversity Policy

## Climate Change Risk Management

Portfolio Level

- **Climate Change Risk Policy**
  - Climate risk is positioned as a strategic risk in İşbank Risk Catalogue
  - Both transition and physical risks are defined based on TCFD recommendations
- **The Bank follows a two-step approach to evaluate the credit portfolio's exposure to climate risks:**
  - (1) **Sectoral Heatmap** to identify high-risk sectors and relevant risk events
  - (2) **Climate Change Scenario Analysis** to quantify the impact on portfolio level

## E&S Risk Management in Underwriting

Transaction Level

- **Environmental and Social Model**
  - for all new investment projects worth >USD 10 MM
  - question sets, modified according to type of investment and sector
  - criteria used in assessment: use of natural resources, waste management, air soil and water quality, OHS, involuntary displacement etc.
  - classification into 4 risk categories
  - independent consultancy
  - monitoring

*Environmental & Social due diligence for smaller loans*

# Key Drivers of Sustainability at İşbank (1/2)

## Related Capitals

## 2021 Achievements

## Contributed SDGs

### Responsible Banking

- Environmental and Social Risk Management in Lending
- Responsible Products and Services
- Financial Inclusion



**71%** share of renewable energy projects in total energy generation projects portfolio  
**1,008 MW** total installed power of renewable energy projects financed  
**USD 331 million** financing provided for projects subjected to environmental and social risk evaluation  
**267** women attended to workshops organized for supporting women entrepreneurs  
**78.9%** share of disabled-friendly Bankamatik ATMs



### Flawless Customer Experience

- Digital Banking
- Innovative Products and Services
- Innovation and Entrepreneurship
- Customer Focus
- Information Security and Privacy



**90%** customer satisfaction score  
**1st** among private banks in personal NPS  
**1st** among private banks in commercial NPS  
**10.2 million** digital banking customers  
**62.7%** share of digital channels in sales



# Key Drivers of Sustainability at İşbank (2/2)

## Related Capitals

## 2021 Achievements

## Contributed SDGs

### Responsible Operations

- Environmental Impact
  - Paperless Banking
  - Environment-Friendly Buildings
  - Efficient Branches
  - ISO 14001 EMS
- Responsible Procurement



**64 million pages** total paper savings thanks to the digitalized process  
**1.4 tCO<sub>2</sub>e** emissions per employee  
**37,770 tCO<sub>2</sub>e** total emission (56% decrease vs 2020)  
84% Electricity consumption from renewable sources  
**98%** Rate of local suppliers, **91%** Rate of procurement from local suppliers



### Happy and Productive Employees

- Employee Rights and Satisfaction
- Equal Opportunities and Diversity
- Talent Management



**55%** rate of female employees  
**29.3** average training hours per employee per year  
**2%** employee turnover rate



### Positive Value for Society

- CSR projects in Education, Culture and Art



**17 million** views for the content provided by İş Sanat  
**3** online books provided as part of «One Million Books, One Million Children» campaign



## Business model incorporating sustainability from funding to products and services

### Responsible Products & Services

#### Sustainable Finance

- **İşbank Green Bonds**
  - 21.08.2019 – USD 50 million
  - 25.02.2021 – USD 13 million
- **Fundings obtained from IFIs (DFC, EBRD, EIB, IFC, PROPARCO)**
  - Energy efficiency and renewable energy
  - Women in business
  - SMEs
  - Agriculture financing
- **Sustainability-linked Syndication**
  - 28.05.2021 (EUR 545 mln + USD 300 mln)
  - 09.11.2021 (EUR 434 mln + USD 328 mln)
  - 07.06.2022 (EUR 483 mln + USD 257 mln)

#### Products Contributing to the Society

- **Products&Services for SMEs**
  - SME financing
  - Website for SMEs (İş'te KOBİ)
- **Strategic collaborations for women and young entrepreneurs and technology initiatives**
  - «Arya Women Investment» Program
  - Workup & Workup Agri by İşbank
  - «We Lead» Project
- **Agricultural Banking**
  - «İmece Mobile»
  - Digital Agriculture Project

#### Products Contributing to the Green Economy

- Financing Renewable Energy
- Solar Loan by İşbank <sup>(1)</sup>
- Maximum TEMA Card <sup>(2)</sup> & Environmentally Friendly MaxiPara Card
- TEMA Environmental Variable Fund <sup>(3)</sup>
- Woman Stock Exchange Fund <sup>(4)</sup>
- Renewable Energy Mix Fund <sup>(5)</sup>
- Solar Panel Loan <sup>(6)</sup>
- Green Office Premises Loan <sup>(7)</sup>
- Green Mortgage <sup>(8)</sup>
- Green Vehicle Loan
- Marine Conservation Loan <sup>(9)</sup>
- Sustainability-linked Loans
- Carbon footprint app «Forest Forward» <sup>(10)</sup>
- Pressure Irrigation Systems Loan <sup>(11)</sup>
- Electric Vehicle Charging Station Loan
- Biogas Financing

<sup>(1)</sup> Commercial loan for financing unlicensed solar energy plants to be installed on the roofs of the industrial facilities for self-consumption.

<sup>(2)</sup> 0.02% of the amount of each transaction carried out by our customers with this card is transferred to the Turkish Foundation for Combating Soil Erosion, Reforestation and the Protection of Natural Habitats (TEMA).

<sup>(3)</sup> Turkey's first social responsibility focused mutual fund, invests in environmentally friendly companies.

<sup>(4)</sup> Mutual fund whose min 80% of total value is invested in the stocks of the domestic companies which support the woman employment and empower the women to have more say in management.

<sup>(5)</sup> Mutual fund whose min 80% of total value is invested in shares of domestic/foreign renewable energy companies and/or bonds, American Depositary Receipts (ADR) and/or Global Depositary Receipts (GDR).

<sup>(6)</sup> Loan for financing solar energy panels for households.

<sup>(7)</sup> Loan for financing green office premises which hold A&B class energy certificate.

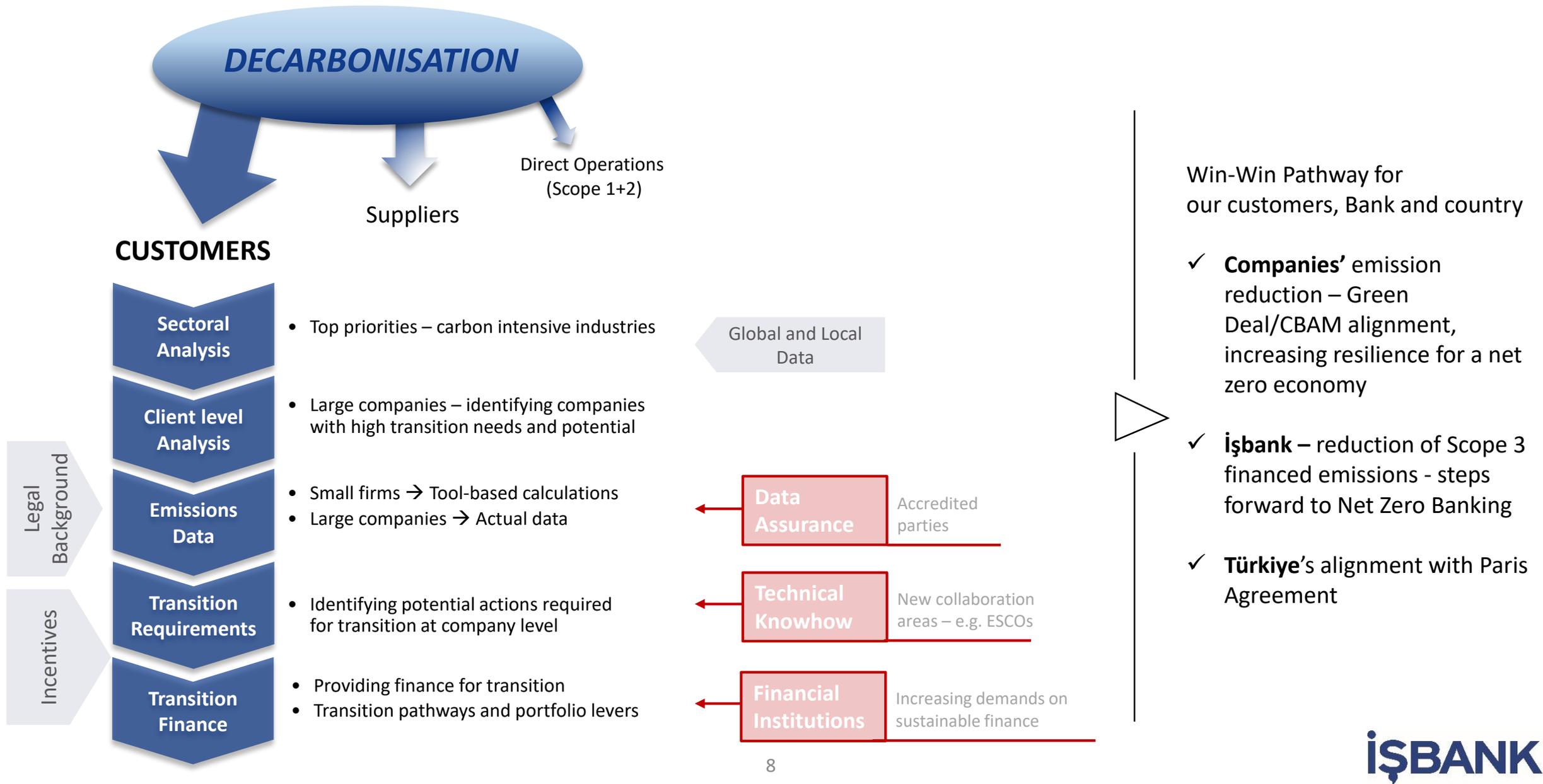
<sup>(8)</sup> Mortgage for financing energy efficient real estate.

<sup>(9)</sup> Loan for financing the installment or renovation of waste water treatment plants.

<sup>(10)</sup> Customers joining the «Forest Forward» are able to earn carbon points in return for their daily activities. When certain amount of points earned, saplings will be planted on behalf of the customers.

<sup>(11)</sup> Loan for supporting installment of pressure irrigation systems in agriculture aiming at water efficiency.

# Decarbonisation



# THANK YOU

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