

# Türkiye Sinai Kalkinma Bankasi AS

Development Banks Turkey IST:TSKB.E

## ESG Risk Rating

# 6.9

Last Full Update Nov 3, 2023

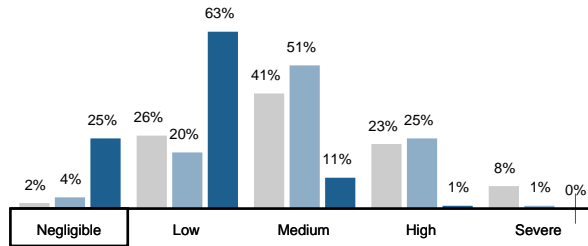
# -1.0

Momentum

## Negligible Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = Top Score)
Global Universe	40/15582	1st
Banks INDUSTRY	10/1004	2nd
Development Banks SUBINDUSTRY	9/95	9th

## Peers Table

Peers (Market cap \$0.6 - \$0.8bn)

Peers (Market cap \$0.6 - \$0.8bn)	Exposure	Management	ESG Risk Rating
1. Türkiye Sinai Kalkinma Bankasi AS	25.0 Low	73.8 Strong	6.9 Negligible
2. Spandana Sphoorty Financial Ltd.	24.5 Low	32.9 Average	16.6 Low
3. PT Pacific Strategic Financial Tbk	23.5 Low	23.2 Weak	18.2 Low
4. IFCI Ltd.	27.8 Low	14.3 Weak	23.9 Medium
5. OTC Markets Group, Inc.	25.0 Low	2.6 Weak	24.4 Medium

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## ESG Risk Analysis

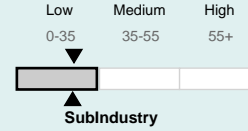
Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**25.0** **+1.7**

**Low** Momentum

Beta = 1.00



To perform its operations, TSKB requires highly skilled professionals with expertise in both finance and investment. Failure to hire, motivate and retain such employees could lead to skill shortages and operational inefficiencies. In addition, TSKB's client portfolio includes corporations with underlying exposure to issues such as conflicts of interest, corruption, or money laundering. Moreover, in 2021, the EU Council reached a consensus on the Carbon Border Adjustment Mechanism (CBAM) aimed at its 2050 carbon-neutrality goal for the EU. Specifically for Turkey, the EU has implemented the CBAM for the manufacturing sector due to its higher carbon intensity than the EU average. Therefore, financing controversial projects that may adversely impact the environment or communities through loans or investments could expose TSKB to higher regulatory scrutiny and reputational damage.

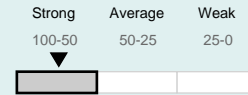
The company's overall exposure is low and is similar to subindustry average. Human Capital, Business Ethics and ESG Integration -Financials are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

### ESG Risk Management

**73.8** **+6.4**

**Strong** Momentum



TSKB's overall ESG disclosure follows best practice and has improved year-over-year, signaling strong accountability to investors and the public. It continues to exhibit strong management of the ESG Integration – Financials issue. TSKB is in line with its SDG-linked loan disbursement target of USD 8 billion by 2030. In FY2022, it financed 15% of Turkey's renewable energy installed capacity that contributed to CO2 emission reduction of 13.21 million tonnes per year. TSKB's sustainability strategy is integrated in its core business and overseen by its sustainability committee. In addition, the bank has established very strong programmes for bribery and corruption as well as business ethics. Finally, its management of human capital issues is also strong, with reporting on the percentage of women in upper management roles and an almost null gender pay gap ratio.

The company's overall management of material ESG issues is strong.

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## Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score   Category	ESG Risk Management Score   Category	ESG Risk Rating Score   Category	Contribution to ESG Risk Rating
Corporate Governance	9.0 High	43.6 Average	5.1 Medium	73.4%
Human Capital	5.0 Medium	81.9 Strong	1.1 Negligible	16.1%
Business Ethics	5.0 Medium	95.0 Strong	0.5 Negligible	7.0%
ESG Integration -Financials	6.0 Medium	96.0 Strong	0.2 Negligible	3.5%
<b>Overall</b>	<b>25.0 Low</b>	<b>73.8 Strong</b>	<b>6.9 Negligible</b>	<b>100.0%</b>

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

### Category (Events)

 **Severe (0)**

 **High (0)**

 **Significant (0)**

 **Moderate (0)**

 **Low (0)**

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## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

## Category (Events)

### ⚠ None (11)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Sanctions

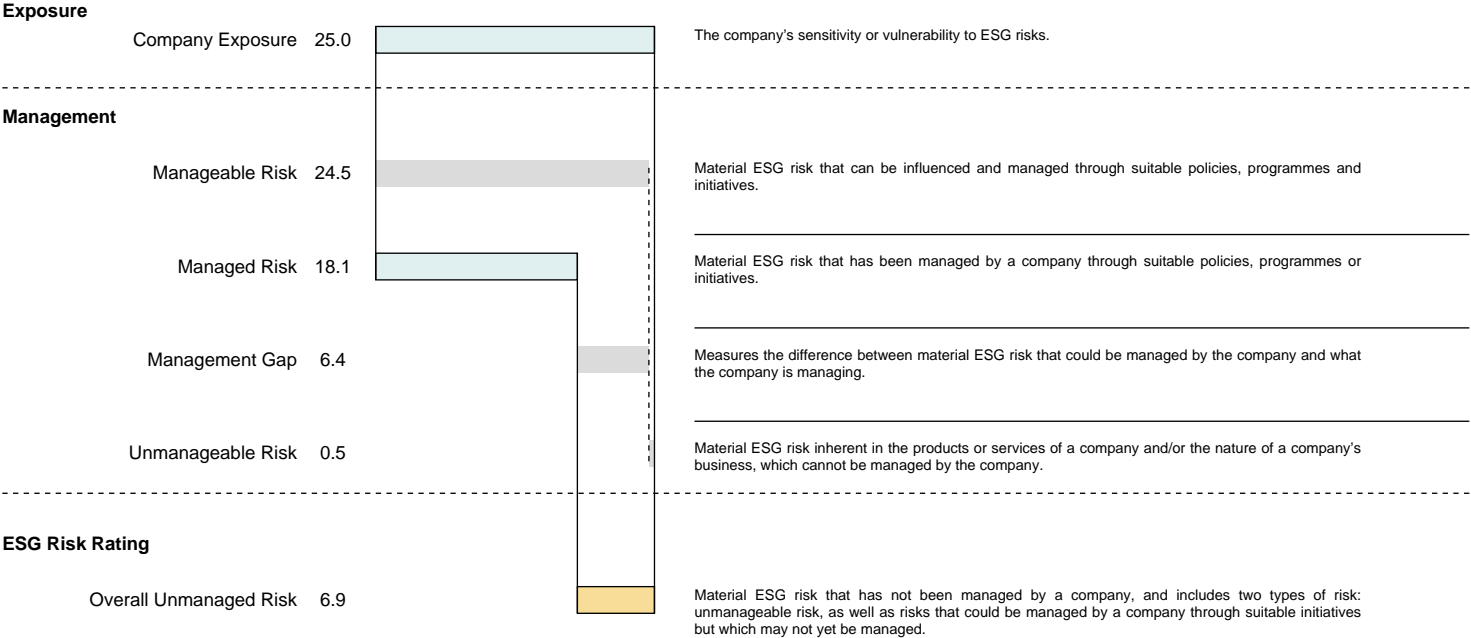
Social Impact of Products

Society - Human Rights

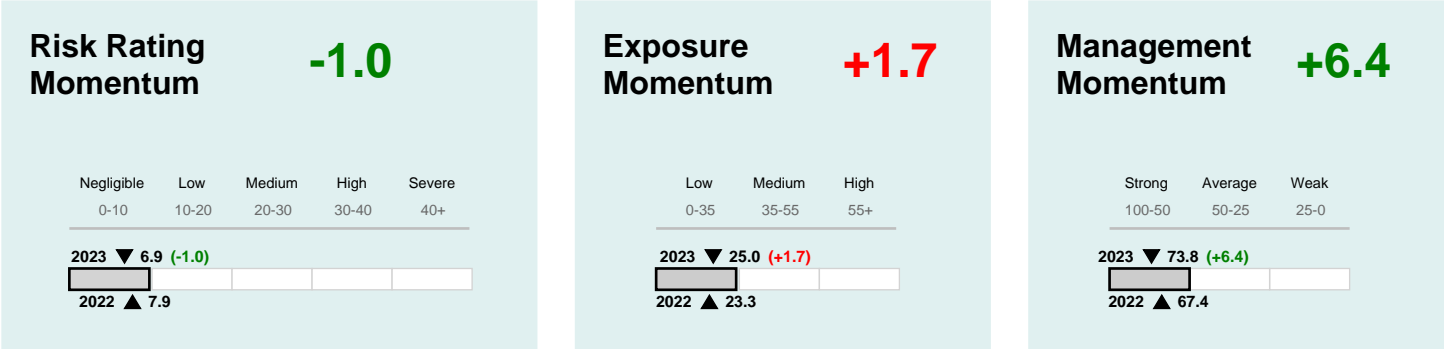
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## Risk Decomposition



## Momentum Details



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## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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