

Türkiye Sinai Kalkınma Bankasi AS

Development Banks Turkey IST:TSKB.E

ESG Risk Rating

7.5

Last Full Update Oct 30, 2024

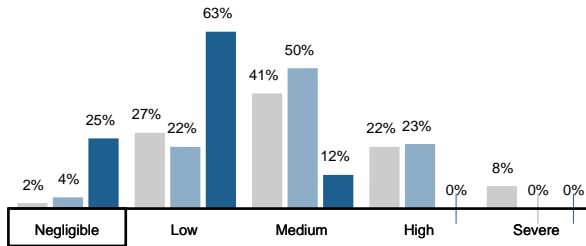
+0.6

Momentum

Negligible Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	86/15079	2nd
Banks INDUSTRY	16/1022	2nd
Development Banks SUBINDUSTRY	13/97	13th

Peers Table

Peers (Market cap \$0.8 - \$2.4bn)

Peers (Market cap \$0.8 - \$2.4bn)	Exposure	Management	ESG Risk Rating
1. Türkiye Sinai Kalkınma Bankasi AS	24.5 Low	70.6 Strong	7.5 Negligible
2. Türkiye Kalkınma ve Yatırım Bankasi AS	26.1 Low	53.6 Strong	12.4 Low
3. Vietcap Securities JSC	24.8 Low	14.0 Weak	21.4 Medium
4. Share India Securities Ltd.	24.8 Low	13.3 Weak	21.5 Medium
5. IFCI Ltd.	27.0 Low	14.6 Weak	23.1 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

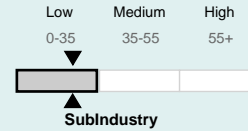
24.5

-0.6

Low

Momentum

Beta = 0.98



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, TSKB is also exposed to a rapidly evolving regulatory environment with the introduction of the EU's carbon border adjustment mechanism (CBAM) relevant for EU and non-EU businesses. The mechanism has entered into application in its transitional phase in October 2023. 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. ESG Integration - Financials, Business Ethics and Human Capital 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.

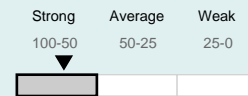
ESG Risk Management

70.6

-3.2

Strong

Momentum



TSKB's overall ESG disclosure follows best practice, 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 10 billion by 2030. In FY2023, it financed 15% of Turkey's renewable energy installed capacity. 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 high transparency for the 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	8.0 High	39.4 Average	4.9 Medium	65.1%
Human Capital	4.5 Medium	72.3 Strong	1.4 Negligible	18.8%
Business Ethics	4.5 Medium	89.4 Strong	0.7 Negligible	9.1%
Stakeholder Governance	2.0 Low	86.5 Strong	0.3 Negligible	3.6%
ESG Integration -Financials	5.4 Medium	95.2 Strong	0.3 Negligible	3.4%
Overall	24.5 Low	70.6 Strong	7.5 Negligible	100.0%

Events Overview

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

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 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 (12)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Corporate Governance

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Sanctions

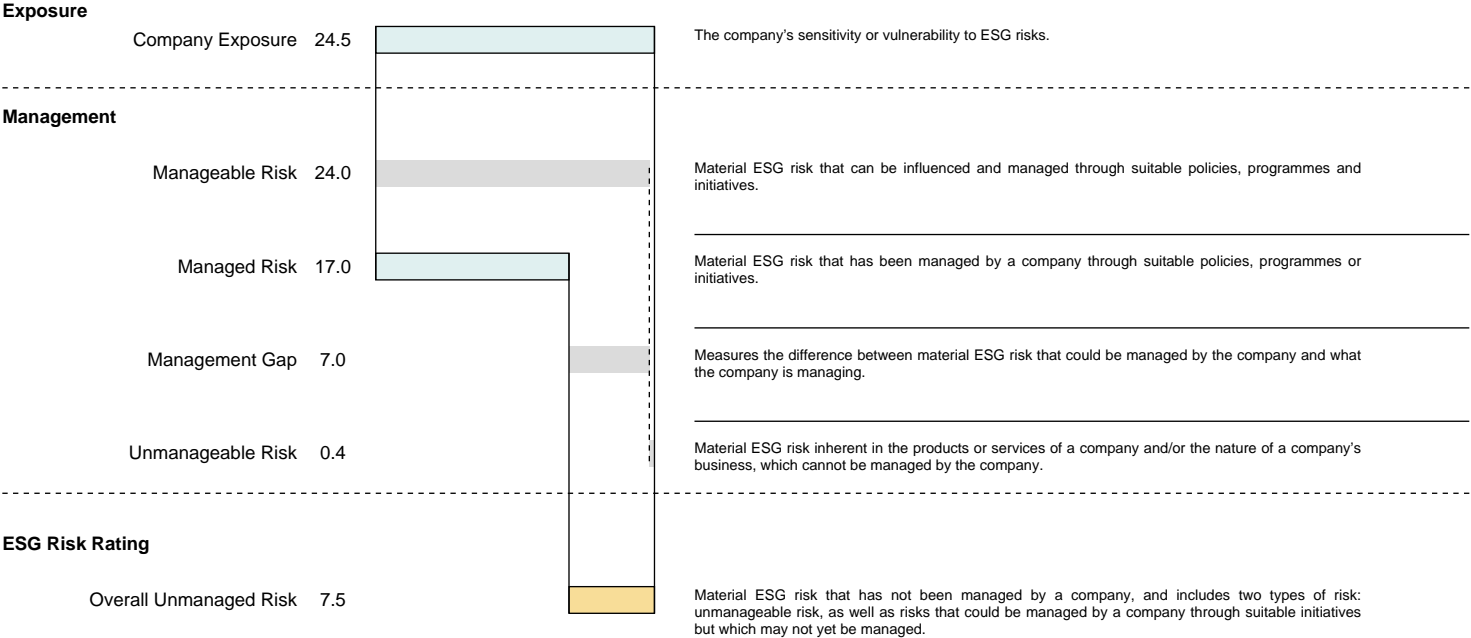
Social Impact of Products

Society - Human Rights

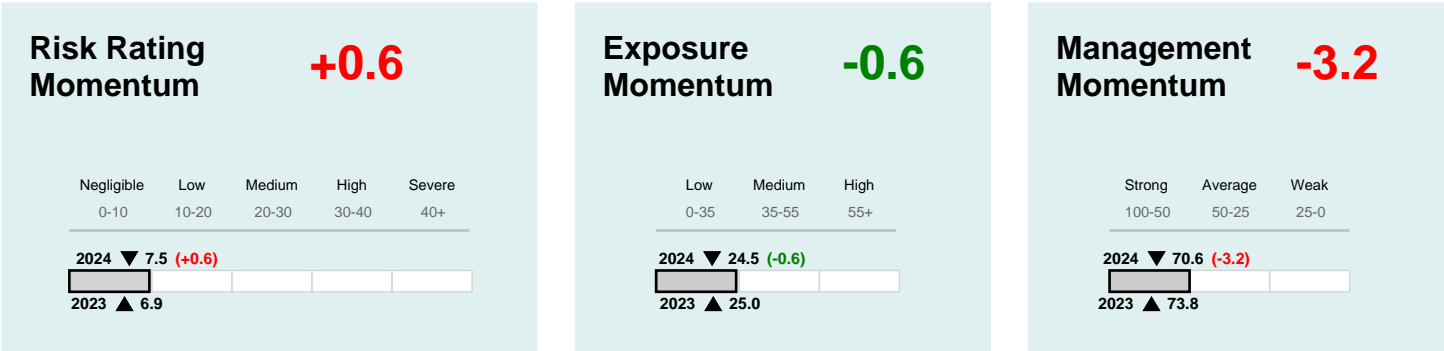
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

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.

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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