



Sustainability | Leadership | Innovation



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# Industrial Development Bank of Turkey: Financing sustainable investments to create change

Finalist: Investing and financing award

## What

Industrial Development Bank of Turkey (TSKB) was established in 1950 with the support of the World Bank, the Central Bank of Turkey and private commercial banks. Since it was founded, TSKB has supported Turkey's sustainable growth, and it has focused on financing renewable energy projects since 2002. Its services include corporate banking, investment banking and consultancy.

Among TSKB's activities, it provides loans to the Turkish private sector for long-term renewable energy, energy efficiency, climate mitigation projects and inclusiveness related investments. In 2019, nearly three quarters of TSKB's loan portfolio was made up of sustainability-themed investments. Sustainability is integrated into TSKB's banking model, and the bank analyses environmental and social factors as well as financial factors for every project.

Using reporting frameworks from the Global Reporting Initiative (GRI) and the International Integrated Reporting Council (IIRC), TSKB publishes annual integrated reports. In these reports, the bank uses a multi-capital approach to show how it creates value for stakeholders. BIST includes TSKB in their sustainability indices because of the bank's work on sustainability.

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**'With our 70 years' experience and sustainable banking model, we evaluate environmental and social risks of all investment loans. SDG aligned investments constitute 74% of TSKB's total loan portfolio. We hope to inspire other institutions, in the financial sector and beyond, to adopt sustainable practices.'**

Ece Börü,  
CEO of TSKB

# Why

TSKB's mission is to create value that supports Turkey's inclusive and sustainable development. This goal is embedded throughout the bank's business model and decision making. By supporting renewable energy projects, TSKB aims to help Turkey to transition away from fossil-fuel based energy generation towards clean and renewable energy resources. The bank sees this shift as vital for Turkey's future.

Integrating sustainability into its working practices means that TSKB can continue to secure funding from key development finance institutions. Each advance in TSKB's work to become a more sustainable bank has left it better placed to access this crucial funding stream. Stakeholder engagement exercises indicate that operating sustainably has also enhanced the bank's reputation more generally.

The positive reception and financial benefit TSKB receive from its integrated approach to banking motivates the bank to improve further. Through its annual sustainability targets, TSKB demonstrates that it is dedicated to pursuing ever more inclusive and sustainable banking.



**'The judges felt that TSKB has developed a holistic approach to embedding sustainable development in the organisation, from the mission through to delivery ... TSKB has consistently adopted good practices in sustainable development and reporting, including participation in global initiatives in responsible banking.'**

Finance for the Future Awards judges

# How

TSKB has integrated sustainability throughout its activities:

- > Governance structures are in place to oversee its ESG work. A sustainability committee meets quarterly to discuss sustainability issues. Senior operational staff take part in the committee, which is chaired by a member of the board. Three board members have responsibility for sustainability at TSKB.
- > ESG impact is used to assess new projects that the bank finances. The environmental and social risk evaluation tool enables TSKB to understand the full picture of risk.
- > Renewable energy projects are a major part of the bank's portfolio, including hydropower and geothermal power plants. These initiatives contribute a significant amount to Turkey's total installed capacity in renewable energy, helping to reduce annual carbon emissions in the country.
- > TSKB also provides funding for energy and resource efficiency projects. As part of this focus area, the bank supports its clients to invest in improving the environmental performance of buildings, so that the buildings can be certified as environmentally friendly.
- > The bank was one of the first companies in Turkey to produce integrated reporting in line with the IIRC's <IR> Framework and the GRI Standards. Through its integrated reports, TSKB shows how it creates value through multiple capitals, including financial, human, natural, intellectual and social capitals.
- > Sustainability targets focus on key areas, including sustainable finance, human resources, and environmental and social impact. TSKB closely monitors its progress against these targets and results are reported in the integrated annual report. Sustainability is also built into employee performance targets.
- > TSKB participates in local and global organisations, such as the United Nations Environment Programme Finance Initiative, CDP and the Business Council for Sustainable Development Turkey. A group of eight banks in Turkey came together to publish guidelines for investing in society and the environment, and TSKB actively supported this work.

[www.tskb.com](http://www.tskb.com)



## DISCLAIMER

This case study presents **Industrial Development Bank of Turkey** entry for the Finance for the Future Awards 2019. The case study only includes information that was part of the organisation's 2019 entry. Some of this information may now be out of date. For a current view of the organisation's work, please visit their website at the link given above.



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