



## Evaluation of Sustainability Practices in the Turkish Banking Sector\*

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### Özet

**Keywords:**

Sustainability,  
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*The study aims to make a situation assessment of the environment-friendly structuring and sustainability practices of the banking sector in Turkey. In the first part, the theoretical framework of environmentally sensitive structuring is introduced, afterwards, the relationship between the environment and the financial sector was examined in more detail and sustainability in the banking sector was investigated. The definition of the concept of sustainable banking, the transition stages of banks to green banking practices and the current situation of the Turkish banking sector based on sustainability practices are evaluated in this section. In the conclusion part of the study, sustainability reports and the position of the banking sector in an environmentally friendly structure were evaluated.*

### ***Redefining Implementation of Economic Regulation: Independent Regulatory Authorities and Governance***

### Abstract

**Anahtar Kelimeler:**

sürdürülebilirlik,  
yeşil finans, Türkiye  
bankacılık sektörü,  
çevre

*Çalışma, Türkiye'de bankacılık sektörünün çevre dostu yapılanması ve sürdürülebilirlik uygulamalarına ilişkin bir durum değerlendirmesi yapmayı amaçlamıştır. İlk bölümde çevreye duyarlı yapılanmanın teorik çerçevesi ortaya konmuş, ardından çevre ve finans sektörü ilişkisi daha detaylı incelenmiştir. Daha sonra bankacılık sektöründe sürdürülebilirlik uygulamaları incelenmiştir. Bu bölümde sürdürülebilir bankacılık kavramının tanımı, bankaların yeşil bankacılık uygulamalarına geçiş aşamaları ve Türk bankacılık sektörünün sürdürülebilirlik uygulamalarına dayalı mevcut durumu araştırılmıştır. Çalışmanın sonuç bölümünde ise sürdürülebilirlik raporlarının ve bankacılık sektörünün çevre dostu bir yapı içindeki konumu değerlendirilmiştir.*

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## INTRODUCTION

### Environment and Finance

Financial institutions interact with the environment in different ways as investors, innovators, evaluators, stakeholders, pollutants, and victims of environmental change. It is important for all economic units that banks increase environmental awareness and include sustainability practices in all their processes. Banks, as commercial institutions, can reduce their emissions and minimize the damage they may cause to the environment with policies such as waste management, energy efficiency, and efficient resource use. At the same time, as an institution that provides financing to other companies, they can support environmentally friendly projects and contribute to the increase in investments in this field. The main environmental initiatives in the financial sector can be summarized as follows:

United Nations Environment Program Finance Initiative (UNEP FI) - is a 1992 partnership between UNEP and the global financial industry to mobilize private sector finance for sustainable development. UNEP FI supports global financial industry principles to accelerate the integration of sustainability into financial market practice (UNEP FIa, 2023). These principles are grouped under three headings as Responsible Banking Principles (PRB), Sustainable Insurance Principles (PSI) and Responsible Investment Principles (PRI).

According to the August 2022 report, UNEP FI member financial institutions from Turkey: Akbank T.A.Ş., Türkiye Halk Bankası A.Ş., Türkiye Kalkınma ve Yatırım Bankası A. Ş., Şekerbank T.A.Ş., Türkiye İş Bankası A.Ş., Yapı ve Kredi Bankası A.Ş., Türkiye Garanti Bankası A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. from the banking sector and Anadolu Hayat Emeklilik A.Ş. from the insurance sector (UNEP Fib, 2023).

The Equator Principles (EP) - is a risk management framework adopted by financial institutions to identify, assess and manage environmental and social risks in projects. EP aims to provide a minimum standard for due diligence and monitoring by supporting responsible risk decision-making (EP, 2023).

The Coalition of Environmentally Responsible Economies (CERES) - is a non-profit organization that works with the most influential investors and companies to drive sustainable solutions across the economy. Founded in the USA in 1989, CERES seeks solutions to the world's biggest sustainability problems such as climate change, water scarcity and pollution, and unfair workplaces. The purpose of the organization is to transform the economy to build a sustainable future for people and the planet (CERES, 2023).

BankTrack and Collevocchio Declaration - BankTrack is a non-governmental organization established as a network in 2003, focusing on private sector banks and working in the field of sustainability. BankTrack uses tools such as direct action, lobbying and research to achieve its goals. As a result of these activities, the Collevocchio Declaration, which focuses on the role of the financial sector in sustainability and is the first civil society statement in the mentioned field, was published. The declaration was signed by more than 100 non-governmental organizations (BankTrack, 2023).

Financial System Greening Network (NGFS)- At the "One Planet Summit" held in Paris in 2017, eight central banks and supervisory institutions established the Network for Greening the Financial System (NGFS). Objectives of NGFS required to meet the objectives of the Paris Agreement (NGFS, 2023).

## **Reporting Initiatives and Standards**

Common standards and scoring systems are needed for both investors and credit financing institutions to measure and compare the environmental performance of companies. For this purpose, reporting standards have been established for the reports published by companies operating in both the real sector and the financial field, considering the environment and sustainability criteria. Global Reporting Initiative, Progress Reporting, Integrated Reporting, Extended External Reporting, Carbon Disclosure Project Reports, International Organization for Standardization (ISO) ISO 5001 Energy Management System, ISO 9001 Quality Management System and ISO 14001 Environmental Management System are the main initiatives in this field.

The Global Reporting Initiative (GRI) - is an independent international standards body that enables businesses, governments, and other organizations to understand and communicate their impact on issues such as climate change, human rights, and corruption. GRI's sustainability reporting framework helps companies to transparently publish, identify, collect, and report information on their environmental, economic, and social impacts clearly and comparably (GRI, 2023).

The Communication on Progress Report (COP) - is used to measure and evaluate how companies are making progress in their annual operations based on the 10 Principles of the UN Global Compact (UNGC, 2023).

The International Integrated Reporting Council (IIRC) - is a global coalition of regulators, investors, companies, standard setters, accountants, academics, and non-governmental organizations. IIRC's purpose is to promote well-being for all and protect the planet. The integrated report provides a brief overview of how an organization's strategy, management, performance, and prospects, in the context of its external environment, lead to value creation in the short, medium, and long term (IIRC, 2023).

Extended External Reporting (EER) - is the reporting initiative recommended by the International Auditing and Assurance Standards Board (IAASB) to eliminate differences in reporting standards and to evaluate companies' performance more comprehensively (IAASB, 2023).

The Carbon Disclosure Project (CDP) - is a non-profit charity that operates a global disclosure system for investors, companies, cities, states, and territories to manage environmental impacts. Founded in 2000, CDP's focus areas are climate, water, and forests. It aims to build a sustainable economy by measuring and understanding the environmental impact of investors, companies, and cities (CDP, 2023).

International Organization for Standardization (ISO) - is an independent, international non-governmental organization headquartered in Geneva, Switzerland. Through its members, it brings together experts to develop voluntary, consensus-based, market-relevant international standards and share knowledge, supporting innovation and providing solutions to global challenges. ISO's 5001 Energy Management System, ISO 9001 Quality Management System and ISO 14001 Environmental Management System standards are the standards applied by organizations that support sustainable development (ISO, 2023).

## **LITERATURE REVIEW**

Sustainable banking is also mentioned in the literature as ethical banking or green banking. In this banking approach, banks adopt an approach based on sustainability principles, both as commercial enterprise and as

an institution that provides financing for the projects of other companies. In other words, banks support projects that use resources efficiently and provide low carbon emissions, considering social and environmental responsibility.

Jeucken and Bouma (1999: 25-32) showed the transition of banks from traditional understanding to sustainable banking in four stages:

(Defensive banking) At this stage, environmental management is seen as an avoidable cost, and cost-saving opportunities through initiatives such as energy efficiency are not utilized.

(Preventative banking) Preventive banking is inevitable in some ways because the government and NGOs can directly or indirectly impose restrictions on the activities of banks through legislation and social pressure. Banks at this stage integrate potential revenues, costs, and risks into their daily business, but only consider their internal processes such as environmental management and credit risk assessment.

(Offensive banking) In the third stage, banks evaluate their external activities in the context of the environment and develop environmentally friendly products. Negative environmental costs are not fully integrated into the price system, as these banks build their strategies on continuous winning.

(Sustainable banking) In the fourth stage, win-win solutions are adopted, while the corporate philosophy also encourages projects with higher risk, lower rate of return and longer payback periods. Banks at this stage do not prefer the highest financial return rate but prefer the highest sustainable rate of return while being profitable in the long run. Each stage essentially contains the previous stage.

In the literature, there are various works which evaluate sustainability practices in the Turkish banking sector. Öner and Kaya (2010:75) analysed the reasons that prevent the development of sustainability practices in the financial sector in developing countries. They can be listed as the lack of knowledge of institutions in this area, the insufficient awareness of the society on sustainability, inadequacies arising from legal regulations and instability in government policies. According to the findings sustainability process in the banking sector in Turkey in 2010 was at the "preventive banking" stage.

Özçelik and Öztürk (2014: 190), in their study on sustainable banking practices in the Turkish banking sector, evaluated the performances of banks that published sustainability reports using the gray relational analysis method. For this purpose, the 2011 sustainability reports of five banks operating in the Turkish banking sector were examined. The performance of banks is analysed according to 3 economic ratios such as capital adequacy ratio, return on assets, and return on equity, 2 social ratios such as employee turnover rate and training hours per worker, and 4 environmental ratios such as electricity consumption, water consumption, total paper consumption and CO2 emissions. Akbank, Türkiye Garanti Bankası, TSKB, Türkiye İş Bankası and Yapı kredi Bank included in the analysis were ranked according to their sustainability performance because of the analysis. According to the findings, TSKB ranked first in terms of sustainability performance. Garanti Bank and Akbank followed TSKB.

In their study on accountability and sustainability practices in the Turkish banking sector, Araci, Yuksel and Ispirli (2016: 232) analyzed the 2013 sustainability reports of 7 banks and created a data set. Scores were calculated based on the information in the sustainability reports created within the framework of GRI standards. According to the findings, it was said that the banks whose sustainability reports were examined carried out aggressive and sustainable banking activities. On the other hand, it was stated in the study that the need for banks to give more weight to sustainability and to integrate sustainability into their business strategy continues.

Ömürbek, Aksoy and Akçakanat (2017: 28-30) evaluated the sustainability performances of seven large-scale banks operating in the Turkish banking sector according to their asset sizes, in comparison with multi-criteria decision-making methods. According to the results of the study, Ziraat Bank, İşbank, Halkbank, Akbank ranked 1st, 2nd, 3rd, 4th and Vakıfbank ranked 7th according to all three methods used for evaluation, while Garanti Bank and Yapı Kredi Bank were ranked 5th and 6th rows according to different methods.

In another study conducted for the Turkish banking sector, the effects of banks' publishing sustainability reports on their financial performance were examined. For this purpose, seven banks that were included in the BIST Sustainability Index at least once during the period covering the years 2010-2017 were examined. In the analysis made using the panel data method, the data of seven banks, two of which are public (Vakıfbank and Halkbank), and five of which are private sector (İşbank, Garanti Bank, Akbank, Yapı Kredi Bank and TSKB), were examined between 2010-2017. As a result, it has been revealed that the sustainability report disclosures have a significant effect only on the return on assets and not on the return on equity and net interest margin. In addition, when the relationship between sustainability criteria and the return of assets is examined, it has been observed that statements about the environment and human resources have negative effects on the return of assets (Dinçer ve Altınay, 2020: 12-14).

The literature review shows that the banking sector affects environmental variables both as individual banks and as a total sector. If the publications on sustainability studies in the banking sectors are summarized, the guiding role of the public sector and legal regulations for the environmentally sensitive structuring policies of the banks draws attention. National environmental policies can contribute to the dissemination of sustainability practices by developing corporate climate strategies. At the same time, the demands of bank customers and investors for green banking products also can help banks to develop their policies in this area.

## TURKISH BANKING SECTOR

When the Turkish banking sector is examined in general terms, deposit banks and development and investment banks emerge as the main groups. These banks are also divided into groups such as public capital, private capital, and foreign capital banks (TBB, 2023). There are also six participating banks operating in the Turkish banking sector. These banks have a total of 1350 branches for August 2022.

General information about banks is given in Table 1.

**Table 1: Turkish Banking Sector General Information (January 2023)**

Bank/Group Name	Number of banks	Domestic Branch	Overseas Branch
Turkish Banking System	<b>51</b>	<b>9592</b>	<b>72</b>
<b><i>Deposit Banks</i></b>	35	9521	72
Public Deposit Banks	3	3711	35
Private Equity Deposit Banks	8	3470	27
Banks Transferred to the Savings Deposit Insurance Fund	3	3	0
Foreign Capital Banks	21	2337	10

Foreign Capital Banks Established in Turkey	16	2330	10
Foreign Capital Banks Opening Branches in Turkey	5	7	0
<b><i>Development and Investment Banks</i></b>	16	71	0
Public Capital Development and Investment Banks	3	43	0
Private Capital Development and Investment Banks	9	24	0
Foreign Capital Development and Investment Banks	4	4	0

**Source:** Prepared by the author, compiled from the Banks Association of Turkey Data, [https://www.tbb.org.tr/modules/banka-bilgileri/banka\\_sube\\_bilgileri.asp](https://www.tbb.org.tr/modules/banka-bilgileri/banka_sube_bilgileri.asp), (08/01/2023)

Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş. and Türkiye Vakıflar Bankası T.A.O are public deposit banks in Turkey. Akbank T.A.Ş., Anadolubank A.Ş., Fibabanka A.Ş., Şekerbank T.A.Ş., Turkish Bank A.Ş., Türk Ekonomi Bankası A.Ş., Türkiye İş Bankası A.Ş. (2022) and Yapı ve Kredi Bankası A.Ş are the private equity deposit banks. Adabank A.Ş., Birleşik Fon Bankası A.Ş. and Türk Ticaret Bankası A.Ş. are banks which transferred to the savings deposit insurance fund. Alternatifbank A.Ş., Arap Türk Bankası A.Ş., Bank of China Turkey A.Ş., Burgan Bank A.Ş., Citibank A.Ş., Denizbank A.Ş., Deutsche Bank A.Ş., HSBC Bank A.Ş., ICBC Turkey Bank A.Ş., ING Bank A.Ş., MUFG Bank Turkey A.Ş., Odea Bank A.Ş., QNB Finansbank A.Ş., Rabobank A.Ş., Turkland Bank A.Ş. and Türkiye Garanti Bank A.Ş. are the foreign capital deposit banks which established in Turkey. Bank Mellat, Habib Bank Limited, Intesa Sanpaolo S.p.A., JPMorgan Chase Bank N.A. and Société Générale (SA) are foreign capital deposit banks which opened branches in Turkey.

İller Bankası A.Ş., Türk Eximbank and Türkiye Kalkınma ve Yatırım Bankası A.Ş. are the public capital development and investment banks. Aktif Yatırım Bankası A.Ş., D Yatırım Bankası A.Ş., Destek Yatırım Bankası A.Ş., Diler Yatırım Bankası A.Ş., Golden Global Yatırım Bankası A.Ş., GSD Investment Bank A.Ş., İstanbul Takas ve Saklama Bankası A.Ş., Nurol Yatırım Bankası A.Ş. and Türkiye Sınayi ve Kalkınma Bankası A.Ş. are the private capital development and investment banks. Bank of America Yatırım Bank A.Ş., BankPozitif Kredi ve Kalkınma Bankası A.Ş., Pasha Investment Bank A.Ş. and Standard Chartered Yatırım Bankası Türk A.Ş. are the foreign capital development and investment banks in Turkey.

## **SUSTAINABILITY PRACTICES IN THE TURKISH BANKING SECTOR**

Generally, banks that publish sustainability reports prepare these reports within the framework of GRI standards. The sustainability practices of banks operating in the Turkish banking sector as of August 2022 are summarized below.

### **Deposit Banks**

Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (2023) founded in the 19th century. It is also the largest bank in the sector in terms of asset size. The bank, which has published a sustainability report since 2013, has published regular annual reports in the following years and has started to publish an integrated report since 2019. When the sustainability reports of the bank were examined, it was observed that the headings of waste management, energy efficiency and education come to the fore. Ziraat Bank focuses on sustainability topics

such as measuring and reducing greenhouse gas emissions from its activities, using natural resources and energy efficiently, working by environmental regulations following both local and international agreements and standards, and raising environmental awareness of both suppliers and customers.

According to the Türkiye Halk Bankası A.Ş. (2023) sustainability policy reports, the priority topics in the field of environment can be listed as reducing emissions, protecting the environment, reducing energy consumption by increasing energy efficiency and minimizing waste from bank activities. The bank, which has started to publish sustainability reports since 2013, also calculates its carbon footprint and creates strategies to reduce its footprint. With some initiatives that it started to implement in 2015, the Bank reduced its emissions and saved energy. The replacement of lighting fixtures with LEDs, the online provision of services and operational processes, the electronification of communication tools, the dissemination of paperless banking applications, and carbon-neutral meetings can be cited as examples of these practices. At the end of 2016, the Bank continued its studies on environmental sensitivity and integrated the Integrated Management System, consisting of the ISO 14001:2015 Environmental Management System and ISO 50001:2011 Energy Management System, into the bank's structure and working processes. Halkbank is also the first Turkish bank to set up the ISO 50001 Energy Management System and integrate it with the ISO 14001 Environmental Management System. During the lending process, environmental risks were included in the scoring system, and both customers and investors were provided with free training and consultancy in the field of sustainability. As one of the companies included in both the BIST Corporate Governance Index and the BIST Sustainability Index, Halkbank works to increase the financing of environmentally friendly investments in its loan portfolio.

Türkiye Vakıflar Bankası T.A.O. is a state bank established in 1954. The bank offers contemporary products and services in both retail and commercial banking. Vakıfbank also develops its practices in the fields of corporate governance and sustainability, complying with international standards. The bank's sustainability practices have followed an active course since 2014. Stocks of the bank, which began to be traded in the BIST Sustainability Index in 2014, started to report its risks and performance to the CDP (carbon transparency project) in 2015 and started to be included in the FTSE4Good Emerging Markets Index in 2017. Vakıfbank published its first sustainability report in 2016 and published its regular reports in the following years following the GRI content index. In 2020, the bank's first Integrated Annual Report was published in line with the International Integrated Reporting Framework (IIRC). Vakıfbank (2022) also established the ISO 9001 Quality Management System in 2017 and continues to establish the ISO 14001 Environmental Management System. In 2017, Environmental and Social Impact Assessment and Sustainability titles were added to the Credit Policy, and in 2018, it became the first bank from Turkey which receive the Occupational Health and Safety Management System Certificate. In 2020, the Bank took a pioneering step and became a Carbon Negative institution.

Akbank T.A.Ş. (2023) is the first bank in the Turkish banking sector which published a sustainability report. The Bank published annual sustainability reports regularly in the 2009-2019 period and annual CDP reports in the 2012-2021 period. The bank's website contains detailed information on the sustainability vision, environmental and social policies, environmental and social credit policies, the list of non-creditable activities, and the bank's contributions to society. The Bank signed the UN Global Compact in 2007. Akbank became the first Turkish deposit bank which published its sustainability report in 2010 under GRI standards. Being one of the first companies worldwide to sign the "Carbon Price Statement" in 2012, Akbank signed the COP21 statement in 2015. Projects and services such as "Energy Friendly Loans", "Good State of the City", "Sisterhood of Craftsmen", "Good Entrepreneurship Cities" and "Branch Transformation Project" are prime examples of Akbank's efforts in the field of sustainability.

Şekerbank T.A.Ş. (2023) has published a biennial sustainability report in 2013, 2015, 2017 and 2019, and regularly published CDP Water and CDP Climate Change reports every year between 2016-2022. In 2021, the bank published an integrated report. The bank's sustainability policies support sustainable agriculture, energy efficiency, domestic production and employment, inclusiveness and women's banking, contribution to culture, arts, and education and the fight against climate change. The bank, which is a member and supports many national and international organizations, tries to improve its compliance with corporate governance principles in line with its sustainability goals.

Türk Ekonomi Bankası A.Ş. (2023) has published CSR reports for the years 2012-2013 and sustainability reports for the years 2014-2015, 2016-2017 and 2018-2019. On the bank's website (2022), brief information on environmental impacts is presented under the corporate social responsibility heading. In the sustainability report, the bank's management and strategy are good banking solutions in the field of economic responsibility, supply chain management, high standards of ethics, good workplace in the field of social responsibility, diversity and equal rights, dynamic career management, social participation studies in the field of social responsibility, human rights, products, and services. responsibility, and in the field of environmental responsibility. There are targets to increase environmental awareness and reduce the environmental impact caused by bank operations and customers.

Türkiye İş Bankası A.Ş. (2023) is one of the signatories of the UN Principles of Responsible Banking and has regularly published a sustainability report annually in the 2012-2017 period, and an integrated report in the 2018-2021 period. Under the heading of sustainability, the bank's approach, structuring, policies, processes, environmental and social impacts, and the sustainability reports they have published are included. The basic principles of the bank's sustainability approach are to consider the environmental and social impacts arising from its activities, to reduce carbon emissions, to protect human and labour rights, to reject discrimination, to respect the right to unionize and collective bargaining, fair sharing, equal opportunity and evaluation of qualified workforce, customer-oriented work, fight against bribery and corruption, organization of training to raise awareness of employees and supply chain management.

Yapı ve Kredi Bankası A.Ş. (2023) is one of the founding signatories of the UN Principles of Responsible Banking. The bank published regular annual sustainability reports in the 2010-2018 period and followed them with publishing regular integrated reports in the 2019-2021 period. The Bank's goals in the field of sustainability are the provision of environmentally friendly products and services, effective use of energy resources and emission management, supporting innovation and academic cooperation, contribution to social welfare, protecting the health of employees and respecting differences and transparent management.

Fibabanka A.Ş. (2023) does not publish a sustainability report, but there is a sustainability heading on its website, and under this heading, information on the bank's sustainability policy and activities is included. The Bank has taken care to develop both its corporate structure and human resources in line with its sustainability goals, has published the "Ethical Principles" document for this purpose, and measures have been taken to prevent climate change by protecting natural resources. Examples of these measures are digitalization, waste management and recycling efforts in bank operations, prioritizing the purchase of recyclable packaging in consumer products, using plant-based pet bottles, using daylight during working hours to reduce electricity consumption, and using LED lighting products for lighting.

Alternatifbank A.Ş., Denizbank A.Ş., Rabobank A.Ş., HSBC Bank A.Ş., and ING Bank A.Ş. do not publish sustainability reports, but their websites include topics such as corporate governance, sustainability, or environmental policies.

When the annual reports and website of the Alternatifbank A.Ş. (2023), were examined, it has seen that some breakthroughs have been made in 2020. These are the barrier-free banking hackathon and the headquarters



building which received the LEED Gold Certificate (the green building certification of the Green Buildings Council of America). Denizbank A.Ş. (2023), stands out with breakthroughs in culture and barrier-free banking are remarkable. The bank has been awarded several times for its success in managing the digitalization process. Rabobank A.Ş. (2023), was founded in 2013 and it is seen that there is a sustainability title on the website. This topic includes social and environmental policies. The Bank has stated in these policies that it aims to create new income opportunities and economic development by valuing people, the environment, and the climate. HSBC Bank A.Ş. (2023), contains information on its policies in this area under the heading of sustainability on its website. In the policy headings grouped as education, environment and entrepreneurship, information about the projects carried out in these areas is included. Education of children within the scope of education projects, giving scholarships to successful and needy students for equal opportunities, fine arts scholarship fund, helping schools in need, rainwater harvesting within the scope of environmental projects, plastic cover collection campaign, rainwater collection, planting trees within the scope of HSBC forest. The entrepreneurship program includes a sustainable growth program. ING Bank A.Ş. (2023), has published a regular Corporate Governance Principles Compliance Report annually for the 2013-2019 period. The bank, which did not publish a sustainability report, gave detailed coverage of this topic on its website. The ING Group Environmental Declaration covers topics such as carbon emissions and reducing energy and paper consumption. For example, reducing carbon emissions by making business trips only when online meetings are not possible is one of the bank policies implemented to protect the environment.

QNB Finansbank A.Ş. (2023) has published a sustainability report for 2018, 2019 and 2020, and a CDP report for 2021. It also published the UN Global Compact Progress Report for 2020. QNB Finansbank A.Ş. support and develops talents while implementing the sustainability policy, responsible customer communication and marketing activities, responsible purchasing and supply chain, SMEs and entrepreneurship, sustainable investment and lending, digital transformation and innovation, and increased social and community investments. Financial inclusion in the field of sustainability gives priority to the issues of minimizing the environmental impacts of bank operations as well as products and services.

Türkiye Garanti Bank A.Ş. (2023), is one of the leading institutions in the Turkish finance sector in terms of environment and sustainability. The Bank has been publishing CDP Water and CDP Climate Change Reports, Climate Change Action Plan Statement, and sustainability reports since 2010. The Bank manages environmental impacts with waste management, water management, climate change management and supply chain management as part of its environmental policy. The bank, which gave a gender equality loan for the first time in Turkey and in the world, carried out projects such as supporting the clean production project in the textile sector, directed investments in renewable energy fields, decided to supply all electricity from renewable energy sources and activated the LEED-certified Pendik technology campus. Bank is the only founding member bank from Turkey in the (UNEP FI) Responsible Banking Principles Core Group, the first and only company in Turkey to be included in the Bloomberg Financial Services Gender-Equality Index for 4 consecutive years. Bank received numerous awards in international platforms and included in the FTSE4Good Emerging Markets Index, BIST Sustainability and BIST Corporate Governance Indices. Garanti BBVA was also included in the Dow Jones Sustainability Index (DJSI) Emerging Markets index in 2020, as well as being included in this index five times in a row and became the only company and bank from Turkey.

Adabank A.Ş. (2023), Anadolubank A.Ş. (2023), Turkish Bank A.Ş. (2023), Birleşik Fon Bankası A.Ş. (2023), Arap Türk Bankası A.Ş. (2023), Bank of China Turkey A.Ş. (2023), Burgan Bank A.Ş. (2023), Citibank A.Ş. (2023), Deutsche Bank A.Ş. (2023), ICBC Turkey Bank A.Ş. (2023), MUFG Bank Turkey A.Ş. (2023), Turkland Bank A.Ş. (2023), Odea Bank A.Ş. (2023), Bank Mellat (2023), Habib Bank Limited (2023), Intesa Sanpaolo S.p.A. (2023), JPMorgan Chase Bank N.A. (2023) and Société Générale (SA) (2023) banks have the same position in terms of reports. There are only annual reports and audit reports of these banks, and there is no information on the environment and sustainability on their websites. Intesa

Sanpaolo S.p.A. is an exception, however, the bank directs searches for environmental and sustainability policies to the main bank page.

### **Development and Investment Banks**

İller Bank Inc. (2023) does not publish a sustainability or environmental report, but when the website is examined, it has been seen that the loans extended also cover areas such as drinking water, sewage, solid waste, sea discharge, treatment, and landscaping.

Türk Eximbank (2023), on the other hand, does not publish a sustainability report but offers extensive information on its policies, principles, and practices in this field under the title of sustainability on its website. Developing the Türk Eximbank Sustainability Management System, the bank implements its Environmental and Social Impact Policy and Climate Change Combat and Adaptation Policies through this system.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. (2023) does not publish a sustainability report. The primary goal of the bank is to provide financing to entrepreneurs within the scope of sustainable development. For this reason, the bank adopts the principles of sustainable and responsible development as a whole and works for an “environmentally friendly” economy. For this purpose, it invests in environmentally friendly projects for education, health, tourism, industry and all sectors, especially renewable energy, and energy efficiency investments.

Türkiye Sınayi ve Kalkınma Bankası A.Ş. (2023) is one of the leading and most active banks in the Turkish banking sector in the field of sustainability. The bank, which has many sustainability awards both in Turkey and around the world, became the first bank in the world the issuance of “Sustainable Tier-Capital Bonds” in international markets. At the same time, it is the first financial institution which issues green bonds and publishes an integrated report, the first carbon-neutral bank, and the first institution to publish a sustainability report in the finance sector. Providing detailed information on energy efficiency, resource efficiency and CSR, the bank also provides consultancy services in the field of sustainability.

Aktif Yatırım Bankası A.Ş. (2023), Diler Yatırım Bankası A.Ş. (2023), Nurol Yatırım Bankası A.Ş. (2023), GSD Investment Bank A.Ş. (2023), Bank of America Yatırım Bank A.Ş. (2023) and Bank Pozitif Kredi ve Kalkınma Bankası A.Ş. (2023) banks do not publish a sustainability report and there is no statement on the topics of environment and sustainability on their websites. İstanbul Takas ve Saklama Bankası A.Ş. (2023) does not publish a sustainability report, but when the website is examined, there is a document regarding the donation policy of the institution. Pasha Investment Bank A.Ş. (2023) although includes the title of sustainability, environment, and social responsibility policy on its website, there is no content related to the title. Standard Chartered Yatırım Bankası Türk A.Ş. (2023) does not publish a sustainability report, but there is a sustainability title on its website. The bank, which aims to integrate sustainability into corporate decision-making processes, provides brief information on the subject. For detailed information in this area, you are directed to the main establishment site of the bank.

### **CONCLUSION**

When the environmentally sensitive studies for both Turkey and other developed and developing countries are examined, it is observed that the initiatives in this field are insufficient. Environmental policy tools and their use remain limited, and the short-term negative effects of the costs of environmentally friendly structuring on indicators such as economic growth and financial profitability are highlighted. This

structuring, which will make a positive contribution in the long run, can be achieved through binding legal regulations and financial investments.

The reasons that prevent the development of sustainability practices in the financial sector in developing countries can be listed as the lack of knowledge of institutions in this area, the insufficient awareness of the society on sustainability, inadequacies arising from legal regulations and instability in public policies.

Sustainability practices in the Turkish banking sector can be summarized under two headings based on the practices of banks as a business and the projects they prioritize as financing institutions. As a business, banks have adopted sustainability practices such as energy efficiency, waste management, effective use of natural resources, environmental awareness of personnel and the use of smart buildings in their internal processes. Banks, which are financing institutions, have given priority to reducing carbon emissions and renewable energy investments both in their socially responsible investments and in the projects, they provide loans.

In summary, when the Turkish banking sector is examined as a whole, it has been observed that banks are at different stages in terms of sustainability practices. The evaluation based on the stages classified by Jeucken and Bouma, it can be said that many banks are in the more defensive and preventive banking stage, while some banks are in the aggressive banking stage. However, many banks have shown a rapid acceleration in recent years and have made progress in achieving a sustainable banking stage. As a result of the analyses made on the annual reports and websites of all banks operating in the Turkish banking sector, it can be said that especially investment and development banks are closer to the sustainable banking stage.

As mentioned in the previous paragraphs, banks publish their sustainability reports voluntarily and there are no binding regulations in this area by public authorities. The lack of green products and service demands of other customers from banks also causes banks to adopt sustainable practices to their policies. It is thought that the implementation of encouraging public policies and the making of binding legal regulations for the environmentally friendly structuring of businesses operating in both the real sector and the financial sector will be beneficial in terms of environmentally friendly structuring. For this purpose, it is recommended that sector representatives, public authorities and non-governmental organizations come together more often and conduct infrastructure studies for environmental awareness.

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