

# Sustainability Report

2020





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# 1. Introduction and Business Overview

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- 1.1 About This Report
- 1.2 Message From the Chairperson and CEO
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- 1.5 2020 Performance Summary and Sustainability Highlights





## 1.1 About This Report

2020 QNB Finansbank Sustainability Report provides an overview of our Bank's sustainability approach and performance covering the period from 1 January 2020 to 31 December 2020 by complementing the topics in QNB Finansbank 2020 Annual Report.

This report has been prepared in accordance with GRI Standards: "Core Option" and Financial Services Sector disclosures. Our Bank's contribution to the United Nations Sustainable Development Goals (UN SDG's) is presented by aligning our sustainability objectives by relevant

UN SDG's. In addition, a reference to United Nations Global Compact Communication on Progress (COP) Index has been made in the report to publicly share our Bank's contribution and support to UNGC's ten principles.

In this report, the terms "QNB Finansbank", "Our Bank", "The Bank" and "We/Us" are used interchangeably. Like previous years, figures and disclosures in this report reflect only QNB Finansbank's domestic operations excluding subsidiaries, unless stated otherwise.

### Feedback

You may contact our sustainability team at [sustainability@qnbfinansbank.com](mailto:sustainability@qnbfinansbank.com) and submit your opinions, suggestions and feedbacks about this report, and our sustainability practices.

This report's electronic version can be reached [here](#).



## 1.2 Message From The Chairperson

**Dr. Ömer A. Aras**  
Chairperson



Dear Stakeholders,

We have come through an extraordinary year. 2020 disrupted all of the estimates and objectives we set at the beginning, making us prioritize human health and a sustainable future above all else.

The pandemic not only affected human health, but also triggered the biggest economic contraction since World War II. In Turkey, as in the rest of the world, we fought to strengthen our health system, grow the economy, and support the real sector under pandemic conditions.

Thanks to the decisions taken by our government to buoy up the real sector, allied to the banking system's support for these decisions, Turkey strove to overcome the economic difficulties caused by the pandemic relatively softly. Consequently, the Turkish economy grew by 1.8 percent in 2020.

With the pandemic under control and the wheels starting to turn again in the economy, we now face much more important tasks. Global warming and the depletion of our natural life resources - especially water - will continue to be vital issues in our lives. We will all strive for a more sustainable world with fewer carbon emissions.

At QNB Finansbank, we develop different methods and introduce different practices to boost operational efficiency and reduce the environmental impact of our activities. However, we definitively act on the basis that our biggest environmental impacts are "indirect" due to our lending procedures. Our Bank conducts lending activities in accordance with the risk management system established to take into account the environmental and social risk management of the projects being financed.

The fight against climate change has also changed our sector's perspective in terms of measuring, evaluating, and taking action on the direct and indirect effects of our activities in a more systematic way. Therefore, at QNB Finansbank, we forge on with our sustainability efforts and continuously improve them in order to manage our direct and indirect impacts more comprehensively.

Sustainable development cannot be limited only to stable growth and environmental factors. The business world and a better work environment are also important responsibilities that fall to us in building a

sustainable future. These processes are also being reshaped in light of the pandemic. Two key concepts have changed and become paramount in our lives. We now know how important health and people are, and we see the significance of the 'thoughtful (compassionate) management' concept, which focuses on people rather than objectives.

Certainly, we cannot deny that digitalization will proliferate even more than we expected as a result of the pandemic. During this crisis, the banking sector and QNB Finansbank adapted quickly to the emerging landscape as they were better able to digitalize their activities. Digitalization will also constitute one of the fundamental pillars of sustainable development. Accordingly, the most crucial tasks befalling the finance sector in building the future will be to lead the sector in this field and to contribute to the development of new technologies by supporting start-ups.

At this point, we observe that all economic players, from the smallest businesses to individuals, are rapidly digitalizing. We see that those who incorporate the fastest and latest technologies into their lives hold the advantage in sustainable growth. At QNB Finansbank, we will continue to lead the sector in digitalization and the introduction of new technologies.

We are also marching onwards with our QNB Finansbank corporate social responsibility projects, because our children will shape the future. At QNB Finansbank, we will continue

to contribute to our children in every field, including art, mathematics, coding, creativity, and culture, with our Small Hands Big Dreams Platform, which we established to prepare our children for the future. We will commit to making the future more livable by embracing the principle of sustainability for a more livable world.

Kindest regards,

**Ömer A. Aras**  
Chairperson  
QNB Finansbank A.Ş.





## 1.2 Message From The CEO

Temel Güzeloğlu  
CEO



Dear stakeholders,

What we experienced in 2020 showed us that discussions and efforts on sustainable development were perhaps the most crucial and necessary thing in the world. 2020 saw extraordinary conditions such as COVID 19, earthquakes, geopolitical risks and a global contraction, leading to new experiences and avenues of exploration everywhere.

At QNB Finansbank, in light of our responsibilities arising from the sector, we have strived to contribute to a sustainable economy and lifecycle for our country, customers, and employees.

We can say that 2020 has been a year of struggle for the survival of humanity, the sustainability of national economies, and public health. At QNB Finansbank, our priority became people and health as of March 2020, when the pandemic took hold in Turkey. We have supported 15 different health institutions, including medical faculties, state hospitals, and local health authorities, with their emergency needs. We also contributed to the country's healthcare efforts by supporting the government's campaign against the pandemic.

We have pursued our struggle for human health by prioritizing our employees and customers. We were one of the fastest banks to switch to the on-duty

branch and working from home philosophies. The primary goal of our measures and digital banking solutions has been to minimize contact.

Since the paramount responsibility of a bank in sustainable development is to provide sustainable financing solutions and support sustainable growth, we were one of the fastest-acting banks in finding solutions to the pandemic-related problems of the real sector, right from the first days of the pandemic. In order to support the real sector, we helped buoy up the economy through several initiatives, including debt relief, KOSGEB (Small and Medium Enterprises Development Organization) loans, return-to-business credits and loan support packages, as well as solutions for the digitalization of SMEs in line with our Digital Bridge project.

QNB Finansbank upsized our syndication loan in May 2020, when the pandemic was at its peak, and obtained a total of USD 390 million from international banks and institutions with different maturities. In November 2020, we upsized our second syndication loan as a result of high demand and intense interest from investors. We entered into an agreement with 33 international banks from 19 countries to obtain a syndication loan amounting to USD 350 million in total, consisting of USD 113.5 million and EUR 200.5 million with a maturity of 367 days. These successful transactions have once again confirmed international markets' confidence in QNB Finansbank and the Turkish banking sector.

With these resources provided by our Bank, we have continued to expand our support for the Turkish economy and sustainable development. We have acted on the awareness that the financial sector, and especially banks, can reduce environmental and social risks by adopting responsible investment and lending practices. We have supported our customers in identifying, evaluating, and managing their environmental and social risks.

A new mission has now been added to the responsibilities of the banking sector to contribute to sustainable finance and economic growth. Another crucial task that falls to us for sustainable

development is to create technological and digital solutions that will build the future world and support start-ups working in this field.

Our technological infrastructure, specially created with digital banking solutions, has once again demonstrated our farsightedness under the conditions of the 2020 pandemic. With our digital solutions, we have quickly provided all banking services and continued to be a pioneer in smart banking.

Our Bank has taken an important role in the startup ecosystem with the QNBeyond Acceleration Program, with the establishment of QNBeyond Ventures. In addition to its own investments, QNBeyond Ventures will also be an investor in other venture capital funds.

Alongside our banking activities and fast and advanced digital solutions, we have also worked on achieving a better and more sustainable world. QNB Finansbank signed the 'CEO Statement for Renewed Global Cooperation', issued by the UN Global Compact as part of the United Nations' 75th-anniversary commemoration. Once again attesting to its support for the United Nations and inclusive multilateralism with this statement, QNB Finansbank has also strengthened its commitment to the United Nations Global Compact (UNGC).

In Turkey, we have struggled with earthquakes and fires as well as the pandemic. As a nation, we have strived to recreate a future within nature. At QNB Finansbank, we have also contributed to these efforts to attain a sustainable world. The fire that broke out in Hatay in October affected an area of approximately 700 hectares. QNB Finansbank and Enpara donated a total of 30,000 saplings to contribute to the regeneration of the forested lands of Hatay.

The 6.9 magnitude earthquake that struck Izmir on October 30th injured many people and devastated homes and workplaces. The people of Izmir had to live outside for a time, and this led to an outbreak of health problems caused by the pandemic. In this context, we donated 250,000 masks to the Red

Crescent to be used by individuals and rescue teams in the affected area.

We have always acted in awareness of our social responsibility. In the 5th year of the Small Hands Big Dreams Platform (launched as a pioneering social responsibility project), QNB Finansbank reprogrammed the coding training for children who had to continue their education at home during the pandemic. We provided free and unlimited online platform access to children all over Turkey. With the 'Small Hands Are Coding' Project, in cooperation with Habitat Association, children aged 8-12 can receive their Scratch training online via [www.minikellerkodyaziyor.com](http://www.minikellerkodyaziyor.com).

We also ran our coding training under the Small Hands Big Dreams Platform during COVID-19. This project won awards again this year, including a special award for Social Value Category in the Turkish Capital Markets Association (TCMA) Awards, thanks to its 'Small Hands Are Coding' project.

With the projects of our volunteer financiers, we won the grand award for 'Best In-House Volunteer Program' in the annual Private Sector Volunteers Association of Turkey awards.

At QNB Finansbank, being aware of the scale of our sector and our organization for a sustainable world, we will continue to support the real sector for a growing economy, and work for society and the environment in order to prepare our children for a better future, and to contribute to a stable sustainable finance world.

Kindest regards,

**Temel Güzeloğlu**  
General Manager  
QNB Finansbank A.Ş.



## 1.3 QNB Finansbank at a Glance

Founded on October 26, 1987 as Finansbank A.Ş., QNB Finansbank continues to serve our economy as one of Turkey's largest private banks. Along with a workforce of 11,111 people and 475 branches, with 1 branch in Bahrain and 474 branches in 68 cities in Turkey, QNB Finansbank offers a broad collection of products and services across a multichannel network. Furthermore, through its subsidiaries and affiliates, the Bank also provides services in factoring, financial leasing, consumer finance, private pension and life insurance, portfolio management, and offers e-transformation products.

QNB Finansbank distinguishes itself with its strong shareholder structure, experienced and professional staff, innovative and distinctive products and services, customer-oriented strategies and value creating social responsibility projects.

In June 2016, 99.88% share of QNB Finansbank was acquired by Qatar National Bank (Q.P.S.C.) (QNB Group), and since, the Bank continues to take steps to further bolster the success story that made it one of Turkey's largest private banks.



## Vision and Mission



### VISION

Being the architect of every individual and commercial financial plan that will catalyze Turkey's success



### MISSION

Forging lifelong partnerships with all stakeholders by understanding their needs, finding right solutions and aiming for maximum customer satisfaction



### RESPECT AND COMMITMENT

- We do our job in the rightest way with dedication and genuine commitment.
- We make clear promises and we keep them by all means, not omitting to report the results.
- We constantly develop ourselves and our colleagues.
- We act with honesty, transparency, and consistency in all our relations, which allows us to build long-term relationships based on trust.



### LEADERSHIP

- We embrace change; we realize that everyone including us must do what behooves them in order to make change happen in the fastest and smoothest way.
- We take initiatives inasmuch as we can learn from our mistakes and do not repeat them; and we encourage taking initiatives.
- We define performance in terms of objective and measurable criteria and we evaluate it fairly and consistently.
- We always recognize a job well done; we provide feedback in order to improve each other.
- We go all the way in rationally defending what we believe is right and we work constructively to bring them to life.



### BEING "US"

- The primary and common objective of all of us is to keep our customers satisfied. We help each other to make this happen and we appreciate the help that is offered us.
- We uphold and support team performance and corporate performance as much as individual performance.
- In all of our dialogues, we listen first and try to understand what is needed.
- We trust each other and respect each other's expertise.
- We make our decisions in consideration of the whole and of their possible impact on the whole.
- As QNB Finansbank and the staff of Finansbank, we watch over and support each other, our society, and the environment.

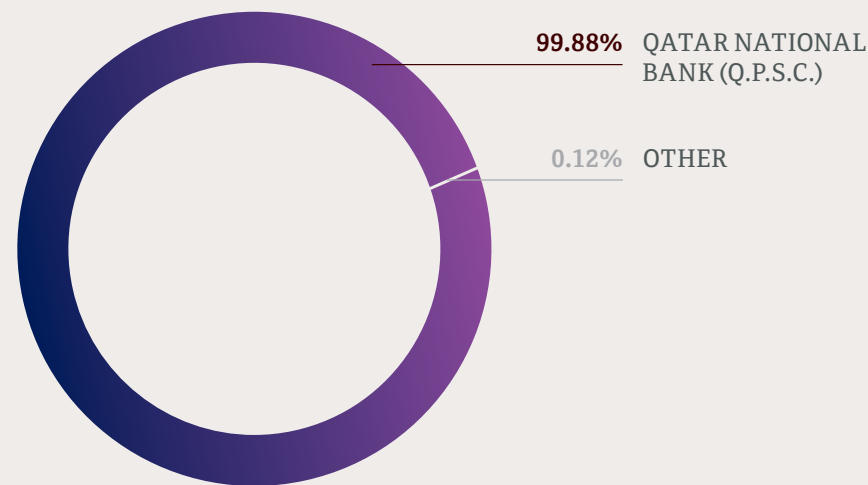


### INNOVATION

- We do not elaborate on the reasons why something cannot be done; we think about and explain how it can be done with a new approach.
- When standard solutions fall short of meeting the requirements that differ from the routine, we promptly develop the most appropriate solutions by tapping the resources of our knowledge, experience, connections, and technology.
- We develop new ideas to make life easier for our customers and ourselves and we act in order to bring these ideas to life.



## Shareholder Structure



## About QNB Group

Established in 1964, QNB is the leading financial institution in the Middle East and Africa (MEA). QNB Group today is present in more than 31 countries spanning across three continents, with more than 28K employees serving 20 million customers.

## Primary Brands, Products and Services

QNB Finansbank offers a broad collection of products and services in various segments and businesses (such as corporate and commercial banking, SME and agricultural banking, consumer, affluent and private banking, Enpara.com, payment systems) with the mindset of offering more than traditional banking services to its customers, focused on, innovative and customer-oriented strategies.

## Subsidiaries and Affiliates

- QNB Finansinvest (QNB Finans Yatırım Menkul Değerler A.Ş.)
- QNB Finansleasing (QNB Finans Finansal Kiralama A.Ş.)
- QNB Finans Asset Management (QNB Finans Portföy Yönetimi A.Ş.)
- QNB Finansfactoring (QNB Finans Faktoring A.Ş.)
- Cigna Health, Life and Pension (Cigna Sağlık, Hayat ve Emeklilik A.Ş.)
- Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.
- Hemenal Finansman A.Ş.
- IBTech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.
- QNB eFinans (QNB eFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.)

**Note:** For further information regarding primary brands, products and services, and subsidiaries and affiliates, please refer to the [QNB Finansbank 2020 Annual Report](#).



## 1.4 Sustainable Financial Performance



In line with our mindset and our commitment to delivering value not only for our shareholders but also for society, at QNB Finansbank, we believe that a sustainable financial performance comes from sustainable business practices. Hence, we follow a sustainable growth strategy with our diverse customer portfolio, robust balance sheet and devoted human resources.

Since the beginning of the pandemic, QNB Finansbank has been among the banks taking action as quickly as possible both for ensuring the health of our employees and customers and providing solutions to the problems of the real sector. In order to support the real sector, we continued to help all industries with opportunities such as debt relief, KOSGEB loans, return-to business facilities, and loan support packages as well as our solutions for the digitalization of SMEs within scope of our Digital Bridge Project.

As of December 31, 2020, our Bank's total assets increased by 25%, compared to the end of 2019, reaching TL 227 billion 253 million, while net loans increased to TL 138 billion 719 million, and customer deposits to TL 125 billion 976 million. The

total equity of our Bank increased by 15% in the same period reaching TL 19 billion 222 million, as the capital adequacy ratio as of 31 December 2020 realized at 16.4%. Our bank's net profit in 2020 was TL 2 billion 487 million.

In May 2020, when the pandemic reached its peak, we upsized our syndication loan and raised USD390 million in foreign funds with differing maturities from international banks and institutions. Thanks to these funds, we continued to increase our support to the Turkish economy. In November 2020, we upsized our second syndication loan once again as a result of the high demand and great interest from investors. We entered into an agreement with 33 international banks from 19 countries to get a syndication loan amounting to USD 350 million in total, consisting of USD 113.5 million and EUR 200.5 million with a maturity of 367 days. These successful transactions once again affirmed the international markets' confidence in our Bank and the Turkish banking sector. The bank extended the proceeds from these syndicated loans to decisively support Turkish economy and sustainable development.

Sustainable Financial Performance-I (Million TL)	2018	2019	2020
<b>Key Financials</b>			
Revenues <sup>(1)</sup>	8,534	8,946	9,752
Operating Costs <sup>(2)</sup>	1,924	2,156	2,315
Employee Wages and Benefits <sup>(3)</sup>	1,425	1,716	1,894
Dividends Paid to Shareholders <sup>(4)</sup>	100	0	0
Interest Payments Made to Providers of Loans <sup>(5)</sup>	1,054	1,212	1,119
Payments to Government (Taxes) <sup>(6)</sup>	649	558	512
Net Profit	2,410	2,622	2,487

Sustainable Financial Performance-II (Million TL)	2018	2019	2020
Total Assets	157,416	181,681	227,253
Net Loans	94,018	110,683	138,719
Customer Deposits	83,413	100,219	125,976
Equity	14,572	16,685	19,222

Key Ratios	2018	2019	2020
Capital Adequacy Ratio	15.42%	15.73%	16.44%
Avg. Return on Equity	18.06%	17.12%	14.35%
Avg. Return on Asset	1.61%	1.53%	1.18%

### Notes:

- <sup>(1)</sup> Revenues in the Bank's income statement is taken into consideration (Net Interest Income/Expense, Net Fees and Commissions Income/Expense, Dividend Income, Net Trading Profit Loss and Other Operating Income)
- <sup>(2)</sup> Covers all operating costs of the Bank, excluding employee expenses and provision for loans and other receivables losses
- <sup>(3)</sup> Covers employee wages, bonuses, and all payments made to the government on behalf of employees
- <sup>(4)</sup> Covers all dividends distributed
- <sup>(5)</sup> Covers interest paid on funds borrowed
- <sup>(6)</sup> Covers current tax provision and deferred tax provision.

For detailed information please refer to the [QNB Finansbank 2020 Annual Report](#).



## 1.5 2020 Performance Summary and Sustainability Highlights



**475**

Number of Branches



**11,111**

Number of Employees



**2,897**

ATM<sup>(\*)</sup>

<sup>(\*)</sup> Reaches to 7,712 through existing ATM sharing program.



**6,250 - 56%**

Number of Female Employees  
(as a % of total)



**98.6%**

Return to work rate after  
parental leave



**428,238**

Total Number of  
Training Hours Provided



**5.8 million**

Number of Active Customers



**734 million**

Number of Transactions through  
Digital Channels



**89%**

Share of Digital Channels<sup>(\*\*)</sup>

<sup>(\*\*)</sup> Share of non-branch channels (mobile, internet, ATM and call center)



## 2. QNB Finansbank's Approach to Sustainability

### Contents:

- 2.1 QNB Finansbank Sustainability Framework and Strategy
- 2.2 Sustainability Governance
- 2.3 Stakeholder Engagement and Communication
- 2.4 Materiality Assessment
- 2.5 External Commitments





## 2.1 QNB Finansbank Sustainability Framework and Strategy

At QNB Finansbank, we define Sustainability as the delivery of long-term value in financial, environmental, social and ethical terms, for the benefit of our customers, shareholders, employees and community, in alignment with QNB Group's sustainability strategy. Our sustainability framework consists of three pillars: sustainable finance, sustainable operations and beyond banking. All three pillars support QNB Finansbank's goal of sustainable financial performance, through reducing risks, opening up new business opportunities and strengthening our brand. Under each pillar we have identified the sustainability topics most material to our business and a series of actions plans to improve our performance.

### QNB Finansbank Sustainability Framework

#### Sustainable Financial Performance



##### Sustainable Finance



Sustainable finance, is the integration of ESG criteria into QNB Finansbank's financing activities to deliver value with purpose. Our ambition is to support customers to manage their environmental and social risks, lend to businesses that contribute towards sustainable development, improve access to finance for SMEs and underserved groups, and provide a responsible customer service. Delivering 'sustainable finance' is the most significant way in which QNB Finansbank can support national and global sustainable development initiatives. Moreover, it enables us to reduce reputational risks in our portfolio and maximize business opportunities emerging from the transition to a greener, more inclusive economy.

QNB Finansbank's material topics identified within sustainable finance are as follows:

- *Sustainable Investments, Lending, Products and Services*
- *Supporting SME's and Entrepreneurship*
- *Financial Inclusion*
- *Responsible Customer Communication and Marketing*
- *Digital Transformation and Innovation*

##### Sustainable Operations



Sustainable operations, is the integration of ESG criteria into our business operations and across our supply chain to ensure we operate ethically and efficiently. Our ambition is to further strengthen corporate governance and risk management practices, promote equality throughout our workforce and reduce carbon emissions generated by our operations. This approach keeps us compliant with increasing ESG related demands while helping QNB Finansbank to be an "employer of choice".

QNB Finansbank's material topics identified within sustainable operations are as follows:

- *Talent Attraction, Development and Retention*
- *Environmental Impact of Operations*
- *Responsible Procurement and Supply Chain*

##### Beyond Banking



Beyond banking refers to QNB Finansbank's corporate social responsibility (CSR) activities in the community where it operates. Our ambition is to make a positive contribution towards wider society through our CSR activities.

QNB Finansbank's material topic identified within beyond banking is as follows:

- *Social and Community Investment*



Within the scope of our sustainability approach, five topics out of fourteen are deemed as “fundamentals of sustainability”. These topics cannot be prioritized since they are equally important and should be achieved under any circumstances in terms of reaching sustainability goals.

Other nine topics are classified as our “sustainability priorities/material topics” and are subject to prioritization as shown in our materiality matrix.

## Fundamentals Our Understanding

<b>Corporate Governance, Compliance and Risk Management</b>	To conduct our activities in accordance with regulations, ethical banking principles, internal policies and procedures in a transparent and an accountable manner, to proactively manage financial and macroeconomic risks by an effective risk management policy, to ensure that our liabilities are met and our activities continue even under unfavorable market conditions
<b>Sustainable Financial Performance</b>	To diversify our funding sources by attracting different investors and investments through our robust financial performance and to put these funds into disposal of our stakeholders to support the society and strengthen the economy
<b>Customer Experience and Satisfaction</b>	To make customer experience and satisfaction our priority, to provide products and services that best suit your customers’ needs
<b>Customer Privacy and Data Security</b>	To employ best measures to mitigate data security risks
<b>Diversity and Inclusion</b>	To promote the culture of respect, equality and mutual trust across our Bank

## Pillar Priorities Objectives

<b>Sustainable Finance</b>	Sustainable Investments, Lending, Products and Services	To review our investment and lending processes within the scope of our sustainability goals and priorities
	Supporting SME’s and Entrepreneurship	To continue supporting SME’s and entrepreneurs by offering products, services and loan facilities that are catered for their needs
	Financial Inclusion	To offer products and services to individuals and firms which have limited access to financial services
	Responsible Customer Communication and Marketing	To be honest, transparent and fair at all times in our interactions with customers
	Digital Transformation and Innovation	To offer user-friendly, accessible and environmentally friendly products and services to our customers in line with customer expectations and technological trends
<b>Sustainable Operations</b>	Talent Attraction, Development and Retention	To continue discovering, employing and keeping best talents, to provide our employees with training opportunities to build different skills and capabilities
	Environmental Impacts of Operations	To set our Bank’s climate change strategy, to carry out the necessary practices to detect the direct and indirect environmental and social impacts of our operations, to determine and implement the necessary measures for the prevention/reduction of the impacts.
	Responsible Procurement and Supply Chain	To review our procurement practices within the scope of our sustainability goals
<b>Beyond Banking</b>	Social and Community Investment	To continue supporting social responsibility projects



## 2.2 Sustainability Governance

QNB Finansbank sustainability governance framework is established with the intention to integrate sustainability practices in our decision-making processes.

Within this scope:

**Sustainability Committee (SC)**<sup>(\*)</sup> is established to provide adequate, effective and strategic oversight for the Bank's overall sustainability initiatives. SC is responsible for general oversight of sustainability strategy and performance, including informing and updating Board of Directors and Corporate Governance Committee on sustainability related matters.

**Strategy Office**, along with a designated sustainability team, manages overall sustainability exercises of our Bank. Strategy Office is also responsible for all sustainability related reporting.

**Sustainability Working Groups** are the teams proposing and executing projects and action plans.

This framework is supported by related policies, procedures, guidelines and QNB Finansbank's participation to local and global sustainability-related initiatives. <sup>(\*\*)</sup>



### Notes:

<sup>(\*)</sup> CEO of the Bank acts as the Chair of the Sustainability Committee, and the committee consists of Executive Vice Presidents (EVP's), and/or Directors who are/will be appointed by the Chair considering their core responsibility and at least two members of the Strategy Office. Head of Risk Management also attends the meetings as an observer. The Board of Directors and Corporate Governance Committee are annually informed regarding Committee's activities. In 2020, the Committee held one meeting.

<sup>(\*\*)</sup> For further information on sustainability governance framework, see [QNB Finansbank Sustainability Policy](#).





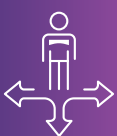
## 2.3 Stakeholder Engagement and Communication

At QNB Finansbank, an individual or an organization/a group that has an effect on or affected by our Bank's operations is deemed as a "stakeholder". As stakeholders have certain expectations, we employ multiple methods and communication channels to ensure open, honest and transparent dialogue with all our stakeholders, enabling us to evaluate opinions and feedbacks to determine what we can do better. In terms of sustainability, in 2019 we established a separate sustainability section under our corporate website to publicly disclose our sustainability journey with our stakeholders, and since then we have received feedbacks and questions of our stakeholders through our designated e-mail address [sustainability@qnbfinansbank.com](mailto:sustainability@qnbfinansbank.com)

### Stakeholder Groups

**Customers**

**Employees**

**Shareholders  
and Investors**

**Public  
Institutions**

**NGO's**

**International  
Financial  
Institutions**

**Media**

**Suppliers**

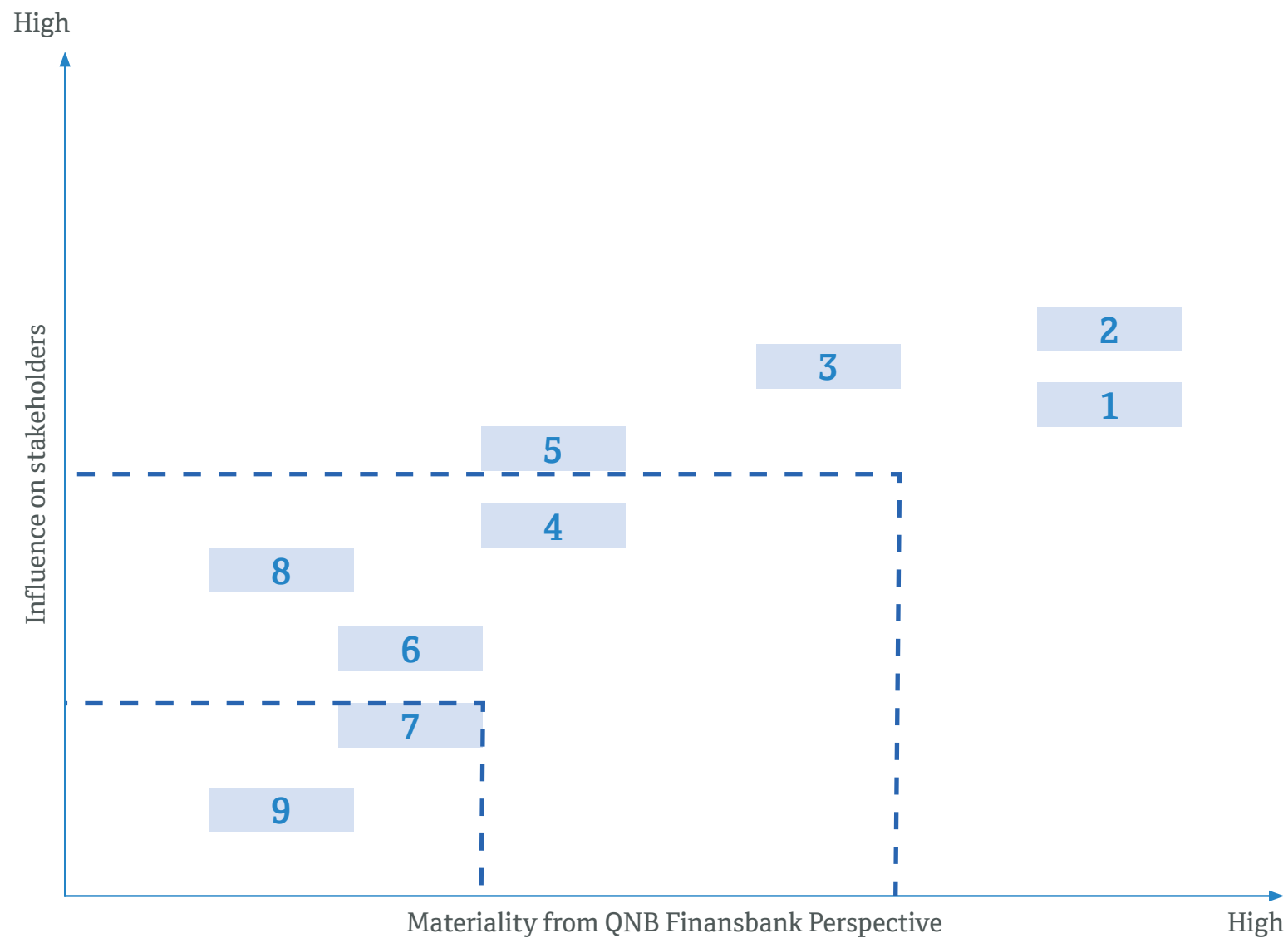

### Key Stakeholder Groups and Communication Channels

Stakeholder Group	Needs and Expectations	Frequency of Communication	Main Communication Channels
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer Service and Satisfaction</li> <li>Easy-To-Use Products and Services</li> <li>Transparency and Accountability</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>Customer Solution Center's Designated Communication Channels</li> <li>QNB Finansbank Corporate Website</li> <li>Mobile and Online Banking Channels</li> <li>Call Center</li> <li>Corporate Social Media Accounts</li> <li>Branches</li> <li>Digital Bridge Customer Services Center</li> <li>SME Banking Service Line (KOBI Rahat Hat)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Professional Development</li> <li>Fairness and Equal Opportunity</li> <li>Work-Life Balance</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>Finansçı Internal Communication Portal</li> <li>Employee Satisfaction Survey</li> <li>Artı1 Appreciation and Recognition System</li> <li>Leap Employee Assistance Program</li> <li>Ombudsman</li> <li>Reporting Line (Internal Audit)</li> <li>Learning and Development Programs</li> <li>FinClub Events</li> <li>Finarmoni Training Portal</li> <li>COVID Whatsapp Line</li> </ul>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Share Price Performance</li> <li>Operational and Financial Performance</li> <li>Strong Corporate Governance, Risk Management and Ratings</li> <li>Transparency and Disclosure</li> </ul>	Annually and Quarterly As needed	<ul style="list-style-type: none"> <li>Investor Relations Unit's Activities</li> <li>Annual Reports</li> <li>Sustainability Reports</li> <li>Investor Meetings</li> <li>Roadshows</li> <li>Public Disclosure Platform (KAP) Notifications</li> </ul>
<b>Public Institutions</b>	<ul style="list-style-type: none"> <li>Compliance with All Legal and Regulatory Requirements</li> <li>Robust Anti-Corruption and Bribery Measures</li> <li>Strong Risk Management Practices and Governance Structure</li> </ul>	As needed	<ul style="list-style-type: none"> <li>Audits</li> <li>Regular Reporting Activities</li> <li>Regular Meetings</li> <li>Conferences</li> </ul>
<b>Non-Governmental Organizations</b>	<ul style="list-style-type: none"> <li>Making Positive Contribution to The Challenges Facing Society</li> </ul>	As needed	<ul style="list-style-type: none"> <li>Social Responsibility Projects</li> <li>Sponsorships</li> <li>"Volunteer Finansçı" Program</li> <li>Sustainability Reports</li> <li>Participation to Local and Global Initiatives</li> </ul>
<b>International Financial Institutions</b>	<ul style="list-style-type: none"> <li>Transparency and Disclosure</li> <li>Strong Financial and Governance Structure</li> </ul>	Continuous	<ul style="list-style-type: none"> <li>Meetings</li> <li>Presentations</li> <li>Conferences and Trainings</li> <li>Sustainability Reports</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Transparency, Accountability and Public Disclosure</li> <li>Addressing Financial, Environmental and Social Risks and Opportunities</li> <li>Making Positive Contribution to The Society</li> </ul>	As needed	<ul style="list-style-type: none"> <li>QNB Finansbank Corporate Website</li> <li>Press Releases</li> <li>Advertorials</li> <li>Sustainability Reports</li> <li>Corporate Social Responsibility Activities</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Fair and Transparent Tender Process</li> <li>New Business Opportunities</li> </ul>	As Needed	<ul style="list-style-type: none"> <li>Meetings</li> <li>Bidding and Tendering</li> <li>Audits</li> </ul>



## 2.4 Materiality Assessment

QNB Finansbank conducted a materiality assessment in 2017 in order to define material topics and sustainability priorities of the Bank, taking into consideration QNB Finansbank and QNB Group values, the Bank's corporate strategy, stakeholder expectations and best practice examples. The assessment was analyzed, reviewed and re-approved by the Sustainability Committee in 2019. This assessment was reviewed by our senior management to ensure that the topics included provides a complete representation of our organization's significant sustainability impacts. The outcomes of such assessment, material topics, are stated in our materiality matrix.



### Fundamentals (No particular order)

- Corporate Governance, Compliance and Risk Management
- Sustainable Financial Performance
- Customer Experience and Satisfaction
- Customer Privacy and Data Security
- Diversity and Inclusion

### Sustainability Priorities/Material Topics (2018-2020)

1. Talent Attraction, Development and Retention
2. Responsible Customer Communication and Marketing
3. Supporting SME's and Entrepreneurship
4. Sustainable Investments, Lending, Products and Services
5. Digital Transformation and Innovation
6. Social and Community Investment
7. Financial Inclusion
8. Environmental Impact of Operations
9. Responsible Procurement and Supply Chain



## 2.5 External Commitments

### United Nations Sustainable Development Goals

In order to show our Bank's commitment on sustainability and address the issues pointed out in United Nations (UN) 2030 Agenda for Sustainable Development, QNB Finansbank's material topics are aligned with the relevant United Nations Sustainable Development Goals (UN SDGs).



The table below shows how QNB Finansbank's most material sustainability topics align with the UNSDGs.

Goals		Material Topics
	Ensure inclusive and quality education for all and promote lifelong learning	<ul style="list-style-type: none"> <li>Talent attraction, development and retention</li> <li>Social and community investment</li> </ul>
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> </ul>
	Promote inclusive and sustainable economic growth, employment and decent work for all	<ul style="list-style-type: none"> <li>Sustainable financial performance</li> <li>Supporting SMEs and entrepreneurship</li> <li>Financial inclusion</li> </ul>
	Build resilient infrastructure, promote sustainable industrialization and foster innovation	<ul style="list-style-type: none"> <li>Customer privacy and data security</li> <li>Digital transformation and Innovation</li> </ul>
	Ensuring sustainable consumption and production by promoting resource efficiency and non-hazardous materials	<ul style="list-style-type: none"> <li>Responsible procurement and supply chain</li> </ul>
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> <li>Sustainable investment, lending, products and services</li> <li>Environmental impact of operations</li> </ul>
	Promote just, peaceful, inclusive societies and institutions	<ul style="list-style-type: none"> <li>Corporate governance, compliance and risk management</li> <li>Customer experience and satisfaction</li> <li>Responsible customer communication and marketing</li> </ul>

### United Nations Global Compact

The United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative, consists of ten principles to promote better business practices in the areas of human rights, labor, environment and anti-corruption. In 2019, QNB Finansbank joined the UNGC and committed to making the principles part of its strategy, culture and day-to-day operations. In 2020, QNB Finansbank signed the 'CEO Statement for Renewed Global Cooperation', issued by the UN Global Compact as part of the United Nations' 75th-anniversary commemoration. With this statement, the Bank once again attested to its support for the United Nations and inclusive multilateralism, and also strengthened its commitment to the United Nations Global Compact (UNGC).



You may refer to **United Nations Global Compact Communication on Progress Index** on our Bank's corporate website to learn more on how QNB Finansbank supports UNGC's ten principles.

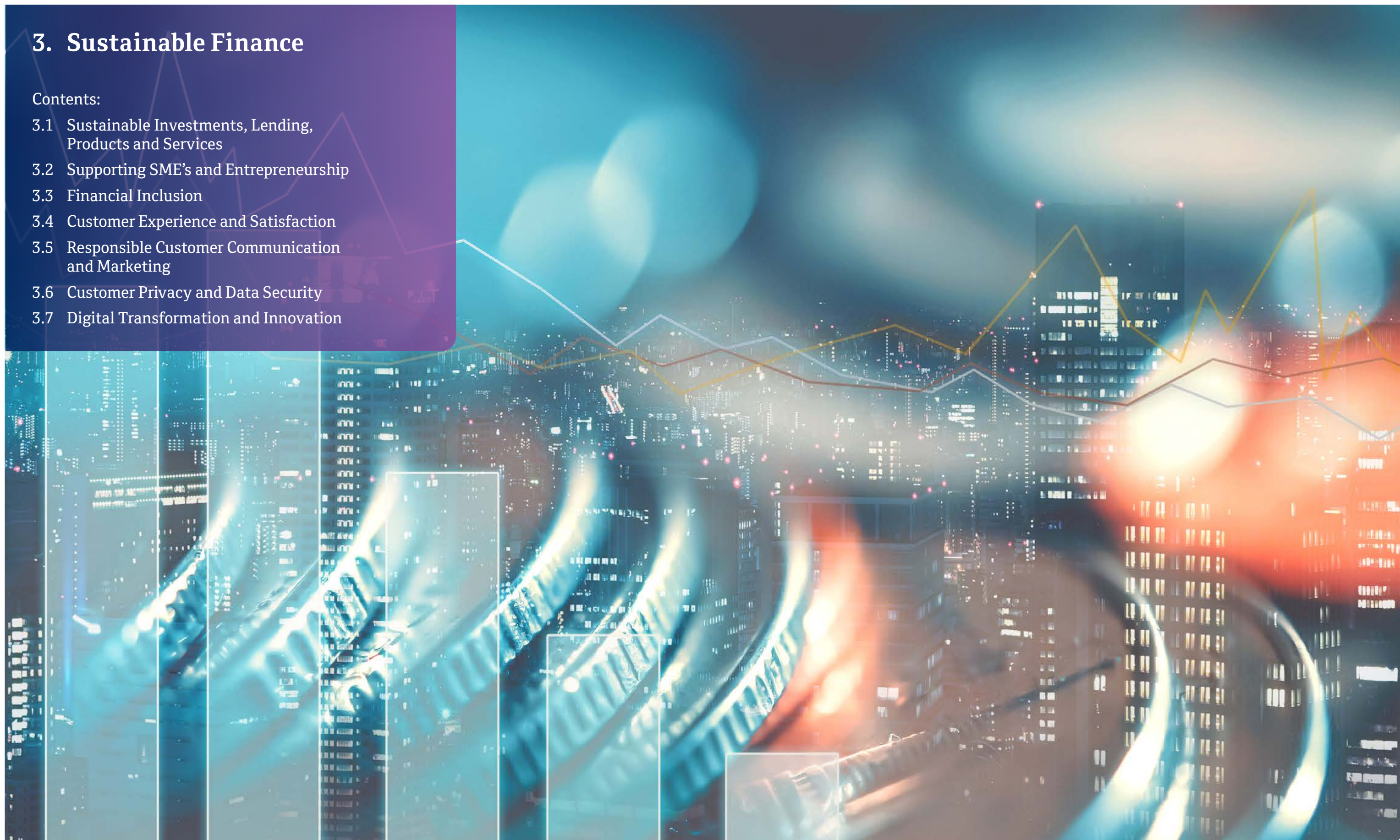
**Note:** Detailed information on UN SDGs can be reached through respective [official page](#).



## 3. Sustainable Finance

### Contents:

- 3.1 Sustainable Investments, Lending, Products and Services
- 3.2 Supporting SME's and Entrepreneurship
- 3.3 Financial Inclusion
- 3.4 Customer Experience and Satisfaction
- 3.5 Responsible Customer Communication and Marketing
- 3.6 Customer Privacy and Data Security
- 3.7 Digital Transformation and Innovation





## 3.1 Sustainable Investments, Lending, Products and Services

As QNB Finansbank, we are committed to work with our clients to identify, assess and manage environmental and social risks with the awareness that finance sector, especially the Banks, can help reduce these risks by adopting and promoting responsible investment and lending processes.

In this context, in 2020, we continued to support renewable energy investments in order to contribute to Turkey's sustainable economic growth and development.

### Environmental and Social Risk Management System

QNB Finansbank carries out its lending activities in accordance with the risk management system established to take into account the environmental and social risk assessments of the projects being financed.

In August 2019, QNB Finansbank launched a project to fully align QNB Finansbank's sustainability framework, policies and practices with QNB Group's long-term strategies as well as local and international best practices.

The Environmental and Social Management System, created by QNB Finansbank in accordance with international standards, was

reviewed in 2020 in order to update its scope and practices.

As of the of 2020, QNB Finansbank has an automated tool to be used for environmental and social risk assessment in lending processes and relevant supporting procedures.

The QNB Finansbank Exclusion List was approved by the QNB Finansbank Board of Directors in June 2020, taking into account the current practices of QNB Group and QNB Finansbank, future expectations and international best practice examples, as well as the analysis and recommendations of external consultants.

### Contribution to Sustainable Development

QNB Finansbank aimed at diversifying its product base and extending the overall maturity profile of its wholesale funding within 2020. The Bank concluded a EUR 150 million facility with the European Bank for Reconstruction and Development (EBRD) under the Solidarity Package. The EUR 50 million tranche of the funding was used to support the Bank's SME clients, as the remaining EUR 100 million was used to support the trade finance. This EUR 50 million bilateral with 2-year maturity was the longest lending of the EBRD to any Turkish bank under its Solidarity Package.

QNB Finansbank concluded a EUR 25 million facility with the Proparco, a subsidiary of the French Development Bank, with a maturity of 6 years. Funds were allocated to agricultural needs of the Bank's SME customers with a commitment to energy efficiency. We also focused to increasing the synergy with QNB Group on the sustainability front, and explored various opportunities around green bond private placements which are yet to materialize within 2021.

### Sustainable Products and Services tailored to customers' needs

Our bank strives to contribute to solving social and environmental problems by providing sustainable products and services<sup>(\*)</sup> to suit the needs of its customers. With CardFinans Pensioner (CardFinans Emekli), QNB Finansbank has been offering its retirement pension account holders discounts and special advantages in grocery and pharmacy expenses since 2014. This product has become highly favored and the portfolio continued its rapid growth in 2020. In order to meet the increasing demand over hygiene due to the pandemic, "contactless payment" feature was added to this product as well.

The features of CardFinans AgricultureCard (TarımKart), which was launched by QNB Finansbank in September 2018, have provided opportunities for farmers. The most important feature is that it is paid once a year. Farmers can meet all their input needs for year-round agricultural production from CardFinans AgricultureCard, and they can make the repayment once a year on the extract date determined in accordance with the harvest period of the product they produce. In addition, they can take the advantage of a non-interest

period of up to 6 months for purchases they made at member businesses that have agreements with CardFinans AgricultureCard, and postpone their payments until the harvest date. Farmers holding CardFinans AgricultureCard can use installment loans with a maturity of up to 2 years from all QNB Finansbank ATMs 24/7. Whenever they need, they can access Overdraft Accounts from ATMs and perform cash withdrawal transactions. In addition to all these, farmers who do not have a regular monthly income can place an automatic payment order with CardFinans AgricultureCard for Social Security Institution (SGK) & BAĞ-KUR premium payments; they can repay their monthly premium debt once a year at the harvest date. All year long, farmer customers can make payments to their cards whenever they wish, and then reuse them for POS transactions or for the use of installment loan when needed. For the main companies they make regular payments, they can define a Direct Debiting System (DBS) limit, and they can make their payments with the AgricultureCard DBS limit specific to the company.

QNB Finansbank shall continue to bring services and products to clients in order to contribute to developments in agriculture in 2021, as well.

#### Notes:

<sup>(\*)</sup> To qualify as a sustainable product and service, the product or service must specifically address an environmental or social challenge (as defined by internal criteria).

<sup>(\*\*)</sup> According to the eligibility criteria for hydroelectric sources in QNB Green, Social and Sustainability Bond Framework, hydroelectric figures were revised retrospectively.

#### Renewable Energy Portfolio (TL)<sup>(\*\*)</sup> (As per the criteria defined in the ICMA Green Bond Principles and the QNB Green, Social and Sustainability Bond Framework)

	2018	2019	2020
Hydroelectric	119,424,246	107,999,495	141,197,221
Wind	232,960,433	215,784,714	293,472,903
Solar	181,516,456	134,512,669	455,909,886



## 3.2 Supporting SME's and Entrepreneurship

QNB Finansbank continues to support SMEs and entrepreneurs by offering products, services and loan facilities that are catered for their needs.

In 2020, we focused on digital transformation projects, developing new strategic partnerships for women entrepreneurs and investing in digital banking channels.

QNB Finansbank took pride in its customer-oriented management approach by receiving the “Best SME Bank in Central and Eastern Europe” award at the Euromoney 2020 Excellence Awards. QNB Finansbank stands out in the sector with its business model that is both profitable for the bank and attractive for customers. Customer oriented services such as Digital Transformation Platform, SME Banking Service Line, internet/mobile loan extension have been the keys to success in the SME segment.

QNB Finansbank has grown five times in SME loans since 2012, and continued its growth in 2020 while successfully managing its risk by close monitoring. SME Banking had a deposit-focused year in parallel with 2019, and in 2020 SME deposits grew by 33% on a year-on-year basis.

### Digital Solution through Digital Bridge

The Digital Bridge Project, initiated by our bank to accelerate and support the digitalization of its customers in the SME and Commercial segments, was launched in 2019 with the aim of bringing many financial technology companies together with companies under the same roof. In 2020, it continued to support its customers with newly offered digital solutions.

Digital Bridge Project, which started with QNB eFinans, a subsidiary of QNB Finansbank, has offered its e-transformation products such

as e-Invoice, e-Archive, e-Waybill, e-Ledger, e-Manufacturer's Receipt, e-Self-employment Receipt to its customers free of charge until 2022.

In 2020, within the scope of collaborations with financial technology companies, new solutions, which enable customers to carry many of their administrative needs to the digital environment, were added. In this way, companies were supported to reduce their operating and operational expenses and expand their businesses. With the expansion of its product/service range throughout the year, Digital Bridge has become a platform where customers can meet all their needs digitally.

The platform has assisted customers with free products such as E-Invoice, E-Ledger, E-Archive, E-Waybill, as well as 3rd party services such as KolayIK, which provides human resources opportunities, and Stockmount sales. In addition, it has supported the portfolio management of its customers with KolayBi, Ekmob, KolayMutabakat, NeoVade and Kobaküs. Launched in 2020, Digital Bridge Academy has offered its customers the opportunity to manage their companies in line with new technologies. This platform has allowed customers the opportunity to meet with experts in their field of business and receive online training.

As a result of its customer-oriented approach and management, Digital Bridge, which provides accurate and effective services for customers' needs, achieved one of the highest customer satisfaction rates of the bank with a 63% Net Promoter Score.

Launched under the name of Digital Bridge, QNB Finansbank's Corporate Digital Transformation project attracted a great deal of attention from the customers in the SME and Commercial segments in 2020, and it continues on its way

with more than 60,000 companies, increasing approximately 3 times in 1 year.

Digital Bridge is a living platform where customers in the SME and Commercial segments can observe all their company-related needs from a single platform and find a digital solution for all their new needs. In 2021, developments and innovations will continue at full speed, so that the Digital Bridge will become a platform of first choice for customers.

### Instant Solutions through SME Banking Service Line (KOBİ Rahat Hat)

QNB Finansbank continued its investments in non-branch channels in 2020 to ensure that its customers can perform their transactions in the fastest and most efficient manner and benefit from all banking services without leaving their workplaces. Especially during the pandemic, portfolio managers working from home with tablets quickly met all the demands of the Bank's customers. SME Banking Service Line

(KOBİ Rahat Hat), which only serves SMEs and enables all banking transactions, except for depositing and withdrawing money, to be made over the phone. KOBİ Rahat Hat provides instant and professional support to SMEs with their transactions, without requiring customers to pay a visit to a branch.

QNB Finansbank Internet and Mobile Branches, specially designed for SMEs, continued to provide uninterrupted service to customers with new functions added in 2020. In addition, with the “Finansçı 360” Project, which started in 2018 and is planned to continue in the upcoming period, QNB Finansbank SME Banking portfolio managers were trained to provide 360-degree service and financial consultancy to their customers. During the pandemic period, the content of the “Finansçı 360” trainings were designed in parallel with the process management during the pandemic, and portfolio managers continued to receive their training online.

<b>SME Financing Value of Loan Portfolio by Size<sup>(*)</sup> (Thousand TL)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Microenterprise	8,564,192	9,334,142	9,858,940
SME	11,549,224	11,120,011	12,312,624
Commercial	18,785,074	22,976,685	31,733,867
Corporate	21,476,212	26,283,129	34,562,791
<b>Number of Customers</b>			
Microenterprise	1,266,025	1,396,582	1,330,205
SME	110,622	126,754	119,032
Commercial	39,039	40,826	47,743
Corporate	6,026	6,273	6,425

**Note:** <sup>(\*)</sup> As per the segment definitions of QNB Finansbank: Microenterprise: annual revenue between TL 0-6 million; SME: annual revenue between TL6-50 million; Commercial: annual revenue between TL50-300 million; Corporate: annual revenue equal to or more than TL300 million.



### 3.3 Financial Inclusion

We endeavor to contribute to socioeconomic development by extending our resources and services to individuals and businesses that have difficulty to access banking services in a more affordable and practical manner. Hence, we aim to reach out to customers whose access to financial services are limited through our products, services, campaigns and training activities meeting their needs and demands.

Within this scope, we continued to serve Turkish economy and our customers with 474 branches<sup>(\*)</sup> across 68 cities in 2020. The total number of ATMs realized at 2,897, and QNB Finansbank customers continued to make transactions at over 7,700 ATMs free of charge thanks to the joint ATM usage program initiated in 2019 with Denizbank and TEB. Within the scope of this project, money withdrawal, deposit or credit card debt payment transactions, which used to be free up to 3 transactions a month, continued without a limit on the number of transactions during the pandemic period. In this way, easy accessibility, geographical prevalence and uninterrupted service were provided to customers.



QNB Finansbank continued its services within the scope of the “Accessible Banking” program and provided its customers with physical disabilities or over a certain age to access banking services by offering diverse solutions and services tailored to their needs. Our disabled-friendly ATMs accounted for 87% of our total number of ATMs in 2020. You can find detailed information about the program [here](#).

Access Points (Number)	2018	2019	2020
Branches <sup>(*)</sup>	540	524	474
ATMs	2,941	2,941	2,897
Cities (where ATMs are located)	73	73	73

Note: <sup>(\*)</sup> Includes domestic branches only.

### 3.4 Customer Experience and Satisfaction

As a Bank, adopting the mission of, “forging lifelong partnerships with all stakeholders by understanding their needs, finding right solutions and aiming for maximum customer satisfaction”, we ensure that our customers are offered high quality services and products not only to satisfy their needs but also surpass their expectations.

To this end, at our Bank, Customer Solution Center (CSC) is primarily responsible for analyzing customer complaints, and determining the root causes and taking corrective actions if necessary. In 2020, approximately 70 corrective actions were taken by analyzing customer complaints.

As a fundamental principle, CSC aims that all demands, especially complaints are handled and customers are provided with satisfactory solutions at the first contact. For this purpose, with the launch of the “live support service” application in the first quarter of 2019, our customers have started to reach and communicate with our call center customer representatives more easily using internet and mobile banking channels.

The “Customer Experience Office”, which was established in 2015 with the main responsibilities to improve customer

experience, support business units to determine basic business principles, measure customer satisfaction and identify areas of improvement, continued its activities in 2020 as well. “Customer Experience Principles of the Bank” has been updated and approved by the Board, and communicated to all employees. Customer Experience Office continued to receive employee feedbacks regarding customer experience via “Perfect Customer Experience Platform”.

In 2020, QNB Finansbank implemented many projects with a focus on digitalization in order to highlight the customer experience and increase the share of digital channels in sales. In this context, the chatbot, which was implemented for retail customers with the aim of directing customers to the mobile branch or website in case of questions and inquiries, responding in dialogue and connecting them to the Call Center customer representatives when necessary, was positioned under QNB Finansbank digital assistant Q at the beginning of 2020, and was extended to the use of all bank customers. In 2021, it is aimed to continue investments in this area, to increase the transactions that all Bank customers can make from within the chatbot, and to make Q a more user-friendly platform.

Customer Experience and Satisfaction	2018	2019	2020
Net Promoter Score (NPS) % Enpara.com	77	75	77



## 3.5 Responsible Customer Communication and Marketing

At QNB Finansbank, we provide our customers with clear, transparent and adequate information that would affect their decisions at the forefront and always ensure that we conduct our marketing and communication activities in line with regulations, customer expectations and our Bank's policies and procedures with the intention to establish longlasting business relationships based on mutual trust.

With that in mind, we ensure that accurate and correct information regarding the

Bank's products and services are provided to our customers in all our sales channels (such as branches, online banking channels, direct sales). Furthermore, we make sure that no misleading information is disclosed in our marketing activities. In addition to the applicable regulatory requirements, all new products and services, as well as any changes to existing ones, are subject to approval of concerned parties including the prior approval of Compliance, Legal Department and Customer Experience Office.



### Responsible Customer Communication and Marketing

Incidents of Non-Compliance Concerning Marketing Communications

2018

2019

2020

0

0

0

## 3.6 Customer Privacy and Data Security

Ensuring confidentiality of customer information and data security is one of our priorities, in relation with our ethical banking philosophy, sustainability strategy and customer-oriented mindset. To this end, our Bank ensures that effective and efficient security measures are taken in accordance with the regulatory requirements, local and international best practice examples in accordance with complexity and size of our operations. Hence, we

continuously adapt our Bank's security policies, practices and systems with the highest industry standards, and ensure that our Bank and customers are protected against newly arising risks and security threats by making necessary developments in our systems. We also provide our customers and employees with trainings, security bulletins and alerts, so that they could be vigilant to the cyber threats, fraudster activities, and other data security risks.

### Customer Privacy and Data Security

Data Security Breaches

2018

2019

2020

0

0

0

**Note:** Information security policy is the umbrella policy defining relevant requirements to be applied within the organization. Compliance with such policy is monitored regularly by Internal Audit Department and top management is informed accordingly. In case of any violation, an investigation is launched for the responsible and relevant sanctions are imposed as per the provisions of the "disciplinary board directions".



### 3.7 Digital Transformation and Innovation

As QNB Finansbank, we have worked to develop our products, services and processes with an innovative and customer-oriented perspective in order to adapt to new technologies and changing customer expectations.

Within the framework of this approach, some of actions taken by our Bank in 2020 are as follows:

- In 2020, as in the previous years, more resources and time were spent on innovations, such as AI, machine learning and big data analysis, that will serve the financial sector. Especially during the pandemic period, efforts were made to develop products and services that directly respond to needs and create added value for customers and the economy.
- In 2020 regarding digital approval, initiated in previous years with integration of customer product sales, new products and orders were added to the range, Digital approval became available for 96% of all retail banking products and 80% of all banking services.
- At QNB Finansbank internet and mobile branch, via the Easy Addressing System, personal information was matched with IBAN numbers, and 7/24 FAST EFT structure was implemented with the transfer of money to the Easy Address information. This project opened to pilot use of the personnel. With the extension of the new money transfer infrastructure to all users in January 2021, all Bank customers started to transfer money 24 hours a day, 7 days a week without a need for an IBAN or account number.

- Another innovation offered to individual customers was the payment with QR code. Thanks to Bank's QR payment function, Bank customers were able to make payments from all QNB Finansbank POS terminals which can receive payments with QR, even in the absence of their credit cards. In addition, QR payments can be made from POS terminals of other participating banks through Interbank Card Center (BKM).
- QNB Finansbank developed an e-transformation package to support our SME and commercial customers in their digital transformation process and launched the new digitalization initiative named "Digital Bridge".
- With the intention of saving time spent on operations at the branches and preserving the environment, the Bank has executed its "digital transformation" and "paperless banking" principles for a sustainable future. With the digital transformation, customer satisfaction and productivity have been further increased, while Bank customers have been directed to digital channels due to the pandemic and it has been aimed to perform banking transactions with minimum risk. In 2020, more than %90 of the branch transactions was operated with the digital approval system.
- QNB First Digital won 3 awards, one of which is Gold Stevie, at the Stevie Awards 2020, one of the most prestigious awards programs in the business world. QNB First Digital proved to be one of the best in Sales and Customer Services Category and won Gold Stevie at "Best Use of Technology in Customer Service" Category, Silver

Stevie at "Sales and Marketing Mobile Application" Category and Bronze Stevie at the "Innovation Customer Service" Category. QNB First Digital added one more to its achievements at European Customer Centricity awards, one of the most important customer experience competition in Europe, where it was awarded at Best Digital Strategy.

- Q - the Financial Intelligence, which was launched in 2019 with the aim of enriching personal banking experiences of the clients, continued to serve mobile banking customers by reminding them their regular transactions during 2020. While the number of customers using Q was 1.1 million in 2019, it reached 1.9 million in 2020. Similarly, the number of monthly logins increased from 0.8 million to 2 million. We aim to add many new features and scenarios to Q, which is constantly improving itself, in 2021.
- At Social Media Awards Turkey, Turkey's most comprehensive social media competition thanks to Marketing Turkey & BoomSonar collaboration and Deloitte expertise, QNB Finansbank was awarded with the bronze award in Data Analytics / Private Bank category, based on SocialBrands' social media brand index results. Data analytics award winners are determined based on the engagement performances of social media accounts of brands.

#### Our Digital Channels Services with Enpara.com

Launched by QNB Finansbank in October

2012 as the first direct banking model in Turkey, Enpara.com offers retail and SME banking services through digital channels only (Internet, mobile, call center and ATMs), without utilizing physical bank branches as a service channel. By attracting 580 thousand new retail customers, Enpara.com reached a total of 2.4 million customers, achieving a 32% growth. Serving SME customers under the Enpara.com Şirketim brand, Enpara.com reached 67,750 customers with an 84% increase.

#### Our Contribution to the Entrepreneurship Ecosystem with QNBeyond

Fincube, which was established to develop the banking technologies of the future, resumed its operations under the name of QNBeyond in 2020. In the first term of the Acceleration Program launched in 2019, 8 startups were hosted. In March 2020, 11 startups were accepted in the second term of the program. In line with our Future Banking perspective, startups strategically determined together with the senior management passed through various paths to grow their businesses in the Acceleration Program. Due to the pandemic that started in March, the 6-month program was carried out completely online. In this period, startups continued to benefit from mentorships, C-level sponsorship, high support for business development and accelerated their growth with the support of their business partners. While approximately 500 viewers watched the Online Demo Day event, held at the end of the program, on Youtube simultaneously, 430 thousand people were reached through press reflections.



At the end of the second term, 8 collaborations were signed in total. As a result of the cooperation of QNB Finansbank, Mastercard and MindBehind, a new project was developed for Masterpass merchants to receive payments via WhatsApp. Using algorithms developed by, one of the startups, Akıllı Param, QNB Finans Asset Management established 'AI Fund' under the management of artificial intelligence. The fund, which will go live with the Bank's employees in 2021, will be the first mutual fund fully managed by artificial intelligence in Turkey.

In its third term, which will start and end in 2021, the QNBeyond Acceleration Program will open its doors to startups with which it sees the opportunity to work together strategically and create value.

### QNBeyond Ventures

QNBeyond Ventures was launched in 2020 to provide strategic and financial returns. By the end of 2020, more than 820 startups were examined, 15 startups were evaluated in detail, and 4 startups were financed. Among

the ventures invested in were Kassa, a P2P money management application, KolayBi, a cloud-based accounting software, ikas, a platform that allows retailers to manage their physical and online stores, and Pisano, a multi-channel customer experience management platform. QNBeyond Ventures will continue collaborating at the earliest stage to explore potential opportunities in 2021.

In summary, for QNB Finansbank, 2020 was a year in which actions aimed at accelerating digital transformation, especially with the pandemic period, were implemented, intense actions were taken to protect the health of the Bank's employees and customers, and diverse applications were introduced to meet evolving customer needs. In the upcoming period, QNB Finansbank will keep the priorities and satisfaction of its customers in the foreground, and continue to invest in service infrastructure with the aim to meet the demands and needs of its customers with the best quality products and services.

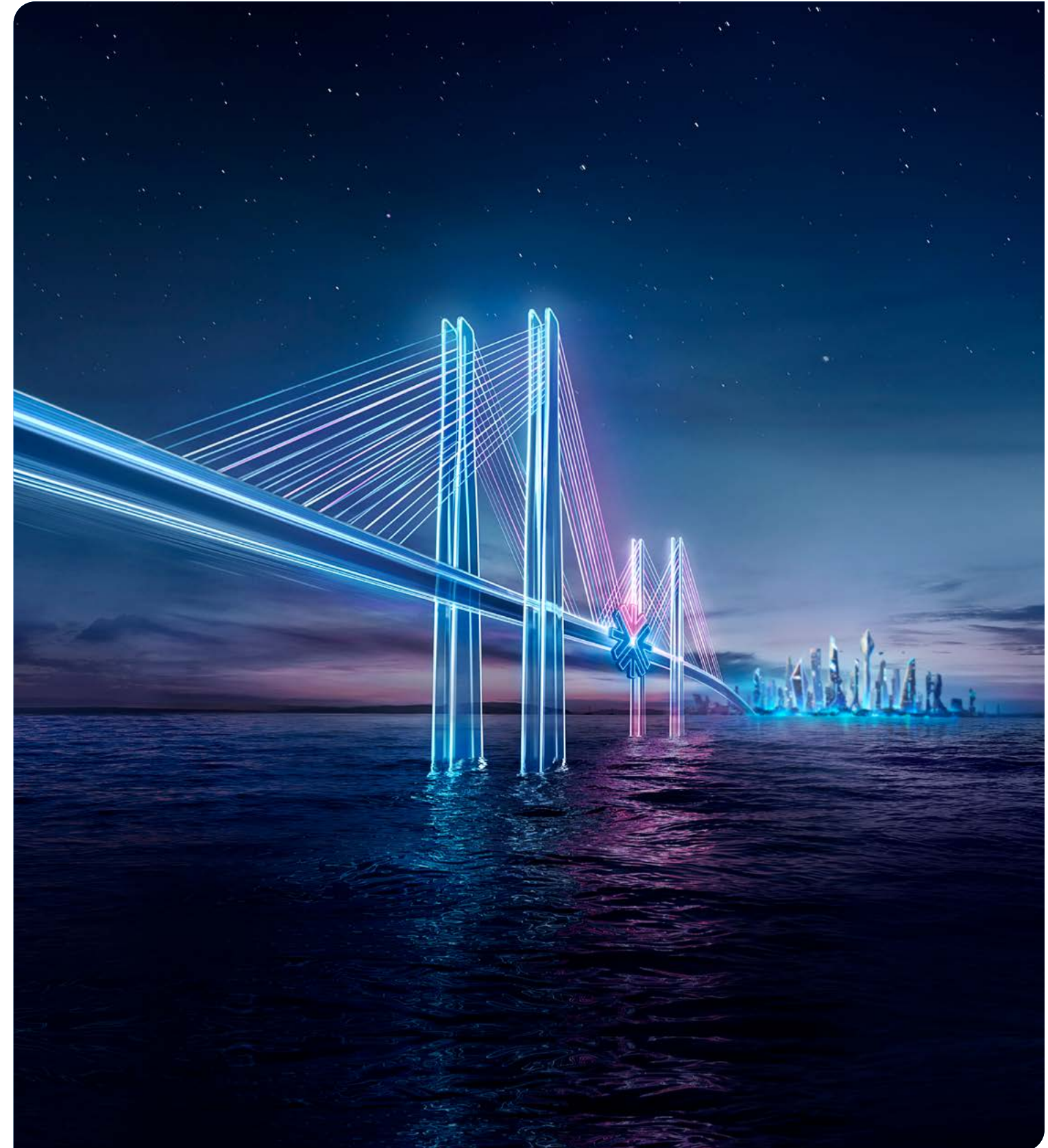
### Digitalization

#### Active Customers by Channel (Number)

	2018	2019	2020
Online Banking	1,061,422	848,495	635,534
Mobile Banking	2,957,512	3,483,637	3,988,558

#### Transactions by Channel (Number)

	2018	2019	2020
Online	112,641,609	97,420,414	80,747,925
Mobile	241,522,617	261,708,113	326,854,022
Telephone	127,867,027	142,195,134	174,678,380
ATM	153,720,377	166,824,605	151,445,467
Branch	146,170,736	152,663,887	107,745,775





## 4. Sustainable Operations

### Contents:

- 4.1 Corporate Governance, Compliance and Risk Management
- 4.2 Talent Attraction, Development and Retention
- 4.3 Diversity and Inclusion
- 4.4 Environmental Impact of Operations
- 4.5 Responsible Procurement and Supply Chain





## 4.1 Corporate Governance, Compliance and Risk Management

### Corporate Governance and Compliance

At QNB Finansbank we conduct our activities in accordance with relevant regulations, ethical banking principles, internal policies and procedures in a transparent and an accountable manner through our strong corporate governance culture and framework. Within this context:

**Board of Directors**, as the Bank's highest governing body, takes strategic decisions to keep the optimum balance between the Bank's risks, growth and income, while looking out for the Bank's long-term interests to increase its value with the help of its executive committees, namely Audit Committee, Risk Committee, Credit Committee, Corporate Governance Committee and Remuneration Committee.<sup>(\*)</sup>

**Internal Audit, Risk management, Internal Control and Compliance** divisions are the internal and independent functions reporting to the Audit Committee, in accordance with the principles set under the Banking Law No. 5411 and "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process".

**Internal Audit**, acts as an independent and objective assurance and consultancy function designed to evaluate compliance with the policies and procedures to add value and improve the Bank's operational effectiveness.

**Risk Management**, organized under four groups (market risk, credit risk, operational risk and model validation), is responsible for identifying, measuring, monitoring, controlling and managing the relevant risks. The duties

of the risk management include ensuring the establishment and implementation of risk management strategies covering all types of risks regarding the Bank and its subsidiaries, development and implementation of risk measurement and management methodologies, identification and measurement of risks, establishment and implementation of risk policies and implementation procedures, and lastly analysis, monitoring and reporting of risks. Insurance activities for the transfer of large-scale internal and external fraud risks are also executed under the coordination of this department.

**Internal Control**, ensures that the assets of the Bank are safeguarded, the activities of the Bank are conducted efficiently, effectively and

in accordance with the laws, other applicable regulations, and the internal policies and procedures of the Bank.

**Compliance**, is responsible for detecting, evaluating, providing advice, monitoring and reporting on risks of non-compliance with the applicable laws, regulations and standards. Financial Crimes Compliance Department (FCC) (consists of fraud control unit, AML/CFT unit, suspicious transactions monitoring & analytics unit, sanctions & KYC unit) and Data protection unit operates under Compliance.

### Ethical Banking Practices

QNB Finansbank adopts and recognizes internally proclaimed human rights principles,

and national and international ethical banking practices and expects its employees to act in compliance with such. This approach includes our practices related to AML/CFT and KYC, Sanctions Prevention and Monitoring, Anti-Bribery and Corruption, Code of Conduct, Fraud Prevention and Management of HR risks. The Board approved Employee Code of Conduct, Code of Ethics for Financial Professionals, Corporate Governance Policy Guideline, Anti-Bribery and Corruption Policy, AML/CFT Policy, Fraud Risk Management Policy along with other procedures (e.g. Sanctions Procedure) are communicated to our employees as a part of our Bank's induction program in addition to the regular refresher trainings or announcements provided on such topics.<sup>(\*\*)</sup>

Furthermore, our Bank established different notification channels through which our employees can notify relevant bodies in our organization (such as Audit Committee, Chief Audit Executive, Compliance Officer, Ombudsman, Senior Management) to report any wrongdoing or grievances in the strictest confidence. Notifications received through these channels are reviewed by the relevant authorities and necessary actions are taken in accordance with relevant procedures.<sup>(\*\*\*)</sup>

#### Notes:

<sup>(\*)</sup> Detailed information regarding QNB Finansbank's Committees can be reached through [QNB Finansbank 2020 Annual Report](#).

<sup>(\*\*)</sup> In 2020, regular refresher trainings were provided on AML/CFT, Operational Risk and Law on Personal Data Protection in addition to Legal Department's trainings on Banking Law, Commercial Law, Obligations Law as well as other topic specific trainings (such as law on securities, implementations of distraint, and negotiations with public institutions).

<sup>(\*\*\*)</sup> Related policies can be reached [here](#).





## Risk Management

At QNB Finansbank, we consider effective risk management as a vital and essential part of our strategy and business longevity. Within this scope we allocate substantial resources to upgrading our policies, methods and infrastructure to ensure compliance with regulatory requirements, best international practices and the guidelines of the Basel Committee on Banking Supervision (the “Basel Committee”).

Risk management governance in our Bank starts with the Board, which determines the general risk policy and the risk appetite. Risk Committee, Asset/Liability Committee (ALCO), Operational Risk Management Committee (ORMC), Reputational Risk Management Committee (RRMC), and the Risk Management Division are main bodies of the risk management structure at QNB Finansbank.

## Reputation and Human Resources Risks

QNB Finansbank recognizes the importance of active management of reputation risk.

In order to achieve so, our Bank ensures the establishment and continuity of an effective reputational risk management framework. Accordingly, “The Reputation Risk Management Policy” was prepared as the high-level document of the Bank and approved by the Board of Directors in 2017. In order to comply with regulation and “best practice guideline” published by the BRSA (Banking Regulation and Supervision Agency), The Reputational Risk Management Committee, (reporting to the Risk Committee), was established and continues its duties.

As for Human Resources risks, Disciplinary Committee is responsible for evaluating any act or practice deemed to be in contradiction with laws, regulations, banking practices, ethical principles and our Bank’s policies and procedures, to ensure necessary actions are taken pursuant thereto. In addition, an “Ombudsman” role was established under our Human Resources Organization to provide fast, effective and fair resolutions for any organization-employee, manager-employee or inter-employee disputes.

### Corporate Governance, Compliance and Risk Management

Confirmed Incidents of Bribery or Corruption

2018

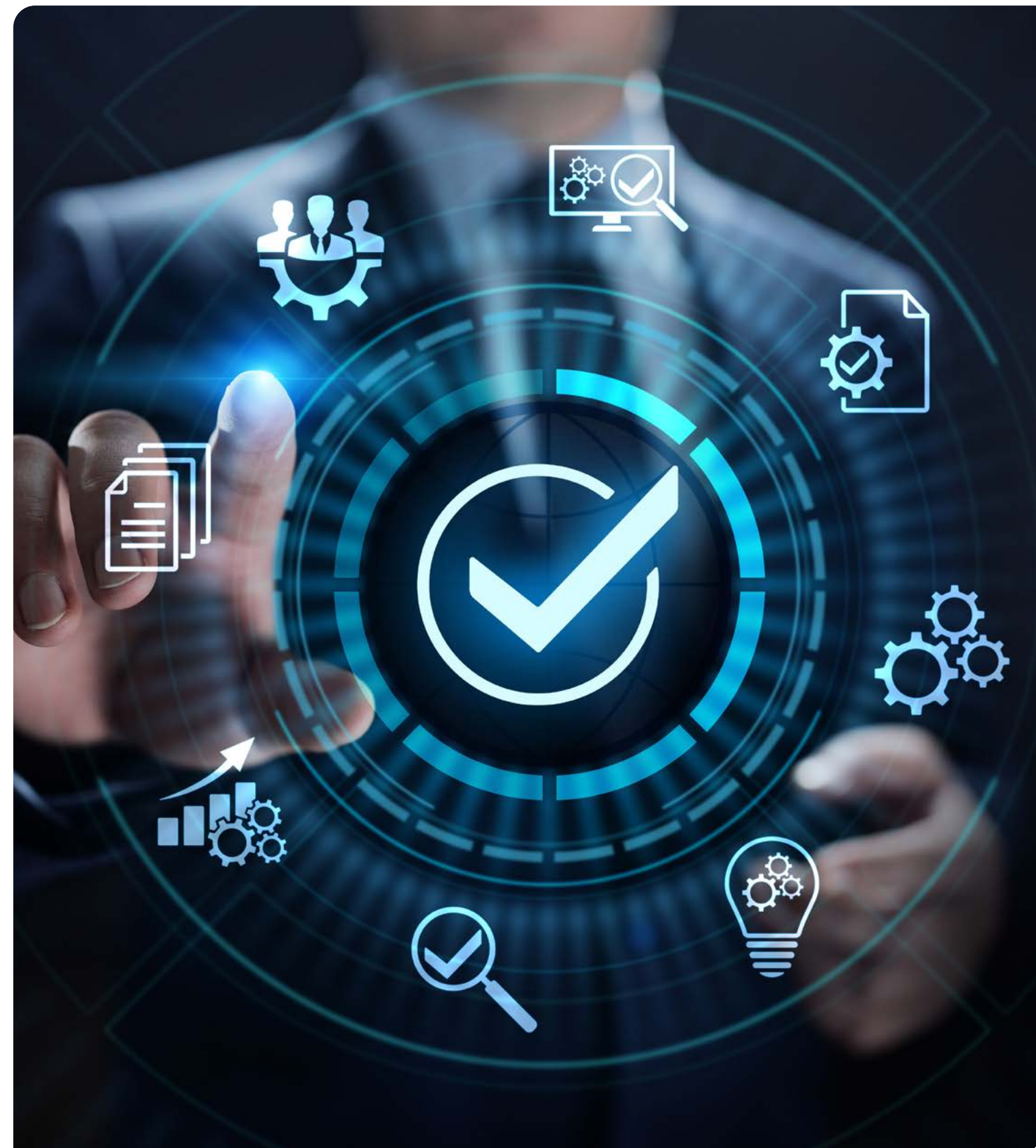
0

2019

0

2020

0





## 4.2 Talent Attraction, Development and Retention

Aware of the fact that the most valuable asset is human resources, QNB Finansbank has shaped its human resources policy in line with the principle of centralizing humanitarian values in order to ensure sustainable development, and to increase performance by acquiring, developing and retaining new talents. In this context, human resources policy is grouped in 4 main areas:

- **Human Resources Planning and Recruitment:** Carrying out management of the brand as an employer and management of work force in parallel with the needs of the Bank, and supporting recruitment process through analysis and business development projects with the purpose of being an employer of choice and attracting talented people to work in the Bank;
- **Performance Management:** Ensuring assessment of success with solid and measurable criteria, and creating engaged employee climate with a fair and transparent system that serves performance increase of the QNB Finansbank in line with individual performances of employees;
- **Talent Management:** Determining employee potential for future and realizing the implementations to carry out manager assignments from the bank; and
- **Engagement and Rewarding:** Developing policies for enhancing employee engagement and thus increasing their contribution to the success of QNB Finansbank.

As 85% of its new hires are composed of new graduates, QNB Finansbank conducts analysis

on career choices of university students, and in line with the results of such analysis, it carries out activities in universities and on social media. Young people are supported to step up to their dreams with the help of Finans Up Career Club, Career, Finans Pro, Audit Pro and Finans 101 brands. Finans Up Career Club, elected as “The Most Popular Career Club” by university students in Most Popular Companies Survey of 2020 and as the first practice that brings Global Business Excellence Award to Turkey in 2013, has a distinctive feature: It offers both students and professionals from Finans Up Society, the opportunity to request consultancy in their professional and social lives through Up Society Process for Alumni.

In addition, projects are carried out for raising awareness among university students along their career paths with Career; Finans 101 and Finans Pro offers opportunities of internship to students at branches and the Head Office for experience in management. Audit Pro provides employment opportunities for students interested in audit. All talent acquisition programs were redesigned to be compatible with digital environment. Finans Up and Career training sessions and events were held on online platforms.

The brand image contribution by activities held for talent acquisition is measured via the Most Favourite Companies Research conducted by Realta Company. While QNB Finansbank ranked eighth in 2009 with a preferability ratio of 4.8% among banks, it was second with a 17.56% ratio among banks in 2020.



### Workforce Overview

#### Workforce by Age and Gender

	2018	2019	2020
Total Number of Employees	12,276	12,087	11,111
Female Employees	6,847	6,721	6,250
Male Employees	5,429	5,366	4,861
Employees Age 18-30	5,364	4,607	3,765
Employees Age 31-50	6,754	7,254	7,119
Employees Age 51+	158	226	227

#### Hiring and Turnover

New Employee Hires	3,328	2,054	1,164
Employee Turnover (Voluntary)	1,847	1,444	955

#### Performance Reviews

Employees Who Received a Performance and Career Development Review (%)	89	88	90
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Performance management process in QNB Finansbank is a managerial means devoted to encouraging development with a perpetual feedback culture, guiding employees to increase their performance and make it sustainable, as well as to develop themselves personally in addition to increasing corporate performance through individual performance development. The semiannual performance reviews are carried out in order to assess strengths and areas of development, and to create a customized road map for each employee. A fair and transparent system with concrete and measurable criteria are used to evaluate individual performance in order to increase employee engagement.

QNB Finansbank aims at training managers internally and offers each of its employees the chance to determine his/her own career path, through "Career Architecture" and "Career Bulletin". In addition, QNB Finansbank performs one-to-one interviews concerning career objectives of employees through "Career Consulting". Within the scope of "Development Architecture", which aims at internal appointment of branch managers, assessment center and personalized development programs are applied, respectively.

All QNB Finansbank development journeys were transferred onto online platforms due to the conditions in 2020. They were re-designed in line with needs by means of special strategies for the bank and segment through the blended learning approach.

With the onset of the pandemic, priorities in the annual development agenda of QNB Finansbank were reviewed and revised to facilitate to ease employee adaptation to pandemic conditions and to increase

information flow to employees. By including mental and physical activities and practices in its programs, QNB Finansbank aims at empowering its employees to be more resilient and motivated. In the past, development programs consisted of topics mostly related to finance sector, such as sales and risk. In this new period, Human Resources attaches great importance to personal development, resilience, motivation, crisis management, current economy, and home office.

In 2020, two thousand training programs were held on various topics such as personal development & leadership development, banking, economy-finance, sales/marketing, product, audit, loan analysis, and risk management.

Among training programs planned for 2020, 85% were carried out by remote access, implementing methods such as virtual classes, video e-learning, and e-book, with blended training approach as its focus. The aim of the blended training approach is for the participants to experience different training methods such as webinars, dramatizations, simulations and virtual classes. In addition, another further target is that participants reinforce the information they have been given and that information remain permanent for extended periods of time.

"Finansçı 360" training programs, for branch employees only, continued online in order for the on-site teams to act in compliance with the work methods determined in customer relations, sales, loan and risk management. Fast Contact webinars were held in order to accelerate employee adaptation to the current risky period, and improve their resilience. In addition to employees from all branches,

Region Sales Managers and Branch Managers attended training programs. The program was revised with different study cases in line with the Bank's strategies. "Finansçı 360 Development Program" was nominated in three different categories in Brandon Hall Group Excellence Awards, which is considered to be among the most prestigious employer awards globally.

QNB Finansbank has aimed at helping high performing employees show their best, through organizational development processes as well as determining areas of development for each employee. QNB Finansbank offers personalized development plans created as a result of evaluations of employee potential and various means of development, such as manager/MT training programs under "Finans Master"; training programs supporting

"Coaching" approach in management; executive development program of "Leaders Club; "Asla Yalnız Yürümeyeceksin" (You Will Never Walk Alone) Director Development Program; coaching and mentoring processes; MBA programs and international/domestic conferences; improving English with the purpose of empowering leadership talent and managerial skills of employees who are already managers or have potential for future managerial roles.

Social and Environmental Risk Management in Lending Processes Training was carried out as distance e-learning in 2020. The Environmental and Social Risk Assessment training, which was organized specifically for the Project Finance and Project Syndication Loans teams, was also held as a virtual classroom in 2020.





## Employee Development and Engagement

### Learning and Development

	2018	2019	2020
Total Number of Training Hours Provided	834,793	654,103	428,238
Average Number of Training Hours Provided per Employee <sup>(*)</sup>	69	53	37
Total Value Invested in Employee Learning and Development (TL)	22,640,220	28,968,216	18,455,570

### Employee Engagement and Satisfaction

	2018	2019	2020
Employee Engagement Rate (%)	62	64	64
Number of Engagement Activities <sup>(**)</sup>	402	627	275

#### Notes:

<sup>(\*)</sup> Due to the pandemic, the number of training hours per employee decreased in 2020.

<sup>(\*\*)</sup> Due to the pandemic, the number of engagement activities for employees decreased in 2020.

The objective of remuneration management in QNB Finansbank is to acquire new talent and enhance employee engagement, satisfaction, motivation and synergy. To this end, the Bank applies a fair and transparent remuneration methodology compliant with ethical values and internal equilibria, which maintain the level of competition. Preventing excessive risk taking with an emphasis on individual and general performance, remuneration models are adopted in parallel with the value added. In this manner strategic targets of the Bank are supported and productivity is enhanced. In 2020, each employee received a bonus in line with performance, within the scope of the Bank's premium and bonus models, amounting to approximately two salaries. In addition to remuneration and recognition management, employees are provided with many benefits in various fields such as health, leave of absence, transportation, meal, communication and technological opportunities, allowance packages and employee support services.

### Employee Engagement and Satisfaction:

The employee engagement survey, specific to QNB Finansbank, has been conducted every year since 2007. The survey aims to evaluate the effects of satisfaction factors shaping employee engagement. Survey results are examined separately for each division, relevant analyses are made, and actions are identified exclusively for each division with the participation of senior management.

In 2020, 17,143 QNB Finansbank employees met in 275 activities organized in different provinces and on online platforms by HR Engagement Unit, which helps employees keep balance between their professional and private lives, and aims at increase in motivation by contributing to employee engagement and satisfaction as well as the privileged feeling of being a QNB Finansbank employee. In addition to such activities, discount agreements were settled with 303 companies during the year, providing employees with advantages in shopping.

Another means to appreciate employees, "Thank you" ("Teşekkürler") Platform reached 16 thousands appreciation messages. By thanking each other and showing appreciation, employees motivate each other and create synergy.

For celebrating employees' respect and commitment to QNB Finansbank Employee Engagement organizes seniority awards ceremony each year. An online award ceremony was held on December 15 with 762 employees who completed their 15<sup>th</sup>, 20<sup>th</sup>, 25<sup>th</sup> and 30<sup>th</sup> anniversaries at QNB Finansbank. Engagement Unit sent plaques and badges to employees who completed their 5<sup>th</sup> and 10<sup>th</sup> years, and a total of 1,407 employees were sent plaques and badges to their work places and homes.

## Occupational Health and Safety

One of our Bank's top-priority is to provide our employees with a healthy and safe working environment. To this end, we conduct our occupational health and safety practices in accordance with QNB Finansbank

Occupational Health and Safety Guidelines, related regulations in effect and best practice examples.

Within this context, we provide training on occupational health and safety (regular and topicspecific) to all employees, conduct risk assessments in all our premises, prepare emergency plans, assign employee representatives for each premise, and regularly organize occupational health and safety committee meetings.

Workplace physicians are present at our premises with 50 or more employees<sup>(\*)</sup> and in addition to activities conducted by our health offices, topic-specific seminars and conferences are held to inform about an active and healthy lifestyle. Our Bank also organize seasonal flu vaccinations and routine ocular health examinations, and offer life and health insurance for all our employees.

As for security practices, Security Services Unit takes physical and electronic security measures via establishing security policies against threats aimed at the Bank's employees, customers and premises.

## Occupational Health and Safety

	2018	2019	2020
Employee Fatalities	0	0	0
Employee Absenteeism Rate (%) <sup>(**)</sup>	2.9	3.4	4.9

#### Notes:

<sup>(\*)</sup> Head Office (Kristal Kule Building), Erzurum and Istanbul Operations Centers (EROMER and FOMER) where a Health Office serves our employees.

<sup>(\*\*)</sup> It represents the absenteeism rate for the total working day of our employees who use a health report. In 2020, the use of medical reports of 2 days or less decreased on the back of the increase in working time at home, but there was an increase in the number of days using medical reports compared to the previous year due to the maximum 10 days of quarantine due to the pandemic. Therefore, the absenteeism rate increased in 2020.



## 4.3 Diversity and Inclusion

At QNB Finansbank, we actively promote a culture of respect, equality and mutual trust across our organization. Hence, we conduct our activities in line with universally accepted human rights principles, ethical banking practices and internal policies and procedures. Within this scope, QNB Finansbank Employees Code of Conduct has been established to assist our employees how to incorporate such values into their daily business activities. Such policy is also supported by other relevant policies, guidelines and Internal Audit's and Ombudsman's activities. We will continue our efforts to promote diversity and inclusion both within and outside the workplace, in alignment with our core values and HR practices.

In 2020, our Bank participated in the Target Gender Equality Program within the scope of

the United Nations Global Compact (UNGC). With participation in the program, we aimed to set ambitious and realistic corporate goals in a number of areas, from increasing the number of women on the board of directors to increasing the number of women entrepreneurs in the supply chain, and to take action in order to achieve these goals. As a result of the program, our target work on gender equality within our Bank has been planned.

For 2021, our Bank aims to sign the UN Women's Empowerment Principles (WEPs), a joint venture of UN Women and UNGC. By this means, it is planned to contribute to the empowerment of women from senior corporate representation to education, health and safety issues by supporting social gender equality with our corporate policies.

<b>Diversity and Equal Opportunity</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Female Employment</b>			
Number of Female Employees	6,847	6,721	6,250
Female Employment Rate (%)	56	56	56
Female Employees in Senior Management	7	10	12
<b>Parental Leave</b>			
Return to Work Rate (%)	98.2	99.1	98.6
Retention Rate (%)	94.8	91.8	92.3





## 4.4 Environmental Impact of Operations

At QNB Finansbank, we seek to increase operational efficiency especially energy and resource consumption, and reduce environmental impacts of our operations by taking different measures. While we recognize our greatest environmental impacts are 'indirect' through our financing activities, we also need to responsibly manage the 'direct' environmental footprint associated with QNB Finansbank's operations. Hence, we aim to reduce our environmental impact through various measures such as selecting environmentally friendly devices for electrical

and mechanical projects, controlling our premises through automation systems and taking specific actions to reduce energy and resource consumption.

In 2020, changes in heating systems continued to be made in our branches in order to save energy. In addition, our digital transformation and paperless banking practices were continued, ensuring that 95% of the transactions are carried out without using paper, through the Digital Approval Platform. In 2020, QNB Finansbank procured circa 23% of its electricity consumption from renewable sources.

Environmental Impact of Operations	2018	2019	2020
<b>Energy Consumption</b>			
Total Electricity Consumption (Kwh)	64,379,177	63,195,106	56,702,396
Natural Gas Consumption (m <sup>3</sup> )	1,708,776	1,793,148	1,576,124
<b>Water Consumption</b>			
Total Water Consumption (tons m <sup>3</sup> )	170.8	178.0	121.6
<b>Materials and Waste</b>			
Total Paper Consumption (Tons)	749.0	388.0	155.8

**Note:** Our head office building (Kristal Kule) has LEED silver certificate.

## 4.5 Responsible Procurement and Supply Chain

We define responsible procurement as, taking into consideration environmental, social, ethical and reputational matters when making a purchasing decision, thus, mitigating risks associated with our supply chain, being vigilant and mindful in our relations with our suppliers, and ensure that our procurement practices do not have adverse effects on society, environment and our Bank's reputation. Within this scope, in 2020, we reviewed our procurement practices within the scope of our Sustainability Policy. Sustainability Special Condition Clause was established to be added to our procurement agreements. The purpose of the application is to ensure that the suppliers adopt environmental and social responsibilities and undertake to implement practices accordingly, and to act jointly with our Bank's sustainability goals.

QNB Finansbank aims to prevent indirect environmental risks arising from its operations by taking a step towards establishing a Responsible Procurement and Supply Chain. For this purpose, QNB Finansbank started to draft its Supplier Code of Conduct.

Procurement	2018	2019	2020
Total Number of Suppliers Engaged	1,340	1,377	1,570

### Notes:

1- Procurement activities are conducted in alignment with QNB Finansbank Purchasing Policy. Certain criteria (such as supplier's reputation, certifications provided by the supplier) is used to assess potential suppliers and performance evaluation. 2- In case of a service procurement (support service) falling under the scope of "Regulation On Banks' Procurement of Support Services", our support service procurement process is conducted and ultimately the service subject to procurement is submitted to the opinion and approval of the Audit Committee. Detailed information is available in [QNB Finansbank 2020 Annual Report](#).

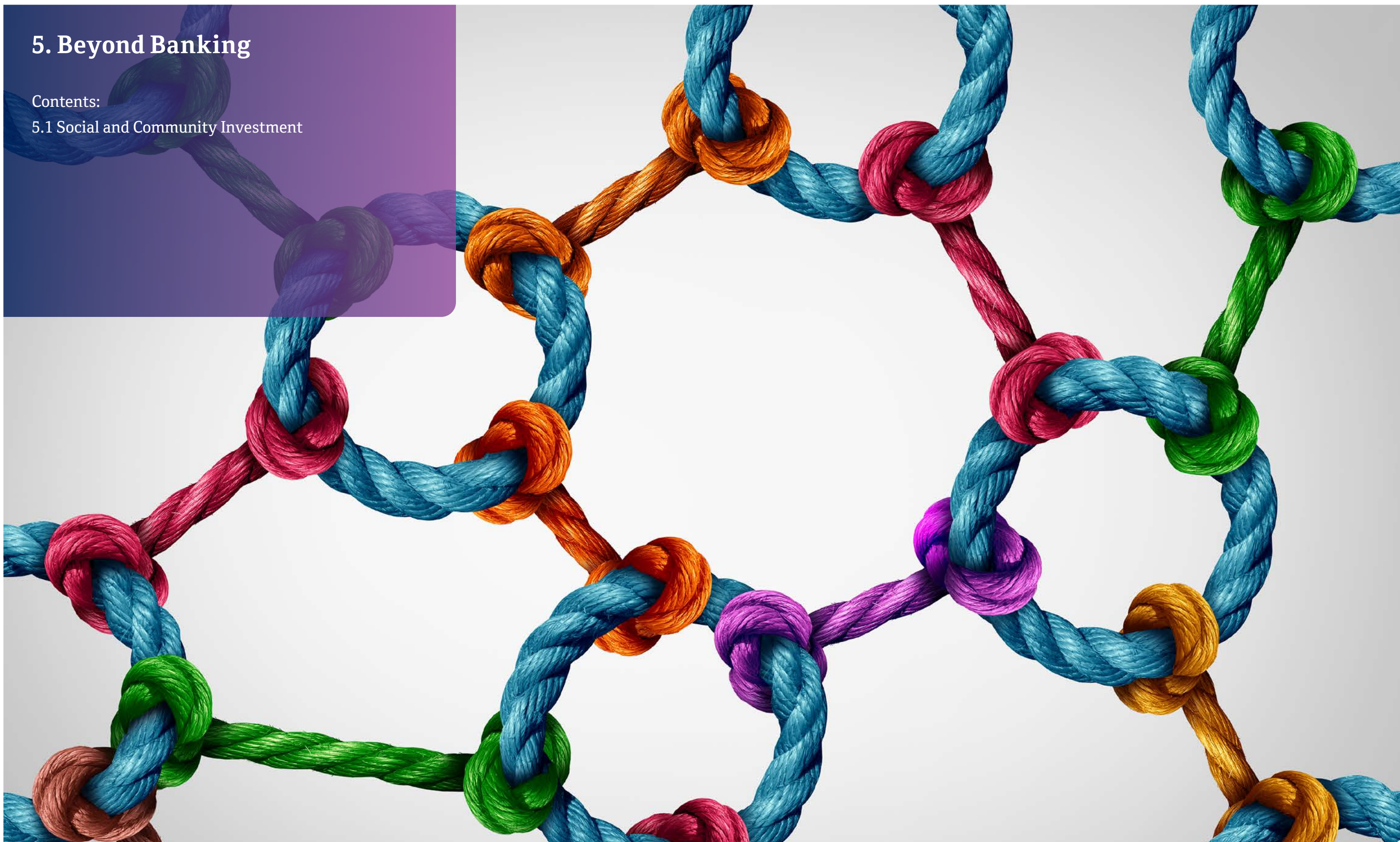




## 5. Beyond Banking

### Contents:

#### 5.1 Social and Community Investment





## 5.1 Social and Community Investment

At QNB Finansbank, we see social and community investment as an effective tool for value creation. Therefore, we thrive on reflecting our core strengths and unique values in every single project that we develop and offer to the use of community. With awareness of our social responsibility, we are focused on areas we can contribute to the most. To date, we have realized various projects in a wide range of areas such as culture, art, sports and education.

Within this context, in 2015, putting children at the heart, we established a social responsibility platform, namely “Small Hands Big Dreams” with the intention to prepare our children for the future. The projects that we foster under the roof of this platform are as follows:

- Tiny Hands are Coding
- By the Power of Imagination
- QNB Finansbank Tales Math Museum & Mobile Exhibition Truck
- Success is Everywhere

In 2020,

QNB Finansbank, as the sponsor of ÇEV (Contemporary Education Foundation), aimed to support the participation of talented musician students of ÇEV in specialized education institutions abroad, and supported the training of talented musician students between the ages of 15-25.

- With the main sponsorship of QNB Finansbank, we have organized a total of 24

concerts, one of which was in January 2020. With these concerts, which also included Turkish well-known names, we reached close to 3 million people and received feedback from 1,600 people. In order to increase the interest in the project, we made social media announcements, press conferences and collaborated with well-known names such as Berrin Yoleri.

Supporting health services and environmental activities are two very important corporate social responsibility areas for our Bank. In line with this principle, we made donations to relevant institutions in 2020 in order to support sustainable development after force majeure and natural disasters.

- **Pandemic Period:** We donated various medical devices to fifteen different health institutions such as medical faculties, state hospitals and local health authorities. With these donations, we tried to meet many needs of healthcare workers, such as masks and dryers.
- **Breath for the Future:** The fire that broke out in Hatay in October affected an area of approximately 700 hectares. As QNB Finansbank and Enpara, we donated a total of 30,000 saplings in order to contribute to the regeneration of the forest areas in Hatay.
- **İzmir Earthquake:** The 6.9 magnitude earthquake that occurred in İzmir on October 30 caused many people to be injured; caused damage to living spaces such as homes and workplaces. The people of İzmir had to live



outside for a while, and the pandemic-related health problems increased. In this context, we donated 250,000 masks to the Red Crescent for the use of people and rescue teams in the earthquake area.

We continued to support SMEs during the pandemic period with our commitment to build a better society, strengthen communities and contribute to a more sustainable world.

- In the beginning of the COVID-19 epidemic, QNB Group became the first bank to

participate in the National Response Program to support SMEs affected by the pandemic. QNB Group launched an awareness campaign in Qatar, Turkey, Egypt and Indonesia to share tips, advice and information on COVID-19 to SME customers. As QNB Finansbank, our bank also took part in this campaign.

The key to a sustainable future is to develop a knowledge-based economy and society by educating the new generation. As a bank, we acknowledge our responsibility to educate



children on financial values such as saving, spending and sharing. In particular, we aim to encourage our youth in the fields of science and mathematics, emphasizing the importance of investing in money management and financial concepts. For this purpose, our projects realized in 2020;

With our “Tiny Hands are Coding” project, carried out together with the Habitat Foundation, Scratch coding training was offered to our children aged 8-12 in order to improve children’s creativity, computer skills and raise awareness of code literacy. Due to the pandemic, coding trainings were transferred to online platforms such as Zoom, and an official website “www.minikellerkodyaziyor.com” was developed to create a valuable resource in the field of coding for children, youth and educators. 1,053 people from 42 different cities visited the website, 132 Volunteer Educators provided numerous online and offline trainings. 27 trainings were uploaded to the platform and 943 people participated in these trainings. We reached a total of 1,453 children and teachers. Finally, in March 2021, we organized the Scratch Cup, where 1,800 children applied to the competitions, where children could present their coding skills to the jury. 10 groups consisting of 2 or 3 finalists presented their coded games to the jury and received various awards in their own categories.

Within the scope of our project “By the Power of Imagination”, launched in 2018 by our cooperation with the Community Volunteers Foundation, we continued to reach out to elementary school children between the

ages of 6-10, through story-telling method to strengthen their communication skills, equip them with self-expression ability, as well as competence in written expression, imagination, reading and creativity.

Thanks to our “Tales Math Museum & Mobile Exhibition Truck” sponsorship, children rediscovered mathematics through games and Q&A activities and had the opportunity to observe the implications of mathematics in daily life by attending workshops. Through this program, children had the opportunity to learn about mathematics with enjoyable activities. With the pandemic period, the name of the project was changed to “New Online Tales Mathematics Museum”. The project consists of three parts. In the Virtual Mathematics Museum Part, children can access visual and audio information from 40 stations and 360-degree shots. In Mathematics in Nature and Life Part, twenty-five educational videos teach children how to use mathematics in nature and in their daily lives, whereas Home Workshops Part allows children to participate in 10 PDF and 6 digital workshops related to 40 stations.

“Success is Everywhere”, which we started in 2015 in cooperation with the Turkish Education Association (TED) and the relevant National Education Directorates in Ankara and Adana, in order to provide equal opportunities in education by enabling our children to increase their academic, social, cultural and sports achievements in public schools with low academic success, continued. In 2020, we included 8 more schools in the project, which was carried out in 8 schools in Adana

and Ankara. Despite the schools being closed due to the pandemic, children were able to continue to benefit from the project thanks to the technological equipment of the Education Information Network Support Centers created for students in 16 schools. TED Distance Education Modules were launched for teachers, as TED scholarship students gave online support courses to other students.

One of the winners of the Volunteer Financier Contest in 2020, the new project ‘Digital Support for Young Bankers’ was entitled to be implemented. With this project, tablets were provided to children who were not equipped to participate in the online education system during the pandemic. In this way, the supported children were able to continue their education.

Social and Community Investment	2018	2019	2020
Total Number of Employee Volunteering Hours <sup>(*)</sup>	7,521	7,089	1,449

**Notes:** <sup>(\*)</sup> Due to the pandemic, there has been a decrease in the volunteering hours in 2020.

### Volunteering

Our Bank’s business and sustainability strategy supports our goal to leave a livable world for future generations. Hence, we encourage our employees, to take part in corporate social responsibility projects through either

developing a new project or participating in existing ones. At QNB Finansbank, we organize a competition among our employees which they can participate with their social responsibility projects developed for children between the ages of 4 and 14, and we provide financial support to the selected projects. Within this scope, in 2020, we supported two projects, namely, “Digital Support to Young Bankers” and “The Future is with us”.

### Sponsorships

In addition to our CSR projects, as QNB Finansbank, we support social and economic development through various sponsorship activities. Within the scope of the support of Turkish sports, QNB Finansbank’s sponsorship agreements with Trabzonspor Soccer team and Fenerbahçe Men’s Basketball team continued in 2020.

### Memberships

A brief list of QNB Finansbank’s membership to initiatives, foundations and associations is provided down below:

- United Nations Global Compact (UNGC)
- Banks’ Association of Turkey (TBB)
- Turkish Capital Markets Association (TSPB)
- Credit Registration Bureau (KKB)
- Interbank Card Center (BKM)
- Call Centers Association (ÇMD)
- International Chamber of Commerce - Turkey
- Habitat Association
- Turkish Education Association (TED)
- Contemporary Education Association (ÇEV)



## 6. Disclosures and Further Information

### Contents:

- 6.1 Sustainability Performance Summary
- 6.2 Global Reporting Initiative (GRI)  
Standards Content Index



## 6.1 Sustainability Performance Summary

Pillar	Material Topic	Key Performance Indicator	2018	2019	2020
Sustainable Finance	Sustainable Investments, Lending, Products and Services	Total Value of Renewable Energy Portfolio (Million TL) <sup>(*)</sup>	533.9	458.3	890.6
	Supporting SME's and Entrepreneurship	Total Value of Loan Portfolio by Microenterprise and SME (Billion TL)	20.1	20.5	22.2
		Total Number of Microenterprise and SME Customers (Million)	1.4	1.5	1.4
	Financial Inclusion	Number of ATMs	2,941	2,941	2,897
	Customer Experience and Satisfaction	Net Promoter Score (NPS) % - Enpara.com	77	75	77
	Responsible Customer Communication and Marketing	Incidents of Non-Compliance Concerning Marketing Communications	0	0	0
	Customer Privacy and Data Security	Data Security Breaches	0	0	0
	Digital Transformation and Innovation	Total Number of Online And Mobile Transactions (Million)	354.2	359.1	407.6
		Total Number of Online And Mobile Customers (Active, Million)	4.1	4.3	4.6
Sustainable Operations	Corporate Governance, Compliance and Risk Management	Confirmed Incidents of Bribery or Corruption	0	0	0
	Talent Attraction, Development and Retention	New Employee Hires	3,328	2,054	1,164
		Employee Turnover (Voluntary)	1,847	1,444	955
		Total Number of Training Hours Provided (Thousand hour)	834.8	654.1	428.2
		Employee Engagement Score (%)	62	64	64
	Diversity and Inclusion	Female Employment Rate (%)	56	56	56
		Return to Work Rate After Parental Leave (%)	98.2	99.1	98.6
	Environmental Impact of Operations	Total Electricity Consumption (Million Kwh)	64.4	63.2	56.7
		Total Water Consumption (000 m <sup>3</sup> )	170.8	178.0	121.6
		Total Paper Consumption (Tons)	749.0	388.0	155.8
Beyond Banking	Responsible Procurement and Supply Chain	Total Number of Suppliers Engaged	1,340	1,377	1,570
	Social and Community Investment	Total Number of Employee Volunteering Hours <sup>(**)</sup>	7,521	7,089	1,449

### Notes:

<sup>(\*)</sup> According to the eligibility criteria set forth for hydroelectric in QNB GSSB Framework, figures have been revised retrospectively.

<sup>(\*\*)</sup> Due to the pandemic, there was a decrease in volunteering hours in 2020.



## 6.2 Global Reporting Initiative (GRI) Standards Content Index

GRI Standard	Disclosure Number and Title	Relevant Section/Explanation
<b>GRI 102: General Disclosures</b>	102-1 Name of the organization	QNB Finansbank A.Ş.
	102-2 Activities, brands, products,	QNB Finansbank at a Glance Primary Brands, Products and Services
	102-3 Location of headquarters	Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İstanbul
	102-4 Location of operations	QNB Finansbank at a Glance
	102-5 Ownership and legal form	QNB Finansbank at a Glance Shareholder Structure
	102-6 Markets served	QNB Finansbank at a Glance Primary Brands, Products and Services
	102-7 Scale of the organization	QNB Finansbank at a Glance Primary Brands, Products and Services 2020 Performance Summary and Sustainability Highlights
	102-8 Information on employees and other workers	Talent Attraction, Development and Retention Diversity and Inclusion Sustainability Performance Summary
	102-9 Supply chain	QNB Finansbank at a Glance Primary Brands, Products and Services Responsible Procurement and Supply Chain Sustainability Performance Summary
	102-10 Significant changes to the organization and its supply chain	No material change occurred relating to ownership or supply chain during the reporting period.
	102-11 Precautionary principle or approach	<a href="#">QNB Finansbank Sosyal ve Çevresel Politikası</a> <a href="#">QNB Finansbank Sustainability Policy</a> <a href="#">QNB Group Sustainability Policy</a>
	102-12 External initiatives	External Commitments Memberships
	102-13 Membership of associations	Memberships
	102-14 Statement from senior decision-maker	Message from the Chairperson Message from the CEO

GRI Standard	Disclosure Number and Title	Relevant Section/Explanation
<b>GRI 102: General Disclosures</b>	102-15 Key impacts, risks, and opportunities	Message from the CEO
	102-16 Values, principles, standards, and norms of behavior	QNB Finansbank at a Glance Vision, Mission, Values <a href="#">QNB Finansbank Employee Code of Conduct</a>
	102-17 Mechanisms for advice and concerns about ethics	Stakeholder Engagement and Communication Corporate Governance, Compliance and Risk Management
	102-18 Governance structure	Sustainability Governance Corporate Governance, Compliance and Risk Management Annual Report 2020
	102-19 Delegating authority	Sustainability Governance Corporate Governance, Compliance and Risk Management Annual Report 2020
	102-20 Executive-level responsibility for economic, environmental, and social topics	Sustainability Governance Corporate Governance, Compliance and Risk Management
	102-21 Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement and Communication Materiality Assessment
	102-22 Composition of the highest governance body and its committees	Corporate Governance, Compliance and Risk Management Annual Report 2020
	102-23 Chair of the highest governance body	Annual Report 2020
	102-24 Nominating and selecting the highest governance body	Annual Report 2020
	102-25 Conflicts of interest	Annual Report 2020 <a href="#">QNB Finansbank Conflicts of Interest Policy</a>
	102-26 Role of highest governance body in setting purpose, values, and strategy	Corporate Governance, Compliance and Risk Management Annual Report 2020



GRI Standard	Disclosure Number and Title	Relevant Section/Explanation
<b>GRI 102: General Disclosures</b>	102-27 Collective knowledge of highest governance body	Corporate Governance, Compliance and Risk Management Annual Report 2020
	102-28 Evaluating the highest governance body's performance	Corporate Governance, Compliance and Risk Management Annual Report 2020
	102-29 Identifying and managing economic, environmental, and social impacts	Stakeholder Engagement and Communication Materiality Assessment Corporate Governance, Compliance and Risk Management Annual Report 2020
	102-30 Effectiveness of risk management processes	Corporate Governance, Compliance and Risk Management Customer Privacy and Data Security Annual Report 2020
	102-31 Review of economic, environmental, and social topics	Stakeholder Engagement and Communication Corporate Governance, Compliance and Risk Management Annual Report 2020
	102-32 Highest governance body's role in sustainability reporting	Sustainability Governance
	102-33 Communicating critical concerns	Stakeholder Engagement and Communication
	102-34 Nature and total number of critical concerns	Annual Report 2020
	102-35 Remuneration policies	Talent Attraction, Development and Retention Annual Report 2020
	102-36 Process for determining remuneration	Annual Report 2020
	102-37 Stakeholders' involvement in remuneration	Annual Report 2020
	102-38 Annual total compensation ratio	Annual Report 2020
	102-39 Percentage increase in annual total compensation ratio	Annual Report 2020
	102-40 List of stakeholder groups	Stakeholder Engagement and Communication
	102-41 Collective bargaining agreements	QNB Finansbank A.Ş. respects the right to unionize. Currently, there is no employee covered by a collective bargaining agreement.

GRI Standard	Disclosure Number and Title	Relevant Section/Explanation
<b>GRI 102: General Disclosures</b>	102-42 Identifying and selecting stakeholders	Stakeholder Engagement and Communication Materiality Assessment
	102-43 Approach to stakeholder engagement	Stakeholder Engagement and Communication
	102-44 Key topics and concerns raised	Annual Report 2020 General Assembly
	102-45 Entities included in the consolidated financial statements	About This Report Subsidiaries and Affiliates Annual Report 2020
	102-46 Defining report content and topic boundaries	About This Report
	102-47 List of material topics	QNB Finansbank Sustainability Framework and Strategy Materiality Assessment
	102-48 Restatements of information	None
	102-49 Changes in reporting	No change.
	102-50 Reporting period	About This Report
	102-51 Date of most recent report	September 2020
	102-52 Reporting cycle	Annually
	102-53 Contact point for questions regarding the report	<a href="mailto:sustainability@qnbfinansbank.com">sustainability@qnbfinansbank.com</a>
	102-54 Claims of reporting in accordance with the GRI standards	About This Report
	102-55 GRI content index	Global Reporting Initiative (GRI) Standards Content Index
	102-56 External assurance	No external assurance was received.
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	QNB Finansbank Sustainability Framework and Strategy Materiality Assessment
	103-2 The management approach and its components	QNB Finansbank Sustainability Framework and Strategy Materiality Assessment
	103-3 Evaluation of the management approach	QNB Finansbank Sustainability Framework and Strategy Materiality Assessment



GRI Standard	Disclosure Number and Title	Relevant Section/Explanation
<b>GRI 201: Economic Performance</b>	201-1 Direct economic value generated and distributed	Sustainable Financial Performance 2020 Performance Summary and Sustainability Highlights Annual Report 2020
	201-3 Defined Benefit Plan Obligations and Other Retirement Plans	Annual Report 2020
	201-4 Financial assistance received from government	No financial assistance was received from government in the reporting period.
<b>GRI 202: Market Presence</b>	202-2 Proportion of senior management hired from the local community	Annual Report 2020
<b>GRI 203: Indirect Economic Impacts</b>	203-1 Infrastructure Investments and Services Supported	Annual Report 2020
	203-2 Significant indirect economic impacts	Sustainable Financial Performance Annual Report 2020
<b>GRI 205: Anti-Corruption</b>	205-2 Communication and training about anti-corruption policies and procedures	All policies and procedures are communicated to our employees as “reading tasks” via e-mail, and such documents are accessible 24/7 through our intranet “Finansçı”.
	205-3 Confirmed incidents of corruption and actions taken	No such case in the reporting period.
<b>GRI 206: Anti-Competitive Behavior</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such case in the reporting period.
<b>GRI 302: Energy</b>	302-1 Energy consumption within the organization	Environmental Impact of Operations Sustainability Performance Summary
	302-4 Reduction of energy consumption	Environmental Impact of Operations Sustainability Performance Summary
<b>GRI 307: Environmental Compliance</b>	307-1 Non-compliance with environmental laws and regulations	No such case in the reporting period.
<b>GRI 401: Employment</b>	401-1 New employee hires and employee turnover	Talent Attraction, Development and Retention Sustainability Performance Summary
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Part-time employees are provided with the same benefits as full-time employees.

GRI Standard	Disclosure Number and Title	Relevant Section/Explanation
<b>GRI 401: Employment</b>	401-3 Parental leave	Diversity and Inclusion Sustainability Performance Summary
<b>GRI 403: Occupational Health and Safety</b>	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety Sustainability Performance Summary
<b>GRI 404: Training and Education</b>	404-1 Average hours of training per employee	Talent Attraction, Development and Retention Sustainability Performance Summary
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Attraction, Development and Retention Stakeholder Engagement and Communication
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent Attraction, Development and Retention Sustainability Performance Summary
<b>GRI 405: Diversity and Equal Opportunity</b>	405-1 Diversity of governance bodies and employees	Talent Attraction, Development and Retention Diversity and Inclusion
	405-2 Ratio of basic salary and remuneration of women to men	There is no gender based wage discrimination in our Bank.
<b>GRI 406: Non-Discrimination</b>	406-1 Incidents of discrimination and corrective actions taken	No such case in the reporting period.
<b>GRI 415: Public Policy</b>	415-1 Political contributions	QNB Finansbank does not provide political contributions.
<b>GRI 417: Marketing and Labeling</b>	417-2 Incidents of non-compliance concerning product and service information and labeling	No such case in the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	No such case in the reporting period.
<b>GRI 418: Customer Privacy</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such case in the reporting period.
<b>GRI 419: Socioeconomic Compliance</b>	419-1 Non-compliance with laws and regulations in the social and economic area	No such case in the reporting period.



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