

# Operating Principles for Impact Management

Development and Investment Bank of Türkiye

August 2025

## DISCLOSURE STATEMENT

### OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

#### Development and Investment Bank of Türkiye

Development and Investment Bank of Türkiye became the first and only signatory from Türkiye to the Operating Principles for Impact Management (Impact Principles) on 23.09.2021. With this report, the Bank confirms that it is a signatory to the Impact Principles. In line with the global standards of the impact principles; the Bank will manage its corporate banking, investment banking, project finance and Türkiye Development Fund activities through the “impact lens” by providing greater discipline, transparency and measurability. The Impact Principles aim to be a framework for investors to design and implement impact management systems and to ensure that impact considerations are integrated throughout the investment lifecycle. This report transparently explains the impact management systems and processes of Development Investment Bank. This is the 4<sup>th</sup> report published within the scope of the Impact Principles signatory. As of December 31, 2024, the Bank's total assets, which are managed in compliance with the impact principles, are approximately USD 4,35 billion.

**İbrahim H. Öztop**

**CEO and Board Member**

**08.08.2025**

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## Impact Principle 1: Define strategic impact objective(s), consistent with the investment strategy.

*The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.*

Development Investment Bank of Türkiye is a joint stock company subject to the provisions of private law, providing financing support to companies operating in priority sectors of strategic importance for Türkiye's sustainable development, particularly industry, energy, education, health and infrastructure, since 1975. 99.08% of Development and Investment Bank of Türkiye's capital is owned by the Republic of Türkiye Ministry of Treasury and Finance and the remaining 0.92% of its shares are traded on Borsa Istanbul.

Development Investment Bank of Türkiye, whose main function is to finance sustainable development, also plays a leading role in helping companies access domestic and international funding sources through merger and acquisition advisory, capital market advisory and financial advisory services.

The main objective of Development Investment Bank of Türkiye is to provide development and investment banking activities to reduce external dependency

and current account deficit, increase domestic production capacity, support competitive and efficient production and support the sustainable development of our country, within the framework of Türkiye's 12<sup>th</sup> Development Plan.

The Bank, with the awareness of its responsibility in achieving the United Nations Sustainable Development Goals, fulfilling the 2053 net-zero target of the Paris Climate Agreement, of which it is a signatory, and developing the impact investment ecosystem, has placed sustainability at the center of its business conduct and has committed to reducing greenhouse gas emissions to net zero by 2050. In order to carry this situation to a more effective and traceable basis; It has committed to the Science Based Targets Initiative (SBTi) to reduce scope 1 and scope 2 emissions to net zero by 2050. The roadmap and studies on the implementation steps for the realization of this commitment are awaiting approval by SBTi. The Bank directly and indirectly

contributes to 15 of the 17 Sustainable Development Goals in this direction. As of the end of 2024, 96 percent of its portfolio consists of sustainability-themed loans and the relevant loan amount is 2.5 billion USD. The Bank's "Environmental and Social Policy" has been in effect since January 2020. All loan applications and projects evaluated since this date have been subjected to the environmental and social impact assessment (ESIA) processes within the framework of this policy. In this context, environmental and social impact assessments are made for all loan applications, including working capital, regardless of the loan amount, loan subject and maturity, and the results of the assessment are included in the "Credit Assessment Report". In these reports, investments that are planned to be financed are foreseen with their contribution to the UN Sustainable Development Goals. In 2024, there have

been environmental and social impact assessments conducted for 59 projects. Performance evaluation for environmental and social impact assessment studies, which are integrated into all evaluation, disbursement and monitoring processes of the credit processes, is monitored by the Sustainability Committee, that also has members of the Bank's Board of Directors.

TKYB's Sustainable Finance Framework is in line with International Capital Market Association (ICMA) Green Bond Principles, ICMA Social Bond Principles, Loan Market Association (LMA) Green Loan Principles and LMA Social Loan Principles and Second Party Opinion (SPO) has been obtained. For each project financed under the Sustainable Finance Framework, environmental and social impacts will be monitored throughout the loan term according to the key performance indicators defined in this framework.



## Impact Principle 2: Manage strategic impact on a portfolio basis.

*The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.*

The Development Investment Bank of Türkiye supports the objectives of international climate agreements such as the Paris Agreement and develops policies and projects in line with these objectives. The Bank mobilizes the financing necessary to achieve its commitment to "keep the global temperature rise below 1.5°C", through its activities supporting sustainable development, strong environmental and social impact assessment practices, and the technical advice of its expert staff. ESG-themed loan agreements with the World Bank, Asian Infrastructure Investment Bank, French Development Agency, German Development Bank, Japan Bank for International Cooperation, Islamic Development Bank, China Development Bank, Black Sea Trade and Development Bank and International Islamic Trade Finance Corporation have been established. In 2024, Bank continued to bring resources from abroad to our country to support projects with a focus on sustainability. With the USD 50 million loan agreement signed with the OPEC Fund on March 21, 2024, support was provided for the financing of investment and working capital needs of enterprises affected by the

earthquake and primarily operating in the agriculture and food production sectors. With the EUR 200 million and USD 200 million loan agreement signed with the World Bank on April 18, 2024, support was started for projects to reduce carbon emissions in the industrial sector in Türkiye. With the agreements signed with the World Bank and CTF on May 16, 2024, a loan of EUR 300 million was provided for distributed solar energy projects in Türkiye and USD 15 million for the financing of battery energy storage systems. With the USD 100 million agreement signed with ITFC on August 7, 2024, cooperation was established on trade finance under the theme of food security. This agreement is the first cooperation between the Bank and ITFC. The TIERP loan, signed with the World Bank and aimed at reducing industrial air pollution and greenhouse gas emissions towards Türkiye's net zero carbon target, has become the Bank's first thematic funding directly aimed at this purpose.

As a signatory to the United Nations Environment Programme Finance Initiative (UNEP-FI) Principles for Responsible Banking, the Bank continuously analyses its loan portfolio and measures its interactions

with the Sustainable Development Goals. The Bank also develops its impact investing mission with an international perspective through strategic collaborations. The Bank is a member of the Global Impact Investing Network (GIIN), which is a leader in its field and works to promote impact investing in this direction. The Bank, as a member of GIIN; aims to provide financial, social and environmental gains with impact investments to companies, organizations and funds. Additionally, the Bank serves as an Advisory Board Member at GIIN. Development Investment Bank is a founding member of the Impact Investment Advisory Board (EYDK), which aims to develop the impact investment model and create a well-functioning impact investment ecosystem in Türkiye. TKYB effectively manages not only the environmental and social risks arising from its own operations, but also the indirect risks arising from its credit activities. In this context, it became the first public bank to become a member of PCAF (Partnership for Carbon Accounting Financials) and the first Turkish Bank to become a member of the Social Value Türkiye Association.

The results of the Environmental and Social Risk Assessment study for each loan request are presented to the Credit Evaluation Committee, which is chaired by the CEO, and it is composed of relevant Executive Vice President and relevant unit managers, who determines the impact principles regarding the Bank's general loan and subsidiary policy. The Bank considers the SDGs that each investment will contribute to, in the Credit Evaluation Committee. After the approval of the Credit Evaluation Committee and/or the Board of Directors, the relevant resource

institution is informed. The detailed consideration of environmental, social and governance issues in the credit assessment reports submitted to the Credit Evaluation Committee and the Board of Directors is one of the important indicators that sustainability and ESG issues are at the centre of decision-making processes at Development and Investment Bank of Türkiye.

Development and Investment Bank of Türkiye finances projects that will increase the positive impact on the transition to a net-zero economy, increasing employment, protecting natural resources and ensuring equal opportunities by international financial institutions' thematic loans and expands its customer portfolio in this direction. A total of 1107 employees were contributed to employ through investment loans signed in 2024.

While shaping the Bank's portfolio, national development goals have been taken into account; the Bank have supported the goals of increasing Türkiye's renewable energy supply and reducing the use of fossil fuels and foreign dependency in energy, and have planned for the financing of investments with renewable energy production licenses. In 2024, 61% of TKYB's loan portfolio is comprised with renewable energy and energy efficiency projects. In 2024, 4.2 million tons of CO<sub>2</sub>e emissions was prevented by financing renewable energy facilities with an installed capacity of 3,691.4 MW<sub>e</sub>. As of the end of 2024, the installed power of these projects in our portfolio corresponds to 7% of Türkiye's renewable energy capacity. The Bank carefully monitors greenhouse

gas emissions from its operational activities and sets reduction targets. The Bank calculated Scope-3 emissions by including emissions from the entire portfolio for 2024 and set targets for reduction. The Bank's total emissions calculated at the end of 2024 are 470,180 tCO<sub>2e</sub>, resulting from 468,258 tCO<sub>2e</sub> Scope-3 emissions of these emissions. The Bank's greenhouse gas calculations for 2024 have been calculated in accordance with the GHG Protocol and PCAF methodologies and verified according to the ISAE 3000 standard.

The Development Investment Bank of Türkiye plays an active role in sustainability in line with global trends, risks, and

opportunities. It addresses critical issues such as the climate crisis, energy crisis, and digitalization and offers solutions that are consistent with its strategic goals. The Bank promotes green finance in the fight against climate change, provides sustainable solutions in the energy sector, and encourages innovation in the digitalization process. In this way, the Bank aims to increase the welfare of the country and the people through projects and investments that contribute to sustainable development. The Bank is paying attention to this as it strives to develop best practices for aligning its staff incentive systems with achieving impact.

## Impact Principle 3: Establish the Manager's contribution to the achievement of impact.

*The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.*

The TKYB Environmental Social Policy and Environmental and Social Risk Evaluation in Credit Processes Procedure, which were developed by examining the policies and procedures of international development organizations and taking the opinions of these organizations in a way that is compatible with the environmental and social standards of the International Finance Corporation and international development organizations and applied in the Bank's credit evaluation processes, were published and put into practice with the approval of the Bank's Board of Directors.

All senior managers, including the General Manager and all Deputy General Managers of the Bank, have completed the "Sustainability Expertise" training conducted in cooperation with the Sustainable Education Development and Excellence Association & Turkish Capital Markets Association.

TKYB has successfully completed the Technical Assistance Program, which it has been carrying out in cooperation with the German Development Bank (KfW) . The

program has been completed as of 2024 and the following important stages have been achieved:

### 1. Improvement of Environmental and Social Impact Assessment (E&S IA) Processes:

- The E&S Impact Assessment processes used in TKYB's internal processes have been comprehensively analyzed. This analysis was conducted to identify and improve existing gaps.
- In addition, credit assessment reports and E&S Impact Assessment Tools (Project, Working Capital Loan, Company-based) have been developed and put into use.

### 2. Sub-Management Plans and Related Documents:

- In line with the impact assessments ,drafts of necessary sub-management plans such as sub-contractor management plan, stakeholder engagement plan and environmental social management plans have been prepared.



- The prepared drafts have been shared with independent third-party consulting firms in order to monitor and manage environmental and social impacts.
- In addition, documents in accordance with international standards such as environmental and social monitoring reports and focused impact assessment documents have been prepared.

### 3. Terminology Regulation and Policy Integration:

- The terminology used in the E&S Impact Assessment process has been updated and integrated into TKYB's existing policies and procedures.

### 4. Training and Capacity Building:

- Trainings have been provided to TKYB's Sustainability Department in sustainability areas such as biodiversity, climate change and supply chain.

### 5. Review of Policies and Procedures:

- Gaps in TKYB's existing environmental and social policy and crediting process have been identified and revised at international level. The revised policies and procedures have been brought to the process stage for senior management approval.

This program has made significant contributions to TKYB's more effective management of environmental and social risks and strengthening the sustainability of projects. In addition, TKYB's environmental

and social impact management processes have been strengthened by complying with evolving global standards. TKYB has been successfully implementing the Technical Assistance Services For Gender Mainstreaming in TKYB's Practices, which it launched in 2023 with the Frankfurt School of Finance & Management Türkiye office within the scope of Türkiye's first Sustainable Eurobond issuance with the financing of the French Development Agency (AFD). The program aims to strengthen the integration of women's empowerment principles (WEPs) into the bank's internal and external processes. The important stages of the program are summarized as follows:

#### 1. Assessment of Internal and External Processes:

- A comprehensive gap analysis was conducted regarding the current practices of TKYB regarding the empowerment of women in its internal and external processes.
- As a result of this analysis, a Due Diagnosis Report and Action & Strategy Plan were prepared that will improve the bank's current processes on these issues.

#### 2. Numerical Improvements Made as a Result of Gap Analysis:

- 17 topics requiring improvement in TKYB's internal processes and 30 topics in its external processes were identified.
- Necessary actions regarding these topics were determined and more than 30 topics were completed

quickly. Work continues on the remaining topics.

### 3. Training and Capacity Development:

- Trainings such as Gender Equality and Reporting Training, Gender Equality Workshop and Gender and Equal Opportunity Webinar were organized for the bank's employees and a total of 140 employees were trained.
- In addition, an online Gender Equality Awareness Workshop was organized for bank customers and approximately 130 companies were invited to this workshop.

### 4. Investment Projects and OECD DAC Gender Marker:

- TKYB conducted detailed gender analyses in investment projects and included the OECD DAC Gender Marker application in Türkiye as the first and only application.
- Women's Empowerment focused targets were integrated into projects to be implemented throughout the loan term and relevant actions were determined.

### 5. Continuous Improvement and Manager Monitoring:

- With these programs monitored by TKYB managers, the bank's processes have been improved and the aim is to increase the competency levels of employees.

The Environmental and Social Impact Specialist conducts the impact assessment using the Environmental and Social Risk Assessment Tool and, if necessary,

additional documents and environmental and social analyses are requested from the Corporate Banking and Project Finance Unit. The Sustainability, Environmental and Social Impact Management Manager finalizes the E&S risk category of the loan using the Environmental and Social Risk Evaluation Tool (ESRET) as a result of the checks made by taking into account the requirements of national legislation, the E&S Standards of the originating institution and IFC Performance Standards. The Environmental and Social Action Plan (ESAP), which determines the actions to be taken by the client to minimize the environmental and social impacts of projects in categories A, B+, B and C, and includes a monitoring program, is prepared by Impact Specialists. Based on the ESAPs, the Sustainability, Environmental and Social Impact Management Manager ensures that additional actions are requested from customers to increase the positive impact, if necessary. Environmental and social impact assessment studies were carried out for 59 projects in 2024. 7 of the projects are B+, 48 are B and 4 are C category. At the same time, 27 projects out of these 59 projects were scored using the OECD DAC Gender Marker Tool and 27 Projects were determined as DAC – 1 (Significant). In this context, the majority of the projects evaluated are in the low-medium risk category. The results of the Environmental and Social Assessment are presented to the Credit Evaluation Committee. The Credit Evaluation Committee reviews the Environmental and Social Assessment and receives information by Impact Specialist if necessary. After the approval of the Credit

Evaluation Committee and/or the Board of Directors, the relevant resource institution is informed.

Development Investment Bank is not only a financial resource provider to its customers in a conventional way, but also a driving force to support sustainable development in line with its mission. The Bank creates an "additionality" for all its customers by improving the environmental, social and corporate governance procedures and practices of its customers through ESAPs, which are the annexes of the loan agreements, which are prepared for each customer regardless of the loan type, maturity and amount.

Within the scope of ESAP, the adequacy of the necessary documents prepared to define and minimize environmental and social impacts and the appropriateness of environmental and social activities are monitored. In this context, the impact of financed projects on renewable energy

generation, energy efficiency, biodiversity, air quality, noise, wastewater, solid waste, carbon footprint, working conditions, employment of women and men, occupational health and safety, socioeconomic contribution, grievance redress mechanism and education are monitored and recorded through Monitoring Reports. During the monitoring phase, document review studies, field visits, stakeholder interviews, evaluation and finding transfer meetings are held with the authorities. The ESAP is also positioned as an annex to the Loan Agreement and compliance with the criteria within the ESAP is a prerequisite for loan disbursement and non-compliance is associated with events of default. Therefore, environmental and social risk assessment studies within Development and Investment Bank of Türkiye is efficiently legally secured through loan agreements.

# Impact Principle 4: Assess the expected impact of each investment, based on a systematic approach.



*For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: "What is the intended impact?", "Who experiences the intended impact?", "How significant is the intended impact?". The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.*

The Bank determines its strategic goals and priority areas of focus in line with the United Nations Sustainable Development Goals. In this context, the Bank directly contributes to SDG 5: Gender Equality, SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 10: Reduced Inequalities, SDG 13: Climate Action and SDG 17: Partnership for the Goals. Having made direct and indirect contributions to 15 of the 17 SDGs, the Bank plans to expand this contribution to all 17 SDGs.

## Direct and Indirect Contribution to 15 of the Sustainable Development Goals

### Direct Contribution



### Indirect Contribution



The positive impact expected to be created by the project planned to be financed with the requested loan is associated with the United Nations Sustainable Development Goals and it is written in the Credit Evaluation Report. Within the scope of the ESAP, which is annexed to each loan agreement, a "Stakeholder Engagement Plan and Grievance Redress Mechanism" is created for each project, regardless of the type and amount of the loan. In this context, the parties that may be affected by the project are identified and stakeholder interviews and stakeholder engagement meetings are organized to inform these parties about the investment. During the loan term, the records received in the grievance redress mechanisms, established to collect the complaints and requests that may come from the local people and company employees located close to the main field of activity of the investment / company where the financing is provided, are reported to Development

Investment Bank throughout the loan term. Within the scope of these studies, complaints, requests, suggestions and concerns received from the parties are evaluated and measures to resolve them are requested from the company requesting the loan and their completion is closely monitored by TKYB.

Factors that pose risks for the impacts expected to be created by the financed project are evaluated at the lending stage and the risk categorization of projects / companies is determined. Environmental and social risk categorization takes into account, but is not limited to, the project's risks related to resource efficiency, waste/wastewater, pollutant air emissions, climate change, soil and water quality, environmental noise, occupational health and safety, labour and working conditions, community health and safety, land acquisition, biodiversity and stakeholder engagement.

## Impact Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment.

*For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

Carrying out its activities with a Responsible Banking approach, the Bank conducts Environmental and Social Risk Assessments within the scope of routine decision-making processes in all loan applications and analyses the risks of both its customers and projects separately. The ESIA, which is managed in accordance with the “Environmental and Social Risk Evaluation in Credit Processes Procedure”, covers the determination of environmental and social impacts (direct, indirect and cumulative) related to the construction and operation phases of an investment/project, evaluating these impacts and developing measures to mitigate adverse impacts, if any. The activity related to the requested loan, regardless of the loan amount, is checked according to the Exclusion List (EL) in the Bank's [Environmental and Social Risk Policy](#). If the activity is included in the EL List, the loan request is rejected, and the process is stopped. If the activity is not included in the EL List, for all financing

activities, the Bank requires that the investment/project complies with all applicable environmental, health, safety and social laws, regulations and standards and existing international conventions applicable in the Republic of Türkiye.

This process, which is implemented by the Bank, is a practice in which the company's current operations and the investment projects to be financed are scored with risk-based grading and reach a weighted risk categorization grade. This categorization is based on the determination of 4 different risk categories, namely Category A (High Risk), B+ (Moderate to High Risk), B (Moderate Risk), C (Low Risk), which are fully consistent with the definitions in the World Bank's Environmental and Social Framework. The application of 4 different risk categories is in line with the World Bank Environmental and Social Standards. Environmental and social impact assessment studies were carried out for 59



projects in 2024. Of these projects, 7 are B+, 48 are B and 4 are C category. In this context, the majority of the projects evaluated are in the low-medium risk category.

Potential negative environmental and social impacts are not ignored for all categories of projects, including low-risk projects. An interactive process is carried out with project owners before and during the financing phase of the project. Project owners are informed and guided on good practices for identifying, measuring and managing risks. In addition, project owners are encouraged to collaborate with sector leaders, universities, R&D/UR&D/technology centres, and sector organizations. In risk assessment, environmental and social risks, the likelihood of these risks materializing, the company's governance capability, and the level of impact on the environment and society are evaluated.

The Environmental and Social Action and Monitoring Plan includes the gaps in the project's compliance with environmental and social standards, the necessary measures to close the gaps, timing and responsibilities. Contractual Environmental and Social Obligations are determined and

added to the loan agreement. In addition, a Grievance Redress Mechanism is established, and Stakeholder Engagement Plans are prepared for all financed customers. There are a total of 76 complaints registered within the bank in 2024.

As a result of the analysis conducted by Great Place to Work and the evaluation of our employees, the Bank entered the “Best Employers of Türkiye 2025 List” and took its place among the institutions that received the title of “Best Employer of Türkiye” for the 3rd time. TKYB became the first Bank to publish a Green Human Resources Policy, a first in the Turkish finance sector. As a result of the evaluation conducted by Sustainalytics, the Bank received the title of ‘ESG Industry Top Rated’ and ‘ESG Regional Top Rated’ in 2024, taking its place among the 75 banks that deserved these prestigious titles. The bank has positioned itself among the leading institutions in Türkiye with the 12,5 low risk score it received in the risk rating studies of Sustainalytics, which evaluated the Environmental, Social and Governance (ESG) headings, and has successfully ensured that our country is ranked at the top.

## Impact Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

*The manager shall monitor progress towards the achievement of the expected positive impact in the context of the results achieved for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investor. To the best extent possible, progress should outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When the monitoring indicates that the investment is no longer achieving its intended impacts, the Manager shall seek to take appropriate action. The Manager should also seek to use the results framework to capture investment results.*

Within the scope of the "Climate Finance" loan of 100 million euros and the grant agreement of 10 million euros signed with the German Development Bank (Kreditanstalt für Wiederaufbau - KfW), with the consultancy support received, studies were carried out to make the Bank's Environmental and Social Management and Monitoring System more innovative and in line with international practices. As a result of this process, which was completed by the end of 2024, all E&S processes (environmental social risk assessment tool, question sets, ESDD, monitoring report and management plan drafts) were reviewed and strengthened.

Environmental and social monitoring activities continue throughout the loan term. Monitoring frequency increases depending on the project's risk category, resource provider, loan type and relevant legislation. For example, if the scope of the project includes construction activities, the

monitoring frequency is carried out at a minimum of twice a year during the construction phase. When all environmental, social, climate, biodiversity and OHS management issues are evaluated, the frequency of monitoring activities is increased for investments deemed risky. In all cases, monitoring is carried out at least once a year throughout the operating / activity period throughout the loan term.

In accordance with the requirements of International Financial Institutions, periodic progress reports containing the Bank's Environmental and Social Assessment results are prepared and submitted to the International Financial Institutions.

Environmental and Social Due Diligence (ESDD) Reference Framework are checked and verified for compliance with:

- TKYB Environmental and Social Policy and Exclusion List, Procedure

for Environmental and Social Risk Assessment in the Credit Process,

- Applicable local, national and international environmental and social legislation and recognized conventions,
- Terms of E&S Policies, Procedure, Framework Document and standards of International Financial Institutions.

The Reference Framework, including but not limited to the following items:

- Conduct a comprehensive review of the project's E&S impacts and risks;

- Assessment of the Project's compliance with E&S regulatory requirements, IFC Performance Standards, and the International Financial Institutions' E&S policies and standards;
- Assessment of the client's capacity to fulfil E&S requirements under the project;
- Implementation of the Environmental and Social Action Plan;
- Review and monitor of changes and impacts on the initial plan for the operation.

As a result of its holistic approach in environmental, social and economic sustainability and its determined work in this field being recognized at the international level, the Bank was deemed worthy of the 'Most Sustainable Bank in Türkiye' award by the World Finance Banking Awards 2024. In this context, the Bank will continue its commitment to placing sustainability strategies at the center of its business model, reducing environmental impact, expanding social responsibility projects and developing sustainable financing practices.

Development Investment Bank uses the "Impact Reporting and Investment Standards (IRIS)" Catalog of Metrics, which is designed to measure the environmental, social and financial performance of an investment to determine impact KPIs.



The Bank has already reported the following IRIS metrics in this report:

- Value of Loans Disbursed (PI5476)
- Green Product/Service Type (PD5694)
- Greenhouse Gas Emissions Avoided (PI2764)
- Environmental Policies for Financial Services Clients (PD7932)
- Greenhouse Gas Emissions Avoided Due to Carbon Offsets Purchased (OI6774)
- Greenhouse Gas Emissions Scopes (OI5732)

## Impact Principle 7: Conduct exits considering the effect on sustained impact.

*When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.*

Almost all of the TKYB portfolio under the impact principles consists of direct investment loans, working capital loans and indirect APEX loans in the form of maturing/self-liquidating instruments without an exit decision. In addition, the maturity of the investment loans provided by the Bank is mostly 8-10 years, and in both investment and operating loans, it is ensured that the positive environmental and social impacts are maintained through

monitoring activities throughout the term of the loan. In this context, communication and cooperation with relevant stakeholders are maintained throughout the process. After the end of the loan terms, the Bank encourages its customers to maintain their positive environmental and social impacts. In this context, support is provided to build the capacity to maintain the impact and, if necessary, technical consultancy is provided.

## Impact Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

*The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.*

Impact results for thematic loans that are prepared by the Sustainability and Environmental Social Impact Management Department on an annual basis are subject to independent external audit. The impact performance indicators monitored include, but are not limited to, the installed capacity of the renewable energy projects financed, the share of TKYB in Türkiye's renewable energy capacity, the amount of financing provided for renewable energy, the amounts of emissions avoided by the renewable energy projects financed, the ratio of SDG-linked loans to the total portfolio, the amount of SDG-linked loans, the number of projects for which environmental and social risk assessments were conducted and their ratings. The results are presented to the Sustainability Committee chaired by the CEO, which meets two times a year. The Committee also includes an independent member of the Board of Directors. The Sustainability Committee Directive was updated in July

2024 due to the change of organization. As a result of the Committee's evaluations, actions are taken to improve the environmental, social and governance impact performance of the organization. The Committee convened twice in 2024 and made a total of 6 decisions. In addition, the Bank discloses its environmental, social and governance performance to the public annually through the Integrated Report, Disbursement and Impact Report, Carbon Disclosure Declaration (CDP), UNEP FI Responsible Banking Principles Impact Report and UNGC CoP (Communication of Progress) - UN Global Compact Progress Report. The Bank has also completed the CDP Reporting process for 2024 and has also committed to the Science Based Targets Initiative. Within this scope, SBTs have been developed and approval of the bank targets is awaited. The evaluation of the CDP reporting process for 2025 is ongoing and is expected to be announced in the first quarter of 2026.

## Impact Principle 9: Publicly disclose alignment with the impact principles and provide regular independent verification of the alignment.

*The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the impact principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.*

The independent limited assurance audit signifies that the Bank's impact management system has completed independent verification of its alignment with the Impact Principles and will be updated annually. In September 2022, the Bank published the first Disclosure Statement in line with Türkiye's Impact Principles and the report was verified by going through the independent audit process. The most recent Disclosure Statement document can be accessed at <https://kalkinma.com.tr/en/about-us/environmental-development/environmental-and-social-policies>

The most recent Verification Statement document can be accessed at <https://kalkinma.com.tr/assets/uploads/pdf/en/TKYB%20Impact%20Report%20-%20Assurance%20Statement%202024.pdf>

The disclosure for next year is planned to be published on September 1, 2026. In September 2022, TKYB issued its first Disclosure Statement aligned with the Impact Principles in Türkiye and the report has been audited under the International Assurance Engagement Standard (AES) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical

Financial Information, issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye (POA) and has undergone an independent limited assurance audit. Information on the current independent verifier is as follows:

EY Türkiye

Eski Büyükdere Cad. Orjin Maslak No:27,  
Maslak, Sarıyer, 34485 İstanbul, Türkiye

Qualifications: "EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities. EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). For more

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Most Recent Review:  
8 August 2025

The Date of The Next Planned Verification:  
1 September 2026

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