

UNEP FI Principles for Responsible Banking

Impact Report of Development and Investment Bank of Türkiye

31.10.2024



Reporting and Self-Assessment Requirements	High-level summary of Bank's response	Reference(s)/ Link(s) to Bank's full response/ relevant information
 <p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 <i>Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</i></p>	<p>Focusing on financing sustainable development in line with the United Nations Sustainable Development Goals and Türkiye's 2053 net-zero emission targets, the Development and Investment Bank of Turkey provides comprehensive support to investors with its strong resource structure, competent human resources and innovative products and services. The Bank's main objective is to contribute to the country's development within the framework of Türkiye's 12th Development Plan and to strengthen strategic sectors that will reduce imports and increase exports. In line with this objective, the Bank makes significant contributions to Türkiye's structural transformation and broad-based capital deployment by providing loans, capital support, partnership and advisory services to companies that add value to the national economy.</p> <p>The Bank's core function is to finance sustainable development. The Bank has established an important position in the business world and the banking sector with its reputable position on a national and international scale and the opportunities it provides. The Bank plays a leading role in helping companies access domestic and international funding sources through mergers and acquisitions, capital market products and financial advisory services. The activities and services provided by the Development and Investment Bank of Turkey are grouped under three main headings: Project Finance and Corporate Loans, Investment Banking and the Türkiye Development Fund.</p>	<p>2023 Integrated Report: Operations of the Development and Investment Bank of Türkiye Responsible Banking Effective Corporate Governance</p>

	<p>The Development and Investment Bank of Türkiye also offers expertise in technical advisory services, another long-established area of expertise. It goes beyond being a traditional lender and shares its technical knowledge and experience with its business partners during the investment process. In addition, the Bank strives to align its banking operations with sustainability by using investment banking products and capital market instruments in the service of sustainable development.</p> <p>The Development and Investment Bank of Türkiye contributes to economic development through wholesale banking (APEX Banking) to industrial and tourism investments and SMEs; to social development by providing resources for education and health investments; and to environmentally friendly development by providing resources for renewable energy investments and projects to increase energy/resource efficiency.</p>	
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>The Development and Investment Bank of Türkiye supports Türkiye's development with its "Bank Committed to Development" approach within the scope of Sustainable Development Goals (SDGs), Paris Climate Agreement, Türkiye's Development Plans (12th Development Plan), economic programs and development initiatives.</p> <p>The Development and Investment Bank of Türkiye aims to achieve certain strategic goals in the field of development banking and supports various projects in line with these goals. To realize the Sustainable Development Goals, the Bank focuses on issues such as the net-zero economy target, combating climate change, resource efficiency, developing smart and sustainable cities, gender equality and increasing employment opportunities. In this context, the Bank encourages and supports projects in these areas.</p>	<p>2023 Integrated Report: Our Strategic Approach to Sustainability Effective Stakeholder Engagement Effective Corporate Governance</p>

	<p>Within this framework, the Development and Investment Bank of Türkiye aims to both promote sustainable development and maintain responsible banking practices in line with the sustainability goals it has set. The Bank is a member of various international organizations and networks for environmental protection and combating climate change, which are among the main components of sustainable development and are material topics.</p> <p>In addition, as an inclusive and strategic financing institution, the Development and Investment Bank of Türkiye supports SMEs through APEX banking and provides financing for regional development, technological advancements, and climate change mitigation projects in line with Türkiye's development goals.</p> <p>In this way, the Bank will be able to support the goals of Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8) and Partnerships for the Goals (SDG 17), directly through Industry, Innovation, and Infrastructure (SDG 9) and Climate Action (SDG 13), and indirectly through Quality Education (SDG 4), Clean Water and Sanitation (SDG 6), No Poverty (SDG 1), Zero Hunger (SDG 2), Good Health and Well-being (SDG 3), Gender Equality (SDG 5), Responsible Production and Consumption (SDG 12), Decent Work and Economic Growth (SDG 8), Sustainable Cities and Communities (SDG 11) and Life on Land (SDG 15).</p>	
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Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:	The Development and Investment Bank of Türkiye continuously communicates	2023 Integrated Report:
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<p><i>Demonstrate</i> that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p>	<p>with its stakeholders through various channels, taking into account their priorities, needs and expectations, and aims to create value by taking into account their expectations of the Bank.</p> <p>In addition to the impacts arising from its own operations, the Bank has recognized the importance of measuring the impacts of the loans it finances. Accordingly, the Bank has conducted a materiality analysis with a double materiality perspective.</p> <p>Factors such as the Bank's strategy, the views of internal and external stakeholders, external environment analysis and the assessment of material topics form the basis of the materiality analysis. The materiality matrix, which is used as a component of the integrated report, is regularly updated by assessing domestic and international developments, publications, global trends, risks, and opportunities.</p> <p>The Bank has identified a total of 9 issues as material topics, ranked as first, second and third priorities. Considering the TKYB Materiality Matrix, 2 of these issues appear as the first priority: Ethical Behavior, Human Rights, and Anti-Corruption; and Climate Change and ESG-Focused Investments. These issues identify the areas with the most significant potential positive and negative impact.</p> <p>The Bank creates positive impacts in areas such as climate change, energy efficiency, resource efficiency, employment, technological development and digitalization through its communication with stakeholders, materiality analysis findings and the financing it provides in line with its strategic goals.</p> <p>The Development and Investment Bank of Türkiye complies with the United</p>	<p>Materiality Analysis and Material Topics</p> <p>Impact Management and Corporate Governance Performance</p>
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<ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>Nations Global Compact Communication on Progress and fulfills the requirements of the United Nations Environment Program Finance Initiative (UNEP-FI) Responsible Banking Principles, of which it became a founding signatory in 2019. Within this framework, our Bank reports the impacts it creates in detail in all aspects, both positive and negative, within the scope of UNEP-FI Responsible Banking Principles.</p> <p>In addition to all these strategic collaborations, the Bank became a signatory to the Impact Investing Working Principles in 2022, which include leading organizations such as the International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), American Overseas Private Investment Corporation (OPIC), Multilateral Investment Guarantee Agency (MIGA), Rock Creek, Inter-American Development Bank (IDB), Dutch Development Bank (FMO), and the German Investment Corporation (DEG).</p> <p>As one of the founding members of the Impact Investing Advisory Board (EYDK), our Bank has contributed to the development of an impact investing model in Türkiye and the creation of an effective impact investing ecosystem.</p> <p>The Development and Investment Bank of Türkiye's agreements with international financial institutions such as the World Bank, the Japan Bank for International Cooperation, the Asian Infrastructure Investment Bank and the China Development Bank to contribute to Türkiye's development process demonstrate that the Bank continuously evaluates strategic business opportunities related to enhancing positive impacts and mitigating negative impacts.</p>	
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We conducted a materiality analysis and identified our focus areas. We have started our work on impact analysis and will continue to develop it. In this context, we fulfill the requirements of Impact Analysis with our work.

<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analyzed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>Within the scope of its role in supporting sustainable development, the Development and Investment Bank of Türkiye attaches importance to inclusiveness in its global, sectoral and national activities; offers appropriate financing opportunities to companies and institutions operating in sectors with strategic priorities and innovative projects; and supports the financing of the fight against climate change.</p> <p>While supporting Türkiye’s sustainable development through its financing and consultancy services, the Bank also considers sustainability as a corporate responsibility and a goal in line with its responsible banking approach. With this approach, the Bank has integrated its sustainability strategy into all banking operations.</p> <p>The targets set by the Bank include:</p> <ul style="list-style-type: none"> - By 2025, increasing the amount of greenhouse gas emissions prevented to over 5 million metric tons of carbon dioxide, - By the end of 2021, reducing Scope 1 emissions by 10% in 2025 and 40% by 2040 compared to the base year 2020, - Making long-term loan agreements with international financial institutions to be used in priority sectors, - Providing support to industrial enterprises and SMEs in priority development sectors and increasing employment through the Technology and Innovation Fund, Regional Development Fund, TKYB Capital Fund, Development Participation Venture Capital Investment Fund (VCIF) and Innovative and Advanced Technologies Participation Venture Capital Investment Fund (VCIF) under the TDF, - Providing financing to investors for projects (hydroelectric, solar, wind, biomass and geothermal power plants, 	<p>2023 Integrated Report: Operations of the Development and Investment Bank of Türkiye</p>
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	<p>etc.) aimed at the efficient and proper utilization of renewable energy resources and bringing domestic energy resources into the economy, thereby increasing Türkiye's energy supply, reducing the use of fossil fuels and reducing external dependence on energy,</p> <ul style="list-style-type: none"> - Continuing to take measures against cyber threats that increase with digitalization, and ensuring the continuation of data security and cybersecurity investments, - Providing and utilizing thematic funds in line with the solution of social problems and regional needs, - Supporting the expansion of Türkiye's production potential and offsetting the impact of the Covid-19 pandemic on economic activity, - Supporting projects that will contribute to the development of the country through Investment Banking services, - Establishing standard criteria for internal promotions and transitions between positions and announcing them on the Bank's internal communication channels, - Repeating employee satisfaction surveys at regular intervals, - Preventing occupational risks, eliminating risk and accident factors and informing employees in the field of OHS, - Ensuring compliance with the OHS rules of subcontractor companies from which services are procured, - Being one of Türkiye's driving and leading institutions in the field of impact investing. 	
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Targets set in the Bank's focal areas are presented in the Integrated Report, and target-setting requirements are realized.

<p>2.3 Plans for Target Implementation and Monitoring</p>	<p><i>Demonstrate</i> the activities and milestones the Bank has identified to achieve the targets.</p>	<p>Each year, the Bank sets targets within the scope of the material topics it has identified. The Bank uses key performance indicators to monitor and manage its performance in these areas.</p> <p>The performance indicators listed below help the Bank monitor its status, impact, and assessment:</p> <ul style="list-style-type: none"> • Financing Provided by APEX Loans • Number of Companies Benefiting from CEB-SME Credit Program • Financing Provided to the Energy Sector • Number of Renewable Energy/Energy Efficiency Projects Financed • Amount of Energy Produced by Financed Renewable Energy / Energy Efficiency Projects • Amount of Funding from International Financial Institutions (by themes and organizations) • Utilization of Funds Received from International Financial Institutions • Installed Capacity of Financed Renewable Energy Projects and Amount of Greenhouse Gas Emissions Prevented by these projects • TKYB Share in Türkiye's Renewable Energy Capacity, • Amount and Ratio of SDG-Linked Loans to Total Portfolio <ul style="list-style-type: none"> • Number of Projects with Environmental and Social Risk Assessments and Scores <p>The Bank has calculated some of the impacts arising from its portfolio. This was done using the "Portfolio Impact Analysis Tool for Banks" published by UNEP-FI. The Bank aimed to calculate both positive and negative impacts from its portfolio.</p> <p>The "Portfolio Impact Analysis Tool for Banks" published by UNEP-FI was developed jointly by the Principles for Responsible Banking and UNEP-FI Member Banks and the Positive Impact Initiative. This tool aims to analyze the</p>	<p>2023 Integrated Report: Project Finance and Corporate Loans</p>	<p>Sustainable Financing Economic Performance Management</p>	<p>Energy and Emissions Management</p>
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	<p>impacts associated with the Bank's corporate banking portfolio.</p> <p>Through this tool, the Bank aims to identify the most significant areas of impact and assess its current level of performance based on the structure, content and geographical scope of its portfolio. This assessment will allow the Bank to set specific targets to increase positive impact and reduce negative impact where it matters most.</p> <p>The Bank's ultimate goal is to better understand its impact areas through this assessment and to set targets to increase positive impact and reduce negative impact. In this way, the Bank will be able to direct its activities to make a greater contribution to the sustainable development goals.</p>	
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Requirements regarding plans for the execution and monitoring of objectives are met by defining and monitoring Bank activities.

<p>2.4 Progress on Implementation of the Goals:</p> <p><u>For each target separately:</u></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><i>Or explain</i> why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>In 2023, strategies driven by this framework and principles helped reduce greenhouse gas emissions by 4.6 million metric tons of carbon dioxide equivalent annually. This is a significant achievement that demonstrates the Bank's commitment to sustainable development and environmentally friendly practices. To contribute to Türkiye's development process, the Bank signed a series of ESG themed loan agreements with international financial institutions such as the World Bank, Japan Bank for International Cooperation, Asian Infrastructure Investment Bank and China Development Bank.</p> <p>At the end of 2023, 93 percent of the Bank's portfolio consisted of sustainability themed loans. These loans contribute directly and indirectly to 15 of the United Nations Sustainable Development Goals.</p>	<p>2023 Integrated Report: Impact Management and Corporate Governance Performance</p>
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	<p>In 2023, the Bank joined the Impact Management Code of Conduct program, which comprehensively defines a process to help organizations make measurable positive social and environmental impacts as well as financial gains. The Impact Principles consist of Strategic Intent, Structure, Portfolio Management, Exit Strategy and Independent Verification. By adopting these principles and aiming to manage project finance and Türkiye Development Fund activities through an "impact lens", the Development and Investment Bank has reinforced its pioneering role in this area. In September 2022, the Bank confirmed this leadership by publishing Türkiye's first Impact Report in line with the Impact Principles. The Bank obtained ISO 27001 Information Security Management System certification, which was targeted in the 2021 report.</p> <p>In the financial project carried out within the framework of the protocol signed between the COMCEC Coordination Office and the Bank, 7 trade, 4 agriculture, 4 transportation, 4 tourism, 3 poverty reduction, and 1 financial cooperation projects will be financed in the implementation period of 2023, out of a total of 23 projects with 12 countries (Türkiye, Senegal, Gambia, Benin, Nigeria, Uganda, Mali, Bangladesh, Suriname, Morocco, Malaysia, Palestine) and 2 OIC institutions (SESRIC, SMIIC). 2 of them were canceled; contracts were signed with 21 project owners and 19 projects were completed. The payments of 2 projects, for which financial reporting and payment processes are ongoing, are expected to be completed in 2024.</p>	
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With this report, the Bank's 2023 performance was shared with all stakeholders and progress requirements for goal setting were fulfilled.



Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

<p>3.1 Introduce the Bank's current or planned policies and practices to develop responsible relationships with its customers.</p> <p>It should contain comprehensive information on implemented (or planned) programs and activities, their scale and, where possible, their results.</p>	<p>The Bank aims to maintain an environmentally sensitive approach and to select and guide its customers in this direction. To this end, the Bank conducts environmental and social risk assessments as part of routine decision-making processes in all credit applications and analyzes the risks of both customers and projects separately.</p> <p>The Development and Investment Bank of Türkiye uses mechanisms such as a suggestion and complaint hotline, whistleblowing hotline and ethics hotline to ensure that unethical practices encountered by its customers are directly communicated to those responsible.</p> <p>Customers can submit their suggestions and complaints to the Bank anonymously. These complaints and messages are responded to within the legal period or within 30 days at the latest if no legal period is specified.</p> <p>The Development and Investment Bank of Türkiye attaches great importance to customer information security in accordance with the Banking Code of Ethics published by the Banks Association of Türkiye and the principles of responsible banking.</p> <p>The Bank carries out periodic and ad-hoc restrictive, monitoring and preventive activities through the Information Security Unit, which operates under the leadership of the General Manager, who is also the Chair of the Information Security Committee. In addition, the Bank enhances customer information security with new technologies integrated into its IT infrastructure during the digital transformation process.</p>	<p>2023 Integrated Report: Customer Satisfaction Our Sustainability Governance Ethics and Compliance Digital Transformation and Innovation</p>
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<p>3.2 Explain how the Bank works with and/or is plans to work with its clients to promote sustainable practices and enable sustainable economic practices.</p> <p>This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>The Development and Investment Bank of Türkiye adopts “Role in Supporting Sustainable Development” as a strategic priority issue. The Bank published its “Climate Change Mitigation and Adaptation Policy” in 2020. Within the scope of the policy, the Bank aims to play a supportive and transformative role in combating climate change, the transition to a net-zero economy, and energy efficiency through its extensive work on impact investing, while managing its direct impacts. In this context, the Bank has identified increasing Türkiye’s clean energy potential and providing resources for renewable energy projects as strategic priorities.</p> <p>The Development and Investment Bank of Türkiye contributes to environmentally friendly development by supporting renewable energy investments and projects that increase energy/resource efficiency. The Bank aims to bring domestic energy resources into the economy in renewable energy projects such as hydroelectric, solar, wind, biomass and geothermal power plants and responds to the financing needs of investors.</p> <p>The Bank also enters into loan agreements with international financing institutions to finance energy and resource efficiency projects. In the private sector, the Bank provides merger and acquisition advisory services to companies operating in the energy, chemicals, automotive, packaging, retail and technology sectors.</p> <p>The Development and Investment Bank of Türkiye stands out with the significant financial support it has provided to various sectors of Türkiye over the last 19 years. The Bank has contributed to the national economy with USD 5.7 billion in financing from international funds in many areas such as industry, renewable energy, energy and resource</p>	<p>2023 Integrated Report: Effective Stakeholder Engagement</p> <p>Customer Satisfaction</p> <p>Stakeholder Capitalism and Transparency</p> <p>Net-Zero Economy</p> <p>Natural Capital</p>
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	<p>efficiency, circular economy, education, health, wholesale banking, urban infrastructure and tourism.</p> <p>In 2024, TKYB's sustainability-themed loan portfolio accounted for 79% of the total portfolio, which increased to 93% by the end of 2023. This development demonstrates the importance the Bank attaches to sustainable investments and its commitment in this area. In 2023, TKYB directly or indirectly contributed to 15 of the 17 sustainable development goals by providing loans linked to sustainable development goals totaling USD 2.6 billion. In addition, the Bank financed 6% of Türkiye's renewable energy projects and supported the reduction of 4.6 million metric tons of CO2 emissions. The Development and Investment Bank of Türkiye has assumed a leadership role in this transformation process and has increased its efforts to expand its green finance portfolio and integrate sustainability principles into its operations by following global and sectoral developments. The Bank is a pioneer in supporting Türkiye's vision of achieving net zero emissions by 2053 and is implementing various strategic financing projects in this direction. It is also committed to achieving net zero emissions by 2050. TKYB's portfolio consists of 83% investment loans, 7% operating loans and 10% APEX loans. In addition, 58% of the portfolio covers renewable energy and energy efficiency projects.</p>	
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Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

<p>4.1 Explain which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts.</p>	<p>The Development and Investment Bank of Türkiye acts with an integrated perspective within the scope of its sustainability strategy. In line with its sustainability strategy, the Bank attaches great importance to receiving stakeholders' opinions on material issues.</p>	<p>2023 Integrated Report: Effective Stakeholder Engagement</p>
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<p>This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>The Development and Investment Bank of Türkiye communicates with its stakeholders at regular intervals. Through this communication, the Bank focuses on stakeholders' material topics and listens to their views on business conduct. At the same time, the Bank understands stakeholders' expectations, creates value by accounting for their expectations, and improves its activities and practices to meet these expectations.</p> <p>Stakeholder groups include employees, international financial institutions, investors, customers, public institutions, non-governmental organizations, suppliers and auditors. The expectations of each stakeholder group are different and therefore the channels and nature of communication also differ. Detailed information can be found in the stakeholder engagement table.</p>	
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Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

<p>5.1 <i>Describe the Bank's relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the principles.</i></p>	<p>Under the leadership of the Sustainability Committee, the Development and Investment Bank of Türkiye continues the necessary efforts to develop and integrate sustainability strategy and policies into all activities. In order to strengthen the Bank's sustainability management structure, which addresses economic, social and environmental issues with a holistic approach:</p> <p>In addition to the 2020 Environmental and Social Policy and the measures taken to manage direct environmental and social risks arising from its operational activities, the Bank also evaluates indirect risks arising from its lending activities. In 2021, the Bank switched to the Integrated Management System and abolished the Environmental Management Committee and assigned quality, environment and OHS issues to the responsibility of the entire Bank. The Bank established the Sustainability and Environmental Social Impact Management Unit in order to gather the activities carried out under different units in the fields of sustainability and environmental social risk management under a centralized business model and to carry out them in a more focused and efficient manner.</p> <p>The Sustainability and Environmental Social Impact Management Unit prepared Environmental and Social Risk Assessment Reports for hundreds of projects through the team involved in all lending processes of the Bank.</p> <p>As it enters 2023, TKYB has maintained its commitment to the Environmental and Social Policy published in 2020 and has adapted to a broader vision with its</p>	<p>2023 Integrated Report: Our Policies and Principles</p>
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	<p>updates. In 2023, the Development and Investment Bank of Türkiye adheres to its Environmental and Social Policy and does not finance investments that may have unacceptable impacts on the environment and society.</p> <p>The Bank also assesses indirect risks that may arise within the scope of its lending activities. The Bank conducts environmental and social risk assessments as part of routine decision-making processes in all credit applications. These assessments are made to analyze the risks of customers and projects separately. In 2020, the Bank published the "Environmental and Social Risk Assessment Procedure in the Lending Process" to formalize these environmental and social assessments into policies.</p> <p>In addition, the Bank monitors greenhouse gas emissions arising from the Bank's operations and sets targets for their reduction in line with its Climate Change Mitigation and Adaptation Policy published in 2020.</p> <p>The Bank's annual performance regarding verified greenhouse gas emissions is voluntarily reported to the CDP Climate Change Program.</p> <p>In order to improve the comprehensiveness of its management system, the Development and Investment Bank of Turkey obtained ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System, ISO 14001 Environmental Management System and, in 2022, additional ISO 27001 Information Security Management System and ISO 10002 Customer Satisfaction Quality Management System certifications. In addition, the company completed the transition to an integrated management system, extending the responsibility for the management of Sustainability Principles to the entire organization.</p>	
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<p>5.2 Explain the initiatives and measures that the Bank has already implemented or plans to implement to foster a culture of responsible banking among employees.</p> <p>This disclosure should include, <i>inter alia</i>, a comprehensive explanation of capacity building, compensation structure and performance management and leadership communication.</p>	<p>The Development and Investment Bank of Türkiye has established an Ethics Commission in accordance with the Regulation on the Principles of Ethical Behavior and Application Procedures and Principles for Public Officials. In accordance with the relevant regulation and the Bank's Human Resources Policy, the Bank's employees are obliged to act in accordance with the "Ethical Principles Agreement" and the "Banking Ethical Principles of the Banks Association of Türkiye."</p>	<p>2023 Integrated Report: Employee Development and Welfare Career and Performance Management Ethics and Compliance</p>
	<p>The Development and Investment Bank of Türkiye's Commitment document includes Ethical Principles, Compliance, Information Security, Data Security, and Confidentiality Information. In addition, the Bank has "Combating Laundering Proceeds of Crime and Financing of Terrorism" and "Conflict of Interest" policies. The Development and Investment Bank of Türkiye has established an Ethics Hotline to enable employees to report practices and misconduct contrary to the Code of Ethical Conduct to senior management.</p>	
	<p>In line with its values, the Development and Investment Bank of Türkiye has defined managerial, core and functional competencies for managerial positions and core and functional competencies for other positions. The Bank conducts its human resources processes in a completely merit-oriented manner. Employee performance is evaluated based on competencies, targets, and their achievement. Employee evaluations are carried out by two managers of the employee and submitted to the approval of the employee to ensure that the process is objective. Managers hold feedback meetings with the employees they evaluate.</p> <p>Employee remuneration is determined in accordance with the Remuneration Policy approved by the Board of</p>	

	<p>Directors and in line with the Performance Management System. It is the responsibility of the Remuneration Committee and the Human Resources Department authorized by the Committee to review and duly execute the remuneration policies.</p> <p>The remuneration policy of the Development and Investment Bank of Türkiye is based on the principles of "equal pay for equal work" and "remuneration based on performance". The Development and Investment Bank of Türkiye organizes training programs to further improve the quality of its workforce and to support the personal development of its employees.</p> <p>In 2023, 421 employees received training, and a total of 16,892 hours were spent for this training.</p> <p>TKYB has adopted a comprehensive training strategy within the framework of the Training Management Procedure to support the individual and professional development of its employees. This procedure supports organizational development in line with the Bank's goals and policies and aims to create a culture of continuous learning that encompasses all employees. This procedure covers processes such as determining the principles and methods of training activities, identifying training needs, planning, conducting and evaluating training, and keeping training records.</p> <p>As of 2023, the Bank's training programs are presented in various categories aimed at improving the knowledge and skills of employees. In this context, comprehensive training programs were organized in areas such as environmental management, OHS, ethics, technical and personal development, and anticorruption. In 2023, training programs were organized under 290 different topics and the</p>	
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	<p>average training hours per person was 53.3 hours. Most of the training programs were offered in online and classroom formats. Mandatory trainings were made accessible and completed for all employees through the online training platform. In addition, memberships to various online training platforms with high international recognition were obtained and customized trainings were offered according to the needs of the units.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Demonstrate that the Bank has a governance structure for the application of the Principles of Responsible Banking</p> <p>These activities should also include the following topics:</p> <ul style="list-style-type: none"> a) Setting goals and carrying out activities to achieve the set goals b) Carrying out corrective actions in case the targets or important steps are not achieved or an unexpected negative impact is detected. 	<p>Operating in line with its role in supporting sustainable development and responsible banking approach, the Development and Investment Bank of Türkiye adopts a comprehensive and participatory management approach and focuses on creating value for all its stakeholders.</p> <p>Established in 2021, the Sustainability Committee continues to develop the Bank's sustainability strategy and policies in 2023 and works to integrate them into all activities. In this context, the Sustainability Working Group convened twice in 2023.</p> <p>The Bank manages the environmental impacts of its operations through the Environmental Management System. In 2023, the Bank completed the transition to the Integrated Management System and adopted the environmental management policy as a responsibility for all Bank units, thus strengthening corporate awareness, monitoring and audit capacity.</p> <p>The Development and Investment Bank of Türkiye sets internal policies at the Board level to develop sound practices for the core principles of corporate governance such as fairness, transparency, accountability and security. The Bank manages responsible banking principles through the Ethics Commission.</p>	<p>2023 Integrated Report: Our Sustainability Governance Effective Corporate Governance</p>

The Bank fulfills the requirements of the governance structure for the implementation of the Principles through its existing governance structure and the measures taken to strengthen and make it more effective.



Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

<h4>6.1 Progress on Implementing the Principles</h4>	<p>In addition to setting and implementing targets in at least two areas, show how the Bank has made progress in implementing the six Principles in the last 12 months (up to 18 months at first report after signing). (See 2.1-2.4).</p>	<p>Türkiye Kalkınma ve Yatırım Bankası A.Ş. 2023 Integrated Report is the fourth Integrated Report published by the Bank. The 2023 Integrated Report has been prepared in accordance with GRI Standards and is based on the International Integrated Reporting Framework supported by the Value Reporting Foundation.</p>	<p>2023 Integrated Report: About the Report Our Strategic Approach to Sustainability</p>
	<p>Demonstrate that the Bank takes into account current and emerging international/ regional good practices regarding the implementation of the six Principles of Responsible Banking. Based on this, it has defined priorities and targets to align with good practice.</p>	<p>In September 2022, the Bank published its first Impact Report in line with Türkiye's Impact Principles, transparently sharing the Bank's commitments and approach to managing and enhancing its environmental and social impact.</p>	
	<p>Demonstrate that the Bank is making changes/working on its current practices and making progress in implementing these Principles to reflect and align current and emerging international/regional good practices.</p>		

	<p>energy (thousand TL) and annual tCO2 emissions prevented by financed renewable energy projects for 2023. These data have been subject to independent limited audit.</p> <p>The report also demonstrates the Bank's commitment to the UNEP - FI Principles for Responsible Banking. The Bank advocates for responsible banking principles as a member and participant in many international organizations. This enables the Bank to collaborate in monitoring and implementing existing and emerging best practices.</p> <p>The Bank determines its strategic goals and material topics of focus in line with the United Nations Sustainable Development Goals.</p> <p>The Bank contributes directly and indirectly to 15 of the 17 SDGs, including SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation, and Infrastructure, SDG 13: Climate Action, and SDG 17: Partnership for the Goals.</p>	
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The Development Investment Bank fulfills the requirements for progress in the implementation of the Principles of Responsible Banking.