

UNEP FI Principles for Responsible Banking

Impact Report of Development and Investment Bank of Türkiye

24.07.2025



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 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.</p>	<p>In line with the United Nations Sustainable Development Goals and Türkiye's 2053 net-zero emissions target, Türkiye Development and Investment Bank (TKYB) offers comprehensive support to investors through its strong financial structure, highly qualified human resources, and innovative product and service portfolio. The Bank's core objective is to contribute to the development of the national economy under the 12th Development Plan by strengthening strategic sectors that reduce imports and boost exports. To achieve this, the Bank provides loans, equity support, partnership opportunities, and consultancy services to value-adding companies, thereby contributing significantly to Türkiye's structural transformation and the democratization of capital.</p> <p>The Bank's primary mission is to finance sustainable development. Through its reputable national and international presence and the opportunities it offers, TKYB has become a key actor in both the business world and the banking sector. By offering merger and acquisition services, capital market products, and financial advisory, it plays a pioneering role in enabling firms to access both domestic and international funding sources.</p> <p>TKYB's operations and services are structured around three main pillars: Project Finance and Corporate Loans, Investment Banking, and the Türkiye Development Fund. In addition, the Bank goes beyond the role of a traditional lender by leveraging its extensive</p>
		<p>2024 Integrated Report: Overview of the Development and Investment Bank of Türkiye</p> <p>Operations of Development and Investment Bank of Türkiye</p> <p>About TKYB</p> <p>Areas of Activity</p> <p>Impacts on Strategy and Business Model</p>

	<p>experience in technical consultancy, sharing its technical know-how and expertise with business partners throughout the investment process. It also integrates investment banking products and capital market instruments with sustainable development goals, aligning its banking operations with sustainability principles.</p> <p>The Bank supports industrial and tourism investments and contributes to SMEs through APEX banking. It also promotes social development by financing projects in education and healthcare, while advancing environmental sustainability through its support for renewable energy and energy efficiency projects.</p> <p>Furthermore, through collaborations with international development institutions, the Bank supports projects focused on green finance and low-carbon technologies. TKYB not only provides direct lending but also channels international financial resources into Türkiye's sustainability-focused projects. In particular, climate finance agreements developed with institutions such as the World Bank, KfW, AFD, and the OPEC Fund support the advancement of low-carbon production infrastructure.</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>Türkiye Development and Investment Bank (TKYB) has undergone a comprehensive transformation to align its strategic direction with the Sustainable Development Goals (SDGs), the Paris Agreement, and national development priorities. In this context, the Bank's business model, investment priorities, and risk management approaches have been fully integrated with these global and national objectives.</p> <p>As of 2024:</p> <p>SDG Alignment: The Bank maps all financed projects to relevant SDGs and</p>	<p>2024 Integrated Report: Effective Stakeholder Engagement Effective Corporate Governance TKYB Value Creation Model</p>

	<p>reports its annual portfolio analysis based on SDG contribution categories. Investments aligned with Goal 7 (Affordable and Clean Energy), Goal 9 (Industry, Innovation and Infrastructure), and Goal 13 (Climate Action) are particularly prioritized.</p> <p>Paris Agreement Alignment: TKYB is aligning its operations with the 1.5°C target, aiming to reduce Scope 1 and 2 emissions by 40% by 2030 compared to the 2023 baseline. Emission reduction plans are supported by a shift toward low-carbon technologies and the use of thematic financial instruments such as green bonds and sustainable sukuk.</p> <p>Alignment with National and Regional Frameworks: The Bank updates its strategic objectives in line with Türkiye's Nationally Determined Contributions (NDC), the Twelfth Development Plan, and the Green Deal Action Plan. In 2024, financing volumes were significantly increased in areas such as renewable energy, energy efficiency, incorporation of climate risks into the financial system, and circular economy investments.</p> <p>In addition, TKYB monitors its contribution to sustainable development quantitatively through the integration of the UNEP FI Portfolio Impact Analysis Tool and ESG risk assessment systems. Implementation of strategic goals is overseen through robust governance structures.</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.

<p>2.1 Impact Analysis:</p> <p>Demonstrate that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an</p>	<p>In line with its sustainable development objectives, Türkiye Development and Investment Bank (TKYB) maintains regular communication with its stakeholders through various channels and shapes its strategic direction by taking into account their priorities,</p>	<p>2024 Integrated Report: Materiality Analysis and Material Topics Geographic, Sectoral, and</p>
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<p>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> <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 	<p>expectations, and needs. Accordingly, the Bank conducts comprehensive analyses of the social, environmental, and economic impacts arising both from its own operations and from the projects it finances. In 2024, the Bank updated its materiality analysis, which informs its sustainability strategy. This analysis was conducted based on internal and external stakeholder input, national and international developments, sector-specific risks and opportunities, and the impacts of the Bank's core activities. The resulting materiality matrix enabled the Bank to identify areas with the highest potential for impact in line with its national development, green transition, and social impact goals.</p> <p>Among the top-priority areas identified are:</p> <ul style="list-style-type: none"> Corporate Performance within the Framework of Sustainable Finance Climate Risks and Scenario Analysis Financial Stability and Risk Resilience Business Ethics and Anti-Corruption <p>These high-priority areas shape the Bank's strategic direction and represent the areas where its operations have the greatest potential for positive or negative impact. In particular, the Bank evaluates both direct and indirect impacts in the areas of sustainable finance, climate scenarios, resilient financial structures, and ethical governance.</p> <p>The Bank also continuously monitors and integrates the following priority topics into its strategic decision-making processes:</p> <ul style="list-style-type: none"> Customer Satisfaction Employee Engagement and Talent Management Biodiversity and Conservation of Natural Life Stakeholder Capitalism and Transparency Cybersecurity and Data Privacy 	<p>Asset-Based Concentration of Risks and Opportunities</p>
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<p>increase of positive impacts / reduction of negative impacts</p>	<p>These areas are especially relevant to the Bank's human resource management, customer relations, digitalization efforts, and environmental footprint.</p> <p>When defining the scope of impact areas, the Bank considered its three core business lines—development banking, investment banking, and the Türkiye Development Fund—as well as the industries they are associated with (e.g., energy, industry, agriculture, health, education) and projects conducted across all regions of Türkiye. In 2024, the Sustainability Committee utilized tools such as Social Return on Investment (SROI) analyses, environmental performance evaluations, and climate scenarios to identify priority impact areas and translate them into strategic opportunities.</p> <p>In alignment with the UNEP FI Principles for Responsible Banking and the United Nations Global Compact (UNGC), the Bank not only measures its impacts but also regularly reports on how it manages these impacts and transforms them into business opportunities.</p> <p>As a founding member of the Turkish Advisory Board on Impact Investing (EYDK) and a signatory to the 2022 Operating Principles for Impact Management, the Bank plays a leading role in building a robust impact investment ecosystem in Türkiye. Moreover, thematic financing agreements with institutions such as the World Bank, JBIC, AIIB, and CDB further demonstrate the Bank's strategic partnerships to enhance positive impacts and mitigate negative ones.</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>In line with its role in supporting sustainable development, Türkiye Development and Investment Bank</p>	<p>2024 Integrated Report:</p>
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<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>(TKYB) sets measurable and time-bound targets aligned with societal priorities, both through its own operations and the products and services it provides.</p> <p>These targets are directly linked to the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and Türkiye’s 2053 net-zero emissions target. As of 2024, the Bank has published the following SMART targets in its key impact areas of climate action, low-carbon development, financial resilience, and social inclusion:</p> <p>Target 1: Reduction of Direct (Scope 1) Emissions Target: Reduce Scope 1 emissions to 186.63 tCO₂e by 2030, using 2023 as the baseline year. Baseline Year: 2023 Target Year: 2030 Linked SDG: SDG 13 – Climate Action</p> <p>Alignment with the Paris Agreement: This is an absolute emission reduction target contributing to the transition to a net-zero economy.</p> <p>Potential Negative Impact and Mitigation Measures: While emission reduction is targeted in financed projects, it may pose financial challenges that could constrain production. To mitigate social impacts, the Bank provides transition finance, technology support, and advisory services to ensure a just and balanced transformation.</p> <p>Target 2: Increasing Finance for Energy Efficiency Investments Target: Ensure a year-over-year increase in the total financing provided for energy efficiency investments, compared to 2024. Baseline Year: 2024 Target Year: 2030 (progress is monitored annually)</p>	<p>Direct Mitigation and Adaptation Efforts</p> <p>Financialization of Risks and Opportunities</p> <p>Impact Management and International Alignment</p> <p>ESG-Focused Investments and Financing</p> <p>Metrics and Targets</p>
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	<p>Linked SDGs: SDG 7 – Affordable and Clean Energy, SDG 12 – Responsible Consumption and Production</p> <p>Alignment with the Paris Agreement: Aims to reduce greenhouse gas emissions by financing energy-efficient systems.</p> <p>Potential Negative Impact and Mitigation Measures: While large-scale transformation projects may improve energy efficiency, smaller enterprises may struggle with investment costs. To address this, the Bank offers low-interest loan options and technical advisory services for SMEs, reducing the risk of social inequality.</p>	
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Targets set in the Bank's focal areas are presented in the Integrated Report, and target-setting requirements are realized.

2.3 Plans for Target Implementation and Monitoring <i>Demonstrate the activities and milestones the Bank has identified to achieve the targets.</i> <i>Demonstrate that the Bank has established methods to measure and monitor the targets. The definitions of KPIs, any changes to these definitions, and any new adjustments to the target base year should be transparent.</i>	<p>Türkiye Development and Investment Bank (TKYB) has established concrete action plans and measurable milestones to achieve its defined sustainability targets. To ensure the targets are both actionable and trackable, the Bank has developed a monitoring infrastructure based on performance indicators. Key activities identified for the implementation of these targets include:</p> <ul style="list-style-type: none"> • Increasing the issuance of sustainable-themed bonds and sukuk, • Providing financing for renewable energy and energy efficiency investments, • Raising the proportion of women employees above 30%, • Implementing biodiversity management plans, • Increasing the share of projects with grievance mechanisms and stakeholder engagement plans, • Expanding the number of ESG training hours, 	<p>2024 Integrated Report:</p> <p>Corporate Governance Performance</p> <p>Sustainability Policies and Commitments</p> <p>Impact Management and International Alignment</p> <p>Energy and Emissions Management</p> <p>Waste Management</p> <p>Diversity and Inclusion</p> <p>Safe and Healthy Work Environment</p> <p>Stakeholder Capitalism and Transparency</p> <p>Metrics and Targets</p>
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	<ul style="list-style-type: none"> Continuously improving OHS indicators with a “zero fatalities” objective. <p>Key Performance Indicators (KPIs): The performance indicators developed to monitor TKYB’s targets are updated annually and reported transparently. They include:</p> <ul style="list-style-type: none"> Scope 1, 2, and 3 emissions (base year: 2023) ESG training hours per employee (≥ 1.5 hours) Female employee ratio ($\geq 30\%$) Share of project sites with biodiversity plans Ratio of loans subjected to sustainability risk assessment Amount of financing provided for energy investments Loan portfolio distribution according to DAC classification (target: DAC 1 $\geq 50\%$) <p>Monitoring Methods and Transparency:</p> <ul style="list-style-type: none"> To ensure the implementability of its targets: KPI definitions are revised annually, Baseline years (e.g., 2023, 2024) are updated as needed, <p>Comparisons between targets and actual performance are published in tabular form. Through this structure, TKYB quantitatively measures its contribution to sustainable development goals and adopts a continuous improvement-oriented management approach by gaining deeper insight into its impacts.</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 why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p> <p><i>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)</i></p>	<p>Scope 1 Emissions (Direct):</p> <p>The target is to reduce direct emissions to 186.63 tCO₂e by 2030, based on the 2023 baseline. As of 2024, an 8% reduction in Scope 1 emissions has been achieved. This progress is attributed to energy efficiency-enhancing practices and operational improvements aimed at reducing the carbon footprint.</p> <p>Scope 2 Emissions (Electricity-related):</p> <p>The target is to reduce electricity-related emissions to 201.5 tCO₂e by 2030. By 2024, an 8% reduction has been recorded. This improvement stems from reduced electricity consumption and a shift toward lower carbon intensity energy sources.</p> <p>Scope 3 Emissions – Category 15 (Investments): A methodology was developed from scratch to measure indirect emissions from investments. The first comprehensive measurement studies were completed in 2024.</p> <p>Share of Projects with Biodiversity Management Plans (BMP): The goal is to increase the implementation of BMPs in projects located in critical habitats. In 2024, a systematic evaluation process was established, and implementation levels began to be tracked annually.</p> <p>Occupational Health and Safety (OHS) Performance Indicators: The target is zero fatalities and a reduction in accident frequency. OHS metrics are analyzed annually, and preventive action plans are developed to address identified risks.</p> <p>Average ESG Training Hours per Employee: A minimum of 1.5 hours of annual ESG training per employee is targeted. Awareness modules have been expanded internally, and training plans have been diversified based on department-specific needs.</p>	<p>2024 Integrated Report:</p> <p>Energy and Emissions Management</p> <p>Waste Management</p> <p>Safe and Healthy Work Environment</p> <p>Diversity and Inclusion</p> <p>Employee Development and Well-being</p> <p>Stakeholder Capitalism and Transparency</p> <p>Impact Management and International Alignment</p> <p>Investment and Financing Activities</p> <p>Inclusive Growth and Financial Performance</p> <p>Metrics and Targets</p>
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	<p>Women Employee Ratio: The target is to raise the proportion of women employees above 30%. As of 2024, this metric is being tracked under equal opportunity policies, and gender equality is considered in recruitment and promotion processes.</p> <p>Share of Loans Subject to Sustainability Risk Assessment: A system has been established to ensure that environmental and social risks are evaluated in all credit allocations.</p> <p>Share of Projects with Grievance Mechanisms and Stakeholder Engagement Plans: As of 2024, these mechanisms are implemented in all relevant projects.</p> <p>Share of ESG Investments in Total Portfolio: An “increasing trend” has been set as the target for this indicator. The Bank analyzes the share of sustainability-themed investments in its annual portfolio and aims to align its investment strategy accordingly. Data collection efforts based on thematic investment analysis continued throughout 2024.</p> <p>Issuance of Sustainability-Themed Bonds / Sukuk: The Bank aims to increase the issuance of sustainability-themed bonds and sukuk. Market conditions are closely monitored, and thematic issuance planning is reviewed annually. This target holds strategic importance for diversifying sustainable finance instruments.</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.



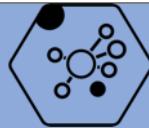
Principle 3: Clients and Customers

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 <i>Introduce the Bank's current or planned policies and practices to develop responsible relationships with its customers.</i></p> <p>It should contain comprehensive information on implemented (or planned) programs and activities, their scale and, where possible, their results.</p>	<p>Adoption of Impact Management Principles: As of 2024, the Bank has implemented the Operating Principles for Impact Management. Within this framework, an impact-oriented client relationship model has been adopted, covering key phases such as strategic intent, structuring, portfolio management, exit strategy, and independent verification. Project finance operations and Türkiye Development Fund applications are now managed through an "impact lens" approach.</p> <p>Sustainability-Themed Credit Portfolio: By the end of 2024, 96% of the Bank's portfolio consisted of sustainability-themed loans. These loans contribute—either directly or indirectly—to 15 of the United Nations Sustainable Development Goals (SDGs). Financial support provided to clients is structured not only around economic return but also environmental and social impact considerations.</p> <p>International Partnerships and Thematic Credit Programs: The Bank has signed sustainable development-focused loan agreements with international institutions such as the World Bank, Japan International Cooperation Agency (JICA), Asian Infrastructure Investment Bank (AIIB), and China Development Bank (CDB). These collaborations support clients through both financial resources and institutional capacitybuilding mechanisms.</p> <p>ESG Risk Assessment Process:</p>	<p>2024 Integrated Report: Customer Satisfaction</p> <p>Strong Value Chain Management</p> <p>Investment and Financing Activities</p>
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	<p>The Bank applies an Environmental, Social, and Governance (ESG) screening system throughout its credit allocation process. This enables a detailed assessment of sustainability risks associated with borrowers, and action plans are developed where necessary to mitigate identified risks.</p> <p>Grievance Mechanism and Stakeholder Engagement Plan: In 2024, a systematic monitoring structure for grievance mechanisms is being implemented, allowing client feedback and complaints to be handled in a transparent and accountable manner. At the project level, stakeholder engagement plans are integrated with social impact assessments.</p> <p>Information Security and Customer Data Management: The Bank has obtained ISO 27001 (Information Security Management System) and ISO 27701 (Privacy Information Management System) certifications, ensuring that customer data is securely processed and stored in compliance with global data privacy standards.</p>	
<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>Türkiye Development and Investment Bank (TKYB) considers close collaboration with its clients a strategic priority in achieving sustainable development goals. To this end, the Bank implements various initiatives and plans new projects to promote sustainable economic activities by offering both financing instruments and advisory services.</p> <p>Sustainability-Themed Credit Portfolio and Impact Management Approach: As of the end of 2024, 96% of the Bank's total loan portfolio consists of sustainability-themed loans. Through this portfolio, the Bank has contributed—directly or indirectly—to 15 of the 17 Sustainable Development Goals (SDGs). The principles of impact management are applied throughout credit evaluation</p>	<p>2024 Integrated Report: Effective Stakeholder Communication Stakeholder Capitalism and Transparency Impact Management and International Alignment</p>

	<p>processes, and each client's environmental, social, and economic impacts are considered in structuring decisions.</p> <p>Financing of Renewable Energy and Energy Efficiency Projects: To support Türkiye's net-zero targets, TKYB has financed 7% of the country's renewable energy projects, playing a transformative role in the sector. The Bank's lending to hydro, solar, wind, biomass, and geothermal projects has contributed to the avoidance of 4.2 million tons of CO₂ emissions. As of 2024, 68% of the total loan portfolio is allocated to renewable energy and energy efficiency projects.</p> <p>Sustainable Financing Through International Partnerships: Through agreements with international financial institutions such as the World Bank, JICA, AIIB, and the China Development Bank, TKYB offers sustainability-linked credit products to its clients. Collaborations with institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) further support the green transition of businesses in Türkiye.</p> <p>Capacity Building and Advisory Support: To support clients in transitioning to sustainable business models, the Bank provides advisory services, access-to-sustainable-finance training programs, and project development assistance. Additionally, internal and external training sessions are planned to enhance technical capacity in sustainability.</p> <p>Strategic Alignment and Contribution to Net-Zero Goals: TKYB has committed to achieving net-zero emissions by 2050 and prioritizes investments that reduce the carbon footprint of its portfolio in line with this goal.</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>This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>In alignment with the Impact Management Principles, Türkiye Development and Investment Bank (TKYB) places its stakeholders at the core of its value creation process throughout its journey toward achieving sustainable development goals. To maximize the social, environmental, and economic impact of its activities, the Bank has established a regular, systematic, and multi-channel engagement mechanism with various stakeholder groups.</p> <p>Stakeholder Identification and Prioritization TKYB identifies and prioritizes stakeholders based on the degree to which they affect or are affected by the Bank's activities. Stakeholders are grouped in alignment with strategic priorities and include employees, clients, investors, international financial institutions, public authorities, non-governmental organizations (NGOs), regulatory and supervisory bodies, academia, and suppliers.</p> <p>Consultation and Participation Processes The Bank manages its stakeholder relationships based on the principles of transparency, mutual value creation, and continuous dialogue. Within the scope of activities conducted in 2024:</p> <ul style="list-style-type: none"> Feedback was collected from clients regarding sustainable credit criteria, ESG assessments, and grievance mechanisms. Sustainable finance agreements were signed, and technical support projects were implemented in collaboration with international financial institutions (e.g., AIIB, EBRD, JICA). Joint efforts were carried out with public institutions (e.g., Ministry of Treasury and Finance, Ministry of 	<p>2024 Integrated Report: Effective Stakeholder Communication</p> <p>Impact Management and International Alignment</p>
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	<p>Environment, Urbanization and Climate Change) on sustainable development financing models.</p> <ul style="list-style-type: none"> Information exchange was conducted with NGOs on topics such as reducing environmental and social risks, promoting gender equality, and enhancing transparency. Engagement with employees was facilitated through internal communication platforms, surveys, and training activities, with employee expectations integrated into performance evaluation processes. <p>Partnerships and Participatory Platforms To ensure alignment with the Impact Management Principles, the Bank incorporates stakeholder input into external assurance processes and the preparation of its Impact Report. It also participates in multistakeholder platforms such as the Türkiye Sustainable Finance Forum, CORE Days, and the Sustainable Banking Summit to foster collective knowledge generation. Within the scope of the COMCEC cooperation protocol, a multilateral collaboration model has been adopted for international development projects.</p> <p>Outcomes and Impacts Achieved Through these engagement efforts, TKYB has:</p> <ul style="list-style-type: none"> Strengthened its credit structuring practices based on impact criteria, Enhanced its grievance mechanism and ESG screening systems in response to stakeholder feedback, Developed tools to monitor the carbon footprint of its portfolio and track positive social impacts. 	
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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>Governance Structure, Policies, and Procedures Türkiye Development and Investment Bank (TKYB) continuously strengthens its institutional governance framework to support investments that contribute to sustainable development and to effectively manage the social, environmental, and economic impacts of these investments.</p> <p>Governance Structure: Sustainability management at TKYB is overseen by the Sustainability Committee, which operates under the direct authority of senior management. The Committee ensures the implementation of the Bank's sustainability strategies, the monitoring of sustainability targets, and the coordination of policy updates. Dedicated working groups formed under the Committee—comprising representatives from various business units—focus on key areas such as impact management, environmental and social risk assessment, stakeholder engagement, and sustainable finance.</p> <p>Policies and Strategies: The Bank's operations are guided by a set of policy documents rooted in sustainability principles and objectives:</p> <ul style="list-style-type: none"> Environmental and Social Policy: Provides the framework for identifying, preventing, and mitigating direct and indirect environmental and social impacts across all operations. Climate Change Mitigation and Adaptation Policy: Sets targets for the measurement, monitoring, and reduction of greenhouse gas emissions arising from the Bank's activities, supporting its net-zero emissions vision. Environmental and Social Risk Assessment Procedure in Lending: 	<p>2024 Integrated Report: Sustainability and Risk Governance Structure</p> <p>Corporate Governance Performance</p> <p>Sustainability Committee</p> <p>Impact Management and International Alignment</p>
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	<p>Requires comprehensive ESG risk assessments to be conducted for all lending activities.</p> <p>Organizational Structure and Operational Procedures: Under the Integrated Management System implemented in 2021, quality, environmental, and occupational health and safety management processes have been made a shared responsibility across all Bank units. In addition, the Sustainability and Environmental Social Impact Management Unit was established and is responsible for preparing Environmental and Social Risk Assessment Reports for all credit evaluation processes. As of 2024, this unit has conducted impact analyses for 59 projects.</p> <p>Reporting, Performance Monitoring, and Continuous Improvement: The Bank's greenhouse gas emission data is externally verified annually and voluntarily reported under the CDP Climate Change Program. ESG assessments are fully integrated into the credit allocation processes, and as of 2024, the entire loan portfolio has undergone ESG screening. Performance indicators related to corporate sustainability targets are regularly monitored and updated (e.g., reduction in Scope 1 and 2 emissions, increase in the proportion of loans subjected to ESG assessment).</p> <p>Certifications and Alignment with International Standards: TKYB's Integrated Management System is aligned with the following international standards:</p> <ul style="list-style-type: none"> • ISO 9001 – Quality Management System • ISO 14001 – Environmental Management System • ISO 45001 – Occupational Health and Safety Management System • ISO 27001 – Information Security Management System 	
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	<ul style="list-style-type: none"> • ISO 27701 – Personal Data and Information Privacy Management System • ISO 10002 – Customer Satisfaction Management System <p>These certifications demonstrate the Bank's commitment to sustainability principles and its application of globally recognized corporate governance standards.</p>	
<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>Türkiye Development and Investment Bank (TKYB) considers the integration of responsible banking principles across the organization and the strengthening of this culture among employees as a strategic priority. In this context, the Bank has implemented comprehensive policies and practices covering areas such as ethical conduct, leadership development, and employee engagement.</p> <p>Ethical Culture and Compliance Management: TKYB operates an active Ethics Commission, and all employees are expected to comply with the Code of Ethics and the Banking Ethics Principles of the Banks Association of Türkiye. Every employee signs the "Code of Ethics, Compliance, Information Security, Data Privacy, and Confidentiality Statement," which is regularly updated. An Ethics Hotline has been established to allow employees to report unethical behavior directly to senior management. The Bank reinforces transparency and accountability through its "Anti-Money Laundering and Combating the Financing of Terrorism" and "Conflict of Interest" policies.</p> <p>Performance and Remuneration Structure: All human resources processes are based on merit, and employee performance is evaluated through a system built on competencies, objectives, and outcomes. Performance</p>	<p>2024 Integrated Report: Employee Development and Well-being Safe and Healthy Work Environment Compensation Bank Employees Internal Audit Environmental and Social Risk Management</p>

	<p>evaluations are conducted by two managers, with transparent feedback provided to the employee. The remuneration policy is based on “equal pay for equal work” and “performance-based compensation.”</p> <p>The Remuneration Committee and Human Resources Department are responsible for updating and auditing the compensation system.</p> <p>Training, Development, and Leadership Programs:</p> <p>The Bank implements a strategic training policy for all employees under the Training Management Procedure. As of 2024, 342 employees received a total of 12,250 hours of training, averaging 53.3 hours per person. Training topics include environmental management, occupational health and safety (OHS), ethics, anti-corruption, technical, and personal development. Online and in-person training are conducted in parallel, and special Leadership Development Programs are offered to management.</p> <p>In 2024, upper management received an average of 9 training hours, while mid-level management received an average of 22 hours. Additionally, university discount agreements have been arranged for employees pursuing graduate or doctoral degrees, and these opportunities have been communicated across the organization.</p> <p>Access to Information and Internal Communication:</p> <p>Department-specific journal and database subscriptions are provided to support access to relevant information. Through these initiatives, TKYB aims to ensure that employees act in alignment with the Bank’s vision, embrace responsible banking principles, and contribute meaningfully to the Bank’s sustainability goals.</p>	
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<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>Türkiye Development and Investment Bank (TKYB) has established a strong, transparent, and institutionalized governance structure to ensure the effective implementation of the Principles for Responsible Banking. This structure enables the setting, monitoring, and review of targets, and allows for corrective actions when needed.</p> <p>Strategic Governance Structure and Coordination Mechanism: At the Board of Directors level, internal policies are developed to establish sustainability strategies and uphold the principles of corporate governance—fairness, transparency, accountability, and responsibility.</p> <p>The Ethics Commission ensures compliance with responsible banking principles, monitors ethical conduct, and oversees internal audit mechanisms.</p> <p>Since 2021, the Sustainability Committee has been responsible for shaping the Bank's sustainability strategies, creating policies, and integrating them into operations. The Committee works in coordination with internal units and convenes at least twice a year to assess sustainability performance and developments.</p> <p>The Sustainability Working Group, which operates under the Committee, carries out technical assessments, data collection, target tracking, and reporting.</p> <p>Target Setting and Implementation of Activities (a): TKYB sets short-, medium-, and long-term targets to support sustainable development and reduce environmental and social risks.</p> <p>In alignment with these targets, the Bank structures its investment loans, APEX credits, and technical assistance programs in accordance with responsible banking principles.</p> <p>Progress toward these goals is tracked annually. For example, in 2024, the Bank</p>	<p>2024 Integrated Report: Sustainability and Risk Governance Structure</p> <p>Sustainability Committee</p> <p>Internal Audit</p> <p>Bank Employees</p> <p>Corporate Governance Performance</p> <p>Impact Management and International Alignment</p> <p>Energy and Emissions Management – Reporting Boundaries and Emission Measurement Approach</p> <p>Metrics and Targets</p>
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	<p>met its target of achieving a 96% share of sustainability-themed loans in its total portfolio.</p> <p>TKYB also defines quantified performance targets in areas such as carbon footprint reduction, share of renewable energy financing, and the advancement of women employees.</p> <p>Deviations, Risks, and Corrective Actions (b):</p> <p>When targets are not met or unexpected negative impacts are identified, TKYB applies corrective actions as defined under its Integrated Management System.</p> <p>As of 2024, the Bank has made Environmental Management System practices a shared responsibility across all departments, increasing awareness and oversight capacity.</p> <p>Based on monitoring results, policy updates are made, processes are restructured, and relevant staff or committees are informed.</p> <p>Where necessary, external consultancy services are engaged, or re-evaluations are conducted through internal audit mechanisms.</p>	
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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.

<p>6.1 Progress on Implementing the Principles</p> <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>Demonstrate that the Bank takes into account current and emerging</p>	<p>Türkiye Development and Investment Bank (TKYB) has made significant progress in implementing the UNEP FI Principles for Responsible Banking as of 2024. In line with the principles of transparency and accountability, the Bank has advanced in both setting and implementing targets and has strengthened its institutional capacity to align with international best practices.</p>	<p>2024 Integrated Report: Compliance with Türkiye Sustainability Reporting Standards (TSRS) Reporting Boundaries and Emission Measurement Approach</p> <p>Impact Management and International Alignment</p>
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<p>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>Progress in Target Setting and Implementation</p> <p>a) Sustainable Finance Portfolio and Impact Management:</p> <p>By the end of 2024, 96% of TKYB's total loan portfolio consisted of sustainability-themed financing. Approximately USD 2.5 billion in credit was provided in alignment with the Sustainable Development Goals (SDGs), contributing directly or indirectly to 15 of the 17 goals. In addition, renewable energy projects financed by the Bank helped avoid around 4.2 million tons of CO₂ emissions. These efforts were carried out through integrated processes that manage environmental and social impacts at the project level, in line with the Impact Principles.</p>	<p>Energy and Emission Management</p> <p>Waste Management</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>b) Transparent Reporting and Assurance Processes:</p> <p>The 2024 Integrated Report was prepared in full compliance with the GRI Standards, the International <IR> Framework, and the UNEP FI Principles. The report includes key environmental and social performance indicators, which have been subjected to limited independent assurance. Additionally, the Bank continued to voluntarily report to the CDP Climate Change Program, disclosing its climate performance transparently on an international platform.</p> <p>Alignment with International / Regional Best Practices</p> <p>TKYB continues to shape its activities in line with the United Nations SDGs and the Paris Agreement. Priority is given to 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 (Partnerships for the Goals). The Bank also internalizes global frameworks such as CDP, the Impact Principles, IFRS Sustainability Standards, and GRI in its policy-making processes.</p>	<p>Water Management</p>

	<p>Key developments in 2024 include:</p> <ul style="list-style-type: none"> • Full integration of impact assessments into the credit approval processes. • Regular review and alignment of sustainability indicators with strategic targets. • Restructuring of the Sustainability Committee and working groups to enhance institutional capacity. <p>Priorities and New Targets:</p> <p>TKYB maintains its commitment to becoming a carbon-neutral bank by 2050 in line with its net-zero emissions goal. In addition, the Bank aims to increase the share of sustainability performance-based financial products and is planning to launch a stakeholder-focused platform for sustainability data and impact communication. These initiatives demonstrate the Bank's progress across all six Principles and its ongoing alignment with emerging international best practices in responsible banking.</p>	
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The Development Investment Bank fulfills the requirements for progress in the implementation of the Principles of Responsible Banking.