

50 YEARS

DEVELOPMENT
INVESTMENT
BANK OF TÜRKİYE

2024
ALLOCATION
& IMPACT
REPORTING

TKYB



Introduction

Development and Investment Bank of Türkiye (TKYB) has contributed to the development and growth of Türkiye since its establishment in 1975. TKYB, where the Turkish Ministry of Treasury and Finance holds 99.08% of the shares, is driven by solid public support, assurance, and trust. With its strong foundations and stable structure, the Bank has assumed an important mission in Türkiye's progress towards its development targets.

Throughout its deep-rooted history, the Bank was a market maker in different areas. TKYB's some of the major milestones are:

- obtained first ISO 14001 environment management certificate among public banks,
- reported to CDP (Carbon Disclosure Project) Climate Change Program on a voluntary basis,
- became an affiliate member of EIF-NPI (National Promotional Institutions) Program,
- founding signatory to the UNEP-FI Responsible Banking Principles
- signatory to the UN Global Compact Türkiye Declaration on Sustainable Finance and signed the renewed Statement from Business Leaders for Renewed Global Cooperation, issued asset-backed securities secured by the mortgage loans of the sector's leading banks,
- received the "Climate Friendly Institution" certificate from the Turkish Standards Institute
- issued Türkiye's first social sukuk
- provided financial consultancy services for the issuance of Türkiye's first transition bond to low-carbon economy
- first institution in Türkiye to sign up to the Operating Principles for Impact Management.
- first institution in Türkiye to sign up to the Social Value Türkiye Association.

During nearly half a century, TKYB has played a key role in supporting the investments of a wide range of companies from diverse sectors by providing long-term resources; the most basic requirement of sustainable economic development. Having a reputable position and strong relations built on mutual trust with the world's leading funding institutions, the Bank offers financing to the business world via either direct lending or wholesale banking in various sectors, led by energy, energy efficiency, industry, tourism, finance, healthcare, and manufacturing with an aim to boost the employment, income and prosperity levels across Türkiye. The Bank focuses on financing sustainable development in light of the UN Sustainable Development Goals (SDGs) by 2030. In line with a business model based on transparency and responsibility, we are committed to reducing greenhouse gas emissions to net zero by 2050, in line with the Paris Climate Agreement and by supporting our country's green transformation journey.

In 23.09.2022, Türkiye Kalkınma Yatırım Bankası A.Ş. (“TKYB”) issued a sustainability bond aimed at financing projects that provide social and environmental benefits.

This Allocation & Impact Report contains impact data covering the periods 01.01.2024-31.12.2024.

Evaluation Criteria

Projects and assets financed by the proceeds from sustainability bonds during between 01.01.2024-31.12.2024 were evaluated according to the following characteristics of the projects:

1. Met the “Use of Proceeds” and “Eligibility Criteria” outlined in the TKYB Sustainable Finance Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each “Use of Proceeds” criteria outlined in the TKYB Sustainable Finance Framework.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Proceeds	Eligibility Criteria	Key Performance Indicators (KPIs)
Renewable Energy	<ul style="list-style-type: none"> • Renewable energy projects including (reduction or avoidance of CO_{2eq}/year at least 10,000 tons): <ul style="list-style-type: none"> -Wind power plant -Solar power plant (SPP); photovoltaics (PV) energy projects (including combined renewable power generation plant and rooftop SPPs) (SPPs on non-agricultural land), Concentrated Solar Energy (CSP) and solar heating and cooling projects -Biogas power plant (feedstock will be domestic organic waste, manure, sewage sludge) • Renewable energy equipment <ul style="list-style-type: none"> -Manufacturing of products, key components and machinery that are essential for eligible renewable energy technologies • Later stage research and development projects related to renewable energy and related battery technologies 	<ul style="list-style-type: none"> • Annual GHG mitigation reduced/avoided (tCO_{2e}) • Renewable energy production capacity constructed (MW) • Renewable energy production (kWh/year)
Employment Generation	<ul style="list-style-type: none"> • Women-inclusive enterprise that: (i) has at least one female shareholder with properly documented representative and managing powers; or (ii) has at least one female C-level Manager or with at least 25-percent female representation in Mid-level Managerial position; or (iii) employs and/or aiming to employ a ratio of women that is higher than the average ratio observed in the respective sector, • Aiming to increase job creation for low income individuals and/or from disadvantaged backgrounds; people with disabilities, the unemployed, refugees under temporary protection 	<ul style="list-style-type: none"> • Additional number of employments recruited • Number of women employments

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings
Use of Proceeds Criteria	Verification of the 6 projects funded by the sustainability bonds during between 01.01.2024-31.12.2024 to determine if projects aligned with the Use of Proceeds Criteria outlined in the TKYB Sustainable Finance Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.
Reporting Criteria	Verification of the 6 projects funded by the sustainability bonds during between 01.01.2024-31.12.2024 to determine if projects aligned with the Use of Proceeds Criteria outlined in the TKYB Sustainable Finance Framework and above in Table 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.



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(Convenience translation of a 2024 Allocation and Impact Report and independent assurance report originally issued in Turkish)

Independent Assurance Report

To Board of Directors of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi,
İstanbul, Türkiye

This report is intended solely for the management of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi (hereinafter 'the Bank' or 'TKYB') for the purpose of reporting of Principles in the Scope of Limited Assurance ("Selected Information") listed below in its 2024 Allocation and Impact Report's that has been prepared by the TKYB for the period running from January 1, 2024 to 31 December 2024.

Subject Matter Information and Applicable Criteria

In line with the request of the Bank, our responsibility is to provide limited assurance for the Selected Information included in the 2024 Allocation and Impact Report and listed below.

The Scope of Our Assurance

The scope of our assurance is limited to the examination the Selected Information shown below, which are reported in 2024 Allocation and Impact Report .

Principles in the Scope of Limited Assurance

- Themes, number of projects, volume of amount refinanced for Sustainability Bond in the table of Allocation of Proceeds
- For impact of Sustainable Bond Utilization - Renewable Energy
 - Solar power plant (SPP) projects
 - Energy generation (Electricity) (kWh)
 - GHG emissions avoided (ton/year)
 - Number of female employees recruited
 - Number of occupational health and safety accidents (OHS)
 - Size of eligible sub-projects (MWh/year)
 - Project's first disbursement and maturity date
 - Localization of Eligible Sub-Project
 - Estimated number of households benefiting produced electricity

The Bank's Responsibilities

The Bank's management is responsible for the preparation, collection, and presentation of the Selected Information in accordance with the Eligibility Criteria, disclosed in the Table 1. In addition, the Bank's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. This also includes establishing and maintaining internal control system guaranteeing that the records are free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance engagement in accordance with the Assurance Engagement Standard (AES) 3000 and 3410 which is a part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). These regulations require that we comply with the ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures selected depend on the practitioner's judgment. The procedures include inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

The assurance provider is only performing assurance of the accuracy of the disclosed content. This means that the assurance provider should evaluate if the bank's description of processes, activities and their outcomes sufficiently reflects actions taken by the bank, rather than evaluating the applied approach itself.

Procedures Applied

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

1. Interviewed select key senior personnel of the TKYB to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
2. Undertook substantive testing, on a sample basis, of the Selected Information;
3. Used the Bank's internal documentation to evaluate and measure the Selected Information;
4. Evaluated the design and implementation of key processes and controls over the Selected Information;
5. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
6. Evaluated the disclosure and presentation of the Selected Information in the 2024 Allocation and Impact Report.

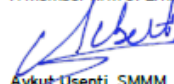
Our Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that TKYB's has not prepared, in all material respects with Selected Information for the year ended in December 31, 2024, the relevant requirements of the criteria as defined in the Eligibility Criteria, disclosed in the Table 1.

Limitations

We permit this report to be disclosed in addition to TKYB's 2024 Allocation and Impact Report for the year ended in December 31, 2024, to enable the management of TKYB to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than TKYB for our work, for this independent limited assurance report, or for the conclusions we have reached.

Guney Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited


Aykut Usenti, SMMM
Partner

21 March 2025
İstanbul, Türkiye

Allocation of Proceeds by Eligibility Criteria:

2022 Sustainability Bond





	Amount allocated (Euro)	Total Projects
Renewable Energy Projects*	42.797.370	6

**: Includes 01.01.2024-31.12.2024 datas.*

Impact Reporting by Eligibility Criteria

2022 Sustainability Bond

One of the important social impacts of Sustainability Bond on projects is the preparation of a Gender Equality Action Plan and employment creation. This document outlines the gender equality action plan that applies to all internal direct and indirect employees and external stakeholders. The Project's commitment and approach is based on addressing gender inequality that may arise as a direct or indirect result of the Project's environmental and social performance. This Gender Equality Action Plan ("GEAP") is not a substitute for stakeholder engagement activities. This plan covers all inequalities raised by internal and external stakeholders, including the activities of contractors.

Renewable Energy Projects*	Solar power plant (SPP) projects Wind power plant (WPP) projects 20,901,685.00 kWh energy generated 13,086.54 tonnes CO _{2e} avoided 95 women employments created 110 OHS accidents occurred
Size of eligible sub-projects* Project-1 Project-2 Project-3 Project-4 Project-5 Project-6	5,5 MWm / 4,6 MWe 7,425 MWm / 6,2 MWe 101,8 MWm/ 99,8 MWe 25,7 MWm / 23,6 MWe 49,9 MWm / 50 MWe 26,13 MWm / 21,80 MWe
Disbursement Date* Project-1 Project-2 Project-3 Project-4 Project-5 Project-6	12.02.2024 22.02.2024 22.03.2024 12.06.2024 15.11.2024 18.01.2024
Maturity Date* Project-1 Project-2 Project-3 Project-4 Project-5 Project-6	06.12.2028 20.02.2032 22.03.2034 22.03.2034 15.11.2029 18.01.2029
Localisation of Eligible Sub-Project Project-1 + Project-2	    Gender Equality (SDG 5) Affordable and clean energy (SDG 7) Decent Work and Economic Growth (SDG 8) Climate action (SDG 13)
Estimated number of households benefiting produced electricity	20,527

*: Includes 01.01.2024-31.12.2024 datas

Appendix 1 – Calculation Principles

This document provides information on the data preparation and calculation methodologies of indicators within the scope of the independent assurance of 2024 Allocation and Impact Reporting of the Development and Investment Bank of Türkiye (“Bank”). The calculations presented in the report were carried out based on the Company’s internally developed methodology. Information from public sources (e.g. Türkiye National Electric Network Emission Factor Information Form), TUIK (Turkish Statistical Institute), TEİAŞ (Turkish Electricity Transmission Corporation), as well as data and reports directly related to the projects have been used in the calculations.

General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information;

and

- Information Reporting – to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

Please find below the calculation details and methodology by theme for the projects that are financed under the subject Bonds proceeds.

Renewable Energy

For projects in this type, the amount of annual GHG emissions reduced/avoided is calculated by using the amount of annual generated electricity and emission factor which is published in Türkiye National Electric Network Emission Factor Information Form issued by Republic of Türkiye Ministry of Energy and Natural Resources. Turkish grid emission factor used the Bank is 0.6261 for solar projects. In order to calculate GHG emissions reduced/avoided by Project, electricity productions were obtained from the Companies directly. Calculations/Assumptions have not been conducted regarding the electricity production of the companies in reporting period (01.01.2024-31.12.2024). The electricity production quantities and invoice documents were directly provided by the Companies, the necessary invoice evidence documents were submitted to the independent external auditor and the electricity production quantities were verified. The calculations for Total Annual GHG Emissions Reduced/Avoided were carried out with following formula (Total Electricity Production by Allocated Companies (MWh) * Turkish grid emission factor formula (tCO₂e/MWh)).

In order to calculate the Estimated Number of Households Benefiting from the Electricity Produced KPI, one person's electricity consumption was calculated using data obtained from TEİAŞ (2024 Türkiye Electricity Production, 348,905.9 GWh) and TÜİK (2024 Number of People Living in Türkiye; 85,664,944) According to our calculations, per capita electricity consumption in Türkiye is 4,073 kWh/year. Assuming that 4 people live in a household, the annual electricity consumption of a household is calculated as 1,018.25 kWh/year. This production data (13,086.54 kWh) is divided by the annual usage amount (1,018.25 kWh); 20527 households calculated as estimated number of benefiting from the electricity produced.