



Sustainable Contribution

for a Brighter Future...



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1

Fight Against COVID-19

“

The Development and Investment Bank of Turkey supports the return of production and employment back to stable levels by extending loans received from international institutions, **to the enterprises, in particular SMEs, who have suffered from financial difficulties, as well as loss of profit and business due to the COVID-19 pandemic.**



The COVID-19 outbreak, defined as a “global pandemic” by the World Health Organization, has caused unusual times all around the world. The Development and Investment Bank of Turkey has been striving with the consciousness that the impact of pandemic can be lessened by being aware of its risk and responsibilities and performing in this respect to ensure both Turkey and the Bank overcome this period with a minimum damage.



The Development and Investment Bank's Contribution to Turkey's Fight Against the COVID-19 Pandemic

In line with its banking mission and against the backdrop of COVID-19, the Development and Investment Bank of Turkey has geared up its efforts to provide new resources to the economy, and continued to execute new agreements without deviating from its *raison d'être*.

In this context, under the guarantee of the Turkish Ministry of Treasury and Finance, an agreement for USD 300 million was signed with the Asian Infrastructure Investment Bank in August 2020, to be used within the scope of Turkey's COVID-19 Credit Line Project.

Within the framework of Turkey's COVID-19 Credit Line Project, the Bank aims to put a system in place to

support cash flows in many sectors including infrastructure, transportation, energy, water, sustainable cities, health, information and communication technologies and manufacturing with an approach supporting enterprises to overcome their liquidity problems arising from short-term payments such as expenses, inventories or commercial receivables.

Moreover, regarding the fight against the economic impacts of the COVID-19 pandemic it is aimed to make funding available for small and medium-sized private enterprises (SMEs) which were economically affected by COVID-19 or struggle to adapt to the conditions of the pandemic with the Emergency Firm

Support Project for Turkey which was realized with the World Bank in September 2020 for an amount of USD 250 million.

As stated by the General Manager of the Development and Investment Bank of Turkey, İbrahim Öztop that, the Bank will directly provide its support to large enterprises and selected SMEs who have faced financial difficulties due to the pandemic, in order them to overcome the impact of the pandemic on economic activities and employment.

The Bank's Fight Against COVID-19, and Adaptation to the 'New Normal'

“The Development and Investment Bank of Turkey has taken the highest level of measures to ensure continued hygiene, and constant access to transportation and services. All personnel are regularly informed about the measures being taken and the protective efforts being put in place.

Having immediate response and taking measures to deal with any possible threats for its personnel health due to the pandemic, the Development and Investment Bank has been maintaining similar practices. All measures to ensure continued hygiene, and constant access to transportation and services have been taken at the highest level, both at the Headquarters and in personnel shuttles.

Within this scope, all personnel who are included in the risk groups defined by the Ministry of Health, were instructed to stay at home, and were provided with the required technological assistance to allow them to work remotely from home. All on-site visits to customers, as well as physical meetings and events have been suspended.

As part of the transition to the 'new normal', regular body temperature checks have been done and disinfectant dispensers have been placed around the Headquarters. All personnel are regularly informed about the measures being taken and the protective efforts being put in place.



Training



Until further decision, in-person training courses have been suspended, or announced to be reorganized with a reduced number of participants.

Online training sessions have been provided to ensure the correct usage of masks, gloves and the way of applying disinfectants.

Following the introduction of the remote working system, personnel received online training sessions on Remote Work Procedures, Ergonomics, and Emergencies.

Considering the process might have psychological difficulties, training sessions related to these subjects were provided on the online training platform.

Recruitment



Employees working in managerial and higher-level positions have been provided with online training courses on change and leadership throughout this process.

Other online training sessions have included return-to-office rules and expectations specific to the Development and Investment Bank of Turkey.

Employee Experience



- A survey was prepared to assess employee experience during this process. Feedback has helped to take the required steps necessary to adapt to the new normal.
- During this process, employees have been given flexibility over their business attire.
- Working hours have been rescheduled to last from 09.00 to 17.30 rather than from 08.30 to 17.30 for the full duration of the pandemic.
- Personnel have been provided with the same social and personal benefits they were entitled to before the pandemic.
- A COVID-19 procedure was published and shared with all personnel. The process was monitored

separately in accordance with contact and close contact status for personnel. In any case where a member of staff has shown certain symptoms, they have been instructed to work from home for 14 days as a safety precaution, even in the case of a negative test. Where necessary, personnel have been provided with PCR and/or antibody tests.

- The ratio of remotely working personnel was set based on data provided by the Ministry, and this ratio was announced to the personnel and continuously monitored through IT applications. The Bank maintained the minimum number of personnel required to implement the business plan at its premises.

Other Measures Being Taken During the Adaptation to the New Normal

- Hand sanitizers have been placed inside offices, elevator areas and toilets on each floor.
- All personnel have been provided with masks, gloves, disinfectant, and paper cups.
- Body temperature checkers were placed and operated at all entrances to the building.
- A UV device was provided to sanitize incoming packages.
- Elevator capacity was reduced, separators were placed between desks, and air filters were cleaned.
- Take-out and flexible hour options were introduced at the cafeteria.
- Shuttle buses were instructed to be disinfected each morning.

2

About the Report



The Development and Investment Bank of Turkey is proud to share with its stakeholders its first Sustainability Report, which discusses the economic, environmental and social performance and value it has generated through its banking operations, as well as its support for the sustainable development of Turkey over the past 45 years.



The Report covering the period from 1 January 2019 - 31 December 2019 provides an assessment of the Development and Investment Bank of Turkey in regard to its sustainability performance, management approach, corporate and sustainability strategy, associated activities and its contributions to development. The Report has been drawn up in line with GRI Standards (Core).

It includes data which is subject to a limited independent audit with regards to the environmental performance data on greenhouse gas emission intensity (tCO₂e/average number of employees), electricity consumption, paper consumption and the amount of waste generated (recycled). It also provides social performance data on total number of employees, women employee ratio (total, senior and middle-management) and average training hours per employee, along with installed capacity of financed renewable energy projects, amount of loans extended to renewable energy projects, and total annual tCO₂ emissions avoided through financed renewable energy projects.

The Report also certifies the Bank's compliance with its commitment to the 10 principles laid out in the United Nations Global Compact which was signed, as well as with the specific requirements of the UNEP FI Principles for Responsible Banking for which the



Bank was a proud founding signatory in 2019. In the process of completing the Report, various global, industry-specific and national sustainability initiatives, development plans and programs were used as a guidance. References to such materials are provided in the relevant sections of the Report.

The Development and Investment Bank of Turkey gives maximum priority to making the Sustainability Report accessible to all its stakeholders, as well as receiving feedback from its stakeholders about the Report. On this basis, the Report has been printed and copied in limited numbers, in line with the Bank's environmental responsibilities. The Report is available at the address <https://kalkinma.com.tr/>. Furthermore, you can send any questions or comments you may have about the Report via the e-mail address surdurulebilirlik@kalkinma.com.tr.

Throughout the Report, unless otherwise specified, the terms "Development and Investment Bank of Turkey" and "Bank" refer to Türkiye Kalkınma ve Yatırım Bankası A.Ş. Unless otherwise specified, the data and details provided in the Report refer to the Türkiye Kalkınma ve Yatırım Bankası A.Ş. headquarters in İstanbul, along with its service buildings on Necatibey and İzmir Avenues in Ankara¹, where the Bank carries out its Turkish banking operations.

Navigation Indicators



These indicators refer to the targets of the Development and Investment Bank of Turkey with respect to the relevant issues.

¹ The operations in Ankara service buildings were terminated after the Headquarters was moved to İstanbul.

3

On Behalf of the Management

Message from the Chairman of the Board of Directors



We strive to fulfill our Bank's role to achieve the sustainable development goals set for the Turkish economy and to increase our country's competitive power on the global stage.

The Development and Investment Bank of Turkey has strong fundamentals and stable structure with an important role in achieving the development goals of Turkey, and has been carrying out its operations with a solid vision of sustainability for the last 45 years. Our Bank aims to bring its impact and contribution to the global stage with the guidance of international initiatives and its participant role.

Our Bank, which has 53% sustainability themed loans in its loan portfolio as of the end of December 2019, has been a pioneer of sustainable development in Turkey, and carries out its activities for a brighter future by further expanding its impact area, together with its stakeholders.

We strive to fulfill our Bank's role in achieving the sustainable development goals set for the Turkish economy, enhancing the social welfare of our country's people and increasing our

country's competitive power on the global stage.

We believe that sustainability awareness will become all the more widespread and it will be internalized both in business and social life. We hope that through the progress of sustainability awareness in society, companies will step up their efforts on sustainability practices.

The Development and Investment Bank of Turkey continues to strive towards sustainable development by providing financial support for investments with its reliable and comprehensive approaches on credit extension and resource structure shaped by a long-term outlook within the framework of development banking activities. Additionally, the Bank also contributes to the sustainable progress of companies through its advisory and investment banking services.

As of 2020, the importance of sustainability and global cooperation was once again seen with the impact of coronavirus around the world.

During this period called the 'new normal', we, the Development and Investment Bank of Turkey, will continue to contribute to and guide our country, sectors, and stakeholders by making the most effective and efficient use of all our capital resources.

On behalf of the Board of Directors, I would like to extend my sincere gratitude for all the support of our stakeholders in relation to our sustainable operations, as well as for the efforts of our personnel in the preparation of our Sustainability Report.

Best regards,

Dr. Raci KAYA
Chairman of the Board of Directors

Note: Hayrettin Demircan who was our Chairman of the Board of Directors in 2019, resigned as of November 1st, 2020.

53%

Our Bank, which has 53% sustainability themed loans in its loan portfolio, has been the pioneer of sustainable development in Turkey.



Message from the CEO

We settled our sustainability strategy on two focal points, namely “our role in supporting sustainable development” and “our responsible banking approach”.

Since our establishment in 1975, the Development and Investment Bank of Turkey has made various contributions to the development and growth of Turkey, and continues to implement its financial and crediting activities for further contributions to the country's economy, with a specific focus on sustainable development.

At the Development and Investment Bank of Turkey, we carry out all our crediting activities in line with our Bank's unique and robust risk assessment approach, within the scope of our national and international commitments. We provide financial support to the industries which are strategically crucial for the sustainable development of Turkey. We are aware of the importance of the startup ecosystem for the sustainable development of our country, and we continue to invest in new enterprises with a conscious approach towards our responsibilities as an institution.

We settled our sustainability strategy on two focal points, namely “our role in supporting sustainable development” and “our responsible banking approach”. These focal points have led us in our goal to work towards a brighter future by supporting Turkey's sustainable development.

With a thorough understanding of the global risks we face in this ever-

changing world, we are aware that the approach of financial risk is no longer sufficient and that environmental and social risks should be an integral part of our business practices. We, as a bank, evaluate rigorously the environmental and social impacts arising from our operations and the investments credited by us.

In particular, the extreme weather events recorded in 2019 clearly showed the negative impacts of climate change. To cope with the environmental, social and economic impacts of climate change, we should work even more seriously on strategies to increase social and environmental awareness both as business partners and individuals. Our aspiration to leave a better world for future generations inspires us to make coordinated efforts with the community, the science world, international initiatives, and non-governmental organizations to develop solutions based on the awareness that we all share the same planet. As part of our environmental responsibilities and our role in supporting sustainable development, our Bank also supports the financial solutions to fight climate change. This is evident by the fact that more than half of our credit portfolio consists of renewable energy projects.

An avid contributor to the Sustainable Development Goals of the United

Nations, our Bank is also among the proud founding signatories of the “Principles for Responsible Banking” developed by the United Nations Environment Programme Finance Initiative (UNEP FI), which seeks to enhance the banking sector's influence on a sustainable future.

As a signatory to the United Nations Global Compact, our Bank has showed its support for a more fair, inclusive and sustainable world by signing the “Statement from Business Leaders for Renewed Global Cooperation” in September 2020.

Having focused on the financing of sustainable development in line with Turkey's goals for 2023, our Bank will maintain its support for competitive and efficient production and for a stable and robust economy through the global developments and the standards of the international world of finance.

We are determined to support and improve investments across Turkey through a diversified portfolio of investment banking and advisory services in order to further sustainable development efforts. Well-qualified human resources with the required expertise in their fields have continued to be our most important asset over the course of our successful 45 year journey. Through the tasks that they

45 Years

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perform, our employees are aware of the importance of contributing to a sustainable future.

When COVID-19 hit Turkey in March, we witnessed signs of a slowdown in the economy and in trade, along with the cash flow problems. In order to restrain the impact of the pandemic on the economy, the government quickly introduced a wide range of comprehensive measures, specifically including the "Economic Stability Shield Package". Through monetary and fiscal

measures, this support helped to stave off the pandemic's impact on economic activities and employment for the production potential of the economy. Thanks to these measures, we are confident that the Turkish economy will rapidly return to a path of solid growth.

I would like to take this opportunity to extend my thanks to all members of our family at The Development and Investment Bank of Turkey, who I sincerely believe will take our Bank

to even more successes. Moreover, I want to thank all our stakeholders with whom we are working to build a better future for our country. Finally, I want to extend my gratitude to the Board of Directors for the invaluable support and strategic guidance they have provided us with.

Best regards,

İbrahim Öztop
CEO and Member of the Board







For a Stronger Economy,

Contributing to Competitive and
Efficient Production



Highlights



In line with Turkey's sustainable development priorities, the Development and Investment Bank of Turkey has been **striving to help structural transformation and fair distribution of capital.**

Its strong resource basis and qualified human resources allow the Bank to stand by its stakeholders at all times, meeting their financial and consultancy needs, and thereby, supporting Turkey's sustainable development and building towards a better future.

The Development and Investment Bank of Turkey, which operates to finance sustainable development since 1975, has been making more effective use of the modern development and

investment banking tools Turkey needs in each field, and has contributed to the country's actions in relation to development.

Thanks to the resources it has secured, as well as its international reputation, the Development and Investment Bank of Turkey supports competitive and efficient production for a stable and robust economy, playing a crucial part in helping companies from a wide range of industries to realize

their investments. Furthermore, the Bank undertakes strategic obligations through its long-term funds.

The Development and Investment Bank of Turkey continues to extend funds for the financing of investments in various sectors including, but not limited to, energy, energy efficiency, industry, tourism, finance, healthcare, and manufacturing, by contributing to the enhancement of employment, income and welfare levels in Turkey.

Main Financial Indicators

TL Million	December 2018	December 2019	Change (%)
Total Assets	15,714.8	19,375.9	23.2
Loans (net)	13,641.5	15,009.4	10.0
Liabilities	14,297.5	17,019.5	19.0
Shareholder's Equity	1,417.3	2,356.4	66.2
Total Income	734.7	1,237.0	68.2
Total Expenditures	469.58	748.0	37.3
Profit/Loss	160.3	447.1	178.9

Capital and Shareholding Structure (%)

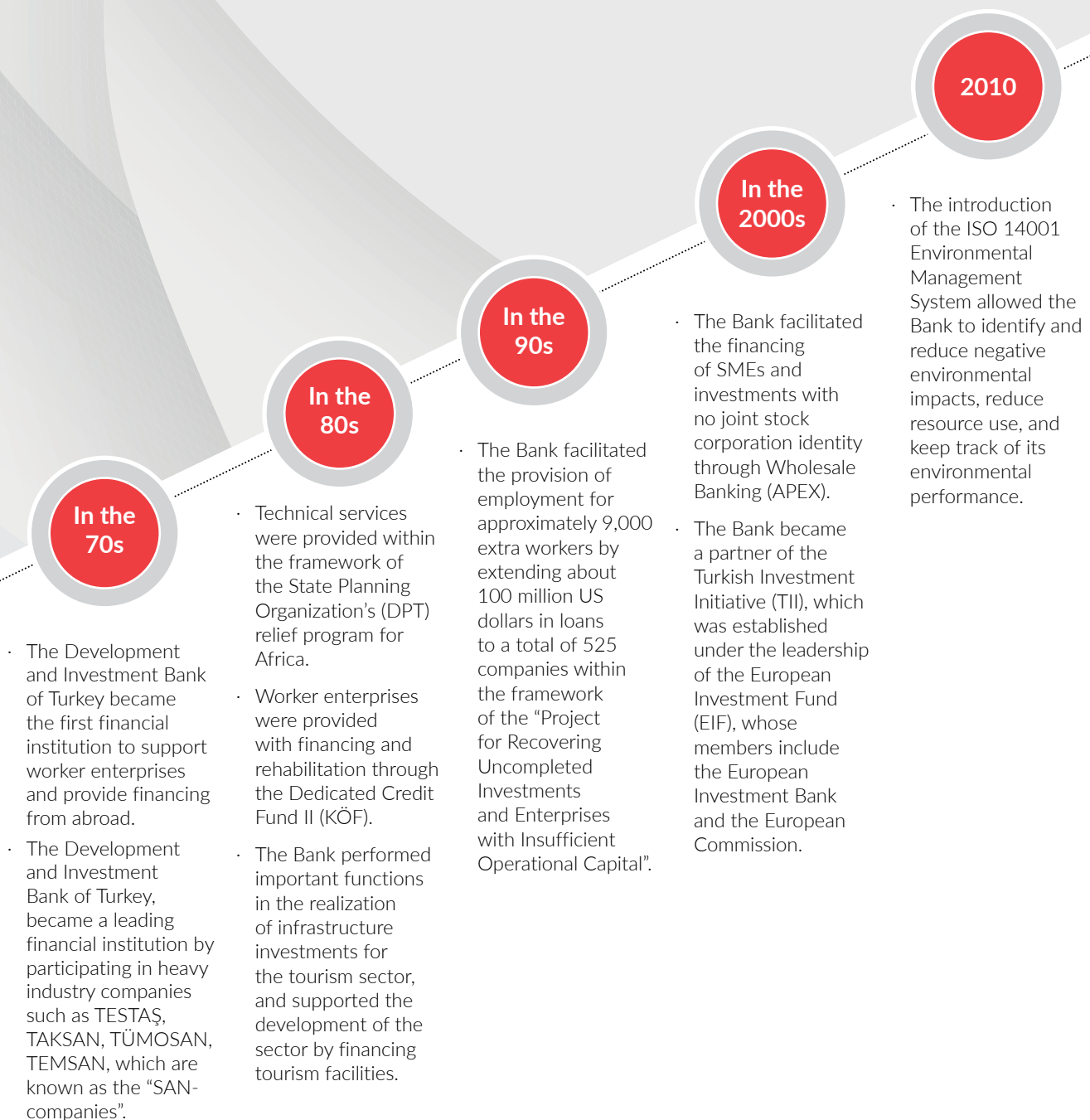


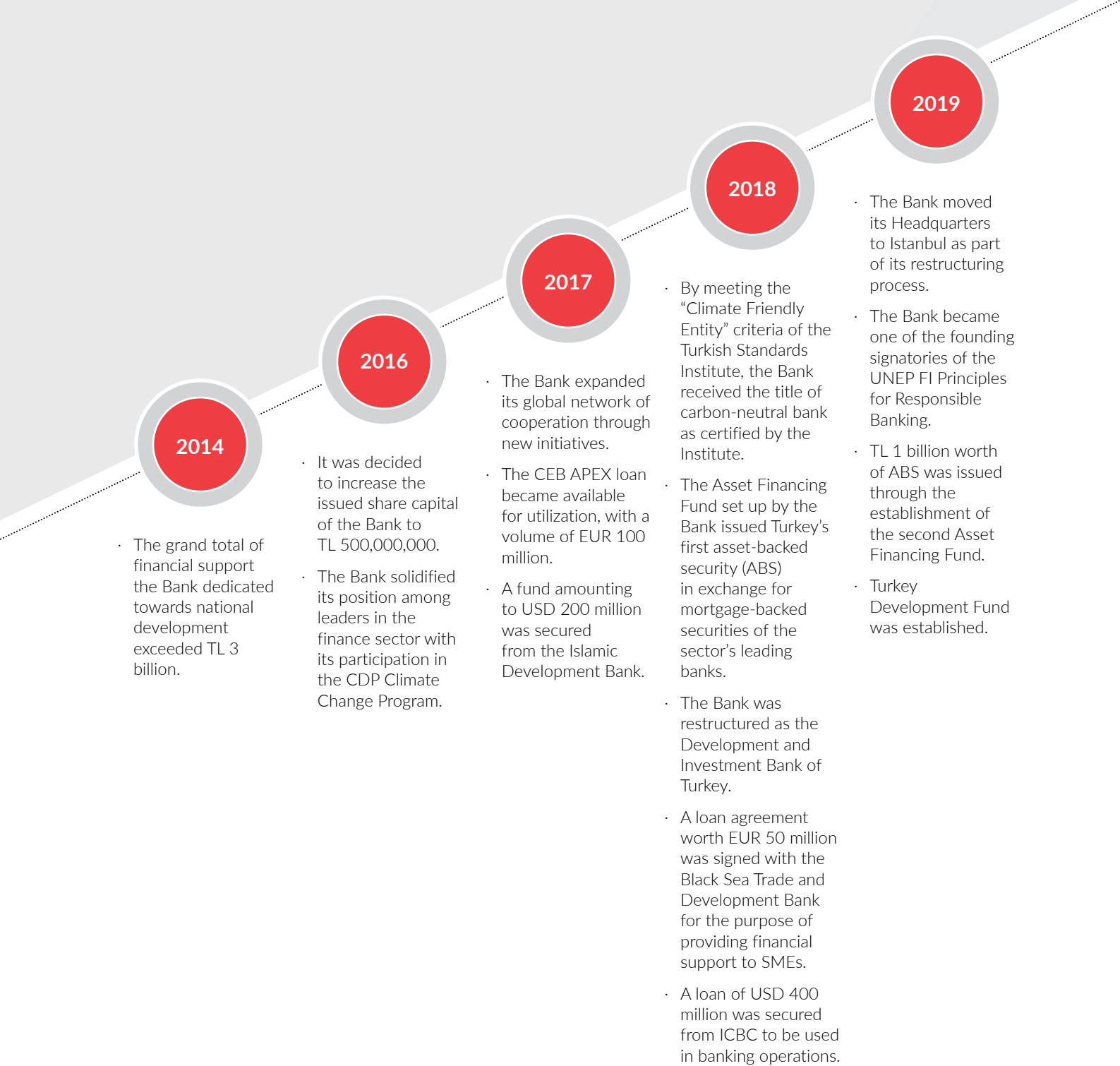
(*) Covers all real and legal persons, and as the majority of the shares that belong to these shareholders are traded in Borsa Istanbul, the number of the shareholders is unknown.



- We value our employees, and encourage continuous learning, participation and sharing;
- We believe in team work, work with shared wisdom, strive to be fair and provide equal opportunity to our employees.
- We pioneer positive change with our innovative solutions and add value not only today but also for tomorrow.
- Within the scope of the UN Sustainable Development Goals and the Paris Agreement provisions, we take responsibility for our world, environment and society.
- We keep our strong sense of social responsibility alive.
- We use our resources effectively and efficiently.
- We establish long-lasting relationships with all our stakeholders, based on transparency, ethical principles, and trust;
- Our decisions are based on objective criteria.
- Our clients are the focus of all our activities, and we shape the future together with our efficient and value creating solutions.

45 Years of Experience and Contribution to Sustainable Development





“ Having maintained its operations under a vision of sustainability for the last 45 years, and now focusing on the financing of sustainable development within the framework of Turkey’s 2023 goals, the Development and Investment Bank of Turkey **will continue to provide its support for competitive and efficient production for a stable and robust economy.** ”

A History of Firsts



Contributing to the real economy in light of its 45 years of experience and expertise, the Development and Investment Bank of Turkey, **achieved many “firsts” in Turkey throughout its corporate history.**



It is the first bank to offer companies a combination of financial and technical support.



It is the first bank to implement incentive loans.



It is the first bank to carry out a public offering in capital markets.



It is the first and only bank to provide financial and technical assistance to the tourism sector in the process of uncovering and developing the potential of tourism.



It is the first bank to support clusters within the framework of a specific program.



It is the first bank to extend Islamic Development Bank funds to SMEs.



It is the first bank to issue asset-backed security (ABS) at home and abroad, through its Asset Financing Fund, in exchange for the mortgage-backed securities of the sector's leading banks.



It is the first and only bank to apply the World Bank's "Risk Sharing Mechanism" (RSM) grant program in Turkey, for geothermal research projects. Moreover, aiming to channel the knowledge accumulated through that project to nine designated target countries the Bank was included in the GEORISK Project developed within the framework of the EU-Horizon 2020 Research and Innovation Program and coordinated in Turkey by TÜBİTAK (the Scientific and Technological Research Council of Turkey).



It is the first state-owned development bank to receive the Turkish Standards Institute's "Climate Friendly Entity" certificate.



It is the first state development bank to engage in voluntary reporting to the CDP, one of the leading global initiatives for reducing the impact of climate change and protecting natural resources.



It is the first bank to develop a financial assistance program for uncompleted facilities.



It is the first and only Turkish bank to become a connected member of the European Investment Fund-National Promotional Institutions (EIF-NPI).



It is the first state-owned bank to implement the ISO 14001 Environmental Management System.

5

A Banking Approach Committed to Development



The Development and Investment Bank of Turkey attaches great importance to renewable energy, environmental protection, the fight against climate change, and **energy- and resource-efficiency for the sustainable development of Turkey, providing financial support for these efforts in line with its mission.**

The Development and Investment Bank of Turkey's "Banking Approach Committed to Development", and its vision to stand by investors to achieve sustainable development, are the cornerstones of the Bank's sustainability journey. Moreover, the Bank aligns its banking operations with the principles of sustainability by putting its investment banking products and capital market instruments into use for sustainable development.

The Development and Investment Bank of Turkey, which has taken 'leaving behind a truly livable world to future generations' as a priority in all projects it has financed, has been taking an active part in national and international platforms in line with its goals of sustainable development and better future.

The Bank has expanded its area of influence by making Sustainable Financing its utmost priority, embracing a holistic approach towards the principles of sustainable and responsible development and creating shared values among all its stakeholders through its strategic initiatives.





Operations, Business Model and Experience

Throughout its journey, the Development and Investment Bank of Turkey has been determined to stand out for its commitment to Turkey's development. Offering wide range of services from project finance to corporate and investment banking, the Bank has placed supporting national development and serving as a leader in sustainable finance at the center of its banking approach.

The Regional Development Fund and the Technology and Innovation Fund implemented in cooperation with the Turkish Ministry of Industry and Technology, under the umbrella of Turkey Development Fund established by the Development and Investment Bank of Turkey in 2019, will allow the Bank to play a major role in achieving the economic transformation of Turkey and supporting high value production.

Project Finance and Corporate Loans

The Development and Investment Bank of Turkey extends loans for completely new investments, as well as extension/modernization investments, in line with the requirements of companies operating in manufacturing, and thus, contributes to increasing employment and competitiveness, and larger export volumes, not to mention the production of high-tech products.

Responding to the financial requirements of projects that aim to increase the presence of local sources of renewable energy in the economy, the Bank supports companies producing in high energy intensive businesses for projects that will reduce energy/resource consumption and for investments that will allow energy generation from heat waste. By doing so, it provides financial resources for investments which aim to implement

the requirements of renewable energy generation licenses, to achieve effective use of energy, raw materials and water resources, and to improve resource efficiency. Moreover, it supports the tourism, education, and healthcare investments contributing to development.

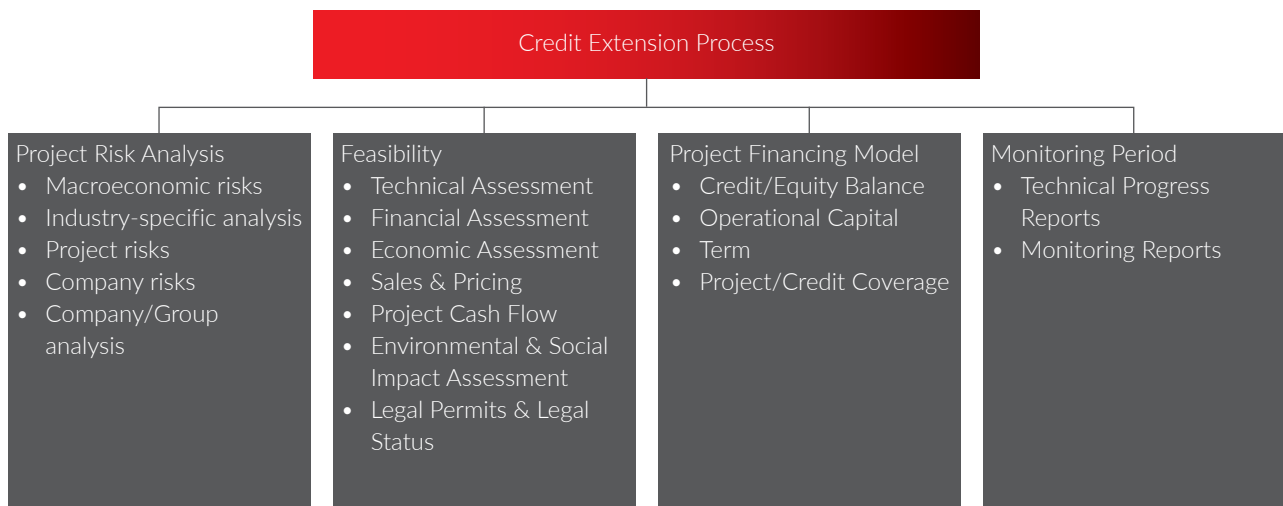
In addition, the Bank provides funding for the thematic investments of micro, small, and large-sized companies through other finance institutions such as commercial banks and leasing and factoring companies enrolled in the APEX banking system.

The Development and Investment Bank of Turkey, with its experienced staff, and the trust-based relationships and productive cooperation models it has developed with other international finance institutions, has always stood by its customers in achieving inclusive economic growth.

Operations, Business Model and Experience



The Development and Investment Bank of Turkey's wholesale banking services involve financing through various finance institutions, rather than direct credit extension, as described above.



Investment Banking

The Development and Investment Bank of Turkey offers investment options to its customers in the form of repurchase agreements, trading of bonds/bills, and derivatives within the framework of its operations in Money and Capital Markets. Through its Capital Markets Consultancy services, the Bank offers public offering, debt instrument issuance, interest-free capital market instrument issuance, structured financing products, and asset-backed security services, in order to channel more funds to real economy and money markets through the more effective use of capital market instruments.

The Bank's Financial Consultancy services, on the other hand, mainly include "financial restructuring consultancy", "financial feasibility consultancy", "company valuation", and "structured and project financing consultancy".

As for Merger & Acquisition Consultancy services, the Bank's efforts are focused on providing added value to privatization projects for local/foreign private sector companies from various industries, independent of the industry/company scale.

Through its successful endeavors in the Investment Banking sector, the Development and Investment Bank

of Turkey received many honorable awards. In the Bonds & Loans Awards of Turkey, recognized as one of the most prestigious awards in the Turkish Capital Markets and finance industry, the Bank received first prize in the "Structured Bonds" category, and third prize in the "Bond in Local Currency" category, thanks to the Asset-Backed Security (ABS) issue it carried out in 2018 and 2019.

In order to take its Investment Banking operations further, and to expand the range of services it provides, the Bank now aims to issue Green Bonds, an alternative capital markets financing product which focuses on environmental

and social problems, notably, climate change. The preliminary assessment of the project found that a substantial part of the Bank's portfolio meets the requirements of the Green Bond Principles published by the International Capital Market Association (ICMA).

The planned Green Bonds issue is expected to channel funds to projects in renewable energy, energy efficiency, prevention and control of pollution, sustainable management of the use of natural resources and lands from an environmental perspective, protection of terrestrial and aquatic biodiversity, clean transportation, and sustainable water and waste water management.

Turkey Development Fund

Through Turkey Development Fund, the Development and Investment Bank aims to support national development by engaging in direct and indirect investments and partnerships through funds set up by an experienced team, well-versed in market dynamics. It also seeks to contribute to the efficient use of public resources with the help of fund management services compliant with global best practices.

The Technology and Innovation Fund and the Regional Development Fund set up under the umbrella of Turkey Development Fund are expected to enhance venture fund investments, and to direct the private sector's attention to this field, to help expand the scope of investments throughout the country.

“The Development and Investment Bank of Turkey operates with the goal of channeling more resources to the real economy and money markets through more effective use of capital market instruments.



A Strategic Outlook on Development

Vision

Our primary goal is to ensure sustainable development in line with our values and add value to the future by always supporting the investors.

Mission

To contribute to the structural transformation and fair capital distribution in our country in accordance with sustainable development priorities by meeting the financial and advisory needs of investing customers; to add value to employees and all other stakeholders with its dynamic, innovative, environmentally and socially responsive banking approach.

Strategic Goals

Development Banking

To diversify the range of financial products available for the priority sectors determined by the development plans and programs.

To support projects which aim to achieve Sustainable Development Goals such as the transition to a low-carbon economy and the fight against climate change, as well as responsible production and consumption, the elimination of poverty, and the protection of the planet.

Turkey Development Fund

Together with sub-funds, to support strategically important sectors in regard to the sustainable growth of Turkey, and to play a significant role in the development of the startup ecosystem by investing in next-generation ventures.

Investment Banking

To improve Investment Banking functions.

To undertake projects that will contribute to the development of Turkey through existing Investment Banking services.

To collaborate with public and private sector entities for the development of new projects and innovative Investment Banking solutions.

Strong Funding Structure

To establish a strong funding structure in order to support the sustainable growth of assets.

IT and Business Processes

To create corporate structures and processes supported by information technologies, ensuring operational efficiency and productivity in all areas of activity.

A Strategic Sustainability Approach

1

Our Role in Supporting Sustainable Development

Our role in supporting sustainable development is shaped by our strategic objectives and our mission in development banking. We are encouraged to maintain our global, industry-specific, national outlook in order to continue to provide inclusive and strategic financing and support the financial efforts being made to fight against climate change.

2

Responsible Banking Approach

As a bank with a history of 45 years and a renewed identity, we aim to continue to work towards a bright future with our employees, maintain our environmentally-sensitive approach, choose and guide our customers accordingly, and proceed with our digital journey that will contribute to our strength.



Demonstrating its respectful attitude towards the environment and society, as well as its effective and productive use of available resources, the Development and Investment Bank of Turkey makes direct and indirect contributions to 13 of the 17 SDGs.

In this context, SDG 7, SDG 8 and SDG 17 are classified as the goals in regards to which the Bank's contribution is transformative, whereas SDG 9 and SDG 13 refer to its direct contributions and SDG 1, SDG 2, SDG 4, SDG 5, SDG 10, SDG 12, SDG 14, and SDG 15 refer to its indirect contributions.

We integrated a specific sustainability strategy into our banking operations, centered on two focal points. It is an inherent element of development banking culture and provides the revised mission, vision, and main strategic objectives of the Development and Investment Bank of Turkey in light of changes and modernizations. The Bank's sustainability strategy is developed around a model banking structure which invests in the future by supporting Turkey's sustainable development and which stands firm in its decisive and responsible banking approach on this matter.

The priorities defined, the targets established and the performance achieved by the Development and Investment Bank of Turkey within the framework of its "Role in Supporting Sustainable Development" and "Responsible Banking Approach" contribute to the Bank's ultimate strategy of sustainability and also help overcome global and national challenges in this area.

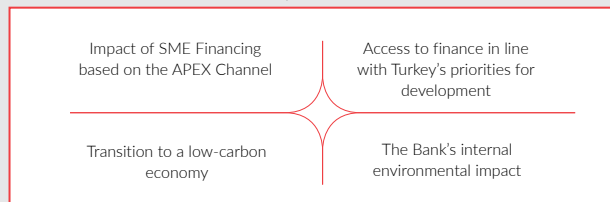
Our Role in Supporting Sustainable Development

Challenges

One of the major obstacles hampering sustainable development stems from the difficulties in accessing inclusive finance on a regional, industry-specific, or recipient scale basis. The Bank has shown support for various endeavors, ranging from regional development and the funding of medium-sized enterprises, to the providing of subsidies for selected fields to help the progress of the national economy as well as the prioritization of innovative projects. This support represents a major step in overcoming this challenge.

Nowadays considered a global crisis, the fight against climate change is not only necessary for natural life, but also for society. Our societies are deeply affected by this crisis, given the natural disasters which have occurred due to global warming. In this context, banks play a crucial role in ensuring the transformation of the real sector as projected in the Sustainable Development Goals and the Paris Climate Agreement.

The strategy developed by the Development and Investment Bank of Turkey, in light of its **Role to Support Sustainable Development**, focuses on four important areas:



Responsible Banking Approach

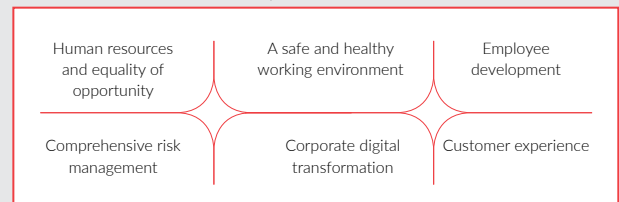
Challenges

The need for social and structural progress, employment, reliable institutional framework, and the development of personnel are becoming more and more important with each passing day.

It is evident that, against the backdrop of an ever-changing world, risk perception based merely on financial capital is no longer enough, and it has become increasingly necessary to assess the environmental, social, and governance risks. It is a key requirement to thoroughly assess both corporate risks and those associated with the value chain as we live in an era characterized by unprecedented rates of dissemination of knowledge and information.

In light of technological developments, cyber security, customer confidentiality, and business continuity are now considered must-haves in the context of sustaining institutional frameworks. Legislative regulations introduced on these issues and social awareness and demands, along with the requirements of digital transformation, are necessary in order to build a sustainable structure.

The strategy developed by the Development and Investment Bank of Turkey in light of its **Responsible Banking Approach** focuses on six important areas:



A Strategic Sustainability Approach



Total amount of funding received from international finance institutions for Renewable Energy and Energy Efficiency projects by 2019

In 2019, renewable energy projects were provided financing worth TL 1,278,242,000.



Total amount of funding received from international financial institutions to support Turkish investments for sustainable development



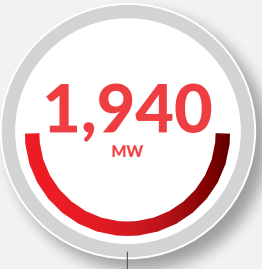
Funds provided to Turkey through international finance institutions in 2019.



Total number of Renewable Energy and Energy Efficiency projects financed



Turkey Development Fund, set up to support innovation-based economic transformation and regional development in Turkey



Total installed capacity of the Renewable Energy and Energy Efficiency projects financed, as of 2019

Total installed capacity of renewable energy projects financed in 2019 reached to 103.3 M.



Demonstrating its respectful attitude towards the environment and society, as well as its effective and productive use of available resources, the Development and Investment Bank of Turkey makes direct and indirect contributions to 13 of the 17 SDGs.

In this context, SDG 7, SDG 8 and SDG 17 are classified as the goals in regards to which the Bank's contribution is transformative, whereas SDG 9 and SDG 13 refer to its direct contributions and SDG 1, SDG 2, SDG 4, SDG 5, SDG 10, SDG 12, SDG 14, and SDG 15 refer to its indirect contributions.

"Total" corresponds to the numbers achieved since 2004.

Role in Sustainable Development Goals (SDGs)



The Development and Investment Bank of Turkey has been supporting Turkey's sustainable development since its establishment and setting targets in order to expand its impact in this area.

For this purpose, the Bank agreed to follow the "Sustainable Development Goals (SDGs)" developed by the United Nations in 2015, which cover 17 specific goals. SDGs provide a unified platform for a wide range of objectives such as eliminating inequalities in all areas, protecting the ecosystem and natural resources, achieving inclusive economic growth, and increasing welfare on a global scale.

The Development and Investment Bank of Turkey made it a strategic goal to support projects which contribute to Sustainable Development Goals, such as the transition to a low-carbon economy, the fight against climate change, responsible production and consumption, the elimination of poverty, and the protection of the planet.

The plans and programs developed for Turkey also refer to the SDGs, and the goals are approached from a holistic perspective. Efforts in this area are designed to include concrete steps to be taken with respect to priority SDGs and all other goals in general, in light of Turkey's existing state of affairs and the targets that have been set for the year 2030.

One of the most important examples of these efforts is the Set of Sustainable Development Indicators developed in 2019 by the Turkish Statistical Institute (TurkStat), comprising 83 indicators. This set of indicators provides the framework of indicators to be used to monitor and review the process of achieving the goals laid out. Moreover, the preparation of the "2nd Review Report on Sustainable Development Goals" also stands out as an important development in this sense. Analyses and studies revealed that SDG 1, SDG 3, SDG 6, SDG 7, SDG 9 and SDG 11 stand out as goals where significant progress has been achieved, while the other SDGs are noted as having room for improvement¹.

Fully aware of the supportive and catalyzing role the finance industry plays in achieving the SDGs, the Development and Investment Bank of Turkey directly or indirectly contributes to 13 of the 17 SDGs through the effective and efficient use of its resources and its respectful attitude towards the environment and society.

The Bank's focal areas in terms of its contribution to the SDGs under its development banking strategy are shaped around the activities it carries out and the projects it funds by taking into account Turkey's objectives. In this context, SDG 7, SDG 8 and SDG 17 stand out as the main focus areas, while SDG 9 and SDG 13 are categorized as the goals which are directly contributed to.

The Bank supports global goals set for the year 2030 through its contributions towards the main SDG focused areas, helping Turkey to achieve its targets for renewable energy production, industrial efficiency, increased employment, and inclusive economic growth.

The Development and Investment Bank of Turkey intends to develop a map of SDGs based on its credit portfolio so as to come up with a quantitative assessment of its direct and indirect contributions to such goals. By doing so, the Bank expects to review and assess the environmental, social and economic contributions it makes through its credit extension operations in the context of the technical, environmental and social

¹ Turkey's Sustainable Development Goals 2nd VNR (2019), "Strong Ground for Common Goals", p. 7.

Role in Sustainable Development Goals (SDGs)

“ The Development and Investment Bank of Turkey intends to develop a map of SDGs based on its credit portfolio so as to put forward a quantitative assessment of its direct and indirect contributions to SDGs.

assessment process, beginning with credit applications. The mapping activity intended for this purpose will be carried out in accordance with the established methodologies previously put in place by the UNEP FI, the United Nations and international institutions

In this context, plans include the commencement of preliminary analyses by personnel from different departments of the Bank with different expertise, as well as the development of the relevant software infrastructure to transfer the industry/project-based SDG interactions into the existing system. Such an integration will make more effective contributions to SDGs in the long-run.

Moreover, the Bank supports the achievement of:

- SDG 1 by facilitating access to financing and contributing to regional development;
- SDG 2 through the credits and consultancy services it offers around the theme of agriculture;
- SDG 5 by making gender equality an inherent part of its corporate culture;
- SDG 4 through the funds it channels to extend the reach of quality education throughout Turkey, and its efforts to increase the competence levels of its employees;
- SDG 10 through its contributions towards equal access to finance;
- SDG 12, SDG 14, and SDG 15 through the projects it funds, the essential structure of its portfolio, and the environmental and social assessment criteria employed in the credit extension process.



Materiality Analysis and Stakeholder Engagement

In addition to the business model, activities, and operations developed to date in reference to the priorities of its stakeholders, through this year's process of preparing its first Sustainability Report, the Bank consulted with its internal and key external stakeholders about highly material issues. The comments of the stakeholders provided valuable input for the materiality analysis.

The material issues identified with respect to the focus areas established through consultations with internal stakeholders of the Bank as well as with senior management and the sustainability consultant, were reviewed in terms of the external environment, the priorities of the country, and the stakeholders so as to conclude the materiality analysis.

Through this process, firstly, the material issues in focus areas determined by the Bank's strategy were identified. Following approval from the General Manager, these issues were shared with other internal

stakeholders, who were asked to list their sustainability priorities by evaluating the Bank's structure with a holistic approach.

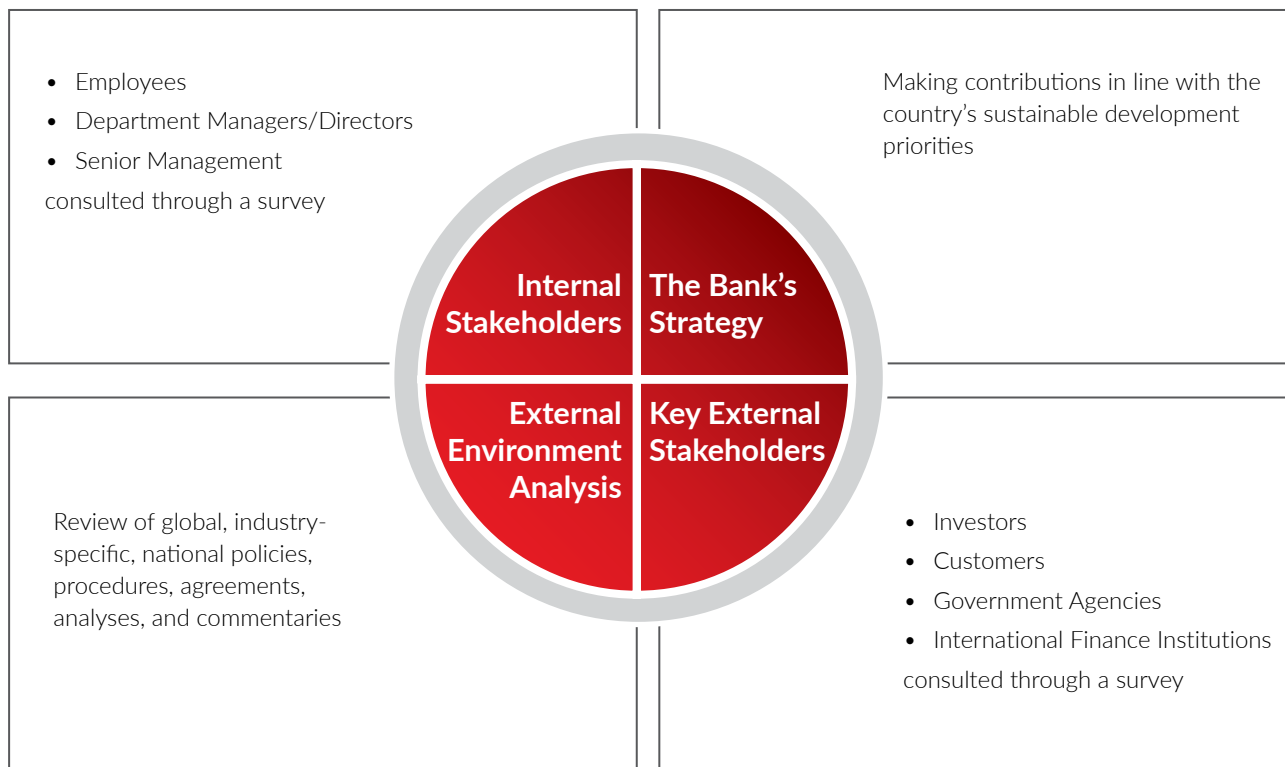
Thereafter, entities of high priority were chosen from among a wider pool of stakeholders including investors, government agencies, customers, international finance institutions, development agencies, suppliers, the banking industry, NGOs, and the media. The material issues were shared with key external stakeholders, who were asked to assess the Bank with respect to these issues, and to share their expectations. The key stakeholders identified were contacted via e-mail, and were asked to complete a mini survey and an additional set of questions in order to obtain their opinions and priorities. These efforts shed some light on the targets the Bank needs to set in order to come up with solutions which can benefit stakeholders.

“ Consulting with the stakeholders and taking steps to meet their expectations, meanwhile formulating the Bank's overall strategy and its sustainability strategy in tandem, is a crucial element for the sustainability outlook of the Development and Investment Bank of Turkey.

GRI 102-40, 102-42, GRI 102-43, GRI 102-44



Materiality Analysis and Stakeholder Engagement

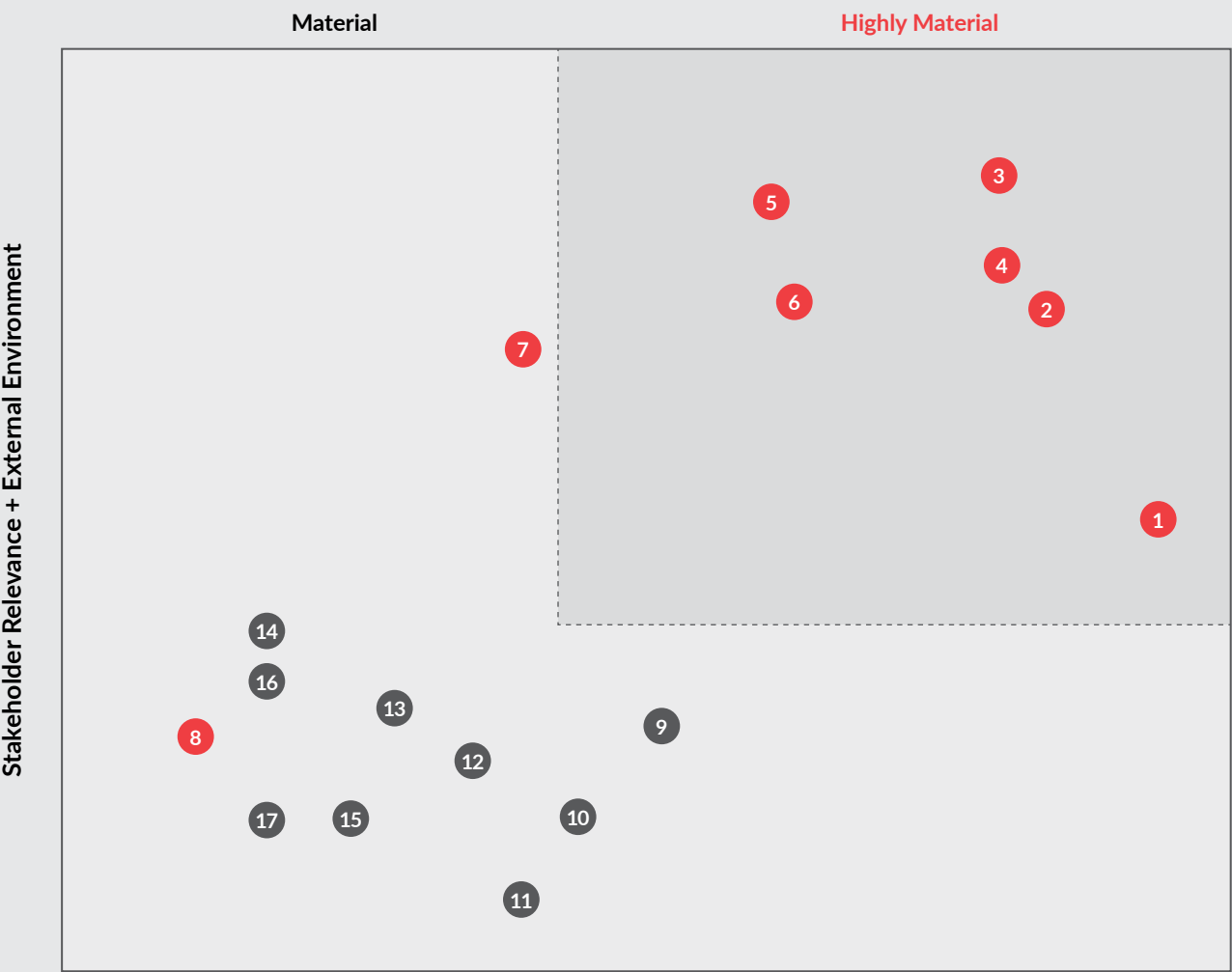


Yet another input for the materiality analysis is provided by the external environment analysis, which focuses on the global, industry-specific, and national priorities of sustainable development. The main elements of this analysis include the review of policy documents with a focus on development, such as the Paris Agreement, the Strategy and Road Map for Financing the 2030 Agenda prepared by the United Nations,

comments from the World Bank and the OECD, the 11th Development Plan, the New Economy Program, and the Tech-Focused Industrial Push Program. The structuring impact demonstrated particularly by development banks on sustainable development, as well as the expectations of banks in this respect, are also among the elements that make up the analysis.

The Development and Investment Bank of Turkey has set its sustainable development priorities by positioning its operations, activities, and targets through the analyses described above and without losing its perception on the risks versus returns involved. The materiality matrix developed in response can be viewed below. The material issues are colored and numbered based on the strategic goal they are related to.

Materiality Matrix









































Development and Investment Bank of Turkey + Bank’s Strategy

- Role in Supporting Sustainable Development
- Responsible Banking Approach

“The details regarding the issues included in the Materiality Matrix are provided in page 32 of the report.”

Materiality Analysis and Stakeholder Engagement

Strategic Focus Area	Strategic Goal	Material Issue
Role in Supporting Sustainable Development	Our role in supporting sustainable development, shaped by our strategic objectives and our mission in development banking, encourages us to maintain our global, industry-specific, national outlook, in order to continue to provide inclusive and strategic financing and support the financial efforts needed to fight against climate change	1 Supporting Priority Sectors (Import-Reducing and Export-Increasing Sectors)
		2 Supporting Technological Enterprises and Entrepreneurs
		3 Creating Employment
		4 Financing Energy Efficiency
		5 Financing Renewable Energy
		6 Supporting Regional Development
		7 Financing SMEs
		8 The Bank's Internal Environmental Impact
Responsible Banking Approach	As a fairly new bank - with a history of 45 years - we aim to continue to work towards a bright future for our personnel, showcasing our fresh identity, maintaining our environmentally-sensitive outlook, choosing and guiding our customers accordingly, and proceeding with our digital journey, further adding to our strength as a financial institution.	9 Focus on Digital Transformation
		10 Occupational Health and Safety
		11 Financial Performance
		12 Ethics and Human Rights
		13 Employee Training and Development
		14 Comprehensive Risk Management and the Integration of ESG Criteria into our Banking Operations
		15 Responsible Outlook on Human Resources
		16 Equality of Opportunity and Diversity
		17 Customer Experience/Communications

Relevant SDG	Relevant Section
  	Inclusive and Strategic Finance
  	Inclusive and Strategic Finance
  	Inclusive and Strategic Finance
   	Fight Against Climate Change
   	Fight Against Climate Change
 	Inclusive and Strategic Finance
	Inclusive and Strategic Finance
  	Fight Against Climate Change
	Corporate Digital Transformation
	Safe and Healthy Work Environment
	Highlights
	Human Resources Approach and Equality of Opportunity
 	Contribution to the Progress of Personnel
   	Comprehensive Risk Management
 	Human Resources Approach and Equality of Opportunity
 	Human Resources Approach and Equality of Opportunity
	Importance Placed on Customer Experience

Materiality Analysis and Stakeholder Engagement

“ The Development and Investment Bank of Turkey regularly contacts its stakeholders, listens to their views about material issues or practices, and understands their expectations so as to meet these expectations through its activities and operations.

In addition to the materiality analysis, the stakeholders' views are among the crucial pillars on which the strategy and objectives of the Development and Investment Bank of Turkey are built. The Bank regularly contacts its stakeholders, listens to their views about material issues or practices, and understands their expectations so as to meet these expectations through its activities and operations.

As a long-standing supporter of open communication, the Development and Investment Bank of Turkey has made a concerted effort to assist its personnel, which represent a significant percent of the Bank's internal stakeholders, facilitating their access to management through the Human Resources and Support Services Departments. Any request submitted to the relevant departments through the personnel recommendations and complaints system, or through other means, are quickly handled and responded to. In order to render communication secure and available at all times, the Bank established an Intranet portal for personnel.

Reports of violations or other breaches in the Bank are communicated to the Internal Audit, while suspicious transaction reports are submitted to the Internal Control and Compliance

Department, recommendations and complaints are submitted to Human Resources, and violations of rules of ethical conduct are submitted to the General Manager. Department recommendations/complaints, on the other hand, are communicated to the relevant business unit.

Providing quick updates to personnel about the developments and changes at the Bank is one of the priorities of the organization. All personnel are notified via e-mail in the case of an initial publication or a revision of directives and procedures. Moreover, the relevant file is provided on a shared folder which is accessible to all personnel. Any changes regarding established operations, on the other hand, are immediately announced to employees via e-mail.

As employee loyalty continues to remain an important priority, the Bank organizes specific get-together events (such as breakfasts, traditional Turkish bagels day, birthday parties, etc.) to encourage sharing, reinforce team spirit, and make working together enjoyable and fun.

The Development and Investment Bank of Turkey regularly meets with government agencies, investors, and international finance institutions, which comprise the Bank's key external

stakeholders. As the Bank does not collect deposits, its primary sources of funds are international development finance institutions. In this context, the Bank is continuously in contact and cooperation with various international banks that provide sustainable financing funds such as the World Bank, the Asian Infrastructure Investment Bank, KfW Development Bank, the Islamic Development Bank, Council of Europe Development Bank, the Japan Bank for International Cooperation, European Investment Bank, and the Black Sea Trade and Development Bank, through training courses, credit relationships, and technical, environmental and social workshops and meetings.

Moreover, the Development and Investment Bank of Turkey takes part in meetings and project workshops of the entities which effectively shape sustainable finance policies in Turkey, and it engages in continuous and effective communication with these entities regarding a number of issues such as regulatory changes. The Bank also attaches great importance to maintaining effective communication with its customers before and after the credit extension process and throughout the duration of consultancy projects.



The Development and Investment Bank of Turkey plays a major part in encouraging private investments in the context of climate-associated development, thereby supporting Turkey's efforts towards combating climate change, protecting the environment, and achieving climate-change resistant and low-carbon economic development.

The Development and Investment Bank of Turkey continues to align its investment-related operations with the international standards which become more and more strict with each passing day.

As a financial intermediary, the Development and Investment Bank of Turkey is expected not only to support climate-related investments, but also make its impact felt and accelerate the development of the private sector's project implementation capabilities, specifically regarding environmental and social management and occupational health and safety.

Acting on behalf of the German Government, KfW has been supporting the efforts of the Development and Investment Bank of Turkey towards these goals, by providing long-term funding for sustainable and innovative climate investments, as well as through its technical assistance for the development of the Bank's Environmental and Social Management System and operations.

Pablo Obrador, Head of the Energy and Mobility Division for Turkey in KfW Development Bank

GRI 102-40, GRI 102-42,
GRI 102-43

Materiality Analysis and Stakeholder Engagement

Stakeholder	Stakeholder Communication Channel and Frequency	Stakeholder's Expectations	Actions Taken
Employees	E-mail, recommendations and complaints forms, kalkinma.net portal	Responsible Outlook on Human Resources, Employee Training and Development	The sections entitled Human Resources Approach and Equality of Opportunity, Safe and Healthy Work Environment, and Contribution to the Progress of Personnel provide detailed remarks on these points.
International Finance Institutions	Reporting, conferences, meetings, website	Creating Employment, Financing Renewable Energy, Responsible Banking Approach	The sections entitled Inclusive and Strategic Finance and Fight Against Climate Change provide detailed remarks on these points.
Investors	General Assembly Meetings, website, Public Disclosure Platform, press releases	Creating Employment, Financing Renewable Energy, Responsible Banking Approach	The sections entitled Inclusive and Strategic Finance and Fight Against Climate Change provide detailed remarks on these points.
Customers	Customer meetings, website, social media accounts	Financing Renewable Energy, Financing SMEs	The section entitled Importance Placed on Customer Experience provides detailed remarks on these points.
Government Agencies	Public Disclosure Platform, regulatory compliance and annual reports, meetings	Supporting Regional Development, Supporting Priority Sectors	The section entitled Inclusive and Strategic Finance provides detailed remarks on these points.
NGOs	Memberships, conferences, website, social media accounts, press releases	Transparency, Fight Against Climate Change	The sections entitled Inclusive and Strategic Finance and Fight Against Climate Change provide detailed remarks on these points.

Sustainability Management Approach

Aware of the need to address the three dimensions of sustainable development - economic, social and environmental - in a balanced and integrated manner, the Bank completely restructured itself as a result of a radical change and transformation process.

With the leadership of its Board of Directors, the Development and Investment Bank of Turkey is now able to express more clearly the areas in which it will invest through a systematic, rational, efficient management model, under its new name. Now operating in its new headquarters in Istanbul, with new functions and an expanded scope assigned through the restructuring process, the Bank has once again revealed the influence of sustainable development against the backdrop of a 45 year history, with a fresh logo and corporate identity.

With a sense of responsibility towards Turkey's sustainable development, the Bank reinforced its commitment to sustainability goals through its decisions, policies, plans, collaborations and memberships in 2019.

One of the first steps the Development and Investment Bank of Turkey took in this regard was to clarify and enhance its sustainability management structure. Currently, matters concerning sustainability and climate change are handled by the Environment Management Committee of the Bank. Chaired by the General Manager, the Committee discusses and decides on important issues which are then acted on by the Executive Vice President responsible for Financial Affairs, Credit Operations, Treasury and Capital Market Transactions Operations, and Subsidiaries, Corporate Relations and Sustainability Departments.

Throughout the year, the Board of Directors is briefed by the General Manager at the "Management Review Meeting". The working groups reporting to the Committee consult each other on a monthly basis, whereas the Committee convenes on a quarterly basis, with the Executive Vice President serving as the chair. The upcoming period is expected to see the implementation and assessment of a sustainability management mechanism and further endeavors by an even more comprehensive Sustainability Committee.

“ In line with its development banking mission, the Development and Investment Bank of Turkey considers environmental and social sustainability as a core element of sustainable and inclusive development.



Sustainability Management Approach

Sustainability Management



At the Development and Investment Bank of Turkey, issues concerning sustainability and sustainable development are handled at senior management level, with the General Manager leading the changes regarding sustainability. Principles of sustainable and responsible development are discussed and approached from a holistic perspective, expanding the area of influence by creating shared values for all stakeholders through the strategic initiatives introduced. The efforts to be implemented within the framework of sustainability, with reference to the environmental and social policies developed and expected to be extended, are coordinated and executed effectively with a view to expanding the functionality of the sustainability management mechanism.

To this end, in 2020, the Bank intends to establish a Sustainability Committee comprising members of the Board of Directors and senior management to keep track of sustainability efforts.

Doing so will provide a venue for the representatives of senior management to regularly meet to discuss sustainability issues. The structure planned for this purpose is a committee chaired by the General Manager, and the committee will include an independent Board Member and all Executive Vice Presidents.

The Committee, for which the secretariat services will be provided by the Subsidiaries, Corporate Relations and Sustainability Department, is expected to engage in accurate and effective communication with the sustainability representatives within the Bank. Through this Committee, the Bank aims to discuss and manage the risks and opportunities which may arise from the Bank's services and operations, as well as the economic, environmental and social aspects which form the building blocks/core components of sustainable development. The Committee is also tasked with resolving decisions on sustainability-related items that will be brought up by the Board of Directors.

Yet another effort the Development and Investment Bank of Turkey has been making to take its sustainability insight and environmental and social awareness to a higher level is the "Environmental and Social Policy". The policy is expected to be put into force through the approval of the Board of Directors in January 2020, and is designed to enable more effective management of the potential direct and indirect environmental and social impacts of the Bank's operational activities and financial services.

Having an important mission to help Turkey achieve its development goals, the Development and Investment Bank of Turkey, a "New Bank with a history of 45 years", coupled with robust foundations and a stable structure, took yet another significant step in 2019 as part of its sustainability journey by publishing its first sustainability report.

During the year, the Bank became one of the founding signatories of the UNEP FI Principles for Responsible Banking, and also joined the United Nations Global Compact network as well as the Business Council for Sustainable Development Turkey (BCSD), as part of its goal to become a household name amongst sustainability platforms operating in the industry and in Turkey as a whole.

Memberships



PRINCIPLES FOR
RESPONSIBLE
BANKING

The Development and Investment Bank of Turkey joined, as a founding signatory, the “Principles for Responsible Banking” that the United Nations Environment Programme Finance Initiative (UNEP FI) developed to increase the banking industry’s impact in sustainable development. These principles, for which six Turkish banks became founding signatories giving commitment for implementation were established through cooperation between 30 member banks with a total asset size in excess of USD 17 trillion. By putting its signature to principles which require all signatory banks to embrace the sustainability outlook and criteria in all their operations, the Development and Investment Bank of Turkey has once again showed that sustainability is thoroughly integrated into the Bank’s way of business.



United Nations
Global Compact

The Development and Investment Bank of Turkey’s participation in the world’s largest corporate sustainability platform, the UN Global Compact, in 2019, by signing its letter of commitment in September, marked yet another important step by the Bank towards sustainability. This move gave the Bank a seat in the working groups created as part of the local network.

The Development and Investment Bank of Turkey also joined the Business Council for Sustainable Development Turkey, one of the most qualified sustainability platforms in Turkey, and the regional network and partner of the World Business Council for Sustainable Development (WBCSD). The Bank aims to further increase its support and contribution in the field of sustainability, through the efforts it has made under the umbrella of the Association.



skd
TÜRKİYE

The Development and Investment Bank of Turkey also joined the Business Council for Sustainable Development Turkey, one of the most qualified sustainability platforms in Turkey, and the regional network and partner of the World Business Council for Sustainable Development (WBCSD). The Bank aims to further increase its support and contribution in the field of sustainability, through the efforts it has made under the umbrella of the Association.

The Development and Investment Bank of Turkey intends to go even further from the point it has reached with its cooperation efforts, services, and guiding principles in line with its sustainability and management approach and strategy. The Bank has continued to make contributions to and put effort into achieving the 17 Sustainable Development Goals specified by the United Nations in 2015, as one of the guiding texts in the field of sustainable development. On this basis, the Bank is preparing to apply for the United Nations’ Joint SDG Fund Programme, as well as the UNDP, UN Women, and UNIDO. The application is expected to enable the implementation of Turkey’s first Impact Fund, in line with its sustainable development goals, and with close reference to the priorities of its national development efforts.

Value Created from Our Goals to Operations

Funding Secured from International Finance Institutions, and Distribution of Funds based on Themes *

EIB	USD 1.1 billion
The World Bank	USD 691 million
IDB	USD 441 million
ICBC	USD 400 million
CEB	USD 308 million
JBIC	USD 250 million
AIIB	USD 200 million
KfW	USD 145 million
KTB	USD 56 million
AFD	USD 22 million

* Refers to funding received since 2004

55%
Renewable
Energy & Energy
Efficiency

30%
SME

11%
Corporate
Funding &
APEX

3%
Sustainable
Tourism

1%
Infrastructure

**USD 3.62 billion in funds as
of 2019**



Headquarters
moved to
Istanbul



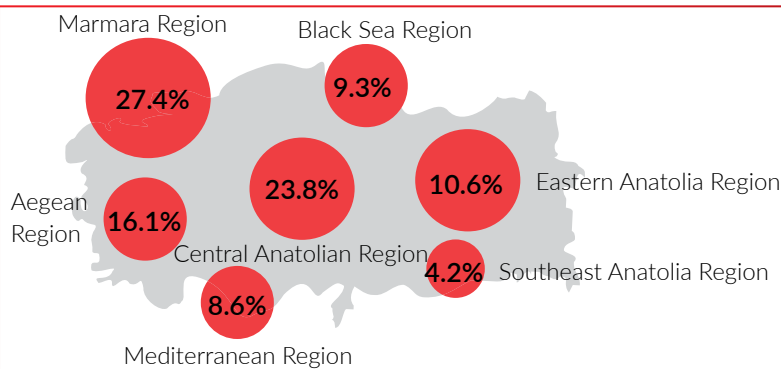
291 employees



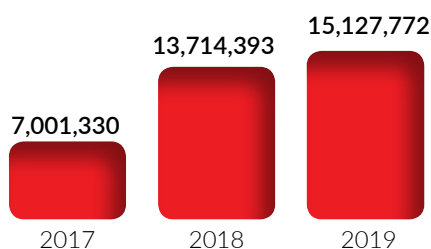
Established expertise
in technical
consultancy services

TL 750 million in Turkey Development Fund

- TL 400 million in the Regional Development Fund
- TL 350 million in the Technology and Innovation Fund



Total Financing provided in the period 2017-2019 (TL thousand)



116%

increase in funding provided to industries

**Our Impact on Regional
Development**

Our Impact on

Our Financial and Human Resources

Activities

Credits Extended with Funding Secured from International Finance Institutions, and its Distribution based on Themes *

EIB	USD 54 million
WB	USD 14.7 million
KTB	USD 4.7 million
JBIC	USD 44.9 million
KfW	USD 4.4 million
CEB	USD 16.8 million
IDB	USD 106.3 million

* Refers to the funds extended in 2019.

87%

Renewable
Energy & Energy
Efficiency

11%
SME

2%

Sustainable
Tourism

**USD 245.8 million of credit
drawdown in 2019**



2

Technical
Consultancy
Projects



241

Renewable Energy Projects

21

Energy Efficiency Projects*

* Refers to funding since 2006

Our Banking
Activities

Our Impact on the
Low-Carbon Economy

Inclusive Growth

The largest contribution to this increase was seen in the energy sector and APEX banking-induced credits.

Renewable Energy Installed Capacity	1,835.6 MW*
LANDFILL GAS	49.8 MW
WPP	143.2 MW
GPP	149 MW
SPP	196.2 MW
HPP	1,297.5 MW
Waste heat recovery	104.4 MW

*Total installed capacity of Renewable Energy and Energy Efficiency projects financed, by 2019

51,394 metric tons of CO₂ emissions were avoided through the Renewable Energy Projects financed in 2019.

Total Annual Emissions (tCO₂e) Avoided through Financed Renewable Energy Projects by 2019

2,631,545 tonnes of CO₂

445,527

Ton of Oil Equivalent (TOE) in Energy Import
Reduction

120,875,249

Number of Corresponding Trees Planted

Between 2017 and 2019

Through the SME-APEX credit program

960
beneficiary
companies

875
employment
opportunities





For a More Livable World,

Contributing to Renewable Energy Investments



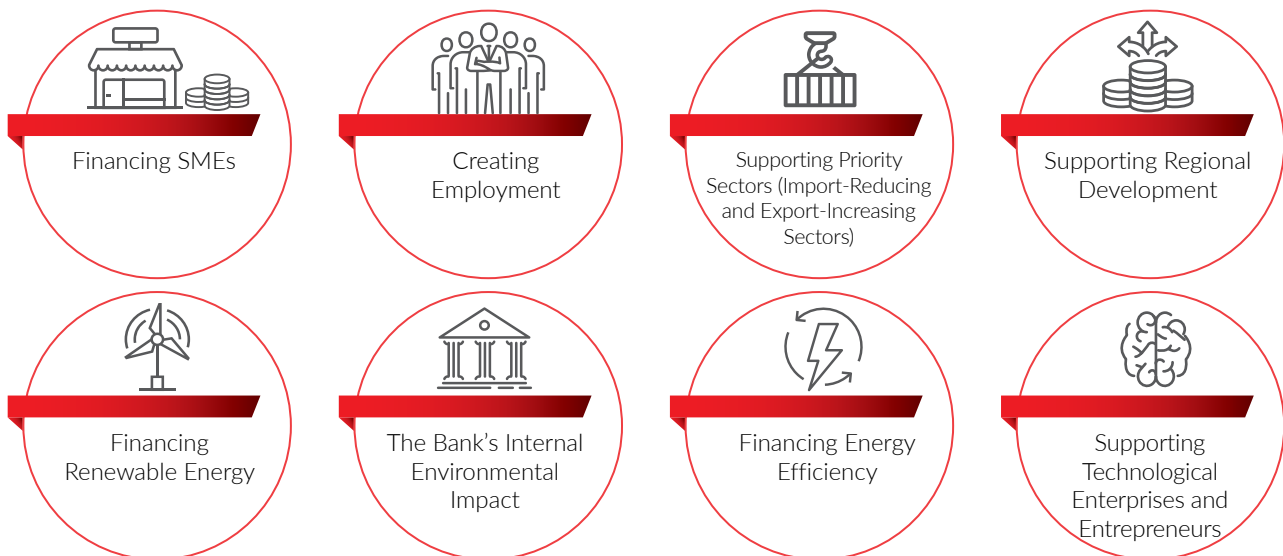
6

Role in Supporting Sustainable Development



Supporting and funding industrial investments mainly in priority sectors and making long-term loan agreements with **international finance institutions** in this regard are among the roles and duties defined specifically for the Development and Investment Bank of Turkey.

Relevant Material Issues



As of 2019, as part of the efforts to support sustainable development, loan agreements worth a total of

USD 3.62 billion

were signed with International Finance Institutions.

A total of

USD 1.97 billion
Renewable Energy & Energy Efficiency

USD 112.2 million
Sustainable Tourism

USD 1.08 billion
SME

USD 41.1 million
Infrastructure

USD 400 million
Corporate Funding and APEX

In 2019, renewable energy projects were provided financing worth TL 1,278,242,000 thousand.



Strategic Goals

To increase the diversity of financing products for priority sectors - designated by the development plans and programs - which are highly dependent on imports and produce foreign trade deficits, while simultaneously having a high potential to generate foreign currency revenues and contribute substantially to employment levels

To directly support Turkey's objectives regarding the transition to a low-carbon economy while also offering indirect support as a fund provider

To contribute to both the regional development and the technological transformation of Turkey through Turkey Development Fund

Contributed SDGs



As of 2019

Through the SME-APEX credit program

875
employment
opportunities

5,180,551,107
kWh-year
reduction in imports

Annual emissions avoided through
financed renewable energy projects
in total

2,631,454
tonnes

of CO₂ emissions

51,394 tonnes of CO₂ emissions were avoided through the renewable energy projects financed in 2019.

Within the framework of the
“Project for Recovering Uncompleted
Investments and Enterprises with
Insufficient Operational Capital”

9,000
employment
opportunities

Inclusive and Strategic Finance

SME Financing, Wholesale Banking (APEX Banking) and their Impact



SMEs comprise the majority of the world's enterprises, particularly in developing countries and in Turkey, thus playing a major part in creating economic value as well as employment. Globally speaking, SMEs account for approximately 90% of enterprises, and provide more than 50% of all employment. Furthermore, registered SMEs contribute up to 40% of Gross Domestic Product (GDP) in developing countries.¹ In Turkey, 99% of all enterprises in operation are SMEs², which account for 56% of our exports, 74% of employment, and 54% of added value.³ The New Economy Program emphasizes the need to support SMEs in order to

facilitate their efforts for brand building, developing institutional structures, and accessing overseas markets. In order to increase the competitiveness of Turkey, it is imperative that SMEs are provided with access to finance so that they can realize their full potential.

¹ OECD (2019), Financing SMEs and Entrepreneurs 2019: An OECD Scoreboard, OECD Publishing, Paris, https://doi.org/10.1787/fin_sme_ent-2019-en.

² KOSGEB Annual Report, 2019.

³ KOSGEB Performance Program, 2019.

Well aware of its role in Turkey's development, the Development and Investment Bank of Turkey works hard to facilitate the growth of SMEs and their contribution to inclusive economic growth, by facilitating their access to funding. The Bank supports SMEs indirectly, through wholesale banking (APEX) loans, as well as loan agreements with international institutions, with a focus on supporting SMEs. The Bank also intends to increase its support for SMEs through

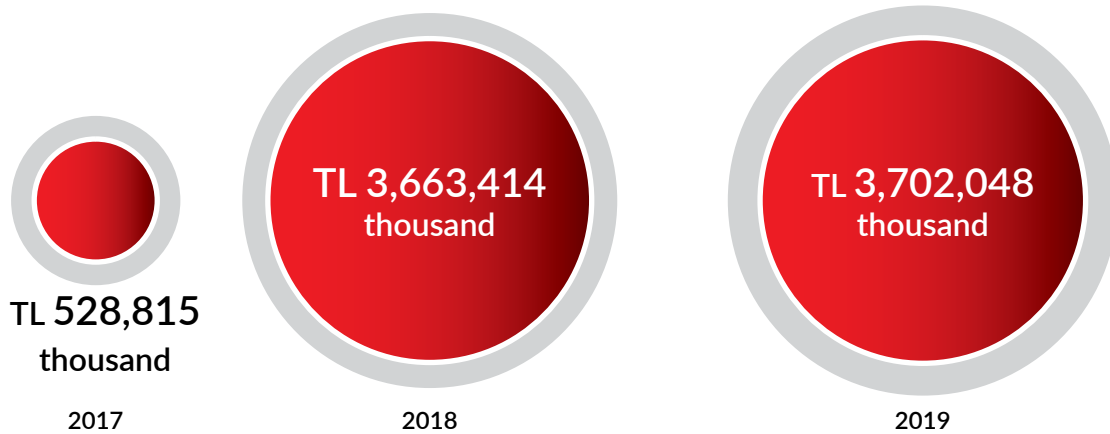
the Technology and Innovation Fund and the Regional Development Fund established under the umbrella of Turkey Development Fund.

The Development and Investment Bank of Turkey is proud of the positive contributions it has made to the country, particularly on the employment generation front, by providing funding for projects aiming to generate employment in various lines of business ranging from the manufacturing industry - considered

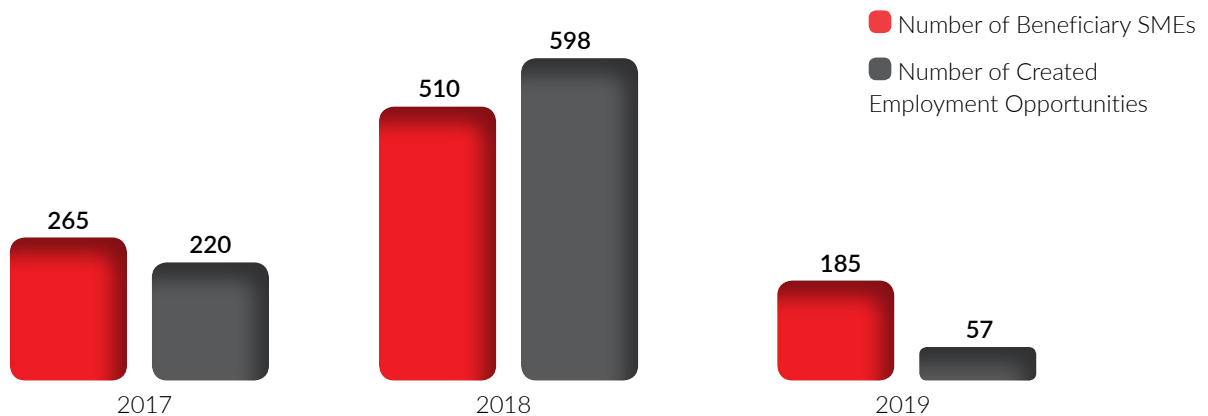
the driving force of the Turkish economy - to the tourism industry, an important source of foreign currency for the national economy.

Through both the direct loans it makes available, and the indirect APEX banking mechanism, the Bank provides finance for the thematic investments of micro, small and large-sized companies through other financial institutions such as commercial banks or leasing companies, and thus supports employment creation.

Funds Driven by APEX Loans



Impact of our Participation in the CEB-SME Loan Program



To date, through agreements to facilitate SME loans, executed with numerous international development finance institutions such as the European Investment Bank, the World Bank, the French Development Agency and the Islamic Development Bank, more than USD 1 billion has been provided in funds to SMEs.

Between 2017 and 2019, the Development and Investment Bank of Turkey continued to provide funding for SMEs through the APEX credit program, introduced with the cooperation of six leasing companies in order to provide funds to SMEs. This was carried out within the framework of the APEX credit program and designed in partnership with the

Council of Europe Development Bank (CEB).

On 20 December 2016, an APEX credit agreement with a limit of EUR 100 million was signed between the Development and Investment Bank of Turkey and CEB, under the guarantee of the Turkish Ministry of Treasury and Finance, to facilitate access to funding for SMEs, and to generate employment. The loans, which became available from 2017 onwards, have been utilized by a total of 960 companies, generating 875 new employment opportunities.

In 2019, the fourth tranche of the loan was completed with the intermediation of four leasing companies, which

brought in EUR 15 million in funds. Yet another feature of the loans made available was the requirement applicable to all sub-projects - not to violate the European Convention on Human Rights or the European Social Charter, and to comply with CEB's environmental policy along with Turkish laws and regulations regarding environment-related issues.

Furthermore, an agreement was signed with the Black Sea Trade and Development Bank at the end of 2018 for a loan of EUR 50 million for use in the funding of SME investment projects. In 2019, EUR 50 million in funds was provided within the framework of this agreement.

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The Development and Investment Bank of Turkey will continue such efforts with international development finance institutions in 2020. Similarly, the Bank submitted a project to increase registered employment, requesting EUR 80 million in grants from the World Bank and European Union funds, along with a loan of EUR 316 million from the World Bank. In 2020, efforts will be made to make these funds available for relevant projects.



In line with Turkey's sustainable development goals, the Bank is working to develop its cooperation with the Central Bank so as to support investments which aim to produce high added value and efficiency, increase employment, reduce current deficit and external dependence, decrease imports and support exports.

In order to meet the funding needs of SMEs, the Development and Investment Bank of Turkey supports many SMEs through industry-specific project financing schemes in addition to the financing mechanisms made available through the APEX channel. On this basis, SMEs operating in various industries such as manufacturing, energy, tourism, construction, education and healthcare have been provided with funding. While the Bank's portfolio places an emphasis on industries that will support national development, it also includes a large number of companies and enterprises that will contribute to this goal.

In addition to its role as a financier, the consultancy support it provides truly enables the materialization of effective and employment creating investments

in many social, economic and technical areas related to public and private sectors. In this context, consultancy services were provided to raise TL 42 million worth of long-term funding to TARKİM Plant Preservation company, a subsidiary of the Agricultural Credit Cooperatives of Turkey.



Moreover, within the framework of the COMCEC Project Funding Grant Program, it was decided that the COMCEC Coordination Office would support 22 projects in 2019 to be implemented by 14 member countries and three institutions of the

Organisation of Islamic Cooperation (OIC). The Bank is responsible for monitoring the financing and implementation processes of these projects. The overall goal of the projects implemented in COMCEC cooperation areas is to enhance the related institutional capabilities of government agencies in project-owner member states. Said projects are in cooperation areas such as agriculture, tourism, financial cooperation, transportation, poverty reduction, and trade. The program granted USD 145,600 for three projects that started in 2018 and finished in 2019, while a further grant of USD 906,012.57 was extended to 22 projects in 2019, bringing the total grant figure to USD 1,051,612.57 (TL 6,123,787.07).

Our Commitment

To support SMEs that contribute to the national economy so as to facilitate their access to finance, and to strengthen our expertise in increasing employment opportunities.

Our Goal

To further increase cooperation with International Finance Institutions and Turkey Development Fund in order to boost employment and support SMEs.

Our Achievements

In 2019, we made a total of USD 27.8 million available to SMEs in the form of loans. Furthermore, we brought in EUR 15 million worth of funds within the framework of the CEB-APEX Credit Program. Within the framework of that program, we have provided support to a total of 960 companies since 2017, and generated 875 new employment.

Access to Finance in line with Turkey's Development Priorities



Increasing efficiency and achieving competitive and value-added production, with a view to enabling the transformation of the manufacturing industry in Turkey, are considered prime objectives in the development of the national economy. As noted in the 11th Development Plan, the analyses performed led to the identification of chemical/pharmaceutical/medical devices, machinery/electrical equipment, and automotive, electronics and rail system vehicles industries as priority sectors to promote in the international arena to keep pace with the economic transformation that has been brought

about worldwide due to technology. One of the critical objectives, in this context, is to increase the domestic production of products that fall short of meeting domestic demand. The International Trade Center (ITC) underlines the need to incentivize the exportation of promising products for economic development, and notes that it is necessary to take the export potential of sectors into account.

¹ 11th Development Plan (2019-2023), Presidency of the Republic of Turkey, Department of Strategy and Budget, July 2019, <http://www.sbb.gov.tr/wp-content/uploads/2019/07/OnbirinciKalkinmaPlanı.pdf>.

As noted in the strategic plan for the period 2016-2020, one of the strategic objectives of the Development and Investment Bank of Turkey, in the context of development banking, is to increase the diversity of financing products for priority sectors - designated by the national development plans and programs - which are highly dependent on imports, produce foreign trade deficits, have high potential to generate foreign currency revenues and contribute substantially to employment.

The 11th Development Plan in addition to specifying the main goals in regards to the priority sectors, also assigned specific and special roles to the Development and Investment Bank of Turkey in terms of facilitating access to financing for priority sectors and enabling them to engage in long-term plans. Making long-term loan agreements with international finance institutions so as to support and fund industrial investments mainly in priority sectors is among the specifically assigned duties for Development and

Investment Bank of Turkey. The main focus is on priority sectors, and the funding of those sectors. In addition to providing access to financing, the Bank is also expected to provide certain services such as technical assistance and financial consultancy, which may be needed for projects from the get-go.

Well aware of the importance of such duties and responsibilities, the Development and Investment Bank of Turkey is continuing its efforts to

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provide access to resources that will enable production-based growth, as well as the transformation of the manufacturing industry. The Bank also intends to provide support to industrial enterprises and SMEs in priority sectors through the two sub-funds established as per the protocols of Turkey Development Fund.

Supporting regional development, which ranks among the most important factors for Turkey's development, has always been one of the priorities of the Development and Investment Bank of Turkey. Various collaborations and fund-raising efforts at this front

have demonstrated the Bank's determination.

Towards the end of 2019, in cooperation with the Ministry of Industry and Technology, the Bank set up Turkey Development Fund as well as its sub-fund, the Regional Development Fund, thus implementing a financial mechanism to contribute to the sustainable development of Turkey. With Turkey Development Fund, it is aimed to establish an independent investment platform shaped by best practices, flexibility and authorities granted by law. The Fund and its sub-funds will facilitate capital and

structured financial investments based on a number of strategies, establishing solid relationships and enabling joint investments with the venture capital ecosystem.

One of the sub-funds established, the Regional Development Fund aims to support competitive companies that have the potential to become industry leaders in the regional and global markets. Of the umbrella fund's total value of TL 750 million, TL 400 million is reserved for the Regional Development Fund.

Regional Development Fund Strategies

	Growth Strategy	Regional Support Strategy
Focus on Investments	It is a priority to increase exports/ reduce current deficit in strategic sectors deemed important for development.	Prioritized areas to create regional employment opportunities.
Geographical Scope	Covers those companies incorporated and/or operating in Turkey.	Covers those companies operating outside Istanbul.
Target Investments	Medium-sized companies: Turnover: TL 20 million - 750 million Sectors include the Manufacturing Industry, Professional Services, IT, Pharmaceuticals/Healthcare and Consumer Products.	Regional SMEs: · Turnover: TL 2 million - 250 million · Agriculture, Food (Regional Products) and Tourism are the priority sectors in terms of development.
Investment Amount	TL 25-75 million	TL 10-20 million

This fund, acting on two different strategic views, will contribute not only to regional and inclusive development, but also to industries considered strategic for Turkey for the upcoming period.

Under the **“Growth Capital Strategy”**, it is targeted to support sectors which can help to reduce Turkey's imports.

The “Growth Capital” strategic plan will focus on investments into companies in the priority sectors as defined in the 11th Development Plan, namely the manufacturing industry, professional services, information technologies (IT), pharmaceuticals/healthcare and consumer products and will specifically include medium-sized enterprises.

Yet another strategy implemented by the Regional Development Fund, the **“Regional Support Strategy”** specifically aims to contribute to employment at a regional level. Given its focus on investments to increase regional employment opportunities, this strategy has set its sights on the regional SMEs and companies operating outside Istanbul, in particular.

The plans include not only providing investments to such companies, but also supporting their growth by providing them with capital and management expertise. Through the fund, the Bank will be supporting industries that have the potential to expand their exports and workforce, with an emphasis on priority sectors, in an endeavor to reach out to all corners

of the country. In this context, funds provided to companies in priority sectors such as agriculture, food, or tourism which are characterized by significant potential for growth and which operate at regional level, will contribute to the sustainable development of Turkey.



The Development and Investment Bank of Turkey will also be cooperating with development agencies. The Bank plans to continuously be in contact with development agencies as they hold yet another resource that should be taken into consideration at a regional level. It is the Bank's biggest goal in this respect to achieve, through the companies recommended by the agencies, a fair management of resources in every region of the country, from a developmental perspective.





In order to provide the funding required for the technological transformation described and prioritized in our country's strategic documents, the Technology and Innovation Fund of TL 350 million, which is the other sub-fund of Turkey Development Fund, will serve as an important financial tool, and is expected to make significant contributions to the future of the country.

The 11th Development Plan contains references to the relevant special mission undertaken by the Development and Investment Bank of Turkey, and underlines the process in which the development of high-value added and technological products will be supported through the establishment of Turkey Development Fund.

In particular, this sub-fund will support the development of the startup ecosystem and other technological investments. The two distinct strategies (VC Joint Investment and the Fund for Funds) developed under the Fund will respond to different requirements, and support technological ventures and entrepreneurs on a long-term basis. The Development and Investment Bank of Turkey strives to facilitate the transformation of startups into key companies representing Turkey both inside and outside the country. The road map produced for this purpose envisages investments in startups with a dedicated focus on technology that has achieved certain milestones and also in venture capital investing in such startups.

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Technology and Innovation Fund Strategies

	VC Joint Investment Strategy	Strategy of the Fund for Funds
<p>Focus on Investments</p> 	<p>It is a priority to invest in startups producing/using high-tech.</p>	<p>It is made a priority to invest in funds compatible with the Venture Capital (VC) Joint Investment strategy.</p>
<p>Geographical Scope</p> 	<p>Covers companies located in Turkey (mostly headquartered in Istanbul).</p>	<p>Covers funds established in Turkey and/or designed to invest at least 75% of their assets in Turkey.</p>
<p>Target Investments</p> 	<p>Enterprises with a focus on technologies which carry a high potential for growth and generate a substantial amount of turnover are targeted.</p>	<p>VC funds with successful launching experience, having strategies focused on joint investments and well recognized in the ecosystem are targeted.</p>
<p>Investment Amount</p> 	<p>+ TL 500,000 Series A + TL 2 million Series B TL 5-20 million per company</p>	<p>TL 10-50 million</p>

Developing the venture capital ecosystem with a view to providing more support for investments that focus on technologies and innovations is a notable objective of the Development and Investment Bank of Turkey. In line with its overall mission for development, the Bank also intends to meet the funding requirements of the real sector, support infrastructure investments, and contribute to the development of Turkey's first "unicorn". The Bank will focus its efforts on this front, breathing life into Technocities and helping the startups which are born out of them to grow into recognized companies that will represent Turkey at a national and international level.



The funds are expected to reach a total figure of TL 1 billion with the investments to be completed by the end of 2020. Through these funds, the Bank will be providing the companies not only financial support, but also management, finance, and strategic

consultancy assistance by a team of experts with substantial experience in the field.

Through the **212 Regional Fund** created in cooperation between the Turkish Investment Initiative and the European Investment Fund, The Development and Investment Bank of Turkey intends to make investments into venture capital funds which invest in technology and innovation, as yet another evidence of the Bank's support to technology and venture capital.

In this context, following an assessment, the Bank made a commitment to invest EUR 3 million in the 212 Regional Fund II, which was set up in Luxembourg with an initial fund figure of EUR 30.5 million. With an industry-specific goal focusing on information and communication technologies in general, the Fund plans to invest in related early-phase companies. The 212 Regional Fund II enabled an investment of a total of EUR 6 million in five companies by the end of 2019 - a year during which the fund had increased its size to EUR 35 million upon the second settlement. The Fund's portfolio includes a number of startups such as **OMMA** operating in the field of digital screen software,

MARTI working on micro-mobility, **Mall IQ** providing smart location services to enhance the in-store shopping experience, **APPSAMURAI** offering a self-service mobile advertising platform, and **CHOOCH AI** working on artificial intelligence.



The Development and Investment Bank aims, in this context, to obtain its place in the EASI, which is a prestigious program run by the European Union. The Bank intends to apply for a program in collaboration with TED University/TTO, the Ministry of Industry and Technology, Development Agencies, Impact Hub and the Turkish Education Association. Its main aims are to improve access to finance for Turkish social ventures, to contribute to the development of such funding sources, and ultimately, to complete its efforts towards capacity building to bring stakeholders together in setting up an impact investment fund.

Our Commitment

To provide new-generation banking by demonstrating high levels of performance, adaptability and business continuity and having open communication channels and flexibility.

Our Goal

To increase the variety of financing products for priority sectors - designated by the development plans and programs - which are highly dependent on imports, produce foreign trade deficits, having high potential of contribution to the generation of employment and foreign currency revenues.

Our Achievements

Through the sub-funds we set up under Turkey Development Fund, we created the Technology and Innovation Fund and the Regional Development Fund, providing a source of funding for TL 750 million.

Fight Against Climate Change

The Bank's Role in the Transition to a Low-Carbon Economy



The Paris Agreement signed in 2015 at the Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC) aims to keep the average increase in temperatures below 2°C over pre-industrial period in the long run, and intends to maintain global efforts to limit the increase to 1.5°C. The environmental impact of climate change, as well as its economic and social impact are once again underlined with the SDGs. The need for funding and support for the processes designed to fight against and adapt to climate change is increasing with each passing day.

The finance sector is having a better understanding of the need for large-scale investments to reduce carbon emissions and avoid the impact of climate change, as well as the impact of climate-related risks on financial stability and developing relevant financing tools accordingly.

In 2018, the volume of funding provided by six international development banks (the African Development Bank, EBRD, EIB, IDB, and the World Bank Group) for projects associated with climate change and emission reduction grew by 22% compared to 2017 rising to USD 43.1 billion, which accounts for almost 30% of all operations by these banks¹.

Increasing awareness about climate change, the transition to low-carbon sources of energy, and energy efficiency and similar issues, coupled with the impact thereof on financial performance, has led the finance sector and, in particular, banks and investors, to integrate these matters into their decision-making and operational processes. The UNEP FI Principles for Responsible Banking where the Bank is among the founding signatories, have been one of the products of this process.

Although Turkey is not a signatory of the Paris Agreement, its Nationally Determined Contribution document projects a reduction in greenhouse gas emissions by 21% over the reference scenario figures for 2030. Moreover, the New Economy Program is expected to increase the share of solar, wind, biomass and renewable energy sources, as well as local coal sources in electricity generation, and to make the indigenization of such energy technologies through the YEKA (Renewable Energy Resource Area) model. It is essential to support relevant projects in order to achieve these goals.

¹ Development banks' climate funding at all-time high in 2018, Daphne Psiaedakis, June 2019, <https://www.reuters.com/article/us-climate-change-banks/development-banks-climate-funding-at-all-time-high-in-2018-idUSKCN1TE1Q8>

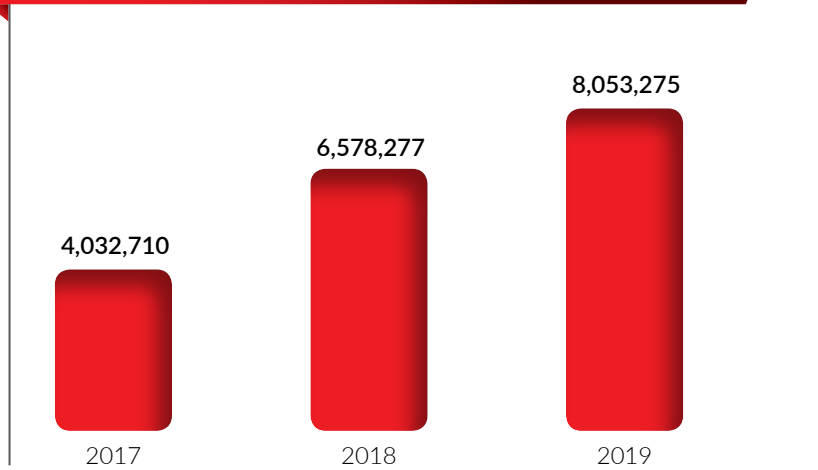
The Development and Investment Bank of Turkey is well aware of its responsibility as a development bank in the fight against the adverse economic impacts caused by the scarcity of energy sources and the ever-increasing impacts of climate change. Taking an active part in national and international platforms, the Bank has been playing

a major role in the introduction of environment-related investments in addition to investments in clean energy in a number of sectors, including, but not limited to, the renewable energy sector.

Well aware of its transformative power through indirect impact over

and above its direct engagement in the fight against climate change, the Bank has made it a priority to increase Turkey's clean energy potential and provide funding to renewable energy projects through collaborations and agreements, particularly with international development finance institutions.

Total Funding Provided to the Energy Sector (TL thousand)



By the end of 2019, the funding provided to the energy sector reached TL 8,053,275, of which TL 1,278,242 was disbursed in 2019. In 2019, funding for energy projects constituted 53% of the Bank's credit portfolio. The Bank's portfolio was shaped by taking into consideration, national development goals, contributing to the funding of investments with renewable energy generation licenses, and supporting national targets to increase the overall energy supply and to reduce the use of fossil fuels and its reliance on external sources. In 2019, more than 80% of the funds received from international finance institutions were channeled towards renewable energy and energy efficiency projects.

Type of Energy Projects	Number of Projects	Installed Capacity	Energy Portfolio Risk Distribution
Hydroelectric Power Plant (HPP)	62	1,297 MW	45%
Solar Power Plant (SPP)	160	196.2 MW	15%
Geothermal Power Plant (GPP)	7	149 MW	26%
Wind Power Plant (WPP)	8	143.2 MW	10%
Biogas/Biomass	4	49.8 MW	3%
Total	241	1,835.6 MW	100%

Renewable energy accounts for the majority part of this funding.

The investments made by the Development and Investment Bank of Turkey in renewable energy projects have covered the setting up of a total of 241 power plants as of 2019, and facilitated the building of an installed capacity of 1,835.6 MW based on renewable energy technologies. 21 energy and resource efficiency investments financed by the Bank to date have helped to increase **energy efficiency levels, and enabled 104.4 MW electricity generation based on heat waste recovery.**

Through the renewable energy projects financed in 2019, the Development and Investment Bank of Turkey helped to avoid the emission of 51,394 metric tonnes of carbon dioxide. The Bank's cooperation efforts, along with the renewable energy projects it financed, avoided a total annual emission of 2.63 million metric tonnes of carbon dioxide by the end of 2019, representing a contribution equivalent to the planting of 120 million

adult trees per year. The Bank's goal in this context is to increase the emission reduction figure to more than 5 million metric tonnes of carbon dioxide by 2025.

Thanks to the renewable energy credits made available, the Bank has also contributed to the reduction of import volumes in this area. Accordingly the Bank had a positive impact in reducing energy imports by 445,527 TOE and 5,180,551,107 kWh per year since 2006.

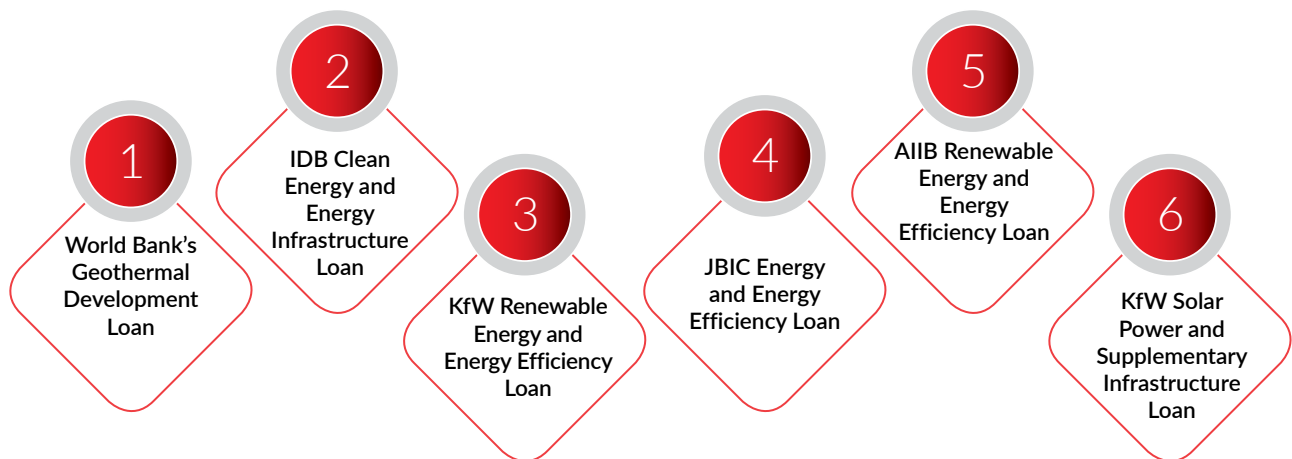
Fight Against Climate Change

Aware of its enhanced effect on energy investments, the Development and Investment Bank of Turkey has been executing loan agreements with international finance institutions in order to raise funds for renewable energy, as well as for energy and resource efficiency projects. Thanks to the relationships it has developed with other international finance institutions to date, the Bank has collaborated, and will continue to collaborate, with various institutions and organizations

such as the European Investment Bank, the World Bank, the Islamic Development Bank, and the KfW Development Bank, to facilitate Turkey's transition to a low-carbon economy. The Bank not only continued to extend credits for renewable and clean energy projects through the long-term agreements concluded in previous years, but also established relations with new counterparties for cooperation in 2019.

Since 2004, deals signed with international finance institutions for financing renewable energy and energy efficiency projects has brought in funds of up to USD 1.97 billion. 2019 saw a further figure of USD 250.5 million added to these funds.

The details and targets regarding the funds received from international finance institutions and made available to investor companies in 2019 are outlined below.



1
On 30 November 2016, a geothermal energy development project funding agreement was signed with the World Bank for an amount of USD 100 million. By the end of 2018, USD 45 million in funds had been raised for the project, followed by about USD 15 million in 2019.

2
In 2017, the Islamic Development Bank (IDB) provided USD 200 million in long-term funding for clean energy and energy infrastructure investments in Turkey. This fund was intended to finance investments which had been designed to contribute positively to the environment. In this context, USD 111.6 million and EUR 5.6 million were provided under IDB's Energy Infrastructure fund in 2019.

3
On 20 December 2013, a loan agreement with a limit of EUR 47.9 million was signed with the KfW Development Bank in order to provide funding for Renewable Energy and Energy Efficiency investments. In 2019, EUR 4 million in funds was raised through the agreement.

4
Thanks to a loan agreement signed with the Japan Bank for International Cooperation (JBIC) in 2015 for USD 150 million - with the Turkish Ministry of Treasury and Finance acting as guarantor - funds of approximately USD 45 million were provided for energy efficiency projects in 2019.

Agreements signed in 2019

5
A loan agreement amounting to USD 200 million was signed with the Asian Infrastructure Investment Bank (AIIB) on 10 December 2019, to finance for Renewable Energy and Energy Efficiency projects.

6
Loan agreements for an additional amount of EUR 13.6 million for infrastructure investments, as well as credits for solar/renewable energy projects for EUR 45 million, with a term of up to 40 years, were signed with KfW in 2019 under the guarantee of the Turkish Ministry of Treasury and Finance.



In 2020, the Development and Investment Bank of Turkey intends to establish new cooperations and raise resources so as to continue its contributions to Turkey's clean energy transformation.

Steps taken by the Bank to facilitate the growth of renewable energy in Turkey are not limited to credit extension. The Bank has also contributed to the increase of the potential of renewable energy through development projects executed with international development finance institutions.

Among such projects is the Risk Sharing Mechanism (RSM), USD 39.8 million worth of funding obtained from the Clean Technology Fund (CTF), through the World Bank, and

which stands out as a component of the Geothermal Development Project to enable the sharing of risks involved in the exploration and drilling activities of investors, so as to facilitate geothermal energy investments by the private sector. The purpose of the project is to partially cover the risks involved in the exploratory drilling operations of geothermal energy in order to contribute to the utilization of the country's potential in the field of geothermal energy. In cases where drilled wells fail, the projects involved in the program will see their failed well costs covered by 40% or 60%, depending on the region where the project is taking place. As an implementing unit assigned to the project, the Engineering Department of the Development and Investment Bank of Turkey analyses the projects submitted by applicant companies, checks their business plans, drilling and testing programs, and the

environmental and social impact assessment reports in coordination with the program consultant, and reports the results to the World Bank. Thanks to this project, the Bank was invited to participate in the GEORISK project, initiated for the establishment of geothermal risk sharing mechanisms in Europe and nine target countries outside Europe, and contributed to the work for Turkey's geothermal risk profiling.

In addition to the above competences, the Development and Investment Bank of Turkey has been providing support to various projects in renewable energy and energy efficiency in order to improve energy distribution infrastructure and ensure an uninterrupted supply of electricity. EUR 23 million of funds, obtained from KfW for the financing infrastructure investments has been fully used for this purpose.

Our Commitment

To support Turkey's transition to clean energy and to reduce its dependence on external sources of energy by supporting renewable energy and energy efficiency projects.

Our Goal

To expand our cooperation with International Finance Institutions to increase resources in the field of renewable energy, energy efficiency, and clean energy. To support projects designed to facilitate the transition to a low-carbon economy and to enable the fight against climate change, in order to achieve the Sustainable Development Goals.

Our Achievements

In 2019, we obtained USD 250.5 million in funds for renewable energy and energy efficiency projects from International Finance Institutions. Over the course of 2019, we extended a total of USD 214.5 million in credits to renewable energy, energy efficiency, clean energy, and energy infrastructure projects.

Fight Against Climate Change

The Bank's Internal Environmental Impact



Calls for the private sector to take action to save energy and reduce carbon emissions have affected the finance and banking sector too. Banks which operate without branches, in particular, are more influential transformers in this area and they are expected to work towards such goals to serve as an example for their clients.

A number of efforts have been put in place in Turkey to raise awareness about controlling and monitoring banks' direct environmental impacts. The "Sustainability Guidelines for the Banking Sector"¹ prepared by the Banks Association of Turkey discusses not only the indirect effect of the banks, but also focuses on the

"Management of Direct Impacts of the Banking Sector" as described under Principle 2. These guidelines highlight the need to take action to identify and evaluate operational components deemed to have an ecological footprint, so as to conduct regular reports on them. The guidelines also emphasize the importance of setting targets with respect to these components and encouraging suppliers who are members of the value chain, to act accordingly.

¹ Sustainability Guidelines for the Banking Sector, Banks Association of Turkey, <https://www.tbb.org.tr/surdurulebilirlik/pdf/TBB-surdurulebilirlik-kilavuzu.pdf>

Development and Investment Bank of Turkey maintains its sustainable development performance and environmental perspective with regards to providing funding when also managing and assessing its internal environmental impact. For the past 10 years, the Bank has been working to increase its positive environmental impact while continuing to reduce its negative footprint and has taken the initial step in this regard back in 2010 by becoming the first state-owned bank to implement the TSE EN ISO 14001 Environmental Management System.

By fulfilling the necessary criteria, the Bank was able to renew in 2019 its "Climate Friendly Entity" certificate, originally issued in 2018 by the Turkish Standards Institute, for being an environmentally sensitive, carbon-neutral bank having an efficient environmental management system and a leader amongst state-owned and private financial institutions in this area.



Having reduced the negative impacts of its operations on the environment, and having expanded its support for positive environmental actions, the Bank has been regularly monitoring its energy, water and paper consumption, as well as its air emissions and waste production, and it is striving hard to further improve its performance in relation to these indicators. The Bank's targets for 2020 also include the integration of ISO 45001 and 9001 standards into its operations.

Principles of Environmental Management System of Development and Investment Bank of Turkey

- 1 Reducing resource utilization/consumption and waste generation levels during its operations and services, without compromising the quality of its services
- 2 Achieving a positive environmental impact and raising awareness within the framework of the Bank's services and operations
- 3 Minimizing its negative impacts on human health and the environment
- 4 Ensuring the continuity and continuous improvement of the system developed
- 5 Supporting environmentally sensitive activities and all kinds of volunteer work
- 6 Implementing a management system that is recognized at an international level, meeting the requirements of the TS-EN-ISO 14001 Environmental Management System Standard.

The Bank believes that an effective internal environmental management mechanism plays a major role in reducing the negative environmental impacts of its operations and increasing energy and resource efficiency levels.

The Bank's environmental impact is managed in line with the Environmental Management Principles established within this framework. In this regard, the Bank's Environmental Management Committee serves as an effective decision-making body, monitoring the Bank's internal environmental impacts. The Environmental Management Committee comprises seven members, and the Executive Vice President serves as the Management Representative on the Committee. The Committee holds at least one

Management Review Meeting per year, and reports to senior management. In 2019, the Committee convened three times and took three decisions. The fact that the Bank did not receive any environment-related fines during the year is yet another evidence of the Bank's compliance with the Environmental Management System.

Energy and Carbon Emissions Management

The Development and Investment Bank of Turkey continues to monitor the energy consumption which is one of the major components of its environmental impact, in order to keep it under control and reduce consumption levels as projected. Furthermore, certain measures have been introduced to ensure energy savings and to minimize consumption

levels. For instance, in order to reduce energy consumption for lighting purposes, the lighting equipment at the Headquarters has been replaced with LED-based equipment, and is being turned off automatically at the end of each working day.



In its new setting due to the relocation of the Bank's Headquarters to Istanbul in 2019, dedicated power meters were installed on the power lines on each floor in order to ensure higher efficiency in tracking the consumption levels of energy sources such as electricity and gas, shared with other institutions in the building.

Carbon Emissions (tonnes CO ₂ e)	2017	2018	2019
Scope 1	600.2	557.9	511.9
Scope 2	622.2	546.0	574.9
Scope 3	1,934.91	2,015.9	1,132.5

Fight Against Climate Change

The level of greenhouse gas emissions caused by the Bank's operations are being monitored regularly, and targets are being set for the reduction of such emission levels. Each year, the greenhouse gas emission levels are assessed in compliance with the TS EN ISO 14064-1 standard, followed by the compilation of the Greenhouse Gas Inventory and Report to be shared with all stakeholders. The assessment and report prepared in this context are then verified as required under the TSE EN ISO 14064-3 standard.

Furthermore, the Gold Standard and IREC certificates obtained for Scope 1¹ and Scope 2² emissions enabled the neutralization of greenhouse gas emissions. In 2019, Scope 1 carbon emissions resulting from the Bank's operations was 511.9 metric tonnes of CO₂e, which represented an 8% fall compared to 2018. Scope 2 emissions, meanwhile, were found to be 574.9 metric tons of CO₂e, which amounted to a 5% increase compared to the previous year. The main reason

behind this surge was the increase in electricity consumption due to the usage of air conditioners for heating in the new Headquarters in Istanbul.

Scope 3³ emissions pertaining to the products, waste, business travels, accommodation and employee shuttle services, which are not caused directly by the Bank, but which arise as a result of the services the Bank utilizes in the context of its operations, were also assessed in detail and were found to have fallen by 43% compared to the previous year, to 1,132.5 metric tons of CO₂e.



In 2016, the Development and Investment Bank of Turkey began reporting to the CDP Climate Change Program, through which more than 8,000 companies voluntarily share

their greenhouse gas emissions and climate change strategies with the public. Through this program, companies are assessed in terms of their risks and opportunities regarding climate change, and their response to questions on strategy, governance, targets, and performance. The Bank received a score of B+ for the report provided to the CDP Climate Change Program in 2019 regarding its operations in 2018. In subsequent reports, the Bank intends to achieve an even higher score.

1 Scope 1: Covers greenhouse gas emissions caused by gas, diesel, coolant gases, and generator fuel consumption.

2 Scope 2: Covers greenhouse gas emissions caused by electricity consumption.

3 Scope 3: Covers greenhouse gas emissions arising from goods and services purchased (e.g. food, beverages, tap water and drinking water consumption), activities related to fuel and energy (energy transmission), waste produced through operations (e.g. waste water, waste oil), business travels (e.g. bus, train or airplane transportation, accommodation), personnel shuttle services, and post and courier service use.

A donation of 1,000 saplings under the "A Breath for the Future" campaign



The Development and Investment Bank of Turkey attaches great importance to the fight against deforestation, which is the main theme for climate change and protection of the environment and it intends to contribute to the province it's operating in. In this regard, two forests were developed in Ankara on behalf of the Bank. The Bank is now planning to

repeat this action in Istanbul, where the headquarter is based. The Bank participated in the "A Breath for the Future" (Geleceğe Nefes Ol) campaign organized in 2019, and donated 1,000 saplings. Bank employees personally took part in planting the saplings. The Development and Investment Bank of Turkey will continue to take part in efforts to cultivate forests.

Water Consumption and Management

The Development and Investment Bank of Turkey, also keeps track of water consumption in addition to energy consumption monitoring and management. As the headquarters in Istanbul is a shared premises with another institution, the Bank is also sharing its water consumption with that institution. 100% of the water used by the Bank is tap water, and any waste water produced is treated in accordance with regulatory requirements.

As is the case with any other environment-related issue, the Bank's decisions regarding water consumption and management are also subject to the jurisdiction of the Environmental Management Committee. In this regard, in order to minimize water consumption, the decision was taken to install sensor systems to operate the faucets.

In 2019, in order to monitor water consumption just like electricity consumption, the Bank installed dedicated meters on water lines at each floor where it operates.

Waste Management

The Development and Investment Bank of Turkey handles its waste management in accordance with the "Zero Waste" regulations set by the Ministry of Environment and Urbanization. With the waste management practices put in place

through the "Zero Waste" project, the Bank assumed the responsibility to lead as an example among the public and private entities.

On this basis, recycling bins are placed at each floor of the buildings, in compliance with regulations to regularly sort waste into glass, plastic, paper and metal categories. Once sorted, the waste is then regularly delivered to authorized entities for recycling, while the relevant data is entered into the Ministry's online Integrated Environmental Information System (EÇBS). This ensures that all waste can be recycled, and no harm is caused to the environment.

The Development and Investment Bank of Turkey monitors paper waste in particular, as it makes up a large proportion of the waste produced by the Bank. The impacts of paper waste is taken into account with regard to Scope 3 emissions. The Bank also implements various other procedures to reduce waste volumes. For instance, in 2019, in order to reduce waste volume, all Bank personnel were provided with glass cups and mugs so as to eliminate the use of paper cups.

In addition to these efforts, endeavors to raise awareness among Bank personnel about climate change and sustainability continued into 2019, with all personnel attending the Environmental Information and Awareness Training Courses organized at various time periods. The Bank

has also been engaged in efforts to increase the positive social and environmental impacts of the projects it funds, mitigate their potential negative impacts while managing the direct impacts of the Bank's operations.

Responsible Procurement

The Development and Investment Bank of Turkey causes not direct but indirect environmental and social impacts through the operations of its suppliers, and it therefore exercises necessary caution when selecting its suppliers, in line with the continuity of its supply chain.

Carrying out its supply procedures in compliance with the "Procurement, Sales and Tenders Directive", the Bank has a preference for local suppliers whenever the relevant product and/or service can be obtained from the domestic market. In 2019, 89.6% of the Bank's suppliers were local.

In order to improve the environmental and social performance of the services its suppliers provide, the Development and Investment Bank of Turkey has been working on a code of conduct for suppliers, covering requirements such as occupational health and safety and environment and employee rights, to be integrated into the procurement processes.

Our Commitment

To minimize the Bank's energy and water consumption levels and make relevant investments.

Our Goal

To reduce our emission by 5% over the next year.

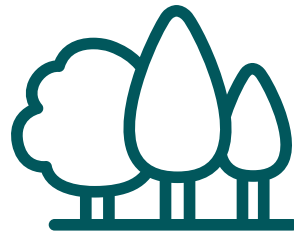
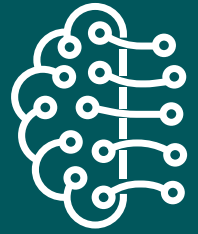
Our Achievements

We reduced our gas, electricity and water consumptions in comparison to our 2018 figures. We achieved a 100% recycling rate for our waste.



For a More Reliable Future

Contribution to Technology and Innovation



Responsible Banking Approach



Gender equality within the framework of equality of opportunity principle sits at the core of the Development and Investment Bank of Turkey's human resources policy, **and forms the important part of its corporate identity.**

Relevant Material Issues



Safe and Healthy
Work Environment



Comprehensive Risk
Management and the
Integration of ESG Criteria
into Banking Operations



Employee Training
and Development



Customer
Experience/
Communications



Ethics and Human
Rights



Responsible
Approach on Human
Resources



Equality of
Opportunity and
Diversity



Focus on Digital
Transformation



Strategic Goals

Being fully aware of our employees are our greatest source of strength and building blocks of our strategy, to increase emphasis on training activities in order to enhance the adaptation of personnel to the workplace and develop their competence and skills by implementing human resources projects

To develop an approach which encompasses information systems, support service providers, and internal control and risk management systems in all departments and processes involved in risk assessment

To put our customers at the center of all our activities, and design the future together with them by providing effective and value added solutions

Contributed SDGs



Women employee ratio
in senior and middle
management level:

31%



Women employee ratio in
Executive Vice President
level:

67%



153
new personnel

0
occupational accident

0
occupational disease

Human Resources Approach and Equality of Opportunity

As an institution that meets the expectations of its stakeholders, values its personnel, is open to development, makes effective and productive use of all its resources, operates in compliance with quality standards and regulations, improves operating technologies and capabilities continuously, and takes strength from the creativity of its personnel, the Development and Investment Bank of Turkey considers human resources as the most important asset in realizing its targets.

The principles embraced by the Development and Investment Bank of Turkey in the context of its Human Resources Policy:

Working with individuals compatible with our corporate culture and the requirements of the job

Ensuring the involvement of employees in the process of establishing our human resources policy

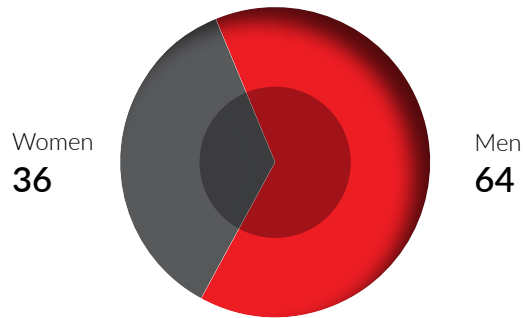
Providing a safe working environment and safe working conditions for our employees, in line with current requirements

Increasing job satisfaction and loyalty levels of personnel

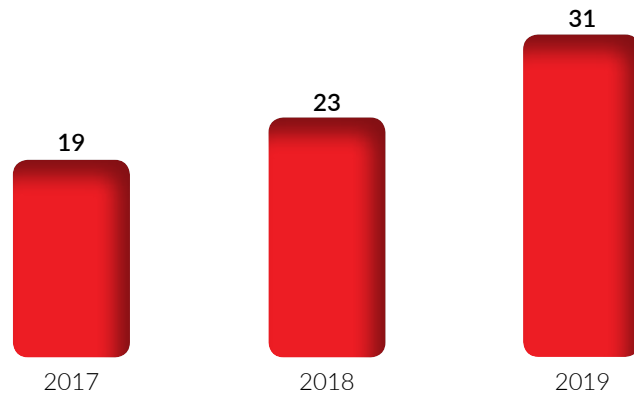
Providing fair and equal opportunities for the development and training of personnel

Inspiring personnel to further succeed, providing opportunities to increase their skills and experience levels, and promoting and rewarding successful personnel wherever possible

Bank Employees by Gender (%)



Women Employee Ratio in Senior and Middle Management Level (%)



The Development and Investment Bank of Turkey puts the principle of equal opportunities at the core of its human resources policy, and constitutes an integral element of the Bank's corporate identity. The Bank provides an equitable work environment, respectful of human and workers' rights, for all its 291 full-time employees.

Gender equality becomes an integral part of the corporate culture in regards to equality of opportunity. The high rate of women at Executive Vice President level is a concrete indicator of this approach.

Having women participation of 67% in the Executive Vice President positions is a distinct source of pride for the Development and Investment Bank of Turkey. Despite the change of its employees with its move to Istanbul, the Bank managed to maintain a women employee ratio of 36%. The goal however is to increase this figure. Gender diversity of subcontracted personnel, in spite of their limited number, is also crucial for the Bank. In this regard, the ratio of male to female subcontracted personnel is 50-50.



The Development and Investment Bank of Turkey is well aware of the importance of mixing cultures and maintaining diversity, and has thus encouraged cultural diversity and equality of opportunities at all times. All Bank personnel are treated equally, without any discrimination based on ethnic origin, language, religion, race or gender in recruitment, training and development, performance and skills management, career management, remuneration, or other human resources processes.

The Development and Investment Bank of Turkey focuses only on merit and competence in any human resources process. On this basis, competences compatible with the Bank's values have been identified, and evaluations are made based on these competences. Fundamental, functional and managerial competences are prioritized for managers and higher positions, while only fundamental and functional competences are prioritized for other positions. Employee evaluations are carried out by two supervisors of any given employee, in a manner agreed with the employee, so as to ensure the objectivity of the process. The supervisors engage in feedback interviews with the employees they evaluate.

“ The Development and Investment Bank of Turkey focuses only on merit and competence in any human resources process. On this basis, competences compatible with the Bank's values have been identified, and evaluations are made based on these competences.



Human Resources Approach and Equality of Opportunity

The Performance Management System developed by the Bank supports productivity, helps identify development and training requirements regarding technical expertise and competences, executes the feedback mechanism, and provides data for career development. Within the framework of remuneration and performance management, which are essentially aligned systems, employee pay-rolls are established on the basis of competence, responsibilities, performance evaluation scores, and the prevailing terms in the industry.



In order to improve the processes by which equality of opportunity within the organization is monitored and controlled, the Development and Investment Bank of Turkey plans to announce standard criteria (experience, tenure in a position, performance, competence assessment, exams, interviews, etc.) applicable for promotions and movements within the organization. This will be announced transparently, through the Bank's internal communication channels, in the form of career maps. The aim is to enable a combined assessment of targets and competences within the framework of performance evaluation, to serve as input for remuneration, career, and development decisions.

Furthermore, in 2020, with the Bonus System, operating in integration with the Bank's performance management system, it is aimed to differentiate the bonuses for those who stand out due to personal achievements and high performance. In the upcoming period, team targets are going to be set by the Strategy Department in line with the Bank's targets and strategies, which also will be broken down to individual targets to serve as input for target-competence based performance monitoring and evaluation, whereby individual employee targets, roles and responsibilities, career and development planning will become a part of the process. As employee satisfaction is considered a priority in all processes including the performance evaluation process, regular employee satisfaction surveys will be held in the coming years.

Ethics and human rights are considered yet another building block of the human resources policy of the Development and Investment Bank of Turkey. In this context, the Bank has developed a number of policies on the basis of personnel, products and services. Policies on "Prevention of Money Laundering and Terrorist Financing" and on "Conflict of Interest" are examples of these practices.

The Development and Investment Bank of Turkey, in line with its human resources policy, has been choosing professional personnel compatible with its corporate culture. It has also been offering its team members a safe

working environment and conditions, fair and equal opportunities, as well as encouragement in regards to progression and self-development.

The return of these substantial responsibilities taken by the Bank is that they ensure honesty, fair treatment, and strict compliance with laws and ethical rules. Therefore, the Bank has made itself a mission to maintain professional and honest treatment, and comply with its social responsibilities and corporate ethics as its duty at all times and under all circumstances. In this regard, in 2019, employees were given a total of 220 hours of training on ethics, and 221 hours of training on the fight against corruption and bribery.

Bank personnel are under obligation to comply with the "Principles of Ethics" as specified by Senior Management, and the "Principles of Banking Ethics of the Banks Association of Turkey". As is the case with every other process, the Bank also abides by certain policies and standards in its recruitment process during which the applicants' core competence levels and competences specifically required by the position, as well as their compatibility with the Bank's vision, mission and corporate culture are assessed through examinations, inventories and interviews carried out by relevant Department Managers/Directors and the Human Resources.



**220 hours
of training
sessions**

on Ethics



**221 hours
of training
sessions**

on the fight against corruption
and bribery

In light of the additional social and leadership responsibilities assigned due to its state ownership, the Development and Investment Bank of Turkey aims to:



Ensure that its policies, procedures, and control methods are in compliance with national and international regulations and widely accepted principles of banking;



Maintain its secure banking operations, as well as its reputation and customer quality;



Prevent the use of its operations and services for money laundering and terrorist financing;



Ensure awareness of the legal and administrative obligations of the Bank and its personnel;



Ensure the compliance and collaboration required for correspondent relationships in line with its international integration vision.

In addition to this structure, the Bank has developed a Policy for Prevention of Money Laundering and Terrorist Financing in light of international initiatives and regulations regarding

this matter, by also taking into account its responsibilities under national regulations and obligations to international institutions, as well as international integration vision and

social responsibility awareness. All departments of the Bank are required to comply with this policy including its financial subsidiaries.

Safe and Healthy Work Environment

“ In order to reduce occupational accidents and take measures against existing risks, routine risk assessments are being performed; **regular drills have repeated every year by developing emergency scenarios.** ”

The Development and Investment Bank of Turkey procures services from the Common Occupational Health and Safety Department (OSGB) in order to ensure the continuation of its operations professionally in line with the Occupational Health and Safety (OHS) regulations. Aware of the effect of a healthy and safe work environment on its employees and its reputation in the market, the Bank established an OHS Committee to provide the coordination and monitoring required for all its processes, such as risk assessments, occupational health practices, training programs, quarterly OHS Committee meetings, near-miss events, occupational accidents, and corrective and preventive measures.

The OHS Committee comprises eight members including one workplace physician, one OHS expert, and six Bank personnel. The Committee is chaired by the Human Resources Management Department Director. The Department Director reports to the Executive Vice President.

All newly recruited personnel are provided with basic occupational health and safety training directly after orientation training. Furthermore, the workplace physician carries out

an initial examination and issues an examination form.

Routine risk assessments are performed in order to reduce occupational accidents and take measures against such existing risks, and exercises are regularly repeated each year by developing emergency scenarios. The Bank also established emergency action plans and teams to intervene in case of emergencies, and required training courses are also being provided in this context. Measures to keep the risks identified in field checks under control are being taken on a proactive basis.

Records of occupational accidents are kept by the OHS expert. Any occupational accidents leading to a working day loss should be reported by the workplace officers within 3 business days. Thanks to the efforts made and the measures taken, no occupational accidents took place at the Bank in 2019. As an indicator of the efficiency of the efforts made, the number of accidents, the number of work-related fatalities, the number of occupational diseases or absenteeism due to an accident was recorded as zero.



The introduction and application of the ISO 45001 Standard in order to make occupational health and safety sustainable is among the 2020 targets of the Development and Investment Bank of Turkey. Other targets set in the field of occupational health and safety are, the prevention of occupational risks, protection of health and safety, elimination of risks and accident factors, providing training and information to the employees and their representatives, taking their opinions and also ensuring their balanced participation in related efforts. Yet another purpose of the Bank, with respect to occupational health and safety, is to ensure the compliance of the sub-contracting service providers with the occupational health and safety rules set by the Bank. Establishing an occupational safety culture by ensuring the compliance of all personnel with the occupational health and safety rules is a very important matter of focus for the Bank in terms of building a safe and healthy work environment.

Contribution to the Progress of Personnel

The Development and Investment Bank of Turkey attaches great importance to developing its personnel and keeping them up to date in their fields. With this in mind, 82 in-class training courses were organized in 2019 ensuring the attendance of 970 employees, in order to further improve the Bank's qualified workforce. Moreover, attendance of 965 employees were

provided to 17 e-training courses. 22 personnel attended 8 conferences and conventions organized at home and abroad.

Training requirements are consulted with senior executives of the Bank, whereupon the technical and personal development trainings, which are determined to be necessary for the careers of the employees, are provided within the framework of annual plans.

“ The Development and Investment Bank of Turkey prepares specific training programs for its employees in order to support their personal and professional development. These training courses are planned in accordance with the personnel's position, position's required competences and the career maps.



Contribution to the Progress of Personnel

The online training portal used by the Development and Investment Bank of Turkey is open to all personnel to support their professional development. Mandatory training courses are announced to personnel through this platform. In this context, each year, the Bank provides Environmental Awareness and Recognition Training as well as Basic Information Training on the Greenhouse Gas Inventory Standard. Training on the Zero Waste Project implemented by the Ministry of Environment and Urbanization is offered as part of the Environmental Awareness and Recognition Training. This training is provided to Bank personnel, as well as subcontractor personnel.

The annual training needs of the Development and Investment Bank of Turkey are analyzed each year during November and December, involving a consultation with senior executives of each department for the needs of their teams. In order to ensure the sustainability of the training, efforts have been made to make effective use of both internal and external resources.

The Development and Investment Bank of Turkey prepares specific training programs for its employees in order to support their personal and professional development. These training courses are planned in accordance with the personnel's position, position's required competences and the career maps.

Thanks to the Bank's technical know-how, the program also involves special training courses designed using internal resources. The Bank supports sharing the knowledge acquired in training courses, seminars and conferences through presentation platforms in order to expand the reach of professional expertise and vision to more employees. An average of 47.65 hours of training per person was provided in 2019, based on plans focusing on the development, satisfaction and happiness of personnel.

The Development and Investment Bank of Turkey has a fair and transparent management and evaluation policy to create an environment that not only supports high performance and technical expertise, but also focuses on equal opportunities and diversity. On this basis, the Bank applies a Career Model that is connected with the performance system. All Bank personnel are subject to extensive evaluations as a way of encouraging their horizontal or vertical career development, and are supported and monitored through appropriate improvement programs. The Talent Management processes at the Bank are designed in parallel with its business strategies in order to identify, attract and train the "talents" required by business lines. As a result, future executives are trained with the right investments and practices in line with the Bank's vision.



In the first quarter of 2020, the Development and Investment Bank of Turkey will be implementing an internal trainer project to improve and enhance the training courses offered to personnel. Within the scope of this project, a series of trainings is designed for employees from each unit who are well-versed in their fields to provide training in their areas of expertise.

Doing so will help increase the Bank's internal training capabilities, and make effective and efficient use of the internal resources. Moreover, the Bank has plans to provide leadership training for its senior executives in 2020.

Comprehensive Risk Management

Systematic Risk Management

The Development and Investment Bank of Turkey's comprehensive risk management procedure ensures that the Bank can effectively carry out its operations and maintain its robust structure in facing the risks and threats affecting the environment and the sector in which the Bank operates. The risk management mechanisms established by the Development Investment Bank ensure that it continues its activities by defining and prioritizing the risks and minimizing them without deviating from the strategy.

The solid risk management required for the Bank to maintain its integrity and reputation, and fulfill its mission perfectly, is based on three stages and three mechanisms. The first stage of risk management concerns

the ability to identify the major risks to which the Bank is exposed. The second stage involves the assessment and monitoring of the risks identified, whereas the last stage entails the management of these risks to ensure that they remain at acceptable levels as per the legal regulations and limits set by the Board of Directors in light of the Bank's risk appetite.

The identification, measurement, monitoring and evaluation of the risks, which constitute the main pillar of risk management, are carried out through legal and bank-specific regulatory risk reports which prepared regularly by the Bank's Risk Management Department. The three mechanisms used as the basis of the Bank's risk management framework, on the other hand, include the Risk Management Department, the Risk Committees, and the existing or anticipated risk components.

“ The risk management mechanisms established by the Development Investment Bank ensure that it continues its activities by defining and prioritizing the risks and minimizing them without deviating from the strategy.



Comprehensive Risk Management

Risk Management Department



The existing and potential risks facing the Bank are monitored by the Risk Management Department, and reported to the Audit Committee, Board of Directors, and the Bank's senior management, on a daily, weekly, monthly, and annual basis.

Daily reporting involves the analysis of the Bank's interest and foreign exchange rate sensitivities according to various scenarios, monitoring of daily limits and liquidity emergency indicators, making duration analyses on the Bank's security portfolio, evaluating the compliance of the Bank's placements and accepted letters of guarantees with the limits determined by the Bank. Weekly reporting covers

general economic analyses and assessments and limit monitoring tables for liquidity and currency risks.

Monthly risk analysis reports prepared by the Risk Management Department, on the other hand, include more comprehensive analyses of the risks to which the Bank is exposed and are submitted to the Audit Committee, the Board of Directors, the Asset-Liability Committee, senior management, and the relevant departments. Finally, the "Risk Limits Monitoring Report" is prepared also by this department, presenting a quantifiable picture of the risks assessed and comparing the actual figures against the risk limits approved by the Board of Directors.

Within the organizational structure of the Development and Investment Bank of Turkey, there are four distinct committees which are effective in decision-making and risk management processes: the Asset-Liability Committee, the Credit Evaluation Committee, the Audit Committee, and the Corporate Governance Committee.



The Asset-Liability Committee which handles the executive activities of the Bank, was set up to ensure effective and efficient management of the asset and liabilities of the Bank's, by taking into account existing and potential economic developments, as well as factors such as interest, term, and currency, and by coordinating the communication between senior management and the Bank's departments in line with the Bank's vision, mission, strategic objectives and targets, as well as the risk management policies and strategies established by the Board of Directors.



The Credit Evaluation Committee is responsible to identify the principles and guidelines of the Bank's lending policy, evaluate the limit-utilization risk and placement position, review and decide on the credit allocation reports, maintain oversight at all times on credit extension activities, including, but not limited to, the revision of the terms applicable to credit receivables, establish the methods and principles regarding the Bank's participation policies, and to ensure the implementation of required changes within the framework of general economic policies.



Another committee in the Bank's organizational structure is the **Audit Committee**. This Committee is responsible for overseeing, on behalf of the Board of Directors, the efficiency and adequacy of the Bank's internal systems and the operation of these systems, as well as the accounting and reporting systems within the framework of the laws and applicable regulations, and the integrity of the information produced.



The **Corporate Governance Committee** was formed to determine principles regarding the Bank's corporate governance policy, to oversee compliance with corporate governance principles, and to implement improvements and submit proposals to the Board of Directors regarding these matters.

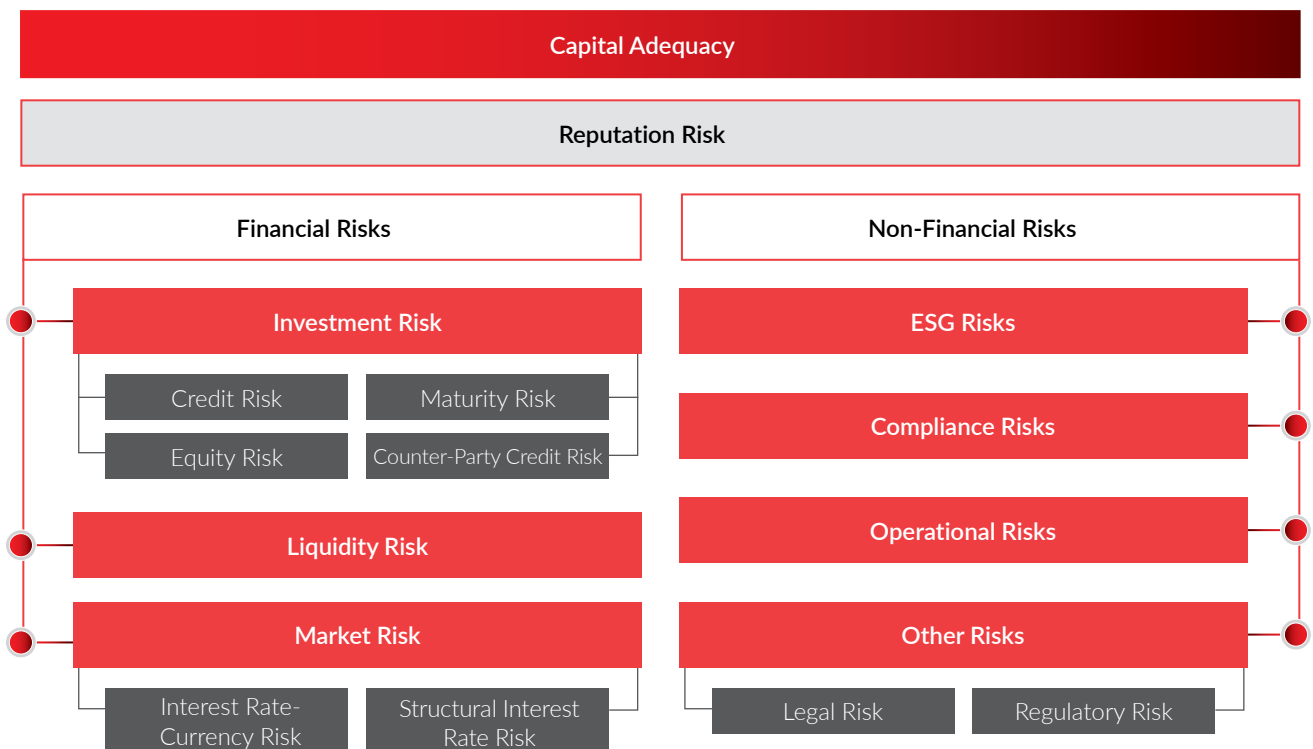
The Development and Investment Bank of Turkey makes active use of these committees and its risk budgeting in its decision-making mechanisms and risk management processes. The general principle of the risk policies which is a mechanism followed by the Bank in risk management is stated in the "Risk Management Strategies, Policies, and Implementation Principles" text approved by the Board of Directors

of the Bank as follows: "Specialization in the area of operations in line with the duties, vision and structure defined in the Bank's Founding Law; assuming identifiable, controllable and/or manageable risks in this context; trying to avoid risks other than the unavoidable ones arising as a consequence of its operations."

In line with these general principles, the Bank has specialized in areas of operations related to its vision and

structure; shaped its asset structure accordingly, while making "assuming controllable and/or manageable risks; avoiding risks other than the unavoidable ones arising as a consequence of its operations" its guiding principle under its risk management policy. It is also a key principle to ensure that any risk to be taken in this context is identifiable and manageable.

Institutional Risks



Comprehensive Risk Management

Moreover, to the extent permitted by risk assessment and reporting techniques, the existing and potential impacts of the risks assumed are assessed, and based on this, the Bank sets written limits for quantifiable risks arising out of its operations, as per the regulations of the Banking Regulation and Supervision Agency (BRSA).

Therefore, the Bank's risk appetite is determined and monitored in line with the risk limits set in accordance with Article 39 "Risk Appetite Structure" of the BRSA's Regulation on the Banks' Internal Systems and ICAAP, published in Official Gazette no. 29057, dated 11 July 2014.

The "Risk Limits and Implementation Principles" approved by the Board of Directors and revised when necessary by the Risk Management Department in line with the Bank's risk policies, is the main policy document establishing the Bank's risk appetite structure. The limits set with reference to quantifiable risks, and the continuation of operations within the aforementioned risk limits is the most obvious indicator of the Bank's risk appetite level. Regular reporting by the Risk Management Department enables monitoring of the Bank's operations in regard to these limits, approved by the Board of Directors. In any case where the limits are exceeded, required actions are taken to immediately bring down these risks to comply with the limits.

Integration of the Environmental, Social and Governance Criteria into Banking Operations

The Development and Investment Bank of Turkey not only manages its direct environmental and social risks, but also assesses the indirect risks arising within the framework of its credit operations. Engaging in environmental and social risk assessment as part of the routine

decision-making processes in all its credit operations, the Bank carries out separate analyses of the risks affecting both clients and projects. These analyses are crucial for the Bank to minimize credit, reputation, and environmental and social obligation risks that the Bank may be exposed to through the loans it extends. In this context, all credit lending operations are evaluated to be compliant with the national laws and regulations on environmental and social issues, the Bank's own policies and procedures, and where necessary other environmental and social standards that the Bank has pledged to comply with.

The Development and Investment Bank of Turkey aims to complete the integration of the Environmental and Social Risk Assessment Procedure it has been working on in 2019 into all Bank processes in 2020, with the approval of the Board of Directors.

Yet another activity which the Bank carried out over the course of this year was to prepare the Exclusion List under the environmental and social norms of international finance institutions. The Bank pledges to refrain from providing direct financing for the projects/activities mentioned in this list, and when performing credit assessment checks, it will only review the credit requests which are not on the Exclusion List. Based on this approach, the Bank refrains from providing funding for any activity/project which is restricted or prohibited under national regulations or international agreements, including activities/projects involving violations of human rights.

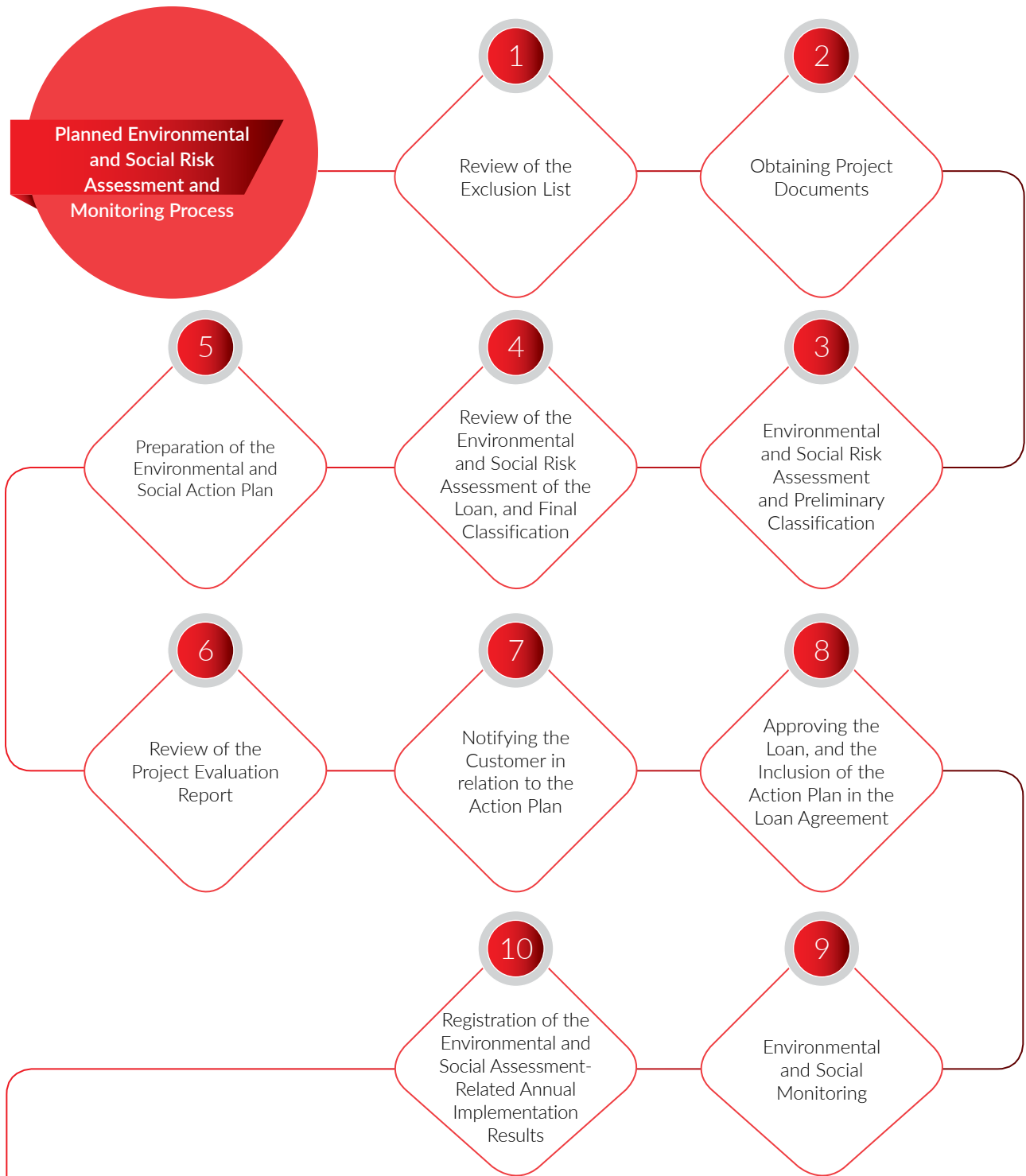
Having always considered sustainable finance as one of its top priorities for being a development bank, the Development and Investment Bank of Turkey plays an important part in the implementation of productive

investments in many areas, including renewable energy, energy efficiency, tourism, environmental protection, and manufacturing investments which generate employment. To this end, the Bank defines reviewing all investment projects with reference to their environmental and social risks, and taking due actions, as an integral part of its processes.



One of the top priorities of the Development and Investment Bank of Turkey in 2020 is to establish a concrete policy based on the environmental and social review, which forms part of the credit extension decision-making processes. Having completed all preparatory work for this directive in 2019, the Bank will be putting its Environmental and Social Risk Assessment Procedure into force in 2020, following the approval of its Board of Directors. In the light of the works done, it is planned to have a 10-step evaluation process.

The model designed by the Development and Investment Bank of Turkey entails risk-based scoring for companies' existing operations, as well as for investment projects to be financed, so as to ultimately produce a weighted risk categorization score. This model will help to identify four distinct risk categories (A, B+, B-, C) in a scheme fully compatible with the definitions provided in the World Bank's new Environmental and Social Framework. The risk assessment model will involve the evaluation of the environmental and social risks, the probability of these risks actually occurring, companies' governance capabilities, and their impact on the environment and society.



This procedure involves the preparation/procurement of reports such as the Environmental and Social Action Plan (ESAP), the Environmental and Social Management Plan (ESMP), Stakeholder Engagement Plan, and the grievance mechanism specific

to the project, as well as the monitoring of projects financed by the Environmental and Social experts employed within the Engineering Department, in order to eliminate/minimize the adverse impacts of the projects financed by the Development and Investment Bank

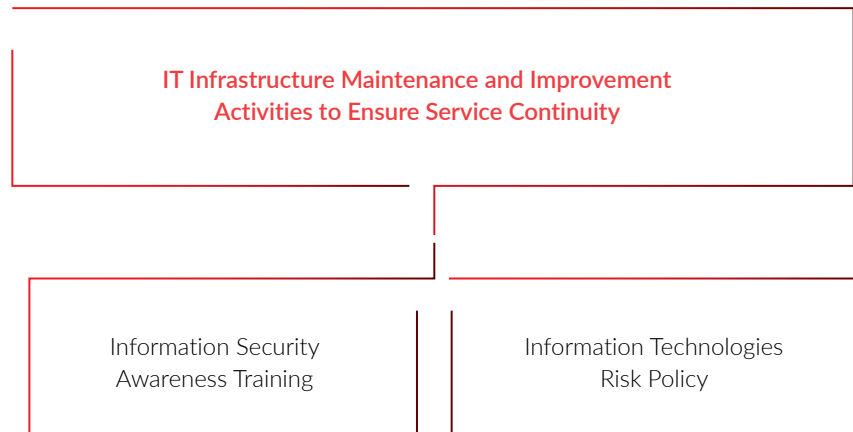
of Turkey. The loan agreements will stipulate that in the event of any incompliance of ESAP, ESMP, or national regulations which ensure the effective management of environmental and social issues, a case of default will be deemed to have occurred.

Corporate Digital Transformation Process

“ The investments implemented by the Development and Investment Bank of Turkey, focusing on digital transformation, include steps for improvement and development to ensure the continuity of banking operations through the use of Information Technologies (IT) infrastructure.

The Development and Investment Bank of Turkey engages in investments with a focus on digital transformation in order to provide the core banking application with a traceable and flexible structure which is open for development and which better meets the requirements of the modern world, boasts high-performance and high-adaptability, and responds to the ever-increasing requirements of business units.

To this end, the Bank is taking steps towards improvement and development to ensure the continuity of banking operations through the use of Information Technologies (IT) infrastructure, with significant works carried out for transformation. One of the factors accelerating this transformation was the move of the information systems from Ankara to Istanbul, parallel to the relocation of the headquarters from Ankara to Istanbul in 2019. During this move, a new network infrastructure was established, based on current technologies.



Having successfully completed the capacity and resource planning for all its data centers, the Development and Investment Bank of Turkey continues its efforts to maintain and improve its IT infrastructure to ensure service continuity. Performance assessments were conducted on the Bank's IT processes, followed by an evaluation of the relevant risks, and the implementation of required improvements on the basis of action plans. The Bank's most important objectives, in this area, are to maintain the up-to-date status of the IT process management platform with all its elements, and to proceed with the setting up and development of structures to support digital transformation. Having made substantial investments in communications and security technologies in general throughout 2019, the Bank has since proceeded to remedy the shortcomings identified in light of the results of the independent audit and security tests performed. Within this scope:

1	Audio and video conference systems have been set up and put into use based on Privileged Access Management.
2	The process for replacing users' computers began, and a new version was introduced within the framework of the process utilized in the management of IT processes.
3	Projects founded for setting up personnel attendance control systems and digitizing physical archives were launched at the new Headquarters.
4	In light with necessities driven by the business, server and storage platform capacities were increased, operating systems and versions were updated with newer models, and regular penetration testing and audits were performed.
5	The widespread use of open source applications was emphasized by setting up File Transfer Protocol (FTP), Information Technologies Asset Management and IT Platform Monitoring systems to do so.
6	Information security awareness training was organized to raise bank personnel's awareness levels regarding information security and cyber security, and such awareness raising activities were continued through the website, e-mails, and information panels at the Bank's offices.
7	Applications regarding messaging, archiving, money laundering prevention and customer risk scoring were updated to make more effective and efficient use of the current messaging system which is used for international money transfers and customer control procedures, as well as for improving transactions and controls.
8	<p>Web-based operation, error monitoring and project management infrastructure were improved to allow business units to immediately report incidents, problems and requests to the Information Technologies teams. With respect to the relevant processes, the work flows created on the new system resulted in a number of benefits, such as:</p> <ul style="list-style-type: none"> · Approvals are exchanged electronically among the teams; · Warning mechanisms are created and alerts are generated according to the deadlines put in place; · Detailed reporting and process performance assessments are made on the BI platform, coupled with increase traceability; · The software lifecycle is automated; · Cost advantage for maintenance is achieved and · Integration with the core banking systems is established.
9	The Business Intelligence Portal has been established through the introduction of the reporting tool, through which it has become possible to replace Excel-based reports with report and indicator tables that can be modified interactively based on visual settings and multiple-selection configurations, and which can be used to initiate data warehouse studies.
10	The corporate website and intranet portal have been updated for a modern look and functionality. Our corporate identity and messages have begun to be communicated more accurately both within the Bank and externally. The intranet portal allows the employees to easily access the information and tools they need.
11	The corporate memory and document management tool has been updated and the Bank is working to ensure that all departments create corporate documents using that tool which allows permission-based sharing so as to provide a more centralized approach to the corporate memory, rendering it easily accessible and open to development.
12	The required software infrastructure to extend APEX loans through financial intermediaries has been developed internally which eliminated the need for software supplied by other banks and ensured the placement of international thematic funds made available for SMEs that contribute to the national economy.

Corporate Digital Transformation Process

“ **The Development and Investment Bank of Turkey, determined to take its place among the top names in the sector through the use of the latest optimum technologies, will be continuing to work towards its digital transformation and technological development in 2020.** ”

The Development and Investment Bank of Turkey developed its Information Technologies Risk Policy based on the awareness that any threat, glitch, or incorrect application regarding any information technologies-related internal or external operations could cause financial, managerial, or reputational risks for the Bank.

This policy allows the Bank to identify the existing and potential risks arising out of applications of information technologies (system, software, data security, data processing, data storage, etc.), to develop solutions and/or introduce the measures necessary to eliminate such risks and also to systematically review this process.

As for information technologies risk management, the Bank prepares annual risk assessment reports, considering the necessary actions to be taken against risks, and the details regarding applicable deadlines. Such information technologies risk assessment reports help to check the timely performance of the actions required for the identified risks, after which the results are conveyed to the Board of Directors through the Audit Committee.



In 2020, the Development and Investment Bank of Turkey will continue its efforts to complete its digital transformation and technological development, based on the same perspective. Determined to take its place among the top names in the sector through the use of the latest optimum technologies, the Bank intends to increase its workforce performance, process efficiency, and competitiveness, based on the importance it attaches to regulatory compliance, cyber security, business continuity, and infrastructure development.

Our Commitment

To provide next-generation banking, demonstrating the flexibility and openness expected from such an institution, exhibiting high levels of performance and adaptability and demonstrating the business continuity necessary in a Bank.

Our Goal

To develop a process management system for business continuity by reviewing all the processes related to activities and preparing written standards for business and transactions.

Our Achievements

We took important steps in our digital transformation journey by moving our headquarters from Ankara to Istanbul.

Importance Placed on Customer Experience

The Development and Investment Bank of Turkey has always prioritized its customers and their requirements, and has designed all its services and activities according to these requirements. The Bank's customer-oriented operations have become all the more emphasized in the last two years, during which it has initiated a structural transformation.

Given this approach, the Bank has set up a Corporate Banking and Project Financing team to serve as a dedicated one-on-one contact point for clients. Established in 2019, this team is responsible for customer acquisition, identification of customer needs, and the management of customer relations. Likewise, Investment Banking and Turkey Development Fund are also responsible for determining the needs of clients and the management of client relations in their own domains.

In addition to the establishment of the Corporate Banking and Project Financing team, the Bank is also developing new products to meet the requirements of its customers. These products include advanced Treasury products and borrower accounts whereby the funds in the account receive accrued interest. Yet another front on which the Bank has achieved significant progress is in the procurement of an investment banking license. This license will help to increase the satisfaction levels of clients who need investment banking/consultancy services in addition to credits.

The Development and Investment Bank of Turkey always aims to respond to client requests in the fastest and most accurate manner possible. On this basis, credit requests are reviewed quickly, and answered without delay, particularly in the case of projects found to be ineligible for funding. The Bank is proud to get positive feedback from its customers that the process is faster compared to that of other banks for the projects deemed eligible for funding.

The Development and Investment Bank of Turkey, ensures easy accessibility of its clients through various communication channels. In this regard, social media channels (LinkedIn, Instagram, etc.) are actively used to maintain closer contact with clients. Furthermore, the Bank regularly attends sector-specific conferences and conventions in order to further enhance its relationships with clients and its presence in the industry.



In 2020, the Development and Investment Bank of Turkey plans to prepare a customer satisfaction survey as a way of making communication with its clients even easier. Moreover, the Bank enables the submission of any request of its stakeholders through the Recommendations/Complaints Form available on its website.

“ The Development and Investment Bank of Turkey which ensures easy accessibility of its clients through various communication channels, actively uses social media channels to stay in close contact with its clients.



Performance Indicators

Environmental Performance Indicators

Energy Consumption	2017	2018	2019
Natural Gas (m ³ or KWH)	183,169.59	148,456.42	133,927.81
Natural Gas (GJ)	7,056.88	5,732.05	4,626.01
Electricity (KWH)	1,210,709.60	1,093,266.29	1,135,411.87
Electricity (GJ)	4,359.34	3,936.47	4,088.22
Fuel consumption of vehicles used by the Headquarters - gasoline (L)	10,091.21	10,744.76	0.00
Fuel consumption of vehicles used by the Headquarters - gasoline (GJ)	357.69	380.85	0.00
Fuel consumption of the Bank's vehicles - diesel (L)	178.66	1,268.86	24,193.44
Fuel consumption of the Bank's vehicles - diesel (GJ)	6.33	44.98	857.55
Fuel consumption of personnel shuttles - diesel (L)	0.00	0.00	77,600.28
Fuel consumption of personnel shuttles - diesel (GJ)	0.00	0.00	2,750.58
Total Energy Consumption*	11,780,238.29	10,094.35	12,322.35

* As air conditioning has become the main means of heating since the Bank's move to Istanbul in 2019, electricity consumption levels have risen, thus leading to an overall increase in energy consumption.

Emissions (metric tonnes CO ₂ e)	2017	2018	2019
Scope 1	600.23	557.90	511.90
Scope 2	622.19	546.02	574.89
Scope 1 + 2	1,222.43	1,103.92	1,086.79
Emission Intensity (Scope 1+2)/ Average Number of Employees	2.12	2.03	2.68
Scope 3*	1,934.91	2,015.88	1,132.49

* Scope 3 emissions cover those arising from goods and services purchased (e.g. food, beverages, tap water and drinking water consumption), activities related to fuel and energy (energy transmission), waste produced through operations (e.g. waste water, waste oil), business travels (e.g. bus, train or airplane transportation, accommodation), personnel shuttle services, and post and courier service use.



Water Consumption (m³)	2017	2018	2019
Tap Water	10,633.00	9,689.00	6,120.55
Waste Water	9,257.54	8,435.65	5,136.89
Waste (kg)	2017	2018	2019
Hazardous Waste	160.00	117.24	0.00
Recycled	160.00	117.24	0.00
Non-Hazardous Waste	4,428.00	5,791.85	5,323.85
Recycled	4,428.00	5,791.85	5,323.85
Paper Consumption	4,572.96	2,219.13	3,113.51

Social Performance Indicators

	2017		2018		2019	
Bank Employees	Female	Male	Female	Male	Female	Male
Number of Full-Time Employees	204	349	197	331	106	179
Number of Part-Time Personnel	0	0	0	0	0	0
Total Number of Employees	204	349	197	331	106	185
Number of Contractor Personnel		108		108	7	7
Number of Employees with Disabilities	1	10	1	10	0	3
	2017		2018		2019	
Employees by Age and Gender	Female	Male	Female	Male	Female	Male
Number of Employees, 50 years of age +	105	204	106	195	17	44
Number of Employees, 30 to 50 years of age	77	122	73	120	61	111
Number of Employees, younger than 30 years of age	21	29	18	22	28	30

Performance Indicators

Number of Employees by Tenure	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of Employees, 0-5 years	24	41	19	41	76	108
Number of Employees, 5-10 years	23	30	23	24	4	14
Number of Employees, 10 years +	157	283	155	272	26	63

Senior and Middle-Management	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Board of Directors	0	5	0	6	0	6
Executive Vice Presidents	1	3	1	3	4	2
Directors	0	11	0	13	5	13
Managers	10	28	14	29	8	16

Employee Turnover Rate	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
	9.8	11.36	7.57	5.93	92.2	97.34

New Recruits	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of Employees, 50 years of age +	0	1	0	3	2	1
Number of Employees, 30 to 50 years of age	0	2	0	3	45	62
Number of Employees, younger than 30 years of age	0	2	1	1	25	20

Maternity Leave	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of Employees Who Took Maternity Leave During the Year	0	0	0	0	0	0
Number of Employees Who Returned from Maternity Leave During the Year	0	0	2	0	0	0
Number of employees whose maternity leave ended during the previous year, albeit with the entitlement to return to work during the present year*	0	0	0	0	0	0

Unionization	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of Unionized Personnel	21	44	14	54	0	3
Number of Personnel Covered by the Collective Labor Agreement	0	0	0	0	0	0

Employee Training	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Total Training Hours	8,470	8,323	4,249	5,138	2,630	4,223
Average Training Hours per Employee	41.52	23.85	21.57	15.52	18.29	29.36

OHS - Bank Employees	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of Accidents	-	-	-	-	-	-
Number of Work-Related Deaths	-	-	-	-	-	-
Number of Occupational Diseases	-	-	-	-	-	-
Accident-Related Non-Attendance	-	-	-	-	-	-
Accident Frequency (IR)	-	-	-	-	-	-
Occupational Disease Ratio (ODR)	-	-	-	-	-	-
Lost Day Rate (LDR)	-	-	-	-	-	-
Absenteeism Rate (AR)	-	-	-	-	-	-

OHS - Contractors	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of Accidents	-	-	-	-	-	-
Number of Work-Related Deaths	-	-	-	-	-	-
Number of Occupational Diseases	-	-	-	-	-	-
Absenteeism	-	-	-	-	-	-
Accident Frequency (IR)	-	-	-	-	-	-
Occupational Disease Ratio (ODR)	-	-	-	-	-	-
Lost Day Rate (LDR)	-	-	-	-	-	-
Absenteeism Rate (AR)	-	-	-	-	-	-

Reporting Guidelines

This section is prepared for the indicators covered by limited assurance as described in the following table. As stipulated in the Limited Assurance Report noted on page 89, the data covered by assurances pertains to the operations made in Turkey by the Development and Investment Bank of Turkey for the year ending 31 December 2019. The scope of reporting is based on an operational control approach. Notes on the data preparation guidelines used by the Development and Investment Bank of Turkey are available for review in the indicator descriptions provided in the following table.

Indicator	Indicator Description
Greenhouse Gas Emission Intensity in the Reporting Period · Emissions by number of employees (tCO ₂ e/average number of employees)	Refers to the Bank's greenhouse gas emission intensity values, calculated by dividing Scope 1 and Scope 2 greenhouse gas emissions by the average number of employees. The Scope 1 and Scope 2 greenhouse gas emissions arising from the Bank's operations have been calculated and verified by the Turkish Standards Institute, in accordance with TS EN ISO 14064 Greenhouse Gas Assessment and Verification Management System Standards. The average number of employees is calculated by dividing the total number of Bank employees reported at the end of each month by 12.
Total Annual Electricity Consumption (GJ)	Refers to the total electric energy figure consumed at the Headquarters and Service Buildings in which the Bank has been operating. During the reporting period, the Service Building at İzmir Avenue in Ankara was occupied from 1 January 2019 - 31 May 2019, whereas the Service Building at Necatibey Avenue in Ankara was occupied from 1 January 2019 - 31 December 2019. Finally, the Headquarters in Istanbul was occupied from 1 June 2019 - 31 December 2019. All the buildings were included in the total annual electricity consumption assessments. Electricity consumption was measured by the electricity supplier, operating under free market conditions, in kWh and was thereafter converted to GJ. The conversion was based on the conversion rate 1 kWh = 0.0036 GJ.
Total Annual Paper Consumption (kg)	Refers to the total amount of paper consumed over the course of the Bank's operations (at the Headquarters and Service Buildings). The reported categories cover consumables (A4 paper, other paper, printing works). The consumption data obtained from the printers were then converted to "kg" based on the 80 g/m ² conversion rate.
Total Amount of Waste Generated (Recycled) (kg)	Refers to the total amount of recyclable wastes generated such as paper, cardboard, glass, metal, and plastics arising from the Bank's operations. The total amount of waste generated (recycled) is assessed in kg, based on the amount of waste delivered to licensed recycling companies for recycling.
Installed capacity of renewable energy projects financed in the reporting period (MW) and the amount of loans extended to these projects (TL)	The renewable energy projects financed during the reporting period include the following: · Hydroelectric Power Plant (HPP) · Wind Power Plant (WPP) · Biomass Power Plant (BPP) · Solar Power Plant (SPP) · Geothermal Power Plant (GPP) The amount of finance provided for renewable energy projects is presented as a sum of the cash loans extended by the Bank. In cases of consortiums, installed capacity is not presented on a pro rata basis referencing the share of the Bank. Instead, it is based on the overall installed capacity of the power plant(s).

Total Annual Emissions (tCO ₂ e) Avoided through Financed Renewable Energy Projects	<p>Refers to the emissions avoided as a result of electricity generation, based on the operational capacity of renewable energy power plants. These calculations take into account the projects which were operational during the reporting period, and for which the Bank extended loans.</p> <p>The Grid Emission Factor is calculated on the basis of the data provided by the Turkish Electricity Transmission Corporation (TEİAŞ) for 2018.</p>
Total Number of Employees	The total number of employees includes all personnel of the Bank as of 31 December 2019. Interns and employees of sub-contractors are not included in the reporting framework. Personnel who returned to the Bank (as of 31 December 2019) from a previous assignment with the Bank's subsidiaries, are included in the total number of employees.
Women Employee Ratio · Total, Senior and Middle-Management level (%)	Refers to the women employee ratio of executive and middle management (Board of Directors, General Manager, Executive Vice President, Director, and Manager positions), and total women employee ratio on the payroll, as of 31 December 2019.
Average Training hours per Employee	<p>The average training hours covers the hours spent in in-class training courses and virtual training sessions carried out within the Bank. The annual average training hours is calculated on the basis of the average number of personnel, excluding the personnel in the pool (Total hours of training per employee/ Average number of employees other than those in the pool). The Bank is going through a process of transformation as per Law No. 7147, published in Official Gazette No. 30575, dated 24 October 2018. Through this process, the Bank's personnel have ceased to be civil servants, and have instead become personnel subject to Labor Law. As already stated, through this process, the Bank moved its headquarters from Ankara to Istanbul. The Law granted personnel who did not wish to work at the Bank under the new terms, the right to transfer to other government agencies or institutions. Personnel who opted for such a transfer were listed by the Bank, directed to the Ministry of Family, Labor and Social Services, and included in the "pool", which refers to a pool of personnel awaiting transfer to a civil servant position, albeit employed by the Bank pending such a transfer. (This transfer must occur by 31/12/2020 as per the Law.) Personnel included in the pool were, in time, transferred by the Ministry to new institutions as positions became available. As personnel waiting in the pool did not actually work at the Bank, and could, in legal terms, be transferred from the Bank at any moment, they were not included in the assessment regarding training activities. Average training period calculations also take part-time personnel, interns, and subcontractor staff into account.</p>

Memberships and Supported Initiatives

- Global Impact Investing Network (GIIN)
- United Nations Environment Programme Finance Initiative Principles for Responsible Banking (UNEP FI PRB)
- United Nations Global Compact (UN Global Compact)
- Business Council for Sustainable Development Turkey (BCSD Turkey)
- CDP Climate Change Program
- Institute of International Finance (IIF)
- Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
- European Investment Fund (EIF-NPI)
- Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI)

Independent Assurance Report



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Independent Limited Assurance Report

To the Board of Directors of Türkiye Kalkınma ve Yatırım Bankası A.Ş.

We were engaged by Türkiye Kalkınma ve Yatırım Bankası A.Ş. (hereinafter “Company” or “TKYB”) to provide limited assurance on the “Selected Information” contained as defined in the Reporting Guidance of the Sustainability Report (hereinafter “the Report”) for the year ended 31 December 2019.

The scope of our assurance is limited to the Selected Information listed below which are defined in the Reporting Guidance section of the Report:

- GHG emission intensity (tCO₂e)
- Electricity consumption (Gj)
- Paper consumption
- Waste generated (recycled)
- Installed capacity of renewable energy projects financed in the reporting period
- The amount of loans extended to the renewable energy projects in the reporting period
- Total annual emissions (tCO₂e) avoided through financed renewable energy projects
- Total number of employees
- Women employee ratio (total, senior and middle management level)
- Average training hours per employee

Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Reporting Guidance section of the Report, and the information and assertions contained within it; for determining TKYB's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that TKYB complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Independent Assurance Report



Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply 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.

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

Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.
- Using the Reporting Guidance of the Report to evaluate and measure the Selected Information;
- Evaluating the design and implementation of key processes and controls over the Selected Information;
- Re-performing, on a sample basis, calculations used to prepare the Selected Information for the reporting period;
- Evaluating the disclosure and presentation of the Selected Information in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of TKYB.
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of TKYB.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and 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.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.



Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information of the Report of TKYB for the year ended 31 December 2019 is not presented, in all material respects, in accordance with the Reporting Guidance of the Report.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for TKYB in connect with reporting to TKYB and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than TKYB, for any purpose or in any other context. Any party other than TKYB who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. 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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Şirin Soysal,
Partner
İstanbul, 18 December 2020

United Nations Global Compact (UNGC) Progress Report

Subject	Principles	Relevant Section of the Report	Page Number
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Our Human Resources Approach and Equality of Opportunity	66-69
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses	Our Human Resources Approach and Equality of Opportunity	66-69
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Our Human Resources Approach and Equality of Opportunity Social Performance Indicators	66-69 83-85
Labor	Principle 4: The elimination of all forms of forced and compulsory labor	Our Human Resources Approach and Equality of Opportunity GRI Content Index-Core	66-69 96-97
	Principle 5: The effective abolition of child labor	Our Human Resources Approach and Equality of Opportunity GRI Content Index-Core	66-69 96-97
	Principle 6: The elimination of discrimination in respect to employment and occupation	Our Human Resources Approach and Equality of Opportunity	66-69
	Principle 7: Businesses should support a precautionary approach to environmental challenges	Fight Against Climate Change	54-61
Environment	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Fight Against Climate Change	54-61
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Fight Against Climate Change	54-61
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	A Strategic Outlook on Development Our Human Resources Approach and Equality of Opportunity	24-25 66-69

GRI Content Index - Core



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Turkish version of the report.

GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
GRI 101: Foundation 2016	Consists no indicators			
GRI 102: General Disclosures 2016	Organizational Profile			
	102-1	About the Report	6-7	
	102-2	Operations, Business Model and Experience	20-23	
	102-3	About the Report	6-7	
	102-4	About the Report	6-7	
	102-5	Highlights	14-15	
	102-6	Operations, Business Model and Experience	20-23	
		Value Created From Our Goals to Operations	40-41	
		Role in Supporting Sustainable Development	44-45	
	102-7	Operations, Business Model and Experience	20-23	
		Value Created From Goals to Operations	40-41	
		Social Indicators	83-85	
	102-8	Responsible Banking Approach	64-67	
	102-9	The Bank's Internal Environmental Impact	58-60	
	102-10	No material change occurred in the Bank's organizational structure, or with respect to its suppliers, during the reporting period.	34-36	
	102-11	Sustainability Management Approach	37-38	
		Comprehensive Risk Management	73-77	
	102-12	Materiality Analysis and Stakeholder Engagement	29-30	
		Sustainability Management Approach	37-39	
		Memberships and Supported Initiatives	88	
	102-13	Sustainability Management Approach	37-39	
		Memberships and Supported Initiatives	88	
	Strategy			
	102-14	On Behalf of the Management	8-11	
	102-15	A Strategic Outlook on Development	24-25	
		Role in Sustainable Development Goals (SDGs)	26-28	
	Ethics and Integrity			
	102-16	Highlights	15	
		A Strategic Outlook on Development	24-25	
		Responsible Banking Approach	64-72	
	102-17	Human Resources Approach and Equality of Opportunity	66-69	

GRI Content Index - Core

GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
GRI 102: General Disclosures 2016	Governance			
	102-18	Sustainability Management Approach Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – Board of Directors, Committees, pp. 68-69, 77-81	37-38	
	102-19	On Behalf of the Management Sustainability Management Approach	8-11 37-38	
	102-20	On Behalf of the Management Sustainability Management Approach	8-11 37-38	
	102-21	Materiality Analysis and Stakeholder Engagement	29-36	
	102-22	On Behalf of the Management Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – Board of Directors, Committees, pp. 68-69, 77-81	8-11	
	102-23	Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – Board of Directors, pp. 68-69		
	102-24	Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – The Composition and Working Principles of the Board of Directors of The Development and Investment Bank of Turkey and the Information on the Board Meetings and Resolutions in 2019, p. 70		
	102-25	Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – Subsidiaries, Corporate Governance Principles Compliance Report, pp. 56-57, p. 87 Conflict of Interest Policy – (https://kalkinma.com.tr/assets/uploads/pdf/tkyb_conflict_of_interest_policy.pdf), pp. 1-12		
	102-26	A Strategic Outlook on Development Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – Strategic Plan of The Development and Investment Bank of Turkey for the 2016-2020 Period, pp. 18-19	24-25	
	102-27	Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – Board of Directors, pp. 68-69		
	102-28	Human Resources Approach and Equality of Opportunity Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – Corporate Governance Principles Compliance Report, p. 87	66-69	
	102-29	Sustainability Management Approach Integration of the Environmental, Social and Governance Criteria into Banking Operations	37-38 76-77	
	102-30	Comprehensive Risk Management	73-77	
	102-31	Sustainability Management Approach	37-38	
	102-32	On Behalf of the Management Sustainability Management Approach	8-11 37-38	
	102-33	On Behalf of the Management Sustainability Management Approach	8-11 37-38	
	102-34	Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) – Corporate Governance Principles Compliance Report, Summary of Board of Directors Report, pp. 87-89		
	102-35	Remuneration Policy - (https://kalkinma.com.tr/assets/uploads/pdf/tkyb_salary_policy.pdf), pp. 1-4		
	102-36	Remuneration Policy - (https://kalkinma.com.tr/assets/uploads/pdf/tkyb_salary_policy.pdf), pp. 1-4		
	102-37	Human Resources Approach and Equality of Opportunity Remuneration Policy - (https://kalkinma.com.tr/assets/uploads/pdf/tkyb_salary_policy.pdf), pp. 1-4	66-69	
	102-38	Remuneration Policy - (https://kalkinma.com.tr/assets/uploads/pdf/tkyb_salary_policy.pdf), pp. 1-4		
	102-39	Remuneration Policy - (https://kalkinma.com.tr/assets/uploads/pdf/tkyb_salary_policy.pdf), pp. 1-4		

GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
GRI 102: General Disclosures 2016	Stakeholder Engagement			
	102-40	Materiality Analysis and Stakeholder Engagement	29-30, 34-36	
	102-41	Social Performance Indicators	84	
	102-42	Materiality Analysis and Stakeholder Engagement	29-30, 34-36	
	102-43	Materiality Analysis and Stakeholder Engagement	29-30, 34-35	
	102-44	Materiality Analysis and Stakeholder Engagement	29-32, 36	
	Reporting Practice			
	102-45	About the Report, Highlights	6-7, 14	
	102-46	About the Report	6-7	
	102-47	Materiality Analysis and Stakeholder Engagement	31-33	
	102-48	No revision took place during the reporting period.		
	102-49	Given the fact that this is the Bank's first sustainability report, no revisions regarding reporting limits or material issues took place since the previous reporting period.		
	102-50	About the Report	6-7	
	102-51	Given the fact that this is the Bank's first sustainability report, there are no sustainability reports available for previous periods.		
	102-52	The Bank intends to publish sustainability reports each year.		
	102-53	About the Report	6-7	
	102-54	About the Report	6	
	102-55	GRI Content Index	93-102	
	102-56	Independent Assurance Report	89-91	
GRI 200: Economic Standard Series				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Operations, Business Model and Experience	20-23,	
		Materiality Analysis and Stakeholder Engagement	29-36	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36	
GRI 201: Economic Performance 2016		Sustainability Management Approach	37-38	
	201-1	Highlights	14-15	-
	201-2	The Bank's Role in the Transition to a Low-Carbon Economy	54-57,	
		Integration of the Environmental, Social and Governance Criteria into Banking Operations	76-77	
	201-3	Human Resources Approach and Equality of Opportunity	66-68	
GRI 202: Market Presence 2016		Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) - Explanations on Employee Benefit Liabilities, p. 145		
	201-4	Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) - Explanations on Government Incentives, p. 148		
Market Presence				
GRI 103: Management Approach 2016	103-1	Operations, Business Model and Experience	20-23,	
		Materiality Analysis and Stakeholder Engagement	29-36	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36	
GRI 202: Market Presence 2016		Sustainability Management Approach	37-38	
	202-1	Human Resources Approach and Equality of Opportunity	66-68	
		Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) - Principles of the Bank's Human Resources Policy, pp. 82-85		
GRI 202: Market Presence 2016	202-2	All members of the Board of Directors and Senior Management of the Bank are citizens of the Republic of Turkey.		
		Annual Report 2019 (https://kalkinma.com.tr/assets/uploads/pdf/en/annual_report_2019.pdf) - Board of Directors, Senior Management, pp. 68-69, pp. 72-75		

GRI Content Index - Core

GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Role in Supporting Sustainable Development	29-36, 44-45	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36, 37-38	
GRI 203: Indirect Economic Impacts 2016	203-1	Inclusive and Strategic Finance	46-53	
	203-2	Role in Supporting Sustainable Development	44-57	
Procurement Practices				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement The Bank's Internal Environmental Impact	29-36, 58-61	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36, 37-38	
GRI 204: Procurement Practices 2016	204-1	The Bank's Internal Environmental Impact	58-61	
Anti-Corruption				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equality of Opportunity	29-36, 66-68	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36, 37-38	
GRI 205: Anti-Corruption 2016	205-1	Human Resources Approach and Equality of Opportunity	66-68	
	205-2	Contribution to the Progress of Personnel	71-72	
	205-3	No cases of corruption were found to be reported during the reporting period.		
Anti-Competitive Behavior				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equality of Opportunity	29-36, 66-68	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36, 37-38	
GRI 206: Anti-Competitive Behavior 2016	206-1	There are no legal actions for anti-competitive behaviors, anti-trust or monopoly practices reported during the reporting period.		

GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
GRI 300: Environmental Standard Series				
Materials				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		The Bank's Internal Environmental Impact	58-61	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
		Sustainability Management Approach	37-38	
GRI 301: Materials 2016	301-1			No reporting regarding this indicator was performed, as our products and services do not involve consumption of materials for production or packaging services, given our banking operations.
	301-2			No reporting regarding this indicator was performed, as our products and services do not involve consumption of recycled materials for production purposes, given our banking operations.
	301-3			No reporting regarding this indicator was performed, as our products and services do not involve consumption of materials for production or packaging services, given our banking operations.
Energy				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		The Bank's Internal Environmental Impact	58-61	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
		Sustainability Management Approach	37-38	
GRI 302: Energy 2016	302-1	The Bank's Internal Environmental Impact	58-60,	
		Environmental Performance Indicators	82-83	
	302-2	The Bank's Internal Environmental Impact	58-60,	
		Environmental Performance Indicators	82-83	
	302-3	The Bank's Internal Environmental Impact	58-60,	
		Environmental Performance Indicators	82-83	
	302-4	The Bank's Internal Environmental Impact	58-60,	
		Environmental Performance Indicators	82-83	
	302-5	The Bank's Role in the Transition to a Low-Carbon Economy	56-57	

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GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
Water				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement The Bank's Internal Environmental Impact	29-36, 58-61	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36 37-38	
	GRI 303: Water 2016	303-1	The Bank's Internal Environmental Impact Environmental Performance Indicators	61 83
303-2		There are no water sources impacted by our water consumption due to our banking operations.		
303-3		The Bank's Internal Environmental Impact Environmental Performance Indicators	61 83	
Biodiversity				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement The Bank's Internal Environmental Impact	29-36, 58-61	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36 37-38	
	GRI 304: Biodiversity 2016	304-1		
304-2				
304-3				
304-4				
Emissions				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement The Bank's Internal Environmental Impact	29-36, 58-60	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36, 37-38	
	GRI 305: Emissions 2016	305-1	The Bank's Internal Environmental Impact Environmental Performance Indicators	58-60 82
305-2		The Bank's Internal Environmental Impact Environmental Performance Indicators	58-60 82	
305-3		The Bank's Internal Environmental Impact Environmental Performance Indicators	58-60 82	
305-4		The Bank's Internal Environmental Impact Environmental Performance Indicators	58-60 82	
305-5		The Bank's Internal Environmental Impact Environmental Performance Indicators	58-60 52	
305-6				No reporting regarding this indicator was performed, as we do not cause direct emissions of ozone depleting substances, given our banking operations.
305-7				No reporting regarding this indicator was performed, as we do not cause direct emissions of NOx, SOx or other significant air emissions, given our banking operations.

GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
Effluents and Waste				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement The Bank's Internal Environmental Impact	29-36, 58-61	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36, 37-38	
GRI 306: Effluents and Waste 2016	306-1	The Bank's Internal Environmental Impact Environmental Performance Indicators	61 83	
	306-2			No reporting was performed regarding the impact of our wastes, as we do not produce significant amounts of waste, given our banking operations.
	306-3	The Bank's Internal Environmental Impact Environmental Performance Indicators	61 83	
	306-4	The Bank's Internal Environmental Impact Environmental Performance Indicators	61 83	
	306-5	The Bank's Internal Environmental Impact Environmental Performance Indicators	61 83	
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement The Bank's Internal Environmental Impact	29-36, 58-61	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	29-36, 37-38	
GRI 307: Environmental Compliance 2016	307-1	The Bank's Internal Environmental Impact	58-59	
Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement The Bank's Internal Environmental Impact	29-36, 35-36	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement Sustainability Management Approach	16-19 37-38	
GRI 308: Supplier Environmental Assessment 2016	308-1	The Bank's Internal Environmental Impact	61	
	308-2	The Bank's Internal Environmental Impact	61	
GRI 400: Social Standard Series				
Employment				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equality of Opportunity	29-36, 66-69	
	103-2	Human Resources Approach and Equality of Opportunity	66-69	
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equality of Opportunity	29-36, 66-69	
GRI 401: Employment 2016	401-1	Social Performance Indicators	83-84	
	401-2	Human Resources Approach and Equality of Opportunity https://kalkinma.com.tr/en/work-with-us/become-part-of-the-development-investment-bank	66-69	
	401-3	Social Performance Indicators	83-84	

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GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
Labor/Management Relations				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	103-2	Human Resources Approach and Equality of Opportunity	66-69	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
GRI 402: Labor/Management Relations 2016		Human Resources Approach and Equality of Opportunity	66-69	
	402-1	The Bank complies with the requirements of legal regulations regarding minimum notification period for operational changes.		
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Safe and Healthy Work Environment	70	
	103-2	Safe and Healthy Work Environment	70	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
GRI 403: Occupational Health and Safety 2016		Safe and Healthy Work Environment	70	
	403-1	Safe and Healthy Work Environment	70	
	403-2	Social Performance Indicators	85	
	403-3	Social Performance Indicators	85	
	403-4	Safe and Healthy Work Environment	70	
Training and Education				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Contribution to the Progress of Personnel	71-72	
	103-2	Contribution to the Progress of Personnel	71-72	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
GRI 404: Training and Education 2016		Contribution to the Progress of Personnel	71-72	
	404-1	Contribution to the Progress of Personnel	71-72	
		Social Performance Indicators	84	
	404-2	Contribution to the Progress of Personnel	71-72	
	404-3	Human Resources Approach and Equality of Opportunity	66-68	
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	103-2	Human Resources Approach and Equality of Opportunity	66-69	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
GRI 405: Diversity and Equal Opportunity 2016		Human Resources Approach and Equality of Opportunity	66-69	
	405-1	Human Resources Approach and Equality of Opportunity	66-68	
	405-2	There is no gender-based discrimination in the Bank's remuneration.		
Non-Discrimination				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	103-2	Human Resources Approach and Equality of Opportunity	66-69	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
GRI 406: Non-Discrimination 2016		Human Resources Approach and Equality of Opportunity	66-69	
	406-1	No incidents of discrimination were observed at the Bank during the reporting period.		
Freedom of Association and Collective Bargaining				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	103-2	Human Resources Approach and Equality of Opportunity	66-69	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
GRI 407: Freedom of Association and Collective Bargaining 2016		Human Resources Approach and Equality of Opportunity	66-69	
	407-1	Human Resources Approach and Equality of Opportunity	66-69	
		Social Performance Indicators	84	

GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
Child Labor				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	103-2	Human Resources Approach and Equality of Opportunity	66-69	
GRI 408: Child Labor 2016	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	408-1	The Bank neither employs any child labor, nor does it have any operations which have the risk of using child labor. The Bank also expects its suppliers to act accordingly and to comply with applicable laws and regulations.		
Forced or Compulsory Labor				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	103-2	Human Resources Approach and Equality of Opportunity	66-69	
GRI 409: Forced or Compulsory Labor 2016	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	409-1	The Bank does not have any operations which constitute a risk of forced or compulsory labor. The Bank also expects its suppliers to act accordingly and to comply with applicable laws and regulations.		
Security Practices				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Safe and Healthy Work Environment	70, 85	
	103-2	Safe and Healthy Work Environment	70, 85	
GRI 410: Security Practices 2016	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
		Safe and Healthy Work Environment	70, 85	
	410-1	The Bank outsources security services, and provides the personnel with Occupational Health and Safety training.		
Rights of Indigenous Peoples				
GRI 103: Management Approach 2016	103-1	Operations, Business Model and Experience	20-23,	
		Materiality Analysis and Stakeholder Engagement	29-36	
	103-2	Sustainability Management Approach	37-38	
GRI 411: Rights of Indigenous Peoples 2016	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
		Sustainability Management Approach	37-38	
	411-1	No incidents of violations regarding the rights of indigenous peoples were observed within the framework of our banking operations.		
Human Rights Assessment				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	103-2	Human Resources Approach and Equality of Opportunity	66-69	
GRI 412: Human Rights Assessment 2016	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
		Human Resources Approach and Equality of Opportunity	66-69	
	412-1	Our banking operations do not involve any activities that have been subject to human rights reviews or human rights impact assessments.		
	412-2	Human Resources Approach and Equality of Opportunity	66-69	
	412-3	There are no material investment agreements or contracts which have undergone human rights screening in the context of our banking operations.		

GRI Content Index - Core

GRI Standard	Disclosures	Page Number, Direct Reference and/or Responses	Page Number	Reason for Omissions
Local Communities				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		Inclusive and Strategic Finance	46-53	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36	
GRI 413: Local Communities 2016		Sustainability Management Approach	37-38	
	413-1	Inclusive and Strategic Finance	46-53	
	413-2	Inclusive and Strategic Finance	46-53	
Supplier Social Assessment				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36,	
		The Bank's Internal Environmental Impact	61	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
GRI 414: Supplier Social Assessment 2016		Sustainability Management Approach	37-38	
	414-1	The Bank's Internal Environmental Impact	61	
Public Policy				
GRI 103: Management Approach 2016	103-1	Operations, Business Model and Experience	20-23,	
		Materiality Analysis and Stakeholder Engagement	29-36	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36	
GRI 415: Public Policy 2016		Sustainability Management Approach	37-38	
	415-1	The Bank does not make any direct or indirect financial or political contributions.		
Customer Privacy				
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement	29-36	
		Importance Placed on Customer Experience	81	
	103-2	Sustainability Management Approach	37-38	
	103-3	Materiality Analysis and Stakeholder Engagement	29-36,	
GRI 418: Customer Privacy 2016		Sustainability Management Approach	37-38	
	418-1	Corporate Digital Transformation Process	78-80	
		Importance Placed on Customer Experience	81	

Reporting Index for UNEP FI Principles for Responsible Banking

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.

Reporting and Self-Assessment Requirements	High-Level Summary of Bank's Response	References/Links to Bank's Full Response/ Relevant Information
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>At The Development and Investment Bank of Turkey, we always stand by our stakeholders and meet their financial and consultancy needs so as to facilitate Turkey's structural transformation, and contribute to the fair distribution of capital in line with the country's sustainable development priorities while supporting the country's sustainable development and maintaining our efforts to work towards a brighter future. Moreover, we put our investment banking products and capital market instruments into the service of sustainable development, aligning our banking operations with the principles of sustainability.</p> <p>In this sense, we support Turkey's development through our Project Finance and Corporate Loans, Investment Banking, Turkey Development Fund, and Sustainable Financing instruments. With the help of these services, we provide funding for various sectors, ranging from energy (clean energy, energy infrastructure, renewable energy, energy efficiency, etc.) and sustainable tourism to the industrial sector as well as education and healthcare. Moreover, we support SMEs in all these sectors through APEX Banking.</p> <p>Our Investment Banking services, on the other hand, include Money and Capital Markets services, Capital Markets Consultancy services, Financial Consultancy, and Merger and Acquisition Consultancy services.</p> <p>Finally, we aim to support national development through direct and indirect investments with Turkey Development Fund set up in 2019, and to contribute to the productive use of government resources through the fund management services we offer. The Technology and Innovation Fund and the Regional Development Fund, set up through our cooperation with the Ministry of Industry and Technology under Turkey Development Fund umbrella, allow us to expand venture capital investments, facilitate the private sector's entry into this area, and help the expansion of the investment basis throughout the country.</p>	<p>2019 Sustainability Report:</p> <p>Highlights</p> <p>Operations, Business Model and Experience</p>

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<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>We support the development of our country, and intend to provide the necessary funding, based on our "Outlook Committed to Development", in line with the UN Sustainable Development Goals (SDGs), the Paris Climate Agreement, and Turkey's development plans (11th Development Plan), economic programs, and development sprints. In the context of realizing our Sustainable Development Goals, as well as our specific strategic goals regarding Development Banking and the Bank's new strategies introduced during the year, we provide support for projects which achieve certain goals, such as the transition to a low-carbon economy, the fight against climate change, responsible production-consumption, eliminating poverty, and protecting our planet.</p> <p>In this context, we continue to support sustainable development, and to focus on our responsible banking approach, through the two major sustainability roles we set for the Bank. As a provider of inclusive and strategic finance, we support SMEs through APEX Banking and offer funding in line with Turkey's development priorities, so as to provide funding for projects aiming to contribute to regional development, technological progress, and the fight against climate change.</p> <p>In doing so, we have contributed to SDG 7, SDG 8, and SDG 17 as part of our primary focus, and also make direct contributions to SDG 9 and SDG 13 as well as indirect contributions to SDG 1, SDG 2, SDG 4, SDG 5, SDG 10, SDG 12, SDG 14, and SDG 15.</p>	<p>2019 Sustainability Report:</p> <p>A Strategic Outlook on Development</p> <p>Value Created From Our Goals to Operations</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.

Reporting and Self-Assessment Requirements	High-Level Summary of Bank's Response	References/Links to Bank's Full Response/ Relevant Information
<p>2.1 Impact Analysis:</p> <p>Show 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> <ol style="list-style-type: none"> 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. 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. Context and 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 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. <p>(The 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 increase of positive impacts / reduction of negative impacts 	<p>At the Bank, we are well aware of the importance of assessing the impact that we make through the loans that we extend, and we also make sure to assess the impact of our own operations. In this context, as we published our first sustainability report, we carried out a strategic study and materiality analysis with stakeholder engagement, based on our internal and external stakeholder communications, our renewed strategy and our external environment analysis. Our analyses led to the identification of six highly material and 11 material issues based on the two perspectives identified for our Bank (Our Role in Supporting Sustainable Development, and Our Responsible Banking Approach), with respect to which we will be assessing our operations, as well as our performance and targets, so as to provide input for the evaluation of our impact.</p> <ul style="list-style-type: none"> We are proud of the value and impact we have created within the framework of renewable energy and energy efficiency projects, which comprise more than 50% of our credit portfolio. The installed capacity of the renewable energy projects financed in 2019 reached 103.38 MW. The Bank provided finance for a total of 241 renewable energy and 21 energy efficiency projects, with a total installed capacity of 1,940 MW by the end of 2019. Through the financed renewable energy projects in total, annual emissions (tCO₂e) avoided is 2,631,454 and also import of 5,180,551,107 kWh-year of energy is prevented. Through APEX banking, designed within the framework of the Council of Europe Development Bank (CEB) - APEX credit program to provide funding for SMEs, we continue to support Small and Medium Sized Enterprises. In this context, we provided loans to 960 companies since 2017, and facilitated employment for a number of 875. <p>We are also expanding the scope and detail level of our activities in order to assess our impact more clearly in relation to both positive and negative aspects, within the framework of the UNEP FI Principles for Responsible Banking, which we embraced as a founding signatory in 2019. In the upcoming period, we will be exhibiting the impact we have made through all the projects we have financed. Furthermore, we intend to develop a mapping of Sustainable Development Goals based on our credit portfolio, so as to put forward a quantitative assessment of our direct and indirect contributions to the SDGs. By doing so, we will be reviewing and assessing the environmental, social and economic contributions we make through our credit extension operations, in the context of technical, environmental and social assessment processes, which start with credit application.</p>	<p>Role in SDGs</p> <p>Value Created From Our Goals to Operations</p> <p>Impact Through APEX Banking</p> <p>The Bank's Role in the Transition to a Low-Carbon Economy</p>

We identified our focus areas through the materiality analysis. We also started working on impact analysis, and will be further expanding them. We are fulfilling the requirements of the Impact Analysis through our efforts.

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2.2 Target Setting:	<p>We have set 10 targets regarding our Role in Supporting Sustainable Development, with a view to achieving goals such as transition to a low-carbon economy, fighting climate change, responsible production-consumption, eliminating poverty, and protecting our planet, in order to realize Sustainable Development Goals against the backdrop of the roles we have assumed in the context of sustainability. We are continuing our efforts to extend these targets into the long term, and to render them more quantifiable. These targets include:</p>	<p>Role in Supporting Sustainable Development</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>	<ul style="list-style-type: none"> · Engaging in more cooperation with International Finance Institutions and Turkey Development Fund to increase employment and facilitate the efforts for SMEs; · Increasing the diversity of financing products for priority sectors - designated by the development plans and programs - which are highly dependent on imports and produce foreign trade deficits, while simultaneously having a high potential to generate foreign currency revenues and contribute substantially to employment levels; · Continuing our investments in information security, cyber security, business continuity, and infrastructure development within the framework of digital transformation; · Expanding our cooperation with international finance institutions to develop resources regarding renewable energy, energy efficiency, and clean energy; · Preventing 5 million metric tons of CO₂ emissions by 2025 through the loans we provide for renewable energy projects; · Achieving a 5% reduction in our emissions for the next year. 	
<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 analysed 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>In our Sustainability Report, we share our targets on our focus areas and fulfill the requirements of regarding Target Setting.</p>		

2.3 Plans for Target Implementation and Monitoring:

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. **Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.**

At the Bank, we monitor and manage our performance and set targets regarding the material issues defined above. In this context, we monitor our existing position and our impact through the following performance indicators:

- Funds Driven by APEX Loans
- Number of Firms Enrolled in the CEB-SME Credit Program
- Employment Created through the CEB-SME Credit Program
- Financing Provided to the Energy Sector
- Number of Renewable Energy/Energy Efficiency Projects Financed
- Amount of Energy Generated through the Renewable Energy/Energy Efficiency Projects Financed
- Amount of Funding Received from International Finance Institutions (in terms of themes and institutions involved)
- Extension of the Funds Received from International Finance Institutions

Moreover, equipped with the awareness expected from a founding signatory of the UNEP FI Principles for Responsible Banking, we took the first steps to carry out a solid analysis of the (positive and negative) impact arising from our banking operations. Having conducted impact assessment partially for our credit portfolio we intend to use the "Portfolio Impact Analysis Tool for Banks", which was published by UNEP FI, enabling a holistic impact analysis in banking in order to assess our overall positive and negative impacts. Thanks to the Principles for Responsible Banking, and this tool, developed in partnership between UNEP FI Member Banks and the Positive Impact Initiative, we intend to analyze the impacts associated with our corporate banking portfolio. Through this tool, we aim to identify the most important impact areas based on the structure, content, and geographical scope of our portfolio, and we intend to assess our existing performance level in relation to these impact areas. Our ultimate goal, through this assessment, is to set goals to maximize our positive impact and to minimize the negative impact where it matters most.

Sustainability Management Approach

Value Created From Our Goals to Operations

Role in Supporting Sustainable Development

The Bank complies with the requirements regarding plans for target implementation and monitoring by the activities defined and monitored within the bank.

UNEP FI Principles for Responsible Banking

<p>2.4 Progress on Implementing Targets:</p> <p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>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.</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>At the Bank, we took a number of steps in 2019 to achieve the goals that we track through the above-mentioned performance indicators, as summarized below:</p> <ul style="list-style-type: none"> · We signed a loan agreement of USD 250.5 million with International Finance Institutions to be used in renewable energy/energy efficiency and infrastructure projects. · We provided funding to 185 firms through the SME-APEX Credit Program, enabling employment for 57. · Within the framework of the COMCEC Project Funding Grant Program, it was decided that the COMCEC Coordination Office would support 22 projects to be implemented in 2019 by 14 Organisation of Islamic Cooperation (OIC) member states and three OIC institutions. · We created a TL 750 million fund in the form of the Regional Development Fund and the Technology and Innovation Fund, under the umbrella of Turkey Development Fund. 	<p>Value Created From Our Goals to Operations</p> <p>Role in Supporting Sustainable Development</p>
<p>We are fulfilling requirements regarding progress on implementing targets as we share our 2019 performance with all our stakeholders through our sustainability report.</p>		
<p>Principle 3: Clients and Customers</p> <p>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>		
Reporting and Self-Assessment Requirements	High-Level Summary of Bank's Response	References/Links to Bank's Full Response/ Relevant Information
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Consulting with stakeholders and taking steps to meet their expectations while formulating the Bank's overall strategy and its sustainability strategy, in tandem, is a crucial element of our sustainability approach. In addition to our business model, activities, and operations developed to date with reference to our stakeholders' priorities, this year we consulted with our internal and key external stakeholders, throughout the process of preparing our first sustainability report, on issues that we considered material. The materiality matrix we developed in light of our consultations allowed us to review the relevance between our strategic objective and material issues, as well as the SDGs we contributed to. Our stakeholders' views go beyond being a mere element of our materiality analysis, and constitute one of the main pillars of our Bank's strategy and targets; therefore, we regularly consult with our stakeholders, listen to their views on any aspect of our operations or priorities, and try to understand their expectations. We then try to meet those expectations through our operations and practices.</p> <p>We also assess the indirect environmental and social impacts arising from the projects that we extend loans. Engaging in environmental and social risk assessment as part of our routine decision-making processes in all our credit operations, we carry out separate analyses of the risks concerning both the customers and the projects. In response to these assessments, we require our customers to put forward action plans to eliminate/ reduce the negative impacts of the projects and increase their positive impacts.</p>	<p>Materiality Analysis and Stakeholder Engagement</p> <p>Integration of ESG Criteria into the Banking Operations</p>

<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>In line with the Development Banking mission, we consider environmental and social sustainability as a core element of sustainable and inclusive development, and are aware of the need to address the three aspects of sustainable development (economic, social, and environmental) from a balanced and integrated perspective. On this basis, in light of the agreements we signed with International Finance Institutions, we bring in funds for our country to finance renewable energy/energy efficiency and clean energy projects. Against this backdrop, as of 2019, we have signed loan agreements worth USD 2 billion with various International Finance Institutions such as the World Bank and the European Investment Bank.</p> <p>We are also assessing the indirect risks arising through our customers in the context of assessing the environmental and social impact of the projects we finance. Engaging in environmental and social risk assessment as part of our routine decision-making processes in all our credit operations, we carry out separate analyses of the risks concerning both the customers and the projects.</p>	<p>Role in Supporting Sustainable Development</p> <p>Integration of ESG Criteria into the Banking Operations</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.

Reporting and Self-Assessment Requirements	High-Level Summary of Bank's Response	References/Links to Bank's Full Response/ Relevant Information
<p>4.1 Describe 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. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>At the Bank, we determined our key stakeholders from a wider pool of stakeholders including investors, government agencies, customers, international finance institutions, development agencies, suppliers, the banking industry, NGOs, and the media. We then shared our material issues with the key external stakeholders previously identified and asked them to assess our performance and state their expectations from us. We contacted the key stakeholders identified via e-mail and official correspondence, and asked them to complete our mini survey and an additional set of questions regarding our impact to hear their comments as well as their priorities. Through these efforts, we had the chance to develop ideas on the targets we needed to set to provide solutions to create value for them.</p> <p>Furthermore, we joined important national and international associations and initiatives aiming to support sustainable development. These include UNEP FI, the Business Council for Sustainable Development Turkey (BCSD Turkey), and Global Compact Turkey.</p>	<p>Materiality Analysis and Stakeholder Engagement</p>

UNEP FI Principles for Responsible Banking

Principle 5: Governance and Culture		
We will implement our commitment to these Principles through effective governance and a culture of responsible banking.		
Reporting and Self-Assessment Requirements	High-Level Summary of Bank's Response	References/Links to Bank's Full Response/ Relevant Information
5.1 Describe the 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.	We reinforce our commitment to the Principles for Sustainable Banking through our decisions, policies, targets, collaborations, and our participation in various organizations. In this context, our sustainability management approach and structure has also undergone significant change. Currently, matters concerning sustainability and climate change are governed by the Environmental Management Committee operating within our Bank. However, through the change we are planning and projecting, we will be transforming the current structure to make it more inclusive and thorough in terms of its sustainability performance. In this new state of affairs, our sustainability management mechanism and related efforts will be executed and tracked by the Sustainability Committee, designed to consider a more comprehensive outlook. Moreover, the Bank has designed a more resilient structure and established a comprehensive risk management framework against the environmental, social and economic risks and threats that the Bank faces in the environment and sector in which it operates. The policies and measures implemented by the Audit Committee and the Risk Management Department under the oversight of the Bank's Board of Directors and senior management ensure the Bank's continued operations in a manner which minimizes all risks, while remaining committed to the Bank's mission. As a signatory to the Principles for Responsible Banking, the diversified set of policies developed with reference to our risk perception helps to minimize the risks involved, and proves that we have a multi-dimensional outlook in place within the Bank.	Sustainability Management Approach
5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	In relation to responsible banking, we are placing increased emphasis on training activities which enhance our employees' workplace adaptability, as well as their competence and skills in the context of implementing human resources projects. We are fully aware that our employees are our greatest source of strength, and one of the fundamentals of our strategy is to ensure their competence. On the other hand, we intend to develop an outlook which covers information systems, support service providers, and internal control and risk management systems in all departments and in all processes, in light of risk assessments, and to design the future together with our customers using effective solutions to make change by putting our customers at the center of all our operations. On this basis, our essential principles include providing a safe working environment and safe working conditions for the employees, in line with current requirements; providing fair and equal opportunities for the development and training of personnel; inspiring personnel to further succeed; providing opportunities to increase their skills and experience levels, and promoting and rewarding successful personnel where possible.	Responsible Banking Approach

5.3 Governance Structure for the Implementation of the Principles

Show that your bank has a governance structure in place for the implementation of the PRB, including:

- a) Target-setting and actions to achieve targets set
- b) Remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

Through its renewed corporate identity, our Bank intends to reinforce its management and governance structure in order to implement the Principles of Responsible Banking and achieve the activities and targets based on its priorities and sustainability strategy. Currently, matters concerning sustainability and climate change are governed by our Environmental Management Committee, chaired by our CEO. We aim to establish a Sustainability Committee in 2020 in order to transform the existing structure into a more inclusive one, characterized by an enhanced performance monitoring mechanism, and a focus on holistic goals. All preparations (appointments, members, activities, etc.) regarding this matter have been completed, and we will be creating a new management structure to monitor the implementation of the Principles for Responsible Banking during 2020. In this context, we intend to complete the integration of the Bank's operations in order to realize our goals in light of the policies, procedures, and principles (Environmental and Social Policy, Sustainability Principles, the Policy for the Fight Against and Adaptation to Climate Change, Environmental and Social Risk Evaluation Procedure in Credit Processes), the preparations for which have again been completed.

To this end, we are also providing information to our personnel, and preparing them for the activities we will be introducing in 2020 through correct governance moves. We are also implementing all our human resources and internal governance processes in a manner consistent with the Bank's values, and completely on the basis of merit. We apply and intend to further improve objective employee assessments, feedback opportunities, and performance management systems to ensure the principles' integration with our corporate culture, and implementation thereof in our human resources and governance processes.

Sustainability Management Approach

Responsible Banking Approach

Environmental and Social Policy

Sustainability Principles

Policy for the Fight Against and Adaptation to Climate Change

Procedure on Environmental and Social Risk Evaluation in Credit Processes

The Bank has been fulfilling the requirements of the governance structure for the implementation of the principles, through its existing governance structure and the actions it has taken to enhance and make this structure more effective.

UNEP FI Principles for Responsible Banking

Principle 6: Transparency and 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.		
Reporting and Self-Assessment Requirements	High-Level Summary of Bank's Response	References/Links to Bank's Full Response/ Relevant Information
<p>6.1 Progress on the Implementing the Principles for Responsible Banking</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/ is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>The first sustainability report we published for 2019 was drawn up in a manner consistent with the "core" level of implementation of the GRI Reporting Guidelines, and presents our sustainability performance, management approach, strategy, and contribution to development, through all the activities we have been carrying out at The Development and Investment Bank of Turkey. Furthermore, the environmental performance indicators, social performance indicators, as well as the installed capacity of the renewable energy projects financed, the amount of loans provided for renewable energy projects, and the amount of emissions (tCO₂e) prevented through the financed renewable energy projects in the reporting period, as presented in the report, were covered by limited assurance analysis, and submitted to our stakeholders. In the process of writing the Report, various global, industry-specific, and national sustainability initiatives, development plans and programs were used as a guidance.</p> <p>Our Report also certifies our compliance with our commitment to the Ten Principles of the UN Global Compact, of which we are a signatory, as well as with the specific requirements of the UNEP FI Principles for Responsible Banking which we proudly signed in 2019. Moreover, this year also saw our membership of the Business Council for Sustainable Development Turkey, the Turkish regional network and partner of the World Business Council for Sustainable Development (WBCSD).</p> <p>Our approach to contributing to sustainable development goals, which are among our Bank's strategic objectives regarding Development Banking, is shaped around our focus areas, as well as our activities and the projects we finance in line with country goals. In this context, we consider SDG 7, SDG 8 and SDG 17 as our main focus areas, while SDG 9 and SDG 13 are the objectives we make direct and effective contributions to. We support the global goals set for the year 2030 through our contributions towards the goals specified as the main focus areas, helping Turkey achieve its targets for renewable energy production, industrial efficiency, increased employment, and inclusive economic growth.</p>	<p>A Banking Approach Committed to Development</p>
Our Bank complies with the requirements regarding progress on implementing the Principles for Responsible Banking.		



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