

DEVELOPMENT AND INVESTMENT BANK OF TURKEY

2020 INTEGRATED REPORT



**DEVELOPMENT
INVESTMENT**
BANK OF TURKEY

Table of Contents

6

Development and Investment Bank of Turkey Overview

- 8 About The Report
- 10 Message from Chairman of The Board of Directors
- 12 Message from The CEO
- 16 Message of The Chairman of Executive Board of Integrated Reporting Turkey Network (ERTA)
- 18 Development and Investment Bank of Turkey at a Glance

34

Corporate Profile

- 36 Management Approach
- 48 Board of Directors
- 52 Senior Management
- 56 Organization Chart

78

Value Creation Model

- 82 Materiality Analysis and Stakeholder Engagement
- 88 Financial Capital
- 96 Human Capital
- 106 Natural Capital
- 116 Intellectual Capital
- 126 Social Capital

58

Strategic Perspective

- 60 Developments in The World and Sectoral Expectations
- 62 Global Economic Developments and Expectations
- 64 Global Trends, Risks and Opportunities
- 74 Strategy of Development and Investment Bank of Turkey
- 76 Strategic Sustainability Approach

132

Annexes

- 134 Performance Indicators
- 140 Reporting Guidelines
- 142 Memberships and Supported Initiatives
- 144 Independent Assurance Report
- 148 UNGC Progress Report
- 150 GRI Content Index
- 164 UNEP-FI Responsible Banking Principle Reporting Index

Abbreviations

ABS	Asset Backed Securities	IMF	International Monetary Fund
AFK	Intermediate Financial Institutions	IR	Incident Rate
AIIB	Asian Infrastructure Investment Bank	IsDB	Islamic Development Bank
APEX	Wholesale Banking	IT	Information Technologies
API	Application Programming Interface	ITSM	Information Technology Service Management
CBRT	Central Bank of the Republic of Turkey	IVCi	İstanbul Venture Capital Initiative
CEB	Council of Europe Development Bank	JBIC	Japan Bank for International Cooperation
CGF	Credit Guarantee Fund	KfW	KfW Development Bank
CMB	Capital Markets Board	LDR	Lost Day Rate
COMCEC	The Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation	MASAK	Financial Crimes Investigation Board
CPI	Consumer Price Index	NGOs	Non-Governmental Organizations
CRA	Central Registry Agency	ODR	Occupational Disease Rate
CTF	Clean Technology Fund	PSEC	Pre-Shipment Export Credit
CTI	Cyber Threat Intelligence	R&D	Research and Development
DIB	Development and Investment Banks	RPA	Robotic Process Automation
ECB	European Central Bank	RSM	Risk Sharing Mechanism
EIB	European Investment Bank	SCF	Special Credit Fund
EIF	The European Investment Fund	SDGs	Sustainable Development Goals
EL	Exclusion List	SLBP	Sustainability-Linked Bond Principles
ERTA	ERTA Integrated Report Turkey Network	SME	Small and Medium-sized Enterprises
ESC	Emergency Situation Center	SPO	State Planning Organization
ESG	Environmental, Social and Governance	SPV	Special Purpose Vehicle
FinTech	Financial Technology	TCMA	Turkey Capital Markets Association
FRIT II	Facility for Refugees in Turkey	TDF	Turkey Development Fund
GDP	Gross Domestic Product	TII	Turkey Investment Initiative
GRI	Global Reporting Initiative	TSI	Turkish Standards Institution
GSPYŞ	Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	UNEP FI	United Nations Environment Programme Finance Initiative
ICBC	Industrial and Commercial Bank of China	UNGC	United Nations Global Compact
ICMA	International Capital Markets Association	VCIF	Venture Capital Investment Fund
IEIS	Integrated Environmental Information System	VPN	Virtual Private Network
IFI	Intermediary Financial Institutions	WAF	Web Application Firewall
		WEF	World Economic Forum

“

Development and Investment Bank of Turkey is a development bank subject to the provisions of private law, having the status of a joint stock company that provides financing to companies operating in priority sectors of strategic importance for Turkey’s sustainable development, primarily industry, energy, education, health and infrastructure.

”

Development and Investment Bank of Turkey Overview

8

About The Report

10

Message from Chairman of The Board of Directors

12

Message from The CEO

16

Integrated Reporting Turkey Network (ERTA)

18

Development and Investment Bank of Turkey at a Glance

About The Report

Development and Investment Bank of Turkey Integrated Report is the first Integrated Report published by the Bank after the first sustainability report published by the Bank in 2020. This report, which covers the period between January 1st, 2020 and December 31st, 2020, shows the Bank's contribution to development through its sustainability performance, management approach, corporate and sustainability strategy, and the activities it carried out in connection with all of these. Unless otherwise stated, the data and information contained in the Report includes data and information arising from banking activities carried out by Development and Investment Bank of Turkey in the Headquarters building in İstanbul. Unless otherwise stated, the words "Development and Investment Bank of Turkey", "Bank", "Our Bank" mentioned in the report mean Development and Investment Bank of Turkey.

This report has been prepared in accordance with the GRI Standards: "Basic" option. The report is based on the International Integrated Reporting Framework conducted by the Value Reporting Foundation.

"The report is based on the International Integrated Reporting Framework conducted by the Value Reporting Foundation."



The report also reflects the United Nations Global Compact Communication on Progress to which the Bank is a signatory, and includes the requirements of the United Nations Environment Program Finance Initiative (UNEP-FI) Principles for Responsible Banking to which it was a founding signatory in 2019. In the course of report preparation, many global, sectoral and national sustainability initiatives, development plans and programs were used as a guide.

In addition to data on greenhouse gas emission intensity (tCO₂e/average number of employees), electricity consumption (GJ), paper consumption (kg) and amount of waste sent for recycling (kg) within the scope of selected environmental performance indicators contained in the report; the number of employees within the scope of social performance indicators, the ratio of women employees (total, upper and middle level) and training time per employee; data on installed capacity (MW) of financed renewable energy projects, the amount of loans disbursement for renewable energy (TRY a thousand) and annual tCO₂ emissions avoided by financed renewable energy projects for 2020 have been subjected to a limited independent audit.

Making the Integrated Report accessible to all stakeholders and obtaining their feedback on the Report are among the most important priorities of the Development and Investment Bank. Within this scope, the Report has been printed and copied in limited numbers as part of the environmental responsibility of the Bank. The report is available at <https://kalkinma.com.tr/>

In addition, questions and comments about the Report can be communicated via the e-mail address "surdurulebilirlik@kalkinma.com.tr"

Message from Chairman of The Board of Directors



Development and Investment Bank of Turkey has provided resources from international institutions to support the sectors which have been negatively affected from the global pandemic and has made support programs available to our country to reduce the effects of the pandemic.



The Development and Investment Bank of Turkey has an important role in achieving Turkey's development targets thanks to its 46 years of experience, strong foundations and stable structure. Our Bank aims to carry its positive impact and contribution to a global scale with its supporting role in sustainable development, its responsible banking approach and its pioneer identity, under the guidance of international initiatives.

Our Bank, offering various financing solutions which shall contribute to our country's economy with its strong capital structure and strategic relations it maintains with international financial institutions, has continued its outstanding success also in 2020. Our Bank, whose loan portfolio consists of 63% sustainability-themed loans as of the end of December 2020, has been the pioneer of sustainable development in our country, and carries out its activities in this field for a more livable future by expanding its impact area together with its stakeholders. Moreover, it offers financial consultancy, capital markets advisory and merger and acquisition consultancy in significant projects in various sectors with its investment banking services and mediates the access of public and private sector enterprises to alternative financing products.

The Covid-19 pandemic, which has negatively affected many different sectors in the year 2020, once again demonstrated the importance of sustainable development and global cooperation. Development and Investment Bank of Turkey has provided resources from international institutions to support the sectors which have been negatively affected from the global

pandemic and has made support programs available to our country to reduce the effects of the pandemic. Our bank has increased its support to its stakeholders for the productive use of all resources in this field.

Through its in-bank activities and the projects it finances, the Bank creates added value for its employees, customers and the society, contributes to clean energy potential and resource productivity, acceleration of the digital transformation process of our country, as well as the social inclusion with the employment it creates and the initiatives it supports.

The Development and Investment Bank of Turkey shall continue its efforts to increase the welfare of our country and its competitive power in the international area by providing financing support to investments with its resource structure and different financing products which it has shaped with a responsible banking approach. With its focus on creating value, it will continue to contribute and guide our country, sectors with development priority and all our stakeholders.

I sincerely thank all our stakeholders who have supported our sustainability-oriented activities and our employees who have contributed to our Integrated Report on behalf of our Board of Directors.

Best Regards,

Dr. Raci Kaya
Chairman of the Board of Directors

Message from The CEO



“

In 2020, a total loan of USD 408.2 million was disbursed within the scope of renewable energy, energy efficiency, clean energy and energy infrastructure investments.

”

Dear Stakeholders,

We, as the Development and Investment Bank of Turkey, support the growth of Turkey's economy and contribute to the expansion of capital in accordance with our pioneering mission with our deep-rooted history and strong capital structure. In addition to our Development Banking activities focusing on financing sustainable development within the scope of 2023 targets of our country, we also maintain our development through our Investment Banking services we provide to our customers with our expert human resources.

I am very happy to share with you our first Integrated Report, the Development and Investment Bank 2020 Integrated Report which includes our activities we maintain with our supportive role in development and our responsible banking approach, our risk and opportunity assessments, our strategic steps and the value we create for all our stakeholders in a year the effects of the Covid-19 pandemic are felt all over the world.

We continue our activities with the awareness that environmental and social risks arising in line with changing expectations and needs

are an integral part of the work flow in all sectors, including the banking sector. As a bank, we closely follow the global trends and contribute in development of both our Bank and our country in accordance with the basic strategic objectives we have determined under five main headings on risks and opportunities. We focus on improving our financial, human, natural, intellectual and social capital and creating value for all our stakeholders with our integrated report.

We contribute to the United Nations Sustainable Development Goals with our activities and our approach of creating value. Our bank is among the founding signatories to the “Responsible Banking Principles” prepared by the United Nations Environment Programme Finance Initiative (UNEP FI) to increase the impact of the banking sector on a sustainable future. Besides, as a signatory to the United Nations Global Compact, our Bank has demonstrated its support for a more equitable, inclusive and sustainable world by signing the “Statement from Business Leaders for Renewed Global Cooperation” in September 2020.

“ We have provided USD 550 million resource inflow to Turkey during the Covid-19 period from international organizations.”

“ The Technology and Innovation Fund with a size of TRY 350 million which was established under the Turkey Development Fund, started to make capital investments to both technology based enterprises and enterprise capital investment funds in the ecosystem.”

Our Support to Sectors Affected by the Pandemic

With the impact of the Covid-19 pandemic, the economic gap between the countries in the world has widened and inequalities have increased. In 2020, the world economy contracted by 3.2%, developed countries by 4.6%, and developing economies by 2.1%. In this conjuncture, as the Development and Investment Bank of Turkey, we provided financial support to businesses engaged in various sectors, primarily SMEs that lost income due to the global epidemic and needed financing. We have provided USD 550 million resource inflow to Turkey during the Covid-19 period from international organizations.

Our Contribution to Digitalization and Innovation

The ways of doing business that have changed with the pandemic have increased the needs in the field of digitalization and innovation, accelerating the digital transformation. In addition to the digitalization steps we have taken in our activities we have carried out within the Bank and with our customers, the Technology and Innovation Fund with a size of TRY 350 million which was established under the Turkey Development Fund, started to make capital investments to both technology based enterprises and enterprise capital investment funds in the ecosystem.

Our Contribution to Combating Climate Change

Despite the lockdown due to the pandemic and the pauses in economic activities, the effects of climate change continued to increase in 2020. Events such as extreme air temperatures, forest fires and floods have affected human health, ecosystem and the economy adversely. As a bank, we provide financial resources for energy efficiency and renewable energy projects with the awareness of the responsibility we have in the transition to a low-carbon economy. In 2020, a total loan of USD 408.2 million was disbursed within the scope of renewable en-

ergy, energy efficiency, clean energy and energy infrastructure investments. We analyze the risks of both our customers and the projects separately by making environmental and social risk assessments within the scope of routine decision-making processes in all loan applications, and continue to examine these risks throughout the term of the loans.

Our Support to SMEs and Women Employment

SMEs have a very important place in our country and in the world in terms of economic impact and contribution to employment. Our Bank's support to SMEs is indirectly provided through wholesale banking (APEX) loans and loan agreements with international institutions on the theme of supporting SMEs. 2,800 SMEs have been financed and 7,500 additional jobs have been created through 11 APEX loan programs implemented since 2008. Within the framework of our approach to ensure equality of women and men within the scope of employment creation target, it is anticipated to prioritize SMEs in which women are in the management and are predominant in the loan component (316 million Euros) within the scope of the Formal Employment Creation Project provided by the World Bank and Emergency Firm Support Project (250 Million Dollars).

Our Strategic Approach and Targets

As the Development and Investment Bank of Turkey, we aim to maintain our studies by increasing the support we give for the sustainable development of our country with the strategic

“2,800 SMEs have been financed and 7,500 additional jobs have been created through 11 APEX loan programs implemented since 2008.”

steps we have taken in line with our mission. We focus on accelerating digital transformation with our innovative solutions and services we offer to our customers. We strive to create social and economic value for all our stakeholders, as well as contributing to the reduction of negative environmental impacts and to the transition to a low-carbon economy through our in-house activities and the projects we support. Within this framework, we have taken another significant strategic step in 2020 and implemented our new Environmental and Social Policy and our Environmental and Social Risk Assessment Procedure including the crediting process with the approval of our Board of Directors.

I would like to thank all the members of the Development and Investment Bank of Turkey family, who enabled us to achieve successful works both for our country and for our Bank in the year 2020, and to all our stakeholders with whom we created value for our country, and I would like to express my gratitude towards our Board of Directors for their valuable support and strategic guidance.

Best Regards,

İbrahim Halil Öztop
CEO and Board Member

Message of The Chairman of Executive Board of Integrated Reporting Turkey Network (ERTA)



This report, which is the first Integrated Report of Development and Investment Bank of Turkey, may be considered as the most concrete output reflecting the integrated thinking approach it has adopted after the radical change and transformation process it has undergone.



As the Covid-19 crisis we have experienced triggered the worst recession in 90 years, areas requiring urgent reform and inequalities in the financial system and the global economy became more evident. The crisis which has disrupted the global trade and financial flows as well as its effects, and the ever increasing climate-related risks have underlined the systemic and interconnected nature of risk in a truly interpenetrating world. While the tendency of being short-term, high leverage and disconnection from the real economy in general continued in financial markets, excessive debt burden ranked first among the problems that many countries need to solve urgently. In summary, the pandemic has dramatically reminded us that we need sustainable investments focused on risk reduction and resilience, and thus, the sustainable finance, in order to achieve the United Nations Sustainable Development Goals (SDGs), which are targeted to be achieved by 2030.

As a result of all these developments, the role and importance of development and investment banks, whose main function is to finance the sustainable development, has increased even more. The responsibility of development and investment banks playing an important role in mobilizing capital for the development of sustainable infrastructure, to promote the structural transformation of institutions and thus the sustainable development through the financing and consultancy services they offer to their investors, in addition to their own sustainability, comes to the forefront.

Development and Investment Bank of Turkey, which appears to be closely following all these global trends, has succeeded in integrating the sustainability strategy it has determined within the framework of its “supporting role in sustainable development” and “responsible banking approach” into its business model by analyzing the risks and opportunities brought by these developments.

Having 46 years of experience and leading many “firsts” and innovations in Turkey throughout its corporate history, the Bank has undergone a radical change and transformation in order to respond to the changing business environment and evolving stakeholder expectations, and has strengthened its sustainability management structure by focusing on integrated thinking. The Bank which focuses on financing sustainable development in line with SDGs, prioritized the value creation for its employees and all other stakeholders with its strong resource structure, competent human resources and innovative products and services, as well as an environmentally and socially conscious banking approach. In addition to the measures it takes to manage the direct environmental and social risks due to its operational activities, the Bank analyzes the risks of both its customers and projects separately in consideration of the indirect risks that may arise from loan activities, and makes significant contributions to sustainable development by supporting the structural transformations of its customers in order to develop their environmental, social and governance capacities.

In the value creation process, the Bank that accepts the United Nations Sustainable Development Goals as a guide and is a signatory to the United Nations Global Compact (UNGC), has made significant contributions to the development of sustainable finance and sustainable banking both in the world and in Turkey by signing the United Nations Environment Programme

Finance Initiative Responsible Banking Principles (UNEP-FI) and UNGC Turkey Declaration on Sustainable Finance.

This report, which is the first Integrated Report of Development and Investment Bank of Turkey, may be considered as the most concrete output reflecting the integrated thinking approach it has adopted after the radical change and transformation process it has undergone. Making the sustainability the focus of its business strategy, the Bank has gone beyond preparing a final report by establishing a strong link between the sustainability priorities, strategic targets, risks and opportunities, and capital elements it has determined with broad stakeholder participation. At the same time, the Bank’s future roadmap has been shared with concrete bases by comparing the performance indicators it has determined specifically for each capital element with its past, current and future performance. The Bank which associates the sustainability priorities it has integrated into its business model with the United Nations Sustainable Development Goals (SDGs), the Bank has assumed its share of responsibility for 17 global goals targeted to be achieved by 2030.

I sincerely congratulate Development and Investment Bank of Turkey for publishing its first Integrated Report by leading the way among public development and investment banks. With this report, the Bank clearly and concisely demonstrated its deep-rooted history, strong resource structure, competent human resources, innovative products and services, as well as its value creation power with its “supporting role in sustainable development” and “responsible banking approach”.

Prof. Dr. Güler Aras

Founding Chairman of the Executive Board
Integrated Reporting Turkey Network (ERTA)

Development and Investment Bank of Turkey at a Glance

CURRENT SHARE (%)



(*) 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

Focusing on financing sustainable development in line with the United Nations Sustainable Development Goals and 2023 targets of our country.



About Development and Investment Bank of Turkey

Development and Investment Bank of Turkey is a development bank subject to the provisions of private law, having the status of a joint stock company that provides financing to companies operating in priority sectors of strategic importance for Turkey's sustainable development, primarily industry, energy, education, health and infrastructure. The Bank works to contribute to Turkey's structural transformation and to the expansion of capital through loans, capital support, investment banking partnerships, equity financing and consultancy services it offers to companies that will add value to the country's economy.

Development and Investment Bank of Turkey, of which 99.08% of its capital is owned by the Republic of Turkey Ministry of Treasury and Finance, was established on November 27th, 1975 under the name of State Industrial and Labor Investment Bank. Determining the purpose of its establishment as making good use of the savings of the employees with the approach of profitability and efficiency and managing them in accordance with the basic principles of the development plans in order to industrialize Turkey rapidly and throughout the country, the Bank provided financing and consultancy support to many employee ownership companies

during their establishment stages, and contributed to the capital of some large organizations operating in the manufacturing industry sector as a co-founder. On July 15th, 1988, within the framework of the Decree Law No. 329 and in line with the changes in the range of services, the Bank has been associated with the TR Prime Ministry and its name has been changed to Development and Investment Bank of Turkey Incorporating T.C. Turizm Bankası A.Ş. together with all its assets and liabilities with the decision of High Planning Council dated 1989 and numbered 89/T-2, started to provide financial support to investments in the tourism sector as well as the industrial sector. The Bank has included education, energy, health and infrastructure sectors in its range of services over time and has increased its contribution to Turkey's sustainable development year by year. The Bank, which was restructured as Development and Investment Bank of Turkey in 2018, moved its headquarters from Ankara to Istanbul in 2019 and strengthened its organizational structure with private sector experienced staff within the scope of its transformation process.

Focusing on financing sustainable development in line with the United Nations Sustainable Development Goals and 2023 targets of our country, the Bank supports investors with its strong resource structure, competent human resources and innovative products and services. The main target of the Development and Investment Bank of Turkey is to provide development and investment banking activities

to reduce foreign dependency and current account deficit, increase our domestic production capacity, support competitive and efficient production, and support the sustainable development of our country, within the framework of Turkey's 11th Development Plan.

With its trust-based relations established with the leading development finance institutions of the global economy and its internationally respected position, the Bank offers the long-term resources it provides to the business world for the purpose of financing sustainable development. The Development and Investment Bank, whose main function is the financing of sustainable development, also plays a leading role for companies to reach domestic and international funding sources through merger and acquisition consultancy, capital market products and financial consultancy services.

Through its technical consultancy services, which is its another well-established area of expertise, the Development and Investment Bank of Turkey goes beyond being a traditional lender and shares its technical knowledge and experience with its business partners during the investment period.

Development and Investment Bank is a member of various international organizations and networks within the scope of protecting the environment and combating climate change, which are indispensable elements of sustainable development.

46 Years of Experience and Contribution to The Sustainable Development

“Development and Investment Bank of Turkey has succeeded in integrating its sustainability strategy determined within the framework of its “supporting role in sustainable development” and “responsible banking understanding” into its business model.”

IN ‘70s

- › The Bank was the first financial institution that supports employee ownership companies and provides financing from abroad.
- › It has become a pioneer organization by participating in heavy industry companies such as TAKSAN, TUMOSAN, TEMSAN, TESTAŞ, which are known as companies with “SAN”.

IN ‘80s

- › Technical services were provided within the framework of the State Planning Organization’s (SPO) aid program for Africa.
- › With the Dedicated Credit Fund II (SCF), financing and rehabilitation of employee ownership companies was provided.
- › A task was taken on in the realization of infrastructure investments related to the tourism sector and the development of the sector was ensured by financing the tourism facilities.

IN ‘90s

- › Within the scope of the “Project for Recovering Uncompleted Investments and Enterprises with Insufficient Operational Capital”, approximately USD 100 million loans were disbursed to a total of 525 companies, providing around 9,000 additional job opportunities.

IN 2000s

- › Through Wholesale Banking (APEX), it was possible to finance investments and SMEs that do not have the status of joint stock companies.
- › The Bank became a partner in the Turkish Investment Initiative (TII), which was established under the leadership of the European Investment Fund (EIF), of which the European Investment Bank and the European Commission are partners.

2010

- › With the ISO 14001 Environmental Management System established within the Bank, necessary activities have been started to identify and reduce negative environmental impacts, reduce resource use and monitor environmental performance.

2014

- › The Bank’s financial support for the development of the country has exceeded TRY 3 billion.

2016

- › It has been decided to increase Bank’s issued capital to TRY 500 million.
- › With its reporting to CDP Climate Change Program, the Bank reinforced its position among the leaders of the financial sector.

2017

- › The Bank has expanded its global cooperation network with new initiatives.
- › The disbursement of the EUR 100 million CEB APEX loan has started.
- › A financing of USD 200 million was obtained from Islamic Development Bank.

2018

- › Status of carbon neutral bank was obtained by meeting the “Climate Friendly Organization” criteria of the Turkish Standards Institute and qualifying for a certificate.
- › With the Asset Financing Fund it established, the Bank has made Turkey’s first TRY 3.15 billion Asset Backed Securities (ABS) issuance in return for the mortgage-backed securities of the leading banks in the sector.
- › It has been restructured as Development and Investment Bank of Turkey .
- › A loan agreement of EUR 50 million has been signed with the Black Sea Trade and Development Bank for the purpose of SME financing.
- › A loan of USD 400 million was obtained from ICBC for use in banking activities.

2019

- › Within the framework of restructuring, the Bank moved its Headquarters to İstanbul.
- › The Bank has been a founding signatory to the UNEP-FI Responsible Banking Principles.
- › Upon the establishment of the Second Asset Finance Fund, TRY 1 billion of Asset Backed Securities (ABS) was issued.
- › Turkey Development Fund has been established.

2020

- › The Bank published its first sustainability report, which includes its activities in 2019.
- › The Bank’s Environmental and Social Policy entered into force in January 2020 upon the approval of the Board of Directors.
- › Our Bank’s Sustainability Principles entered into force in June 2020.
- › Our Bank’s Combating Climate Change and Adaptation Policy entered into force in June 2020.
- › The Technology and Innovation Fund as well as the Regional Development Fund were established under the umbrella of Turkey Development Fund.
- › Consultancy was provided for the establishment and obtaining the operating license of the Birleşik İpotek Finansmanı A.Ş., which is expected to play an important role in the securitization activities.
- › Birleşik İpotek Finansmanı A.Ş. and JCR Avrasya Derecelendirme A.Ş. have been affiliated with.
- › Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (Kalkınma GSPYŞ), for investors who prefer to invest in accordance with CMB legislation, was established as a 100% subsidiary of the Bank.
- › Kalkınma Yatırım Varlık Kiralama A.Ş. in which our Bank has 100% participation, has been established.
- › In line with the working capital needs of Tarkim Bitki Koruma A.Ş., exclusive financial consultancy services were provided in the issuance of a 1-year term Amortising Sukuk-al-Wakala amounting to TRY 42 million.

2021

- › Management of the Regional Development Fund and the Technology and Innovation Fund has been transferred to Kalkınma GSPYŞ.
- › The establishment of the Development Participation Venture Capital Investment Fund (VCIF) and the Innovative and Advanced Technologies VCIF were completed under Kalkınma GSPYŞ.
- › Exclusive financial consultancy services were provided for the issuance of Turkey’s first transition bond to low-carbon economy with a maturity of 2 year and amounting to TRY 200 million, related to the financing of the infrastructure investments of Palgaz Doğalgaz Dağıtım A.Ş.
- › TRY 1.29 Billion public offering of Aydem Yenilenebilir Enerji, of which we are the leader of the consortium, has been successfully completed. Exclusive financial consultancy services were provided for TRY 65.8 million bond issuance of Tarım Kredi Holding with a maturity of 175 days.
- › TRY 948 Million public offering of Kızılıbük GYO, of which we are the leader of the consortium, has been completed.



“Contributing to the real economy in the light of an experience and expertise of 46 years, Development and Investment Bank of Turkey has achieved many “firsts” and pioneered many innovations in Turkey throughout its corporate history.”

Firsts

- › It is the first bank that offers financial and technical support to companies together.
- › It is the first bank that implements incentive credits.
- › It is the bank that performs the first public offering in the capital markets.
- › It is the first and only bank that provides financial and technical support to the sector in the process of uncovering and developing the tourism potential.
- › It is the first bank that finances private sector geothermal energy investment.
- › It is the first bank that supports clusters within the program.
- › It is the first bank that transfers the Islamic Development Bank resources to SMEs.
- › With the Asset Finance Fund it established, it is the first bank in Turkey and the world to issue asset-based securities (ABS) in return for the mortgage-backed securities of the leading banks in the sector.
- › It is the first and only bank in Turkey that implements the World Bank “Risk Sharing Mechanism” (RSM) grant program for geothermal exploration projects. In addition, the Bank has been included in GEORISK Project, which was coordinated by TÜBITAK in Turkey and developed within the scope of EU-Horizon 2020 Research and Innovation Programme, for the purpose of transferring the knowledge gained within the scope of this project to 9 target countries.
- › It is the first bank that receives TSE “Climate Friendly Organization” certificate among public and private sector financial institutions.
- › It is the first public development bank that voluntarily notifies CDP, one of the world’s leading initiatives in reducing the effects of climate change and protecting natural resources.
- › It is the first bank that prepares financial support program for unfinished facilities.
- › It is the first and only Turkish bank that is an affiliate member of EIF-NPI (European Investment Fund-National Promotional Institutions).
- › It is the first bank that implements the ISO 14001 Environmental Management System among public banks.

Activities of Development and Investment Bank Of Turkey

With the activities it carries out based on sustainable and responsible banking principles, Development and Investment Bank of Turkey contributes to Turkey's economic development target, which is environmentally friendly and takes care of its social development.

With its professional team and the “know-how” it has built over the years, the Bank provides information, competence advice and financial support to its investors, the business world and strategically important sectors in the areas such as;

- › Access to international funds,
- › Project evaluation and project financing,
- › Preparation of the feasibility of investment projects,
- › Company valuation and appraisal studies,
- › Grant programs,
- › Wholesale Banking (APEX Banking)
- › International technical cooperation,
- › Disbursement of investment committed advance loan originating from the Central Bank of the Republic of Turkey,
- › Leading the Geothermal Risk Sharing Mechanism,
- › Investment banking services (Merger and Acquisition Consultancy, Capital Markets Advisory, Financial Consultancy),
- › Turkey Development Fund Services

“The Bank supports the policies implemented by the economy management in order to eliminate the effects of the pandemic on the economy and plays an active role in the gradual normalization period.”



Project Finance and Corporate Loans



Investment Banking



Turkey Development Fund

The activities carried out and the services provided by Development and Investment Bank of Turkey are grouped under three main headings including Project Finance and Corporate Loans, Investment Banking and Turkey Development Fund.

Project Finance and Corporate Loans

Development and Investment Bank of Turkey contributes to our country's economic growth, its social development and environmentally friendly development through the project finance and corporate loans it provides to its customers. The Bank supports many sectors such as manufacturing, renewable energy, education and health, which are the leading sectors of Turkey.

The Bank lends entirely new investments and expansion/capacity increase and modernization investments in line with the needs of companies operating in the manufacturing industry, and supports employment, increase in competitiveness and the production of technological products. With the support it provides to R&D and innovation investments, the Bank contributes to Turkey's increase in exports and the development of import substitutes. In addition, with the

Pre-Shipment Export Credit (PSEC), it meets the financial needs of companies producing goods for export and exporting them at the preparation stage.

With the APEX banking mechanism, the Bank provides loans to micro, small and medium-sized companies for their investments that increase their production and productivity capacities, support their competitiveness and contribute to employment, through other financial institutions such as commercial banks, financial leasing and factoring companies.

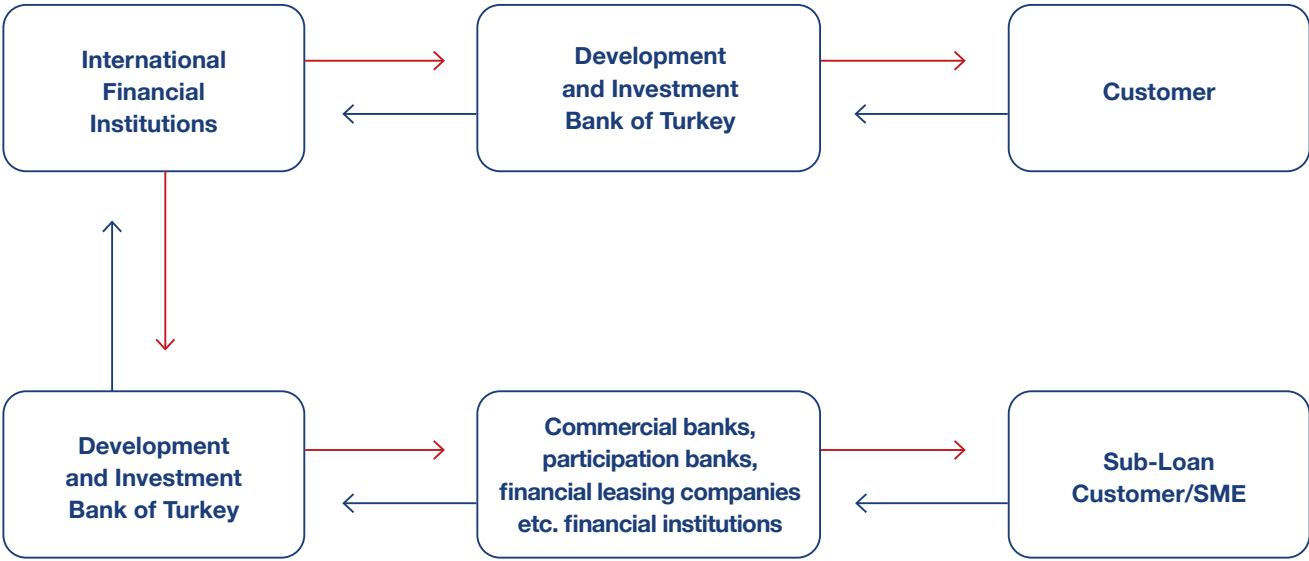
The Bank responds to the financing needs of investors in projects aimed at the effective and correct use of renewable energy resources and bringing domestic energy resources into the economy (hydroelectric, solar, wind, biomass

and geothermal power plants etc.). In this way, the targets of increasing Turkey’s energy supply, reducing the use of fossil fuels and reducing foreign dependency in energy are supported.

Development and Investment Bank of Turkey provides loan to the investments that increase the energy and resource efficiency and strengthen waste management of companies producing in sectors with high energy intensity such as cement, iron-steel, paper and ceramics. With the support provided for energy generation from waste heat, waste water treatment technologies and modernization investments, it contributes to the reduction in fossil fuel use and CO₂ emissions and increase in recycling.

Development and Investment Bank of Turkey takes steps towards the development and protection of sustainable tourism by providing loans for the renovation investments of operational tourism facilities and supporting investments to increase energy efficiency in buildings.

Development and Investment Bank of Turkey supports investments aimed at expanding access to health and education services and reflecting the physical/technological developments on service branches. Financing solutions that are specific to projects are created in line with the needs of investors, and Turkey’s sustainable development is supported through these investments.



For corporate loan or project finance services to be provided by the Bank, negotiations are made with International Finance Institutions for loan agreements on certain themes and a loan agreement in the amount agreed upon is signed.

The customer applies for a corporate loan to use a long-term financing loan with an investment project or working capital loan, or for a project

finance service where the loan is provided for investment with a financing package that will be created with an SPV (special purpose vehicle) to be established.

Resources are provided through various financial institutions instead of direct lending in the wholesale banking service of the Development and Investment Bank of Turkey as shown above.



The credit process consists of the steps of Project Risk Analysis, Feasibility, Project Financing Model and Monitoring Period, respectively.

In the Project Risk Analysis step, sectoral analyzes and company/group analyzes are carried out, and macroeconomic risks, project and company risks are evaluated. The feasibility step covers the technical, financial, economic, legal, environmental and social compliance assessment of the project. Our Bank considers the risks arising from its services and activities in economic, environmental and social

dimensions in accordance with its Environmental and Social Policy. The Bank considers the impact assessments introduced by the Environmental and Social Risk Assessment and Monitoring Process in lending decisions of projects. The Project Financing Model step covers the determination of the financial criteria and processes of the project, including the credit/equity balance, working capital, maturity and project/loan guarantees. Finally, in the Monitoring Period step, the credited project is followed up by generating technical progress and environmental and social monitoring reports throughout the project.



APEX Loan process includes the stages of Project Identification, Credit Program Development and Resource Procurement, Intermediary Institution Selection and Agreement Process, Disbursement and Reporting, respectively.

The Project Identification stage includes preliminary economic/thematic research on the project proposal and processes of negotiation with financing institutions. The Credit Program Development stage includes the processes of negotiation of credit terms with the funding institutions and the preparation of agreements, the provision of the guarantee of the Republic of Turkey Ministry of Treasury and Finance, and the preparation of the implementation guide. In the process of Intermediary Institution Selection and Agreement, the financial, operational, environmental and social compliance of IFIs is evaluated, negotiations and agreements are carried out with the intermediary institution and the funding institution. Finally, in the Disbursement and Reporting stage, activities are carried out to transfer the loan amount from the funding institution to the intermediary institution, to examine, approve and report the sub-loans given by IFIs to the resource institution by our Bank, to prepare the program closing reports and to present them to the resource institutions.



Investment Banking

Within the scope of Investment Banking, Development and Investment Bank of Turkey carries out capital markets advisory, financial consultancy and merger and acquisition consultancy activities.

Development and Investment Bank of Turkey provides financial restructuring consultancy, financial feasibility consultancy, company valuation, structured and project finance consultancy services to its customers within the scope of Financial Consultancy. Within the framework of financial restructuring consultancy, the Bank prepares independent financial feasibility reports for companies that have difficulty in repayment and financial institutions to which they owe, and supports companies in restructuring their debts in accordance with foreseeable amortization schedules. Within the scope

of financial feasibility consultancy, the Bank analyzes the financial, technical and sectoral structure of the projects and companies that its customers plan to invest in, and determine the assets and activities of these companies, as well as their material values with the company valuation services. The Bank supports companies in debt refinancing, restructuring, acquisition, investment and project financing, with the aim of satisfying the long-term investment and financing needs of its customers, to which it provides structured and project finance consultancy.

The Bank provides financial consultancy services to buyer and seller parties in company or asset acquisition/sale, merger, demerger, partnership and privatization projects, within the scope of Merger and Acquisition Consultancy and it provides consultancy services in a wide perspective such as creating a process roadmap, identification of potential companies/investors, preparation of proposals, coordination of the work and negotiations between the other consultants and parties to be involved in the process.

Within the framework of Capital Markets Advisory, consultancy services are provided to

companies on the issuance of stocks, debt instruments, lease certificates and other capital market instruments; companies are mediated to provide additional resources. While these issuances contribute to companies in terms of institutionalization and transparency, they also pave the way for companies with increasing awareness in the capital markets to meet with different financing alternatives more easily.

A comprehensive consultancy service is provided within the framework of alternative financing methods based on borrowing, in all of the bill and bond issuance which are the products frequently applied in the Turkish capital markets, and all the issuance of lease certificate (sukuk) that have been increasing rapidly in the recent period, the decision stage of the companies, the coordination of the process, the management of sub-consultants, the application of all regulatory institutions, follow-ups of the marketing and sales processes in all steps till the completion of the issuance.

In the upcoming period, the Bank plans to issue innovative capital markets financing instruments (mainly green, social and sustainable products) related to environmental and social problems, mainly the climate change.



Turkey Development Fund

The Development and Investment Bank of Turkey provides strategic support to innovation and regional development through the Turkey Development Fund (TDF) it established in 2019. The Bank contributes to the efficient use of public resources by investing in sectors with strategic importance in Turkey's sustainable development and by partnering them.

Through the Technology and Innovation Fund established under the umbrella of TDF, the Bank aims to make investments in initiatives operating in priority sectors and areas determined in the 11th Development Plan in order to support the technological development and value-added growth strategy of our country, and to contribute capital to the funds investing in these initiatives.

The Regional Development Fund established under the umbrella of TDF by our Bank in 2020 with the aim of eliminating regional development differences, which is one of the main tasks of development banking, plans to support the development and increase in competitiveness of companies with the capital contribution it provides to companies having growth potential.

Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (Kalkınma GSPYŞ), established on November 17th, 2020 and which is 100% subsidiary of the Bank, aims to provide services to investors who prefer to invest in accordance with the CMB legislation. Management of the Regional Development Fund and the Technology and Innovation Fund has been transferred to Kalkınma GSPYŞ in 2021.

Mission, Vision and Values



Mission

It is our main target to provide sustainable development in line with our values and to add value to the future by always standing by the investor.



Vision

We help the structural transformation of our country in line with sustainable development priorities by meeting the financing and consultancy needs of investors, and work to contribute to the expansion of capital. We add value to our employees and all other stakeholders with a dynamic, innovative, environmentally and socially conscious banking approach.



Our Values

- › We value our employees and encourage continuous learning, participation and sharing;
- › We believe in teamwork, work with a common mind, and attach importance to being fair and providing equal opportunities to our employees.
- › We lead the positive change with our innovative solutions and add value not only to today but also to tomorrow.
- › Within the framework of the UN Sustainable Development Goals and the Paris Climate Agreement, we act sensitively towards the world, the environment and the society we live in;

We keep our social responsibility awareness alive;

- › We use our resources effectively and efficiently.
- › We establish a long-term relationship with all our stakeholders based on clear, ethical rules and trust;

We base our decisions on objective criteria.

- › We make our customers the focus of all our activities, and we design the future together with our effective and value-creating solutions.

“

Development and Investment Bank of Turkey which maintains its activities with its role supporting sustainable development and responsible banking approach adopts a comprehensive and participatory management approach and works with a focus on creating value for all its stakeholders.

”

Corporate Profile

36

Management Approach

48

Board of Directors

52

Senior Management

56

Organization Chart

Management Approach

The Board of Directors of the Bank consists of a total of 7 members elected by the General Assembly and Members of the Board of Directors can be elected for a maximum of three years. According to the provisions of the Articles of Association, the Board of Directors convenes at least once a month with the majority of the total number of members and takes its decisions with the majority of the members who are present at the meeting.

Members of the Board of Directors of the Bank take part in more than one committee due to the necessity of having independent members in the committees formed and the number of members of the board of directors. In 2020, the Board of Directors held 23 meetings and took a total of 306 decisions, 16 of which were interim decisions.

The Bank's Strategic Business Plan is formed for three or five-year periods depending on the conjuncture and is reviewed every year. All relevant departments participate in the stage of determining Strategic Business Plan preparation process, especially the determination of the targets, and these prepared plans are approved by the Senior Management and the Board of Directors of the Bank.

There are 8 committees within the organizational structure of our Bank in order to manage all processes effectively. The committees, which maintain their activities under the chairmanship of the CEO, hold meetings at regular intervals and take decisions in line with legal regulations, current affairs and needs.

Asset-Liabilities Management Committee has been established to ensure the effective and efficient management of the assets and liabilities of the Bank's balance sheet. Continuing its work within the framework of the Bank's vision, mission, strategic goals and targets as well as the risk management policies and strategies, the Committee takes into account the current and potential economic developments and factors such as interest rates, maturity and currency.

Credit Evaluation Committee has been established to determine the principles of lending in accordance with the Bank's general goals and policies and to develop them in accordance with the current conditions, to ensure and monitor the regular operation of the work flow, information and documents between the Bank's departments tasked with loan transactions, to assess the Bank's credit risk and the status of its credit portfolio, to review, evaluate and decide on reports prepared by the relevant departments on loan allocation, to take decisions within the limits set on deferral, installment of loan receivables and the rearrangement of their terms, to determine the procedures and principles regarding the Bank's credit policies, to increase the efficiency of the loan portfolio within the framework of changing and developing conditions and to take measures and decisions on determining strategies related to customers with non-performing loans.

Audit Committee is in charge of and responsible for overseeing the efficiency and adequacy of the Bank's internal systems, the functioning

of these systems, accounting and reporting systems within the framework of laws and related regulations, and the integrity of the information produced on behalf of the Board of Directors.

Corporate Governance Committee maintains its efforts to determine the principles of the Bank's corporate governance policy, to monitor compliance with corporate governance principles, to carry out improvement works and to offer suggestions to the Board of Directors in this regard.

Executive Committee, has been established to discuss and implement the issues related to the daily management and operation of the Bank.

Remuneration Committee has been established to evaluate the Bank's Remuneration Policy and practices within the framework of risk management and to offer suggestions to the Board of Directors in this regard.

Environmental Management Committee maintained its activities until 2021 in order to form, implement, improve, monitor and increase corporate awareness of the Environmental Management System within the framework of the Environmental Management Policy. (Committee was abolished upon the transition to Integrated Management System in 2021.)

Sustainability Committee has been established in order to develop sustainability strategy and policies, and to make efforts through integration of these policies into the activities of the Bank.

Sustainability Management

“ In addition to the measures it takes to manage the direct environmental and social risks arising from its operational activities, the Bank also evaluates the indirect risks that may arise from its loan activities.”

Development and Investment Bank of Turkey works to assist the structural transformation of our country within the scope of sustainability management in line with sustainable development priorities and to contribute to the expansion of capital to the broader public, and adopts principles in this direction.

In the process of radical change and transformation it has undergone, the Bank has strengthened its sustainability management structure, in which it handles economic, social and environmental issues in a holistic manner. With the transition to the Integrated Management System in 2021, the Environmental Management Committee has been abolished and the responsibility for quality, environment and OHS issues has been assigned to the entire Bank.

Sustainability Committee has been established in 2020 as targeted in 2019 in order to effectively carry out the necessary activities to develop sustainability strategy and policies and integrate them into all activities. The Committee, which carries out its activities within the framework of the Sustainability Committee Directive, consists of an independent Member of the Board of Directors, all Executive Vice Presidents, as well as the Head of Department Corporate Banking and Project Finance Department, and the Head of Strategy, Organization and Process Management Department.

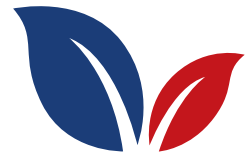
“ In line with its Environmental and Social Policy, the Bank does not support or finance the investments that may have unacceptable effects on the environment and society.”

The Sustainability Committee convenes at least four times a year within the scope of its duties, authorities and responsibilities. The secretariat of the Committee is carried out by the Head of Subsidiaries, Corporate Affairs and Sustainability Department.

Within the scope of its work, the Committee aims to establish the Bank's sustainability strategies and policies, to ensure that these strategies and policies are integrated into the Bank's activities, to set targets in line with the Bank's sustainability strategy and policies, to ensure that actions are taken to achieve the targets, and to manage the economic, environmental and social dimensions of the risks and opportunities that may arise from the Bank's services and activities. At the same time, the Committee's duties also include the determination of the decisions on sustainability issues to be included in the agenda of the Board of Directors.

In addition to the measures it takes to manage the direct environmental and social risks arising from its operational activities, the Bank also evaluates the indirect risks that may arise from its loan activities, defines the actions to be taken to reduce the environmental and social risks it evaluates to the minimum possible level in accordance with both national legislation and international standards and monitors the environmental and social performance of its customers during the loan tenor as part of the implementation of the actions to be taken. The Bank that carries out environmental and social risk assessments as part of routine decision-making processes in all lending activities, analyzes the risks of both its customers and projects separately, and supports its customers in developing their environmental and social governance capacities.

Published Policy Documents



Environmental and Social Policy

The Bank aims to manage its direct and indirect environmental and social impacts that may arise as a result of its operational activities and financial services with the Environmental and Social Policy published in January 2020. This Policy covers all employees and activities of the Bank. Our Bank is aware of the importance of environmental and social development and the long-term benefits they will provide. The Bank believes that environmental and social risk assessment should be a part of routine decision-making processes in all investment and loan practices. For this reason, Environmental and Social Management System (ESMS) has been developed. This system is applied throughout the credit term and aims to protect against the credit, reputational and environmental and social risks of the investment. The Bank evaluates all lending activities in accordance with national, environmental and social laws and regulations, the Bank's policies and procedures, and when necessary, the other international environmental and social standards which the Bank has committed to comply with. The Sustainability Committee is responsible for the follow-up and updating of the Environmental and Social Policy, while the Board of Directors is responsible for its approval and repeal. In line with its Environmental and Social Policy, the Bank does not support or finance the investments that may have unacceptable effects on the environment and society. The Bank is committed to protecting biological diversity and cultural heritage in the investments it finances.



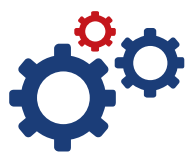
Combating Climate Change and Adaptation Policy

Our Bank is aware of the effects of climate change on the social welfare, economic development and financial stability of societies, and puts the combating climate change among its strategic targets and published the Combating Climate Change and Adaptation Policy in June 2020 within the framework of these targets. The Bank monitors greenhouse gas emissions arising from its operational activities and sets targets for reducing these emissions. It reports its annual performance within the scope of greenhouse gas emissions to CDP Climate Change Program on a voluntary basis. With this published policy, it organizes training programs and ensures that the environmental awareness of the personnel is increased and that they offer suggestions for the improvement of environmental impacts with the idea platform it creates. The Bank continues to evaluate all service, investment and project financing transactions regarding compliance with its environmental and social procedures and principles.



Sustainability Principles

The Bank has adopted the Sustainability Principles published in June 2020, in line with its mission of "Helping the structural transformation of our country in line with the sustainable development priorities of our country by meeting the financing and consultancy needs of investors, and working to contribute to the expansion of capital". The Bank aims to serve with practices and projects aiming at sustainable development by being committed to the United Nations Sustainable Development Goals. Our Bank follows a fair and transparent communication policy in all communication activities in line with its Sustainability Principles. Offering all its employees a working environment respecting human rights, providing justice, equality and trust, the Bank expects its customers to adopt the same approach and aims to raise awareness in this regard. Within the scope of the Sustainability Principles, the Bank adopts an effective governance model to develop, implement, manage and monitor its sustainability activities and supports the implementation and continuous improvement of corporate sustainability management at the level of international sustainability standards.



Management Systems

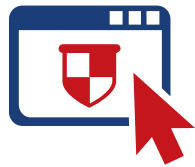
With the ISO 14001 Environmental Management System, which it has established in 2010 in order to manage the environmental impacts arising from its own activities, the Bank carries out the necessary activities to identify and reduce the negative environmental impacts, increase the positive environmental impacts, reduce the use of resources and monitor its performance. In order to further improve the inclusiveness of the management system in 2020, necessary efforts have been initiated for transition to an integrated management system, including ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System. In 2021, ISO 9001 and ISO 45001 certificates have also been obtained. In line with these efforts, the Bank has established its Quality, Environment, Occupational Health and Safety Policy and submitted it for the information of all its stakeholders.

You can access
all of the Bank's relevant
policies and principles
by scanning the QR code.



Risk Management

STAGES OF RISK MANAGEMENT



Identification of the significant risks the Bank is exposed to



The measurement and monitoring of the identified risks



Management of the said risks by the Board of Directors

Development and Investment Bank of Turkey 's strong structure resisting the risks and threats within the scope of its activities and the environment and sectors in which it operates, is ensured by the comprehensive risk management framework it implements. The risk management mechanisms established by the Bank, enable it to define and prioritize risks and thus to minimize the risks without deviating from its strategy and to maintain its activities. Bank risk management is based on three stages and three mechanisms. The first stage of risk management is the identification of the significant risks the Bank is exposed to. The second stage is the measurement and monitoring of the identified risks. The third stage is the management of such risks within the scope of legal legislation and within the limits determined by the Board of Directors within the scope of the Bank's risk appetite.

It is ensured that risks, which constitute the basic element of risk management, are identified, measured, monitored and evaluated by means of legal and specially designed risk reports prepared periodically by the Bank's Risk Management Department. On the other hand, the three mechanisms on which the Bank's risk management is based on consist of the Risk Management Department, Risk Committees and implemented or planned risk areas.

Risk Management Department

Current and potential risks faced by the Bank are monitored by the Risk Management Department within the framework of reports prepared on a daily, weekly, monthly and annual basis, and reported to the Bank's Audit Committee, Board of Directors and the Bank's senior management.

Within the scope of the daily reports prepared by the Risk Management Department, the Bank's interest and exchange rate risk sensitivities are analyzed on the basis of various scenar-

ios, and the daily limit and liquidity emergency indicators are monitored. In addition, duration analyzes of the Bank's securities portfolio are performed, and the compliance of the Bank's placements and accepted letters of guarantee with Bank's limits are evaluated. The weekly reports prepared by the Risk Management Department include general economic analyzes and evaluations, and limit monitoring tables on liquidity and currency risks. On the other hand, the monthly risk analysis report prepared by the Risk Management Department includes more detailed analyzes regarding the risks exposed by the Bank. These reports are submitted to the Audit Committee, Board of Directors, Asset-Liabilities Management Committee, senior management and the relevant departments. The Risk Limits Monitoring Report is also prepared by the Risk Management Department, and reports on the risk limits determined for quantifiable risks and approved by the Board of Directors are submitted.

Risk Committees

Four committees, including the Asset-Liabilities Management Committee, the Credit Evaluation Committee, the Audit Committee and the Corporate Governance Committee, play an active role in the decision-making and risk management processes within the Bank's organizational structure.

Corporate Risks

The committees take an active role in the decision-making mechanism and risk management processes, and the risk budgeting practice is actively used. In the text of "Risk Management Strategies, Policies and Implementation Principles" adopted by the decision of the Board of Directors, the general principle of the Bank's

risk policies has been determined as "To specialize in fields of activities that are in accordance with the duties, visions and structure determined by the bank law, to take risks that can be defined, controlled and/or managed in this sense, to make an effort not to take any risks other than the risks that occur and are inevitable due to the nature of its activities".

Within the framework of this general principle, the Bank takes the necessary measures to specialize in the fields of activity compatible with its vision and structure, and to ensure that the risks to be taken are defined and manageable while shaping its asset composition pursuant to this principle. In addition to these, as long as the risk measurement and reporting techniques are sufficient, it is ensured that the current and potential future effects of the risks taken are measured and written limits are determined by the Bank for the quantifiable risks arising from the Bank's activities as required by the BRSA regulations.¹

The basic policy text, "Risk Limits and Implementation Principles", which determines the Bank's risk appetite structure, is revised by the Risk Management Department in accordance with the Bank's risk policies and accepted by the Board of Directors. On the other hand, the most obvious indicator of the Bank's risk appetite level is the limits determined based on the quantifiable risks and the maintenance of the activities within these risk limits. Monitoring the course of the Bank's activities within these limits approved by the Board of Directors is ensured through reporting by the Risk Management Department at regular intervals, and in case of exceeding the limit, the necessary actions are taken and the risks subject to excess are reduced to the limits as soon as possible.

¹ The Bank's risk appetite is determined and monitored by the risk limits prepared in accordance with the provisions of Article 39 titled "Risk Appetite Structure" of the Regulation on Internal Systems and ICAAP of Banks, prepared by the BRSA and published in the Official Gazette dated July 11th, 2014 and numbered 29057.

Integration of Environmental, Social and Governance Criteria into Banking Operations

The Bank manages the environmental and social risks directly, but it also evaluates the indirect risks arising within the scope of loan activities. Carrying out environmental and social risk assessments as part of routine decision-making processes in all loan practices, the Bank evaluates the risks of both its customers and projects separately. These analyzes, carried out in order to minimize the impacts on reputational and environmental and social risks that may arise from the activities financed, are of great importance for the Bank, which also affects the decision-making processes. Within this framework, all lending activities are evaluated in accordance with national, environmental and social laws and regulations, the Bank’s own policies and procedures, and when necessary, the other international environmental and social standards which the Bank has committed to comply with.

Considering sustainable finance among its main priorities as an obligation of being a development bank, the Bank plays a role in the implementation of effective investments in many different areas such as renewable energy, energy efficiency, tourism, environmental protection and manufacturing industry investments that provide employment. Investment projects in all these areas are evaluated from the point of view of environmental and social risks. These environmental and social assessments, which are carried out in the process of deciding on the loan disbursement, have been transformed into policy with the “ Environmental and Social Risk Evaluation Procedure in Credit Process “ published in 2020.

This model, implemented by our Bank, is an application in which the current activities of the company and the investment projects to be financed are scored with risk-based grading and

achieved a weighted risk categorization grade. With this model, determination of 4 different risk categories including Category A (High Risk), B+ (Moderate to High Risk), B- (Moderate Risk), C (Low Risk), which are fully compatible with the definitions in the World Bank’s new Environmental and Social Framework, is based upon. For the risk assessment model, environmental and social risks, the likelihood of these risks, the governance capability of the company, and the level of impact on the environment and society are evaluated.

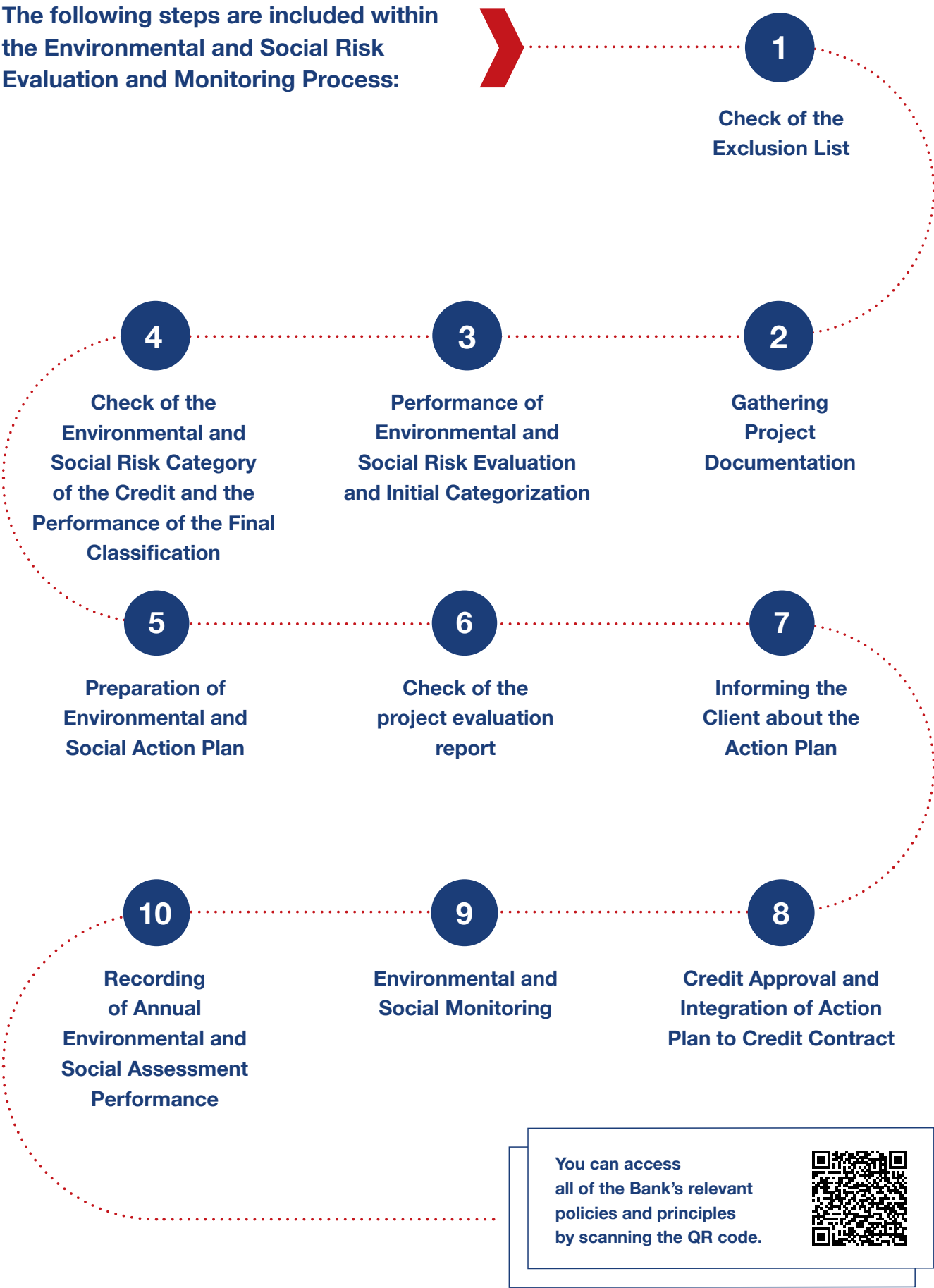
Environmental and Social Risk Evaluation and Monitoring Process

In the process of establishing the Environmental and Social Risk Evaluation in Credit Process, comprehensive opinions and evaluations of the Bank’s departments were obtained, compliance with the World Bank standards was observed, and the policies and procedures of international development institutions were examined and taken as examples.

The efforts to create procedure were carried out by taking the opinions of the Corporate Banking and Project Finance Department, Loan Allocation Department, which are involved in the crediting process, especially the Engineering Department, at the meetings held. In addition, the procedure and policy created by purchasing consultancy service support in the process was explained to other departments and Credit Participation Committee members in meetings before the Board of Directors and took its final form.

The Environmental and Social Risk Evaluation Procedure in Credit Process is in force in compliance with the World Bank standards. Additionally, the list of unfunded activities that exist in the Policy is consistent with the World Bank’s Exclusion List. Environmental and Social Monitoring studies are carried out throughout the credit term within the Bank.

The following steps are included within the Environmental and Social Risk Evaluation and Monitoring Process:



Ethics Management

The fact that banks operate in a strong corporate governance environment is important in ensuring stable economic growth and development. In order to develop sound practices in the areas of fairness, transparency, accountability and security, the basic principles of corporate governance, Development and Investment Bank of Turkey determines internal policies at the level of Board of Directors and reviews its policies on a regular basis, and carries out training activities in order to create a corporate culture. The Bank is a signatory to the United Nations Global Compact and the implementation of the principles of the agreement is considered in all business processes. In addition, there is a suggestion and complaint line, a report line and an ethics line that will enable the unethical practices faced by customers and Bank personnel to be communicated directly to those concerned. Suggestions and complaints that can be communicated anonymously to the Bank via the corporate website by the customers are returned within the legal period or, if the legal period is not specified, within 30 days at the latest. In accordance with the Complaint Management Procedure to be Applied in Projects Conducted with International Financial Institutions, stakeholders/customers/beneficiaries can also communicate their suggestions and complaints by selecting the relevant project. Bank personnel can access the re-

“Ethical Principles, Compliance, Information Security, Data Security and Confidentiality Disclosure and Commitment are available at the Bank and are updated pursuant to the legislation.”

port, ethics, suspicious transaction, suggestion and complaint line through the notification center via the intranet system. Project employees, other than personnel involved in Projects Conducted with International Financial Institutions, can communicate their complaints/suggestions to e-mail addresses created separately for ethics and report, in addition to existing channels.

Ethical principles and human rights constitute the most important building blocks of the Bank’s Human Resources Policy. Bank’s employees are obliged to act in accordance with the “Ethical Principles Agreement” the content of which is determined by the Senior Management and the “Banking Ethical Principles of the Banks Association of Turkey”. Ethical Principles, Compliance, Information Security, Data Security and Confidentiality Disclosure and Commitment are available at the Bank and are updated pursuant to the legislation. In addition, certain policies have been developed within the Bank on

the basis of both employees and products and services within the scope of the Bank’s ethical management. “Prevention of Laundering Proceeds of Crime and Combating the Financing of Terrorism” and “Conflict of Interest” policies are examples of these practices. In addition, an Ethics Line has been established so that the Bank’s personnel can communicate practices and abuses contrary to the “Principles of Ethical Behavior” to the senior management.

An Ethics Committee² has been established within the body of Development and Investment Bank of Turkey in line with the relevant regulation. The Ethics Agreement annexed to the relevant regulation, has been signed by all Bank personnel and is included in their personal files. The Bank also complies with the Banking Ethical Principles announced on July 26th, 2006 by the Banks Association of Turkey. The Ethics Committee participates in the relevant laws, regulations, circulars and resolutions.

² The Ethics Committee of the Bank has been established in line with the Article 29 titled Ethics Commission of the Regulation on the Principles of Ethical Behavior of the Public Officials and Application Procedures and Essentials, published in the Official Gazette dated April 13rd, 2005 and numbered 25785 by the Prime Ministry, with the approval of General Directorate dated April 22nd, 2005 and numbered 1165.

Board of Directors



Dr. Raci Kaya

Chairman of the Board of Directors

Ankara, 1967. Dr. Raci Kaya graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1989 and had his master's degree in Economics in Hacettepe University, Faculty of Economics and Administrative Sciences (1996), and had his Doctorate in Marmara University, Institute of Banking and Insurance (2013). Dr. Raci Kaya served in various banks from 1990 to 2007. He served as Executive Vice President at Aktif Yatırım Bankası A.Ş. between 2007 and 2014, Executive Vice President at Ziraat Katılım Bankası A.Ş. between 2015 and 2016, and Acting Deputy Undersecretary and Deputy Undersecretary at the Republic of Turkey Ministry of Treasury and Finance between 2016 and 2018. He served as Chairman of Vakıfbank Board of Directors between 2018-2019, Member of the Board of Directors of EXİMBANK between 2016-2018 and Executive Director of IMF between November 2018-November 2020. Serving as the Deputy Undersecretary of the Republic of Turkey Ministry of Treasury and Finance since December 2016, Raci Kaya was elected as the Chairman of the Board of Directors of Development and Investment Bank of Turkey in November 2020.



Murat Zaman

Vice Chairman of the Board of Directors,
Member of the Remuneration Committee

Sarıkamış, 1973. He graduated from Yıldız Technical University, Faculty of Architecture in 1993, and from İstanbul University, Political Sciences Faculty, Department of Public Administration in 1997. He had his master's degree in Capital Markets and Stock Exchange at Marmara University between 1998-2006 and has been working as a lecturer at Marmara University, Institute of Banking and Insurance since 2017. Zaman, who starts his career at EVG Yatırım in 1998, worked at Riva Menkul Kıymetler ve Karon Menkul Kıymetler between 1999-2002. After serving as Manager at Ak Potföy Varlık Yönetimi between 2002-2010, he served as General Manager at EVG Menkul Kıymetler between 2011-2012, and as Executive Vice President at Halk Portföy Varlık Yönetimi (CIO) between 2012-2019. As of April 2019, he worked as CFO at Halk Yatırım. Zaman, who has been working as the General Manager of Financial Markets and Foreign Exchange at Republic of Turkey Ministry of Treasury and Finance since August 2019, has been serving as the Vice Chairman of the Board of Directors of Development and Investment Bank of Turkey since November 2019. In addition, Zaman serves as the Chairman of the Board of Directors of Birleşik İpotek Finansmanı A.Ş.



İbrahim Halil Öztop

CEO and Board Member

Şanlıurfa, 1969. He graduated from Middle East Technical University, Faculty of Engineering, Department of Industrial Engineering in 1991 and did had master's degree in Business Administration at Bilkent University. Öztop, who started his career as Deputy Manager in Corporate Finance department of Türkiye Sınai Kalkınma Bankası A.Ş. between 1995-1999, served as Project Finance and Investment Banking Manager at Körfezbank between 1999-2001, Investment Banking Group Manager at Türkiye Sınai Kalkınma Bankası A.Ş. between 2002-2006, Managing Director at Osmanlı Yapı Companies between 2006-2010 and Executive Vice President at Garanti Yatırım Menkul Kıymetler A.Ş. Corporate Finance department between 2011-2018. Appointed as the Chairman of the Board of Directors and CEO at Development and Investment Bank of Turkey since August 2018, Öztop has been serving as the Board Member and CEO of the Bank since December 2018. He is also a Board Member of ADFIAP (Association of Development Financing Institutions in Asia and the Pacific). He was appointed as a Member of the Board of the Banks Association of Turkey in June 2020 and as the Vice Chairman of the Board of Directors of the Turkey Capital Markets Association as of September 2020. He serves as Chairman of the Board of Directors at T.H. Kalkınma Yatırım Menkul Değerler A.Ş. and Kalkınma Girişim Sermaye Portföy Yönetim A.Ş. He has been serving as the Vice Chairman of the Board of Directors of Merkezi Kayıt Kuruluşu A.Ş. (CRA), on behalf of the legal entity of TCMA, as of April 2021.



Salim Can Karaşıklı

**Independent Board Member,
Corporate Governance Committee Member,
Remuneration Committee Member**

İzmit, 1965. He graduated from Business Administration Department of Faculty of Economics and Administrative Sciences of Boğaziçi University in 1989. Serving as General Manager at Toprak Faktoring and Toprak Leasing between 1994-1999, as General Manager at C Bank between 1999-2004, and as the Board Member in charge of risk management and internal audit at Bank Pozitif between 2004-2006, Karaşıklı is still a Member of the Board of Directors at H.Bayraktar Yatırım Holding A.Ş., Ege Endüstri Holding A.Ş., Baylas Otomotiv A.Ş., Baytur Motorlu Vasıtalar A.Ş., Bayraktar Gayrimenkul Geliştirme A.Ş., Bayraktar Otomotiv ve Servis Hiz. A.Ş., Laskay Lastik Sanayi A.Ş., Astra Yapı ve İşletmeciliği A.Ş. and Çemtaş Çelik Makina A.Ş. Karaşıklı has been a Member of the Board of Directors of the Bank since August 2018.



Dr. Turgay Geçer

**Independent Board Member,
Chairman of the Audit Committee**

Samsun, 1970. He graduated from İstanbul University Department of Business Administration in 1991. He had his master's and doctorate degrees in Marmara University, Institute of Banking and Insurance. He worked as the Sub-manager in the Project Management at Al Baraka Türk between 1991-1997. He served as Finance Coordinator at Orion Asya Group of Companies between 1997-2001. He worked as the Head of Risk Management at Family Finans Kurumu A.Ş. between 2001-2005 and as Head of Risk Management Group at T.C. Ziraat Bankası A.Ş. between 2005-2007. He served as Deputy General Manager, Member of the Board of Directors and Supervisory Board at Aktif Yatırım Bankası A.Ş. between 2007 and 2009. He worked as Project Manager and General Manager Consultant at Belbim A.Ş. between 2011 and 2015. Continuing to work as an Assistant Professor and Associate Professor at İstanbul Sabahattin Zaim University in the academic field between 2010-2018, Dr. Turgay Geçer has been a Member of the Board of Directors at the Bank since May 2019.



Abdullah Bayazıt

**Independent Board Member,
Member of the Audit Committee**

Kahramanmaraş, 1980. He graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics in 2005, had his master's degree in International Economics and Finance at Brandeis University, USA, and continues his PhD in Economics at Yıldırım Beyazıt University. Bayazıt who started his career in 2005 as an Assistant Specialist at TR Ministry of Culture and Tourism, General Directorate of Promotion, served as Assistant Specialist - Specialist at the Republic of Turkey Ministry of Treasury and Finance, General Directorate of Public Finance between 2007-2017, and as the Department Head between 2017-2019. He has been the General Manager of Public Finance since 2019 and has been serving as the Member of the Board of Directors at the Bank since July 2020. Bayazıt also serves as a Board Member at Turkish Petroleum Corporation.



Erdal Erdem

**Independent Board Member,
Chairman of the Corporate Governance Committee,
Member of the Audit Committee**

Çankırı, 1971. He graduated from Afyon Kocatepe University, Department of Public Finance in 1993, and had his master's degree at Beykent University. Starting his career at Faisal Finans Kurumu between 1995-1996, ERDEM served as Assistant Marketing Specialist, Project Marketing Group Manager, Credit Service Manager, Credit Monitoring, Legal Counsel, and Executive Vice President in charge of Credit Evaluation Departments in the participation banking sector between 1996-2011. He served as T.C. Ziraat Bankası A.Ş. Board Member and Credit Committee Member, as well as Ziraat Leasing A.Ş. Vice Chairman of the Board of Directors and Ziraat Bank Moscow Board Member between 2012 and 2014. Between 2014 and 2017, he served as Halk Bank SME Banking Executive Vice President of Marketing, Financial Management and Planning Deputy General Manager, Executive Vice President of Human Resources and Quality Organization by proxy, as well as the Chairman of the Board of Directors of Halk Faktoring A.Ş. and a Member of the Board of Directors of Halk Bank Serbia. Between 2017 and 2020, he served as the Executive Vice President and General Manager of Şekerbank SME Banking. He has been serving a Member of the Board of Directors at Development and Investment Bank of Turkey since July 2020. Since November 2020, he has been working as the Vice Chairman of the Board of Directors at Karabük Demir Çelik Sanayi ve Ticaret A.Ş.

Senior Management



Özlem Cinemre
Executive Vice President,
Treasury and Financial
Institutions

Zekai Işıldar
Executive Vice President,
Human Resources and
Support Services

Seçil Kızılkaya Yıldız
Executive Vice President,
Turkey Investment Fund, Investment
Banking and Project Evaluation

İbrahim H. Öztop
CEO and
Board Member

Satı Balcı
Executive Vice President,
Subsidiaries, Operations
and Financial Affairs and
Sustainability

Özgür Maraş
Executive Vice President,
Corporate Banking
and IT

Ufuk Balâ Yücel
Executive Vice President,
Loans and Law

İbrahim H. Öztop | CEO and Board Member

Şanlıurfa, 1969. He graduated from Middle East Technical University, Faculty of Engineering, Department of Industrial Engineering in 1991 and had his master's degree in Business Administration at Bilkent University. Öztop, who started his career as Deputy Manager in Corporate Finance department of Türkiye Sınai Kalkınma Bankası A.Ş. between 1995-1999, served as Project Finance and Investment Banking Manager at Körfezbank between 1999-2001, Investment Banking Group Manager at Türkiye Sınai Kalkınma Bankası A.Ş. between 2002-2006, Managing Director at Osmanlı Yapı Companies between 2006-2010 and Executive Vice President at Garanti Yatırım Menkul Kıymetler A.Ş. Corporate Finance department between 2011-2018. Appointed as the Chairman of the Board of Directors and CEO at Development and Investment Bank of Turkey since August 2018, Öztop has been serving as the Board Member and CEO of the Bank since December 2018. He is also a Board Member of ADFIAP (Association of Development Financing Institutions in Asia and the Pacific). He was appointed as a Member of the Board of the Banks Association of Turkey in June 2020 and as the Vice Chairman of the Board of Directors of the Turkey Capital Markets Association as of September 2020. He serves as Chairman of the Board of Directors at T.H. Kalkınma Yatırım Menkul Değerler A.Ş. and Kalkınma Girişim Sermaye Portföy Yönetim A.Ş. He has been serving as the Vice Chairman of the Board of Directors of Merkezi Kayıt Kuruluşu A.Ş. (CRA), on behalf of the legal entity of TCMA, as of April 2021.

Zekai Işıldar | Executive Vice President | Human Resources and Support Services

Kayseri, 1963. He graduated from the Mining Engineering Department of the Middle East Technical University in 1986. Starting his career at the Bank in 1986 as an Assistant Specialist, Işıldar served as Specialist, Senior Specialist and Manager in various departments between 1991 and 2007. He has been serving as Acting Executive Vice President between 2007-2009 and as Executive Vice President since January 2009. Işıldar, who also served as a Member of the Board of Directors at the Bank between 2008-2009, served as a Member of the Board of Directors at Aciselsan A.Ş. and T.H. Kalkınma Yatırım Menkul Değerler A.Ş., which are subsidiaries of the Bank. Zekai Işıldar is in charge of the Human Resources and Support Services Departments.

Satı Balcı³ | Executive Vice President | Subsidiaries, Operations and Financial Affairs and Sustainability

Yozgat, 1966. She graduated from Business Administration Department of Faculty of Political Sciences of Ankara University in 1988. Balcı, who started her career at Yapı ve Kredi Bankası in 1988, started to work as an Assistant Specialist at the Bank in 1988 and worked as a Specialist in project evaluation, Loan Allocation and Credit Monitoring Departments between 1993-1998, as a Senior Specialist between 1998-2006, as a Manager between 2006-2011 and Department Head between 2011-2017. She served as a Member of the Board of Directors at Yozgat Otelcilik A.Ş., Arıcak A.Ş. and T.H. Kalkınma Yatırım Menkul Değerler A.Ş., which are subsidiaries of the Bank. Satı Balcı, who has been serving as Executive Vice President at the Bank since November 2017, is in charge of the Subsidiaries, Operations and Financial Affairs Departments.

Ufuk Balâ Yücel | Executive Vice President | Loans and Law

İstanbul, 1964. She graduated from Business Administration Department of Faculty of Economics and Administrative Sciences of Boğaziçi University in 1987. She had her master's degree at Marmara University, Institute of Banking and Insurance between 1989-1992. Yücel, who started her career at Uluslararası Endüstri ve Ticaret Bankası A.Ş. in 1987, worked as Corporate Branch Manager at Yapı ve Kredi Bankası A.Ş. between 1987-1999 and as Corporate Branch Manager at Finansbank A.Ş. between 1999-2000. Yücel, who worked as Credits Department Manager at Türkiye Sınai Kalkınma Bankası A.Ş. between 2001-2007, served as Executive Vice President at the same institution between 2008-2018. She served as a Member of the Board of Directors between 2008-2013 and as the Chairman of the Board of Directors between 2014-2018 at Türkiye Sınai Kalkınma Bankası GYO A.Ş. Yücel, who has been serving as Executive Vice President at the Bank since January 31st, 2019, is in charge of the Loans and Law Departments.

Seçil Kızılkaya Yıldız⁴ | Executive Vice President | Turkey Investment Fund, Investment Banking and Project Evaluation

Konya, 1973. She graduated from Business Administration Department of Faculty of Economics and Administrative Sciences of Boğaziçi University in 1998. Starting her career at Türkiye Sınai ve Kalkınma Bankası A.Ş. in 1998, Yıldız served as Assistant Corporate Finance Manager at Oyak Yatırım Menkul Değerler A.Ş. between 2006-2007 and Senior Credit Analyst of İstanbul Liaison Office at Bayerische Hypo-und Vereinsbank AG between 2007-2008. Yıldız who worked as the Capital Markets Director at UniCredit Menkul Değerler A.Ş. between 2008-2012, served as the Structured Finance Group Manager at ING Bank A.Ş. between 2012-2014. Working as a Corporate Finance Consultant between 2014-2016, Yıldız served as the Founder and Managing Partner of FSM Advisory Danışmanlık Ortaklığı between 2016-2017. Yıldız, who served as Executive Vice President at Kuzu Toplu Konut İnşaat A.Ş. between 2017-2019, has been serving as Executive Vice President in charge of Investment Banking and Project Evaluation at the Bank since March 2019. Since November 2020, she has been working as the member the Board of Directors at Kalkınma Girişim Sermaye Portföy Yönetim A.Ş. Yıldız left her job at Turkey Development Fund in 2021.

Özgür Maraş⁵ | Executive Vice President | Corporate Banking and IT

Munich, 1970. After graduating from Middle East Technical University, Department of Industrial Engineering in 1991, he started working at Yapı ve Kredi Bankası. While he was the Manager of Altunizade Corporate Branch in 1997, he left the bank and transferred to Körfezbank A.Ş., one of the Doğu Group banks, and served as the manager of various branches, including the central branch, until 2002. He started to work at Koçbank in 2002 as the Manager of Koçbank Central Corporate Branch, and in 2006, he became the Commercial Regional Manager of Eminönü after the merger of Yapı Kredi Bank and Koçbank. He was appointed as the General Manager of Yapı Kredi Bank Amsterdam operating in Amsterdam, Netherlands in 2007, and held this position until he returned to Turkey in 2013 as the General Manager of Yapı Kredi Finansal Kiralama A.O. He served as the CEO of Çelik Motor, one of the Anadolu Group companies between 2016 and 2018. Özgür Maraş has been serving as Executive Vice President in charge of Corporate Banking, IT Application Development, IT System and Infrastructure Departments since April 2019.

Özlem Cinemre | Executive Vice President | Treasury and Financial Institutions

She graduated from Business Administration Department of Faculty of Economics and Administrative Sciences of Boğaziçi University in 1988. Cinemre, who started her career at QNB Finansbank A.Ş. as an Assistant Specialist in 1988, served as Foreign Affairs Officer between 1989-1991, Foreign Affairs Unit Manager between 1991-1992, Head of the Foreign Affairs Group between 1993-1997 and Executive Vice President of Foreign Affairs between 1997-2018. She served as a member of the Board of Directors at QNB Finans Leasing, QNB Finans Faktoring, and Hemenal Finansman A.Ş. during the period of 2018-2019. Özlem Cinemre has been serving as Executive Vice President in charge of the Treasury, Financial Institutions, Development Finance Institutions and Development Cooperation and Wholesale Banking Departments at Development and Investment Bank of Turkey since June 2019. Cinemre also serves as a member of the Board of Directors of some non-governmental organizations in Turkey.

³ Turkey Development Fund was separated from Seçil Kızılkaya Yıldız in 2021 and was subordinated to Satı Balcı.

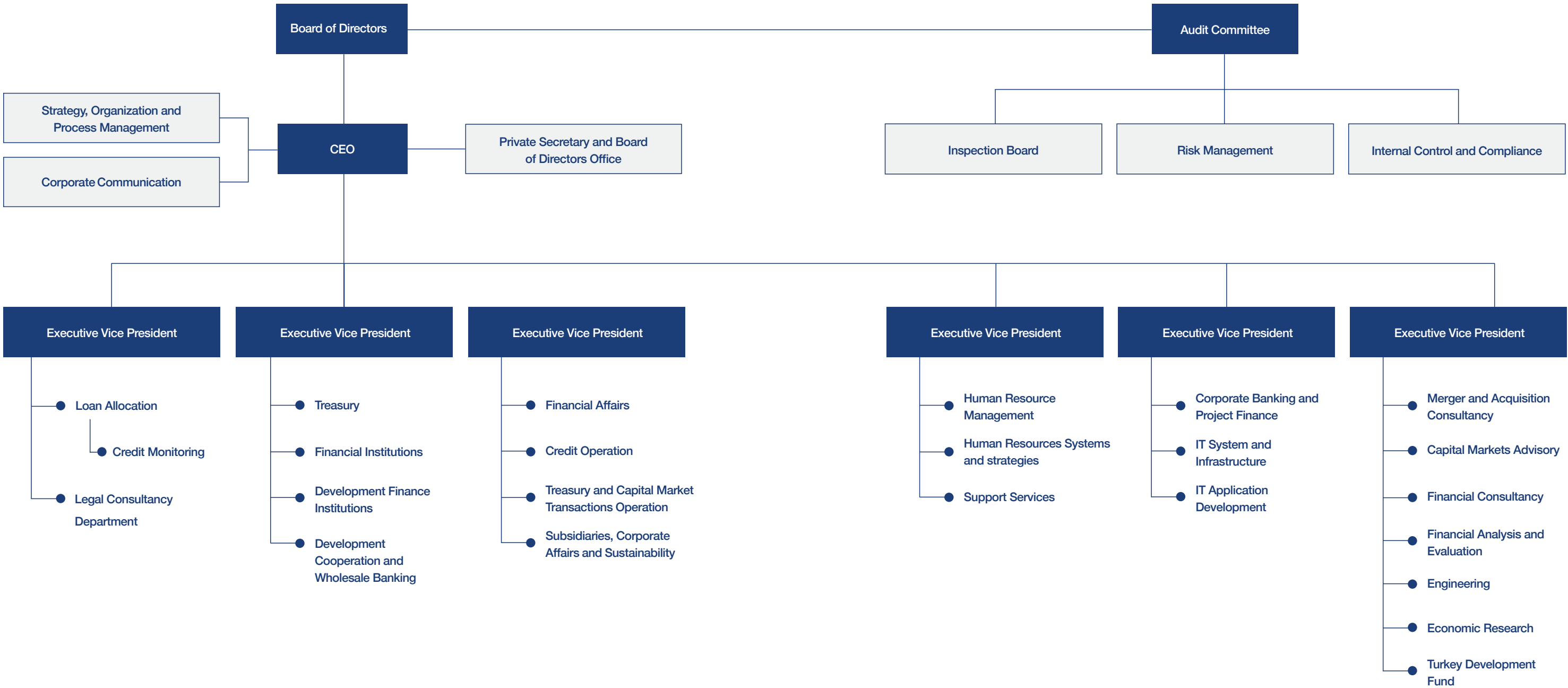
⁴ The Corporate Communication Department was subordinated to Seçil Kızılkaya Yıldız as of February 26, 2021.

The Sustainability Department was separated from Satı Balcı on July 28, 2021 and was later subordinated to Seçil Kızılkaya Yıldız.

⁵ Özgür Maraş left his position in 2021.

Organization Chart

The organizational chart is for 2020. You can access our bank's current organizational chart by scanning the QR code.



“

Development and Investment Bank of Turkey closely monitors global trends such as digitalizing, cybersecurity and climate crisis, and continues its efforts to take the opportunities by correctly managing the risks posed by these developments. It develops its business model and shapes its strategic steps in this direction in order to provide the best service to its customers.

”

Strategic Perspective

60

Developments in The World and Sectoral Expectations

62

Global Economic Developments and Expectations

64

Global Trends, Risks and Opportunities

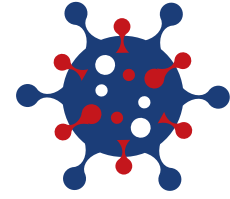
74

Strategy of Development and Investment Bank of Turkey

76

Strategic Sustainability Approach

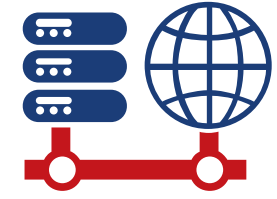
Developments in The World and Sectoral Expectations



With the emergence of the Covid-19 pandemic at the end of 2019 and its effects being seen all over the world in 2020, there have been great changes for companies and countries as well as individuals and societies. The Covid-19 pandemic, one of the most serious health crises that the world has faced and that hindered economic development in some of the world's poorest regions, has widened the existing economic gap between the rich and poor and increased inequalities.



According to 2021 World Economic Forum (WEF) Global Risks Report, it is emphasized that infectious diseases are an urgent threat for at least the next two years, because the human and economic costs of Covid-19 are very heavy. According to the report, the highest possible risks for the next decade include extreme weather events, failure to combat the climate crisis, environmental damage caused by human, as well as digital power concentration, digital inequality and cybersecurity. However, on the other hand, the risks expected to have the highest impact in the next decade are reported as infectious diseases, failure to combat the climate crisis and other environmental disasters. Weapons of mass destruction, livelihood crises, debt crises that may be caused by economic stagnation and unemployment, and collapse of information technology infrastructures are among the risks with the highest impact.



The banking sector is also affected by economic and political developments in the world and in Turkey, changing expectations and needs of customers as well as the global risks. Within this scope, Development and Investment Bank of Turkey closely monitors global trends such as digitalizing, cybersecurity and climate crisis, and continues its efforts to take the opportunities by correctly managing the risks posed by these developments. It develops its business model and shapes its strategic steps in this direction in order to provide the best service to its customers.

Global Economic Developments and Expectations

“Global growth is expected to reach 5.6% in 2021, and the global trade volume is expected to increase by 8.3%.”

The Covid-19 epidemic that emerged in China towards the end of 2019, started to spread to other countries in early 2020 and turned into a global pandemic. Global economic activity and trade contracted and unemployment rates increased due to the restriction measures taken to stop the pandemic. Many developed and developing countries have started to implement expansionary monetary and fiscal policies in order to reduce these negative effects.

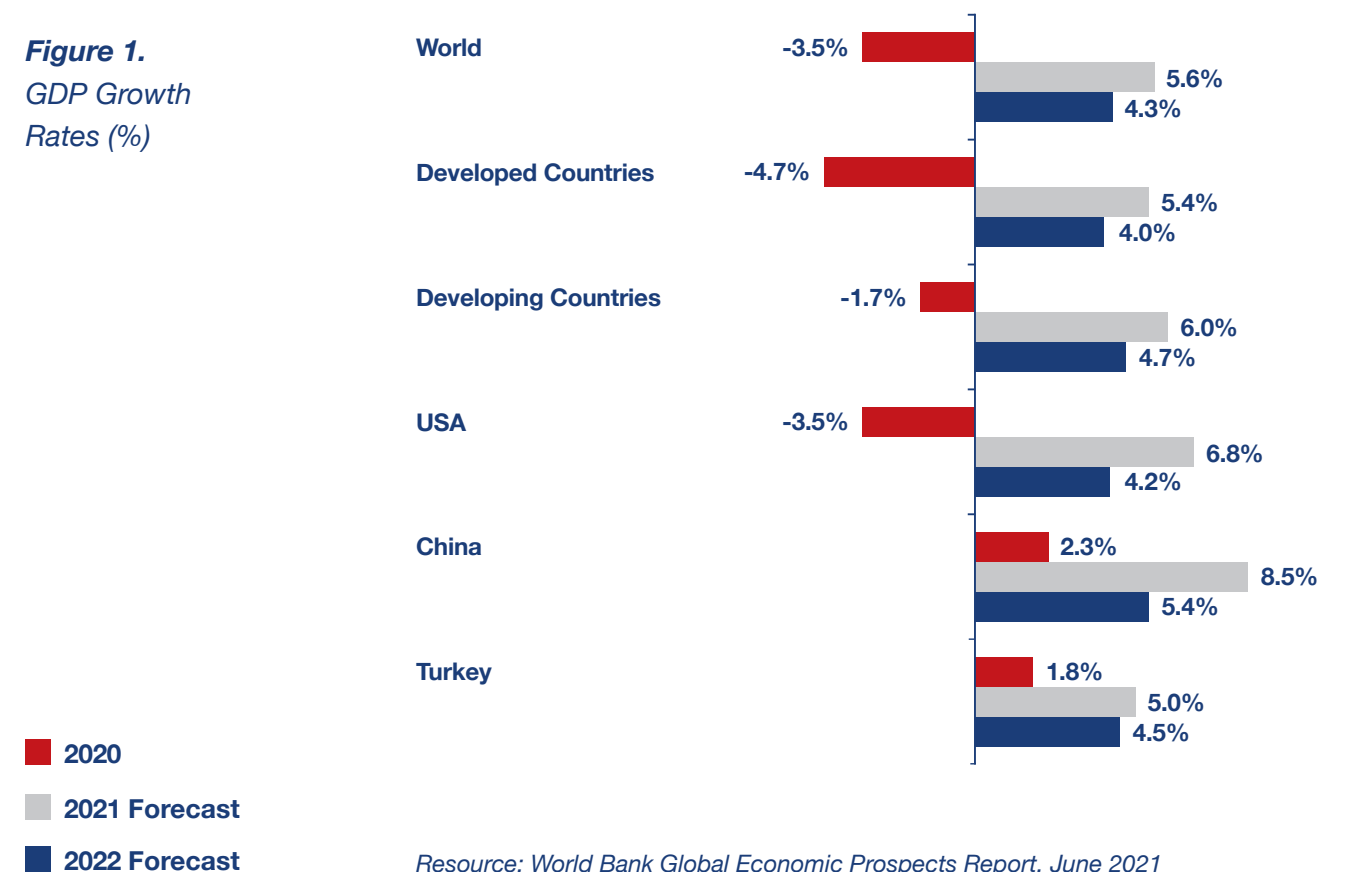
As of the second half of 2020, the global economy started to recover with the partial relief of the pandemic, the effectiveness of the expansionary policies implemented and the normalization steps taken. However, due to the emergence of new variants of the virus and the increase in the number of cases towards the end of the year, quarantine measures started to be implemented again, and as a result of this, the recovery trend in the global economy partially lost speed. Under all these conditions, while the global economy contracted by 3.3% on an annual basis in 2020, the global trade volume decreased by 8.5%.

The recovery in global economic activity continued in the first quarter of 2021 along with the continuation of the supportive policies implemented by developed countries and the acceleration of vaccination. The World Bank predicts that the strongest recovery in the last 80 years will take place in 2021 with effect of the strong recovery in major advanced economies. Within this framework, global growth is expected to reach 5.6% in 2021, and the global trade volume is expected to increase by 8.3%. However, new pandemic waves that may be caused by virus variants, the fact that it will take time for the vaccination to become widespread on a global scale and financial concerns that may be caused by the high debt level in developing countries continue to cause uncertainties in the global economic outlook.

Main Indicators of the World Economy (Annual % Change)	2020	2021 Forecast	2022 Forecast
Global Growth Rate	-3.5	5.6	4.3
Developed Countries Growth Rate (%)	-4.7	5.4	4.0
Developing Countries Growth Rate (%)	-1.7	6.0	4.7
Global Trade Volumes	-8.3	8.3	6.3
Commodity Prices			
Oil Prices Increase Rate (%)	-32.8	50.3	0.0
Rate of Increase in Non-Energy Price Index (%)	3.0	22.5	-2.5
Global Inflation Rate	1.8	2.8	2.6
Developed Countries Inflation Rate (%)	0.5	1.5	1.5
Developing Countries Inflation Rate (%)	3.5	4.5	3.9

Resource: World Bank Global Economic Prospects Report, June 2021

Figure 1.
GDP Growth Rates (%)



Resource: World Bank Global Economic Prospects Report, June 2021

Global Trends, Risks and Opportunities



Covid-19 Pandemic

2020 has been a year in which there have been serious casualties around the world, millions of people have become unemployed, and uncertainties prevailed with Covid-19, which caused a global crisis in human health and economy. In 2020, when Covid-19 started to spread around the world and its effects were felt most intensely, the world economy contracted by 3.3%, developed countries by 4.7%, and developing economies by 2.2%. World trade volume decreased by 8.5% due to the factors like closures and disruptions in the supply chain.

This global economic crisis caused by the pandemic is expressed as the most serious crisis since the Great Depression. Income inequalities have increased both within and between countries, and recovery in the global economy seems to depend on the effective implementation of vaccination in all countries.

Risks

- › While losses vary considerably between countries and regions, production loss due to the pandemic is expected to be high in the medium term.
- › It is expected that, especially in developing countries, the effects of the crisis will be more permanent, because the sectors are more vulnerable to the negative shocks brought by the pandemic and the precautionary packages remain limited.

Opportunities

- › The way of doing business has also changed along with the pandemic process, and developments in areas such as remote work, e-commerce and automation have accelerated. Within this scope, it is anticipated that investments and financing needs will increase in the specified areas in the upcoming period.

What are we doing?

- › The Bank with a respected position in international circles which has solid relations based on mutual trust with the leading fund institutions of the global economy, brings the long-term resources it provides to the business world through both direct lending and wholesale banking (APEX Banking). The Bank has provided USD 550 million resource inflow to Turkey during the Covid-19 period within the scope of its efforts to procure resources from international institutions, and has accelerated its efforts to develop new products and services (e.g. Investment Support Loan) especially for the sectors and companies affected by the pandemic.
- › Remote working technologies, which have become a necessity on a global scale during the fight against the pandemic, have also become the focus of Development and Investment Bank of Turkey in 2020. First of all, redundant Virtual Private Network (VPN) configurations were completed and all services, including payment systems, were made suitable for remote working by providing portable computers, mobile modems and/or data lines to all personnel. Within the scope of combating the new wide attack surface opened with VPN access, many information security tightening applications have been established, in particular, the multi-factor authentication mechanism.
- › Attention was focused on online training due to the pandemic conditions we are in. As of the end of 2020, 14 e-learning trainings were offered to employees through online training platform.



Climate change is among the most important global threats to sustainable development. While Covid-19, that spread all over the world in 2020, stands out as the most urgent issue faced by humanity, climate change continues to be the biggest problem of humanity in the long term.

According to the data of the World Meteorological Organization, 2011-2020 was the hottest decade in history, and events such as extreme temperatures, forest fires and floods in 2020 combined with the negative effects of the pandemic on human health and the economy. According to the report prepared by the organization, in spite of the closures during the pandemic process, greenhouse gas concentrations in the atmosphere continued to increase and caused more warming for future generations.

⁶ State of Global Climate 2020, World Meteorological Organization

⁷ Transformative Climate Finance: A New Approach for Climate Finance to Achieve Low-Carbon Resilient Development in Developing Countries 2020, World Bank Group

Risks

- › In case traditional business models continue, companies may face the risk of experiencing resource shortages in the medium and long term. This situation constitutes a significant risk for banks and other financial institutions that are in the position of finance providers.
- › States and international organizations are expected to create new and comprehensive environmental legislation in the coming period. In this direction, various risks may arise, such as the cessation or slowdown of the activities of the financed projects, the emergence of legal incompatibilities, the cessation of sales, loss of turnover and compliance risk.

Opportunities

- › In the packages prepared to mitigate the negative effects of the pandemic on a global scale, efforts towards “green recovery” are deemed significant and considered as an opportunity in combating climate change. As a matter of fact, the report published by the World Bank in 2020, states that the stimulus packages announced to combat the economic slowdown caused by Covid-19 can help countries achieve a sustainable recovery, but for this to have a transformative effect on climate action, it depends on the condition that it provides more funding from other sources due to the leverage effect of limited public funding.
- › Combating climate change also opens up many new opportunities for the banking and finance sectors. In order for a green transformation to take place, it is necessary to ensure the transition to cost competitive renewable energy, and to increase electrification in many business lines such as transportation, heating and industrial operations. At the same time, it is necessary to increase efficiency along with digitalizing business processes and in particular, to adopt decentralized energy production by companies. Within this scope, it is anticipated that investments and financing needs will increase in the upcoming period.

What are we doing?

- › The loan agreement for the Bank to provide financing of USD 200 million from AIIB for the financing of renewable energy and energy efficiency projects was signed on December 10th, 2019. In 2020, a resource withdrawal of USD 100 million took place. The disbursements of the loan continue.

- › With the renewable energy facilities in its portfolio, the Bank has prevented carbon dioxide emissions of approximately 3 million tons/year, with a positive impact on our country equivalent to planting 120 million adult trees on an annual basis.
- › Development and Investment Bank of Turkey participated in CDP Climate Change Program, where more than 8 thousand companies share their greenhouse gas emissions and climate change strategies with the public on a volunteer basis. In CDP reporting, where the risks and opportunities of companies regarding climate change are evaluated, questions about strategy, governance, targets and performance are answered, 2020 score

of Development and Investment Bank of Turkey is increased to A-.

- › The Bank, which satisfied the criteria of the “Climate Friendly Organization” of the Turkish Standards Institute at the end of 2020, received the Climate Friendly Organization Certificate once again.
- › In İstanbul, a new forest was added to the two forests in Ankara. With a total of 20 thousand trees, nearly 435 tons of carbon dioxide emission per year is prevented. The Bank also donated 4,500 saplings due to the fire which occurred in October in Hatay.



Digitalization and Innovation

Digital transformation is to transform the banking sector as well as all sectors. The transfer of all processes and products to the digital environment is becoming increasingly widespread, and easy access to services from anywhere and fast solutions that make life easier shape the customers' expectations. This process is gaining speed along with the Covid-19 pandemic that started in 2020. In the upcoming period, issues such as open banking and FinTech (Financial Technology) collaborations,

digital banking, artificial intelligence, big data analytics, cloud services, blockchain, and cyber security will continue to form the main trends on a local and global basis with an continuously accelerating speed.

With the open banking, which provides cooperation between banks and FinTechs in financial sector, customers can access different services at the same time faster through a single platform. It will be ensured that many innovative products and services are offered through open banking for the benefit of customers and cooperation between banks will increase the customer experience and facilitate the financial life in the process of new customer acquisition.

With artificial intelligence technology and real-time big data analytics, it will be possible to personalize the services according to customer experience and habits. With artificial intelligence and machine learning applications that will become increasingly widespread in the finance sector, the most appropriate financial suggestions, campaigns and services will be offered to customers, and it will be ensured that fraudulent transactions are detected faster with learned customer behavior models. Artificial intelligence-based chatbots (digital assistants) will gradually increase their place in financial transactions by offering a more human-like experience, and digital assistants powered by big data analytics will enable customers to access the services they need faster.

Thanks to Robotic Process Automation (RPA) tools, banks will reduce risks and errors in their operational processes, speed up their processes, increase the operational efficiency, and direct human resources to more value-added areas.

Measures against cyber threats and data security studies that increase with digitalizing stand out as the issues that need to be emphasized, and the management of financial loss and reputational risks in this area remains among the important issues in the upcoming period. In the light of developments and trends to take place in the field of, it is seen that banking regulations will increasingly continue in 2021 to shape these developments.

Risks

- › It is foreseen that digitalizing will accelerate the competition in the sector and cause an obligation to adapt to expectations faster. However, cyber threats constitute both a serious threat of financial loss and a reputational risk to financial institutions.
- › As a result of increasing competition and risks, cyber security is of great importance for companies. Cyber-attacks sponsored by states started to target companies, along with infrastructure activities and military institutions. Companies need to take stricter measures for the next period against the risk of theft of company information and the increasing risk of disinformation.
- › Populism and protective economic understandings emerging with the increasing technological competition continue to gain speed throughout the world. However, disputes between China and the USA on the basis of trade create an expectation that uncertainties and risks will increase in the areas where technology and economy intersect in the future.

Opportunities

- › With the continued increase in digitalizing, the need for qualified human resources in the field of information technology increases the importance of the matters of investment in employee, training and employee satisfaction. With the effect of the pandemic, remote working models emerge as a phenomenon that begins to take place among the demands of the employees. Companies that provide organizational structuring that facilitates remote working in this regard, and that can take steps in compliance with legal regulations on matters such as performance measurement, overtime and fringe benefits will come to the fore in the supply of qualified personnel and employee loyalty, and gain competitive advantage.
- › The use of technology is of great importance for the world to be formed after the pandemic. Within this framework, an increase is expected in R&D studies (5g, edge computing, quantum computing etc.) to be carried out in the field of technology in order to make the human augmentation process mainstream, and the financing to be used for these studies.

What are we doing?

- › In 2020, work on developing new core banking applications in an open-source, modular micro-service structure that will enable business processes to take place on IT platforms in an end-to-end integrated manner with minimal intervention continued.
- › Work on digitalizing and optimizing processes and archives, creating monitoring systems, providing automation with supported by artificial intelligence and robotic processes, and strengthening IT applications and infrastructure, continues.
- › Within the scope of providing innovative services to customers via mobile and online channels, the internet banking channel was put into service, and end-to-end process automation was provided by establishing API integrations with many third parties such as e-government, Credit Guarantee Fund (CGF).
- › Support for Investment, Wholesale Banking (APEX) and Grant applications were developed to offer domestic and international funds to the customers of Bank, and products and services that satisfy customer needs were continued to be offered quickly, safely and uninterruptedly through the online channel during the Covid-19 pandemic. Measures against cyber threats increasing with digitalization are taken, data security investments are continued, information security and cyber security awareness trainings are received. Efforts to receive ISO 27001 certification in the sense of compliance with international standards in the field of information security continued.
- › The Innovation and Business Development Committee has been established and continues to work in order to evaluate and implement new products, services, innovations and changes and business development opportunities at the Bank.
- › A suggestion platform has been created where employees can enter, evaluate and implement their ideas, which are compatible with the Bank's purpose, target and strategy, aimed at improving service processes, increasing efficiency, providing quality service, growing performance, revolving service level, and reducing costs.
- › After the establishment of Turkey Development Fund, the Technology and Innovation Fund with a total size of TRY 750 million and the Regional Development Fund, of which the Republic of Turkey Ministry of Industry and Technology is an investor, officially started to operate, and the Development Participation VCIF with a total fund size of TRY 300 million and Innovative and Advanced Technologies Participation VCIF were established and export approvals were obtained.
- › The renewal of firewalls, which approach the end of their technological life, is another important infrastructure investment that stands out in 2020. New generation firewalls are configured in a redundant structure without any loss of configuration due to migration. DevOps processes and ITSM structure have been created with the Continuous Development and installation approach, and IT processes have been digitalized and placed in an effective, efficient and traceable structure.

Sustainable Finance

The financing of sustainable investments in the activities and strategies of fund providers in global banking and finance sector continued to develop and become important. Diversification of funding sources is also important for the development of this field.

Sustainable debt instruments reached a record level of USD 655 billion in 2020, increasing by 25% compared to the previous year. The cumulative issuance amount in green bonds has reached USD 1 trillion. The increase in interest in social investments

along with Covid-19 in 2020 has increased the total amount of social bond issuances by 8 times compared to the previous year. (2020: USD 150 billion).

In 2020, one of the important developments in the field of sustainable debt instruments has been the publication of the sustainability-linked bond principles (SLBP) by ICMA. Changes in the principles of social bonds, green loans, and sustainability-linked loans are also expected to increase the standardization in the market and contribute to the shift of issuers to more sustainable areas.

Increasing uncertainties with the impact of the Covid-19 pandemic on the entire world affected global trade and Turkey's exports negatively. While exports decreased by 7.6% in 2020 compared to the previous year, imports increased by 3.7%. In addition, a decrease in tourism revenues was observed along with the restriction measures taken due to the pandemic. Along with the improvement in global markets, the weakening of the pandemic and the acceleration of vaccination in 2021, a recovery is expected in export and tourism revenues in spite of new variants.

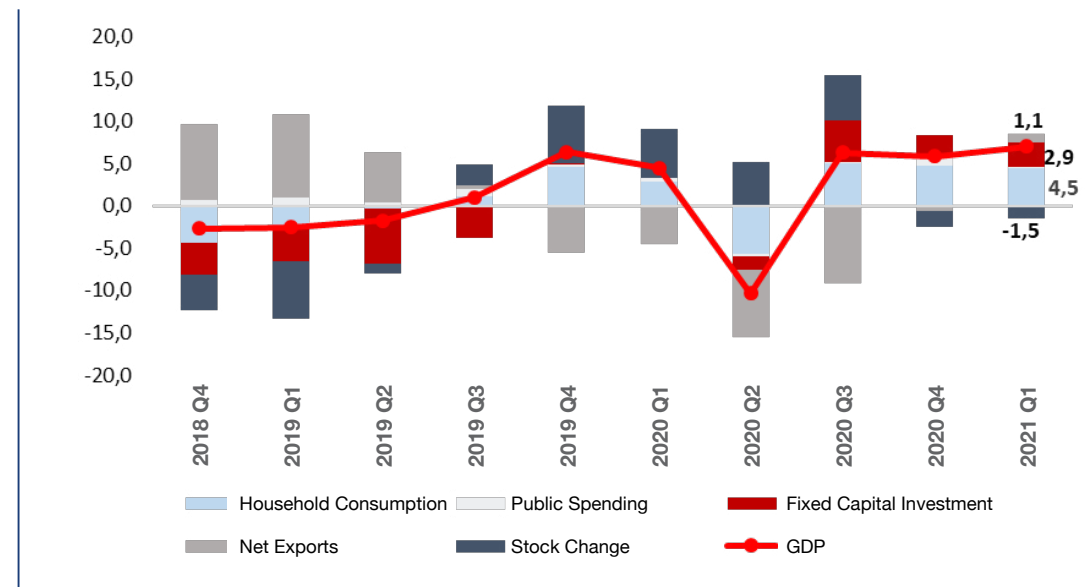
As a result of the measures taken to prevent the spread of the pandemic, there were losses in employment in 2020 particularly in service sectors. With the measures taken and the strong recovery in economic activity, recovery started in the labor market in the second half of last year. A more positive course is expected in 2021 with the effects of the measures taken for the labor market and the course of economic activity. As in the whole world, the Central Bank of the Republic of Turkey (CBRT) also implemented a supportive monetary policy in the first half of 2020 to limit the impact of the -19 pandemic on the economic activity. On the other hand, tightening in monetary policy started in the second half of 2020 in order to reduce the inflationary effects of the strong recovery in domestic demand and the lagged effects of exchange rate pass-through. In 2021, the CBRT stated that it will continue to determine its monetary policy stance with a focus on permanent reduction in inflation and achieving the price stability target.

Developments and Expectations in Turkish Economy

The Turkish economy, which contracted in the second quarter of the year due to the negative consequences of the Covid-19 pandemic on economic activities, grew by 6.1% in the second half of the year, thanks to the measures taken within the scope of combating pandemic, strong credit momentum and gradual normalization. Thanks to the rapid recovery, the Turkish economy grew by 1.8% in 2020 and it has been one of the few countries to record positive growth.

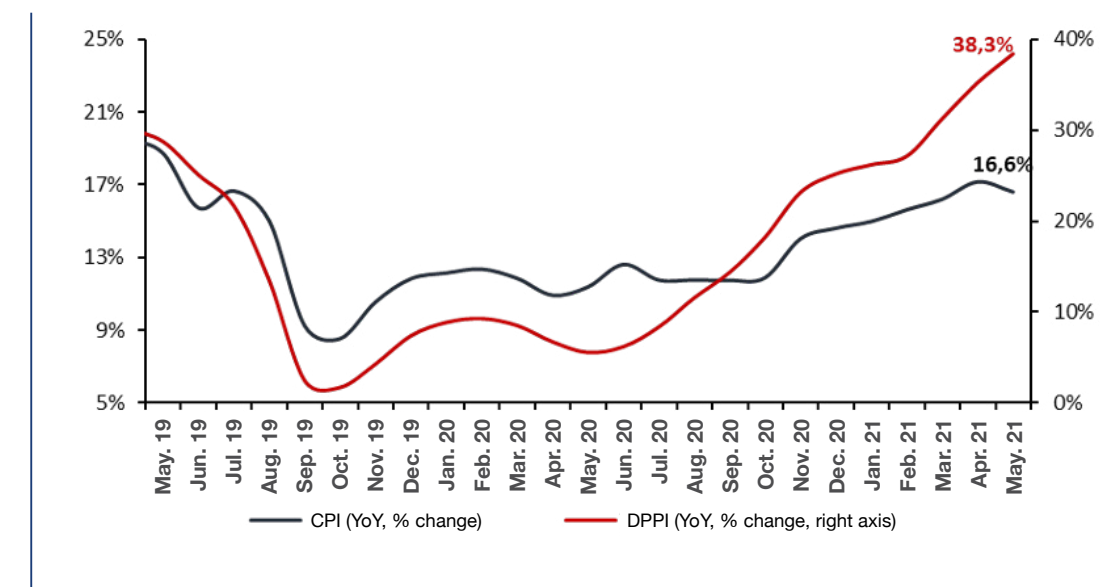
The domestic demand, one of the growth components, is seen to be the main determinant of growth in 2020. In addition, fixed capital investment expenditures started to support the revival in growth as of the last quarter. This situation shows that production will follow a positive course in 2021 as well.

Figure 2.
GDP Annual
Growth and
Contributions



Resource: TurkStat

Figure 3.
Inflation
Rates



Resource: TurkStat

Macroeconomic indicators and expectations	2019	2020 ⁸	2021 ⁹
Growth Rate (%)	0.9	1.8	5.8
Foreign Trade Balance (USD Billion)	-16.7	-37.9	-39.3
Current Account Balance (USD Billion)	6.8	-37.3	-13.9
Current Account Balance/GDP (%)	0.9	-5.2	-1.9
Travel Revenues (USD Billion)	29.8	10.2	19.8
Change in Consumer Prices (%)	11.8	14.6	12.2
Unemployment Rate (%)	13.7	13.8	12.9

Resource: TurkStat, 2021 – 2023 New Economy Program, CBRT Inflation Report 2021 - II

⁸ Realization

⁹ Program

Sectoral Situation and Expectations

As of December 2020, total loans continued to be the largest asset item, constituting 58.5% of the balance sheet of banking sector.

As of December 2020, the asset size of the Turkish banking sector increased by 36% compared to the same period of the previous year and reached TRY 6.1 trillion. Local and global monetary policy practices have been influential in the developments in the sector.

“Total Loans constituted the largest item of the balance sheet with 58.5%.”

As of December 2020, total loans continued to be the largest asset item, constituting 58.5% of the balance sheet of banking sector. The loan stock of the sector increased by 34.7% compared to the end of 2019 and reached approximately TRY 3.6 trillion. On the other hand, the increase in the loan volume of the Development and Investment Banks (DIB) Group, was 24.6% in December 2020, which is below the sector average compared to the previous year. The loan stock of the Bank, on the other hand, reached TRY 20.4 billion at the end of 2020, with an increase of 35%.

Loan/asset ratio of Development and Investment Banks, which was 69.8% at the end of 2019, decreased to 67.8% at the end of 2020. On the other hand, the loan/asset ratio of Development and Investment Bank of Turkey was realized at the level of 72.1% above both the sector and the Development and Investment Banks Group. The gross non-performing loans ratio of the sector, which was at the level of 5.4% in 2019, decreased to 4.1% at the end of 2020.

The gross non-performing loans ratio of Development and Investment Banks Group remained unchanged on an annual basis, remaining at the level of 1.1% as of December 2020. Likewise, as of December 2020, the Bank's gross non-performing loans ratio was within the sector average of the DIB Group.

As of December 2020, the net profit of the banking sector for the period increased by approximately 19% compared to the previous year and amounted to TRY 58.5 billion. The net interest income of the sector increased by %32.3 compared to 2019, and reached TRY 214.8 billion. A net foreign exchange loss of TRY 5.5 billion occurred in the sector in 2019, and a foreign exchange profit of TRY 3.7 billion was obtained in 2020.

While the return on assets of the sector was 1.2% in 2019, it decreased to 1.1% in December 2020. On the other hand, DIB Group increased its net profit for the period by 8.6%. DIB Group's return on assets at the end of 2020 decreased from 2.0% in the previous year to 1.7%. The average return on assets of our Bank was 2.2% in 2020.

“Capital adequacy ratio of Development and Investment Bank of Turkey continued to remain above the sector with 22.35%.”

Capital adequacy ratio (CAR) of the banking sector, which was 18.4% in 2019, rose to 18.7% in December 2020. On the other hand, CAR of DIB Group, continued to remain above the sector with 25.35% as of 2020, up from 25.3% in 2019.

Strategy of Development and Investment Bank of Turkey

Development and Investment Bank of Turkey, aims to work in order to help the structural transformation of our country in line with sustainable development priorities by meeting the financing and consultancy needs of investors and studies and in order to contribute to the expansion of capital. It adds value to all its stakeholders with a dynamic, innovative, environmentally and socially conscious banking approach. Development and Investment Bank of Turkey has been supporting the sustainable development of Turkey since its establishment, and sets its targets in order to increase its impact in this area in line with the priorities of development plans and programs.

While determining its targets and strategies, the Bank adopted the United Nations Sustainable Development Goals as a guide, which bring together many aims such as increasing global welfare, ensuring inclusive economic growth, eliminating inequalities, protecting the ecosystem and resources on the same platform. It creates its targets and plans in line with the priorities determined within the scope of 11th Development Plan of Turkey. As of 2020, our Bank is taking important steps in its interactions within the bank and with its stakeholders within the framework of UNEP FI Responsible Banking Principles, to which it is a founding signatory.



Strategic Goals

Development and Investment Bank of Turkey continues its efforts to prepare the 2021-2023 Strategic Plan. Mission, vision, values and strategic goals sections of the Strategic Plan have been approved by the Board of Directors of the Bank. Within this framework, 2021 budget and the financial business plan covering 3-year period (2021-2023) have been prepared and approved by the Board of Directors of the Bank.

In the direction of its basic strategic goals, which have been determined under 5 main headings, the Bank continues to create permanent value for investors with which it is a solution partner and to support sustainable development with a responsible banking approach.



Goals for Development Banking

- › To diversify finance products for priority sectors determined in Development Plans and Programs with high import dependency, with foreign trade deficit, having the potential of employment contribution rate and foreign exchange income.
- › To contribute to the sustainable growth of our country, to provide financing with investment banking products and the most appropriate instruments in addition to loans suitable for the feasibility and cash flow of the project in order to encourage and revive investments.
- › To support projects that serve the purposes such as transition to a low carbon economy, combating climate change, conscious production-consumption, eliminating poverty, protecting our planet, etc. in order to realize the Sustainable Development Goals.



Goals for Strengthening the Resource Structure

- › To create a strong and diversified resource structure that supports sustainable asset growth.
- › To increase the inflow of funds to our Bank from development finance institutions and similar creditors.



Goals for Investment Banking

- › To develop and diversify investment banking functions.
- › To carry out projects that will contribute to the development of the country with the existing investment banking services of the Bank.
- › To work with public and private sector organizations in order to develop new projects and innovative investment banking solutions.
- › To make efforts to raise Turkish capital markets to the level of international capital markets and to support foreign capital inflows to our country.



Goals Related to Turkey Development Fund

- › To play an important role in the development of the entrepreneurial ecosystem by investing also in new generation startups, while supporting sectors of strategic importance in the sustainable growth of our country, with its sub-funds.
- › To make efforts to transform the public resources into capital investments focused on national development.



Goals for IT and Business Processes

- › To create a corporate structure and processes that provide operational effectiveness and efficiency in all fields of activity, supported by information technologies and focused on digitalizing.

Strategic Sustainability Approach

Development and Investment Bank of Turkey shapes its strategic sustainability approach on the basis of two strategic targets: “Its Role Supporting Sustainable Development” and “Its Responsible Banking Approach”. While the Bank supports the sustainable development of Turkey with its financing and consultancy services, it also considers sustainability as a corporate responsibility and target in line with its responsible banking approach. With this approach, the Bank has integrated its sustainability strategy into all banking operations.

Our Bank attaches importance to inclusiveness in its global, sectoral and national activities within the scope of its role of supporting sustainable development, offers suitable financing opportunities to companies and institutions operating in sectors with strategic priority and innovative projects, and supports the financing of the combating climate change. With this inclusive sustainability strategy, the Bank generates solutions to the issue of access to inclusive finance at regional, sectoral and firm scales, which is one of the main obstacles to sustainable development.

With its responsible banking approach, Development and Investment Bank of Turkey does not limit itself with a risk and value perception defined through financial capital, and integrates environmental, social and governance criteria into its strategic and operational processes. In this direction, the Bank continues to create value for its employees and maintain its environmentally conscious approach. In line with the principle of equal opportunity, the equality of men and women employees lies at the heart of our Bank’s human resources policy and constitutes an important part of its corporate identity. In this context, Development and Investment Bank of Turkey, which maintains customer relations with these sensitivities, considers digital transformation as one of the main issues of its sustainability strategy. While the Bank is taking the necessary precautions against risks in issues of cyber security, customer privacy and business continuity, it aims to build a more sustainable corporate structure and to increase the customer satisfaction by making use of the opportunities created by digital transformation.



The Bank supports the achievement of the Sustainable Development Goals through the activities it carries out within the framework of its strategic sustainability approach and the financing resources it provides.



In this context, SDG 7, SDG 8 and SDG 17 are classified as the main focus, SDG 9 and SDG 13 are classified as the goals to which direct active contribution is made. The Bank supports the global 2030 targets with its contributions within the framework of these goals described by it as the focus SDGs, and also supports the realization of our country’s targets on renewable energy production, industrial efficiency, employment increase, and inclusive economic growth. In addition to these, it indirectly contributes to SDG 1, SDG 2, SDG 4, SDG 5, SDG 10, SDG 12, SDG 14 and SDG 15.

“

Development and Investment Bank of Turkey regularly contacts all stakeholder groups through various channels and creates value by taking into consideration the priorities, needs and expectations of different stakeholder groups.

”

Value Creation Model

81

Materiality Analysis and Stakeholder Engagement

88

Financial Capital

96

Human Capital

106






Natural Capital

116

Intellectual Capital

126

Social Capital

CAPITAL ELEMENT	INPUTS	ACTIVITIES	OUTPUTS	VALUE CREATED
FINANCIAL CAPITAL 	<ul style="list-style-type: none"> › State-led strong capital structure › TRY 3.58 billion equity › Financial Resources <ul style="list-style-type: none"> › World Bank FEC (Registered Employment Creation) Loan – EUR 316 million, › Asian Infrastructure Investment Bank (AIIB) Covid-19 Loan – USD 300 million, › World Bank Emergency Firm Support Loan USD 250 million › Central Bank of the Republic of Turkey Investment-Committed Advance Loan – TRY 18 billion › Themed Funds <ul style="list-style-type: none"> › 400 Million TL Regional Development Fund › 350 Million TL Technology and Innovation Fund › Themed loans tailored to market needs 	<ul style="list-style-type: none"> › Cooperation with international financial institutions › Provision and availability of credit resources › Provision and availability of project financial resources › Finding investment projects suitable for the fund resources › Diversification of fund resources and loan products › Customer portfolio expansion 	<ul style="list-style-type: none"> › A capital increase of TRY 750 million in 2020 › 22.35% Capital Adequacy St. Ratio › TRY 20,252.3 million worth net loan › Supporting 48 new projects in 2020 › Grant of EUR 75.9 million 	Investors and Financing Institutions <ul style="list-style-type: none"> › Ensuring new and diverse product range › Increasing market value › Transparency and reliability › Information security › Making use of financial resources in accordance with their intended purpose › Achieving the mission of the organization
INTELLECTUAL CAPITAL 	<ul style="list-style-type: none"> › National and international industry publications › Priorities in the National Development Plans › Digital infrastructure systems and platforms › Computer software, licenses, programs › Customer/Employee feedback › National and international collaborations 	<ul style="list-style-type: none"> › Developing bank strategies and business plans › Providing remote working › Identifying, monitoring and taking preventive measures against risks that may threaten information assets › Establishment of technology and innovation funds › Evaluation of the supported projects from economic, technical and financial aspects 	<ul style="list-style-type: none"> › 20 completed and 38 ongoing digital transformation projects › 53 personnel involved in projects › Investing 68% of 2020 investment and operating budget in digitalization and information security › Business intelligence and decision support systems 	Employees <ul style="list-style-type: none"> › Equal opportunity and diversity › Safe and healthy work environment › Employee development and motivation › Digital transformation and information security › Ethics and human rights › Efficiency
HUMAN CAPITAL 	<ul style="list-style-type: none"> › Expert teams › Strategic documents › Annual plans › Corporate culture 	<ul style="list-style-type: none"> › Employee benefits › Providing a remote working environment during the pandemic › Transparent and merit-based recruitment, career and performance management › Providing access to technical and personal development training, internal and external resources › Internal communication activities › Building the corporate architecture 	<ul style="list-style-type: none"> › The ratio of women employees within the entire bank is 41% › The ratio of women employees in the senior management level of the bank is 57% and the ratio of men employees is 43% › The women employee turnover rate of the Bank is 6.73% and the men employee turnover rate is 16.50% › OHS training in total 656 hours/year › 31.66 hours of training per employee › 75% remote working 	Customers <ul style="list-style-type: none"> › Contribution to international trade › Access to long term financing › Unique customer experience › Increasing knowledge › Improving environmental and social management capacity › Information security › Transparency › Supporting entrepreneurship ecosystem › Business continuity › Quality management
SOCIAL AND RELATIONAL CAPITAL 	<ul style="list-style-type: none"> › Expectations and demands of public institutions and organizations › Customer requests and expectations › Risk Line › Stakeholder engagement reports and complaint/suggestion forms › Third-party sustainability consultants 	<ul style="list-style-type: none"> › Collaboration for the financing of social projects requiring public support › Bilateral communication with customers in project financing › Guiding and implementing investments with consultancy support in areas of expertise › Submission of environmental and social informative documents related to the projects to the public on the Bank's corporate website › Financial and ESG-oriented assessment of rating agencies › Publishing of the necessary information on the Public Disclosure Platform and the Bank's corporate website 	<ul style="list-style-type: none"> › 8 projects successfully closed in 2020 within the scope of Merger and Acquisition Advisory › 10 projects successfully closed since 2020 within the scope of Capital Markets Advisory › Services provided to companies and projects within the scope of Financial Advisory › Customer Suggestion/Complaint mechanism implemented in 2020 › World Bank FRIT II project suggestion and grievance mechanism 11 APEX loan programs implemented since 2008, 2,800 SMEs financed and 7,500 additional jobs created 	
NATURAL CAPITAL 	<ul style="list-style-type: none"> › ESG criteria › Sustainability governance approach › Environmental impact assessment › Bank's internal environmental impact measurement system 	<ul style="list-style-type: none"> › Supporting sustainable development › Promoting Sustainable Transformation › Assessment of environmental and social risks › Financing of renewable energy › Ensuring that the organizations to which the funds have been provided comply with environmental and social standards, creating and monitoring action plans › Integration of ESG Criteria into banking operations 	<ul style="list-style-type: none"> › Renewable Energy projects financed in 2020 have produced 699.412 MW › 236,979 tons of CO₂e emissions prevented by Renewable Energy projects › financed in 2020 › Loan allocation to 475 projects with an installed power of 4,036 MW and loan disbursement to 287 projects with an installed power of 2,766 MW in the field of renewable energy › Loan disbursement to 21 projects with an installed capacity of 104 MW in the field of energy efficiency › A- (leadership) score in the 2020 CDP Climate Change Program › 23% reduction in the total amount of non-hazardous waste in the bank compared to the previous year › 42% reduction in the total amount of emissions (Scope 1-2-3) within the Bank compared to the previous year 	Society <ul style="list-style-type: none"> › Supporting regional development › Creating employment › Contributing to the fight against climate change › Supporting biodiversity loss reduction › Promoting social inclusion › Reducing environmental impact in energy production

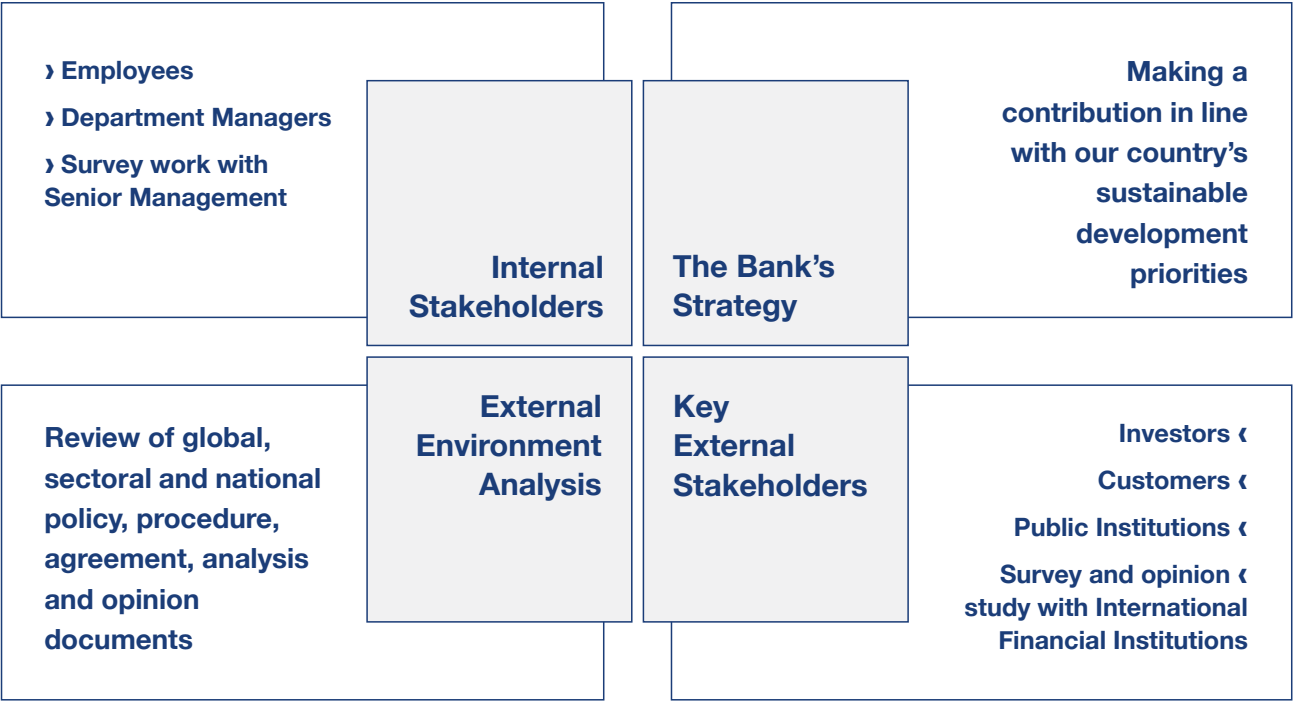
Materiality Analysis and Stakeholder Engagement

It is of critical importance to take steps in order to get the opinions of stakeholders on material issues and to meet their expectations, while shaping the integrated perspective of Development and Investment Bank of Turkey within the framework of the overlapping Bank and sustainability strategy.

Development and Investment Bank of Turkey regularly contacts all stakeholder groups through various channels and creates value by taking into consideration the priorities, needs and expectations of different stakeholder groups.

During the preparation process of the Sustainability Report published in 2020 for the first time, the Bank received the opinions of all stakeholder groups on material issues, and the evaluations made by all stakeholders provided input to the materiality analysis. Material issues are determined according to;

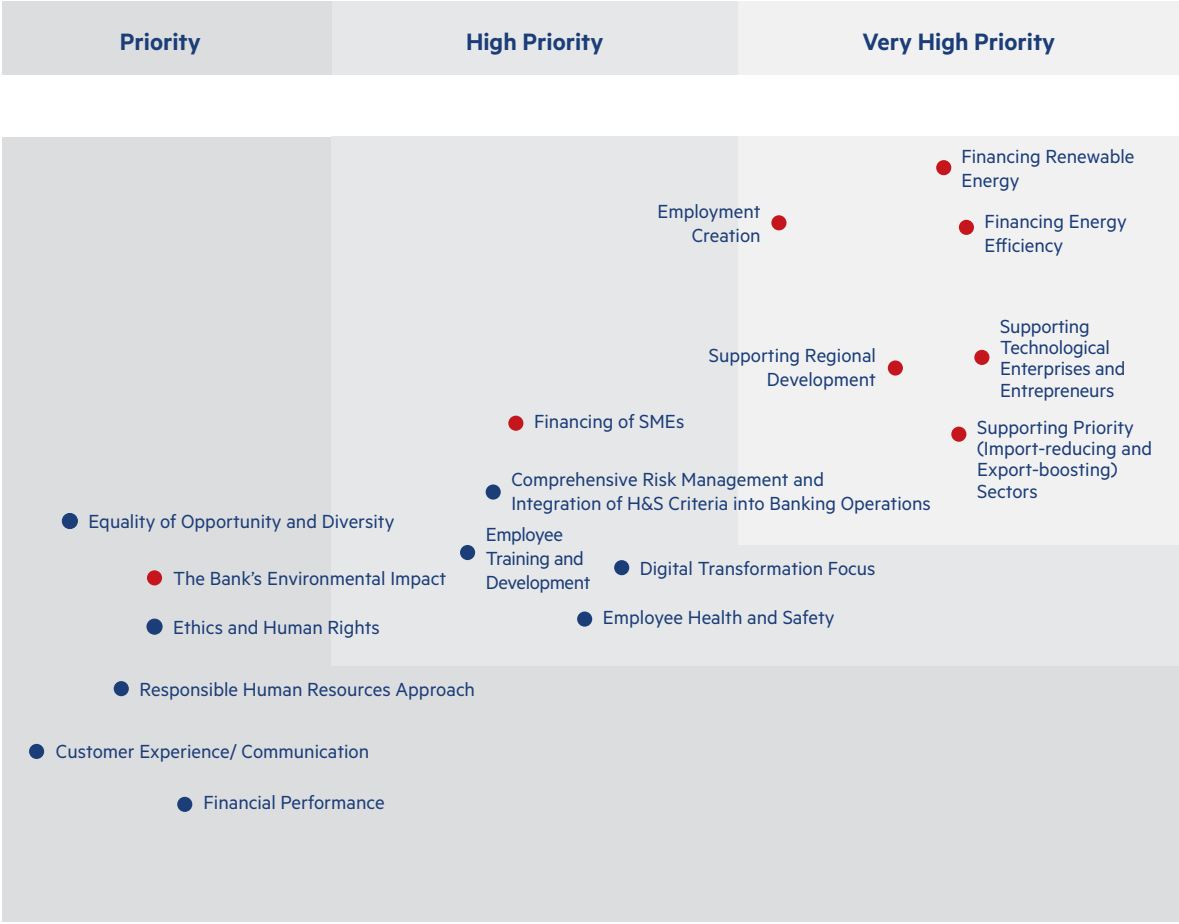
- › Bank's strategy
- › Opinions of internal stakeholders
- › Opinions of key external stakeholders and
- › External Environment Analysis.



In this process, the material issues under the focus areas where the Bank's strategy shaped were determined and shared with internal and external stakeholders, and their opinions and comments were learned. In addition, an insight was gained about what targets Development and Investment Bank of Turkey should set in order to reach solutions to create value for them. The evaluations were shaped by examining the reports published by national and international organizations.

THE MATERIALITY MATRIX

Impact size on stakeholder assessments and decision-making










Economic, Environmental and Social Impact Size

● Role Supporting Sustainable Development ● Responsible Banking Approach

The materiality matrix included within the scope of integrated report has been revised and updated based on the current national and international developments, current publications, global trends, risks and opportunities.

Details on the issues included in the Materiality Matrix are given in the table below.

Strategic Focus Area	Strategic Goal	Material Issue	Related SDG	Related Department
Role Supporting Sustainable Development	The Bank aims to continue to be an inclusive and strategic financing provider with a global, sectoral and national perspective, and to support the financing of combating climate change, with its role supporting sustainable development based on its strategic goals and development banking mission.	1. Supporting Priority Sectors	  	Access to Finance compatible with Turkey's Development Priorities
		2. Supporting Technological Enterprises and Entrepreneurs	  	Technology and Innovation Fund
		3. Employment Creation	  	Social Capital
		4. Financing of Energy Efficiency	   	Role of Development and Investment Bank of Turkey in Transition to Low Carbon Economy
		5. Financing of Renewable Energy	   	Role of Development and Investment Bank of Turkey in Transition to Low Carbon Economy
		6. Supporting Regional Development	 	Access to Finance compatible with Turkey's Development Priorities
		7. Financing of SMEs	 	Access to Finance compatible with Turkey's Development Priorities
		8. The Bank's Internal Environmental Impact	  	Bank's Internal Environmental Impact
Responsible Banking Approach	As a new 46 year old Bank, the Bank aims to continue to create value for all its employees with its renewed identity, to maintain its environmentally conscious approach, to select and guide its customers in this way, and to continue the digital journey that strengthens the Bank with maximum sensitivity in the sense of information security.	9. Focus on Information Security and Digital Transformation		Information Security and Digital Transformation
		10. Occupational Health and Safety		Safe and Healthy Work Environment
		11. Financial Performance		Bank's Financial Performance
		12. Ethics and Human Rights		Human Resources Approach and Equal Opportunity
		13. Employee Development and Talent Management	 	Contribution Offered for the Development of Employees
		14. Comprehensive Risk Management and Integration of ESG Criteria into Banking Operations	   	Risk Management
		15. Responsible Human Resources Approach	 	Human Resources Approach and Equal Opportunity
		16. Equal Opportunity and Diversity	 	Human Resources Approach and Equal Opportunity
		17. Unique Customer Experience		Importance Attached to Customer Experience

Interaction with Stakeholders

Development and Investment Bank of Turkey communicates with its stakeholders at regular intervals, listens to their views within the scope of material issues or on business conduct, understands their expectations, and tries to meet these expectations with its activities and practices.

Bank’s Intranet Portal was made available to employees in order to make the communication with employees secure and uninterrupted. Urgent communication of developments and updates within the Bank to the employees is among the issues to which importance is attached.

Stakeholder	Stakeholder Communication Channel	Stakeholder Expectation	Actions Taken
Employees	E-mail, suggestion and complaint forms kalkınma.net portal	Responsible Human Resources Approach, Employee Training and Development	Explained in Human Capital section.
International Financial Institutions	Reports, conference, meeting, website	Employment Creation, Financing of Renewable Energy, Responsible Banking Approach	Explained in Financial Capital and Social Capital sections.
Investors	General Assembly Meetings, website, Public Disclosure Platform, press releases	Employment Creation, Financing of Renewable Energy, Responsible Banking Approach	Bank’s Activities are explained in Bank’s Strategy and Natural Capital sections.
Customers	Customer meetings, Website, social media accounts	Financing of Renewable Energy, Financing of SMEs	Explained in the section Importance Attached to Customer Experience.
Public Institutions	Public Disclosure Platform, legal compliance and annual reports, meetings	Supporting Regional Development, Supporting Priority Sectors (Sectors Decreasing Import & Increasing Export)	Explained in sections Inclusive and Strategic Finance, Support for Public Institutions clarification.
NGOs	Memberships, conferences, website, social media accounts, press releases	Supporting Regional Development, Financing of Renewable Energy	Explained in Financing of Social Enterprises section.

Financial Capital

Contribution to SDGs



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS



In its journey with the approach of a bank committed to the development of Turkey, Development and Investment Bank of Turkey has placed supporting the development of our country and being a guide in sustainable finance at the core of its banking approach, with its wide range of services ranging from project finance and corporate banking to investment banking. Within this scope, it provides loan to new investments, expansion/modernization investments in line with the needs of companies operating in the manufacturing industry, responds to the financing needs of projects aiming to bring domestic renewable energy resources to the economy, and also provides resources for thematic investments of small and large-scale companies through APEX banking mechanism via other financial institutions such as commercial banks, leasing and factoring companies.

Development and Investment Bank of Turkey continues to stand by its customers in the name of inclusive economic growth within the framework of its expert staff and its relationships with international financial institutions based on trust.

Targets

- › Concluding long-term loan agreements with international financial institutions with the aim of using them in priority sectors,
- › Providing support to industrial organizations and SMEs in priority sectors with materiality in development through the Technology and Innovation Fund and the Regional Development Fund under the umbrella of TDF,
- › Establishing an investment platform within the framework of best practices with the authorization and flexibility granted by law with the Turkey Development Fund,
- › Making various contributions, in particular, to the regional SMEs and companies operating outside of İstanbul in order to create regional employment, with the “Regional Support Strategy”,
- › Providing financial support for meeting the financing needs of the real sector and realizing infrastructure investments in line with its development mission,
- › Sustainable bond issuance.

Material Issues

- › Financing of SMEs
- › Employment Creation
- › Supporting Priority Sectors
- › Supporting Regional Development
- › Financing of Renewable Energy
- › Financing of Energy Efficiency
- › Supporting Technological Enterprises and Entrepreneurs

INPUTS/RESOURCES

- › State-led strong capital structure
- › **TRY 3.58 billion** equity
- › Financial Resources
 - › World Bank FEC (Formal Employment Creation) Loan – **EUR 316 million**,
 - › Asian Infrastructure Investment Bank (AIIB) Covid-19 Loan – **USD 300 million**,
 - › World Bank Emergency Firm Support Loan **USD 250 million**
 - › Central Bank of the Republic of Turkey Investment-Committed Advance Loan – **TRY 18 billion**
- › Themed Funds
 - › **400 Million TL** Regional Development Fund
 - › **350 Million TL** Technology and Innovation Fund
- › Themed loans tailored to market needs

ACTIVITIES

- › Cooperation with international financial institutions
- › Provision and availability of credit resources
- › Provision and availability of project financial resources
- › Finding investment projects suitable for the fund resources
- › Diversification of fund resources and loan products
- › Customer portfolio expansion

OUTPUTS

- › A capital increase of **TRY 750 million** in 2020
- › **22.35%** Capital Adequacy St. Ratio
- › **TRY 20,252.3 million** worth net loan
- › Supporting **48 new projects** in 2020
- › Grant of **EUR 75.9 million**

VALUE CREATED

- › Ensuring a new and different product range
- › Increased market value
- › Transparency and reliability
- › Information security
- › Making use of financial resources in accordance with their intended purpose
- › Achieving the mission of the organization

Financial Performance of Development and Investment Bank of Turkey

With its 46 years of experience and know-how, Development and Investment Bank of Turkey successfully carries out its banking activities, and furthers its financial and operational performance every day. In 2020, it also achieved strong financial and operational results in line with its strategic goals while creating value for all its stakeholders with its responsible banking approach and its role supporting sustainable development.

Financial Expectations	2019	2020	2021 Forecast
USD Credit Growth	%-1.6	%7.5	> %50
Loan/Asset Ratio	%78.1	%72.7	> %78
Net Fee & Commission Increase	< %0	%42.1	~ %100
Increase In Operating Expenses	%46.7	%8.5	%50
Net Interest Margin	%4.2	%3.5	~ %3.5
Return on Equity Ratio	%23.7	%19.5	> %18
Return on Assets Ratio	%2.6	%2.2	~ %2
Expense/Income Ratio	%17.7	%15.9	< %20
Capital Adequacy Ratio	%22.29	%22.35	> %15
Non-Performing Loans Ratio	%0.8	%1.1	< %1
Net Cost of Risk	%0.4	%0.9	< %1

Inclusive and Strategic Finance

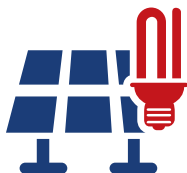
In line with Turkey’s sustainable development goals, Development and Investment Bank of Turkey continues its activities to support investments that reduce imports and support exports, reduce foreign dependency and current account deficit, increase employment, and produce with high productivity and added value.


In this context, the Bank diversifies the finance products for priority sectors determined in our country’s development plans and programs with high import dependency, with foreign trade deficit, with high potential of employment contribution rate and foreign exchange income. In addition, it facilitates SMEs’ access to finance to help them grow and increase their impact on inclusive economic growth. Furthermore, the development of the venture capital ecosystem in order to further support technology and innovation-oriented investments is among the targets of Development and Investment Bank of Turkey . The Bank plans to focus its efforts in this regard on the revival of techno cities and the transformation of new generation startups emerging from these into important companies to represent our country both at home and abroad.

Access to Finance Compatible with Turkey’s Development Priorities

Development and Investment Bank of Turkey creates the roadmap to support Turkey’s development priorities in line with its strategic goals determined by 2021-2023 Strategic Plan studies and approved by the Board of Directors. There are three strategic goals that the Bank has set for the development banking:

- 

› To diversify finance products for priority sectors determined in Development Plans and Programs with high import dependency, with foreign trade deficit, having the potential of employment contribution rate and foreign exchange income
- 

› To contribute to the sustainable growth of our country, to provide financing with investment banking products and the most appropriate instruments in addition to loans suitable for the feasibility and cash flow of the project in order to encourage and revive investments
- 

› To support projects that serve the purposes such as transition to a low carbon economy, combating climate change, conscious production-consumption, eliminating poverty, protecting our planet, etc. in order to realize the Sustainable Development Goals.

Within the framework of 11th Development Plan, it is aimed to bring the chemistry, pharmaceutical-medical devices, machinery-electrical equipment, automotive, electronics and rail system vehicles sectors to the fore in international platforms in parallel with the technological growth and digitalizing in the world. In addition, another critical target has been the increase in the production of products that can be produced in our country but are not sufficient to meet the domestic demand¹⁰. In line with these targets, special roles have been determined for Development and Investment Bank of Turkey in order to ensure that the specified sectors have easy access to finance and make long-term plans. One of the tasks defined for the Bank is to conclude long-term loan agreements with international financial institutions with the aim of using them in priority sectors. Besides, it is foreseen that Development and Investment Bank of Turkey will focus especially on the sectors specified as material and provide consultancy in services such as technical assistance and financial consultancy that the projects will need from the beginning. It is aimed to provide finance to the priority sectors included in the Development Plans and Programs with the Investment Support Loan implemented in 2020 and the loan package that continues in 2021.

With the awareness of its responsibility, Development and Investment Bank of Turkey continues its efforts to provide access to resources that will transform the manufacturing industry and provide support for growth based on production. In addition, the Bank plans to provide support to industrial enterprises and SMEs in sectors with materiality in development by means of Regional Development Fund, estab-

lished under the umbrella of Turkey Development Fund (TDF).

One of the Bank’s priorities is to support regional development, which is one of the important means to develop Turkey. Collaborations and funding efforts made in this regard constitute the biggest examples of this.

The Bank has implemented a financial mechanism to contribute to the sustainable development of Turkey, thanks to the Turkey Development Fund, which it established together with the Ministry of Industry and Technology towards the end of 2019, and the Regional Development Fund established in 2020 under the umbrella of this fund. It is aimed to establish an investment platform within the framework of independent and best practices and authorization and flexibility granted by law with the Turkey Development Fund. While the fund aims to establish good relations with the venture capital ecosystem thanks to capital and structured finance investments and fund investments in different strategies through sub-funds, joint investment opportunities will be provided by this means.

In 2020, projects that could be compatible with the Regional Development Fund strategies were started to be examined. Within this scope, companies/projects that are exporters, have high production capacity and can produce value-added products are evaluated by also contacting Development Agencies.

It is aimed to support companies that can be competitive and sector leaders in regional and global markets with the Regional Development Fund which is one of the sub-funds established.

Regional Development Fund	
Types of Investment	<ul style="list-style-type: none">• Structured capital• Structured debt
Investment Focus	<ul style="list-style-type: none">• Increasing exports in strategic sectors with materiality in development or reducing the current account deficit remains at the forefront.
Geographical Coverage	<ul style="list-style-type: none">• Covers the companies established and/or operating in Turkey• Companies that generate more than 50% of their turnover from Turkey.
Target Investments	Medium-Sized Companies: <ul style="list-style-type: none">• Turnover: TRY 20 Million-750 Million• Consists of manufacturing industry, professional services, information technologies, pharmaceuticals/health, and consumer products sectors.
Investment Amount	TRY 25-75 million
Number of Investments	4-8

Thanks to this fund established, contribution will be made to sectors that are considered strategic for Turkey in the upcoming period with the regional and inclusive development.

Within the scope of “Growth Capital Strategy”, it is aimed to support the sectors that cause the emergence of reducing effects on Turkey’s imports.

Action will be taken within the framework of the “Growth Capital” strategic plan, in which investments are designed for companies in the manufacturing industry, professional services, information technologies (IT), pharmaceutical/health, consumer products sectors, which are also among the priority sectors specified in the 11th Development Plan, and especially medium-sized companies are included within the scope.

It is also planned to support their growth with capital and management expertise in addition to providing investment to companies. In addition, the Development and Investment Bank of Turkey aims to reach every region of our country by means of the fund. By this means, it aims to

support sectors with materiality in development and sectors that increase exports and workforce.

The Bank will carry out its efforts in this field in co-operation with development agencies. Because the resources of regional development agencies can also be used in development financing, the Bank plans to be in constant contact with development agencies, and aims to provide a fair resource management in the sense of development in every region of our country with the companies directed by the agencies.

Within the scope of supporting the high value-added production and the production of technological products for the technological transformation of our country, in line with the special mission attributed to the Bank within the framework of 11th Development Plan, a TRY 350 million Technology and Innovation Fund was established by the Bank under the Turkey Development Fund. It is aimed to support especially the entrepreneurial ecosystem and technology investments with this sub-fund established. It is aimed that the Fund will play an important role in the entrepreneurial ecosystem by responding

¹⁰ 11th Development Plan (2019-2023),Presidency of the Republic of Turkey Strategy and Budget Presidency, July 2019,<http://www.sbb.gov.tr/wp-content/uploads/2019/07/OnbirinciKalkinmaPlani.pdf>.

different needs with two different strategies (GS Joint Investment and Fund of Funds). Development and Investment Bank of Turkey works to transform new generation startups into important companies to represent Turkey both at home and abroad. The roadmap drawn in this regard is planned as the investment in new generation startups that have reached certain milestones, completely focused on technology, and funds that invest in these startups (venture capital).

Within the framework of its joint investment strategy, the Technology and Innovation Fund made its first investment in WeBee, a hotel interaction platform operating in 23 countries.

With the Development Participation VCIF with a fund size of TRY 125 million, established by Kalkınma GSPYŞ in May 2021, it is aimed to invest in companies operating in strategic sectors with materiality in development and with the potential of high export and/or import substitution in accordance with the Participation Finance Principles and Standards.

Also with the Innovative and Advanced Technologies Participation VCIF with a fund size of TRY 175 million, established by Kalkınma GSPYŞ in May 2021, it is planned to invest in companies operating in strategic sectors with materiality in development, aiming at high technology-oriented production and the development of new technologies, and reducing foreign dependency in critical technologies in accordance with the Participation Finance Principles and Standards.

In addition to these funds, the Bank also aims to support both mature companies in the real sector and early stage companies in the field of information and communication technologies through investments by means of funds in the portfolio of İstanbul Venture Capital Initiative (iVCi), which is the sub-fund of Turkey Investment Initiative, of

which it is a founding partner, and with a size of EUR 160 million, as well as 212 venture capital funds of which it is an investor.

Among the targets of Development and Investment Bank of Turkey, the development of the venture capital ecosystem to support technology and innovation-oriented investments constitutes an important topic. In addition, in line with the Bank's development mission, it is aimed to meet the financing needs of the real sector and to support infrastructure investments.

The total amount of funds managed reached TRY 1.05 billion as of July 2021. In addition to financial support, the Bank will provide management, financial and strategic consultancy support to the companies with an experienced and expert staff through these funds.

Financing of SMEs, Wholesale Banking (APEX Banking) and Impact Created

In the world and especially in developing countries such as Turkey, SMEs constitute the majority of the businesses and with these characteristics, they play an important role in both economic terms and employment creation. In this context, Development and Investment Bank of Turkey positions the financing of SMEs among its issues of high materiality. The Bank works with the aim of facilitating SMEs' access to finance in order to contribute to the development of Turkey, help them grow, increase their competitiveness and increase their impact on inclusive economic growth.

Bank's support to SMEs is indirectly provided through wholesale banking (APEX) loans and loan agreements with international institutions on the theme of supporting SMEs. In addition, the Bank aims to increase the support it provides to SMEs

“ Within the scope of the Formal Employment Creation Project, agreements have been concluded with the World Bank for the use of a grant of EUR 75.9 million through the European Union FRIT II fund and a loan of EUR 316 million through the World Bank.”

with the Technology and Innovation Fund and the Regional Development Fund implemented within the scope of the Turkey Development Fund.

The Bank supports the creation of employment opportunities with the financing it offers to the thematic investments of micro, small and medium-sized companies through other financial institutions such as commercial banks, financial leasing companies by means of both the loans it provides directly and indirectly through the APEX banking mechanism.

Within the scope of wholesale banking activities that started to be implemented in 2008, Development and Investment Bank of Turkey, which provides financing close to USD 1 billion to SMEs through 5 commercial banks and 8 financial leasing companies within the scope of 11 APEX programs carried out until the end of 2019, maintains its support to SMEs with APEX loan programs. For this purpose, the design of 3 APEX loan programs has been completed in 2020, agreements have been concluded with the relevant funding institutions, project implementation guides have been prepared and the disbursement stage has been reached.

Within the scope of the Formal Employment Creation Project, agreements have been concluded with the World Bank for the use of a grant of EUR

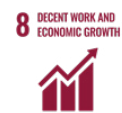
75.9 million through the European Union FRIT II fund and a loan of EUR 316 million through the World Bank. EUR 190 million of the loan component will be provided through use of APEX method. The implementation guide for the APEX loan component has been completed, the draft agreement has been agreed upon with 6 financial leasing company intermediary financial institutions, and the draft intermediary institution agreement has been approved by the World Bank.

Another loan program the design stage of which has been completed is the Emergency Firm Support Project carried out with the World Bank. With the project, a loan of USD 250 million has been provided, all of which will be provided by the APEX method, in order to facilitate access to finance for SMEs which are affected by the Covid-19 pandemic and trying to accommodate itself with the economic effects of the pandemic. Regarding the loan program, proposals were shared with eight intermediary financial institutions, including one bank, four financial leasing companies and three factoring companies, a draft financial institution agreement was prepared and the draft agreement was submitted to the opinion of potential intermediary institutions and the World Bank.

The implementation guide for the USD 100 million APEX loan component of the USD 300 million US Dollar Covid-19 project carried out with the Asian Infrastructure Investment Bank has been completed, and proposals were shared with four intermediary financial institutions including two banks and two factoring companies. In addition to APEX banking, Development and Investment Bank of Turkey makes efforts to develop different cooperation programs that reduce imports and support exports, reduce foreign dependency and current account deficit, and increase employment in line with the sustainable development goals of Turkey.

Human Capital

Contribution to SDGs



Development and Investment Bank of Turkey continues its efforts with an approach that considers the requirements of its corporate strategy and sustainability strategy, by giving particular importance to the development, happiness and satisfaction of its employees. The Bank considers human resources as the most important value in meeting the expectations of its stakeholders and achieving its goals. Development and Investment Bank of Turkey treasures its employees and encourages continuous learning, participation and sharing, believes in the importance of common mind and teamwork and gives fair and equal opportunities to its employees.

Targets

- › Establishing standard criteria for internal promotions and transfers between positions and their announcement in the Bank's internal communication channels
- › Developing the Premium System and making individual success and high performance decisive in separating premium amounts
- › Determining team goals and individual goals in parallel with the Bank's targets and strategies
- › Repeating employee satisfaction surveys at regular intervals
- › Preventing occupational risks in the field of OHS, eliminating risk and accident factors and informing employees
- › Ensuring the compliance of the subcontractor companies from which the service is received, with the OHS rules

Material Issues

- › Employee Health and Safety
- › Ethics and Human Rights
- › Employee Training and Development
- › Responsible Human Resources Approach
- › Equal Opportunity and Diversity

INPUTS/RESOURCES

- › Expert teams
- › Strategy documents
- › Annual plans
- › Corporate culture

ACTIVITIES

- › Benefits provided to employees
- › Providing the opportunity to work remotely during the pandemic period
- › Ensuring a healthy, safe and appropriate working environment
- › Transparent and merit-based recruitment, career and performance management
- › Providing access to training, internal and external resources for technical and personal development
- › Internal communication activities
- › Creating a corporate architecture

OUTPUTS

- › The ratio of women employees within the entire bank is **41%**
- › The ratio of women employees in the senior management level of the bank is 57% and the ratio of men employees is 43%
- › The women employee turnover rate of the Bank is 6.73% and the men employee turnover rate is 16.50%
- › **OHS training in total 656 hours/year**
- › **31.66 hours** of training per employee
- › **75%** remote working

VALUE CREATED

- › Equal opportunity and diversity
- › Safe and healthy work environment
- › Employee development and motivation
- › Digital transformation and information security
- › Ethics and human rights
- › Efficiency

Human Resources Approach and Equality of Opportunity

Development and Investment Bank of Turkey follows an approach that is open to continuous improvement and uses its resources in an effective manner in order to satisfy the expectations of the employees, support their personal and professional development, and establish a bilateral, transparent and effective communication with the employees. Encouraged by the creativity of its employees, the Bank constantly improves its business technology and skills.

Development and Investment Bank of Turkey adheres to the Human Resources Policy when interacting with its employees.

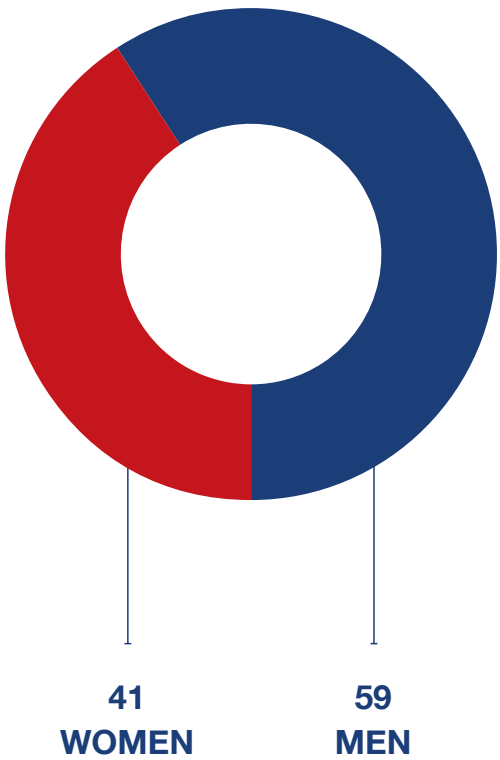
Principles of Development and Investment Bank of Turkey within the Scope of Human Resources Policy;



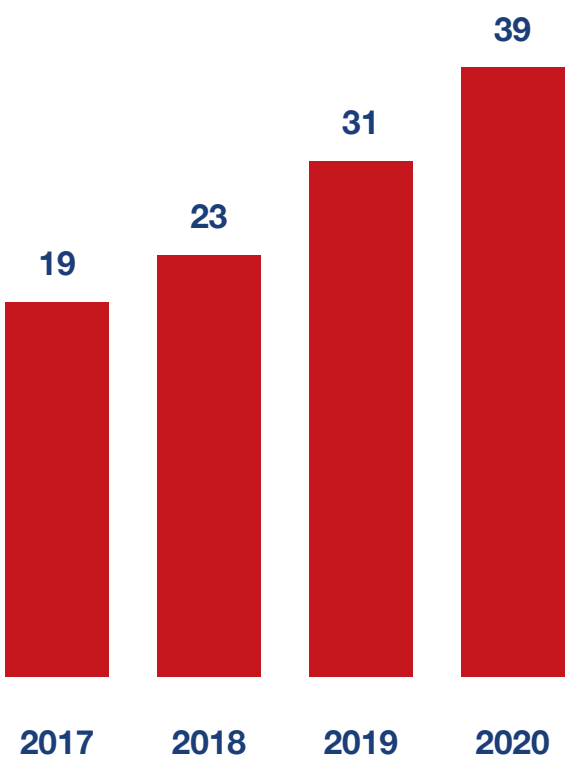
Employee Distribution and Ratio of Women Employees

The principle of equal opportunity lies at the heart of the human resources policy of Development and Investment Bank of Turkey, and this principle constitute a part of its corporate identity. The Bank provides its 279 full-time employees with an egalitarian work environment respecting human and employee rights. Equality of men and women employees within the scope of equal opportunity has become a part of its corporate culture. The ratio of women managers, which is 67% especially at the level of executive vice presidents, is a concrete indicator of this situation. The Bank is above the sector average of Development and Investment Bank of Turkey with a women employee ratio of 41% and aims to increase this ratio. Gender distribution among sub-contracted employees of the Bank is also important. Within this scope, the Bank has 38% women and 62% men subcontracted employees.

Distribution of Bank Employees (%)



Ratio of women employees in upper and middle management level (%)



Equality Opportunity

Development and Investment Bank of Turkey always promotes cultural diversity and equal opportunity. All employees are treated equally in recruitment, training and development, performance and talent management, career management, remuneration and other human resources processes, without discriminating between their origins, languages, religions, races or genders.

As determined in its human resources policy, the Bank always selects its employees among professionals who are suitable for the corporate culture, always offers safe working environment and conditions to its employees who have joined its team, provides fair and equal opportunities to its employees, and encourages them to progress and develop.

In order to improve the internal control and follow-up of equal opportunity, Development and Investment Bank of Turkey plans to establish standard criteria (experience, working time, performance, competency assessment, exam, interview etc.) for all internal promotions and transitions between positions and to announce them through Bank’s internal communication channels with a transparent approach within the scope of career maps. The target set in this area is to evaluate the targets and competencies together within the scope of performance evaluation and to use them as inputs in remuneration, career and development issues. The targets are achieved in accordance with the provisions of the Human Resources Regulation and the relevant legislation.

In order to recruit new graduates to the Bank and increase employment, 10 people were found successful in the written and oral exams/ interviews in August 2020 and started to work

as Assistant Specialist / MT. In 2021, the Bank is planning to recruit 10-15 new graduate MTs. Bank’s internal employees who meet the criteria for the Assistant Specialist exam are also included in the exam as an internal career opportunity. The priority for the bank staff needs is intra-bank transitions. Unit-based online “Sharing Just Among Us” meetings were held with all units of the Bank in order to receive opinions and suggestions on employee satisfaction. The suggestions presented at the meeting are reported to the CEO and efforts are being made to implement them. It is envisaged that unit negotiations will continue on a periodic basis.

Ethics and Human Rights

Another building block of our Bank’s human resources policy is ethics and human rights. Certain policies have been developed within the Bank on the basis of both employees and products and services within this scope. “Prevention of Laundering Proceeds of Crime and Combating the Financing of Terrorism” and “Conflict of Interest” policies are examples of these practices.

The returns of great responsibility assumed by Bank are honesty, fair treatment and full compliance with laws and ethical rules. Therefore, the Bank has committed itself to acting professionally and honestly under all circumstances, maintaining the awareness of social responsibility, and ensuring corporate ethics. In this context, employees were trained in Fighting against Laundering Proceeds of Crime and Financing of Terrorism – MASAK related to ethics and corruption in 2020. 220 hours of training on ethics and 221 hours of training on corruption and fighting were provided.

Within the requirement of the additional social responsibility and pioneering of being a public bank, Development and Investment Bank of Turkey aims;



To ensure compliance of the policies, procedures and control methods of the Bank with the national and international regulations and generally accepted banking principles,



To continue the Bank’s secure banking activities, to protect its dignity and customer quality,



To prevent the use of the Bank for laundering proceeds of crime and for financing of terrorism,



To know the legal and administrative obligations of the Bank and its employees,



To ensure the necessary harmony and cooperation in correspondent relations within the framework of its vision of international integration.

Safe and Healthy Work Environment

Our Bank monitors legal obligations within the scope of Occupational Health and Safety regulations, organizes trainings for employees, and audits all processes such as corrective and preventive actions and checks their compliance.

In addition to routine OHS measures and activities, it also takes the necessary steps in extraordinary conditions such as Covid-19 pandemic, which affected the entire world in 2020 and became a primary health issue. During the pandemic process, the Bank strengthened its infrastructure to protect its employees' health and quickly adapted the remote working system to the Bank's processes. The rate of remote work of Bank employees reached 75% during the pandemic period. In addition, the highest level of measures has been taken in all areas of the Bank, and a healthy work environment has been ensured by introducing rules and regulations suitable for the pandemic period.

Development and Investment Bank of Turkey receives services from Joint Health and Safety Unit in order to continue its activities professionally within the scope of Occupational Health and Safety (OHS) regulations.

The Bank ensures the follow-up and completion of mandatory and periodic trainings that are required by legal regulations. In accordance with the OHS regulations, the necessary coordination and follow-up in all processes such as training programs with the OHS team, near misses, occupational accidents and corrective and preventive actions are provided by the OHS Board of the Bank. The OHS Board consists of 8 members, including 1 workplace doctor, 1 OHS Specialist and

6 Bank personnel. The most authorized person in the Board is the Head of the Human Resources Management Department as the Chairman of the Board. The Head of Department reports to the Executive Vice President.

After the orientation training delivered by the workplace officer, all personnel who start work at the Bank are trained on basic occupational health and safety. In addition, a recruitment examination is carried out by the workplace doctor and an examination form is prepared. In order to reduce occupational accidents and take precautions regarding existing risks, risk assessments are carried out routinely, emergency scenarios are created and drills are regularly repeated every year. On the other hand, teams have been formed for emergency action plan and emergency response, and necessary trainings are delivered. Necessary measures are taken proactively to control the risks determined as a result of site controls. The records of occupational accidents are kept by the occupational safety specialist, and the notification of occupational accidents with lost days must be made by the workplace authorities within 3 working days. As a result of the studies conducted and measures taken, there were no occupational accidents experienced at the Bank in 2020. The number of accidents, work-related fatalities, occupational diseases, or absenteeism due to an accident was recorded as zero.

In order to make occupational health and safety sustainable within the scope of its 2020 targets, Development and Investment Bank of Turkey has started the necessary studies for transition to ISO 45001 Occupational Health and Safety Management System. ISO 45001 certificate has been received in May 2021. Within the scope of these efforts, the Bank has established its Occupational Health and Safety Policy and submitted it for the information of all its stakeholders.

Other targets determined in the field of occupational health and safety are listed as prevention of occupational risks, protection of health and safety, elimination of risk and accident factors, training, informing, receiving opinions and ensuring balanced participation of employees and their representatives on occupational health and safety. Another objective of the Bank regarding OHS is to ensure that the subcontractors from which it receives services comply with the OHS rules it has determined. Establishing an occupational safety culture by making it an attitude for all employees to comply with occupational health and safety rules is an important focus of the Bank to create a safe and healthy work environment.

Career and Performance Management

Development and Investment Bank of Turkey carries out all human resources processes with a focus on merit. In this context, managerial, basic and functional competencies have been defined for manager and higher titles, and basic and functional competencies for other titles in compliance with the Bank's values. The performance of the employees is evaluated based on their competencies, targets and their achievement. Employee evaluations are carried out by two managers of the employee and open to employee approval in order for the process to be objective. Managers conduct feedback interviews with the employee they evaluate.

Within the scope of the Performance Management System established by the Bank, the productivity of the employees is supported and suitable conditions are provided for the operation of feedback mechanism. The system determines the development and training needs of the employees in terms of technical knowledge and competence,

and provides data for career development. In 2020, all of our employees were subjected to performance and career development evaluations.

Wages of employees are determined in accordance with the Performance Management System and within the framework of the Remuneration Policy approved by the Board of Directors. The Remuneration Committee and the Human Resources Department authorized by the Committee are responsible for the review and duly execution of the remuneration policies. Our Bank's remuneration policy is based on the principles of "equal pay for equal work" and "performance-based pricing". The Bank's remuneration system is based on task-based pricing, and personnel doing similar work receive similar wages. Tasks are evaluated within the scope of objective criteria such as the competencies required by that task, the risk it carries, and the number of people managed.

With the Premium System working in an integrated manner with the Bank's performance management system, it is aimed to separate the premium amounts of both success and high-performing employees, whose individual success are worth considering, in 2020.

With the setting of the team targets that the Strategy Unit will create in line with Bank's targets and strategies in the upcoming period, team targets will also be reduced to individuals, and performance monitoring and evaluation on the basis of target and competence will be performed and the employee's targets, roles and responsibilities will be part of the career and development plan process. Since satisfaction of employee is material in all processes, including the performance evaluation process, employee satisfaction surveys will be started to be conducted in the upcoming period on a regular basis.



“As of the end of 2020, 14 e-learning trainings were offered to employees through online training platform.”

Contribution Offered for The Development of Employees

Development and Investment Bank of Turkey organizes trainings in order to further develop the qualified workforce within the Bank and to support the personal development of employees. Attention was focused on online trainings due to the pandemic in 2020. As of the end of 2020, 14 e-learning trainings were offered to employees through online training platform 7 of them are personal development training, 7 of them are compulsory training and 2 of them are system training. Online personal development trainings offered on an optional basis were completed at a rate of 70%. During the year, classroom trainings and virtual classroom trainings were organized under 124 different headings. The Bank also actively participates in the trainings organized by the Banks Association of Turkey. Certification processes are supported by the Bank by making special journal and database subscriptions for the relevant units of the Bank.

Training needs analyzes are conducted with the Bank's senior managers, and technical and personal development trainings found to be necessary for the careers of the employees, are offered to them within the framework of annual plans.

Environmental Awareness and Awareness Raising Training and Greenhouse Gas Inventory Standard Basic Information Training are delivered to employees every year. Training on Zero Waste Project conducted by the Ministry of Environment and Urbanization is within the scope of Environmental Awareness and Awareness Raising Training. This training is provided not only to Bank employees but also to subcon-

tractor employees. In 2020, the Bank delivered 399 hours of training to its 303 employees in the field of sustainability. In 2020, the Bank provided a total of 9,278 hours of training to its employees. Personal development trainings and vocational/technical trainings are offered to employees in line with needs analysis and demands. Compulsory trainings are assigned through online training platform (LMS). Team training needs analyzes are conducted by providing interviews with the managers, and closed-class trainings specific to the Bank are designed. Annual training needs analysis of Development and Investment Bank of Turkey is carried out between November and December, and the team needs are reviewed with the relevant senior manager of each unit while the analysis is being carried out. In order to support the professional and personal development of its employees, the Bank prepares and offers to its employees certain training programs. These trainings are planned in line with the position, the competencies required by this position and career maps. Special trainings designed with internal resources are also used as part of the program thanks to the know-how owned by the Bank. Sharing training, seminar and conference acquisitions with presentation platforms is supported, and it is ensured that professional knowledge and vision reach more employees. Development and Investment Bank of Turkey follows a fair and transparent management and evaluation policy in order to create an environment that focuses on equal opportunities and diversity which will support high performance and know-how. In this direction, a Career Model related to the performance system is implemented.

“In 2020, the Bank delivered 399 hours of training to its 303 employees in the field of sustainability.”

All the employees of the Bank are evaluated in many ways to contribute to their horizontal or vertical career development and they are supported and monitored through appropriate development programs. Talent Management processes at the Bank is created in line with business strategies, the 'skills' needed by business lines are determined, they are brought to the Bank and developed.

Development and Investment Bank of Turkey implemented the internal trainer project in the first quarter of 2020 in order to improve and develop the training it provides to its employees, and the training of the trainer was delivered by determining the internal trainers from the units. Within the scope of this project, a series of trainings is designed for the employees from each unit who have mastered their subjects, so that they can provide training in their fields of expertise. With these trainings, it is aimed to increase the training capacity within the Bank and to use internal resources effectively and efficiently. Agile Leadership Training for leadership methodology was delivered to the Bank's senior managers in the last quarter of 2019. In addition to these trainings, leadership trainings planned to be delivered to senior managers in 2020 will be rescheduled to be delivered in the future due to the pandemic.

Natural Capital

In line with its role supporting sustainable development and its responsible banking approach, Development and Investment Bank of Turkey considers the cooperation it has established within the scope of the transition to a low carbon economy and combating climate change, the international networks of which it is a member, the projects which it supports and to which it is a partner, and the infrastructure and monitoring/reporting processes it has established to increase its internal environmental performance, as part of its natural capital.

Contribution to SDGs



Targets

- › Increasing the amount of greenhouse gas emissions prevented above 5 million tons of carbon dioxide by 2025
- › Reduction of Scope 1 and 2 emissions by 10% in 2025 and 40% in 2040 compared to 2020
- › Reduction of energy, water, paper consumption, air emissions, waste generation and greenhouse gas emissions
- › Evaluating the environmental and social risks of the projects being credited and eliminating their negative effects, reducing them where this is not possible
- › Increasing Turkey's clean energy potential and supporting projects to improve its energy infrastructure
- › Supporting projects that serve to increase Turkey's energy supply and to reduce the use of fossil fuels and foreign dependency in energy
- › Creation of new collaborations and resources in the fields of climate change and energy efficiency
- › Developing thematic loans for Sustainable Development (climate finance, resource efficiency, smart and sustainable cities etc.)
- › To support real sector companies in creating alternative resources with capital market products that comply with sustainability (green and social) frameworks.

Material Issues

- › Cooperation and Participation in International Networks to Combat Climate Change
- › Energy Efficiency Financing
- › Financing of Renewable Energy
- › Monitoring and Reporting of Environmental Impact Within Bank

INPUTS/RESOURCES

- › ESG criteria
- › Sustainability management approach
- › Environmental impact assessments
- › Environmental impact measurement system within bank

ACTIVITIES

- › Supporting sustainable development
- › Encouraging sustainability transformation
- › Assessment of environmental and social risks
- › Financing of renewable energy
- › Financing of energy efficiency
- › Ensuring compliance of funded institutions with environmental and social standards, creating action plans, monitoring
- › Integration of ESG Criteria into banking operations

OUTPUTS

- › **Renewable Energy projects** financed in 2020 have produced **699.412 MW**
- › **236,979 tons of CO₂e** emissions prevented by Renewable Energy projects
- › **financed in 2020**
- › Loan allocation to **475 projects** with an installed power of **4,036 MW** and loan disbursement to **287 projects** with an installed power of **2,766 MW** in the field of renewable energy
- › Loan disbursement to **21 projects** with an installed capacity of **104 MW** in the field of energy efficiency
- › **A- (leadership) score in the 2020 CDP Climate Change Program**
- › **23% reduction in the total amount of non-hazardous waste** in the bank compared to the previous year
- › **42% reduction in the total amount of emissions (Scope 1-2-3)** within the Bank compared to the previous year

VALUE CREATED

- › Supporting regional development
- › Contribution to combating climate change
- › Supporting the reduction of biodiversity loss
- › Reducing environmental impact in energy production
- › Developing environmental and social management capacity

Role of Development and Investment Bank of Turkey in Transition to Low Carbon Economy

Sustainable Development Goals announced by the United Nations in 2015 emphasize that the importance of combating the economic and social effects of climate change, as well as its environmental impact, is ever increasing. Increase in the awareness on climate change, transition to a low-carbon economy and energy efficiency, the impact of these issues on financial performance which becomes apparent, the proliferation of projects developed in these areas and thus the increase in financing needs, led to the transformation of the decision-making and business conduct processes of all stakeholders of the financial sector, especially banks and investors. The UNEP-FI Responsible Banking Principles, which is prepared as a part of this transformation process and to which the Bank is a founding signatory guide the financial sector in the integration of climate change into strategies and operations. Development and Investment Bank of Turkey reveals the strategy it has adopted and the role it has assumed in this regard, with its “Combating Climate Change and Adaptation Policy”¹¹ published in June 2020.

Rather than producing a direct impact on combating climate change, transition to a low-carbon economy and energy efficiency, the Bank aims to produce an indirect impact by playing a supportive and transformative role. In light of this target, the Bank has identified increasing Turkey’s clean energy potential and funding renewable energy projects as strategic priority areas.

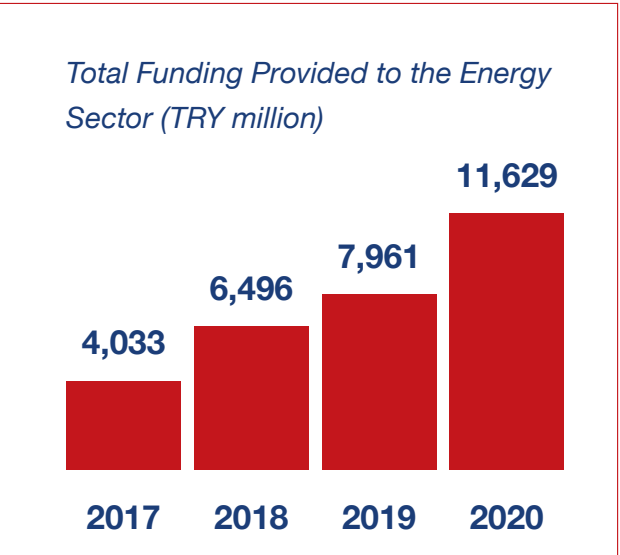
The Bank enters into loan agreements with international financial institutions in order to finance energy and resource efficiency projects. The Bank develops collaborations with many international development finance institutions, from the European Investment Bank to the World Bank, from the Islamic Development Bank to the German Development Bank, with the aim of Turkey’s transition to a low-carbon economy. The Bank which realized the provision of resources for renewable and clean energy through long-term agreements made in past years, continued its efforts to develop collaborations for the supply of new resources in 2020.

“ In 2020, renewable energy projects were funded in the amount of TRY 3.04 billion.”

As of the end of 2020, the amount of financing provided to the energy sector reached TRY 11,629,262 thousand, of which TRY 3,037,986 thousand portion was provided in 2020. The financing provided to renewable energy and energy efficiency projects constitutes 57% of the loan portfolio in 2020. While shaping Bank’s portfolio, national development goals were taken into account, Turkey’s goals of increasing energy supply and reducing foreign dependency in energy by using fossil fuels were supported, and planning was made for financing of investments having renewable energy production licenses. In 2020, a total loan of USD 408.2 million was disbursed within the scope of renewable energy, energy efficiency, clean energy and energy infrastructure.

“ Renewable Energy projects financed in 2020 have produced 699.412 MW. ”

Within the scope of Capital Markets Advisory services, our Bank has realized the first real sector issuance in accordance with the framework of international reporting standards, with regard to issuances in line with the sustainability (green and social) framework. This issuance, which is Turkey’s first Transition Bond transaction, is based on ICMA Green Bond Principles and IsDB Sustainable Finance Framework. The impact of the fund obtained from this issuance, which provides a decrease in carbon emissions by 63% according to the existing situation, was realized within the framework of the impact analysis reporting, which is mandatory for these international issuances and presented to the investors. Besides, the referenced areas of the Sustainable Development Goals are also defined in the impact analysis report.



The investments made by Development and Investment Bank of Turkey in renewable energy projects included the establishment of 287 facilities in total as of 2020, and contributed to a total energy production of 2,766 MW with renewable energy technologies. With 21 energy and resource efficiency investments financed by the Bank up today, energy efficiency has been provided and 104 MW of electricity generation has been enabled through waste heat recovery.

Type of Energy Projects	Number of Projects	Installed Capacity	Energy Portfolio Risk Distribution
Hydroelectric Power Plant (HPP)	64	1,298 MW	33.1%
Solar Power Plant (SPP)	185	315 MW	12.8%
Geothermal Power Plant (GPP)	7	149 MW	20.8%
Wind Power Plant (WPP)	23	930 MW	28.6%
Biogas/Biomass	8	74 MW	4.6%
Total	287	2,766 MW	100%

¹¹ Development and Investment Bank of Turkey (2020). Combating Climate Change and Adaptation Policy. Environmental and Social Policies (kalkinma.com.tr)

Development and Investment Bank of Turkey prevented 236,979 tons of carbon dioxide emissions with the renewable energy projects financed in 2020. By the end of 2020, the Bank has prevented 2.87 million tons of carbon dioxide emissions per year, thanks to its cooperation and the renewable energy projects for which it has provided loans, and has provided a positive impact equivalent to planting 132 million adult trees annually for our country. The Bank's target in this area is to increase the amount of emissions, has prevented above 5 million tons of carbon dioxide by 2025.

As a consequence of the renewable energy loans disbursed, the Bank has an impact on reducing the country's imports in this area. In this context, the Bank has had a reducing impact on energy imports of about 500,000 TEP and 5.7 TWh-year since 2006. Since 2004, resources have been obtained by signing agreements with International Development Finance Institutions in the amount of USD 2.12 billion for the financing of renewable energy and energy efficiency projects. Details and targets regarding the resources obtained from International Development Finance Institutions and made available to investor companies in 2020 are given below.



1. The geothermal energy development project financing agreement of USD 100 million signed with the World Bank on November 30, 2016, helped disburse the project in 2020 and work was initiated to provide additional financing. Within the scope of the project, the management of the grant resource of USD 38 million provided by the Clean Technology Fund (CTF) to be used with the Risk Sharing Mechanism (RSM) is carried out by our Bank.
2. The use of a long-term resource of USD 200 million provided by Islamic Development Bank (IsDB) in 2017 to be used in the financing of clean energy and energy infrastructure investments in our country was completed in 2020. Final redemptions will be followed up and paid after the closing procedures regarding the installment sales financing of the projects are completed.
3. The loan agreement of USD 200 million for the financing of Renewable Energy and Energy Efficiency projects was signed with Asian Infrastructure Investment Bank (AIIB) on December 10th, 2019. As of June 2021, a resource inflow of USD 150 million was provided. Work is on-going to disburse the entire loan in 2021.
4. It is aimed to support projects for infrastructure and renewable energy production with the loan agreements signed with the KfW Development Bank in 2019 for an municipal infrastructure loan of EUR 13.6 Million and a solar loan of EUR 45 Million with a maturity of 40 years. Within the scope of the solar energy loan, a resource inflow of EUR 39.7 Million was provided in 2020. The withdrawal of the remaining resource amount was completed in the first quarter of 2021.
5. In 2020, Development and Investment Bank of Turkey signed a loan agreement of EUR 316 Million with the WB in order to increase employment. EUR 41 Million were withdrawn from the loan in 2020 and EUR 23 Million in the first quarter of 2021. Within the scope of the same project, the agreement regarding the financing of grant of EUR 75.9 Million from the European Union was signed between our Bank and the WB on February 22nd, 2021 and the project implementation process started.
6. In 2020, Development and Investment Bank of Turkey signed a loan agreement of USD 250 Million with the WB to be disbursed by the APEX method in order to reduce the effects of Covid-19. USD 10 Million was withdrawn from the loan in the first quarter of 2021 and USD 40 Million in the second quarter of 2021.
7. In 2020, Development and Investment Bank of Turkey signed a loan agreement of USD 300 Million with the AIIB to be disbursed directly or by the APEX method in order to reduce the effects of Covid-19. USD 100 Million was withdrawn from the loan in the last quarter of 2020.
8. Development and Investment Bank of Turkey has made available the Investment Committed Advance Loan of TRY 18 Billion with a maturity of up to 10 years, originating from the Central Bank of the Republic of Turkey, as an "Investment Support" TRY loan.
9. Development and Investment Bank of Turkey provided a JBIC GREEN III Renewable Energy and Energy Efficiency Loan with a maturity of 12 years including a grace period of 2.5 years with the guarantee of the Republic of Turkey Ministry of Treasury and Finance. The loan will be used in the financing of renewable energy and energy efficiency projects in Turkey and amounts to USD 170 Million.

In addition to the financing support that it provides for the renewable energy to become widespread in our country, Development and Investment Bank of Turkey contributes to the increase in the renewable energy potential in our country through development projects in which it cooperates with international development finance institutions. The Bank also maintains its support to projects that aim to increase energy efficiency in the manufacturing sector, improve energy distribution infrastructures

and ensure uninterrupted electricity distribution. In this context, the entire EUR 23 Million loan provided from KfW for use in the financing of infrastructure investments has been disbursed to the projects.

Thanks to the collaborations it has developed, Development and Investment Bank of Turkey also aims to create new collaborations and resources in 2021 in order to continue contributing to the clean energy transformation of our country.

Bank’s Internal Environmental Impact

Development and Investment Bank of Turkey is working on the “Management of the Banking Industry’s Internal Effects” determined in Principle 2 of the “Sustainability Guidelines for the Banking Sector”¹² prepared by the Banks Association of Turkey. In line with the requirements set forth in the guidelines, the Bank makes measurements and regularly reports on the components with an ecological footprint, particularly the energy consumption, carbon emission and water consumption resulting from operations.

In addition to the financing support it provides for sustainable development, the Bank also carries out studies to improve the internal environmental performance of the bank. The Bank has placed its efforts to improve its internal environmental performance within the framework of a strategy and has become a pioneer in the sector in this regard as the first public bank to establish the TSE EN ISO 14001 Environmental Management System in 2010.

With its effective environmental management system, the Bank received the Turkish Standards Institute “Climate Friendly Organization” certificate for the first time in 2018, and became the first bank to have this certificate among public and private sector financial institutions. Since 2018, it continues to meet the necessary criteria with its conscious activities and being a carbon neutral bank. Within the scope of data for 2019, the Bank renewed its “Climate Friendly Organization” certificate in 2020. The Bank which aims to reduce the ecological footprint from its operational activities, monitors energy, water, paper consumption, air emissions, waste generation and greenhouse gas emissions on a regular basis, and carries out activities aimed at improving its performance in order to make reduction within the scope of these indicators.

Internal environmental impacts of Bank are managed in line with Environmental Management Prin-

ciples. An effective decision-making authority has been established by monitoring the results based on internal environmental effects through the Environmental Management Committee. Under the chairmanship of the General Manager, the Committee consists of a total of seven members determined by the General Manager, including Deputy General Managers, a representative from Heads of Departments or Managers, and two deputy representatives and members among other personnel. The Committee organizes a Management Review meeting at least once a year and reports to the senior management.

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

- 1. To reduce the use of resources it uses/ consumes while performing its activities and services, and the wastes it generates without reducing the quality of service,
- 2. To create positive environmental impact and awareness within the scope of the Bank’s services and activities,
- 3. To minimize its harmful effects on human health and the environment
- 4. To ensure the continuity and continuous improvement of the system established
- 5. To support environmentally friendly efforts and all kinds of voluntary activities,
- 6. To have an internationally accepted management system that meets the conditions specified in TS-EN-ISO 14001 Environmental Management System Standard.

The Bank did not receive any environmental penalties during the reporting period.

¹² Sustainability Guidelines for the Banking Sector. Banks Association of Turkey.

Energy and Carbon Emissions Management

Development and Investment Bank of Turkey actively monitors the energy consumption due to operational activities in order to keep it under control and to reduce it to the extent targeted. The Bank has implemented various practices with the aim of increasing its energy savings and reducing its consumption. For example, the lightings in the Headquarters building were converted to LEDs and are automatically turned off at the end of the working hours in order to reduce the energy consumption due to lighting.

As a consequence of the new layout introduced with the relocation of the Headquarters building to İstanbul in 2019, consumptions of energy such as electricity and natural gas, which are common with other institutions sharing the same building, are monitored efficiently and accurately with the submeters installed on the power lines on each floor where business is carried on.

Carbon Emissions (tons CO ₂ e)	2017	2018	2019	2020
Scope 1 ¹³	600	558	512	337
Scope 2 ¹⁴	622	546	575	470
Scope 3 ¹⁵	1,935	2,016	1,133	472

Greenhouse gas emissions arising from the Bank’s activities are monitored on a regular basis and targets are set for reduction. Every year, the greenhouse gas emissions for that year are calculated in accordance with TS EN ISO 14064-1 Standard, the Greenhouse Gas Inventory and Report are prepared and shared with all stakeholders. The calculations and report made within this scope are verified within the scope of TSE EN ISO 14064-3 standard.

At the same time, greenhouse gas emissions have been offset with Gold Standard and IREC certificates obtained for Scope 1 and Scope 2 emissions. In 2020, carbon emission due to Bank’s operations was 336.9 tons of CO₂e as Scope 1 and decreased by 34% compared to 2019. On the other hand, Scope 2 emissions were calculated as 469.5 tons of CO₂e and decreased compared to the previous year. Scope 1 and 2 emissions are targeted to be reduced by 10% in 2025 and by 40% in 2040 compared to 2020.

¹³Scope 1: Covers greenhouse gas emissions due to natural gas, diesel fuel, refrigerant gases, and generator fuel consumption.
¹⁴Scope 2: Covers greenhouse gas emissions due to electricity consumption.
¹⁵Scope 3: Covers greenhouse emissions due to goods and services purchased (food, beverage, city water, bottled water etc.), fuel and energy-related activities (energy transmission), wastes arising from operations (wastewater, waste oil etc.), business travels (bus, train, air transportation, accommodation etc.), employee services and mail and cargo shipments.

Scope 3 emissions calculated in detail represent emissions due to purchased products the Bank does not have a direct impact on but uses in its operations, waste, business travel, accommodation and employee commuting and show a decrease of 58% compared to last year with a value of 472.3 tons of CO₂e.

In 2016, Development and Investment Bank of Turkey started to make notifications to CDP Climate Change Program, where more than 8 thousand companies voluntarily share their greenhouse gas emissions and climate change strategies with the public. In their CDP reports, companies answer the questions addressed under the headings of strategy, governance, targets and performance, and the risks and opportunities of companies regarding climate change are evaluated in the light of their answers.

“ As a result of the 2020 reporting on the activities of 2019 within the framework of CDP Climate Change Program, the Bank scored an A-, exceeding the B+ score obtained in the previous year, and continues to work with the aim of maximizing its CDP reporting score and sustaining its success in this area. ”



Water Management

The Bank regularly monitors the water consumption of the building where it is located. The headquarters building in Istanbul is in common use with another institution. So, the water consumption is also in common use with the other user institution of the building. 100% of the water used

by the Bank is city water, and wastewater is treated in accordance with the legislation. Decisions on water consumption and management are also taken by the Environmental Management Committee, as in all other environmental matters at the Bank.



Waste Management

The Bank manages wastes in its headquarters in accordance with the “Zero Waste” legislation of the Republic of Turkey Ministry of Environment and Urbanisation. With the waste management practices it has developed within the framework of the “Zero Waste” project, the Bank has assumed the task of pioneering public institutions and the private sector. In this context, recycle bins have been placed on each floor of the building in accordance with the regulations. Thus, wastes are separated based on their types as glass, plastic, paper and metal on a regular basis. The separated wastes are transferred to authorized institutions for recycling and their information is processed through online Integrated Environmental Information System (IEIS) of the Ministry. As

a result of this process, the Bank recycled 100% of its non-hazardous waste in 2020.

The Bank especially monitors the paper waste, which is one of its important wastes, and takes into consideration its impact within Scope 3 emissions. Our Bank reduced its paper consumption by 23% in 2020 compared to the previous year. The Bank also implements different practices in order to reduce its waste. In addition to these studies, the studies carried out to increase the awareness of the Bank employees on climate change and sustainability continued in 2020, and it was ensured that all employees participate in the Environmental Information and Awareness Trainings organized at different times.



Combating Deforestation

In 2020, our Bank established a new memorial forest by planting 10 thousand trees in Istanbul. The Bank that has already established two memorial forests in Ankara within the scope of combating deforestation, plays a role in preventing the emission of approxi-

mately 435 tons of CO₂ per year with a total of 20,000 trees in the three memorial forests it has established. In addition to the new memorial forest, the Bank donated 4,500 saplings to the re-greening efforts initiated after the fire that occurred in Hatay in October.

Intellectual Capital

Contribution to SDGs



Development and Investment Bank of Turkey considers all assets and processes that create and develop its corporate know-how and disseminate it among its stakeholders as a part of its intellectual capital. In this framework, the Bank considers as the elements of its intellectual capital its development banking experience gained in 46 years since its establishment, research activities that enable it to develop new strategies by following sectoral developments, and its information technology assets, and contributes to the transformation of its customers through technological initiatives which it supports and to which it is a partner, innovation funds and advisory services.

Targets

- › Creating a modular and functional enterprise architecture focused on digitalizing
- › Offering innovative services to customers through mobile and online channels
- › Strengthening information security practices every period and increasing information security awareness within the Bank
- › Continuing the efforts for ISO 27001 certification in terms of compliance with international standards in the field of information security
- › Continuing the efforts for maximum compliance with the legislation related to information security
- › Full refurbishment of the primary data center and emergency situation center (ESC) and relocation to new locations
- › Achieving the target of a paperless office by completing the digitization of archives projects
- › Completion of web application firewall (WAF), segmentation firewall and load balancer installation
- › Minimizing bureaucracy within the Bank with lean and agile business and information technology processes
- › Reducing the medium risk impact level that is found due to the predominance of manual actions in business processes, with the implementation of the Core Banking Transformation project
- › Continuing to provide end-to-end process automation by establishing Service/API integration with all 3rd party institutions that can provide digital service integration
- › To play a role in the development of the entrepreneurial ecosystem by investing in new generation startups, mainly the technology-oriented investments
- › Developing new corporate strategies by means of sectoral and thematic research
- › Increasing the Bank's competitiveness by digitizing and optimizing processes, establishing monitoring systems and strengthening IT infrastructure

Material Issues

- › Information Security and Digital Transformation
- › Supporting Technological Startups and Venture Capital Ecosystem

INPUTS/RESOURCES

- › National and international sectoral publications
- › Priorities within the National Development Plans
- › Digital infrastructure systems and platforms
- › Computer software, licenses, programs
- › Customer / Employee feedback
- › National and international collaborations

ACTIVITIES

- › Making bank strategies and business plans
- › Enabling the opportunity to work remotely
- › Identifying, monitoring and taking precautions against the risks that may threaten information assets
- › Establishing technology and innovation funds
- › Evaluating the projects to be supported with their economic, technical and financial dimensions

OUTPUTS

- › **20 completed and 38 ongoing digital transformation projects**
- › Number of personnel involved in projects: **53**
- › **Investing 68% of 2020 investment and operating budget in digitalization and information security**
- › Business intelligence and decision support systems

VALUE CREATED

- › Transparency and reliability
- › Digital transformation and information security
- › Efficiency
- › Unique customer experience
- › Business Continuity
- › Quality Management



Information Security and Digital Transformation

With the comprehensive digital transformation process it initiated, Development and Investment Bank of Turkey aims to create a corporate structure focusing on digitalizing and to make banking processes more effective and efficient. With the projects, it carries out in the fields of digitalizing, quality and efficiency, the Bank maintains its efforts to create a modular and functional infrastructure and organizational setup that will enable it to achieve its strategic targets. Within the scope of its customer satisfaction-oriented work which constitutes an important part of its digital transformation process, the Bank implements innovative developments to improve the customer experience in mobile and online channels.

The Bank monitors and regulates the increasing security needs of the Bank with the digital transformation process, under the responsibility of the Information Security Team, in line with the ongoing organizational change since 2019. Within this scope, restrictive, monitoring and preventive actions were taken in many areas in 2020, mainly in the follow-up and approval of access, data leakage and classification. In addition, periodic checks and instant interventions and studies were carried out to protect Bank's information and data.

Within the scope of the "Regulation on Information Systems of Banks and Electronic Banking Services", some of which were put into effect by the BRSA in the first half of 2020, the Bank established the Information Security Committee that reports to the general manager separately and independently from the IT organization to-

“The Innovation and Business Development Committee continues its work to evaluate and implement new products, services, innovations, changes and business development opportunities within Development and Investment Bank of Turkey.”

gether with the information security structure and held regular meetings.

The Bank increased the number of monthly information security bulletins that it started with the end of 2019, in order to take measures against cyber incidents that increased after the first quarter of 2020 in particular due to the pandemic and to raise the awareness of the Bank personnel. Critical notifications prepared in this regard or received instantaneously were immediately announced throughout the Bank. Clear desk and clear screen works were carried out digitally and monitored in order to increase the awareness of the bank personnel on information security.

The Information Security Team evaluates the documents, contracts and forms belonging to the Bank from the point of view of information security and carries out penetration tests for non-bank integration, new installations and transitions (SWIFT, PACS etc.), especially for large and medium-sized changes within the bank (Online Branch, APEX Help Desk, FTP etc.). Studies are carried out for the solution and follow-up of the findings shared with IT Units.

In order to monitor cyber incidents and notifications, the Information Security Team submits its efforts to the senior management in monthly reports and continues to monitor cyber incidents and notifications including all personnel, mainly the bank's senior management. Red Team activities carried out in 2020 in order to ensure the accuracy and confirmation of these studies revealed that the actions were taken appropriately. With these studies, our Bank both meets the information security needs of the Bank, and fulfills its duty of providing customer information security, which it attaches utmost importance in accordance with the Banking Ethical Principles published by the Banks Association of Turkey and UNEP FI Principles for Responsible Banking (PRB). The Bank put the information technology asset inventory management application into use and made the parameters of confidentiality, integrity, accessibility and security class for information assets manageable through the application in accordance with the requirements of the changing BRSA legislation.

The Innovation and Business Development Committee continues its work to evaluate and implement new products, services, innovations, changes and business development opportunities within Development and Investment Bank of Turkey. In order to be able to provide national and international funds to its customers quickly, safely and uninterruptedly, the Bank uses Investment Support, Wholesale Banking (APEX) and Grant applications it has developed with an agile software development approach and provides end-to-end process automation thanks to API (Application Programming Interfaces) integration with many third parties such as e-state and CGF.

During the COVID-19 pandemic, Development and Investment Bank of Turkey has continued to offer its customers products and services that

“Development and Investment Bank of Turkey developed Support for Investment, Wholesale Banking (APEX) and Grant applications to offer domestic and international funds to the customers of Bank, and continued to offer products and services suitable for customer needs quickly, safely and uninterruptedly through the online channel during the Covid-19 pandemic.”

meet their needs quickly, safely and without interruption through online channels, by developing investment support, wholesale banking (APEX) and grant practices in order to offer national and international funds to Bank customers.

Bank's business intelligence and reporting applications were renewed, interactive and dynamic decision support reports were created, and efforts to create data warehouse were carried out to increase data quality

Along with the commissioning of the file transfer system that provides fast and secure document sharing in 2020, the integrated and single-centered process management platform has been renewed with ARIS Connect version and made suitable for web-based monitoring and design. Work on developing new core banking applications in an open-source, modular micro-service structure that will enable business processes to take place on IT platforms in an end-to-end integrated manner with minimal intervention continued. SWIFT applications and infrastructure were renewed and the business units of the Bank were enabled to use payment processes more efficiently and reliably.

Some of the other projects realized in 2020 are as follows:

1. A new IT asset tracking system, equipped with the functions providing instantaneous tracking of assets and automatic warning system has been developed.
2. Privileged access management application enabling the single-centered management and control of the works carried out was implemented.
3. DNS, file server, print server, backup system, active directory, antivirus and operating systems have been moved to new stable versions.
4. Redundant virtual private network (VPN) configurations were completed within the scope of technologies needed for remote working during the pandemic process, and all personnel were provided with portable computers, mobile modems and/or data lines. VPN access was secured with the developed multi-factor authentication mechanism.
5. With the basic infrastructure investments, capacity increase was realized at 30% in the storage layer and at 50% in the server/information processing layer.
6. New generation firewalls are configured in a redundant structure without any loss of configuration due to transition. DevOps processes and ITSM structure were created and IT processes were digitized.
7. Along with the commissioning of Incident, Problem and Service Management System and its integration with supplier call systems, automation and SLA-based measurement in call management processes were enabled.
8. It made efforts to invest in qualified human resources, employee development and to increase employee loyalty with the Performance Measurement and Evaluation System.
9. Efforts were made to enable continuous improvement on the issues of digitalizing, quality, efficiency, customer and employee satisfaction, by establishing a Customer, Personnel Suggestion and Complaint line, collecting customer and employee feedback through digital channels and evaluating them.
10. Information security and cyber security awareness trainings were organized for IT employees.
11. The Bank's compliance map has been prepared in relation to the Regulation on Information Systems of Banks and Electronic Banking Services.
12. Within the scope of the "Circular on Penetration Tests Regarding Information Systems", penetration tests were conducted for the systems/applications of the Bank and all findings detected were addressed. The findings detected after the verification tests, were resolved during the period.
13. With the positioning of the Cyber Threat Intelligence (CTI) product, e-mail accounts and addresses (domains) under the responsibility of the Bank were monitored and it was checked whether the Bank personnel were affected by the data leaks that occurred and whether the Bank addresses (domains) were copied for phishing purposes.
14. Security notifications received by the Information Security Team from various sources were examined instantly, and the relevant IT Unit was worked with in order to take necessary and preventive actions.
15. An ISMS training was assigned to all Bank personnel, and their awareness was measured through tests. Within the relevant scope, 294 personnel were trained with one hour of training per person. In addition, at least one Information Security Bulletin was shared every month, and a total of half an hour of information was made together with additional notifications. In total, approximately 440 hours of training-information period has been calculated.

2021 Plans and Targets

Within the scope of the digital transformation process it will maintain in 2021, Development and Investment Bank of Turkey will take steps in digitalizing to satisfy its corporate needs in remote working and collaboration, measurement and evaluation, and will make improvements in IT infrastructure in the fields of business continuity and security. The Bank, which will focus on its works on open source, open banking and cloud computing, will increase the efficiency and productivity of its corporate processes through use of artificial intelligence supported systems and robotic process automation. In 2021, the Bank will also continue to develop innovative services for its customers through mobile and online channels.

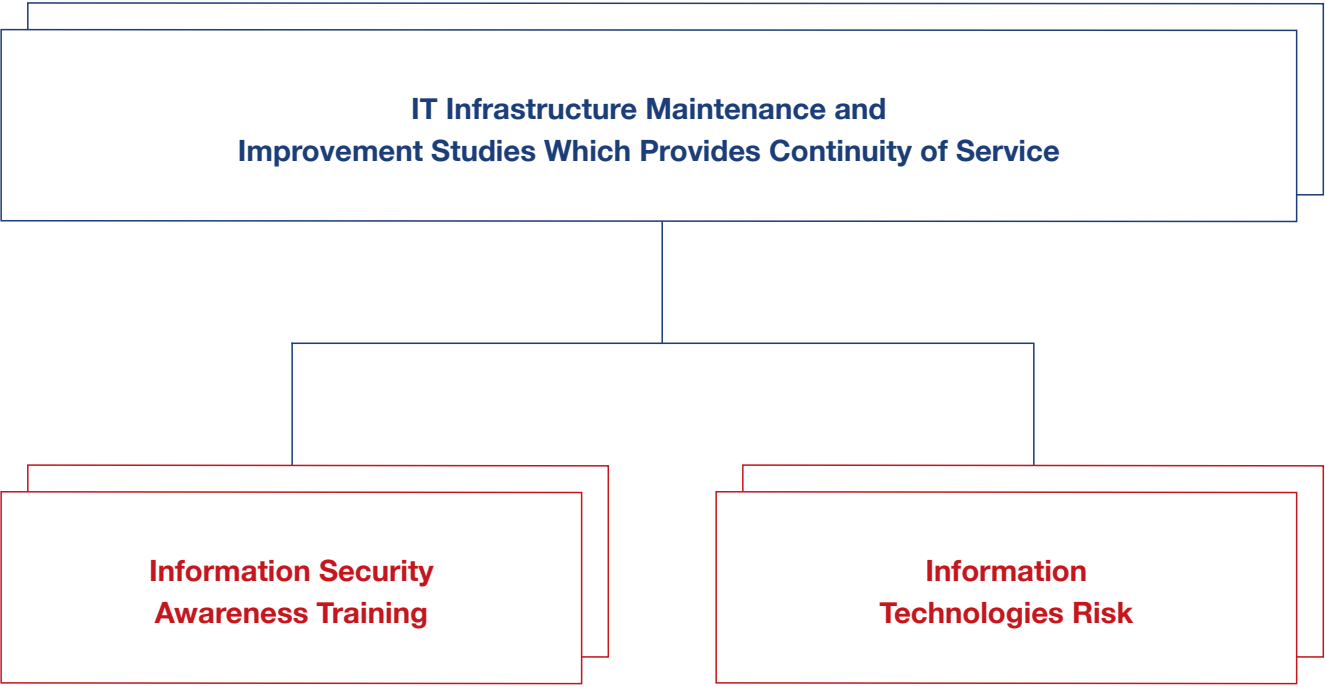
The investments and projects planned in the field of Information Technologies in 2021 and beyond are as follows:

- › In 2021, it is planned to replace the entire information technology platform within the scope of data centers renovation project. It is planned that both the primary data center and the emergency situation center (ESC) will be renewed with all their elements and moved to new locations to be determined in line with the risk analysis conducted.
- › Starting in 2020, the archive transformation project is expected to be completed in 2021 by achieving the paperless office target. All the documents found in the physical archive have been classified, documents that are suitable and required to be converted have been digitized, and necessary destruction actions have been planned.
- › The Bank, which will focus on its works on open source, open banking and cloud computing, will increase the efficiency and productivity of its corporate processes through use of artificial intelligence supported systems and robotic process automation.
- › Many provisions of the "Regulation on Information Systems of Banks and Electronic Banking Services" published by the BRSA will take effect as of 01.01.2021 and necessary efforts will continue in 2021 to fulfill the requirements of this regulation.
- › Maintaining a security-oriented approach, the installation of web application firewall (WAF), segmentation firewall and load balancer were included in the investments planned in 2021.
- › It is planned to reduce manual actions in business processes and reduce the level of medium risk impact with the main banking transformation project.
- › Fintech collaborations through open banking are considered in order to provide value-added services to customers.
- › Technological developments will be monitored closely and innovative services will be offered to our customers through mobile, online and open platform channels, and efficiency increase, speed and customer satisfaction will be provided thanks to the effective use of digital channels.
- › Efforts to increase personnel information security awareness (monitoring KPI processes, positioning Phishing products etc.) are ongoing.
- › Penetration tests will be carried out in all modules and applications to be commissioned, mainly in the Core Banking System, which has an important place in the Bank's transformation process.
- › The efforts to obtain ISO 27001 certification, mainly for the data classification, followed up by the KamuNet network, will be maintained.
- › Senior management is informed with the aim of increasing awareness and follow-up regarding cyber incidents.
- › Within the scope of the Information and Communication Security Guide prepared by the Presidency of the Republic of Turkey Digital Transformation Office, studies initiated regarding the current situation analyzes, asset grouping, asset group criticality determination and roadmap as well as actions to be taken, will continue.



Information Technologies Continuity of Service

Development and Investment Bank of Turkey defines it as a corporate priority to maintain the up-to-dateness of the information technology (IT) process management infrastructure and to develop systems to support digital transformation. The Bank carries out maintenance and improvement efforts to ensure service continuity in IT infrastructures. Within this scope, the Bank has completed the capacity and resource planning of its data centers. The Bank that conducts performance measurement studies and risk assessments to realize the necessary improvements in IT processes follows the improvement process it carries out with the action plans it creates.



Our Bank has established its Information Technologies Risk Policy against financial, governance and reputational risks that may be caused by continuity and security problems that may occur in information technology infrastructure and processes. Information Technologies Risk Policy covers the determination of the risks that may be encountered in the applications included within the scope of information technologies (system, software, data security, data processing, data storage etc.), generation of solutions to eliminate these risks and/or the necessary measures as well as the systematic follow-up of this risk management process.

The Bank prepares annual risk assessment reports for the follow-up of information technology risk management process. IT units determine the steps to be taken against the risks identified in the reports and evaluate whether the planned measures are taken on time and inform the Board of Directors through the Audit Committee.



Technology and Innovation Fund

11th Development Plan emphasizes the responsibility assumed by Development and Investment Bank of Turkey in the field of technology and innovation and states that the development and production of high value-added, innovative and technological products will be supported through Turkey Development Fund. In this context, the Bank established the Technology and Innovation Fund with a size of TRY 350 Million within the body of the Turkish Development Fund. This sub-fund established, includes funding of the entrepreneurial ecosystem and technology investments, as well as providing consultancy support to customers on managerial, financial and strategic issues.

The Technology and Innovation Fund is built on two key strategic areas: Fund of Venture Capital Joint Investments and Fund of Funds. In the light of these two strategies, the Bank aims to make its support to technology initiatives more inclusive, plans to focus its investments on new generation startups focused on technological innovation and funds investing in these startups (venture capital).

“Development and Investment Bank of Turkey strives to transform new generation ventures into important companies to represent Turkey at home and abroad.”

Technology and Innovation Fund Strategies		
	Venture Capital (VC) Joint Investment Strategy	Fund of Funds Strategy
Types of Investment	Capital Structured capital/debt	Fund commitments
Investment Focus	New generation startups that produce/ use high technology are prioritized.	Funds compatible with the Venture Capital (VC) Medium Investment strategy are prioritized.
Geographical Coverage	It includes companies located in Turkey (at least 50% of their operations are in Turkey).	It covers the funds established in Turkey and/ or which will make at least 50% of their investments in Turkey.
Target Investments	It is aimed to invest in technology-oriented, revenue-generating startups with a high potential to grow.	It targets VC funds with a successful issuance experience, well-known in the ecosystem and with a strategy focused on co-investment.
Investment Amount	Series A and before 1 million + TRY Series B and before 2 million + TRY TRY 5-20 million per company	TRY 10-50 million
Number of Investments	6-12	4-8

Development and Investment Bank of Turkey aims to develop the venture capital ecosystem in order to increase support for investments on the theme of technology and innovation. In line with its development banking responsibility, the Bank works to meet the financing needs of the real sector, to support infrastructure investments, and to ensure that the entrepreneurial ecosystem in Turkey to reach the capacity to form a basis for the establishment of new “unicorns”.

212 Regional Fund II

With the aim of investing in venture capital funds focused on technology and innovation, after the evaluation within the framework of the cooperation established by Development and Investment Bank of Turkey with the European Investment Fund and the Turkey Investment Initiative, a commitment has been made to invest EUR 3 million in 212 Regional Fund II, whose site of establishment is Luxembourg and the initial fund amount is EUR 30.5 million. The Fund, whose sector target is information and communication technologies in general, plans to invest in companies that are at an early stage in this field. While 212 Regional Fund II increased its fund size to EUR 49.6 million with its final closing in 2020, a total of EUR 11 million were invested in 8 companies as of the end of 2020 thanks to the fund. The portfolio of the Fund includes the initiatives such as OMMA in the field of digital display software, MARTI in the field of micro mobility, Mall IQ, which provides smart location services that improve the in-store shopping experience, APPSAMURAL, the self-service mobile advertising platform, and CHOOCH AI in the field of artificial intelligence.

Geothermal Energy Risk Sharing Mechanism

Development and Investment Bank of Turkey aims to develop and make widespread the technological assets it adds to its intellectual capital thanks to its technical team, the mechanisms it develops, and the innovation knowledge it acquires from the projects to which it is a partner by establishing new collaborations on a national and global scale. With this approach, the Bank considers the RSM which is a risk sharing mechanism the World Bank has implemented for geothermal energy in Turkey and with which it was tasked by the Republic of Turkey Ministry of Treasury and Finance together with Bank's management, as a valuable asset of its intellectual capital. The Bank considers the GEORISK project, which it conducts for the development and dissemination of RSM, as a project to contribute to its intellectual capital in this direction.

Geothermal Development Project Risk Sharing Mechanism (RSM)

The RSM Project aims to contribute to the assessment of the country's geothermal potential by partially meeting the geothermal risks of geothermal energy investors' well-drilling activities for the purpose of resource determination. The RSM Project is a component of the Geothermal Development Project signed by Development and Investment Bank of Turkey with the World Bank on November 30, 2016, aiming to increase the geothermal investments of private sector with the funding obtained from the Clean Technology Fund (CTF). The Republic of Turkey Ministry of Treasury and Finance entrusted the execution of the project to the Bank.

The Bank receives support from the RSM consultant, selected through international tender, for the project activities to be completed from the evaluation of the applicant companies to the collection of premiums of the successful companies. Within the scope of the project, the geothermal resource research reports, business plans, drilling and test programs, environmental and social impact assessment reports and management plans of those selected from the applicant companies will be made compatible with the World Bank project standards. The projects whose contracts have been signed will be followed through the reports prepared during the drilling periods, and when the wells are completed, they will be evaluated in accordance with the success criteria. Success premiums will be allocated to successful projects in the last step of the project, and risk sharing fees will be paid for unsuccessful projects.

Seven projects were included in the first round implementation of the project. Contracts were signed with three of these projects, and negotiations for the signing of contracts with four of them have been completed. Preparations for other projects is ongoing.

GEORISK Project

The GEORISK Project aims to share existing insurance systems to cover geothermal risks between countries in order to make good use of geothermal resources effectively in European countries and to develop and implement new risk assessment tools. In line with the target of implementing the risk sharing systems developed in the project outside of European countries, Development and Investment Bank of Turkey was invited to the project from Turkey as it conducts the RSM Project, as well as TÜBİTAK and JESDER. Grant funding is provided to the project within the framework of the HORIZON 2020 program, and six work packages are designed for this project that will last 30 months. The Bank has the responsibility to contribute to all packages. In the fifth work package, the Bank was tasked with sharing risk sharing mechanism experiences in some countries outside of Europe.

Development and Investment Bank of Turkey participated in the web meetings held every month during the project period and attended by the project stakeholders. Within the scope of the project, a consolidated report has been prepared in which the current laws and regulations related to energy/renewable energy/geothermal energy issues of the participating countries are evaluated and the risks that geothermal projects may face are revealed. The Bank has prepared the risk reduction mechanisms capacity determination document to be developed under its own responsibility and shared it with the participant institutions.

Research and Advisory Services

Development and Investment Bank of Turkey considers the sectoral experience it gained in its 46-year adventure, the know-how formed by its expert staff and its international customer network, which offers the opportunity to be a partner in innovative projects, as the building blocks of its intellectual capital. The Bank shares the intellectual capital it owns with its business partners through the consultancy services it carries out, and enriches its intellectual capital with the new relationships it has developed and new experiences it has gained in this process. Within this framework, the Bank provides capital markets advisory, financial consultancy as well as merger and acquisition consultancy services.

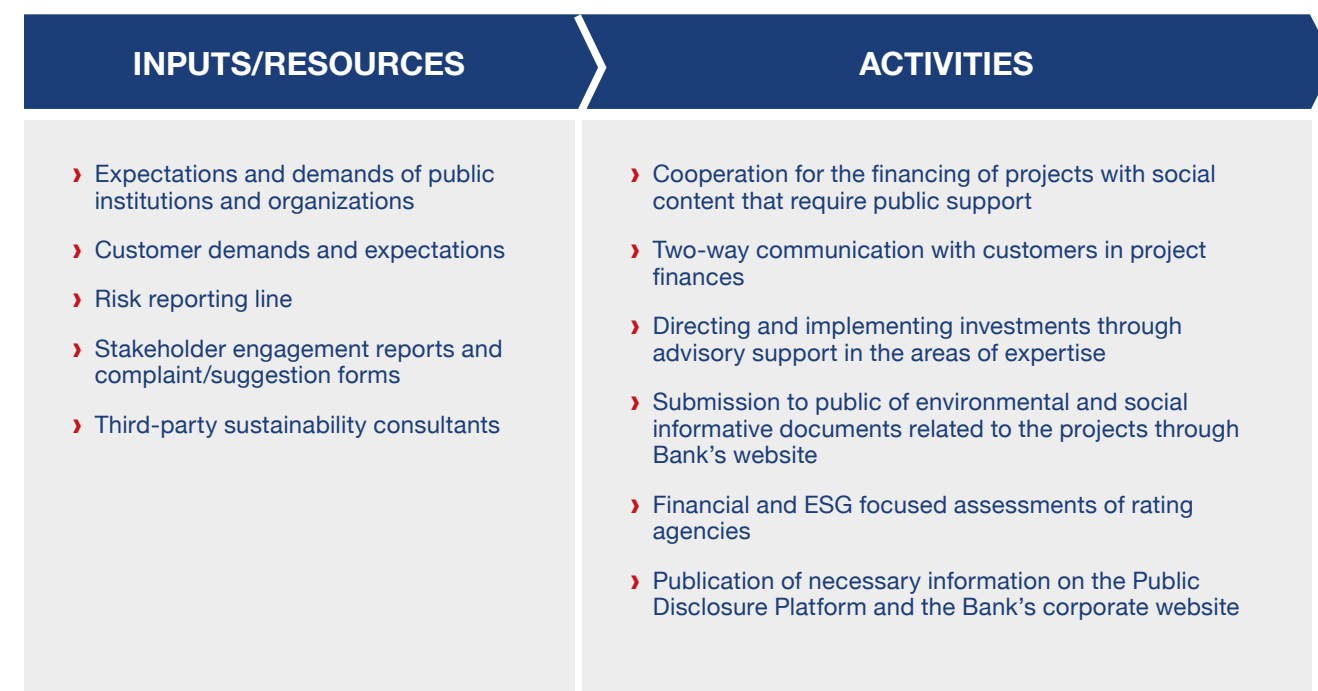
The Bank carries out studies that will both guide its corporate strategy and guide decision makers at the national level with the economic researches it has conducted and reports it has prepared in its fields of expertise. The studies carried out by the Economic Research Department to develop macroeconomics, development economics and sector analyzes are grouped under three main headings:

- › **Macroeconomic Developments:** Following the agenda, informing the relevant units
- › **Thematic-Sectoral Studies:** Following the themes related to development, producing content on topics such as women's employment, energy efficiency, climate finance, sectoral effects of Covid-19, and following sectoral developments. The Women's Employment Report published in January 2020 and the Climate Finance Report published in March 2021 are examples of these studies.
- › **Project Evaluation:** Analyzing the sectors in which the relevant companies are involved in the Bank's credit line and consultancy projects, and making future sales projections of the companies, providing consultancy services in privatization projects and renewable energy businesses of private companies.

The Bank develops its intellectual capital, which it uses to generate strategies and ideas through its research on current development issues.

Social Capital

Development and Investment Bank of Turkey adopts sustainability as its main business model for the “The Bank Committed to Development” approach and qualified development of Turkey, and supports investments that generate environmental and social impact. It provides financing to projects and carries out activities with a positive impact on the country with the aim of creating employment in many fields that have a significant impact on the Turkish economy. It continues its activities with a focus on creating value for all its stakeholders, from its suppliers to its customers and from public institutions to the society.

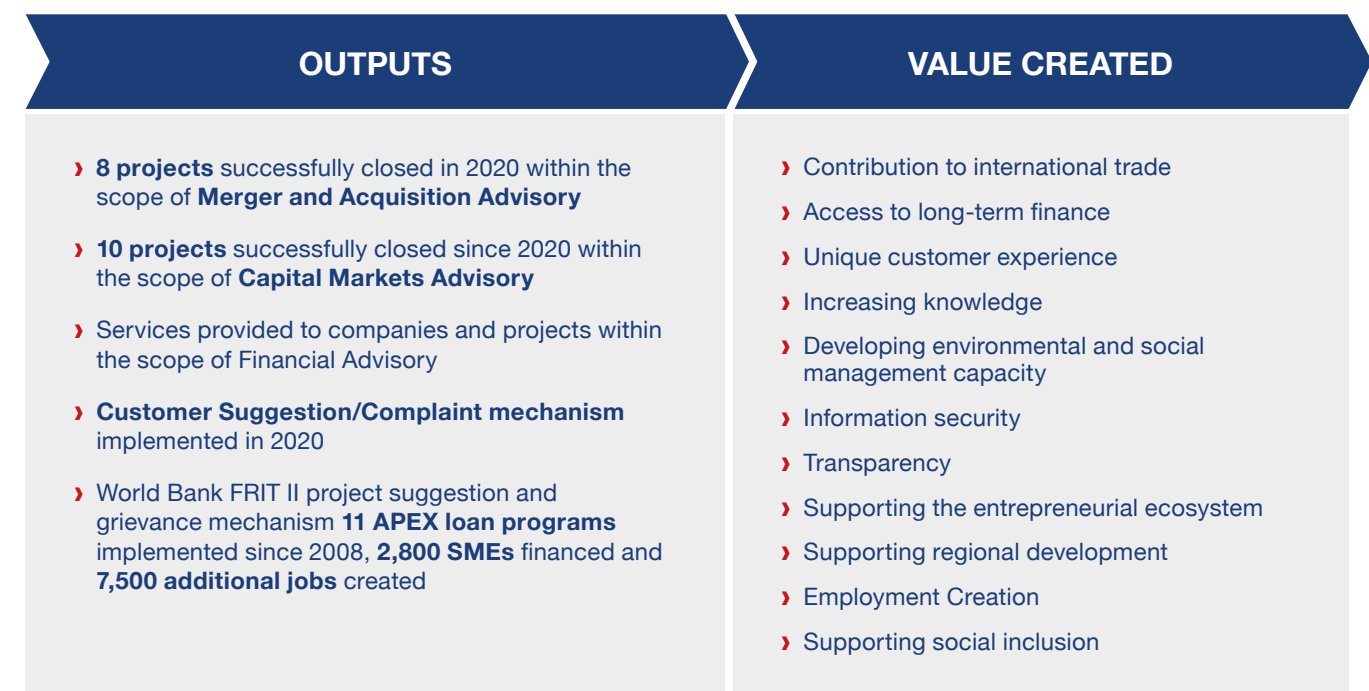


Targets

- › Increasing cooperation and support for SMEs through International Finance Institutions and Turkey Development Fund
- › Increasing employment in many sectors
- › Taking part in the Employment and Social Innovation Program (EaSI) which is one of the prestigious programs of the European Union
- › Increasing customer satisfaction
- › Providing and making available thematic funds in line with the solution of social problems and regional needs
- › Supporting the increase in Turkey's production potential and balancing of the effects of the Covid-19 pandemic on economic activity
- › Carrying out projects that will contribute to the development of the country with the Investment Banking services

Material Issues

- › Employment Creation
- › Supporting Regional Development
- › Financing of SMEs
- › Ethics and Human Rights
- › Unique Customer Experience





Financing of SMEs

Development and Investment Bank of Turkey positions the financing of SMEs, which play an important role in the sense of economic impact and employment creation in the world and especially in developing countries such as Turkey, among its high materiality issues. It works with the aim of facilitating SMEs' access to finance in order to contribute to the development of Turkey, help them grow and increase their impact on inclusive economic growth. Bank's support to SMEs is indirectly provided through wholesale banking (APEX) loans and loan agreements with international institutions on the theme of supporting SMEs, in addition to providing finance directly.

Thanks to the APEX method started to be implemented in 2008, 11 loan programs have been implemented with loan agreements concluded with many international development finance institutions such as the European Investment Bank (EIB), the World Bank, the French Development Agency and the Council of Europe Development Bank, about 1 billion US dollars has been provided to SMEs and 2,800 SMEs were funded through 14 financial institutions and 7,500 additional employments were provided.

In order to meet the financing needs of SMEs, Development and Investment Bank of Turkey continues to support many SME companies with sector-based project financing, as well as the financing mechanisms it creates through APEX channel. In this context, financing was provided to SMEs operating in many different sectors such as manufacturing industry, energy, tourism, construction, education and health. In this direction, bank's portfolio mainly includes sectors that will support the development of the country.



Support for Women's Employment

The Bank also attaches importance to women's employment in its target of creating employment. The Bank argues that sustainable development is only possible with the employment of more women in the workforce, and is mindful of the women-to-men ratio in its employees highlighting the importance of women's employment through its research. Priority will be given to women inclusive SMEs in the Formal Employment Creation Project and Emergency Firm Support Loans from the World Bank.



Development Cooperation Programs with Public Institutions And The World Bank

Within the framework of cooperation on development with public institutions, the Bank takes part in grant programs, including COMCEC and European Union programs, and provides consultancy services to institutions.

COMCEC Project Finance Grant Programs

The Memorandum of Understanding and Protocol on project management service between Development and Investment Bank of Turkey, the Presidency of the Republic of Turkey, Strategy and Budget Presidency, COMCEC, and the General Directorate of International Development Cooperation (COMCEC Coordination Office), regarding the financing and monitoring of the COMCEC Project Funding Grant Programs (<http://www.comcec.org/pcm/>) has been signed and entered into force on 03.05.2020.

It was decided by the COMCEC Coordination Office to support 24 projects to be carried out by 13 Organization of Islamic Cooperation (OIC) Member States and 4 OIC institutions in 2020 (7th Call Period). The officials of Development and Investment Bank of Turkey and the COMCEC Coordination Office together delivered an online training to the relevant persons of the project owner institutions on the implementation of the projects to be supported within the scope of COMCEC Project Funding, on June 24th, 2020 due to the pandemic conditions. The aim of the projects carried out in the fields of agriculture, tourism, financial cooperation, transportation, poverty reduction and trade, which are determined as COMCEC cooperation areas, is to improve the corporate capacities of the public institutions of the project owner member country in the relevant fields.

Due to the ongoing pandemic conditions and the impossibility of realizing the project activities, 22 of the 2020 projects were postponed to 2021 by the Coordination Committee. It was decided to continue 2 projects in the nature of research projects and a payment of USD 80,440 was transferred as of 12.31.2020.

Grant Program Funded by European Union FRIT-II Fund

The Formal Employment Creation Project, carried out with the World Bank, aims to improve the formal employment creation conditions of companies operating in 24 provinces with a high percentage of Syrians under Temporary Protection ("SUTP"), for the benefit of Turkish citizens and refugees. The Grant Program Funded by European Union FRIT-II Fund which is the second component of the project amounts to EUR 75.9 million. The Technical Assistance Component, which is the third component of the project, amounting to EUR 6.6 million aims to increase the impact and success of both the loan and the grant component through training and capacity building activities. Within the scope of technical assistance, services will be procured from part-time individual consultants for training, evaluation and monitoring activities in order to improve the Bank's project implementation capacity. EUR 5.9 million from the grant will be used for technical assistance activities.

The project will be carried out in İstanbul, Gaziantep, Hatay, Şanlıurfa, Adana, Mersin, Bur-

sa, İzmir, Kilis, Konya, Ankara, Kahramanmaraş, Mardin, Kayseri, Kocaeli, Osmaniye, Diyarbakır, Malatya, Adıyaman, Batman, Sakarya, Manisa, Tekirdağ and Denizli provinces.

Within the scope of the Grant Program Funded by European Union FRIT-II Fund, a call will be made for a Sub-grant support program, project applications will be received based on the applicable business and employment plans of the companies, and depending on the condition of creating formal employment for Turkish citizens and refugees, a total of EUR 70 million grant support will be given to small, medium and large-scale eligible beneficiary companies operating in 24 selected provinces, in amounts ranging from EUR 15,000 to EUR 300,000.

Companies will be required to create Turkish and Refugee Employment in half and maintain/hold it for 18 months. Employment data will be verified with SSI data. Companies will be able to benefit from only one of the grants and loans. It is

expected that the employment to be created in the companies that are grant beneficiaries will be 9,000 people and 2,700 of them are women, and the number of companies to benefit from the grant is about 800.

Advisory Services

In addition to its financing services, the Bank provides consultancy services on many social, economic and technical issues related to the public and private sectors. In this way, it plays an important role in the process of putting effective and job-creating creations into practice. Within the scope of these efforts, consultancy services were provided to Tarkim Bitki Koruma Company which is one of the subsidiaries of Agricultural Credit Cooperatives of Turkey, regarding the long-term funding of TRY 42 million. Being expected to play an important role in securitization activities, Birleşik İpotek Finansmanı A.Ş. had been consulted for the establishment of the company and obtaining the operating license.

It developed Support for Investment, Wholesale Banking (APEX) and Grant applications to offer domestic and international funds to the customers of Bank, and continued to offer products and services suitable for customer needs quickly, safely and uninterruptedly through the online channel during the Covid-19 pandemic.

In order to provide value-added services to its users, our Bank evaluates fintech collaborations with open banking channel and maintains its activities to create APIs for open banking services.

The Bank always aims to respond to customer requests directed to it in the fastest and most accurate way. Within this scope, loan requests are quickly evaluated and it is ensured that customers are promptly returned for projects deemed unfavorable. In projects that are considered favorable, the fact that the process pro-

gresses faster than other banks is among the positive comments that are transmitted to the Bank by customers.

In addition, our Bank ensures that it is accessible to its customers through certain communication channels. In this context, the Bank's social media channels are actively used in order to be in closer communication with customers, and the Bank deepens its relations with its customers and its presence in the sector by participating in sectoral conferences and congresses. In order to further facilitate communication with customers, it is aimed to prepare a customer satisfaction survey and to complete the studies in 2021. The Bank ensures that all requests of its stakeholders are communicated with the Suggestion/Complaint Form available on the current website and takes actions regarding these requests.



Emphasis on Customer Experience

Development and Investment Bank of Turkey has always prioritized its customers and their needs since its establishment, and created all its services and activities in line with these needs. In the last 3-year period, when the Bank underwent structural changes, it focused on customer-oriented efforts. In line with these efforts, a Corporate Banking and Project Finance team was established to be the one-to-one and sole point of contact with the customer. The Corporate Banking and Project Finance team deals with customer acquisition, identification of customer needs and customer relationship management. Similarly, Investment Banking and Turkey Development Fund are responsible

for identifying customer needs and managing customer relations in their respective fields. The Bank also develops new products in order to meet the needs of identified customers. Among the products presented to meet the needs of customers are the borrowed account application, where the funds in the account will accrued with interest as well as various leveled treasury products.

The Bank has made significant progress by obtaining an investment banking license. It aims to increase the satisfaction of customers who need investment banking/consultancy in addition to loans, with the investment banking license.



Supplier Selection

With its responsible banking approach, Development and Investment Bank of Turkey attaches importance to the improvement of the environmental and social performances of its suppliers with whom it works and adopts a role to guide them in this regard.

The Bank creates environmental and social impact indirectly due to the activities of its suppliers and shows the necessary sensitivity in the selection of its suppliers in line with the continuity of the supply chain. The Bank, which carries out its procurement procedures in accordance with the "Procurement and Tender Regulation", prefers domestic suppliers when it is possible

to obtain the relevant product and/or service from the domestic market. 99% of the Bank's suppliers in 2020 consist of domestic suppliers and 97% of Bank expenditures are made from domestic suppliers.

In order to improve the environmental and social performance of the services provided by the suppliers, the Bank has published the "Supplier Code of Conduct", which includes conditions such as occupational health and safety, environment, employee rights, as of 07.29.2020. The Supplier Code of Conduct was included in the procurement processes of all new and renewed contracts.

Annexes

134

Performance Indicators

140

Reporting Guidelines

142

Memberships and
Supported Initiatives

144

Independent Assurance
Report

148

UNGC Progress Report

150

GRI Content Index

164

UNEP-FI Responsible Banking Principle Reporting Index

Performance Indicators

Environmental Performance Indicators

Energy Consumption	2017	2018	2019	2020
Natural Gas (m³ or kWh)	183,169.59	148,456.42	133,927.81	87,282.94
Natural Gas (GJ)	7,056.88	5,732.05	4,626.01	3,014.85
Electricity (kWh)	1,210,709.60	1,093,266.29	1,135,411.87	948,765.68
Electricity (GJ)	4,359.34	3,936.47	4,088.22	3,415.56
Headquarters vehicle fuel consumption - gasoline (L)	10,091.21	10,744.76	0.00	0.00
Headquarters vehicle fuel consumption - gasoline (GJ)	357.69	380.85	0.00	0.00
Bank-owned vehicle fuel consumption - diesel fuel (L)	178.66	1,268.86	24,193.44	31,376.60
Bank-owned vehicle fuel consumption - diesel fuel (GJ)	6.33	44.98	857.55	1,112.16
Bank-owned vehicle fuel consumption - gasoline (L)	-	-	-	886.11
Bank-owned vehicle fuel consumption - gasoline (GJ)	-	-	-	28.36
Employee service vehicle consumption - diesel fuel (L)	0.00	0.00	77,600.28	124,123.44
Employee service vehicle consumption - diesel fuel (GJ)	0.00	0.00	2,750.58	4,399.61
Total Energy Consumption	11,780.24	10,094.35	12,322.35	11,971.15

Emissions (tones CO ₂ e)	2017	2018	2019	2020
Scope 1	600.24	557.90	511.90	336.90
Scope 2	622.19	546.02	574.89	469.47
Scope 1 + 2	1,222.43	1,103.92	1,086.79	806.37
Emission Intensity (Scope 1+2)/Number of Employees	2.12	2.03	2.68	2.75
Scope 3	1,934.91	2,015.89	1,132.49	472.34

Water Consumption (m³)	2017	2018	2019	2020
City Water	10,633.00	9,689.00	6,120.55	3,146.73
Waste Water	9,257.54	8,435.65	5,136.89	2,641.00

Non-Hazardous Waste (kg)	2017	2018	2019	2020
Recycled	4,428.00	5,791.85	5,323.85	4,088.00
Paper Consumption	4,572.96	2,219.13	3,113.51	2,518.83

Hazardous Waste (kg)	2017	2018	2019	2020
Recycled	160.00	117.24	0.00	146.00

Social Performance Indicators

Bank Employees	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of Full Time Employees	204	349	197	331	106	185	111	168
Number of Part-Time Employees	0	0	0	0	0	0	0	0
Total Number of Employees	204	349	197	331	106	185	111	168
Number of Subcontractor Employees	108		108		7	7	6	5
Number of Employees with Disabilities	1	10	1	10	0	3	1	2

Employees by Age and Gender	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of Employees 50 and over 50 years old	105	204	106	195	17	44	10	17
Number of Employees 30-50 years old	77	122	73	120	61	111	73	97
Number of Employees Under 30 years old	21	29	18	22	28	30	28	48

Senior and Middle Management	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Board of Directors	0	5	0	6	0	6	0	6
Executive Vice Presidents	1	3	1	3	4	2	4	2
Director	0	11	0	13	5	13	5	9
Manager	10	28	14	29	8	16	8	11

Employee Turnover	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Rate of Employee Turnover (%)	9.80	11.36	7.57	5.93	92.2	97.34	6.73	16.50

Average Tenure of Employees	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of Employees for 0-5 years	24	41	19	41	76	108	94	126
Number of Employees for 5-10 years	23	30	23	24	4	14	3	7
Number of Employees 10 years and above	157	283	155	272	26	63	14	29

Newly-Recruited	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of Employees 50 years and older	0	1	0	3	2	1	0	4
Number of Employees 30-50 years old	0	2	0	3	45	62	16	27
Number of Employees Under 30 years old	0	2	1	1	25	20	8	18

Parental Leave	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number Of Employees Benefiting from Maternity Leave during the Year	0	0	0	0	0	0	0	0
Number of Employees Returning from Maternity Leave during the Year	0	0	2	0	0	0	0	0
Number of employees whose maternity leave expired in the previous year but whose right to work still continues during the year	0	0	0	0	0	0	0	0

Unionization	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number Of Unionized Employees	21	44	14	54	0	3	0	1
Number of Employees Covered by Collective Bargaining Agreement	0	0	0	0	0	0	0	0

Employee Trainings	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Total Training Hours	8,470	8,323	4,249	5,138	2,630	4,223	3,977	5,301
Average Training Hours per Employee	41.52	23.85	21.57	15.52	18.29	29.36	13.57	18.09
Anti-Corruption and Bribery Trainings								
Total Training Hours	1,120	1,498	882	1,225	96	125	122	169
Average Training Hours per Employee	5.49	4.29	4.47	3.70	0.90	0.69	1.17	1.16
Ethics Trainings								
Total Training Hours	-	-	-	-	94	126	119	168
Average Training Hours per Employee	-	-	-	-	0.88	0.70	1.14	1.15
Sustainability Trainings								
Total Training Hours	-	-	-	7	296.25	423.5	211	188
Average Training Hours per Employee	-	-	-	-	2.79	2.36	2.02	1.28
Occupational Health and Safety Training								
Total Training Hours	-	-	-	-	219	294	340	447
Average Training Hours per Employee	-	-	-	-	2.06	1.64	3.26	3.06

OHS- Bank Employees	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of Incidents	0	0	0	0	0	0	0	0
Number of Work-Related Deaths	0	0	0	0	0	0	0	0
Number of Occupational Diseases	0	0	0	0	0	0	0	0
Number of Absenteeism due to Incidents	0	0	0	0	0	0	0	0
Incident Rate (IR)	0	0	0	0	0	0	0	0
Occupational Disease Rate (ODR)	0	0	0	0	0	0	0	0
Lost Day Rate (LDR)	0	0	0	0	0	0	0	0
Absenteeism Rate (AR)	0	0	0	0	0	0	0	0

OHS- Subcontractors	2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of Incident	0	0	0	0	0	0	0	0
Number of Work-Related Deaths	0	0	0	0	0	0	0	0
Number of Occupational Diseases	0	0	0	0	0	0	0	0
Number of Absenteeism due to Incidents	0	0	0	0	0	0	0	0
Incident Rate (IR)	0	0	0	0	0	0	0	0
Occupational Disease Rate (ODR)	0	0	0	0	0	0	0	0
Lost Day Rate (LDR)	0	0	0	0	0	0	0	0
Absenteeism Rate (AR)	0	0	0	0	0	0	0	0

Reporting Guidelines

Indicator	Indicator Description
Greenhouse Gas Emission Intensity in the Reporting Period › Emissions by number of employees (tCO ₂ e/average number of employees)	Greenhouse gas emissions of Development and Investment Bank of Turkey include the greenhouse gas emission intensity values calculated by dividing Scope 1 (Direct Greenhouse Gas Emissions) and Scope 2 (Indirect Greenhouse Gas Emissions) by the average number of employees. Scope 1 and Scope 2 greenhouse gas emissions due to Bank’s activities have been calculated and verified by the Turkish Standards Institute and in accordance with TS EN ISO 14064 Greenhouse Gas Calculation 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)	It indicates the total amount of electrical energy consumed in the Headquarters Building where Development and Investment Bank of Turkey operates. İstanbul Headquarters Building has been included in the total annual electricity consumption calculations during the reporting period. Electricity consumption was calculated in kWh units by the electricity supplier that operates under free market conditions and then converted to GJ. In this conversion, a conversion factor of 1 kWh=0.0036 GJ was used.
Total Annual Paper Consumption (kg)	It indicates the total amount of paper consumed in the operations of Development and Investment Bank of Turkey. (Headquarters). The reporting limits include consumables (A4 paper, other papers, printing works), and the data obtained from the printers were converted to “kg” using the paper usage data, the conversion value of “80 gr/m²”.
Total Amount of Waste Sent for Recycling (kg)	It indicates the total amount of recyclable wastes such as paper, cardboard, glass, metal and plastic, which are generated due to operations of Development and Investment Bank of Turkey. The total amount of waste sent for recycling is calculated in kg based on the amount of waste delivered to licensed recycling companies for recycling.

Installed capacity size (MW) of renewable energy projects financed in the reporting period and the amount of loans provided to these projects (TL)	<p>The scope of renewable energy projects financed during the reporting period is as follows:</p> <ul style="list-style-type: none">· Hydroelectric Power Plant (HPP)· Wind Power Plant (WPP)· Biomass Power Plant (BPP)· Solar Power Plant (SPP)· Geothermal Power Plant (GPP) <p>The amount of financing provided to renewable energy projects has been determined by taking the sum of the cash loans disbursed by the Bank. Bank shares are not taken into consideration when calculating the installed power in consortium structures, and the total installed capacity information of the power plant/plants is reported.</p>
Total Annual Emissions Blocked by Funded Renewable Energy Projects (tCO₂e)	It indicates the emissions prevented as a result of the electricity production realized in line with the operating capacity of the renewable power plants. Projects that were in operation during the reporting period and the financing in which the Bank took part were taken into account in the calculations. The data in Turkey National Electricity Grid Emission Factor Information Form published by the Ministry of Energy and Natural Resources in 2020 were taken into consideration as the Emission Factor.
Total Number of Employees	The total number of employees includes all employees of the Bank as of December 31st, 2020. Interns and subcontractors’ employees are not included within the scope of reporting. Those who returned to the Bank as of December 31st, 2020 among the employees assigned to Bank’s subsidiaries, were included in the total number of employees.
Women Employee Rates › Senior and mid-level manager (%) › Total Women employees (%)	It indicates the ratio of Women employees holding the titles of senior and middle managers (Board of Directors, General Manager, Deputy General Manager, Director and Manager) and the total rate of Women employees as of December 31st, 2020.

Memberships and Supported Initiatives



United Nations Global Compact

Development and Investment Bank of Turkey is a signatory to the UN Global Compact. In 2020, it became a signatory to the Global Compact Turkey Declaration on Sustainable Finance and signed the renewed Statement from Business Leaders for Renewed Global Cooperation.



United Nations Environment Programme Finance Initiative Principles of Responsible Banking (UNEP FI PRB)

Development and Investment Bank of Turkey became the founding signatory of the “Responsible Banking Principles” formed by the United Nations Environment Programme-Finance Initiative (UNEP FI) in 2019. In 2021, it continues its studies on sustainability with national and international collaborations to fulfill the requirements of the principles at national and global level. The Bank is also included in UNEP FI Working Groups.



Global Impact Investing Network (GIIN)

Development and Investment Bank of Turkey is a member of the Global Impact Investing Network (GIIN), which is a leader in its field and works to promote impact investing. As a member of GIIN, the Bank aims to provide financial, social and environmental gains to companies, organizations and funds along with impact investments.



Business Council for Sustainable Development (BCSD Turkey)

Development and Investment Bank of Turkey is a member of the Business Council for Sustainable Development (BCSD Turkey), which is the regional network and business partner of the World Business Council for Sustainable Development (WBCSD) in Turkey.



CDP Climate Change Program

Development and Investment Bank of Turkey has been reporting to the Climate Change Program of CDP, which is the world's largest environmental reporting platform since 2016. The Bank achieved an “A- score” in 2020 and became one of the institutions which received the highest score in the finance sector.



Institute of International Finance (IIF)

Development and Investment Bank of Turkey is a member of IIF.



Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Development and Investment Bank of Turkey is a member of ADFIAP.



European Investment Fund (EIF)

Development and Investment Bank of Turkey is the first and only Turkish bank that is an affiliate member of EIF-NPI (European Investment Fund-National Promotional Institutions).



Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI)

Development and Investment Bank of Turkey is a member of ADFIMI.



Integrated Reporting Turkey Network (ERTA)

Development and Investment Bank of Turkey became a member of ERTA in 2021 with its transition to integrated reporting.

Independent Assurance Report



KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Independent Limited Assurance Report

To the Board of Directors of Development and Investment Bank of Turkey

We were engaged by Development and Investment Bank of Turkey (hereinafter “Company” or “TKYB”) to provide limited assurance on the “Selected Information” contained as defined in the Reporting Guidance of the Integrated Report (hereinafter “the Report”) for the year ended 31 December 2020.

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/TL)
- Electricity consumption (GJ)
- Paper consumption (kg)
- Waste generated (recycled, kg)
- Installed capacity of renewable energy projects financed in the reporting period in 2020 (MW)
- The amount of loans disbursed to the renewable energy projects in the reporting period in 2020 (TL)
- Total annual emissions (tCO2e) avoided through financed renewable energy projects in 2020
- Total number of employees
- Women employee ratio (total, senior and middle management level)
- Average training hours per employee (total training hours per employee/ average number of employees)

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a Turkish corporation and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.



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.

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 2020 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

Şirin Soysal,
Partner
İstanbul, 30 July 2021

UNGC Progress Report

TOPIC	PRINCIPLES	RELATED SECTION OF THE REPORT	PAGE NUMBER
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Human capital	96-105
	Principle 2: Make sure that they are not complicit in human rights abuses.	Human capital	96-105
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Human capital Social Performance Indicators	96-105 136-139
	Principle 4: The elimination of all forms of forced and compulsory labour;	Human capital GRI Content Index	96-105 150-163
	Principle 5: The effective abolition of child labour; and	GRI Content Index	150-163
	Principle 6: The elimination of discrimination in respect of employment and occupation	Human capital	96-105
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Natural Capital	106-115
	Principle 8: Undertake initiatives to promote greater environmental responsibility; and	Natural Capital	106-115
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Natural Capital Technology and Innovation Funds	106-115 123
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Ethics Management Human Resources Approach and Equal Opportunity	46-47 98-101

GRI Content Index



**MATERIALITY
DISCLOSURES SERVICE**

2021

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 STANDARDS	INDICATORS	SECTION	PAGE
GRI 100: Basic Principles			
GRI 101: Basic Principles 2016		Does not include indicator.	
	Corporate Profile		
GRI 102: General Indicators 2016	102-1	About the Report	8-9
	102-2	Activities of Development and Investment Bank	24-31
	102-3	About the Report	8-9
	102-4	About the Report	8-9
	102-5	About Development and Investment Bank of Turkey	8
	102-6	Activities of Development and Investment Bank of Turkey Strategy of Development and Investment Bank of Turkey	24-31 74-75
	102-7	Activities of Development and Investment Bank of Turkey Social Performance Indicators	24-31 136-139
	102-8	Activities of Development and Investment Bank of Turkey Human capital Social Performance Indicators	24-31 96-105 136-139
	102-9	Bank's Internal Environmental Impact	112-115
	102-10	During the reporting period, there was no significant change in the organizational structure of the Bank or its suppliers.	-
	102-11	Sustainability Management Risk Management	38-41 42-45
	102-12	Sustainability Management Materiality Analysis and Stakeholder Engagement Memberships and Supported Initiatives	38-41 82-85 142-143
	102-13	Sustainability Management Memberships and Supported Initiatives	38-41 142-143

	Strategy		
GRI 102: General Indicators 2016	102-14	Chairman's Message General Manager's Message	10-11 12-15
	102-15	Strategy of Development and Investment Bank of Turkey Strategic Sustainability Approach	74-75 76-77
	Ethics and Integrity		
	102-16	Strategy of Development and Investment Bank of Turkey Human capital	74-75 96-105
	102-17	Ethics Management Human Resources Approach and Equal Opportunity	46-47 98-101
	Governance		
	102-18	Management Approach Board of Directors Senior Management	36-37 48-51 52-55
	102-19	Chairman's Message General Manager's Message Sustainability Management	10-11 12-15 38-41
	102-20	Chairman's Message General Manager's Message Sustainability Management	10-11 12-15 38-41
	102-21	Materiality Analysis and Stakeholder Engagement	82-85
	102-22	Board of Directors Senior Management	48-51 52-55
	102-23	Board of Directors	48-51
	102-24	Board of Directors	48-51
	102-25	Conflict of Interest Policy – (https://kalkinma.com.tr/bizi-taniyin/kurumsal-yonetim/kurum-politikalari) Annual Report 2020	1-12 AR(62-63)
	102-26	Strategy of Development and Investment Bank of Turkey	74-75
	102-27	Board of Directors	48-51
	102-28	Annual Report 2020 - Corporate Governance Principles Compliance Report	AR(95-96)
	102-29	Sustainability Management Risk Management	38-41 42-45
	102-30	Risk Management	42-45
	102-31	Management Approach Sustainability Management	36-37 38-41

GRI 102: General Indicators 2016	102-32	Chairman's Message Sustainability Management	10-11 38-41
	102-33	Annual Report 2020 - Corporate Governance Principles Compliance Report	AR(95-96)
	102-34	Annual Report 2020 - Summary Board Report	AR(97)
	102-35	Salary Policy - https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies	1-4
	102-36	Salary Policy - https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies	1-4
	102-37	Salary Policy - https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies Human Resources Approach and Equal Opportunity	1-4 98-101
	102-38	Salary Policy - https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies	1-4
	102-39	Salary Policy - https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies	1-4
	Stakeholder Engagement		
	102-40	Materiality Analysis and Stakeholder Engagement	82-85
	102-41	Social Performance Indicators	136-139
	102-42	Materiality Analysis and Stakeholder Engagement	82-85
	102-43	Materiality Analysis and Stakeholder Engagement	82-85
	102-44	Materiality Analysis and Stakeholder Engagement	82-85
	Reporting Practice		
	102-45	About the Report	8-9
	102-46	About the Report	8-9
	102-47	Materiality Analysis and Stakeholder Engagement	82-85
	102-48	No reorganizations were made during the reporting period.	-
	102-49	No changes have been made regarding the report boundaries or material issues related to the previous reporting period because it is the first integrated report of the Bank.	-
	102-50	About the Report	8-9
	102-51	The Bank does not have an integrated report for previous periods, because this is its first integrated report.	-
	102-52	The Bank aims to publish an integrated report every year.	-
	102-53	About the Report	8-9

GRI 102: General Indicators 2016	102-54	About the Report	8-9
	102-55	GRI Content Index	150-163
	102-56	Independent Assurance Report	144-147
GRI 200: Economic Standard Series 2016			
		Economic Performance	
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 201: Economic Performance 2016	201-1	Financial Performance of the Development an Investment Bank	90
	201-2	Integration of Environmental, Social and Governance Criteria into Banking Operations Climate Change Role of Development and Investment Bank of Turkey in Transition to Low Carbon Economy	44-45 66-67 108-111
	201-3	Human Resources Approach and Equal Opportunity Annual Report 2020 - Explanations on obligations related to employee rights	98-101 AR(292)
	201-4	2020 Annual Report - Explanations on government grants	AR(295)
		Market Presence	
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 202: Market Presence 2016	202-1	Human Resources Approach and Equal Opportunity Annual Report 2020 - Information on Human Resources Policy	98-101 AR(84-85)
	202-2	All of the Bank's Board of Directors and Senior Management are citizens of the Republic of Turkey. Board of Directors Senior Management Annual Report 2020 - Board of Directors	- 48-51 52-55 AR(26-27)

Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approac	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 203: Indirect Economic Impacts 2016	203-1	Access to Finance compatible with Turkey’s Development Priorities	91-95
	203-2	Value Creation Model	77-81
		Materiality Analysis and Stakeholder Engagement Access to Finance compatible with Turkey’s Development Priorities	82-85 91-95
Procurement Practices			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 204: Procurement Practices 2016	204-1	Bank’s Internal Environmental Impact Supplier Selection	112-115 131
Anti-Corruption			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 205: Anti- Corruption 2016	205-1	Ethics Management Human Resources Approach and Equal Opportunity	46-47 98-101
	205-2	Human Resources Approach and Equal Opportunity	98-101
	205-3	There were no corruption cases detected during the reporting period	-

Anti-Competitive Behavior			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 206: Anti- Competitive Behavior 2016	206-1	There were no filed lawsuits regarding anti-competitive behavior, trust or monopoly activities during the reporting period.	-
Tax			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 207: Tax 2019	207-1	Not Available	-
	207-2	Annual Report 2020 - Explanations on taxation	AR(292-294)
	207-3	Annual Report 2020 - Explanations on taxation	AR(292-294)
	207-4	Not Available	-
GRI 300: Environmental Standard Series 2016			
Materials			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85

GRI 301: Materials 2016	301-1	Since our products and services are not consumed for production or packaging purposes due to our banking activities, no reporting has been made within the scope of this indicator.	-
	301-2	Since our products and services are not consumed for production or packaging purposes due to our banking activities, no reporting has been made within the scope of this indicator.	-
	301-3	Since our products and services are not consumed for production or packaging purposes due to our banking activities, no reporting has been made within the scope of this indicator.	-
Energy			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 302: Energy 2016	302-1	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	302-2	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	302-3	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	302-4	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	302-5	Role of Development and Investment Bank of Turkey in Transition to Low Carbon Economy	108-111
Water and Waste Water			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85

GRI 303: Water and Waste Water 2016	303-1	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	303-2	There is no water source affected by our water consumption as required by our banking activities.	-
	303-3	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	303-4	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	303-5	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
Biodiversity			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 304: Biodiversity 2016	304-1	Since we do not have a significant and direct impact on biodiversity as required by our banking activities, no reporting has been made within the scope of this indicator.	-
	304-2	Since we do not have a significant and direct impact on biodiversity as required by our banking activities, no reporting has been made within the scope of this indicator.	-
	304-3	Since we do not have a significant and direct impact on biodiversity as required by our banking activities, no reporting has been made within the scope of this indicator.	-
	304-4	Since we do not have a significant and direct impact on biodiversity as required by our banking activities, no reporting has been made within the scope of this indicator.	-
Emissions			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85

GRI 305: Emissions 2016	305-1	Bank's Internal Environmental Impact Environmental Performance Indicator	112-115 134-135
	305-2	Bank's Internal Environmental Impact Environmental Performance Indicator	112-115 134-135
	305-3	Bank's Internal Environmental Impact Environmental Performance Indicator	112-115 134-135
	305-4	Bank's Internal Environmental Impact Environmental Performance Indicator	112-115 134-135
	305-5	Bank's Internal Environmental Impact Environmental Performance Indicator	112-115 134-135
	305-6	Since we do not cause the direct release of substances that damage the ozone layer as required by our banking activities, no reporting has been made within this scope.	-
	305-7	Since we do not cause direct emissions of NOx, SOx and other emission-producing substances as required by our banking activities, no reporting has been made within this scope.	-
Waste			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 306: Waste 2020	306-1	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	306-2	Since we do not produce a significant amount of waste as required by our banking activities, no reports have been made regarding the impact associated with our waste.	-
	306-3	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	306-4	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
	306-5	Bank's Internal Environmental Impact Environmental Performance Indicators	112-115 134-135
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 307: Environmental Compliance 2016	307-1	Bank's Internal Environmental Impact The Bank did not receive any environmental penalties during the reporting period.	112-115

Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management Strategic Sustainability Approach	38-41 76-77
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 308: Supplier Environmental Assessment 2016	308-1	Supplier Selection	131
	308-2	Supplier Selection	131
GRI 400: Social Standard Series 2016			
Employment			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-2	Human capital	96-105
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
GRI 401: Employment 2016	401-1	Social Performance Indicators	136-139
	401-2	Human Resources Approach and Equal Opportunity Being at Development and Investment Bank of Turkey - https://kalkinma.com.tr/bizimle-calisin/turkiye-kalkinma-ve-yatirim-bankasinda-kariyer/kybli-olmak	98-101
	401-3	Social Performance Indicators	136-139
Labor/Management Relations			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-2	Human Resources Approach and Equal Opportunity	98-101
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
GRI 402: Labor/Management Relations 2016	402-1	The Bank complies with legal regulations within the minimum notification period regarding operational changes.	-
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	82-85 102-103
	103-2	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	82-85 102-103
	103-3	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	82-85 102-103

GRI 403: Occupation- al Health and Safety 2018	403-1	Safe and Healthy Work Environment	102-103
	403-2	Social Performance Indicators	136-139
	403-3	Safe and Healthy Work Environment	102-103
	403-4	Safe and Healthy Work Environment	102-103
	403-5	Human capital Safe and Healthy Work Environment	96-105 102-103
	403-6	Safe and Healthy Work Environment	102-103
	403-7	Safe and Healthy Work Environment	102-103
	403-8	Safe and Healthy Work Environment	102-103
	403-9	Social Performance Indicators	136-139
	403-10	There is no employee diagnosed with an occupational disease due to the activities of the Bank in 2020.	-
Training and Education			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Contribution Offered for the Development of Employees	82-85 104-105
	103-2	Materiality Analysis and Stakeholder Engagement Contribution Offered for the Development of Employees	82-85 104-105
	103-3	Materiality Analysis and Stakeholder Engagement Contribution Offered for the Development of Employees	82-85 104-105
GRI 404: Training and Education 2016	404-1	Human capital Social Performance Indicators	96-105 136-139
	404-2	Contribution Offered for the Development of Employees	104-105
	404-3	Human Resources Approach and Equal Opportunity	98-101
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-2	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
GRI 405: Diversity and Opportunity 2016	405-1	Human Resources Approach and Equal Opportunity	98-101
	405-2	There is no gender-based wage discrimination among bank employees.	-

Non-discrimination			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-2	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
GRI 406: Non-discrimi- nation 2016	406-1	No discrimination cases were encountered within the Bank during the reporting period.	-
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-2	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Social Performance Indicators	136-139
Child Labor			
GRI 103: Management Approach 2016	103-1	Human Resources Approach and Equal Opportunity	98-101
	103-2	Human Resources Approach and Equal Opportunity	98-101
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
GRI 408: Child Labor 2016	408-1	The Bank does not employ child workers and does not have an operation that carries this risk. The Bank expects its suppliers to act within this scope and to comply with laws and regulations.	-
Forced and Compulsory Labor			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-2	Human Resources Approach and Equal Opportunity	98-101
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101

GRI 409: Forced and Compulsory Labor 2016	409-1	The Bank does not have any operation that carries the risk of forced or compulsory labor. The Bank expects its suppliers to act within this scope and to comply with laws and regulations.	-
Security Practices			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	82-85 102-103
	103-2	Safe and Healthy Work Environment	102-103
	103-3	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	82-85 102-103
GRI 410: Security Practices 2016	410-1	The Bank receives security services from a company other than itself and provides training to its employees within the scope of Occupational Health and Safety.	-
Rights of Indigenous People			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Importance Attached to Customer Experience	82-85 130-131
	103-2	Sustainability Management	38-41
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 411: Rights of Indigenous People 2016	411-1	There has been no case of violation of the rights of indigenous people within the scope of the Bank's activities.	-
Human Rights Assessments			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-2	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	82-85 98-101
GRI 412: Human Rights As- sessments 2016	412-1	The Bank has no operations that are subject to human rights reviews or impact assessments within the scope of its activities.	-
	412-2	Human Resources Approach and Equal Opportunity	98-101
	412-3	The Bank does not have any investment agreements or contracts that pose a risk to human rights as required by its banking activities.	-

Local Communities			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Inclusive and Strategic Financing	82-85 90
	103-2	Sustainability Management	38-41
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 413: Yerel Topluluklar 2016	413-1	Inclusive and Strategic Financing	90
	413-2	Inclusive and Strategic Financing	90
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Bank's Internal Environmental Impact	82-85 112-115
	103-2	Sustainability Management	38-41
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 414: Supplier So- cial Assess- ment2016	414-1	Supplier Selection	131
	414-2	Supplier Selection	131
Public Policy			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Turkey Materiality Analysis and Stakeholder Engagement	24-31 82-85
	103-2	Sustainability Management	38-41
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 415: Public Policies 2016	415-1	The Bank does not have any direct or indirect financial or political support.	-
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Importance Attached to Customer Experience	82-85 130-131
	103-2	Sustainability Management	38-41
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	38-41 82-85
GRI 418: Customer Privacy 2016	418-1	Digitalization and Innovation Importance Attached to Customer Experience	68-69 130-131

UNEP-FI Responsible Banking Principles Reporting Index

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	Comprehensive Summary of Bank’s Response	References/ Bank’s Full Response or Links to Related 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>Focusing on financing sustainable development in line with the United Nations Sustainable Development Goals and 2023 targets, the Bank supports investors with its strong resource structure, competent human resources and innovative products and services. The main objective of Development and Investment Bank of Turkey is to strengthen the sectors that will contribute to the development of the country, decrease the imports and increase the exports of the country, within the framework of 11th Development Plan of Turkey. The Bank works to contribute to Turkey’s structural transformation and to the expansion of capital through loans, capital support, partnerships and advisory services it offers to companies that will add value to the country’s economy.</p> <p>On the other hand, the main function of the Bank, which has an important place in the business world and banking sector with its national and international reputation and the opportunities it offers, is the financing of sustainable development. The Bank plays a leading role in the access of companies to domestic and international funding sources through company mergers and acquisitions, capital market products and financial advisory services.</p> <p>Through its technical advisory services, which is its another well-established area of expertise, Development and Investment Bank of Turkey goes beyond being a traditional lender and shares its technical knowledge and experience with its business partners during the investment period.</p> <p>In addition, it maintains its efforts to align banking operations with the sustainability by using investment banking products and capital market instruments in the service of sustainable development.</p> <p>The activities carried out and the services provided by Development and Investment Bank of Turkey are grouped under three main headings including Project Finance and Corporate Loans, Investment Banking and Turkey Development Fund.</p> <p>Development and Investment Bank of Turkey contributes to economic development with its support to industry and tourism investments and SMEs through wholesale banking (APEX), social development with its support to education and health investments, and environmentally friendly development with its support to renewable energy investments and projects that increase energy/resource efficiency.</p>	2020 Integrated Report: Corporate Profile 46 Years of Experience and Contribution to the Sustainable Development Activities of Development and Investment Bank of Turkey

	<p>With the approach of “The Bank Committed to Development”, Development and Investment Bank of Turkey supports Turkey’s development with Sustainable Development Goals (SDGs), the Paris Climate Agreement, Turkey’s development plans (11th Development Plan), economic programs and development moves.</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>In order to realize the Sustainable Development Goals, with the Bank’s renewed strategies and specific strategic goals for development banking, the Bank supports projects for purposes such as transition to a low carbon economy, combating climate change and its effects, resource efficiency, smart and sustainable cities, gender equality and contribution to employment. In this context, the Bank aimed both supporting sustainable development and maintaining its responsible banking approach within the scope of sustainability roles it has determined.</p> <p>The Bank is a member of various international organizations and networks within the scope of protecting the environment and combating climate change and its effects, which are indispensable elements of sustainable development.</p> <p>In addition to all these, the Bank supports SMEs with APEX banking as an inclusive and strategic finance provider, and provides financing to projects related to regional development, technological developments, and combating climate change and its effects by providing financing in line with Turkey’s development priorities. Thus, it contributes to SDG 7, SDG 8 and SDG 17 in the main focus, SDG 9 and SDG 13 directly, and SDG 1, SDG 2, SDG 4, SDG 5, SDG 10, SDG 12, SDG 14 and SDG 15 indirectly.</p>	Corporate Profile Materiality Analysis and Stakeholder Engagement Strategic Sustainability Approach

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	Comprehensive Summary of Bank’s Response	References/ Bank’s Full Response or Links to Related 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> <p>a) Scope: The bank’s core business areas, products/ services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies</p> <p>c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates</p> <p>d) Scale and intensity/ salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <ul style="list-style-type: none">• Show that building on this analysis, the bank has• 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>Development and Investment Bank of Turkey regularly contacts all stakeholder groups through various channels and creates value by taking into consideration the priorities, needs and expectations of different stakeholder groups.</p> <p>Being aware of the importance of measuring the impact of the loans disbursed in addition to the impacts arising from its own operations, the Bank has carried out a materiality analysis. Material issues such as the bank’s strategy, internal stakeholders’ views, material external stakeholders’ views, and external environmental analysis provide input to the materiality analysis. The materiality matrix included within the scope of integrated report has been revised and updated based on the current national and international developments, current publications, global trends, risks and opportunities.</p> <p>As a result of the studies carried out, Bank’s activities, performance and targets are evaluated within the scope of 6 very high priority, 5 high materiality and 6 materiality issues under two main Strategic Focus Areas (Role Supporting Sustainable Development and Responsible Banking Approach) determined on behalf of the Bank, and the analysis of the impact created is aimed in this context.</p> <p>Thanks to the APEX method started to be implemented in 2008, 11 loan programs have been implemented with loan agreements concluded with many international development finance institutions such as the European Investment Bank (EIB), the World Bank, the French Development Agency and the Council of Europe Development Bank, about USD 1 billion has been provided to SMEs and 2,800 SMEs were financed through 14 financial institutions and 7,500 additional jobs were provided.</p> <p>The Bank deems very significant the value and impacts it has created within the scope of renewable energy financing and energy efficiency financing projects, which are among the very high materiality issues according to the studies carried out in the materiality matrix. The Bank supported the implementation of 2.870 MW of installed power by financing 287 renewable energy and 21 energy efficiency projects in total.</p> <p>In 2020, a total loan of USD 426.7 million was disbursed within the scope of renewable energy, energy efficiency, clean energy and energy infrastructure.</p> <p>It prevented the emission of approximately 2.87 million tons of carbon emissions and prevented 5.7 TWh-year energy imports thanks to these projects.</p> <p>Development and Investment Bank of Turkey is working on the “Management of the Banking Industry’s Internal Effects” determined in Principle 2 of the “Sustainability Guidelines for the Banking Sector” prepared by the Banks Association of Turkey. In line with the requirements set forth in the guidelines, the Bank makes measurements and regularly reports on the components with an ecological footprint, particularly the energy consumption, carbon emission and water consumption resulting from operations.</p> <p>The Bank monitors legal obligations within the scope of Occupational Health and Safety regulations, organizes trainings for employees, and audits all processes such as corrective and preventive actions and checks their compliance.</p> <p>In addition to routine OHS measures and activities, it also takes the necessary steps in extraordinary conditions such as Covid-19 pandemic, which affected the entire world in 2020 and became a primary health issue.</p> <p>The Bank reflects the United Nations Global Compact Communication on Progress to which it is a signatory and fulfills the requirements of the United Nations Environment Program Finance Initiative (UNEP-FI) Principles for Responsible Banking to which it was a founding signatory in 2019. Within the scope of UNEP-FI Principles for Responsible Banking, the Bank outlines and details the impact created by the Bank in all its lines, positively and negatively.</p>	<p>Materiality Analysis and Stakeholder Engagement</p> <p>Sustainability Management – Published Policy Documents</p> <p>Financing of SMEs</p> <p>Natural Capital</p> <p>Bank’s Internal Environmental Impact</p> <p>Safe and Healthy Work Environment</p>

By performing a materiality analysis, the Bank’s focus issues were determined. We have started our work on impact analysis and will continue to improve it. We fulfill the requirements of Impact Analysis with our work in this regard.

<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has 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>Development and Investment Bank of Turkey attaches importance to inclusiveness in its global, sectoral and national activities within the scope of its role of supporting sustainable development, offers suitable financing opportunities to companies and institutions operating in sectors with strategic priority and innovative projects, and supports the financing of the combating climate change.</p> <p>While the Bank supports the sustainable development of Turkey with its financing and advisory services, it also considers sustainability as a corporate responsibility and target in line with its responsible banking approach. With this approach, the Bank has integrated its sustainability strategy into all banking operations. The scope of targets set by the bank include;</p> <p>-Increasing the amount of greenhouse gas emissions prevented above 5 million tons of carbon dioxide by 2025</p> <p>-Achieving a 42% reduction in emissions compared to 2019</p> <p>- Concluding long-term loan agreements with international financial institutions with the aim of using them in material sectors,</p> <p>-Providing support to industrial organizations and SMEs in priority sectors with materiality in development and ensuring increased employment through the Technology and Innovation Fund and the Regional Development Fund under the umbrella of TDF</p> <p>- Providing finance to investors in projects (hydroelectric, solar, wind, biomass and geothermal power plants etc.) aimed at the effective and correct use of bank’s renewable energy resources and bringing domestic energy resources into the economy and thus, increasing Turkey’s energy supply, reducing its use of fossil fuels, and reducing its foreign dependency in energy</p> <p>- Continuing to take measures against cyber threats that increase with digitalizing, ensuring the maintenance of data security and cyber security investments and continuing to work towards obtaining ISO 27001 certification in the sense of compliance with international standards in the field of information security</p> <p>- Providing and making available thematic funds in line with the solution of social problems and regional needs</p> <p>- Supporting the increase in Turkey’s production potential and balancing of the effects of the Covid-19 pandemic on economic activity</p> <p>- Carrying out projects that will contribute to the development of the country with the Investment Banking services</p> <p>- Establishing standard criteria for internal promotions and transfers between positions and their announcement in the Bank’s internal communication channels</p> <p>- Repeating employee satisfaction surveys at regular intervals</p> <p>- Preventing occupational risks in the field of OHS, eliminating risk and accident factors and informing employees</p> <p>- Ensuring the compliance of the subcontractor companies from which the service is received, with the OHS rules</p>	<p>Strategic Sustainability Approach</p> <p>Natural Capital</p> <p>Financial Capital</p> <p>Intellectual Capital</p> <p>Social Capital</p> <p>Human capital</p> <p>Digitalization and Innovation</p> <p>Activities of Development and Investment Bank of Turkey</p>
---	---	---

The targets set in the Bank’s focus areas are shared through the Integrated Report and the target setting requirements are fulfilled.

<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>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.</p>	<p>The Bank sets targets within the scope of the material issues it has determined every year, and monitors and manages its performance in these areas with the key performance indicators it has determined. In this context, the Bank conducts situation and impact observations and assessments with the performance indicators listed below:</p> <p>-Financing provided by APEX Loans · Number of Companies Benefiting from CEB-SME Loan Program · Financing Provided to the Energy Sector · Number of Renewable Energy/Energy Efficiency Projects Financed · Amount of Energy Produced by the Renewable Energy/ Energy Efficiency Project Financed · Amount of Finance Provided from International Financial Institutions (by the themes and institutions) · Disbursements of Resources from International Financial Institutions</p> <p>With the awareness of being the founding signatory to the UNEP-FI Principles of Responsible Banking, our Bank has taken the first steps to analyze the (negative and positive) impact resulting from banking activities.</p> <p>The Bank has calculated a portion of the impact it has created with its portfolio, in addition, it aims to use the “Portfolio Impact Analysis Tool for Banks” published by UNEP-FI, which provides a holistic impact analysis in banking, to calculate the positive and negative impact.</p> <p>The Bank aims to analyze the impacts associated with its corporate banking portfolio thanks to this tool developed jointly by the Principles of Responsible Banking and UNEP FI Member Banks and Positive Impact Initiative.</p> <p>With this tool, it is aimed to determine the most important impact areas based on the structure, content and geographical scope of the Bank’s portfolio and to evaluate the current performance level in terms of these impact areas. With this assessment, the Bank’s ultimate target is to ensure that targets are set that will increase our positive impact and reduce the negative impact where it is most important.</p>	<p>Sustainability Management</p> <p>Strategic Sustainability Approach</p>
Requirements regarding plans for the implementation and monitoring of targets are fulfilled by defining and monitoring activities within the Bank.		
<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>The Bank has taken steps in many areas in 2020 in line with the performance indicators and targets it has stated.</p> <p>- The Bank has provided USD 550 million of resource inflow to Turkey during the Covid-19 period within the scope of its efforts to procure resources from international institutions, and has accelerated its efforts to develop new products and services (e.g. Investment Support Loan) especially for the sectors and companies affected by the pandemic.</p> <p>-The Bank has signed a loan agreement for the Bank to provide financing of USD 200 million from AIIB for the financing of renewable energy and energy efficiency projects and a resource withdrawal of USD 100 million was realized in 2020. The disbursement of the loan continues.</p> <p>-The Technology and Innovation Fund as well as the Regional Development Fund under the umbrella of Turkish Development Fund started to operate.</p> <p>-In 2020, loans worth USD 575 million were provided to be disbursed to SMEs.</p> <p>-Since 2008, when the APEX loan application was put into use, 11 loan programs were implemented, 2,800 SMEs were financed and 7,500 additional employments were created.</p> <p>-It was decided by Cooperation COMCEC Coordination Office to support 22 (Project 22 projects to be carried out by 13 Organizations of Islamic Cooperation (OIC) Member States and 4 OIC institutions as well as 2 Jerusalem projects in 2020 (7th Call Period).</p> <p>- The Bank is the first and only bank in Turkey that implements the World Bank “Risk Sharing Mechanism” (RSM) grant program for geothermal exploration projects and it has been included in GEORISK Project, which was coordinated by TÜBITAK in Turkey and developed within the scope of EU-Horizon 2020 Research and Innovation Programme, for the purpose of transferring the knowledge gained within the scope of this project to 9 target countries.</p>	<p>Development and Investment Bank of Turkey At A Glance</p> <p>Strategic Perspective</p>

With the report, the Bank’s performance in 2020 is shared with all stakeholders, and the requirements for progress in setting targets are fulfilled.

Principle 3: Clients and Customers

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

Reporting and Self-Assessment Requirements	Comprehensive Summary of Bank’s Response	References/ Bank's Full Response or Links to Related 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.</p> <p>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>The Bank aims to maintain its environmentally conscious approach and to select and guide its customers in this way. In this direction, the Bank which carries out environmental and social risk assessment as part of routine decision-making processes in all loan practices, analyzes the risks of both its customers and projects separately.</p> <p>There is a suggestion and complaint line, a report line and an ethics line that will enable unethical practices faced by Bank’s customers to be communicated directly to those concerned. Suggestions and complaints that can be communicated anonymously to the Bank by the customers are returned within the legal period or, if the legal period is not specified, within 30 days at the latest.</p> <p>Development and Investment Bank of Turkey attaches utmost importance to customer information security as required by the Banking Ethics Principles published by the Banks Association of Turkey and responsible banking principles. Under the leadership of the Information Security Committee, the Bank conducts periodic and instant restrictive, monitoring and preventive activities through the Information Security team, and increases customer information security with new technologies it integrated into its IT infrastructure as part of the digital transformation process.</p>	<p>Sustainability Management</p> <p>Ethics Management</p> <p>Information Security and Digital Transformation</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.</p> <p>This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>The Bank adopts its “Role Supporting Sustainable Development” as a strategic focus area. In 2020, it published its “Combating Climate Change and Adaptation Policy”. In accordance with the policy, the Bank aims to produce an indirect impact by playing a supportive and transformative role, rather than producing a direct impact on combating climate change, transition to a low-carbon economy and energy efficiency. In light of this target, the Bank has identified increasing Turkey’s clean energy potential and funding renewable energy projects as strategic priority areas.</p> <p>The Bank contributes to environmentally friendly development with its support for renewable energy investments and projects that increase energy/resource efficiency. The Bank responds to the financing needs of investors in projects aimed at the effective and correct use of renewable energy resources and bringing domestic energy resources into the economy (hydraulic, solar, wind, biomass and geothermal power plants etc.).</p> <p>Our Bank enters into loan agreements with international financial institutions in order to finance energy and resource efficiency projects. Since 2004, resources have been obtained by signing agreements with international financial institutions in the amount of USD 2,121.97 billion for the financing of renewable energy and energy efficiency projects. In 2019, a new source of USD 250.5 million has been added to these resources.</p>	<p>Materiality Analysis and Stakeholder Engagement</p> <p>Role of Development and Investment Bank of Turkey in Transition to Low Carbon Economy</p> <p>Activities of Development and Investment Bank of Turkey</p>

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	Comprehensive Summary of Bank's Response	References/ Bank's Full Response or Links to Related 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.</p> <p>This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Within the scope of its sustainability strategy, Development and Investment Bank of Turkey takes steps to receive the opinions of stakeholders on material issues and to satisfy their expectations. The Bank regularly contacts all stakeholder groups through various channels and creates value by taking into consideration the priorities, needs and expectations of different stakeholder groups.</p> <p>The Bank has created its Materiality Analysis and Stakeholder Engagement strategy it has developed in 2020 pursuant to four material issues: Bank Strategy, Opinions of Business Stakeholders, Opinions of Material External Stakeholders and External Environment Analysis. In this process, the Bank firstly determined the material issues in line with its strategy, the opinions of internal and external stakeholders on these issues and their expectations from the Bank were learned, and finally, the evaluations made by examining the reports of national and international institutions were finalized.</p> <p>The Bank has formed its stakeholder interaction strategy on the basis of 6 stakeholder groups: Employees, International Financial Institutions, Investors, Customers, Government Agencies and NGOs. The Bank shares in detail the communication channels it has created with stakeholder groups, the expectations of the stakeholders and the actions taken towards these expectations.</p> <p>The Bank is the founder and regular participant member of various national networks, mainly the initiatives focused on sustainable development. Networks to which the Bank is member are shared in detail.</p>	<p>Materiality Analysis and Stakeholder Engagement</p> <p>Interaction With Stakeholders</p> <p>Memberships and Supported Initiatives</p>

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	Comprehensive Summary of Bank's Response	References/ Bank's Full Response or Links to Related Information
<p>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.</p>	<p>Under the leadership of the Sustainability Committee, the Bank continues the necessary efforts to develop its sustainability strategy and policies and integrate them into all activities. In order to strengthen its sustainability management structure, in which it deals with economic, social and environmental issues in a holistic manner, Development and Investment Bank of Turkey switched to the Integrated Management System in 2021, abolished the Environment Committee and assigned the quality, environment and OHS issues to the responsibility of the entire Bank.</p> <p>The Bank also evaluates the indirect risks arising within the scope of its loan activities, in addition to the Environmental and Social Policy it published in 2020 and the measures it took to manage the direct environmental and social risks due to its operational activities. The Bank which carries out environmental and social risk assessment as part of routine decision-making processes in all loan practices, analyzes the risks of both its customers and projects separately. These environmental and social assessments, which are carried out in the process of deciding on the loan disbursement, have been transformed into policy with the "Procedure for Environmental and Social Risk Assessment in the Lending Process" published in 2020.</p> <p>The Bank monitors greenhouse gas emissions arising from its operational activities and sets targets for reducing these emissions in accordance with Combating Climate Change and Adaptation Policy published in 2020. Bank's annual performance within the scope of greenhouse gas emissions is reported to CDP Climate Change Program on a voluntary basis.</p> <p>In order to further improve the inclusiveness of the management system in 2020, Development and Investment Bank of Turkey initiated the necessary efforts for transition to an integrated management system, including ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System and received ISO 9001 and ISO 45001 certificates in 2021.</p> <p>The Bank follows a fair and transparent communication policy in all communication activities in line with its Sustainability Principles.</p>	<p>Sustainability Management</p> <p>Risk Management</p>

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.	<p>Development and Investment Bank of Turkey has established an Ethics Committee in accordance with the “Regulation on the Principles of Ethical Behavior of the Public Officials and Application Procedures and Essentials”. In accordance with the relevant regulation as well as Development and Investment Bank of Turkey’s Human Resources Policy, the Bank employees are obliged to act in accordance with the “Ethical Principles Agreement” and the “Banking Ethical Principles of the Banks Association of Turkey”. Ethical Principles – Compliance – Information Security – Data Security and Confidentiality Disclosure and Commitment are available at Development and Investment Bank of Turkey. Bank has also established its “Prevention of Laundering Proceeds of Crime and Combating the Financing of Terrorism” and “Conflict of Interest” policies. The Bank has established an Ethics Line so that its personnel can communicate practices and abuses contrary to the “Principles of Ethical Behavior” to the senior management.</p> <p>The Bank delivered its employees training in ethics and corruption, Fighting against Laundering Proceeds of Crime and Financing of Terrorism – MASAK in 2020. 220 hours of training on ethics and 221 hours of training on corruption and fighting were provided to employees.</p> <p>Development and Investment Bank of Turkey carries out human resources processes with a full focus on merit. Managerial, basic and functional competencies have been defined for manager and higher titles, and basic and functional competencies for other titles in compliance with the Bank’s values. The performance of the employees is evaluated based on their competencies, targets and their achievement. Employee evaluations are carried out by two managers of the employee and open to employee approval in order for the process to be objective. Managers conduct feedback interviews with the employee they evaluate.</p> <p>Wages of employees are determined in accordance with the Performance Management System and within the framework of the Remuneration Policy approved by the Board of Directors. The Remuneration Committee and the Human Resources Unit authorized by the Committee are responsible for the review and duly execution of the remuneration policies. The remuneration policy of Investment and Development Bank is based on the principles of “equal pay for equal work” and “performance-based pricing”. The Bank’s remuneration system is based on task-based pricing, and personnel doing similar work receive similar wages. Tasks are evaluated within the scope of objective criteria such as the competencies required by that task, the risk it carries, and the number of people managed.</p> <p>Development and Investment Bank of Turkey implemented the internal trainer project in the first quarter of 2020 in order to improve and develop the training it provides to its employees, and the training of the trainer was delivered by determining the internal trainers from the units. Within the scope of this project, a series of trainings is designed for the employees from each unit who have mastered their subjects, so that they can provide training in their fields of expertise. With these trainings, it is aimed to increase the training capacity within the Bank and to use internal resources effectively and efficiently. Agile Leadership Training for leadership methodology was delivered to the Bank’s senior managers in the last quarter of 2019.</p>	<p>Ethics Management</p> <p>Career and Performance Management</p> <p>Contribution Offered for the Development of Employees</p>
5.3 Governance Structure for 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.	<p>Development and Investment Bank of Turkey that maintains its activities with its role supporting sustainable development and responsible banking approach, adopts a comprehensive and participatory management approach and works with a focus on creating value for all its stakeholders.</p> <p>The Sustainability Committee which has been established in 2021 develops the Bank’s sustainability strategy and policies and makes efforts to integrate them into all activities.</p> <p>The management of environmental impacts due to the Bank’s activities is carried out through the Environmental Management System. Switching to the Integrated Management System in 2021, the Bank held all Bank units responsible for its environmental management policy and thus strengthened its corporate awareness, monitoring and audit capacity.</p> <p>In order to develop sound practices in the areas of fairness, transparency, accountability and security, the basic principles of corporate governance, Development and Investment Bank of Turkey determines internal policies at the level of Board or Directors. The Bank carries out the management of responsible banking principles through the Ethics Committee.</p>	<p>Management Approach</p> <p>Sustainability Management</p> <p>Ethics Management</p>
The Bank fulfills the requirements of governance structure for the implementation of the principles, with the existing governance structure and the actions it has taken to strengthen this structure and make it more effective.		

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	Comprehensive Summary of Bank’s Response	References/ Bank's Full Response or Links to Related Information
6.1 Progress on Implementing the Principles 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). 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. 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>The existing Report is the first integrated report published by the Bank after the first sustainability report published by the Bank in 2020. The report has been prepared in accordance with the GRI Standards: “Basic” option. The report is based on the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC).</p> <p>In addition to data on greenhouse gas emission intensity (tCO₂e/average number of employees), electricity consumption (GJ), paper consumption (kg) and amount of waste sent for recycling (kg) within the scope of selected environmental performance indicators contained in the report; the number of employees within the scope of social performance indicators, the ratio of women employees (total, upper and middle level) and training time per employee; data on installed capacity (MW) of financed renewable energy projects, financing provided for renewable energy (TRY thousand) and annual tCO₂ emissions blocked by financed renewable energy projects for 2020 have been subjected to an independent limited audit.</p> <p>The report reveals in what aspects the UNEP-FI Principles of Responsible Banking, to which the Bank is a founding signatory, is achieved.</p> <p>In 2020, Development and Investment Bank of Turkey raised its score to A- in CDP Climate Change Program, where more than 8 thousand companies voluntarily share their greenhouse gas emissions and climate change strategies with the public.</p> <p>The Bank is a member and participant of many international organizations that advocate responsible banking principles.</p> <p>The Bank sets out its strategic goals and the material issues it focuses on in accordance with the United Nations Sustainable Development Goals. The Bank attaches importance to its contribution to the relevant SDGs in performance evaluations mainly the goals of “SDG 7: Accessible and Clean Energy”, “SDG 8: Decent Work and Economic Growth”, “SDG 9: Industry, Innovation and Infrastructure”, “SDG 13: Climate Action”, and “SDG 17: Partnership for Goals”.</p>	<p>About the Report</p> <p>Climate Change</p> <p>Memberships and Supported Initiatives</p> <p>Strategic Sustainability Approach</p>

Development and Investment Bank of Turkey fulfills the requirements for progress in the implementation of the Principles of Responsible Banking.

Contacts



**DEVELOPMENT
INVESTMENT**
BANK OF TURKEY

DEVELOPMENT AND INVESTMENT BANK OF TURKEY

Saray Mahallesi, Dr. Adnan Büyükdeniz Cd. No:10 34768 Ümraniye/İstanbul

surdurulebilirlik@kalkinma.com.tr | <https://kalkinma.com.tr/>

› Reporting and Design Consultant



sustainability@tr.ey.com

› Report Design

fabl

www.fabl.com.tr | bilgi@fabl.com.tr

Legal Disclaimer

Development and Investment Bank of Turkey (Türkiye Kalkınma ve Yatırım Bankası A.Ş.) 2020 Integrated Report (hereinafter referred to as the “Report”) is prepared by Development and Investment Bank of Turkey. The Report has been prepared for informational purposes only and does not constitute a basis for any investment decision. The content and information contained in this Report have been prepared using information and sources believed to be accurate and reliable at the time the Report was prepared, hence it cannot be interpreted that the content and the information contained in the Report as a representation, warranty and/or undertaking and it is not guaranteed that the information and content contained in this Report are complete and unchangeable. Members of the board of directors, managers, employees, consultants of Development and Investment Bank of Turkey and of its affiliates and all other persons and institutions contributing to the production of the Report shall not be responsible for any direct or indirect loss and damage that a person may suffer as a result of information or communication based on information contained in the report or not included in the Report. All rights of this Report belong to Development and Investment Bank of Turkey.