Public Disclosure Authorized

Public Disclosure Authorized

DEVELOPMENT
INVESTMENT
BANK OF TURKEY

Environmental and Social Risk Evaluation in Credit Process (SUMMARY)

PURPOSE

"Environmental and Social Risk Evaluation Procedure in Credit Process" is prepared for the evaluation of environmental and social risks of the loans requested from the Bank (Development and Investment Bank of Turkey) and to ensure effective management of the issue in line with the Bank's strategy.

SCOPE

All credit applications received by the Bank are checked against the Exclusion List included in the Bank's (Development and Investment Bank of Turkey) Environmental and Social Policy. Projects that fall under the related Exclusion List are in no circumstance funded.

In addition, The Environmental and Social Risk Evaluation Model described in this procedure is applied to all the credits which are not included in the Bank's Exclusion List.

Risk categorization is performed according to the assessment made through Environmental and Social Risk Evaluation Model.

Environmental and Social Risk Evaluation Model categorizes projects and clients into four categories;

- High risk (Category A)
- Substantial risk (Category B+)
- Medium risk (Category B-)
- Low risk (Category C)

ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT AND MONITORING

Environmental and Social Risk Assessment and Monitoring Process consists of the following steps given below:

1: Exclusion List Check

2: Gathering Project Documentation

3: Environmental and Social Risk Assessment and Initial Categorization

4: Control of the Environmental and Social Risk Category of the Credit and Final Categorization

5: Environmental and Social Due Diligence and Preparation of the Environmental and Social Action Plan

6: Control of Project Evaluation Report

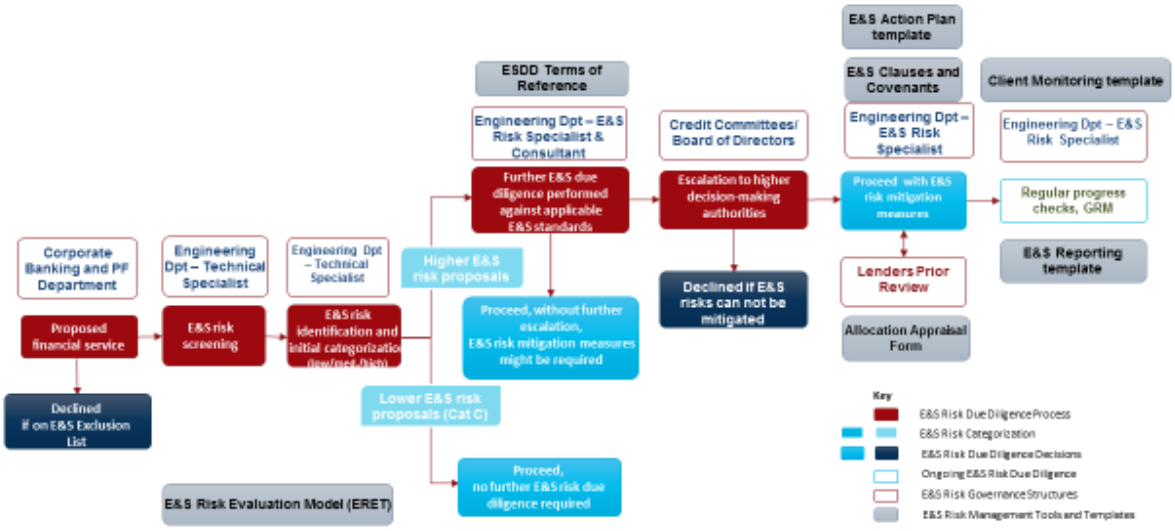
7: Informing the Client about the Action Plan

8: Credit Approval and Integration of Action Plan to Credit Contract

9: Environmental and Social Monitoring

10: Recording of Annual Environmental and Social Assessment Performance

Environmental and Social Risk Assessment and Monitoring Process is summarized in the scheme below.



ENVIRONMENTAL AND SOCIAL TRAINING PROCESS

Environmental and Social Training Process consists of two steps: Annual Environmental and Social Training Activities and Environmental and Social Risk Evaluation Model User Training.

Training needs of the Bank regarding environmental and social issues are determined by the Human Resources Department together with the managers of the related departments.

Environmental and Social Risk Evaluation Model user training can be provided by the Environmental and Social Risk Specialist.

COMMUNICATION

Main steps regarding communication process are listed below.

a) Internal Communication

The Bank's Environmental and Social Risk Management policy and its related attachments as well as other relevant environmental and social projects and activities are shared via e-mail, intranet, social media, etc.

Opinions and suggestions of employees on environmental and social risk management are communicated to the Environmental and Social Risk Specialist in credit process.

The Environmental and Social Risk Specialist records the opinion / recommendations received using the Environmental and Social Risk Management Opinion / Suggestion Follow-up Form and shares the forms with the Environmental and Social Risk Manager.

b) External Communication

The Bank will disclose the risk categorization of the projects which are assessed through the Environmental and Social Risk Evaluation process.

c) Grievance Redress Mechanism (GRM)

On the Bank's website there is an "Environmental Grievance Mechanism" tab where external stakeholders can submit their complaints/concerns/recommendations by filling out a form. Communication information including the address, telephone and e-mail address of the Bank is also displayed on the web page.

ANNEXES

Within the context of Annexes, further descriptions and templates of the relevant components in **"***Environmental and Social Risk Evaluation Procedure in Credit Process" take place.*

ANNEX A: E&S DUE DILIGENCE REQUIREMENTS AND OUTPUTS BY RISK CATEGORIZATION

ANNEX B: E&S PROCESS AND DOCUMENTATION

ANNEX C: ENVIRONMENTAL AND SOCIAL CATEGORIZATION

ANNEX D: SCOPE OF WORK FOR THE BANK'S ENVIRONMENTAL AND SOCIAL ADVISOR

ANNEX E: EXAMPLES OF PROJECT –SPECIFIC TERMS AND CONDITIONS