



Global Compact
Network Turkey

[Date]

GLOBAL COMPACT TURKEY DECLARATION OF SUSTAINABLE FINANCE

During the loan assessment process, it is of utmost importance to consider the environmental and social impacts and to integrate them to management decisions just as the financial, technical or economic considerations are taken into account. In this context, it is recommended to implement an “Environmental and Social Risk Management System” that includes identifying the environmental and social risks originating from lending activities in banking sector, the analysis of these risks in the assessment process, determining the size of impact and risk, determining the responsibilities and practices in order to minimize the risks and taking them into account in the decision-making process.

By signing this declaration, an initiative of Global Compact Turkey, we accept to make environmental and social risk assessment a part of the loan assessment process and include it in our relevant policies.

As a fact accepted by the entire world, climate change has paved the way to the conclusion of COP21 in 2015 with the Paris Agreement. It is of great importance for the planet to limit the rise of the global temperature to 2°C. For this reason, we value the transition to sustainable low carbon economy in our country and we believe that banking sector, which has a transformational influence on every sector through its financial services, has a significant responsibility on this issue.

We accept as our core principle to prioritize and foster any kind of investment which contribute the enhancement of a sustainable economy, resource efficiency, renewable energy investments and protection or improvement of environmental conditions in line with the Paris Agreement’s target of tackling and mitigating climate change.

Within the scope of the minimum investment amount which is determined based on our entity’s internal dynamics, we agree to implement the following items and embed them in our lending operations when financing investments with more than the said investment amount. Taking into account the international practices, the minimum amount of investment can be determined at the level of USD 50 million at most and we declare that we will seek the following conditions for all new investment projects over this limit.

ENVIRONMENTAL AND SOCIAL PRINCIPLES

Our Bank establishes its own environmental and social risk assessment system and model, sets out an exclusion list including the sectors and activities that will not be financed and oversees the following provisions within the scope of these principles.

The criteria to be taken into account in the environmental and social risk assessment process are as follows:



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1. New investment projects that create any kind of environmental and social impacts are subjected to environmental and social assessment process and are classified as high (Category A), medium (Category B) and low (Category C) according to the system established by our Bank.
2. The environmental and social impacts and risks arising from the existing activities of the company (legal entity) which is the beneficiary of the loan are also taken into consideration.
3. In high-risk projects, all documents associated with environmental and social aspects of the investment project are examined in detail. An Environmental and Social Action Plan is prepared by an independent consultant describing the environmental and social impacts of the investment project, including how these impacts and possible risks are mitigated or eliminated. Implementation of the Plan is monitored periodically (at least annually).
4. The Action Plan prepared for the identified environmental and social risk categories as a result of the assessment is included in the agreement in concurrence with the client.
5. Regarding the environmental and social measures to be taken for the high-risk projects, due attention is paid for the consideration of the following issues by the investor:
 - Stakeholder engagement and complaint mechanism processes
 - The compliance of the company to the legislation on Occupational Health and Safety in both its existing activities and the investments.
 - Proximity of the project to the wetlands identified in the RAMSAR¹ Convention
 - Existence of a “Resettlement Plan” in projects which lead compulsory physical or economic resettlement during expropriation
 - Existence of necessary measures to preserve the biodiversity in the special protection areas.
 - The amount of greenhouse gas increase and the cost of carbon during the operational phase of high-risk projects in terms of CO₂ emissions.
6. The articles in this declaration will be reviewed regularly on an annual basis.

Kind Regards,

[Signature]

[Name]

[Title and Company Name]

¹ Convention on Wetlands of International Importance especially as Waterfowl Habitat

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