



# ALLOCATION & IMPACT REPORTING 2024

Reviewed by Sustainalytics  
Assured by PwC

**TSKB**

# Türkiye Sinai Kalkınma Bankası A.S.

**Type of Engagement:** Annual Review

**Date:** 29 November 2024

**Engagement Team:**

Akshay Chandrakapure, akshay.chandrakapure@morningstar.com

Anjansingh Bist, anjansingh.bist@morningstar.com

## Introduction

Türkiye Sinai Kalkınma Bankası A.S. ("TSKB" or the "Bank") issued the 2021 Sustainable Bond and the 2023 Sustainable Bond (collectively the "Sustainable Bonds") and raised USD 650 million to finance and refinance projects intended to provide social and environmental benefits. In November 2024, TSKB engaged Sustainalytics to review the projects financed with proceeds from the Sustainable Bonds (the "Nominated Expenditures") and provide an assessment as to whether they meet the use of proceeds criteria and whether TSKB complied with the reporting commitments in the TSKB Sustainable Finance Framework (the "Framework").<sup>2</sup> Sustainalytics provided a Second-Party Opinion on the Framework in December 2020.<sup>3</sup> This is Sustainalytics' third annual review for the 2021 Sustainability Bond, following previous reviews in April 2022 and April 2023,<sup>4,5</sup> and the first annual review for the 2023 Sustainability Bond of allocation and reporting issued under the Framework.

## Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and TSKB's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Renewable Energy Generation<sup>6</sup>: Loans aiming at (re)financing the equipment, development, manufacturing, construction, operation and maintenance of renewable energy generation sources from:               <ul style="list-style-type: none"> <li>Wind power: Onshore</li> <li>Solar power: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Annual renewable energy installed capacity (MW/year)</li> <li>Annual electricity generation amount (MWh/year)</li> <li>Estimated annual CO<sub>2</sub> emissions avoided (in tCO<sub>2</sub>e/year)</li> </ul>

<sup>1</sup> The 2021 Sustainable Bond raised USD 350 million in January 2021 and the 2023 Sustainable Bond raised USD 200 million in December 2023.

<sup>2</sup> TSKB, "TSKB Sustainable Finance Framework", (2020), at: <https://www.tskb.com.tr/uploads/file/tskb-sustainable-finance-framework.pdf>

<sup>3</sup> TSKB, "Second-Party Opinion, TSKB Sustainable Finance Framework", (2020), at: <https://www.tskb.com.tr/uploads/file/tskb-sustainable-financeframework-second-party-opinion-2020.pdf>

<sup>4</sup> Sustainalytics, "Annual Review, Türkiye Sinai Kalkınma Bankası A.S.", (2022), at: <https://www.tskb.com.tr/uploads/file/52a1f4988eb4fe4000c95f31d2908dd9-1656939244768.pdf>

<sup>5</sup> Sustainalytics, "Annual Review, Türkiye Sinai Kalkınma Bankası A.S.", (2023), at: <https://www.tskb.com.tr/uploads/file/allocation-impact-reporting-2023.pdf>

<sup>6</sup> Projects possessing Higher E&S Risk will not be financed through the proceeds, unless TSKB ensures that the investor has taken satisfactory precautionary measures and developed proper management plans. Such projects that E&S risks that may not be mitigated or minimized by any measures and result in (i) involuntary physical and economic resettlement; (ii) risk of adverse impacts on Indigenous People (IP) or vulnerable people; (iii) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage; (iv) significant occupational health and safety risks; (v) significant security risks, and/or (vi) significant governance and reputational risks; (vii) impact international waterways, operate in disputed areas will not be financed by the proceeds.

	<ul style="list-style-type: none"> <li>Hydro power: Small hydro-power facilities (&lt;25MW)</li> <li>Bio energy: Facilities producing biofuel and/or biomass and facilities for electricity generation, heating or both (CHP) from waste/residues that do not compete with food sources (Limited to projects emissions of less than Turkish Grid emission Factor)</li> </ul>	
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Energy Efficiency Projects: Loans aiming at (re)financing any reconstruction, expansion, renovation or refurbishment measure implemented at a business entity aimed at: <ul style="list-style-type: none"> <li>Reducing energy consumption at least by 15% measured for the specific investments which are financed or;</li> <li>Reducing CO<sub>2</sub> emissions at least by 15% measured for the specific investments which are financed or;</li> <li>Achieving at least 50% of the incremental benefits<sup>7</sup> from the investment project come from cost reduction in energy consumption provided that minimum five hundred (500) tonnes of CO<sub>2</sub> reduction per annum is achieved</li> </ul> </li> <li>Smart technologies: <ul style="list-style-type: none"> <li>Smart grids, storage facilities, metering systems and other intelligent electricity systems managing the intermittency of renewable energy production</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Energy Efficiency Projects: <ul style="list-style-type: none"> <li>Estimated annual CO<sub>2</sub> emissions reduced/avoided (in tCO<sub>2</sub>e/year)</li> <li>Estimated annual energy savings (MWh/year)</li> </ul> </li> <li>Smart Technologies: <ul style="list-style-type: none"> <li>Number of smart grid components installed</li> <li>Estimated annual energy savings (MWh/year)</li> </ul> </li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>Loans aiming at financing or refinancing of production, establishment, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructure: <ul style="list-style-type: none"> <li>Low carbon public transportation: Electric or other low carbon (hybrid with direct emissions below 50g CO<sub>2</sub>e/pkm10, biogas or hydrogen) public transportation such as busses, trains, trams, ferries, subways</li> <li>Low carbon vehicles: Electric, plug-in hybrid electric with direct emissions below 50g CO<sub>2</sub>e/pkm for passenger vehicles and below 25g CO<sub>2</sub>/t-km for freight vehicles or hydrogen passenger, light commercial and freight vehicles such as cars, vans, trucks, vessels</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Low carbon public transportation and vehicles <ul style="list-style-type: none"> <li>Number of vehicles</li> <li>GHG savings (in tCO<sub>2</sub>e/year)</li> </ul> </li> <li>Low carbon transportation infrastructure <ul style="list-style-type: none"> <li>GHG savings (in tCO<sub>2</sub>e/year) due to the installed technology (direct), by transferring freight or passenger transport from road to e.g. railway (indirect) or both (as applicable)</li> <li>Number of units installed</li> </ul> </li> </ul>

<sup>7</sup> Incremental benefits mean all benefits such as raw material savings, labour cost savings, maintenance cost savings, increase in revenue, etc.

	<ul style="list-style-type: none"> <li>• Low carbon transportation infrastructure: - Electrified infrastructure: infrastructure related to electric transportation of passengers and freight such as electrified railways and charging stations for electric vehicles</li> <li>• Improvement of transport logistics: promoting urban mass transit, non- motorized transport (e.g. pedestrian mobility) improvement of the general transport logistics to increase energy efficiency of infrastructure and transport</li> </ul>	
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Loans to (re)finance new or existing public, commercial and residential buildings that meet the following criteria:</li> <li>• Buildings rated B<sup>8</sup> or above in terms of energy performance in the local context, as determined via Energy Performance Certificate (BEP-TR) issued in accordance with Turkish regulation and / or via the Turkish Building Code</li> <li>• Buildings with the following level of environmental certifications: <ul style="list-style-type: none"> <li>• LEED (min. Gold)</li> <li>• BREAAAM (min. Very Good)</li> <li>• DNGB (min. Gold)</li> <li>• ÇEDBİK Green Building certification</li> </ul> </li> <li>• Loans to refurbished commercial or residential buildings which achieved at least 30% energy improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated annual CO<sub>2</sub> emission reduction (in tCO<sub>2</sub>e)</li> <li>• Estimated annual energy savings (MWh)</li> <li>• Overview of sustainable labels and certificates for Green Buildings</li> </ul>
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"> <li>• Loans to (re)finance any greenfield, reconstruction, expansion, renovation or refurbishment investments aimed to increase resource efficiency, including but not limited to a reduction in: <ul style="list-style-type: none"> <li>• water consumption (m3),</li> <li>• non-recoverable waste (tonnes),</li> <li>• raw material/auxiliary chemicals (tonnes)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Annual savings of relevant resource amounts (e.g. kWh/year and/or m3 water/year and/or tonnes raw material/year and/or tonnes CO<sub>2</sub>/year)</li> </ul>
<b>Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes</b>	<ul style="list-style-type: none"> <li>• Loans to (re)finance project for specific products improving renewable energy generation, energy efficiency or GHG emission reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Production capacity of the produced component (unit/year)</li> <li>• Narrative reporting on the project</li> </ul>

<sup>8</sup> At this point in time, a CBI (Climate Bonds Initiative) baseline for the top 15% low-carbon residential and commercial buildings in Turkey has not yet been established. Only 10% to 15% of the total Turkish building stock is rated by energy performance certificates. Buildings with an EPC B likely fit among the top 15% low-carbon buildings in Turkey.



<b>Sustainable Infrastructure</b>	<ul style="list-style-type: none"> <li>• Energy distribution network and renewable energy transmission: Projects should aim at retro-fitting transmission lines or substations to reduce energy use and/or technical losses and to avoid electricity cuts. Projects can also aim at improving existing systems to facilitate the integration of renewable energy sources into the grid or Scada System to improve effectiveness. If possible, projects selection can also incorporate geographical aspects and favour projects in areas where electricity losses are high and a large number of customers/households would benefit from modernization. If new transmission systems are installed, these should facilitate the integration of renewable energy sources into the grid or extensions to serve the additional population growth due to urbanization. TSKB will only select the portion of the loan that is aimed at integrating renewables in the Turkish electricity system, via a pro-rata approach based on the % of renewables installed capacity in the Turkish electricity grid.</li> <li>• Public transport: Non-electric and non-hybrid means of public transport (passenger trains, busses, etc.) aimed at the public transport to ensure a modal shift from roads</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity Distribution Network: Investment per subscriber, investment per population and Capacity of renewable energy production connected in the grid (in MW or in %)</li> <li>• Public Transport: Number of beneficiaries</li> </ul>
<b>Access to Essential Services (Healthcare)</b>	<ul style="list-style-type: none"> <li>• Loans for activities that support public/free/subsidised health and social care, in Turkey (e.g construction and equipment hospitals, clinics and healthcare centres for the provision of public/free/subsidised healthcare services, acquisition of medical equipment or provision of diagnostic services, emergency medical response and disease control, programmes for the promotion of health and well-being). Eligible projects will service all citizens, including vulnerable population groups such as the elderly, physically or mentally dependent persons and populations with limited access to essential services in Turkey and emerging countries</li> </ul>	<ul style="list-style-type: none"> <li>• Number of hospitals, nursing homes, rehabilitation centers, patients or beds, and/or population of regions where hospital projects are located per country</li> </ul>

### Issuer's Responsibility

TSKB is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

### Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from TSKB's Sustainable Bonds. The work undertaken as part of this engagement included collection of documentation from TSKB and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by TSKB. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by TSKB.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

### Conclusion

Based on the limited assurance procedures conducted,<sup>9</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. TSKB has disclosed to Sustainalytics that the proceeds from the 2021 Sustainable Bond were fully allocated as of December 2022. From the 2023 Sustainable Bond, 68.79% of the proceeds were allocated as of June 2024; TSKB intends to allocate the remaining 31.21% by the end of 2025.

### Detailed Findings

**Table 2: Detailed Findings**

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	TSKB reported on at least one KPI per use of proceeds category.	None

<sup>9</sup> Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Allocation and Reported Impact

**Table 3: Allocation of Proceeds from the 2021 Sustainable Bond**

Use of Proceeds Category	Project Description	No. of Projects	Allocated Amount (USD million)
<b>Use of Proceeds Criteria</b>	Wind Power Plant in Central Anatolia Region of Türkiye	1	0.74
	Wind Power Plant in Marmara Region of Türkiye	3	9.62
	Solar Power Plant in Eastern Anatolia Region of Türkiye	1	0.84
	Solar Power Plant in Central Anatolia Region of Türkiye	2	47.88
	Biomass Plant in Marmara Region of Türkiye	1	14.30
	Biomass Plant in Aegean Region of Türkiye	1	7.25
	Biomass Plant in Central Anatolia Region of Türkiye	1	4.25
	Biogas Plant in Southeastern Anatolia Region of Türkiye	1	3.05
	Biogas Plant in Central Anatolia Region of Türkiye	1	1.02
	Hydro Power Plant in Blacksea Region of Türkiye	1	4.73
	Hydro Power Plant in Central Anatolia Region of Türkiye	1	21.02
<b>Pureplay</b>	Pure Play companies are defined as enterprises expected to derive 90% or more of their turnover from assets or revenues aligned with defined eligibility criteria. For such enterprises, the entire loan provided by TSKB to the borrower is 100% eligible as a use of proceeds for a Sustainability Finance Instrument	4	75.40
<b>Eco Efficient Products</b>	Production of pultruded profile from carbon fiber material for wind turbine blades to improve renewable energy generation	1	27.60
	Motor production in efficiency class IE3 and IE4 to improve energy efficiency	1	0.94
<b>Green Buildings</b>	Project holding a valid Gold LEED certificate	1	4.01
	Project holding a valid Platinum LEED certificate	1	1.23
<b>Clean Transportation</b>	17 Electrical SUV vehicle	1	1.13
<b>Electricity Distribution</b>	Modernisation, rehabilitation and extension of electricity distribution network in Marmara Region of Turkey	1	7.96
	Modernisation, rehabilitation and extension of electricity distribution network in Central Anatolia Region and Eastern Anatolia Region of Turkey	1	8.05
	Modernisation, rehabilitation and extension of electricity distribution network in Black Sea Region of Turkey	1	15.06
	Modernisation, rehabilitation and extension of electricity distribution network in Eastern Anatolia Region of Turkey	1	14.45

		1	4.00
	Modernisation, rehabilitation and extension of electricity distribution network in Marmara Region of Turkey	1	11.26
<b>Health</b>	Establishment of a city general hospital with 845 beds under a PPP scheme	1	57.00
<b>Total Amount Allocated</b>			342.79 <sup>10</sup>
<b>Total Unallocated Amount</b>			0.00
<b>Total Net Proceeds Raised</b>			350.00

**Table 4: Allocation of Proceeds from the 2023 Sustainable Bond**

<b>Use of Proceeds Category</b>	<b>Project Description</b>	<b>No. of Projects</b>	<b>Allocated Amount (USD million)</b>
<b>Renewable Energy</b>	Solar Power plant in Mediterranean Region of Türkiye	2	10.84
	Solar Power Plant in Aegean Region of Türkiye	1	5.93
	Solar Power Plant in Central Anatolia Region of Türkiye	1	3.83
	Wind Power Plant in Eastern Anatolia Region of Türkiye	2	25.81
	Wind Power Plant in Central Anatolia Region of Türkiye	2	39.63
<b>Pureplay</b>	Pure Play companies are defined as enterprises expected to derive 90% or more of their turnover from assets or revenues aligned with defined eligibility criteria. For such enterprises, the entire loan provided by TSKB to the borrower is 100% eligible as a use of proceeds for a Sustainability Finance Instrument.	4	45.00
<b>Eco Efficient Product</b>	Circular economy adapted products to improve GHG emission reduction	1	5.27
<b>Energy Efficiency</b>	Energy Efficiency Project: Reducing energy consumption at least by 15% measured for the specific investments which are financed	1	2.87
<b>Electricity Distribution</b>	Modernisation, rehabilitation and extension of electricity distribution network in Black Sea Region of Turkey	1	17.94
	Modernisation, rehabilitation and extension of electricity distribution network in Eastern Anatolia Region of Turkey	1	4.82
	Modernisation, rehabilitation and extension of electricity distribution network in Southeastern Anatolian region, Mediterranean Region, Central Anatolian Region and Marmara Region of Turkey	1	40.00
<b>Health</b>	Establishment of a city general hospital with 610 beds under a PPP scheme	1	4.42
<b>Total Amount Allocated</b>			<b>206.36</b>
<b>Total Unallocated Amount</b>			<b>93.64</b>
<b>Total Net Proceeds Raised</b>			<b>300.00</b>

<sup>10</sup> TSKB has communicated to Sustainalytics that the unallocated amount of USD 7.21 million has been repaid in full to the bond holder from the total issuance amount.



## Appendix 2: Reported Impact

Table 5: Reported Impact for the 2021 Sustainable Bond

Use of Proceeds Category	No. of Projects	KPI
Renewable Energy	14	Installed capacity (MW): 1,691.43
		Annual generation FY 2023 (kWh): 3,612,164,512
		Annual GHG emissions reduced or avoided FY 2023 (tonnes/year): 2,272,547
Eco Efficient Products	2	Two projects funded to improve renewable energy generation and energy efficiency
		Production of pluralised profile from carbon fiber material for wind turbine blades
		Motor production in efficiency class IE3 and IE4
Green Buildings	2	Certificate type: Project-1 holds a LEED Gold certificate
		Project -2 holds a LEED Platinum certificate
Clean Transportation	1	Number of vehicles: 17 electric SUVs
		GHG savings (tCO <sub>2</sub> /year): 81.6
Electricity Dist	6	Total Subscribers H1 2024: 12,236,835
		Total Energy Distribution H1 2024 (MWh): 40,291,877
Health	1	Annual In-Patient Visitors FY 2023 (person per day): 123
		Annual Out-Patient Visitors FY 2023 (person per day): 2,059,314

Table 6: Reported Impact for the 2023 Sustainable Bond

Use of Proceeds Category	No. of Projects	KPI
Renewable Energy	8	Installed capacity (MW): 1,673.49
		Annual generation FY 2023 (kWh): 2,869,200,782
		Annual ghg emissions reduced or avoided FY 2023 (tonnes/year): 1,820,508
Eco Efficient Products	1	Project funded to improve waste management and reduce GHG emissions
		The company plans to capture CO <sub>2</sub> a by-product of ammonia production, and use it as a raw material for urea production. This circular approach aims to reduce waste and lower greenhouse gas emissions.
Energy Efficiency	1	Annual energy savings FY 2023 (kWh/year): 72,000,000
		Annual GHG emissions reduced or avoided FY 2023 (tonnes/year): 34,488
Electricity Dist.	3	Total subscribers H1 2024: 14,792,324
		Total energy distribution H1 2024 (MWh): 37,895,295
Health	1	Annual In-Patient Visit Numbers H1 2024 (person per day): 117
		Annual Out-Patient Visit Numbers H1 2024 (person per day): 4,282

## Disclaimer

**Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.**

The information, methodologies, data and opinions contained or reflected herein (the “Information”) are proprietary to Sustainalytics and/or its third-party content providers and may be made available to third parties only in the form and format disclosed by Sustainalytics. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided “as is” and reflects Sustainalytics’ opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers’ names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit Governance Documents or contact [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

## About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



## **Limited Assurance Report**

### **To Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş.**

We have been engaged by the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB" or the "Bank") to perform an independent limited assurance engagement in respect of the Selected Allocation & Impact Report Information ("Selected Information") stated in the TSKB Allocation & Impact Reporting 2024 ("Allocation and Impact Reporting 2024") for the period between 30 September 2023 and 30 September 2024 for Allocation, and for the period between 1 January 2024 and 30 June 2024 for Impact and listed below.

### **Selected Information**

The scope of the Selected Information for the period between 30 September 2023 and 30 September 2024 for Allocation, and for the period between 1 January 2024 and 30 June 2024 for Impact, which is subject to our independent limited assurance work, set out in the Allocation & Impact Reporting 2024 on pages of 28, 29, 30, 31, 32, 34, 35 and 36 is summarized below:

- Themes, number of projects, amounts of loans and information for Sustainability Bonds in the table of Allocation and Proceeds
- For Impact of Sustainable Bond Utilization - Renewable Energy
  - o Installed Capacity (MW)
  - o Total Investment Amount (USD)
  - o Annual Generation (Electricity) (kWh)
  - o Annual GHG Emissions Reduced/Avoided (ton/year)
  - o Annual Allocated Amount from Bond/Total Annual GHG Emissions Reduced/Avoided (ton/year)
  - o Loan Amount Financed with the Proceeds of Bond (USD)
- For Impact of Sustainable Bond Utilization – Pure Play
  - o Loan Amount Financed with the Proceeds of Bond (USD)
- For Impact of Sustainable Bond Utilization – Eco Efficient Products
  - o Total Investment Amount (USD)
  - o Loan Amount Financed with the Proceeds of Bond (USD)
- For Impact of Sustainable Bond Utilization – Energy Efficiency
  - o Total Investment Amount (USD)
  - o Loan Amount Financed with the Proceeds of Bond (USD)
  - o Annual Energy Savings (Electricity/Other) (kWh/year)
  - o Annual GHG Emissions Reduced/Avoided (ton/year)

- For Impact of Sustainable Bond Utilization – Electricity Distribution
  - o Total Investment Amount (USD)
  - o Total Subscriber
  - o Population of the Area
  - o Total Energy Distribution (MWh)
- For Impact of Sustainable Bond Utilisation – Health
  - o Annual In-Patient Visit Numbers (person.day)
  - o Annual Out-Patient Visit Numbers (person)
  - o Loan Amount Financed with the Proceeds of Bond (USD)

Our independent assurance report has been prepared only for the period between 30 September 2023 and 30 September 2024 for Allocation, and for the period between 1 January 2024 and 30 June 2024 for Impact, and we have not performed any procedures with respect to earlier periods or any other elements included in the TSKB Allocation & Impact Reporting 2024, and therefore do not express any conclusion thereon.

### **Criteria**

While preparing Selected Information, the Bank used the principles in the Appendix 1 - Türkiye Sınai Kalkınma Bankası A.Ş. Allocation & Impact Reporting 2024 - Reporting Principles ("Reporting Principles") section on pages 16 and 17 of the Allocation & Impact Reporting 2024.

### **The Bank's Responsibility**

The Bank is responsible for the content of the Allocation & Impact Reporting 2024 and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

### **Inherent Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non- financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work did not include examination of the derivation of those factors and other third-party information.





## **Our Independence and Quality Management**

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.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Our Responsibility**

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Eligibility Criteria and Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and;
- undertook analytical procedures over the reported data.

## **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Bank's Selected Information for the period between 30 September 2023 and 30 September 2024 for Allocation, and for the period between 1 January 2024 and 30 June 2024 for Impact, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

**Restriction of Use**

This report, including the conclusion, has been prepared for the Directors of TSKB as a body, to assist the Directors in reporting TSKB's performance and activities related to the Selected Information. We permit the disclosure of this report within the Allocation & Impact Reporting 2024 for the period between 30 September 2023 and 30 September 2024 for Allocation, and for the period between 1 January 2024 and 30 June 2024 for Impact, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of TSKB as a body and TSKB for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Talar Gül, SMMM Independent Auditor  
İstanbul, 19 December 2024

## **Appendix 1 – Türkiye Sınai Kalkınma Bankası A.S. Allocation and Impact Reporting 2024 – Reporting Principles**

This reporting principles provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance of Türkiye Sınai Kalkınma Bankası A.S. ("TSKB" or the "Bank") included in the Türkiye Sınai Kalkınma Bankası A.S. Allocation and Impact Reporting 2024.

The calculations presented in the report were carried out based on the Company's internally developed methodology. Information from public sources (e.g. transparency platform of Energy Exchange Istanbul (EXIST), Turkish Statistical Institute), as well as data and reports directly related to the projects have been used in the calculations.

The data included in this guideline is for the period between 30 September 2023 and 30 September 2024 for Allocation, and for the period between 1 January 2024 and 30 June 2024 for Impact.

### **General Reporting Principles**

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

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

### **Scope of Reporting**

For the period ended 30 September 2024 for Allocation and 30 June 2024 for Impact, the data of the Bank is related to Green and Social Loans as identified in the TSKB Sustainable Finance Framework.

### **Green Loans**

- Renewable Energy
  - Installed Capacity (MW)
  - Total Investment Amount (USD)
  - Annual Generation (Electricity) (kWh)
  - Annual GHG Emissions Reduced/Avoided (ton/year)
  - Annual Allocated Amount from Bond/Total Annual GHG Emissions Reduced/Avoided (ton/year)
  - Loan Amount Financed with the Proceeds of Bond (USD)
- Pure Play
  - Loan Amount Financed with the Proceeds of Bond (USD)
- Eco Efficient Products
  - Total Investment Amount (USD)
  - Loan Amount Financed with the Proceeds of Bond (USD)
- Energy Efficiency
  - Total Investment Amount (USD)
  - Loan Amount Financed with the Proceeds of Bond (USD)
  - Annual Energy Savings (Electricity/Other) (kWh/year)
  - Annual GHG Emissions Reduced/Avoided (ton/year)

### **Social Loans**

- Electricity Distribution
  - Total Investment Amount (USD)
  - Total Subscriber
  - Population of the Area
  - Total Energy Distribution (MWh)
- Health
  - Annual In-Patient Visit Numbers (person.day)
  - Annual Out-Patient Visit Numbers (person)
  - Loan Amount Financed with the Proceeds of Bond (USD)

## Data Preparation

### Total Investment Amount (USD)

Total amount of loans disbursed to defined project for financing new and/or existing Green and Social Projects as defined under TSKB Sustainable Finance Framework.

### Loan Amount Financed with the Proceeds of Bond (USD)

It refers to the total amount of loans financed by sustainable bond issued by Bank for financing new and/or existing Green and Social Projects as defined under TSKB Sustainable Finance Framework.

### Renewable Energy

For projects in this category, the amount of annual GHG emissions reduced/avoided is calculated by using the amount of annual generated electricity and Turkey's GHG grid emission coefficient which is calculated by the Bank's own methodology which is in line with United Nations Framework Convention on Climate Change (UNFCCC). Turkish grid emission factor used the Bank is 0,6345 for solar & wind projects, and 0,5410 for other projects ([https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klim-De%C4%9Fi%C5%9Fikli%C4%9Fi/TUESEmisyonFktr/Belgeler/TUESEF\\_Bilgi\\_Formu.pdf](https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klim-De%C4%9Fi%C5%9Fikli%C4%9Fi/TUESEmisyonFktr/Belgeler/TUESEF_Bilgi_Formu.pdf))

The assumptions for calculating the reduction for each renewable energy emission reduction ratio were based on using the Turkey sector average of the last three years of the different renewable energy sources. The estimated amount of annual generated electricity is based on further information requested from project companies and transparency platform of Energy Exchange Istanbul (EXIST). In addition, the calculations for Annual Allocated Amount from Bond / Total Annual GHG Emissions Reduced/Avoided were carried out with Loan Amount Financed with the Proceeds of Bond / (Total Investment Amount \* Annual GHG Emissions Reduced/Avoided) formula.

### Energy Efficiency

For the project in this category, the amount of annual GHG emissions reduced/avoided is calculated by using the amount of annual energy savings and the emission factor of the consumption point from the distribution line, which is published by the Ministry of Energy and Natural Resources of the Republic of Turkey in 2021 and updated in 2024 ([https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klim-De%C4%9Fi%C5%9Fikli%C4%9Fi/EmisyonFaktorleri/TEUVETN\\_Emisyon\\_Fakt%C3%B6rleri\\_Bilgi\\_Formu.pdf](https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klim-De%C4%9Fi%C5%9Fikli%C4%9Fi/EmisyonFaktorleri/TEUVETN_Emisyon_Fakt%C3%B6rleri_Bilgi_Formu.pdf)).

### Electricity Distribution

Total investment amount, the number of total subscribers, population of area and total energy distribution are based on further information requested from project companies, the Bank's follow-up reports, transparency platform of Energy Exchange Istanbul (EXIST) and Turkish Statistical Institute statistics on provinces where electricity distribution is provided by the project companies. In addition, the calculations for Investment/person were carried out with Total Investment Amount / Population of Area formula; and for Investment/subscriber information Total Investment Amount / Total Subscriber formula is used.

### Health

The number of annual in-patient visit and number of annual out-patient visit of hospitals are based on further information requested from project companies, sources of Ministry of Health and consultant reports. While the number of annual in-patient visit shows the number of incoming patients to the hospital on a daily basis, number of annual out-patient visit shows the number of patients who are treated and discharged from hospital on a daily basis and not hospitalized.

### Restatements

The measuring and reporting of data inevitably involve a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Bank level.

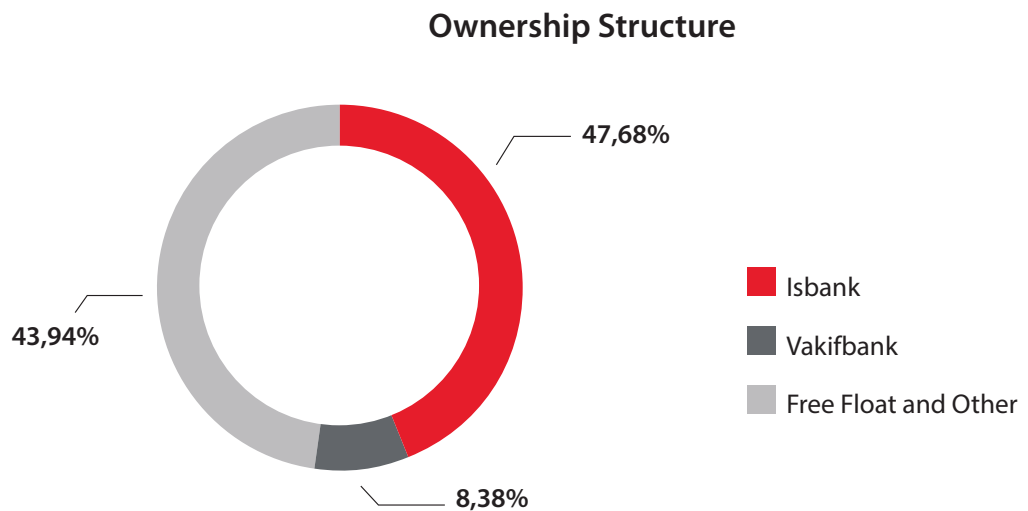
## 1. Introduction

### TSKB at a Glance

Founded in 1950 with the mission to finance medium-to-long-term investments in Türkiye and to contribute to the sustainable economic development of the country, Industrial Development Bank of Türkiye (TSKB) is Türkiye's first privately-owned development and investment bank. TSKB has its headquarters in Istanbul and a "Development Hub" in Ankara.

With its four subsidiaries; Yatırım Finansman Securities, TSKB Real Estate Appraisal Company, TSKB Real Estate Investment Trust and TSKB Sustainability Consultancy - Escarus, TSKB offers products and services to its customers in the corporate banking, investment banking, and advisory fields.

TSKB's market capitalisation stands at TRY 33 bn. TSKB's ownership structure as of 3Q-24:



#### *Unique Business Model*

Since its establishment, the Bank has been providing an increasing contribution to promoting sustainable growth, development and the transformation of the manufacturing economy in Türkiye with its extensive knowledge through its corporate banking, investment banking and advisory services capacities which it offers to a wide range of customers. Thanks to its unique business model with a "knowledge banking" approach, prudent risk assessment, and long-lasting relationships with stakeholders; TSKB identifies the actual and future needs for sustainable development. While providing financial support, the Bank also shares its know-how with its clients for building sustainable and resilient development. As a result of its intention to share this know-how, TSKB has established Escarus, its sustainability consulting subsidiary, in 2011. Escarus, which was elected to the Advisory Board and working groups of the "ICMA Green Bond Principles" in 2019 and continued this membership in 2021 and 2023, is the only Turkish company operating in order to provide a broader perspective on green, social and sustainable bond markets.

TSKB provides medium to long-term financing products tailored to sustainable investment projects in different sectors with a wide range of options, particularly corporate loans and project financing. The Bank also increases its sphere of influence by offering loans to SMEs, exporters and to the refugee impacted regions to support workforce imbalances. Both directly and indirectly through financial leasing and factoring companies, commercial banks and participation banks within the scope of APEX banking.

Distinguishing itself in the finance sector with its unique banking model which provides solutions to manage climate risks and opportunities and supports the just transition to a low-carbon economy as well as extending sustainability-themed loans, TSKB supports its customers with a wide range of themes such as renewable energy, energy efficiency, resource efficiency, circular economy, climate mitigation loans, and social themes such as inclusiveness, women empowerment, equal opportunity, youth empowerment, health, and education.



#### *Sustainable and Long-Lasting Relationship with Stakeholders*

With the World Bank actively involved in its foundation, TSKB operates in continuous cooperation with leading participants in global markets. TSKB's international partners include International Financial Institutions (IFIs) and Development Finance Institutions (DFIs) such as IBRD, AIIB, EIB, KfW, IDB, CEB, AFD, JBIC, IFC, EBRD, CDB, and OEB. TSKB is the only private bank besides state-owned banks, which has access to the Turkish Treasury and Finance Ministry guarantee for the funds secured from development financial institutions. Long-lasting and capacity-enhancing relationships with DFIs, IFIs, and mission clubs allow the Bank to follow recent developments in responsible banking and also to develop new themes and toolkits in order to contribute to the transition of Turkish economic and social development.

Due to its development and investment bank status, TSKB does not collect deposits nor engages in retail banking activities. The Bank provides financing for the transformation of the private sector with thematic funds it receives from its long-lasting stakeholders: DFIs and IFIs. In addition, TSKB issues debt instruments in foreign capital markets to create additional resources for Türkiye's sustainable and inclusive development investments.

### **TSKB Sustainability Journey**

TSKB embarked on its sustainability journey in the 1980s by integrating environmental considerations into its credit appraisal process. As a pioneer in providing climate impacts focused loans to the Turkish industry by securing resources from international markets, TSKB played a crucial role in financing the renewable energy and energy efficiency investments in Türkiye. As well as being Türkiye's first carbon-neutral bank in its operations in 2008, TSKB has further solidified its commitment by being the inaugural Turkish bank to join the United Nations Environment Programme Finance Initiative (UNEP FI) and the United Nations Global Compact (UNGC). With numerous noteworthy milestones in its sustainability efforts, TSKB remains dedicated to supporting the green transformation journeys of its stakeholders and contributing to the Turkish economy through its corporate banking, investment banking, and advisory services in the second century of the Republic of Türkiye.

In 2005, the Bank established the Environmental Management System, which evolved into the Sustainability Management System in 2012. In 2014 TSKB structured the Sustainability Committee and published the sustainability policy. Board-level approved policy has complementary policies addressed in below pages.

TSKB joined the International Development Finance Club (IDFC) Steering Group in 2019 and continued its activities as the Chairman of the Gender Equality Working Group within the Club since 2020 and as a member of other working groups including biodiversity, SDG Mapping and Refugees. In 2024, TSKB hosted the Club's Steering Group Meeting for the first time in Türkiye.

With the sustainability report published in 2009, TSKB broke new ground in the Turkish finance sector. In 2016, the Bank started to present its financial and sustainability performance with the Integrated Report. TSKB has been maintaining its leading role in the Turkish finance sector with its integrated annual reports since 2018. *Please see all sustainability reporting including Integrated Annual Reports, Climate Reports, CDP Reports here.*

TSKB, which has integrated sustainability at the heart of its business model since its establishment, proves its leading role in the sustainable banking with the ESG scores assigned by international rating agencies and the awards it has won in many aspects of sustainability.

As of October 2024, with a 7.4 ESG Risk Rating TSKB ranked 13th among 98 development banks assessed by Sustainalytics.

For details please see *Sustainability Ratings and Awards* sections in TSKB website.

<b>Institution</b>	<b>Statement Signed</b>	<b>Signature Date</b>
UNEP-FI	Net-Zero Banking Alliance (NZBA)	2022
CEB - AFD	Social Investment Coalition – Social Investment Statement	2021
Global Compact TR - BCSD Türkiye- TÜSIAD	Business Plastics Initiative	2021
IDFC - WDFI	Gender Equality, Biodiversity, Climate Change Statements	2020
IDFC	Gender Equality and Gender Equity Declaration	2019
UNEP-FI	Founding signatory of the UNEP-FI Principles of Responsible Banking	2019
KAGİDER	Equal Opportunities Model (FEM) Certificate	2018
Global Compact	UN Global Compact Türkiye - Declaration of Sustainable Finance	2017
WEPS	Women's Empowerment Principles	2015
UN Global Compact	United Nations Global Compact	2010
GRI	Sustainability Reporting Standards	2010
CDP	Carbon Disclosure Project	2007

Declarations and Principles to which TSKB is a Signatory

*Initiatives Led and Working Groups Participated By TSKB*

**Institute of International Finance (IIF)**

Sustainable Finance Working Group

**International Development Finance Club (IDFC)**

Steering Group Member

Working Groups:

- Gender Equality (Co-chair)
- Biodiversity Working Group
- SDG Mapping Working Group
- Refugees Working Group

**UN Global Compact Türkiye**

Working Groups:

- Sustainable Finance
- Gender Equality
- Environmental Studies
- Diversity and Inclusion

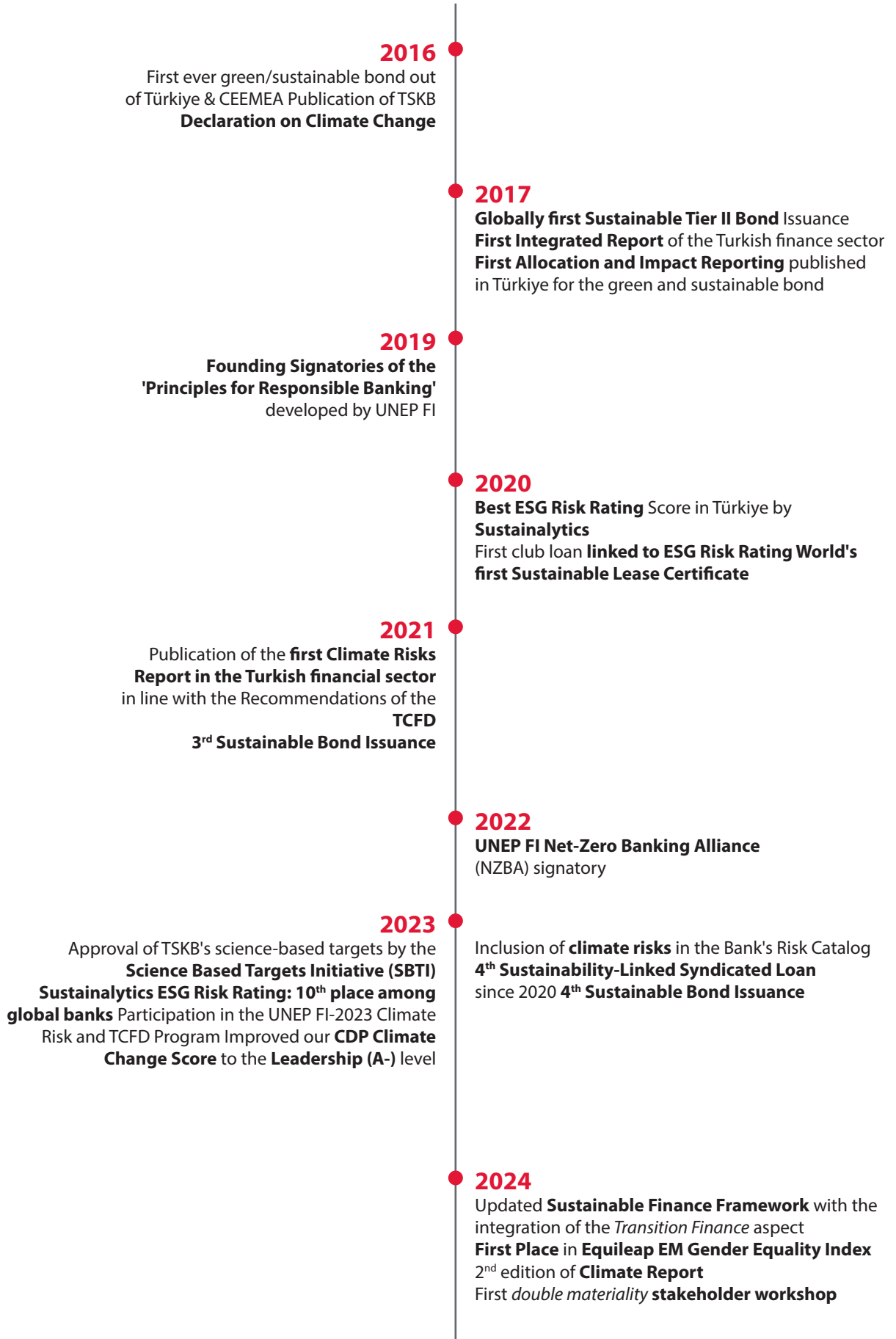
**Turkish Banking Association**

Sustainability Working Group (Chair)

**Integrated Reporting Turkey (ERTA)**

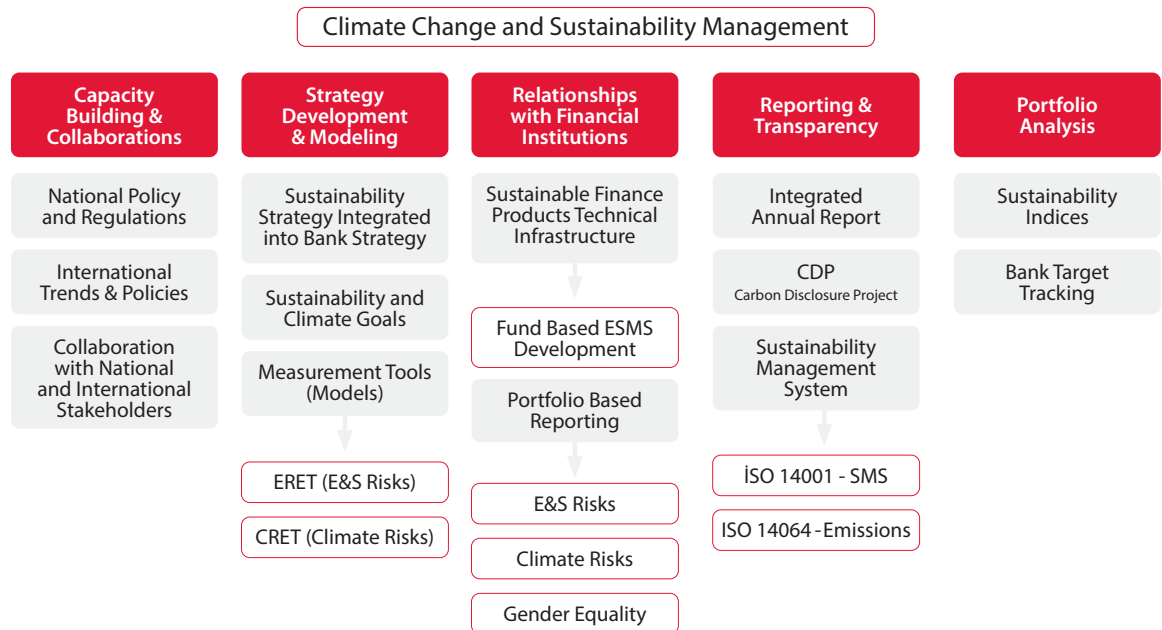
Board Member

## Milestones in Sustainability Journey



## 2. TSKB in 4 Reporting Pillars

### 2.1 Governance



#### *Sustainability Committee*

All sustainability efforts across the Bank are managed by the Sustainability Committee, which was established in 2014 and consists of 4 Board Members, CEO and 2 Executive Vice Presidents one of whom is the Sustainability Leader of the Bank.

The Committee ensures the coordination of business plans and activities created within the scope of the Bank's strategy, vision, and targets, and closely monitors the activities of the sustainability management committee.

#### *Sustainability Management Committee*

The Sustainability Management Committee convenes every 2 months during the year to ensure the dissemination of the Bank's sustainability activities and their integration into the differentiating business processes. A team of 14 members consisting of CEO, Executive Vice Presidents directly related to sustainability, various department heads and Climate Change and Sustainability Management Department head reports their activities to the TSKB Sustainability Committee. The annual targets of the Sustainability Management Committee are set clearly and measurably and are reflected in the performance scorecards of all management committee members.

#### *Climate Change and Sustainability Management Department*

As of 2024, the Climate Change and Sustainability Management Department was established to increase the effectiveness of centralized management and in-depth analysis of climate change and sustainability issues while ensuring the continuity of inclusive capacity development throughout our Bank. With this structural change, efforts by working groups under the Sustainability Management Committee were transferred to the newly established department responsible for the coordination of internal and external stakeholders.

### *Sustainability Policy*

TSKB has structured the Sustainability Management System (SMS) to cover all its business processes, to mitigate the environmental and social impacts arising from its banking activities and to support Türkiye's transition to a low-carbon economy. The Sustainability Policy is the main framework of TSKB SMS. Sustainability Policy, which was first published in 2012 and revised in 2015, is supported by nine complementary auxiliary policies with environmental, social, and governance themes.

In 2022, the Bank updated its Sustainability Policy and seven supporting policy documents considering global sustainability standards, sustainability indices methodologies and best practices. In addition, TSKB published the Responsible Communication Policy in the same year. With this policy, which is a first in Türkiye, TSKB has determined the principles that take into account the understanding of sustainability and responsible banking in brand communication activities.

The following policies are complementary policies to the Sustainability Policy:

- Environmental and Social Impact Management Policy
  - Annex: List of activities that are not to be financed
- Climate Change Mitigation and Adaptation Policy
- Occupational Health & Safety Policy
- Equal Opportunities and Inclusion Policy
- Human Rights Policy
- Gender Equality Policy
- Anti-Bribery and Anti-Corruption Policy
- Gifts and Hospitality Policy
- Sustainable Procurements Management Policy
- Responsible Communication Policy

In January 2024, Climate Change Mitigation and Adaptation Policy was updated in line with the Bank's net zero commitment and SBTi approved targets. Coal phase-out plan by 2035 was also included in the policy.

## **2.2 Strategy**

TSKB's strategy is based on creating value for the inclusive and sustainable development of Türkiye through 3 main business lines; Corporate Banking, Investment Banking and Advisory Services. Thanks to a unique business model, TSKB supports its clients with a holistic approach, raises awareness, improves applications and creates a positive impact besides financing solutions.

### *Double Materiality*

TSKB integrated the double materiality concept into the stakeholder and materiality analysis which is one of the important feedback mechanisms reflecting both internal and external stakeholders' priorities. The outcomes of the analysis, which are based on not just the financial materiality but also impact materiality, enlighten the Bank's strategy. According to 2023 analysis, the top 5 material issues are as follows:

- Ethics, Compliance with the Laws, and Anti-Corruption
- Cyber Security and Data Privacy
- Sustainable Financial Performance
- Management of Climate Risks and Opportunities
- Competent Human Capital

The Bank conducted a new materiality analysis with workshops and survey studies in 2024 and will share the results of the 2024 Integrated Annual, which will be published in March 2025.

### *Thematic Focuses and SDG Support*

Energy and resource efficiency, equal opportunity, renewable energy, sustainable agriculture, environment pollution abatement, and social infrastructure are among outstanding project themes with which TSKB creates inclusive and sustainable impact. As of 9M-24, the share of the loans supporting SDGs and climate and environment-focused SDGs are respectively 91% and 57%. In line with the stakeholders' needs and international best practices, TSKB proactively shapes its funding structure and loan book thanks to long-lasting relationships with development finance institutions and international financial institutions. With a focus on the transition to a low carbon economy and inclusiveness, circular economy, energy efficiency, prosumer investments, renewable energy, enabling industries and green reconstruction of earthquake area in Türkiye will be strategically important investment areas for TSKB in the short and medium term. In 2021, TSKB set a target to provide SDG-linked financing of a minimum of USD 8 billion by 2030. After 40% completion of the target at the end of 2023, the Bank uplift to 10 billion USD. As of 9M-24, 47% of the revised target has been achieved.



#### *Exclusionary list and coal phase-out*

In 2021, TSKB added greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes to its exclusionary list. In 2024, with the updated Climate Change Mitigation and Adaptation Policy, the Bank announced that it would not finance additional capacity expansion investments in coal-fired thermal power plants and coal mining for electricity generation. In line with the net zero targets, TSKB is committed to exit from coal financing by the end of 2035. As of YE-23 the share of power plants generating electricity from non-renewable sources in TSKB's loan portfolio is only 3%.

#### *Climate Report*

In 2021, TSKB published the first Climate Risks report in line with TCFD recommendations in Türkiye. At the beginning of 2024, the Bank published the second edition of the climate report to present the improvements made since the publication of the first report. The Climate Report outlines governance, strategy, risks and opportunities, as well as the Bank's roadmap to its 2050 net zero emissions target, which TSKB is implementing within the framework of science-based targets.

#### *Transition Plan*

Becoming a TCFD Supporter in 2021 and a UN Net Zero Banking Alliance (NZBA) member in 2022, TSKB set its science-based greenhouse gas emissions reduction targets which were approved by SBTi in July 2023. TSKB committed to aligning its loan and investment portfolio with zero-emission targets by 2050 and set interim period sectoral targets in January 2024.

The Bank's strategy in transition to a low carbon economy;

- Following and actively participating in international initiatives,
- Measuring and reporting greenhouse gas emissions arising from operations and lending activities, and having the calculations verified by independent institutions,
- Setting strong targets for the reduction of greenhouse gas emissions, determining a strategy and a roadmap in line with these targets, and designing projects,
- Managing its financing to support the transition to a low-carbon economy,
- Supporting its clients with advisory and investment banking products in their transition pathway.

## **2.3 Risk Management**

#### *Environmental and Social Risk Evaluation Tool (ERET)*

The Bank has adopted the Three Lines of Defense Approach, which is an effective method of managing environmental and social risks by integrating them into risk management processes and controlling operational activities. In the first line, all relevant business units and management bodies review and assess incoming loan applications in terms of risks arising from the loan portfolio. The environmental and social risks of projects are evaluated via TSKB's ERET model, which is in line with Equatorial Principles, irrespective of sector or loan size. The appraisal report which is the output of this process is submitted to either the Credit Evaluation Committee or BoD depending on the loan size. In the ERET Model, TSKB addresses the potential environmental impacts such as waste, emissions, and noise, as well as the potential social impacts on all stakeholders and land acquisition processes, such as stakeholder participation activities, complaint mechanisms, and physical and economic displacement. Analysis on environmental and social aspects are leading by TSKB's own engineers and social expert.

#### *Climate Risks Evaluation Tool (CRET)*

In 2022, CRET model was put into operation in order to integrate climate risks into the credit assessment, allocation, and monitoring processes. With this model, the Bank detects climate-related risks in the pre-allocation stage and avoids or mitigates the negative financial effects of these risks. In the Second Line, activities and controls are performed through structures reporting to the BoD and the Executive Committee in line with the Bank's risk appetite and policies. In the Third Line, all activities, including the management of climate risks, are independently audited by the Internal Audit Department reporting to the Audit Committee, which is composed of the members of the Board of Directors.

#### *Heat Map*

Considering the TCFD recommendations, a portfolio heat map with different risk categorizations was developed to monitor the climate risk vulnerability of the sectors in TSKB's loan portfolio. It aims to enable an initial assessment of the pressures on costs and incomes of sectors affected by climate change. The sub-sectoral breakdowns in the loan portfolio and their climate change vulnerability have been analysed regarding physical and transition risks. The results of the Heat Map, together with the CRET model outputs, play an important role in limiting exposure in sectors with high climate risk and taking measures to reduce risks and are also effective in determining the Bank's strategy and risk appetite for sectors with high climate risk.

## 2.4 Metrics and Targets

### *Sustainable Finance*

In 2020, the Bank completed its SDG Mapping Model project to measure its contribution to the SDGs. Within the scope of the project, each loan disbursed by TSKB is classified according to its theme and link to the SDGs. Thanks to the long-lasting relationship with development finance institutions and active membership in national and international initiatives, the Bank has the chance to present the model, get feedback, and improve the methodology. The model and its results are reviewed and assured by a third party to increase credibility. According to the SDG Mapping Model, TSKB commits to;

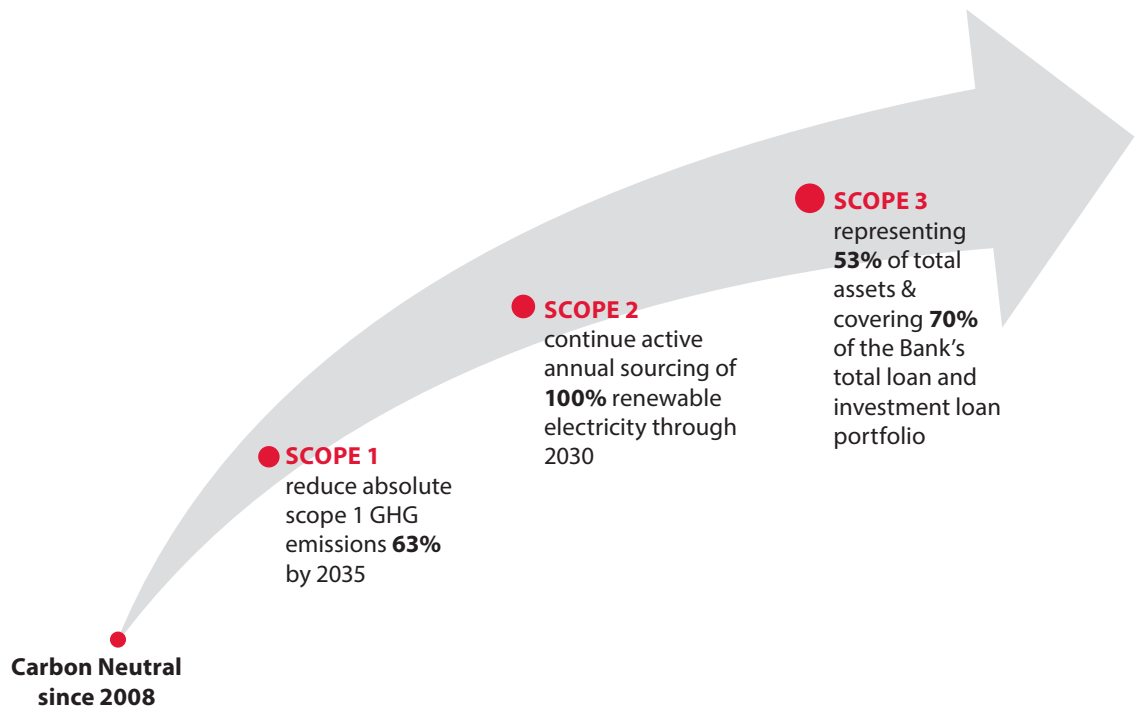
- provide SDG-linked financing of a minimum USD 10 billion by 2030
- provide climate financing of a minimum USD 4 billion by 2030
- maintain the ratio of SDG-linked loans in the total portfolio at 90% and above
- keep the share of loans contributing to climate and environment-focused SDGs in the total loan portfolio at 60%.

### *Science-based emission reduction targets*

TSKB's emission reduction targets, calculated in line with the guidelines of the Science Based Targets initiative have been approved by SBTi in July 2023. Moreover, in the second edition of its Climate Report, TSKB declared its interim period targets, following its 2050 net zero commitment.

### Net-Zero Transition Pathway

In 2022, we became UN NZBA member and submitted our Scope 1-2-3 emissions targets to SBTi. As of June 2023, SBTi approved our below targets.



\*For more details please visit: [https://sciencebasedtargets.org/resources/files/Target-language-and-summary\\_TSKB.pdf](https://sciencebasedtargets.org/resources/files/Target-language-and-summary_TSKB.pdf)



Reduce our **electricity generation project finance** portfolio GHG emissions from **85.6% per kWh by 2035**

Reduce GHG emissions from the **electricity generation sector within our corporate loan** portfolio **85.7% per kWh by 2035**

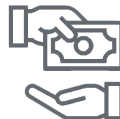


Scope 1+2 portfolio temperature score within our **other long-term corporate loan** portfolio **from 3.2°C to 2.74°C in 2027**

Scope 1 + 2 + 3 portfolio temperature score within our **other long-term corporate loan** portfolio **from 3.2°C to 2.82°C in 2027**



Reduce GHG emissions from the commercial **real estate sector within our corporate loan** portfolio **71% per square meter by 2035**



Scope 1+2 portfolio temperature score within our **corporate bond** portfolio **from 2.57°C to 2.31°C in 2027**

Scope 1+2+3 portfolio temperature score within our **corporate bond** portfolio **from 2.86°C to 2.59°C in 2027**

\*For more details please visit: [https://sciencebasedtargets.org/resources/files/Target-language-and-summary\\_TSKB.pdf](https://sciencebasedtargets.org/resources/files/Target-language-and-summary_TSKB.pdf)

*Performance Highlights as of 3Q24*

RENEWABLE ENERGY	
33%	Share of renewable energy projects in the loan portfolio
421	Renewable energy projects financed to date
15%	Share of projects TSKB involved in the financing of, in Türkiye's renewable energy installed capacity
GHG EMISSIONS	
100%	Use of green electric energy, carbon neutral bank in direct emissions
13.1 million tons	Emissions reduction contribution via renewable energy projects that TSKB involved in financing
15%	Share of the loan portfolio included in the Scope 3 calculation and verification processes
SDG SHARE	
91%	Share of SDG-linked loans in the portfolio
57%	Share of environment and climate focused SDG-linked loans in the portfolio
3.4 billion USD	SDG-linked loan disbursement since 2021
FUNDING STRUCTURE	
~80%	ESG-aligned funding
4th	Sustainable Bond issuance in 2023
1.1 billion USD	Non-withdrawn DFI funding focusing on climate and green reconstruction of earthquake zone in Türkiye

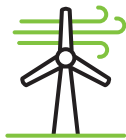
## TSKB SUSTAINABLE BOND & SUSTAINABLE TIER II

Issued the first Green/Sustainable Bond out of Turkey and CEEMEA region in May 2016, TSKB subsequently realized the globally first Sustainable Tier II Bond issuance in March 2017. Both of the bonds have been redeemed in consequent years. TSKB has updated the Sustainability Finance Framework to align with global developments and issued its third Sustainable Bond by early 2021. TSKB committed to extend loans in accordance with the Eligibility Criteria as described in the new Sustainability Bond Framework. This is the 8th Allocation & Impact Report following 2017, 2018, 2019, 2020, 2021, 2022 and 2023. In addition to Sustainalytics review, PwC assurance was obtained as well.

### Direct and Indirect Climate Change Mitigation

While Turkey has been heavily investing in climate mitigation investments since 2004, especially after the Paris Agreement, the world has put its concentration mainly in renewable energy and energy and resource efficiency, as the primary methods in tackling climate change. During the COP29 meetings in Baku, Türkiye announced its 2053 long-term climate strategy covering direct and indirect mitigation plans for energy, manufacturing, buildings, transportation, waste, agriculture and LULUCF sectors. Türkiye targets an increase to 73% of renewable energy share in total installed electricity capacity by 2035. In transition to a low-carbon economy, for companies to be energy and resource efficient and intent to develop renewable energies will be of vital importance.

- Renewable Energy
- Energy Efficiency
- Clean Transportation



- Green Buildings
- Pollution Prevention and Control



- Eco-Efficient and/or Circular Economy Adapted Products
- Alternative Maritime Power



### Sustainable and Social Infrastructure

To serve to aim of promoting sustainable growth and sustainable infrastructure improvements in Turkey; TSKB included the health sector, ports and electricity distribution network investments into the scope.

Sustainable  
Infrastructure



Social Infrastructure  
(Health and Education)



All selected projects are previously assessed by TSKB's own Environmental and Social Risk Evaluation Tool (ERET), which aligns with the IFC Performance Standards, in order to identify and rate risks associated with clients and projects. All selected projects are subject to ongoing monitoring and supervision in terms of environmental and social impacts.

Environmental rating methodology for ERET Model is continuously reviewed by TSKB teams, and the weights of high risk issues in the calculation process are increased in line with changing requirements, thus paving the way to mitigate the risky situations if any the risky issues.



## ALLOCATION & IMPACT REPORTING

### Review by Sustainalytics

Sustainalytics reviewed the projects funded through proceeds obtained from Sustainable Bond issuances in 2021 and 2023 and provided an assessment as to whether the projects as of June 2024 met the Use of Proceeds criteria and the Reporting Commitments outlined in the Sustainability Bond Framework provided by Sustainalytics. As per the Conclusion of the Annual Review issued by Sustainalytics nothing has come to Sustainalytics' attention that causes Sustainalytics to believe that, in all material respects, the reviewed bond projects, funded through proceeds of TSKB's Sustainability Bonds, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the TSKB Sustainability Bond Framework.

### Assurance by PwC

TSKB's sustainable bonds have also been verified by PwC. PwC has concluded that nothing has come to their attention indicating that the selected information as of 30 June 2024 are not prepared in all material respects in accordance with the Company's Eligibility Criteria as explained in the Report.

### Management of Proceeds

TSKB fully disbursed the proceeds of the 2021 Sustainable Bond as of December 2022 and From the 2023 Sustainable Bond, 69% of the proceeds were allocated as of June 2024. Moreover, TSKB will continue to finance new eligible projects for the redemption amounts out of the subject portfolio, on a best effort basis.

TSKB had a selection of existing projects to support the bond sizes and has aimed to re-finance the outstanding project flow with the use of proceeds of the Bonds.

As a result of the assesment of the subject project in accordance with ERET model, no individual action was required. Until when the full utilisation has got completed, the proceeds were held under a designated account, which is tagged within TSKB's accounting system for efficient monitoring of the related projects. TSKB has permitted transfers from this account to eligible projects only.

In some cases, the related component of a project supported by the Bonds could be a part of a larger investment. In such cases, the portfolio only finances the eligible portion of these investments.

The monitoring of the projects comprises regular reports by the Bank on project activities and performance throughout the lifetime of investment.

### Allocation of Proceeds (as of 30 June 2024)

#### Sustainable Bond 2023

		# of Projects	Percentage
Renewable Energy	86.033.389	8	42%
Pureplay	45.000.000	4	22%
Eco Efficient Products	5.272.000	1	3%
Energy Efficiency	2.865.499	1	1%
Electricity Distribution	62.761.442	3	30%
Health	4.421.483	1	2%
<b>Total</b>	<b>206.353.813</b>	<b>18</b>	<b>100%</b>

#### Funding

INSTRUMENT (ISIN)	DUE DATE	PRINCIPAL
XS2678232781	19.20.2028	USD 300.000.000

#### Sustainable Bond 2021

		# of Projects	Percentage
Renewable Energy	114.700.224	14	33%
Pureplay	75.427.693	4	22%
Eco Efficient Products	28.545.069	2	8%
Green Buildings	5.238.998	2	2%
Clean Transportation	1.126.126	1	0.3%
Electricity Distribution	60.781.371	6	18%
Health	57.000.000	1	17%
<b>Total</b>	<b>342.819.481</b>	<b>30</b>	<b>100%</b>

#### Funding

INSTRUMENT (ISIN)	DUE DATE	PRINCIPAL
XS2281369301	14.01.2026	USD 350,000,000

## ALLOCATION & IMPACT REPORTING

### Impacts Measured

TSKB Impact Report is in line with the ICMA Green Bond principles<sup>1</sup> reference framework for reporting . The Impact Report includes the list of projects that are financed under the subject Bonds proceeds, brief Project descriptions, the amounts committed and related environmental and/or social impacts. In the calculation of GHG emission reductions/avoidance, TSKB's internally and annually calculated Turkey's Green House Gas (GHG) Emission Factor (from Turkey's Electrical Energy Production) value is utilized. TSKB's emission factor calculation methodology is in line with United Nations Framework Convention on Climate Change (UNFCCC) tool to calculate the emission factor for an electricity system. In the calculations, Turkey's announced latest electricity statistics are used.

#### Impact of Sustainable Bond 2023 - Renewable Energy

Project Name	Project Description	Installed Capacity (MW)	Type	Eligibility for Green Bonds	Total Investment Amount (USD)	Loan Amount Financed with the Proceeds of Bond (USD) (30.06.2024)	Annual Generation FY 2023 (Electricity) (kWh)	Annual GHG Emissions Reduced/Avoided FY 2023 (ton/year)**	Annual Allocated Amount from Bond / Total Annual GHG Emissions Reduced/Avoided FY 2023 (ton/year)**
Project-1*	Solar Power plant in Mediterranean Region of Turkiye	49,5 MW	SPP	Solar Power	45.200.000	5.383.000	0	0	-
Project-2	Solar Power Plant in Aegean Region of Turkiye	9,19 MW	SPP	Solar Power	6.300.000	5.926.858	10.337.052	6.559	6.170
Project-3	Solar Power Plant in Central Anatolia Region of Turkiye	1348 MW	SPP	Solar Power	961.695.000	3.834.556	2.664.272.020	1.690.481	6.740
Project-4	Wind Power Plant in Eastern Anatolia Region of Turkiye	33,6 MW	WPP	Wind Power	44.350.000	11.309.897	17.364.890	11.018	2.810
Project-5*	Solar Power Plant in Mediterreanean Region of Turkiye	14,2 MW	SPP	Solar Power	8.113.000	5.452.500	0	0	-
Project-6	Wind Power Plant in Eastern Anatolia Region of Turkiye	49,7 MW	WPP	Wind Power	60.450.000	14.500.000	48.776.640	30.949	7.424
Project-7*	Wind Power Plant in Central Anatolia Region of Turkiye	66 MW	WPP	Wind Power	62.870.000	10.795.999	0	0	-
Project-8	Wind Power Plant in Central Anatolia Region of Turkiye	103,3 MW	WPP	Wind Power	128.285.000	28.830.578	128.450.180	81.502	18.317

\* The project started to operate in 2024

\*\* [https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klm/%C4%B0klmDe%C4%9Fi%C5%9Fikli%C4%9Fi/TUEEmisyonFktr/Belgeler/TUESEF\\_Bilgi\\_Formu.pdf](https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klm/%C4%B0klmDe%C4%9Fi%C5%9Fikli%C4%9Fi/TUEEmisyonFktr/Belgeler/TUESEF_Bilgi_Formu.pdf)

<sup>1</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

Project Name	Project Description	Installed Capacity (MW)	Type	Eligibility for Green Bonds	Total Investment Amount (USD)	Loan Amount Financed with the Proceeds of Bond (USD) (30.06.2024)	Annual Generation FY 2023 (Electricity) (kWh)	Annual GHG Emissions Reduced/Avoided FY 2023 (ton/year)**	Annual Allocated Amount from Bond / Total Annual GHG Emissions Reduced/Avoided FY 2023 (ton/year)**
Project-1	Wind Power Plant in Central Anatolia Region of Türkiye	72 MW	WPP	Wind Power	89.870.000	737.380	204.558.580	129.792	1.065
Project-2	Solar Power Plant in Eastern Anatolia Region of Türkiye	80 MW	SPP	Solar Power	41.500.000	844.890	120.801.100	76.648	1.560
Project-3	Solar Power Plant in Central Anatolia Region of Türkiye	1348 MW	SPP	Solar Power	961.695.000	46.165.444	2.664.272.020	1.690.481	81.150
Project-4	Wind Power Plant in Marmara Region of Türkiye	75 MW	WPP	Wind Power	77.250.000	3.369.605	269.610.870	171.068	7.462
Project-5	Wind Power Plant in Marmara Region of Türkiye	32,4 MW	WPP	Wind Power	33.330.000	5.862.331	94.706.780	60.091	10.569
Project-6	Biomass Plant in Marmara Region of Türkiye	16,07 MW	Biomass	Bio Energy	37.000.000	14.300.000	65.964.490	35.687	13.792
Project-7	Biogas Plant in Southeastern Anatolia Region of Türkiye	4,5 MW	Biogas	Bio Energy	9.950.000	3.050.894	17.517.160	9.477	2.906
Project-8	Hydro Power Plant in Central Anatolia Region of Türkiye	13,23 MW	HPP	Hydro Power	27.416.400	21.020.633	12.655.590	6.847	5.249
Project-9	Wind Power Plant in Marmara Region of Türkiye	13,6 MW	WPP	Wind Power	16.410.000	389.094	36.641.490	23.249	551
Project-10	Hydro Power Plant in Blacksea Region of Türkiye	10,43 MW	HPP	Hydro Power	20.000.000	4.729.746	31.115.980	16.834	3.981
Project-11	Biogas Plant in Central Anatolia Region of Türkiye	1,5 MW	Biogas	Bio Energy	4.378.000	1.016.965	7.437.210	4.024	935
Project-12	Biomass Plant in Aegean Region of Türkiye	13,4 MW	Biomass	Bio Energy	35.530.000	7.250.825	57.942.170	31.347	6.397
Project-13	Biomass Plant in Central Anatolia Region of Türkiye	5,3 MW	Biomass	Bio Energy	11.000.000	4.248.629	14.543.390	7.868	3.039
Project-14	Solar Power Plant in Central Anatolia Region of Türkiye	6 MW	SPP	Solar Power	6.045.000	1.713.788	14.397.682	9.135	2.590

ALLOCATION & IMPACT REPORTING

Impact of Sustainable Bond 2023 - Pureplay

Project Name	Type	Eligibility for Green Bonds	Loan Amount Financed with the Proceeds of Bond (USD) (30.06.2024)	Criteria
Project-1	Pure Play	Pure Play	4.000.000	Assets over 90% Renewable Energy
Project-2	Pure Play	Pure Play	10.000.000	Assets over 90% Renewable Energy
Project-3	Pure Play	Pure Play	14.000.000	Assets over 90% Renewable Energy
Project-4	Pure Play	Pure Play	17.000.000	Assets over 90% Renewable Energy

Impact of Sustainable Bond 2021 - Pureplay

Project Name	Type	Eligibility for Green Bonds	Loan Amount Financed with the Proceeds of Bond (USD) (31.12.2022)	Criteria
Project-1	Pure Play	Pure Play	24.501.501	Assets over 90% Renewable Energy
Project-2	Pure Play	Pure Play	7.103.750	Assets over 90% Renewable Energy
Project-3	Pure Play	Pure Play	29.734.858	Assets over 90% Renewable Energy
Project-4	Pure Play	Pure Play	14.087.584	Assets over 90% Renewable Energy

## ALLOCATION & IMPACT REPORTING

### Impact of Sustainable Bond 2023 - Eco Efficient Products

Project Name	Project Description	Eligibility for Green Bonds	Total Investment Amount (USD)	Loan Amount Financed with the Proceeds of Bond (USD) (30.06.2024)	Improved renewable energy generation, energy efficiency or GHG emission reduction
<b>Project-1</b>	Circular economy adapted products to improve GHG emission reduction	Circular Economy Adapted Products	35.390.000	5.272.000	<p><b>Circular economy adapted products</b></p> <p>Fertilizer and ammonia which is used fertilizer production is produced in the Company's existing integrated facilities. In ammonia production process CO<sub>2</sub> is formed as a by-product and formed CO<sub>2</sub> is currently filtered and released to air. With the projected investment this formed CO<sub>2</sub> will be captured and used as a raw material in urea production process to prevent waste and to reduce GHG emissions of the Company.</p>

### Impact of Sustainable Bond 2021 - Eco Efficient Products

Project Name	Project Description	Eligibility for Green Bonds	Total Investment Amount (USD)	Loan Amount Financed with the Proceeds of Bond (USD) (31.12.2022)	Improved renewable energy generation, energy efficiency or GHG emission reduction
<b>Project-1</b>	Production of pultruded profile from carbon fiber material for wind turbine blades to improve renewable energy generation	Eco-efficient products	120.910.000	27.601.048	<p>With this investment, company will produce carbon fiber instead of fiberglass which is used in wind turbine blade manufacturing process as raw material. Carbon fiber provides better performance in wind industry. It allows companies to put longer and lighter blades on turbines and capture more wind to generate more electricity. This drives down the cost of electricity for consumers.</p>
<b>Project-2</b>	Motor production in efficiency class IE3 and IE4 to improve energy efficiency	Eco-efficient products	16.500.000	944.021	<p>Company used to produce IE1 and IE2 efficiency level motors. They started to produce motors in IE3 and IE4 efficiency class. These motors are more efficient than the IE1 and IE2 class motors.</p>

ALLOCATION & IMPACT REPORTING

Impact of Sustainable Bond 2021 - Green Buildings

Project Name	Project Description	Eligibility for Green Bonds	Total Investment Amount (USD)	Loan Amount Financed with the Proceeds of Bond (USD) (31.12.2022)
Project-1	Project holding a valid gold leed certificate	Certificate Type	18.500.000	4.007.384
Project-2	Project holding a valid platinum leed certificate	Certificate Type	94.000.000	1.231.614

Impact of Sustainable Bond 2021 - Clean Transportation

Project Name	Eligibility for Green Bonds	Number of vehicles (#)	GHG savings (tCO <sub>2</sub> /year)	Total Investment Amount (USD)	Loan Amount Financed with the Proceeds of Bond (USD) (31.12.2022)	Criteria
Project-1	Low carbon vehicles	17 Electrical SUV vehicle	81,6	1.126.126	1.126.126	Low carbon public transportation: Electric or other low carbon

## ALLOCATION & IMPACT REPORTING

### Impact of Sustainable Bond 2023 - Energy Efficiency

Project Name	Project Description	Project Name	Eligibility for Green Bonds	Total Investment Amount (USD)	Loan Amount Financed with the Proceeds of Bond (USD) (30.06.2024)	Annual Energy Savings FY 2023 (Electricity/ Other) (kWh/year)	Annual GHG Emissions Reduced/Avoided FY 2023** (ton/year)
Project-1	Energy Efficiency Project: Reducing energy consumption at least by 15% measured for the specific investments which are financed	Waste Heat Recovery Plant (9,54 MW)	Energy Efficiency	19.947.000	2.865.499	72.000.000	34.488

\*\* [https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klım/%C4%B0klımDe%C4%9Fi%C5%9Fikli%C4%9Fi/EmisyonFaktorleri/TEUVETN\\_Emisyon\\_Fakt%C3%B6rleri\\_Bilgi\\_Formu.pdf](https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klım/%C4%B0klımDe%C4%9Fi%C5%9Fikli%C4%9Fi/EmisyonFaktorleri/TEUVETN_Emisyon_Fakt%C3%B6rleri_Bilgi_Formu.pdf)

### Impact of Sustainable Bond 2023 - Electricity Distribution

Project Name	Project Description	Total Investments in 2024/ 1H (TL)	Loan Amount Financed with the Proceeds of Bond (USD) (30.06.2024)	Total Subscriber (#) - As of 30.06.2024	Population of the Area - As of 30.06.2024	Total Energy Distribution (MWh) 2024/1H	2024 Investment/ person	2024 Investment/ subscriber	Benefits of the Investment
Project-1	Modernisation, rehabilitation and extension of electricity distribution network in Black Sea Region of Turkey	649.902.162	17.939.936	1.580.925	1.957.465	1.873.794	664	822	Projects should aim at retrofitting transmission lines or substations to reduce energy use and technical losses and to avoid electricity cuts. Projects can also aim at improving existing systems to facilitate the integration of renewable energy sources into the grid or Scada System to improve effectiveness. If possible, projects selection can also incorporate geographical aspects and favour projects in areas where electricity losses are high and a large number of customers/ households would benefit from modernization. If new transmission systems are installed, these should facilitate the integration of renewable energy sources into the grid or extensions to serve the additional population growth due to urbanization. TSKB will only select the portion of the loan that is aimed at integrating renewables in the Turkish electricity system, via a pro-rata approach based on the % of renewables installed capacity in the Turkish electricity grid. The evaluation of the majority of the loan provided within the scope of Project 2 and Project 5 within the scope of investments in the Eastern Anatolia Region and Southeastern Anatolia Region, whose consumption was greatly affected by the slowdown in industrial sector activities as a result of the earthquake, will contribute to the reconstruction and development of the regions.
Project-2	Modernisation, rehabilitation and extension of electricity distribution network in Eastern Anatolia Region of Turkey	322.029.219	4.821.506	1.076.236	1.722.108	1.795.351	374	598	
Project-3	Modernisation, rehabilitation and extension of electricity distribution network in Southeastern Anatolian region, Mediterranean Region, Central Anatolian Region and Marmara Region of Turkey	6.844.876.000	40.000.000	12.135.163	21.984.572	34.226.149	623	1.128	



## ALLOCATION & IMPACT REPORTING

### Impact of Sustainable Bond 2021 - Electricity Distribution

Project Name	Project Description	Total Investments in 2024/1H (TL)	Loan Amount Financed with the Proceeds of Bond (USD) (31.12.2022)	Total Subscriber (#) - As of 30.06.2024	Population of the Area - As of 30.06.2024	Total Energy Distribution (MWh) 2024/1H	2024 Investment/ person	2024 Investment/ subscriber	Benefits of the Investment
1	Modernisation, rehabilitation and extension of electricity distribution network in Marmara Region of Turkey	1.190.886.063	7.962.911	3.691.432	5.411.993	14.082.581	220	323	Projects should aim at retrofitting transmission lines or substations to reduce energy use and technical losses and to avoid electricity cuts. Projects can also aim at improving existing systems to facilitate the integration of renewable energy sources into the grid or Scada System to improve effectiveness. If possible, projects selection can also incorporate geographical aspects and favour projects in areas where electricity losses are high and a large number of customers/ households would benefit from modernization. If new transmission systems are installed, these should facilitate the integration of renewable energy sources into the grid or extensions to serve the additional population growth due to urbanization. TSKB will only select the portion of the loan that is aimed at integrating renewables in the Turkish electricity system, via a pro-rata approach based on the % of renewables installed capacity in the Turkish electricity grid.
2	Modernisation, rehabilitation and extension of electricity distribution network in Central Anatolia Region and Eastern Anatolia Region of Turkey	89.598.527	8.051.425	1.098.405	1.649.820	2.674.933	54	82	
3	Modernisation, rehabilitation and extension of electricity distribution network in Black Sea Region of Turkey	649.902.162	15.062.105	1.580.925	1.957.465	3.911.499	332	411	
4	Modernisation, rehabilitation and extension of electricity distribution network in Eastern Anatolia Region of Turkey	322.029.219	14.448.819	1.076.236	1.722.108	2.865.349	187	299	
5	Modernisation, rehabilitation and extension of electricity distribution network in Marmara Region of Turkey	1.190.886.063	3.998.911	3.691.432	5.411.993	14.082.581	220	323	
6	Modernisation, rehabilitation and extension of electricity distribution network in Central Anatolia Region and Eastern Anatolia Region of Turkey	89.598.527	11.257.200	1.098.405	1.649.820	2.674.933	54	82	

## ALLOCATION & IMPACT REPORTING

### Impact of Sustainable Bond 2023 - Health

Project	Project Description	Loan Amount Financed with the Proceeds of Bond (USD) (30.06.2024)	Annual In-Patient Visit Numbers (2024) (person.day)	Annual Out-Patient Visit Numbers (2024)(person)	Annual In-Patient Visit Numbers (2024/6) (person.day)	Annual Out-Patient Visit Numbers (2024/6) (person)	Benefits of the Investment
Project-1	Establishment of a city general hospital with 610 beds under a PPP scheme	4.421.483	-	-	117	4.282	City Hospital started its operation period as of 28.03.2024. It continues its activities with a total of 610 beds, including a 510-bed General Hospital and a 100-bed Physical Therapy Rehabilitation Hospital. With the opening of the hospital, which has been long awaited by Kütahya and neighbourhood cities, an intensive activity has begun and all stakeholders are making maximum efforts to provide the best quality health service to the public. During the period from the opening to today, the feedback received from the public has been very positive and the necessary care continues to be taken in terms of quality service.

### Impact of Sustainable Bond 2021 - Health

Project	Project Description	Loan Amount Financed with the Proceeds of Bond (USD) (31.12.2022)	Annual In-Patient Visit Numbers (2023) (person.day)	Annual Out-Patient Visit Numbers (2023)(person)	Annual In-Patient Visit Numbers (2024/6) (person.day)	Annual Out-Patient Visit Numbers (2024/6) (person)	Benefits of the Investment
Project-1	Establishment of a city general hospital with 845 beds under a PPP scheme	57.000.000	123	2.059.314	59	995.708	The hospital project which was opened in March, 2017 in Isparta aims to: *Renovate the insufficient healthcare infrastructure that serves increasing healthcare demands, *Bring smaller hospitals together under one campus, *Increase service quality and efficiency in region. The project is developed to provide service for Isparta and surrounding cities primarily Afyon, Burdur, Antalya and Konya. The Healthcare Facility is used by local people and other people coming from neighbor cities. The Project has an integrated health campus investment with a total capacity of 845 beds and it is Turkey's first hospital with earthquake isolator (897 units). Isparta province is a small city with a good transportation system sufficient for the city, where the local people generally use the public transportation. Project creates a positive influence on the transportation activities. The project has created job opportunities for 1.957 people (health service) in total during the operation of the hospital.