



**Export Credit Bank of Turkey
(Türk Eximbank)**

ENVIRONMENTAL AND SOCIAL IMPACT POLICY

2019

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TURK EXIMBANK ENVIRONMENTAL AND SOCIAL IMPACT POLICY

Export Credit Bank of Turkey (hereafter “Turk Eximbank” or “Bank”), aims to manage the direct and indirect environmental and social impact that might result from its activities with the Environmental and Social Impact Policy stated in this document. Türk Eximbank, while evaluating the environmental and social impact in all its direct and indirect activities, considers the internationally accepted standards and principles, some of which are as follows:

- OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the “Common Approaches”)¹
- IFC Performance Standards²
- World Bank Occupational Health and Safety Guidelines³
- World Bank Environmental and Social Framework⁴
- United Nations Guiding Principles for Business and Human Rights⁵

In this context, the Bank:

- Follows the environmental and social laws and regulations of the host countries for all loan, guarantee and insurance activities and considers the compliance.
- Does not support the activities which are prohibited/restricted by the legal regulations, international agreements which our country is a party of and are included in the “Turk Eximbank Exclusion List” presented in Annex-1 without considering any limit and subjecting them to any financial, technical, environmental and social assessment.
- Requests the Environmental and Social Impact Information Form in Annex-2 to be completed and all other information about the application from the applicant in order to set a basis to the assessment of applications. Requested information includes the potential environmental and social impact of the activity, sector, size and the goals of the project and the closeness of the project location to environmentally sensitive areas.

¹ <http://www.oecd.org/trade/topics/export-credits/environmental-and-social-due-dilligence/>

² https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

³ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

⁴ <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>

⁵ <https://www.unglobalcompact.org/library/2>

Turk Eximbank reserves the right to request information later even if it did not request it at any other stage of the process.

- Turk Eximbank applies the Environmental and Social Risk Model to below applications that are not listed in the “Turk Eximbank Exclusion List”;
 - All investment credits, medium and long-term insurance/guarantee and international loans applications where Turk Exim Bank’s share is 10 million US Dollars and above, with a tenor of 24 months and above,
 - Investment credit, insurance and international loans applications in which Turk Eximbank’s share below 10 million US Dollars and the tenor is 24 months and above that operation location is in/close to sensitive areas or within the scope of the activity there is a high possibility that human rights impacts will occur in order to classify and manage the potential environmental and social risks. Turk Eximbank receives independent consultant support from experts of environmental and social topics for detailed risk assessment and monitoring when necessary. The Bank monitors the detected potential risks for the duration of the financial cooperation. In addition, for the operations/projects that fall under the scope of Common Approaches, The Bank reckons with Turk Eximbank Environmental and Social Guidelines during environmental and social risk assessment, classification and monitoring.
- Regularly follows the impacts resulting from its operational activities and continuously sets targets for improvement.
- Aims to prevent and/or reduce the occupational health and safety risks that might occur within the scope of both its operational activities and the credit, guarantee and insurance activities it supports.
- Pledges to protect natural resources, biological diversity and cultural heritage; to avoid the negative impacts that its activities might create on communities and the living conditions of vulnerable people; and to prevent all kinds of discrimination.
- Supports resource and energy efficiency, renewable energy, waste reduction/recycling projects and environmentally friendly technologies in order for supporting sustainable development and fighting against climate change.

- Continuously monitors the legal regulations, national and international sectoral developments and the best practices, with the aim of enhancing the effectiveness of environmental and social risk management.
- Organizes capacity development and training activities in order to increase efficiency of environmental and social risk management.
- Systematically records, responds and periodically reports to senior management all complaints that are received from any party that is being affected from its operations and activities.

The Sustainability Committee is responsible from for monitoring and implementation of this Policy; Board of Directors is responsible from for approving, updating and abolishing the Policy. This document, which is a part of the Turk Eximbank Sustainability Management System is reviewed at least once a year and updated when necessary. The Policy is implemented in all Turk Eximbank activities. This Policy and all the updates are shared with Turk Eximbank employees and all other stakeholders via the intranet and internet sites of the Bank.

ANNEX-1

EXCLUSION LIST:

The Bank guarantees that it will not knowingly finance the following projects/activities directly:

1. Forced Labor⁶ and the harmful or exploitative forms of child labor⁷,
2. Production and/or trading of a product or activity that is accepted as illegal according to the Turkish law or international agreements, for example;
 - a) Production and trading of products that contain PCB⁸ (Polychlorinated Biphenyl),
 - b) Production and trading of medication, pesticide, herbicide and other harmful items that is banned in the international field (Rotterdam Agreement, Stockholm Agreement)⁹,
 - c) According to the Beijing modifications of the Montreal Protocol, production and trading of items that are internationally banned for the countries that are not a party to the Beijing modifications and harm the ozone layer (Montreal Protocol)¹⁰.
3. Wild Life Trade, Production and trading of wild life products that are regulated by CITES (Convention on the International Trade in Endangered Species of Wild Flora and Fauna)
4. Cross-border activity of waste products that are prohibited by Turkish and international law, (Basel Convention)¹¹,
5. Activities related to pornography and prostitution,
6. Gambling, activities of casinos and the accommodation facilities that have a gambling place,
7. Production and trading of unbonded asbestos fiber ¹²,
8. Forestry activities that involve the production and trading of hardwood and other forest products except from the ones that are managed sustainably,
9. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length,

⁶ Forced Labour refers to all work or services that result from punishment or force, where the individuals do not work voluntarily

⁷ Forced child labour refers to the jobs where children are exploited economically or being harmful to the education, health, physical, mental, ethical or social development of the child.

⁸ PCBs polychlorinated biphenyls is a group that contains a high amount of chemicals. There is a high possibility that PCBs existed from 1950s to 1985 in oil filled electricity transformers, capacitors and switchgears.

⁹ <http://www.who.int> and <http://www.pic.int>

¹⁰ Ozone Depleting Substance (ODS): Chemical compounds that react with Ozone stratosphere.
<http://www.unep.org/ozone/montreal.shtml>

¹¹ Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal,
<http://www.basel.int>.

¹² This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

10. Shipping of petroleum or other dangerous items that do not comply with the IMO standards in tankers (IMO, MARPOL, SOLAS and Paris Memorandum of Understanding)¹³,
11. Production and trading of products that are illegal according to the national laws, guidelines or international regulations and agreements or are subject to international bans,
12. Production or trading of radioactive products.
13. Activities that pose a threat to the cultural properties that are a part of the UNESCO World Heritage List¹⁴.

¹³Tankers that are banned by International Convention for the Prevention of Pollution from Ships (MARPOL), Safety of Life at Sea (SOLAS) (not restricted to these) , conformity to International Safety Management Code, Paris Memorandum of Understanding on Port State Control (Paris MOU) and due to the elimination according to MARPOL 13G a big single tanker that is older than 25 years shall not be used.

<http://www.imo.org/About/Conventions/ListOfConventions/Pages/International-Convention-for-thePrevention-of-Pollution-from-Ships-%28MARPOL%29.aspx>.

¹⁴ <https://whc.unesco.org/en/list/>

ANNEX-2

TURK EXIMBANK ENVIRONMENTAL AND SOCIAL IMPACT INFORMATION FORM

Turk Eximbank classifies the transactions that it is going to finance according to their potential environmental and social impacts as it is defined in the Turk Eximbank Environmental and Social Impact Policy. Information provided in this form will help Turk Eximbank to classify the application correctly. Turk Eximbank reserves the right to request information later even if it did not request it at another stage of the process.

Please answer the following questions. The answers might differ according to the project.

Firm/Company Name:

Please specify the name of your application:

1. Please check the appropriate box to indicate the type of the product you are applying for.

Loan Guarantee Insurance International Loans

2. Are there any Environmental and Social Impact Assessments (ESIA) or other environmental and social studies for the operation that is being applied for?

Yes No

If yes, please indicate the date and the person/institution that conducted the study (Provide a copy of the study if possible):

If no, please provide a detailed explanation:

3. Is your application aimed at exports of military equipment?

Yes No

4. Is your operation that is the subject of this application concerned with the export of agricultural commodities?

Yes No

5. Is the share of Turk Eximbank within the operation you are applying for equal to or more than 10 million US Dollars?

Yes No

6. Which one of the following matches with the scope of the operation you are applying for?

Existing undertaking that is undergoing material change in output or function

Export of capital goods and/or services to an already established facility that is changing considerably in terms of production capacity or functionality

Other

7. Does your operation of application match with any of the following project definitions?

- Project with emissions in excess of 25.000 tonnes CO₂-equivalent annually¹⁵

- Fossil Fuel power plant projects

Yes No

8. Is your application destined to identified location in or near sensitive areas listed below?

- *National Parks*

- *Natural Parks*

- *Tropical Forests*

- *Rain Forests*

- *Mangrove Forests*

- *Areas that contain endangered species*

- *Natural parks/areas that are under legal protection*

- *Areas of archeological or cultural importance*

- *Areas that are important to indigenous or vulnerable groups*

- *Areas that are a part of UNESCO World Heritage List*

Yes No

¹⁵ You can use the calculator from the following website in order to measure the equivalent CO₂ release of the greenhouse gas: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

9. Will your application cause severe project related human right impacts?

Yes No

10. Will workers that are younger than 18 be employed within your application?

Yes No

11. Will your application involve of forced labour?

Yes No

12. Will migrant workers be employed within your application?

Yes No

13. Will your application involve of involuntary resettlement of local population?

Yes (Please indicate number of people:) No

14. Will your application involve of land acquisition and/or expropriation?

Yes No

15. Were there any negative reactions to this project from local populations, NGOs or any other third parties? If yes, please indicate details (For example; date, from who etc.).

Yes No

16. Please identify possible precautions that will reduce the negative environmental and social impact:

17. Please indicate the positive impact of the transactions subject to this application on the local population.

Date

Firm Seal / Authorized Signature