

# TURK EXIMBANK

## ENVIRONMENTAL AND SOCIAL GUIDELINES

### I – OBJECT AND SCOPE

1. This Environmental and Social Guidelines has been prepared and put into force by the Export Credit Bank of Turkey (Turk Eximbank) in parallel to the OECD “Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the “Common Approaches”)” following the consensus of OECD Working Party on Export Credits and Credit Guarantees (ECG) with the aim of promoting coherence between policies regarding the official export credit support of the Export Credit Agencies of the member countries, and their policies for the environment, climate change, social and human rights, and their commitments under relevant international agreements and conventions, developing common procedures related to the environmental and social review of new and/or existing “Projects<sup>1</sup>” benefiting from officially supported export credits and mitigating the “potential environmental and social impacts<sup>2</sup>” of these Projects.
2. Environmental and Social Guidelines applies to all types of “officially supported export credits<sup>3</sup>” for capital goods and /or services, except exports of military equipment or agricultural commodities, with a repayment term<sup>4</sup> of two years or more.

### II –SCREENING AND CLASSIFICATION

3. Turk Eximbank will screen all applications for credit, guarantee or insurance cover by taking into account the potential environmental, social and human rights impacts encompassed by this Environmental and Social Guidelines. In the screening process, associated facilities and operations will be taken into consideration.
4. The exporter/contractor is responsible to provide Turk Eximbank with all necessary information required to carry out the screening. During the application stage, in order to pre-screen the potential environmental, social and human rights impacts of the transaction, Turk Eximbank requests information as per the Environmental, Social and Human Rights Impacts Questionnaire in Annex 1. The requested information includes the potential environmental, social and human rights impacts of the Project, the identification of the project including size, sector and aim and also the location of the Project and whether it is close to sensitive areas.
5. Projects for which Turk Eximbank’s share is equal to or above SDR (Special Drawing Rights) 10 million are subject to classification. Projects in or near sensitive areas<sup>5</sup> and/or where the screening has identified that there may be a high likelihood of severe project-related human rights impacts occurring<sup>6</sup> are subject to classification even if the Turk Eximbank’s share is below SDR 10 million.

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<sup>1</sup> “Project” refer to applications relating to export of capital goods and services to an identified location of any new commercial, industrial or infrastructure undertaking or of any existing undertaking that is undergoing material change in output or function, which may result in changes to the operation’s environmental and social impacts.

<sup>2</sup> Including all relevant environmental and social impacts addressed by the international standards mentioned in Article 12.

<sup>3</sup> “Officially Supported Export Credit”, implies the direct lending, guarantee or insurance cover by Turk Eximbank.

<sup>4</sup> As defined in the OECD Arrangement On Officially Supported Export Credits.

<sup>5</sup> Annex–2, Article 29.

<sup>6</sup> For example, impacts that are particularly grave in nature (*e.g.* threats to life, child/forced labour and human trafficking), widespread in scope (*e.g.* large-scale resettlement and working conditions across a sector), cannot be remediated (*e.g.* torture, loss of health and destruction of indigenous peoples’ lands) or are related to the project’s operating context (*e.g.* conflict and post-conflict situations).

6. Applications for exports of capital goods and services to an identified location regarding the existing operations that are undergoing no material change in output or function may not be classified, but shall be reviewed for potential environmental, social and human rights impacts before any final commitment.
7. Projects are classified into one of the following categories in accordance with their potential environmental and social impacts by the related department of Turk Eximbank receiving the application. Potential social impacts include indigenous peoples, community health, safety and security, labour and working conditions, and project-related human rights impacts; potential environmental impacts include project-related effects (e.g. greenhouse gas emissions, air pollution, waste water, etc.) as a result of the construction and operation of the project.
  - Category A: Projects having the potential to have significant adverse environmental and social impacts. In this Category, Projects in sensitive sectors, which have impacts affecting an area broader than the Project sites or facilities and located in or near sensitive areas are classified. An illustrative list of Category A Projects is set out in Annex 2.
  - Category B: a project is classified as Category B if its potential environmental and social impacts are less adverse than those of Category A projects. Typically, these impacts are site-specific, few if any of them are irreversible, and mitigation measures are more readily available.
  - Category C: Projects likely to have minimal or no adverse environmental and social impacts.
8. Following the classification in accordance with the questionnaire mentioned in Article 4, Turk Eximbank requires the following documents in respect of the social, environmental and human rights assessment of the Project<sup>7</sup>:

<b>Category</b>	<b>The Requested Documents</b>
Category A	<ul style="list-style-type: none"> <li>- Environmental and Social Impact Assessment (ESIA) Report</li> <li>- Environmental and social permit(s) required for the purposes of the Project issued by the authority of the buyer country</li> </ul>
Category B	<ul style="list-style-type: none"> <li>- Environmental and Social Impact Assessment (ESIA) Report</li> <li>- Environmental and social permit(s) required for the purposes of the Project issued by the authority of the buyer country</li> </ul>
Category C	<ul style="list-style-type: none"> <li>- No additional information and/or documentation is required.</li> </ul>

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<sup>7</sup> Turk Eximbank has the right to request any information, at any time during the lifetime of the Project.

### III - SOCIAL AND ENVIRONMENTAL REVIEW

9. After screening and classification, Turk Eximbank indicates the parties involved in the Project about additional information required in relation to the potential environmental and social impacts of the Project (including the need for an Environmental and Social Impact Assessment (ESIA) Report). The information to be supplied should include:

- A description of the project and its geographic, ecological, social, and temporal context,
- Information relating to the potential environmental and social impacts of the project, together with any information on related mitigating and monitoring measures.
- The standards, practices and processes that the parties involved in the project intend to apply, including information that the project complies with local legislation and other host country relevant regulations.
- Estimated annual greenhouse gas emissions from all fossil-fuel power plant projects and the projects with emissions in excess of 25.000 tonnes CO<sub>2</sub>-equivalent annually.
- The results of any public consultations with local communities directly affected by the project and/or their legitimate representatives and of any engagement with other parties, such as civil society organisations, that have expressed an interest in the project. It is the responsibility of the buyer/project sponsor to undertake any such public consultations and/or engagements with interested parties. For the purposes of public consultations, environmental and social impact information should be made available to affected communities in a language accessible to them.

In addition, when requested by Turk Eximbank, the environmental and social review of a project may need to be complemented by specific human rights due diligence.

Turk Eximbank has the right to request any information, at any time during the lifetime of the Project.

10. For Category A and B projects, the environmental and social review should examine the Project's adverse potential environmental and social impacts and should include proposals about measures in relation to prevent, minimize, mitigate, or compensate for adverse impacts and as well as methods to improve environmental performance. Turk Eximbank requires an ESIA report for Category A and B Projects. The cost of the ESIA report will be paid by the exporter/contractor.

Turk Eximbank, may require the advice of a consultant, about the review of the ESIA Report and type of measures to prevent, minimize, mitigate or compensate for adverse potential environmental and social impacts of the Project. The consultant will organize the information in the ESIA Report and benchmark the Project against standards in Article 12 below and assert his opinions and suggestions as a review report. The cost associated with the review report of the consulting firm will be paid by the exporter/contractor.

Different consultants should be preparing the ESIA Report and the review report. In case the consultant preparing the ESIA Report and review report is of Turkish origin, the cost associated with consulting may be eligible for Turk Eximbank cover provided that the cost is included in the contract value or invoiced to the buyer.

An ESIA should address the issues set out in Annex 3.

11. Beyond screening and classification, no further action is required for a Category C project.
12. Projects should be, in all cases, benchmarked against host country standards. In addition to host country standards, Projects should also be benchmarked against the one of the below listed international standards recognising that some of these standards contain margins of tolerance in how their overall objectives may be achieved:
  - non-project finance projects, against the relevant aspects of
    - all ten World Bank Safeguard Policies<sup>8</sup>, or
    - all eight IFC Performance Standards<sup>9</sup>, in particular where justified and/or practicable due to the size and/or structure of the transaction such as, but not limited to, certain types of structured finance transactions that share characteristics with project finance, and/or where other financial institutions forming a significant part of the project are applying these same standards;
  - limited or non-recourse project finance projects, against the relevant aspects of all eight IFC Performance Standards.
  - where such institutions are supporting the project, against the relevant aspects of the standards of the Major Multilateral Financial Institutions<sup>10</sup>, or
  - against any relevant internationally recognised standards, such as European Community standards, that are more stringent than those standards referenced above.

Projects should also be benchmarked against the relevant aspects of the EHS Guidelines<sup>11</sup>, which are referenced in World Bank Safeguard Policy OP 4.01 and IFC Performance Standard 3. In the absence of any relevant industry sector EHS Guidelines,

- the Projects should be benchmarked against the relevant aspects of any internationally recognised sector specific or issue specific standards such as, where appropriate, the Convention on Nuclear Safety, the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, and the relevant aspects of International Atomic Energy Agency (IAEA) standards for nuclear power plants and other nuclear facilities.
- international sources of guidance such as, for example, where appropriate, the Hydropower Sustainability Assessment Protocol and the Core Values and Strategic Priorities of the World Commission on Dams (WCD) Report for hydro-power projects and the standards of the World Organisation for Animal Health (OIE) for animal welfare issues, as well as any relevant IFC publications, such as its Good Practice Notes may be

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<sup>8</sup> These are the safeguard policies relating to: Environmental Assessment (OP 4.01); Natural Habitats (OP 4.04); Pest Management (OP 4.09); Indigenous Peoples (OP 4.10); Physical Cultural Resources (OP 4.11); Involuntary Resettlement (OP 4.12); Forests (OP 4.36); Safety of Dams (OP 4.37); International Waterways (OP 7.50); and Disputed Areas (OP 7.60.)

<sup>9</sup> The International Finance Corporation's Performance Standards are: Assessment and Management of Environmental and Social Risks and Impacts (PS1); Labor and Working Conditions (PS2); Resource Efficiency and Pollution Prevention (PS3); Community Health, Safety and Security (PS4); Land Acquisition and Involuntary Resettlement(PS5); Biodiversity Conservation and Sustainable Natural Resource Management (PS6); Indigenous Peoples (PS7); and Cultural Heritage (PS8).

<sup>10</sup> "Major Multilateral Financial Institutions" are the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, and the Multilateral Investment Guarantee Agency.

<sup>11</sup> "EHS Guidelines" refers to the World Bank Group Environmental, Health and Safety Guidelines; these are technical reference documents with general and industry sector performance levels and measures that are normally acceptable to the World Bank Group and that the World Bank Group generally considers to be achievable in new undertakings at reasonable costs by existing technology.

referred.

13. In case the environmental and social impact assessment for the Project has been carried out beforehand, the exporter/contractor should submit a copy of the assessment report to Turk Eximbank at the time of application.

If Turk Eximbank finds the evaluation sufficient, then, Turk Eximbank does not require any further environmental and social impact assessment. In case of insufficient evaluation, the procedure in this Environmental and Social Guidelines applies.

#### **IV - EVALUATION, DECISION AND MONITORING**

14. Turk Eximbank evaluates the existing information and decides whether to request further information. In case Turk Eximbank decides to provide officially supported export credit for the Project, before final commitment, requests steps to be taken in order to prevent, mitigate and compensate the adverse environmental and social impacts of the Project.

Regarding the prevention, mitigation and compensation of the adverse environmental and social impacts of the Project; Turk Eximbank:

- informs the exporter/contractor about Turk Eximbank's requirements,
  - informs the sponsor/borrower about Turk Eximbank's requirements,
  - requires the parties take precaution in order for the fulfillment of those requirements,
  - arranges the commitment for the fulfillment of those requirements as a prerequisite in the loan/guarantee agreement or in the insurance policy.
15. Turk Eximbank may, at any time, procure a consultant to monitor the Project regarding the compliance with the precautions for the prevention, mitigation and compensation of the adverse environmental and social impacts of the Project. In case of non-compliance, Turk Eximbank may suspend the financial support provided for the Project.
  16. Taking into account the competitive context and constraints of business confidentiality, the exporter/contractor agrees that Turk Eximbank may disclose information publicly regarding the potential environmental and social impacts of the Project and that Turk Eximbank may also share such information with the international institutions, where Turk Eximbank is committed for periodical reporting.
  17. For all limited or non-recourse project finance Category A projects, Turk Eximbank will require regular *ex post* reports and related information to be provided during her involvement in the Project to ensure that relevant potential environmental and social impacts are addressed according to the information provided during the environmental and social review.
  18. The provisions of the "Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence", as adopted by the OECD Council, will be taken into account for the matters not included in this Environmental and Social Guidelines.

## ANNEX 1

### TURK EXIMBANK

#### ENVIRONMENTAL, SOCIAL AND HUMAN RIGHTS IMPACTS QUESTIONNAIRE

Turk Eximbank classifies the projects in terms of their potential environmental, social and human rights impacts as defined by the *Turk Eximbank Environmental and Social Guidelines*. The information given in this questionnaire will help Turk Eximbank to classify the application correctly.

Please specify the name of your application.

*Write the name of your application here.*

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

Loan                       Guarantee                       Insurance

Is your application aimed at exports of military equipment?

Yes                       No

Is your application aimed at exports of agricultural commodities?

Yes                       No

Is your application aimed at exports of mobile assets? (e.g. ship, oil platform, plane, rubber-tired vehicles, construction equipment)

Yes                       No

Is your application aimed at exports of capital goods and/or services?

Yes                       No

Is Turk Eximbank's share in your application equal to or more than SDR (Special Drawing Rights)<sup>12</sup> 10 million?

Yes                       No

Please check the appropriate box to indicate the type of your application.

- New commercial, industrial or infrastructure undertaking at an identified location
- Existing undertaking that is undergoing material change in output or function
- Other

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<sup>12</sup> You can find the currency converter at [http://www.imf.org/external/np/fin/data/rms\\_sdrv.aspx](http://www.imf.org/external/np/fin/data/rms_sdrv.aspx)

Does your application comply with any of the following project descriptions?

- Project with emissions in excess of 25.000 tonnes CO<sub>2</sub>-equivalent annually<sup>13</sup>

- Fossil-fuel power plant project

Yes

No

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

- National Parks

- Natural Parks

- Tropical Forests

- Rain Forests

- Mangrove Forests

- Habitat of endangered species

- Nationally protected wild lands

- Areas with archaeological or cultural significance

- Important areas for indigenous or unprotected groups

- Properties on the UNESCO World Heritage List

Yes

No

Will your application involve of severe project-related human rights impacts?

Yes

No

Will your application involve of labour under the age of 18?

Yes

No

Will your application involve of forced labour?

Yes

No

Will your application involve of migrant worker(s)?

Yes

No

Will your application involve of involuntary resettlement of local population?

Yes (How many persons?: )

No

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

Yes

No

Please indicate the positive effects of your application on the local population.

*Please write positive effects here.*

Date  
Seal / Authorized Signature

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<sup>13</sup> You can find the calculator at <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator> to measure CO<sub>2</sub>-equivalent of greenhouse gas emissions.

## ANNEX 2

### ILLUSTRATIVE LIST OF CATEGORY A PROJECTS

The following is an illustrative list containing examples of the types of new and major expansion projects that may be classified as Category A. However, in practice, classification should be undertaken in accordance with the potential environmental and/or social impacts of each project.

1. Crude oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.
2. Thermal power stations and other combustion installations with a heat output of 300 megawatts (equivalent to a gross electrical output of 140 MWe for steam and single cycle gas turbines power stations) or more and nuclear power stations and other nuclear reactors, including the dismantling or decommissioning of such power stations or reactors (except research installations for the production and conversion of fissionable and fertile materials, whose maximum power does not exceed 1 kilowatt continuous thermal load).
3. Installations designed for the production, or enrichment of nuclear fuels, the reprocessing, storage or final disposal of irradiated nuclear fuels, or for the storage, disposal or processing of radioactive waste.
4. Integrated works for the initial smelting of cast-iron and steel, e.g. installations for the production of primary steel by blast furnace route or direct reduction; installations for the production of non-ferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
5. Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos: for asbestos-cement products, with an annual production of more than 20 000 tonnes finished product; for friction material, with an annual production of more than 50 tonnes finished product; and for other asbestos utilisation of more than 200 tonnes per year.
6. Installations for the manufacture and/or recovery of chemicals (including but not limited to petrochemicals, fertilisers, pesticides & herbicides, health care products, detergents, paints, adhesives, agro-chemicals, pharmaceuticals, explosives) on an industrial scale using physical, chemical and/or bio-chemical processes and for large scale distribution of such chemicals via pipelines/terminals and associated facilities.
7. Construction of airports with a basic runway length of 2 100 metres or more.
8. Construction of motorways and express roads.
9. Construction of a new road, or realignment and/or widening of an existing road, where such new road, or realigned and/or widened section of road, would be 10 km or more in a continuous length.
10. Construction of railway lines that go beyond urban areas and of long-distance railway lines.
11. Sea ports and also inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1 350 tonnes; trading ports, piers for loading and unloading



connected to land and outside ports (excluding ferry piers) which can take vessels of over 1 350 tonnes.

12. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
13. Large<sup>14</sup> dams and other impoundments designed for the holding back or permanent storage of water.
14. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic metres or more.
15. Industrial plants for the production of pulp, paper and board from timber or similar fibrous materials.
16. Operations that involve large scale extraction, via underground or open-pit mining, solution mining, or marine or riverine operations to obtain precious metals, base metals, energy and industrial minerals, or construction materials. It may also include the processing of the extracted material.
17. Greenfield cement plants where the project includes a greenfield quarry.
18. Large scale oil, gas, or liquefied natural gas development that may include any or all of:
  - exploration (seismic and drilling);
  - field development and production activities;
  - transport activities, including pipelines/terminals, pump stations, pigging stations, compressor stations and associated facilities; or
  - gas liquefaction facilities.
19. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200 000 tonnes or more.
20. Large-scale logging.
21. Municipal wastewater treatment plants with a capacity exceeding 150 000 population equivalent.
22. Municipal solid waste-processing and disposal facilities.
23. Large-scale tourism and retail development.
24. Construction of overhead electrical power transmission lines with a length of 15 km or above<sup>15</sup> and a voltage of 110 kV or above.
25. Large-scale land reclamation.

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<sup>14</sup> As per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15m or more from the foundation. Dams that are between 5 and 15m high and have a reservoir volume of more than 3 million m<sup>3</sup> are also classified as large dams.

<sup>15</sup> This 'limit' can be found in Directive EC 97/11.

26. Large-scale primary agriculture/sylviculture involving intensification or conversion of natural habitats.
27. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.
28. Installations for the intensive rearing of poultry or pigs with more than: (i) 85 000 places for broilers and 60 000 places for hens; (ii) 3 000 places for production pigs (over 30 kg); or (iii) 900 places for sows.
29. Projects which are planned to be carried out in sensitive areas or are likely to have a perceptible impact on such areas, even if the project category does not appear in the above list.
30. Projects which may result in significant adverse social impacts to local communities or other project affected parties, including those involved in the construction and/or operation of the project.
31. Projects involving land acquisition and involuntary resettlement of a significant number of affected people.

## ANNEX 3

### ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT REPORT

An Environmental and Social Impact Assessment (ESIA) report focuses on the significant issues of a project. The report's scope and level of detail should be commensurate with the project's potential impacts and risks, and should address the issues set out in the international standards applied to the project. The ESIA report should typically include the following items (not necessarily in the order shown):

- Non-technical executive summary: concisely discusses significant findings and recommended actions.
- Policy, legal, and administrative framework: discusses the policy, legal, and administrative framework within which the Assessment is carried out, including host country regulations, including obligations implementing relevant international social and environmental treaties, agreements, and conventions, the international standards applied to the project, as well as any additional priorities and objectives for social or environmental performance identified by the buyer/project sponsor. Explains the environmental requirements of any co-financiers.
- Project description: concisely describes the proposed project and its geographic, ecological, social, health and temporal context, including any additional project components that may be required (e.g. dedicated pipelines, access roads, power plants, water supply, housing, and raw material and product storage facilities). Encompasses facilities and activities by third parties that are essential for the successful operation of the project. Normally includes maps showing the project site and the project's area of influence.
- Baseline data: assesses the dimensions of the study area and describes relevant physical, biological, socioeconomic, health and labour conditions, including any changes anticipated before the project commences. Also takes into account current and proposed development activities within the project area but not directly connected to the project. Data should be relevant to decisions about project location, design, operation, or mitigation measures. The section indicates the accuracy, reliability, and sources of the data.
- Environmental and Social impacts: predicts and assesses the project's likely positive and negative impacts, in quantitative terms to the extent possible. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for enhancement. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that do not require further attention. Evaluates impacts and risks from associated facilities and other third party activities. Examines global, transboundary, and cumulative impacts as appropriate.
- Analysis of Alternatives: compares reasonable alternatives to the proposed project site, technology, design, and operation in terms of their potential environmental and social impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training, and monitoring requirements. States the basis for selecting the particular project design proposed and justifies recommended emission levels, including where relevant for greenhouse gases, and approaches to pollution prevention and abatement. Environmental Management Plan: describes mitigation, monitoring and institutional measures to be taken during construction and operation to eliminate adverse impacts, offset them, or reduce them to

acceptable levels.

- **Management Programme:** consists of the set of mitigation and management measures to be taken during implementation of the project to avoid, reduce, mitigate, or remedy for adverse social and environmental impacts, in the order of priority, and their timelines. May include multiple policies, procedures, practices, and management plans and actions. Describes the desired outcomes as measurable events to the extent possible, such as performance indicators, targets or acceptance criteria that can be tracked over defined time periods, and indicates the resources, including budget, and responsibilities required for implementation. Where the buyer/project sponsor identifies measures and actions necessary for the project to comply with applicable laws and regulations and to meet the international standards applied to the project, the management programme will include an Action Plan, which is subject to disclosure to the affected communities and on-going reporting and updating.
- **Appendices:**
  - List of ESIA report preparers – individuals and organisations.
  - References – written materials, both published and unpublished, used in study preparation.
  - Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected communities and/or their legitimate representatives and other interested parties, such as civil society organisations. The record specifies any means other than consultations (*e.g.* surveys) that were used to obtain the views of affected groups.
  - Tables presenting the relevant data referred to, or summarised in, the main text.
  - Associated reports, audits, and plans (*e.g.* Resettlement Action Plan or Indigenous Peoples/ Natural Resource Dependent Community plan, community health plan).
  - Action Plan that (*i*) describes the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken, (*ii*) prioritises these actions, (*iii*) includes the time-line for their implementation, and (*iv*) describes the schedule for communicating with affected communities when on-going disclosure or consultation is expected.