

# DenizBank

## Sustainable Finance Framework



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## 1. Introduction to DenizBank

In 1997, DenizBank was acquired by Zorlu Holding via a banking license from the Privatization Administration. Recording three shareholder changes and performing a public offering during its short history of 25 years, the Bank was acquired in October 2006 by Dexia, a leading European financial group. Subsequently, as the biggest one-time investment made by Russia in Türkiye, DenizBank started to operate under Sberbank, one of the world's biggest banks, as of September 28, 2012. Most recently, the Bank's ownership was transferred to Emirates NBD, a leading Banking Group in the MENAT region, as of July 31, 2019.

As part of corporate identity efforts, DenizBank implemented a "Back-to-Life" program that included recruitment and new branch openings with its five-year strategic plan in 1997. To this end, DenizBank acquired some of the bank branches under the control of Saving Deposit Insurance Fund and included Tarişbank to the group at year-end 2002. During this period, DenizBank acquired banks in Austria and Russia in addition to its factoring, financial leasing, investment and portfolio management companies to complement its existing banking products and services. As a result, DenizBank Financial Services Group (DFSG) created a "financial supermarket" providing a wide variety of financial services under a single umbrella in 2003. DenizBank also took over the Retail Banking Department of Citibank as of July 1, 2013 together with its more than 600 thousand customers and 1,400 employees.

Making substantial investments in technology, R&D and innovation since its founding, DenizBank established the first Digital Banking Department in Türkiye in 2012. Since that time, the Bank has implemented numerous innovations that lead the sector in facilitating and adding value to the lives of people. DenizBank appointed the first Chief Digital Officer (CDO) in the sector. The Bank was named the "Most Innovative Bank in the World" multiple times in the USA and Europe. DenizBank integrates all areas of either physical or digital contact with customers through its hybrid "phygital" strategy. In July 2021, the Bank established its new age subsidiary NEOHUB as a subsidiary of Intertech, in order to support the entrepreneurial ecosystem of Türkiye with the "ecosystem banking" understanding.

In addition, DenizBank works to ensure a bright future for its home country and society with various social responsibility efforts. The Bank provides support in strategic areas such as health, sports

clubs, municipalities, shipping, tourism, energy, education, infrastructure and agriculture. DenizBank is also committed to meeting the needs of SMEs, who are at the heart of the nation's economy. The Bank continually develops innovative financing models to foster this key segment. Besides its flagship banking institution, DenizBank Financial Services Group includes six domestic and three international financial subsidiaries, six domestic non-financial subsidiaries and a branch in Bahrain. DenizInvest, Deniz GYO, DenizPortföy Yönetimi, DenizLeasing, DenizFaktoring, fastPay, Intertech, NEOHUB, DenizKültür, Ekspres Maintenance, Açık Deniz Radyo-TV and Bantaş are the domestic subsidiaries of the Group, and Eurodeniz, DenizBank AG and DenizBank Moscow are the foreign subsidiaries. With a broad service network reaching all parts of society in Türkiye DenizBank has 645 branches in Türkiye, Kyrenia and Bahrain, in addition to 14 branch locations of DenizBank AG, its subsidiary based in Vienna. The Group operates in EU countries via DenizBank AG, while CJSC DenizBank Moscow serves customers abroad that have trade relations with Russia.

## 2. Sustainability at DenizBank

In order to manage all its sustainability activities through a single platform, in 2021, DenizBank established the Sustainability Coordination Department. The Department, which operates under the Financial Institutions Group, is responsible for jointly conducting all sustainability related activities with internal and external stakeholders and in line with DenizBank's vision, mission, and sustainability oriented strategy. Within this framework, the Department is involved in integrating the Bank's business processes in a manner that prioritizes the environmental, social and administrative interests of society and the UN Sustainable Development Goals. The Sustainability Coordination Department works to implement and strengthen the Bank's policies on sustainability by monitoring national and international practices related to sustainability, determining what activities the Bank can undertake in this arena, and developing a roadmap for employees to follow to reach their sustainability goals. Towards this end, after creating the infrastructure required to measure and manage both direct and indirect environmental and social impact, a Sustainability Management System was established and put into practice. The System, which operates as part of the Project Finance Group, is used to conduct environmental and social-impact audits of project finance loans of USD 10 million or more. In addition, an expert team from the "Agricultural Credits R&D and Credits

Sustainability Management” department is responsible for developing the methodology and infrastructure needed to adapt the environmental and social assessment model to loan segments other than the retail segment. In full awareness of its responsibilities in connection with the future of our planet, DenizBank views acting with consideration for the direct and indirect environmental and social impact of its operations to be among its most important duties. Within this context, the Bank has adopted the UN Sustainable Development Goals (SDGs)\*, which comprise universal criteria of sustainability and set a broad sustainability agenda.

## 2.1. Social Sustainability:

DenizBank aims to promote human rights, fair working conditions, diversity, gender equality and equal opportunities to contribute to social development through the bank's business operations. To that end, DenizBank:

- Aims to provide its employees with a healthy and safe working environment where human rights and employee rights are respected and equal opportunities are offered,
- Contributes to raising awareness in the field of sustainability within both the bank and the society by supporting continuous training and competence development activities for improving organisational capacity,
- Aims to contribute to the success of its employees with a fair reward and performance system and works to provide a working environment that is compatible with the organisation's ethical values and strategic goals,
- Aims to develop products and services that support social development from a sustainability perspective,
- Offers funds to the agricultural industry and farmers to support the agricultural sector, which is a key area of economic activity for Türkiye, as well as local development,
- Implements projects that will contribute to social development and aims to make social contribution by supporting projects aimed at raising social awareness, particularly in the fields of education, culture, art and sports.

## 2.2. Environmental Sustainability:

The financial sector has a key role in the supporting power of the financing it provides for transition to a low carbon economy. Aware of this role, the bank cares about contributing to the sustainable consumption of limited resources, to combat against climate change and to increase the resistance against unavoidable environmental changes via its services and activities. To that end, DenizBank:

- Manages the environmental and social impacts from its operations through the **"Policy on the Management of Direct Environmental Social and Impacts"**<sup>1</sup>,
- Manages and monitors the environmental social impact process regarding products and services through the **"Policy on the Management of Environmental and Social Impacts in Lending Processes"**<sup>2</sup>,
- Monitors the consumption as well as environmental impacts from its operations and aims to improve them through mitigation projects,
- Develops sustainable finance products and considers emissions from operations to support the struggle against global climate change and champion climate adaptation, which are fundamental to sustainable development,
- Acts fairly in supplier selection and considers prioritising local suppliers that have environmentally-friendly practices in procurement to support the local and low-carbon economy.

## 2.3. Governance-related Sustainability:

DenizBank offers value-oriented services to its stakeholders through technology-integrated approaches aiming for continuous improvement. Its high standards in business ethics enable DenizBank to protect the confidence in and reputation of the bank. To that end, DenizBank:

- Adopts an approach based on fairly sharing the values it creates through its services and operations with shareholders, customers, employees and other stakeholders in line with the principles of accountability and transparency,

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<sup>1</sup> Denizbank Direct Environmental and Social Impacts Policy, to be found [here](#)

<sup>2</sup> Denizbank Policy on Environmental and Social Impact on Lending, to be found [here](#)

- Executes the Bank's sustainability operations and objectives under the supervision of the **Sustainability Committee**<sup>3</sup>,
- Closely follows national and international developments in the sector by taking part in sustainability initiatives to successfully realise the long-term goal of creating value for all its stakeholders,
- Aims to ensure continuous customer satisfaction,
- Manages its sustainability work through a transparent and accountable structure,
- Observes the ethical and moral rules which are among the company values, does not tolerate bribery and corruption in any way whatsoever and adopts the principle of managing these issues in line with **the Anti-Corruption Policy and Ethical Principles Policy**<sup>4</sup>.

#### 2.4. Environmental and Social Risk Management

At DenizBank, we aim to support the sustainable growth of our stakeholders through our services and activities. We prioritize sustainable investments to ensure the growth of the business community and the society - a commitment for our long-term success and, more importantly, for minimizing environmental and social negative impacts. As a social responsible bank that closely monitors global developments and the demands of our stakeholders, we define our role as 'creating a positive impact through our services and guiding sustainable finance by inspiring our stakeholders to make sustainable choices'.

Accordingly, as a financial service provider, we are aware of the significance of the impact we create through our products and services. Therefore, we manage the impacts we create, i.e. our indirect impacts, as part of the "Policy on the Management of Environmental and Social Impacts in Lending Processes".

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<sup>3</sup> To be found [here](#)

<sup>4</sup>To be found [here](#)

To that end, DenizBank:

- Does not under any circumstance finance activities prohibited by national legislation and international conventions to which Türkiye is a party,
- Does not under any circumstance finance activities included in the "Exclusion List"<sup>5</sup>,
- Applies the environmental and social risk assessment model developed as part of the Sustainability Management System to the new project finance loan applications over a certain amount and to loan applications in the agriculture segment,
- Systematically monitors the environmental and social impacts of the loans falling into the foregoing scope, monitors the management of potential impacts by customers within the framework of environmental and social action plans,
- Attaches importance to financing the projects that will support such areas in line with the perspective of promoting the transition to a low-carbon economy,
- Systematically evaluates and monitors the environmental and social impacts of agricultural investment loans through the checklist it developed,

Pursues the development of special-themed products and services that offer environmental, social and economic contributions to the development of sustainable finance and strives to shape its relevant product offers according to the needs of the society,

### *DenizBank's Sustainable Finance Framework*

DenizBank has established this Sustainable Finance Framework under which the bank intends to issue green, social or sustainability bonds (including private placements), sukuk, commercial papers, and any other debt instruments (collectively "Sustainable Finance Instruments"), to finance and/or refinance loans with a positive environmental and/or social benefit.

Under this Framework, DenizBank may issue three types of financing instruments:

- Green finance instruments to finance and/or refinance eligible green loans (as defined in the Use of Proceeds section under Green Eligible Projects);
- Social finance instruments to finance and/or refinance eligible social loans (as defined in the Use

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<sup>5</sup> To be found [here](#)



of Proceeds section under Social Eligible Projects);

- Sustainable finance instruments to finance and/or refinance a mix of eligible green and social loans (as defined in the Use of Proceeds section under Green and Social Eligible Projects).

Under this framework, General Corporate Purposes (GCP) loans qualify when they are provided to “pure-play companies” with over 90% of revenues coming from green or social activities outlined in the eligibility criteria below.

This Sustainable Finance Framework is based on the International Capital Markets Association (“ICMA”) Green Bond Principles (“GBP”) 2021 (with June 2022 Appendix I)<sup>6</sup>, Social Bond Principles (“SBP”) 2023<sup>7</sup>, Sustainability Bond Guidelines (SBG) 2021 version<sup>8</sup> as well as the Loan Market Association (“LMA”) Green Loan Principles (“GLP”) 2023 version<sup>9</sup> and Social Loan Principles (“SLP”) 2023 version<sup>10</sup>. Any future changes in the standards mentioned above may be implemented in future versions of this Sustainable Finance Framework.

The DenizBank Sustainable Finance Framework consists of four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The DenizBank Sustainable Finance Framework also follows the recommendations of the Green Bond Principles and Social Bond Principles regarding External Review.

The Framework may be revised or updated anytime to remain consistent with the strategy of DenizBank, best market practices and regulatory developments. For the avoidance of doubt, any future change to the Framework may not necessarily apply to sustainable finance instruments previously issued under this framework. Any new Framework will be published on DenizBank’s website with the date of the update and replace this Framework. A new Second Party Opinion will be obtained for a revised or updated Framework.

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<sup>6</sup> To be found [here](#)

<sup>7</sup> To be found [here](#)

<sup>8</sup> To be found [here](#)

<sup>9</sup> To be found [here](#)

<sup>10</sup> To be found [here](#)

### 3. Use of Proceeds

DenizBank's green, social or sustainable finance instruments will finance and/or refinance, in whole or in part, eligible green and/or social loans ("Eligible Loans"). Eligible Loans are defined as loans that meet, respectively, the green and social eligibility criteria defined below ("Eligibility Criteria").

In alignment with DenizBank's broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria contemplated under this Framework, directly contribute to the achievement of UN SDGs<sup>11</sup> and EU Environmental Objectives<sup>12</sup>.

Eligible projects may be financed directly by DenizBank or indirectly via its 100% wholly owned subsidiaries which are fully consolidated in DenizBank's financial statements.



Eligible projects that are refinanced up to 24 months prior to the issuance of the sustainable finance instruments will apply. DenizBank will exclude any refinancing of projects or share of projects which were previously financed by other stakeholders e.g. multilateral development banks under green or social labels to avoid any potential double counting of the environmental or social impact.

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<sup>11</sup> Mapping between ICMA Eligible Categories and UN SDGs based on ICMA High Level Mapping to the Sustainable Development Goals – to be found [here](#)








<sup>12</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088, to be found [here](#)

## Green Eligible Projects

ICMA Green Eligible Category and Contribution to UN SDG(s)	Eligibility criteria for financing and/or refinancing
<p>Renewable energy</p>  	<ul style="list-style-type: none"> <li>▪ The equipment, development, manufacturing, construction, operation and maintenance of renewable energy generation sources and their related components:</li> <li>▪ Solar power: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities</li> <li>▪ Wind power: Onshore and offshore wind energy generation facilities and other emerging technologies, such as wind tunnels and cubes</li> <li>▪ Hydropower: Small-scale and large<sup>13</sup> hydropower projects with either Life cycle emissions of less than 100g CO<sub>2</sub>e/kWh Power density greater than 5W/m<sup>2</sup> or the electricity generation facility is a run of river plant and does not have an artificial reservoir</li> <li>▪ Geothermal power: Geothermal energy projects with life cycle emissions of less than 100g CO<sub>2</sub>e/kWh</li> <li>▪ Bioenergy: Bio-waste anaerobic digestion projects with resulting production and energetic utilization of biogas (electricity/heat generation)</li> <li>▪ Green hydrogen: Storage and refuelling infrastructure and fuel production by electrolysis that is 100% powered by renewable energy sources</li> </ul> <p>Transmission systems: Development of new, or improvement of existing, transmissions systems (or other infrastructure) to facilitate the integration of electricity from renewable energy sources into the grid</p> <ul style="list-style-type: none"> <li>▪ Construction, renovation and refurbishment of electricity grids that transmit electricity generated by renewable power plants<sup>14</sup> to the national grid</li> <li>▪ Investments enhancing energy efficiency in respect of the distribution and transmission of electricity</li> <li>▪ Smart grids, storage facilities, metering systems that serve to increase the share of renewable energy in total energy consumption</li> </ul> <p><i>Exclusion: Energy crops, non-waste feedstock and feedstock which deplete carbon pools are excluded.</i></p>

<sup>13</sup> Hydropower plants larger than 25MW are excluded





<sup>14</sup> The renewable energy sources are limited to sources eligible for financing under the Framework

ICMA Green Eligible Category and Contribution to UN SDG(s)	Eligibility criteria for financing and/or refinancing
<p><b>Energy efficiency</b></p>  	<p>Energy efficiency enhancement:</p> <ul style="list-style-type: none"> <li>▪ Refurbishment, rehabilitation and/or renovation investments, which improve the efficiency of energy consumption by at least 20% and/or reduce greenhouse gas emissions by at least 20%</li> <li>▪ Installation, maintenance, or repair of specific energy efficiency equipment such as energy efficient windows, HVAC systems, LED lights etc. which are rated in the highest two classes of the applicable national energy efficiency labelling system in Türkiye<sup>15</sup> and eligible products under the EBRD green technology selector</li> </ul>
<p><b>Green buildings</b></p>  	<p>New and existing residential, commercial or mixed use buildings that meet the minimum external green building certification level of either:</p> <ul style="list-style-type: none"> <li>▪ LEED “Gold” or above</li> <li>▪ BREEAM “Very Good” or above</li> <li>▪ BEP-TR “A” or above energy label provided by the energy performance certificate issued in accordance with the related Turkish Building Code<sup>16</sup></li> <li>▪ ÇEDBİK Green Building certification “Very Good” or above</li> </ul>
<p><b>Clean transportation</b></p>   	<p>Zero direct (tailpipe) CO2 emissions vehicles, public and mass transportation as well as related components and infrastructure:</p> <ul style="list-style-type: none"> <li>▪ Fully electric, hydrogen or otherwise zero direct (tailpipe) CO2 emissions vehicles<sup>17</sup></li> <li>▪ Fully electric, hydrogen or otherwise zero direct (tailpipe) CO2 emissions vessels for the transportation of passengers or freight</li> </ul> <p>Infrastructure related to zero direct (tailpipe) CO2 emissions vehicles including, but not limited to, EV charging stations, hydrogen fuelling stations and infrastructure dedicated to non-motorized mobility e.g. cycle paths</p> <p><i>Exclusion: Dedicated transportation and storage of fossil fuels are excluded.</i></p>

<sup>15</sup> The Turkish National Labeling Framework, to be found [here](#)

<sup>16</sup> Building permit licenses are not issued for those households whose energy certificate is rated below C, to be found [here](#)

<sup>17</sup> Vehicles including but not limited to buses, trucks, trains, personal mobility devices and cars, passenger transport, freight transport, marine transport and personal mobility devices

ICMA Green Eligible Category and Contribution to UN SDG(s)	Eligibility criteria for financing and/or refinancing
<p><b>Pollution prevention and control</b></p> 	<p>Establishment, acquisition, capacity expansion and upgrades of facilities to treat, distribute and conserve waste:</p> <ul style="list-style-type: none"> <li>Waste reduction, waste recycling and waste-to-energy<sup>18</sup>. This includes the development, operation and upgrade of recycling plants and recycling activities such as for metals, plastic and paper</li> </ul>
<p><b>Sustainable water and waste water management</b></p> 	<p>The management of water and/or wastewater in a sustainable way including the following:</p> <ul style="list-style-type: none"> <li>Industrial waste water treatment and water recycling facilities</li> <li>Improvements to water infrastructure that increase water use efficiency through replacements and upgrading of inefficient systems that reduce water loss rate by 25% in all municipalities and 10% in local administrations<sup>19</sup></li> <li>Water desalination projects running on reverse osmosis technology with a carbon intensity of less than 100gCO<sub>2</sub>e/kWh over the residual asset life<sup>20</sup></li> </ul>
<p><b>Environmentally sustainable management of living natural resources and land use</b></p>  	<p>Sustainable agriculture and forestry:</p> <ul style="list-style-type: none"> <li>Environmentally sustainable agriculture (Certified agricultural practices under sustainable certification schemes, including EU Organic, Global G.A.P., Better Cotton Initiative, Cotton Made in Africa, Global Good Agricultural Practices)</li> <li>Sustainable forestry, including afforestation, reforestation and rehabilitation of degraded forests (certified under eligible third-party schemes such as Rainforest Alliance, Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC)</li> </ul>

<sup>18</sup> Meeting the following thresholds: plant efficiency  $\geq 25\%$ ; AND bottom ash recovery; AND  $\geq 90\%$  recovery of metal from ash; AND average carbon intensity of electricity and/or heat over the life of the plant  $\leq$  waste management allowance; AND the capacity of the plant does not exceed the calculated residual waste at any time in the plant's life

<sup>19</sup> These targets are set in the Türkiye's Water Efficiency/Productivity and Water Sustainability Action Plan (2023-2033) and by 2040 for reduction in local administration, to be found [here](#)

<sup>20</sup> The asset may be fully or partially powered by renewables as long as it meets the 100gCO<sub>2</sub>e/kWh threshold

## Social Eligible Projects

ICMA Social Eligible Category and Contribution to UN SDG(s)	Eligibility Criteria	Target group(s)
<p>Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of MSME financing and microfinance</p> 	<p>Financing or refinancing of MSMEs as per KOSGEB definition<sup>21</sup>, meeting any of the following criteria:</p> <ul style="list-style-type: none"> <li>▪ MSMEs must be located in the most economically disadvantaged areas of Türkiye. Disadvantaged areas are defined as NUTS 2 (2021) regions<sup>22</sup>, meeting the following criteria: <ul style="list-style-type: none"> <li>○ The GDP per capita is lower than the national average</li> </ul> </li> <li>▪ MSMEs in priority investment areas<sup>23</sup></li> <li>▪ MSMEs facing natural disasters or health pandemics</li> <li>▪ MSMEs where the majority of employees are women</li> <li>▪ Female-owned businesses which are defined as companies with 50% or more shareholding owned by women</li> <li>▪ Youth-owned small and micro enterprises<sup>24</sup></li> </ul> <p><i>MSMEs or businesses involved in DenizBank Exclusion List Activities<sup>25</sup> will not be financed under the Framework.</i></p>	<ul style="list-style-type: none"> <li>▪ MSMEs in areas with high unemployment or low income</li> <li>▪ Female-owned businesses</li> <li>▪ Youth-owned businesses</li> </ul>

<sup>21</sup> KOSGEB definition to be found [here](#)

<sup>22</sup> NUTS 2 (2021) regions: The NUTS classification (Nomenclature of territorial units for statistics) is a hierarchical system for dividing up the economic territory of the EU and the UK, and also of EU candidate countries. The currently valid NUTS 2021 classification is valid from 1 January 2021. To be found [here](https://ec.europa.eu/eurostat/web/nuts/background)

<sup>23</sup> The priority investment areas are defined in the Decree No 2012/3305 on State Aids for Investments, which aims to regulate the principles and procedures for directing savings to investments with high added value, increasing production and employment, encouraging strategic investments. Definition of Priority Investment Areas: The regions (3-4-5-6) specified in the Decree No 2012/3305 (as amended from time to time) taking into account their socioeconomic development levels.

<sup>24</sup> Entrepreneurs up to 30 years old are considered to be included in the "youth" eligible group.



<sup>25</sup> To be found [here](#)

ICMA Social Eligible Category and Contribution to UN SDG(s)	Eligibility Criteria	Target group(s)
<p><b>Food security and sustainable food systems</b></p>  	<p>Financing or refinancing of farmers<sup>26</sup>, meeting the following criteria:</p> <ul style="list-style-type: none"> <li>▪ Agri loans disbursed in the low income areas<sup>27</sup></li> <li>▪ Clients contributing to food security through purpose-made financial products ( "Producer card"<sup>28</sup> and/or other agriculture products) pertaining to the production of basic food products</li> <li>▪ Increase production of basic food products based on DenizBank's in-house scoring system which is capable to determine how much working capital farmers need for production of all crop types in Türkiye</li> </ul> <p><i>Exclusion: Loans are subject to negative screening as per DenizBank Exclusion List Activities, additional Denizbank Exclusion List Activities for Agricultural Segment and exclude livestock production</i></p>	<ul style="list-style-type: none"> <li>▪ Smallholder farmers</li> </ul>

<sup>26</sup> Farmers will also meet the MSME criteria as per KOSGEB definition (to be found [here](#))

<sup>27</sup> DenizBank defines low income threshold as NUTS 2 regions with poverty threshold less than Türkiye's national average based on poverty rate relative to 50% of median income provided by TurkStat Income and Living Conditions Survey. Poverty threshold is calculated for each region by using median value of equalized household disposable individual income, taking into account household size and composition. Poverty and living conditions statistics provided by TurkStat to be found [here](#)

<sup>28</sup> To be eligible for Producer card, DenizBank's customer(s) should be registered farmer with the Turkish government's national farmers database called the Farmers Registration System (FRS). All farmers are required to register in the FRS to benefit from the subsidized loans and grants provided by the Turkish government. DenizBank automatically draws documents and information from the FRS to determine customer's credit limit. DenizBank's obtains operational information including (i) the size of the land, (ii) type of the crop and (iii) all the required documents to register in the FRS. This comparison between customer statements and information from the FRS serves to assess customer's Environmental and Social Risks in line with DenizBank's Sustainability Management System and Exclusion List

ICMA Social Eligible Category and Contribution to UN SDG(s)	Eligibility Criteria	Target group(s)
<p><b>Access to essential services (healthcare, education, disaster relief and financial services)</b></p> <div data-bbox="177 654 376 750">   </div>	<p>Financing or refinancing of loans to expand access to public, free, subsidised, or non-profit healthcare and education services as well as the related infrastructure, meeting the following criteria:</p> <ul style="list-style-type: none"> <li>• Construction, maintenance or refurbishment of hospitals or healthcare centers</li> <li>• Infrastructure for the provision of emergency medical response, disease control services, medical supplies, and vaccines to prevent the spread of infectious diseases or health disasters</li> <li>• Provision and service of emergency medical response, disease control services, medical supplies, and vaccines to prevent the spread of infectious diseases or health disasters</li> <li>• Construction, maintenance or refurbishment of public schools, universities, training for educational professionals and cultural facilities</li> </ul> <p>Financing or refinancing of loans to expand access to basic needs, services and infrastructure in the impacted cities or provinces during a disaster relief, meeting the following criteria:</p> <ul style="list-style-type: none"> <li>• Reconstruction of basic infrastructure (e.g. housing, electricity transmission network, water distribution network)</li> <li>• Financial support for retail and commercial activities disrupted by the disaster</li> <li>• Financial support or programs to support persons who are unemployed because of the disaster</li> <li>• Temporary housing and financial support for persons who are displaced because of the disaster</li> </ul>	<ul style="list-style-type: none"> <li>▪ General public</li> <li>▪ Aging population</li> </ul>



## 4. Process for Project Evaluation and Selection

DenizBank has established a clear decision-making process to determine the eligibility of the nominated eligible Loans, in accordance with the description of the Eligibility Criteria mentioned in the Use of Proceeds section of this Framework.

Eligible Loans will be selected by a dedicated Sustainable Finance Working Group (hereinafter referred as to the “Working Group”) set up within DenizBank. This Working Group is formed by members of e.g. treasury, legal, sustainability and other relevant business teams.

The Sustainable Finance Working Group is responsible for:

- Monitoring that the evaluation and definition of the Eligible Loan Portfolio is made in line with the Eligibility Criteria as set out in the Framework, validating the purpose of the financing and the environmental and social objectives they contribute to. Excluding loans that no longer comply with the Eligibility Criteria or have been disposed of and replacing them on a best efforts basis.
- Monitoring to ensure that Green, Social and Sustainable Finance Instruments allocations are made solely for the purposes of (re-)financing Eligible Loan Portfolio.
- Reviewing from time to time the content of the Framework and updating it to reflect – to the extent possible – changes in business strategy, technology, market, or regulatory developments.
- Solicit third party to produce or update external documents such as Second Party Opinion (SPO), technical report, and/or external review when needed.
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements.
- Qualifying that internal processes to identify mitigants to known material risks of negative social and/or environmental impacts associated with the Eligible Projects are carried out. Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the Company assesses the potential risks to be meaningful.

Project evaluation and selection also complies with DenizBank’s business and sustainability objectives as well as with applicable national and international environmental and social standards and regulations, to ensure a stringent management of any potential negative impacts.

DenizBank's sustainability guidelines and policies underpin this Sustainable Finance Framework and serve as minimum standards for all business processes, including those financed with the proceeds of green, social or sustainable finance instruments issued under this Framework. DenizBank also applies risk management measures in its business decisions which are supported by bank-wide planning, reporting and controlling systems.

For all Eligible Loans financed under this Framework, DenizBank intends to assess any known material risks of negative environmental or social impacts to ensure that while an environmental and/or social objective is achieved, it is not done at the expense of other material environmental and/or social objectives in line with DenizBank's Environmental and Social (E&S) Risk Management procedure<sup>29</sup>. Any Eligible Loans financed under 100% wholly owned subsidiaries will be screened against E&S risks on the subsidiary level.

### E&S Risk Management Procedure for Project Finance ("PF")

Step 1: Branch relationship manager assesses activities of customer against DenizBank's Exclusion List. Customer signs a declaration form confirming they are not involved in activities under the Exclusion List. Loans which fall under Exclusion List are terminated and added to an ESRM Annual performance form.

Step 2: Loans are evaluated under DenizBank's E&S Risk Assessment model and categorized into 4 categories:

Category	Scope	Next stage
A	Projects with significant potential negative social or environmental effects or diverse, irreversible, or unprecedented risks.	Detailed E&S Due Diligence or additional information may be required. The PF E&S risk assessment specialist seeks the assistance of an external independent E&S risk evaluation consultant to conduct an independent review and risk assessment. An E&S Management Plan,

<sup>29</sup> Under DenizBank's Environmental and Social Risk Management ("ESRA") model, there are three separate models used on the basis of the potential loan amounts: Customer Rating System (the loan amount requested is less than TRY 5 million), Internal Rating System (the loan amount requested is more than TRY 5 million) and Project Finance model (the loan amount requested is more than USD 10 million).

		if applicable, is required in the Due Diligence report.
B+	Projects that have limited potential negative social or environmental effects or risks to a large extent, are easily addressed with field-specific and mitigation measures. However, these projects may have some specific features with significant social or environmental effects or risks.	Detailed E&S Due Diligence or additional information may be required. Depending on the complexity of the E&S risks of the project, a decision is made whether or not to work with an independent E&S risk evaluation consultant. An E&S Management Plan may be included but not mandatory.
B-	Projects with limited potential negative social or environmental effects or risks and easily addressed with field-specific and mitigation measures.	E&S risk specialist creates an action plan as a result of the E&S risk assessment.
C	Projects which have zero to minimum level of negative social or environmental effects or risks.	E&S risks are considered minimum, hence no need for further assessment.

Step 3: E&S Risk Assessment Team prepares an E&S action plan according to the risk category of the customer.

Step 4: Loan file containing the E&S risk outcome are assessed by the underwriting department. If necessary, the E&S risk assessment specialist will cooperate with the loan agreement department to ensure E&S risks are reflected appropriately in the loan agreement.

Step 5: Loans which have been approved by the underwriting department will be screened for their alignment with the criteria in DenizBank's Sustainable Finance Framework.

Step 6: E&S follow-up and monitoring processes are initiated and coordinated by an E&S risk assessment specialist. Monitoring processes can be supported by consultants, if and when needed. When necessary, branch relationship manager information flow is ensured. The branch relationship manager will share the developments in the loan activities with an E&S risk assessment specialist.

## 5. Management of Proceeds

The net proceeds of the green, social or sustainable finance instruments issued under this Framework will be managed by DenizBank in a portfolio approach. DenizBank intends to allocate the proceeds from the green, social or sustainable finance instruments to an Eligible Loan Portfolio that meet the use of proceeds eligibility criteria and in accordance with the project evaluation and selection process presented above.

DenizBank will strive, over time, to achieve a level of allocation to the portfolio of Eligible Loans which matches or exceeds the balance of net proceeds from its outstanding green, social or sustainable finance instruments.

DenizBank will commit to, on a best-effort basis, allocate the net proceeds from the sustainable finance instruments to eligible loans within 24 months from issuance date of the instruments.

Pending the full allocation to the Eligible Loans Portfolio, DenizBank will hold and/or invest the balance of net proceeds not yet allocated in its treasury liquidity portfolio (for example, in cash or cash equivalents, money market funds, etc.).

## 6. Reporting

DenizBank intends to report on the allocation of an amount equal to the net proceeds to the eligible loan portfolio and wherever feasible reporting on the impact of the eligible loan portfolio, at least at the category level, to be renewed annually until full allocation. Such information will be made public<sup>30</sup> on DenizBank's website<sup>31</sup>. DenizBank intends to report on an aggregated basis for all the DenizBank's green, social or sustainable finance instruments outstanding. DenizBank intends to align its impact reporting with the Handbook for Harmonized Framework for Impact Reporting – June 2022<sup>32</sup>.

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<sup>30</sup> If the sustainable Finance instrument is a loan/private placement, the annual report may be provided to lenders/investors on a bilateral basis instead of being publicly shared

<sup>31</sup> To be found [here](#)

<sup>32</sup> To be found [here](#)

## Allocation Report

The allocation report may provide indicators such as:

- The total amount of DenizBank's green, social or sustainable finance instruments outstanding
- The amount of net proceeds allocated to Eligible Loans
- The breakdown of Eligible Loans by project categories
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing

## Impact Report

DenizBank intends to report on the estimated and/or if feasible, actual environmental/social impacts of the loans funded with proceeds from green, social or sustainable finance instruments through annual impact reporting. Where relevant, information may be provided on data reporting and impact assessment methodologies to increase transparency.

The impact report may provide indicators such as (but not limited to):

Eligible Sustainable Finance Project Categories	Impact Reporting Indicators
<b>Green Project Categories</b>	
Renewable energy	<ul style="list-style-type: none"> <li>▪ Estimated annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>▪ Capacity of renewable energy plant(s) constructed or rehabilitated in MW</li> <li>▪ Expected annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>▪ Estimated annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>▪ Annual energy savings in MWh (electricity) and GJ/TJ (other energy savings)</li> </ul>

Eligible Sustainable Finance Project Categories	Impact Reporting Indicators
Green buildings	<ul style="list-style-type: none"> <li>▪ Estimated annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>▪ Level of certification, if applicable</li> <li>▪ Level of Energy Performance Certificate (EPC), if applicable</li> <li>▪ Estimated annual energy consumption (in kWh/m<sup>2</sup>)</li> </ul>
Clean transportation	<ul style="list-style-type: none"> <li>▪ Length and type of clean transportation infrastructure built</li> <li>▪ Estimated annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>▪ Number of vehicles/vessels financed</li> </ul>
Pollution prevention and control	<ul style="list-style-type: none"> <li>▪ Type and annual amount of recycled waste (tonnes)</li> </ul>
Sustainable water and waste water management	<ul style="list-style-type: none"> <li>▪ Annual absolute (gross) water savings (in m<sup>3</sup> or in %)</li> <li>▪ Annual absolute (gross) amount of waste water treated, reused or avoided (in m<sup>3</sup> or in %)</li> </ul>
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> <li>▪ Area of certified forests / rehabilitated forests (ha)</li> <li>▪ Sustainable agriculture land area (ha)</li> <li>▪ Amount of certified products (tonnes)</li> </ul>
Social Project Categories	
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of MSME financing and microfinance	<ul style="list-style-type: none"> <li>▪ Number of MSMEs financed</li> <li>▪ Number of jobs created and/or retained</li> <li>▪ Number of beneficiaries</li> </ul>

Eligible Sustainable Finance Project Categories	Impact Reporting Indicators
Food security and sustainable food systems	<ul style="list-style-type: none"> <li>▪ Number of farmers benefited</li> </ul>
Access to essential services	<ul style="list-style-type: none"> <li>▪ Number of new hospitals or healthcare centres built</li> <li>▪ Number of new schools built</li> <li>▪ Number of beneficiaries</li> <li>▪ Number of loans provided to support persons impacted by the natural disaster</li> <li>▪ Number of loans provided to reconstruct basic infrastructure due to the natural disaster</li> </ul>

## 7. External Review

### Second Party Opinion

ISS Corporate Solutions, Inc. (“ICS”) reviewed the alignment of DenizBank’s Sustainable Finance Framework with LMA’s 2023 Green Loan Principles and 2023 Social Loan Principles as well as ICMA’s Green Bond Principles 2021 (with June 2022 Appendix I), Social Bond Principles 2021 (with June 2022 Appendix I) and Sustainability Bond Guidelines 2021. ICS provided a Second Party Opinion (SPO).

### Annual Audit/Limited Assurance on the Allocation Reporting

DenizBank intends to obtain a limited assurance report by its auditor to assess the allocation of the net proceeds of the Sustainable Finance Instruments to eligible projects, on an annual basis until full allocation.

## Disclaimer

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