SUSTAINABILITY at TSKB
HÜLYA KURT
HEAD OF ENGINEERING DEPARTMENT
8 OCTOBER 2010, İSTANBUL
Established in 1950, with the initiation of the World Bank and CBRT.
Merged with SYB in 2002.
Largest private investment and development bank in Turkey; in terms of asset size 16th largest bank in Turkey.
353 employees, 1 wholesale branch in Bahrain, 2 domestic branches, 1 in Ankara and 1 in İzmir.

Financial Summary (USD mn - 30/06/2010)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>4,585</td>
</tr>
<tr>
<td>Loans</td>
<td>2,612</td>
</tr>
<tr>
<td>Equity</td>
<td>706</td>
</tr>
<tr>
<td>Net Income</td>
<td>77</td>
</tr>
<tr>
<td>Paid-in Capital</td>
<td>TRY 700 mn</td>
</tr>
</tbody>
</table>

TSKB Credit Ratings (Jan 2010)

- Fitch LTFC: BB+
- Moody LTFC: Ba3
2005, Implementation of EMS

2006, Environmental Policy

2007, Obtaining ISO 14001

2007, TSKB’s ERET Model

2009, Being a GRI Stakeholder

2009, Participating UNEP FI

2009, Being Carbon Neutral

2009, www.crevreciyizTV.com

2010, Participating CDP

2010, Contributing Global Compact

2010 TSKB’s 1st Sustainability Report

2010 IFC-FT Sustainability Awards

2009 IFC-FT Sustainability Awards
TSKB’s Environmental Journey

TSKB’s journey of environment is developed in two phases:

1980 and 2005,
The 1980-2005 period is one in which TSKB seeded a new approach in the sector with its exemplary initiatives regarding the environment.

After 2005
2005 was a turning point for TSKB to internalize environment in its business processes and place it into a systematic structure by establishing a Environment Management System (EMS).

With the implementation of EMS, TSKB’s business activities have been considered and 4 important points have been set

- Risk arising from external activities,
- Internal environmental impacts,
- Focusing on “sustainable finance”
- Corporate Social Responsibility
TSKB obtained the ISO 14001 Certification on December 22, 2006 and successfully passed the continuity audits on January 10, 2008 and December 19, 2008. The first 3 years term of certification were completed on December 19, 2009.

TSKB obtained the ISO 14001 Certification for the second term on December 19, 2009.

*TSKB structured EMS based on Deming cycle of "Plan - Do - Check - Act".*
In the project evaluation process, the Engineering Department is responsible for handling the environmental and social issues, besides other technical issues.

Environmental Risk Evaluation Tool (ERET): an environmental risk evaluation model which questions 36 subjects and rates the answers

In case of a high environmental risk factor, a plan is prepared in cooperation with the client on how to reduce the impacts and to trace them.

<table>
<thead>
<tr>
<th></th>
<th>Business</th>
<th>Impact of the issue (client perspective)</th>
<th>Manageability of concerns and consequence of the issue</th>
<th>Likelihood of occurrence of the issue</th>
<th>Risk score</th>
<th>Overall Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land use (forestry and agricultural)</td>
<td></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>How big is the impact of changes to natural environment resulting from the project, e.g. cutting down trees or use of agricultural land?</td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource consumption</td>
<td></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Does the project make demands on natural resources?</td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste</td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Is hazardous waste being generated by the project?</td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>or</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the project produce exceptional amounts and types of (hazardous) wastes?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate and meteorological conditions</td>
<td></td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Is the project sensitive to weather conditions - sun, rainfall, snowfall, extreme temperatures?</td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy consumption</td>
<td></td>
<td>n.a.</td>
<td>n.a.</td>
<td>1</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Does the project lead to an increase in energy consumption?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Environmental and Social Risk Categorization

A=high,
B(+) =medium
C=low

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of projects</strong></td>
<td>67</td>
<td>87</td>
<td>49</td>
</tr>
<tr>
<td><strong>Client Side</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B</td>
<td>18</td>
<td>50</td>
<td>12</td>
</tr>
<tr>
<td>C</td>
<td>49</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td><strong>Project Side</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B</td>
<td>6</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td>C</td>
<td>61</td>
<td>75</td>
<td>24</td>
</tr>
</tbody>
</table>
Running of ERET Model for each project

Ensure that all necessary studies are carried out according to Turkish EIA Regulation,

Assessment of EIA Report

Public Consultation/Participating Meeting

Preparation of EMP and EMP Monitoring Report

Consideration of social issues related to the projects (any involuntary resettlement, behaviour of local people),

Regularly monitoring the project including the first operation year.

Disclosure of annual ERET results at www.tskb.com.tr
Case Study I: a HEPP

- The project which is planning to be constructed is very close to a National Park
- There is important flora
- Some is important fauna
- Canal with 11 km, will be constructed close to a residential area.
Case Study II: An industrial project

The project was aiming to set up a new plant for recovering of some material.

According to the EIA Regulation in Turkey, necessary EIA studies were conducted and official requirements including Public Consultation were completed. After screening all documentation, TSKB stipulated further requirements:

1. A base line study; a missing issue in the EIA Study,

2. A new and thorough Public Consultation, after determining the weakness of the present one,

3. Hiring an independent environmental consultant,

‘Environment is Our Priority’ : www.cevreciyiz.com a portal dedicated to the environment and sustainability,

Launch of the first environmental-related video portal of Turkey www.cevreciyiz.tv, a web based television channel,

TSKB is systematically and interactively in cooperation with NGOs while executing its social responsibility projects.

Conference on Opportunities and Expectations on Renewable Energy, Environment and Energy Efficiency

The Bank systematically holds training programs for its employees within the framework of EMS.
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