

## Environmental and Social Data Sheet

### Overview

Project Name:	TKYB LOAN FOR GREEN ENERGY
Project Number:	2024-0091
Country:	Türkiye
Project Description:	The loan will finance small to medium-sized investments in Türkiye in the fields of renewable energy, energy efficiency and green sustainable industry.
EIA required:	This is a Framework Loan operation. Some of the underlying allocations may require an EIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	No

### Environmental and Social Assessment

The operation is a Framework Loan (FL) to the Development Bank of Türkiye (TKYB), the Financial Intermediary (FI). It is aimed at supporting projects that are eligible under the Climate Action and Environmental Sustainability objectives. The targeted sectors include renewable energy primarily solar photovoltaic (PV) plants and wind farms, as well as energy efficiency initiatives within the industrial sector, across the country.

#### Environmental Assessment

Türkiye has made progress in aligning with the Environmental Impact Assessment Directive (EIA) 2011/92/EU, as amended by Directive 2014/52/EU, as well as the Habitats Directive (92/43/EEC) and the Birds Directive (2009/147/EC), but further efforts are needed to address remaining gaps including, amongst others, public participation, cumulative impact, and development of management plans and conservation measures.

The underlying projects may considerably vary in size and nature. It is expected that some projects will require a full Environmental and Impact Assessment (EIA). The FI will be required to perform an assessment of environmental and social risks for each project and to follow through the environmental and social performance during project implementation. With regard to investments subject to an EIA, the FI shall ensure that these are carried out as required and the related public consultation is undertaken in accordance with national legislation and the EIB E&S standards – where applicable. When relevant, or upon request, the FI shall provide the EIA report and other pertinent environmental documents to the EIB.

Projects with significant negative social or environmental impacts will not be allowed. If a project

<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

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is likely to affect a nature conservation zone/site or other sensitive areas as defined in national or international conventions, the FI shall ensure that confirmation is obtained from the competent authority – following a biodiversity impact assessment in line with EIB requirements – that the project does not have significant negative impacts on any site of nature conservation importance.

The environmental and social impact of most of the projects presented in the initial pipeline, if appropriately designed, implemented and operated, is likely to be limited, with no significant negative residual effects.

This operation intends to bring about environmental benefits through the part-financing of sub-projects in the renewable energy and energy efficiency sectors that contribute to reducing environmental pollution and mitigating climate change.

The greenhouse gas net emission savings of this operation cannot be reliably estimated at this stage given the character of the operation and expected changes in the project pipeline. However, the Bank will require the FI to collect further related monitoring information on the projects.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

The FI is considered a National Promotional Institution (NPI) and as such is out of scope of the PATH assessment.

### **Social Assessment**

The FI has been made aware of the risk of forced labour in the solar PV supply chain and will be required to undertake reasonable efforts to mitigate this risk. This will include, on a best effort basis and commensurate to the size of the project, enhanced due diligence where practically achievable, ensuring that appropriate contractual provisions are passed on to contractors/suppliers for each of the underlying investments/projects.

The FI's Environmental and Social Management System (ESMS) shall be enhanced to include the establishment of a grievance mechanism for high-risk projects (those requiring an EIA) in order to strengthen access to environmental information.

### **Other Environmental and Social Aspects**

The FI will be required to ensure that eligible projects comply with the EIB Excluded Activities, the EIB Environmental and Social (E&S) Standards, as well as applicable national E&S laws and regulations.

The FI is already known to the Bank, having implemented a previous facility with similar characteristics. Under that facility, the FI screened projects for environmental and social aspects, including compliance with relevant national legislation and, where applicable, EIB standards.

The FI is EN-ISO 14001 certified, has an E&S policy in place and has developed an ESMS that is broadly aligned with EIB standards. The ESMS outlines the approach to identifying and managing E&S risks within investment and portfolio management processes. The Sustainability and Environmental Social Impact Management Department leads the process, with E&S Specialists conducting screenings, categorising projects, preparing Environmental and Social Action Plans (ESAPs), and monitoring ESG performance throughout the loan lifecycle. The Environmental and Social Due Diligence process is conducted by the FI's in-house specialists and when necessary, by independent consultants.

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As part of the fund allocation process for the new facility, the Bank will support the FI in assessing the eligibility of certain sub-projects – including those considered high risk – prior to disbursing funds. It is expected that the environmental procedures applied to individual projects, verified by the FI and reviewed by the Bank, when needed, will adequately address environmental issues and ensure that the schemes selected for co-financing under this Loan meet the Bank's requirements.

## Conclusions and Recommendations

The FI's capacity, E&S policy, and ESMS provide assurance that the EIB's standards will be met under this operation. Its E&S due diligence processes are well integrated in the investment cycle and thoroughly documented. The targeted investments are not expected to have significant environmental or social impacts, provided that all mitigation measures identified by the FI and reviewed by the Bank at project level are effectively implemented.

Additionally, the Bank will require the following:

- For all eligible projects, the FI will be required to ensure that sub-projects are implemented in line with the relevant EIB E&S standards.
- For solar PV projects, the FI shall undertake, on a reasonable effort basis, commensurate to the size of the project, to mitigate against the risk of forced labour in the solar PV supply chain. This should include, where practicably possible, enhanced due diligence (supply chain mapping of the PV module manufacturers reaching the level of silicon/polysilicon suppliers, and/or declarations by the PV module manufacturers concerning the origin of the components used in the PV modules, per project) and ensuring that appropriate contractual provisions are cascaded to final beneficiaries and their contractors/suppliers.
- The FI will ensure that any related environmental studies (e.g. EIA, Stakeholder Engagement Plans, Livelihood restoration plans etc.) are made publicly available.
- The FI's Environmental and Social Management System (ESMS) shall be updated to include the EIB's list of excluded activities and to establish a project-level grievance mechanism for high-risk projects (those requiring an EIA), thereby strengthening access to environmental information. The update shall also explicitly define roles and responsibilities.

In view of the above findings and with these conditions in place, the operation is acceptable for EIB financing in environmental and social terms.