

## **ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT SYSTEM**

The Environmental and Social Impact Assessment System will be carried out under the responsibility of the Environmental and Social Impact Assessment Team.

Environmental and Social Risk Assessment System has been developed as follows.

- Loan/project financing requests for financing an operation included in the Non-Financing Activities List will not be taken into consideration.
- A limit has been set depending on the requested limit for operations determined not to be included in the Non-Financing Activities List. Accordingly, project loans with total investment amount of USD10 million and over, and new commercial loan requests with total investment amount of USD50 million and over, shall be subject to an Environmental and Social Risk Assessment.

The assessment process has been developed with general and industry-focused questions and assessment matrices to identify environmental and social risks. Based on customer answers to questions, new investment loans or project finance requests shall be classified as low, medium- or high-risk. Question and evaluation matrices shall be prepared in agreement with the relevant units and notified by the approval of the Executive Assistant General Manager of the Credit Allocation Business Unit.

**For low-risk new investment and project finance loans requests,** a prospective borrower will be requested to prepare an Environmental and Social Action Plan<sup>1</sup>(Environmental and Social Commitments List).

**For medium<sup>2</sup>- and high-risk new investment and project finance loans requests,** an assessment performed by an independent consultant will be requested to define the environmental and social risks of the planned activities.

Environmental & Social Due Diligence Report prepared by an independent consultant– explaining the environmental and social impacts related to the new investment and project finance loan requests; and Environmental & Social Action Plan - explaining the mitigation and phase out of these impacts and potential risks will be prepared; and relevant developments as per this plan will be monitored periodically ( at least once in every six months for high risk projects and at least once a year for medium risk projects)

The action plan – to be prepared for environmental & social risk categories determined following assessment – will be incorporated into the contract to be signed by the customer.

Environmental & Social Impact Assessment Team will attend the on-site visits deemed necessary for the new investment and project finance loans with medium & high risk categories; and meetings to be held with independent project consultants.

---

<sup>1</sup> An environmental and social action plan that covers the minimum legal requirements will be deemed sufficient.

<sup>2</sup> Environmental and Social Risk Assessment Team determines the necessity of an independent consultant assessment, action and monitoring plans for medium- and high-risk new investment and project finance loans requests