

Istanbul Metropolitan Municipality

Sustainable Finance Framework

2023



1. Introduction

1.1. Istanbul Metropolitan Municipality (“IMM”) Sustainability Commitment

Istanbul is a city of culture and commerce and attracts visitors from all over the world. It is the most significant economic centre in Türkiye and a gateway to developing regions and cultures. However, Istanbul is also a congested city, facing significant severe climate-related risks. If the temperature rises are not limited to 1,5 to 2 degrees in the upcoming period, cities will face more disasters and cross the irreversible threshold. The recent natural disasters such as wildfires, drought, and floods in Türkiye have also been indicators of this. The Corona pandemic has shown the reality of how important it is to preserve the natural balance and that cities are not yet ready for it, which increased the role of local administrations in keeping global warming under control as key stakeholders in the fight against the climate crisis.

In this regard, IMM has signed the Deadline 2020 Commitment¹, committing to the goal of being a carbon neutral and resilient city by 2050. Acknowledging that collaboration with external partners and wider stakeholders will be crucial to deliver the further transitions necessary, Türkiye’s ratification of the Paris Agreement will further strengthen city authorities to reach their climate related targets. This commitment becomes reality with the Climate Change Action Plan² of IMM which is a roadmap and strategy document created as a result of comprehensive data collection, modelling, action development and stakeholder engagement. As a part of the Action Plan, IMM has determined effective targets for GHG emissions reduction and climate change adaptation strategies. IMM develops social policies for the vulnerable groups to meet emerging social needs in line with the UN’s Sustainable Development Goals and the Strategic Plan of the Municipality. By orienting itself towards the UN’s Sustainable Development Goals. Environmental and social policy documents that will support the achievement of the IMM’s vision to become a carbon neutral city by 2050 are shown below:



¹ [C40 Climate Action Planning Resource Centre](#)

² [Istanbul Metropolitan Municipality Climate Change Action Plan](#)

1.2. Strategic Plan 2020 – 2024

The Strategic Plan 2020–2024 was co-produced with the Istanbulites by adopting the policies outlined on its main service areas such as disaster and risk management, mobility, environment protection, smart infrastructure and social welfare. The action plans and projects will be developed accordingly to the goals and objectives defined in the Document. The monitoring and evaluation process will also be carried out with Istanbulites, local civil and political parties and NGOs ensuring that they'll be the active parties in the process. The implementation progress of the Document will be monitored through the defined indicators related to the targets. The performance indicators of this general framework, which are scattered over the years, are detailed in the Strategic Plan 2020–2024³.

1.3. Istanbul Metropolitan Municipality Sustainability Vision « Istanbul Vision 2050 »

The Istanbul Vision 2050 Strategy accepts a challenge regarding the five main areas of crisis that shape the world of the future: **1) Governance and Democracy, 2) Economy and Development, 3) Ecology and Environment, 4) Urban Built Environment, Transportation and Infrastructure, and 5) Social Welfare and Justice.** In the face of these fundamental crises, the Strategy provides strategies, goals and objectives to ensure that Istanbul takes place it deserves in 2050 and offers social justice and welfare for all Istanbulites. The Istanbul Vision 2050 Strategy presents this road map under seven themes:



1.3.1. The Climate Adaptive City That Protects The Environment

Human activities and cities, which are the source of the climate crisis, take the most vital damages from the climate crisis. Istanbul is vulnerable to many effects such as extreme weather events, rising sea levels, daily maximum temperature increases and an increase in the number of dry days. On the other hand, Istanbul stands out among the world's metropolises with its unique biodiversity and forest capacity. The Northern Forests of Istanbul offer critical benefits in reducing climate change's impact and the climate crisis's effects. Taking part in the global struggle to reduce carbon emissions, Istanbul will be a "city that protects the environment and adapts to the changing climate" in 2050. Thanks to the **four goals**, it has set out to protect its inhabitants against the climate crisis, reduce vulnerabilities and repair the damage it has created in the natural environment.

- To preserve, improve and restore national values

³Istanbul Metropolitan Municipality Strategic Plan 2020–2024

- To reduce environmental pollution and GHG emissions
- To increase the city's capacity to adapt to climate change and to boost the participation of citizens in the fight against the climate crisis
- To ensure climate justice

1.3.2. Transformative And Resilient Economy

As global challenges such as climate crisis, financial crises and increasing inequalities deeply affect Istanbul's economy, the need for transition and resilience became more prominent. In addition, global shifts in production systems such as knowledge-intensive and high-tech industries, the effect of the climate crisis and the green transition and the just transition of the labour force have also been the factors that have made the Istanbul economy a transformation priority.

Although the spatial organisation of the economy in Istanbul clusters in specific areas such as organised industrial zones (OIZ), the service sector and the commercial areas exhibit a layout that spreads throughout the city. The distribution of polluting industries in this structure has various adverse effects on the ecosystem and public health. In the face of all these negativities that affect Istanbul's economic power and quality of life, **supporting the city's potential with the power of transformation** will make Istanbul's economy a "transformative and resilient economy" in 2050.

- To transform the production towards knowledge, technology and innovation orientation
- To make Istanbul a center of attraction for innovative and creative initiatives
- To improve economic diversity and cross-sector interactions
- To achieve green transition
- To increase the adaptation of the workforce to transformation processes and the inclusiveness of employment

1.3.3. Accessible And Fair Urban Amenities For All

Access to urban amenities secures the elements of provision of human rights such as health, culture, housing, education and the right to food. Culture and arts, cultural heritage, health, education, accommodation, healthy food and sports opportunities in Istanbul do not display an equal distribution throughout the city, and different groups are disadvantaged in accessing these opportunities. Cultural services concentrated in the city centre of Istanbul, the economic inequalities in health services, quality differences in education opportunities, food inflation and climate crisis effects, inequalities in access to food and the inadequacy of shelter opportunities are **the most striking issues and significant challenges**. In line with increasing the quality and quantity of urban opportunities, Istanbul will have "accessible and fair urban opportunities for all" in 2050.

- Making the city a hub for arts and culture with active participation of Istanbulites
- To improve healthy living conditions and provide access to quality healthcare services
- To provide access to educational services where individuals of all ages will acquire the skills to reveal their potential
- To ensure Istanbulites' access to comfortable and affordable housing
- To ensure access to healthy food in all circumstances
- To develop the sports infrastructure at international standards, to ensure the adoption of sports as a lifestyle

1.3.4. Vibrant And Sensible Spaces Assuring Good Living For All

Istanbul has been experiencing a **rapid urbanisation** process, the settlement pattern has spread to ecologically qualified areas such as agricultural and forest lands and water basins. While Istanbul is

spreading towards natural areas, on the other hand, there has been an increase in density in the existing built environment, and public spaces, green and open spaces have decreased. The decrease in green areas in the urban pattern does not only mean a reduction in the places where citizens can socialise and take a breath in the complex city life. In addition, heat islands, which are formed in the built environment and become an even bigger problem with the lack of green space, cause the effects of the climate crisis to be felt more severely.

The effects of the climate crisis affect not only the built environment but also cause severe damage to the bio-culturally vulnerable areas that make up the unique identity of Istanbul. However, the earthquake hazard that Istanbul has faced throughout its history, the structures in flood areas and areas exposed to other hazards pose significant risks due to the old building stock. Although the coastal embankments built to meet the need for green and open space in Istanbul offer an opportunity as public spaces, they contain significant risks in the face of earthquake hazards. The cultural heritage sites and cultural assets of Istanbul, are an essential representation of the city's culture and elements of social belonging. The cultural heritage, one of the primary roots of the tourism potential of Istanbul, is also under the threat of different dangers such as infrastructure projects and the effects of the climate crisis.

In the face of all this, Istanbul will have "vibrant and sensible spaces assuring good living for all" in 2050 by making the urban environment qualified, ensuring its sustainable development, creating dynamic public spaces, and strengthening its connection with urban life by preserving cultural heritage.

- To prevent the urban sprawl towards biocultural areas, to create a quality urban built environment
- To ensure the balanced development of urban space to improve the quality of life
- To develop dynamic public spaces that support vibrant urban life
- To protect cultural heritage and strengthen its connections with urban life through creative and innovative approaches

1.3.5. Effective and Inclusive Mobility

To solve the complex interrelatedness in mobility and adverse effects of traffic congestion, in 2050, Istanbul will become the city where the public transportation, especially Istanbul rail systems, developed; It will be a metropolis with "effective and inclusive mobility" with an integrated transportation system where pedestrian, bicycle and micro-mobility modes become widespread.

- To provide accessible and comfortable travel with integrated transportation systems
- To promote pedestrian and bicycle transportation as a mode of transportation throughout the city
- To ensure traffic safety
- To ensure inclusiveness of the transportation systems
- To provide environmentally-compatible human and freight mobility with strong global and regional connections

Istanbul is also one of the Mission Cities⁴ selected (part of the extra 12 non-EU cities from countries associated to Horizon Europe) to participate in the EU Mission for **"100 climate-neutral and smart cities by 2030"**.

⁴ [Commission announces 100 cities participating in EU Mission \(europa.eu\), Istanbul Sustainable Urban Mobility Plan](#)

1.3.6. Integrated And Smart Infrastructure Systems

Infrastructure elements, critical for the continuity of urban and rural life, are becoming the essential tools for cities and Istanbul against the effects of the climate crisis. Applications such as the capacity of infrastructure systems to prevent floods caused by excessive precipitation, the development of sustainable water systems against drought and the reuse of water, and the use of energy efficiency and renewable energy systems in the face of energy insecurity are the most critical factors in adapting to the impacts of the climate change and protecting living and physical assets. In line with these factors, Istanbul, which operates with “integrated and smart infrastructure systems” in 2050, is aimed.

- To increase coordination and efficiency in infrastructure systems through innovative technologies
- To increase the share of renewable energy in power generation and consumption
- To reduce dependence by developing sustainable water systems
- To reduce the city's amount of water through effective waste management
- To increase disaster preparedness and safe urban infrastructure systems
- To increase the inclusiveness of information and communication infrastructure, to provide secure and reliable open data

1.3.7. Equal And Free Society

Protection of individual freedoms, prevention of all kinds of discrimination and equality are the most basic requirements for allocating social peace and a fair city. But unfortunately, Istanbul, which has a unique form with its cultural diversity throughout history, creates various disadvantages in Istanbul based on gender, income, age, and ethnic or cultural differences. Polarization, discrimination and restricted individual freedoms between different social or cultural groups are becoming increasingly chronic problems with the influence of national policies. However, the inability to achieve gender equality, which has been a fundamental problem in Turkey for many years, has negative consequences in terms of representation, limited representation, and participation in economic life. In addition, factors such as the limited participation of young people in decision-making processes and management representations based on age and the isolation of elderly individuals from urban life weaken the social structure and belonging.

Income inequality and poverty, which are the main problems of Istanbul, have been tried to be solved with short-term temporary aid policies, and they have been transferred between generations with the lack of structural solutions. These phenomena are exacerbated by inequalities in access to employment, precarious working conditions and lack of qualified education. In Istanbul, an “equal and free society” will be built in 2050 by taking care of the differences and taking strength from the diversity.

- To enable all social and cultural groups to live together with their unique identities
- To fight discrimination effectively and continuously
- To guarantee individual freedoms and differences
- To achieve gender equality in all areas of life and all levels
- To enable the aging population to live independently and participate actively in urban life
- To prevent income injustice and reduce poverty in all its forms
- To increase the participation of youth in decision making processes and to provide them with the skills to fulfil their potential
- To strengthen civil space and social solidarity

1.4. 2020–2024 IMM Strategic Plan and United Nations Sustainable Development Goals (UN SDGs)

Studies for harmonization of UN SDGs are carried out by being closely monitored by IMM. Analysis of global risks and opportunities facing cities in the near future has been made. In line with the 2020–2024 IMM Strategic Plan, SDG matrix has been created on the basis of IMM’s economic, environmental, social and governance objectives.

Subject	Purpose	The eradication of all forms of poverty everywhere	End hunger, achieve food security and improved nutrition, and support sustainable agriculture	Ensuring healthy lives and promoting well-being at all ages	Ensuring inclusive and equitable quality education and promoting lifelong learning for all	Achieving gender equality and empowering all women and girls	Ensuring accessibility and sustainable management of water and sanitation for all	Ensuring everyone's access to affordable, reliable, sustainable and modern energy	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Building resilient infrastructures, supporting inclusive and sustainable industrialization and fostering innovation	Reducing inequalities within and between countries	Making cities and human settlements inclusive, safe, resilient and sustainable	Securing sustainable consumption and production patterns	Immediate action to combat climate change and its effects	Conservation and sustainable use of oceans, seas and marine resources for sustainable development	Conservation, development and promotion of the sustainable use of terrestrial ecosystems, sustainable management of forests, combating desertification, halting and restoring terrestrial degradation and preventing biodiversity loss	Promoting peaceful and inclusive societies for sustainable development, ensuring access to justice for all and building effective, accountable and inclusive institutions at all levels	Strengthening the means of implementation and reviving the Global Partnership for Sustainable Development	
1	Building a durable city by qualified and functional living areas						X			X		X							
2	Development of urban transportation in the scope of sustainable mobility									X		X							
3	Strengthening sustainable environment and energy management						X	X						X	X	X			
4	Contributing to the rising economic value of the city				X	X			X	X			X						X
5	Building a shared city by welcoming social needs by equal and inclusive means	X	X	X		X			X		X		X					X	
6	Creating a living city by increasing social life opportunities			X															
7	Preserving and improving cultural, architectural and natural city inheritance															X			
8	Ensuring financial stability																		X
9	Developing our institutional structure and business model by fair, participant and innovative methods																	X	X

2. Sustainable Finance Framework

2.1. Basis and Components of the Framework

This framework is based on International Capital Market Association (“ICMA”)’s Green Bond Principles (“GBP”) 2021⁵, Social Bond Principles (“SBP”) 2021⁶ and Sustainability Bond Guidelines (“SBG”) 2021⁷ of the International Capital Markets Association (ICMA); and Loan Market Association (“LMA”) Green Loan Principles (“GLP”) 2023⁸ and Social Loan Principles (“SLP”) 2023⁹. The GBP, SBP and SBG are voluntary guidelines to promote the integrity of the sustainable finance market and encourage issuers to be transparent and open.

The framework applies to the issuance of Green, Social or Sustainability Bonds, Sukuks and Loans (“Sustainable Finance Instruments”) whereby the proceeds are allocated exclusively to the financing or refinancing of new or existing Eligible Projects with a clear environmental or social benefit. Projects with a clear environmental benefit are labelled “Green”, projects with a clear social benefit are labelled “Social”.

Any future updated version of this framework will be reviewed and verified by an external Second Party Opinion provider.

The Framework addresses the four core components of the voluntary guidelines:

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

The Framework also follows the recommendations of the ICMA regarding External Review.

2.2. Use of Proceeds

IMM will allocate an amount at least equivalent to the net proceeds of the Sustainable Finance Instruments issued under this Framework to finance and/or re-finance, in whole or in part, sustainable projects which meet the eligibility criteria of the following Eligible Green Project categories (“Eligible Green Projects”) and Eligible Social Project categories (“Eligible Social Projects”), as defined below, which together constitute “Eligible Sustainable Projects”.

Eligible Green or Social Projects can include direct or indirect investments, support schemes, incentive mechanisms, eligible concession rights or subsidies (or a combination thereof such expenditures) and selected operational expenditures. Such Projects will be netted off against any funding from received from other stakeholders under Green or Social labels.

⁵ [ICMA Green Bond Principles \(GBP\) 2021 \(with June 2022 Appendix 1\)](#)





⁶ [ICMA Social Bond Principles \(SBP\) 2021 \(with June 2022 Appendix 1\)](#)





⁷ [ICMA Sustainability Bond Guidelines \(SBG\) 2021](#)

⁸ LMA Green Loan Principles (GLP) 2023

⁹ LMA Social Loan Principles (SLP) 2023

2.2.1. Eligible Green Projects

GBP Category	Description Eligible Green Projects: Eligibility Criteria	Contribution to UN SDGs
<p>Clean transportation</p>	<ul style="list-style-type: none"> ✓ Expenditures related to establishment, acquisition, expansion, maintenance and operation of: <ul style="list-style-type: none"> ○ Fully electric or zero emission vehicles for public, passenger and freight transport, including cars, buses, trains, trams, ferries, water taxis and e-bikes ○ Infrastructure supporting electric or zero emission transportation including electrified railways and charging stations, associated construction, modernisation, operation and maintenance of railways and subways as well as stations, terminals, rail service facilities, safety and traffic management systems infrastructure ✓ Improvement of the cycling infrastructure through the construction, expansion, and renovation of cycling facilities 	 
<p>Renewable energy</p>	<ul style="list-style-type: none"> ✓ Generation and promotion of renewable energy including solar energy ✓ Related research, consulting and development activities 	 
<p>Climate change adaptation</p>	<ul style="list-style-type: none"> ✓ Research and development activities related to increasing the resilience of eco-systems and infrastructure, including measures to address drought, desertification, extreme natural disasters, rising sea levels, declines in agricultural productivity, forest fires, epidemics, pests and the loss of biological diversity and ecosystem services resulting from global temperature increases 	 

<p>Pollution prevention and control</p>	<ul style="list-style-type: none"> ✓ Reduction of air pollution (e.g. air quality monitoring laboratories, devices and associated R&D for air quality measurement¹⁰) ✓ Soil treatment 	   
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2.2.2. Eligible Social Projects

SBP Category	Description Eligible Social Projects: Eligibility Criteria	Target group
<p>Affordable basic infrastructure</p>	<p>Access to public transport:</p> <ul style="list-style-type: none"> ✓ Free transportation for the disabled, senior citizens and all mothers with children aged 1-4 <p>Access to telecommunications:</p> <ul style="list-style-type: none"> ✓ Providing fast and reliable connectivity through fiber optic infrastructure expansion and cable plant, providing free of charge internet services in public areas enabling digital inclusion 	<ul style="list-style-type: none"> ✓ People with low income ✓ Senior citizens ✓ People with disabilities ✓ General population
<p>Access to essential services</p>	<p>Access to education:</p> <ul style="list-style-type: none"> ✓ Scholarship for university students 'Genc Universiteli' ✓ Operation of IMM dormitories for students ✓ Expenditures in connection with the nursery construction <p>Access to healthcare:</p> <ul style="list-style-type: none"> ✓ Providing support packages to newborn babies ✓ Care of hospice residents <p>Emergency relief:</p> <ul style="list-style-type: none"> ✓ Providing emergency response to a crisis (e.g. natural disaster or pandemics). For example, logistics and distribution of products and supplies essential to disaster response <p>Access to recreational infrastructures and facilities:</p> <ul style="list-style-type: none"> ✓ Development and expansion of parks with the objective to inclusive neighbourhoods that contribute to well-being of all 	<ul style="list-style-type: none"> ✓ General population ✓ People with low income ✓ Students ✓ Senior citizens

<p>Food security and sustainable food systems</p>	<p>Measures to promote access to sufficient, safe, nutritious food:</p> <ul style="list-style-type: none"> ✓ 'Istanbul Halk Sut' milk support packages to children aged 3-6 ✓ Food support packages 	<ul style="list-style-type: none"> ✓ People with low income ✓ Pupils
<p>Socioeconomic advancement and empowerment</p>	<p>Measures to support and provide social assistance for persons from disadvantaged socioeconomic backgrounds, persons under disabled care and elderly individuals:</p> <ul style="list-style-type: none"> ✓ Providing social support services for the disabled ✓ 'Askıda Fatura'¹¹ which brings together philanthropists with those in need who cannot pay their bills Packages include suspended invoices, family, mother-baby, education and transportation support ✓ Cash aids to those in need ✓ Social assistance through 'Istanbulkart' 	<ul style="list-style-type: none"> ✓ People with low income ✓ People with disabilities

2.2.3. Exclusions

Projects that support or promote the following activities are excluded:

- Burning of fossil fuel for power generation and transportation
- Rail infrastructure dedicated to the transportation of fossil fuels
- Nuclear power generation
- Products which are considered illegal by international conventions and agreements or are part of international prohibitions such as war weapons, illegal activities such as child labour or forced labour, gambling; and tobacco and alcohol industries

2.3. Project Evaluation and Selection Process

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

Eligible Sustainable Projects will be selected by a dedicated Sustainable Working Committee (hereinafter referred as to the "**Committee**") set up within IMM. The Committee is formed by members of the:

- Legal Consultancy Department
- Department of Financial Affairs
- Department of Environmental Protection and Control

The Committee is responsible for:

- Reviewing the content of IMM's Sustainable Finance Framework section and updating it to reflect changes in sustainability strategy, technology, market, or regulatory developments on a best effort basis;
- Updating external documents such as Second Party Opinion (SPO) and related documents from external consultants and accountants if relevant;

¹¹ [ibb Askıda Fatura - Hoş Geldiniz \(ibb.gov.tr\)](http://ibb.gov.tr)

- Evaluating and defining the Eligible Sustainable Project Portfolio in line with the Eligibility Criteria as set out in the Framework; excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and replacing them on a best effort basis;
- Overseeing the allocation of the proceeds from Sustainable Finance Instruments to the Eligible Sustainable Projects Portfolio and to ensure that the value of the Eligible Sustainable Projects Portfolio equals or exceeds the value of outstanding Sustainable Finance Instruments over time;
- Signing off that internal processes to identify material risks of negative social and/or environmental impacts of IMM's activities have been applied to the Eligible Sustainable Projects Portfolio and that the appropriate mitigation measures have been implemented where possible

The Committee will meet at least on an annual basis.

IMM complies with applicable international and local laws and regulations. Türkiye has in place a number of laws and legislation in relation to mitigating environmental risks in the country, which would be applicable to all the projects under the Framework. Furthermore, IMM assesses sustainability risks, as part of its due diligence process, including for its Eligible Sustainable Projects Portfolio. IMM follows national laws and legislations along with internal policies and guidelines that can mitigate any environmental/social risks potentially associated with Eligible Sustainable Projects. For example:

2.3.1. Environmental Risk Mitigation:

- Türkiye has become a party to many international conventions in order to protect the environment and mitigate environmental risks. The Turkish Parliament has ratified the Paris Climate Agreement, in line with the constructive steps to be taken and within the context of Türkiye's national contribution statement.
- Under the Environmental Law No. 2872, in order to reduce environmental risks and ensure the protection principles, many regulations have been published regarding environmental impact assessment, permit and licensing, environmental inspection, waste management, water and soil management, chemicals management, protection of air quality, protection of sea and coastal areas, and management of greenhouse gases. These include Environmental Impact Assessment Regulation, Strategic Environmental Assessment Regulation, Environmental Permit and License Regulation, Environmental Label Regulation, Environmental Audit Regulation, Waste Management Regulation, Regulation on Control of Packaging Waste, Regulation on Control of Waste Electrical and Electronic Equipment, among others.
- In particular, Environment Impact Assessment (EIA) has been implemented in Türkiye since 1993 in order to reduce the environmental risks that may arise from investments.
- In addition, Strategic Environmental Assessment (SEA) Regulation entered into force in 2018. The SEA process, which is carried out with a participatory approach ensures that environmental values are integrated into the plans and programs to be prepared by public institutions and organizations for the sectors, to minimize the possible negative environmental effects, to maximize the positive effects and to assist the decision makers.
- Türkiye has strategies in place to ensure harmonization with European Union legislation, such as European Union Environmental Integrated Adaptation Strategy (UÇES) (2016-2023). The document was first published in 2007, and was updated in 2016 which includes an evaluation of the realization status of the investments determined for the 2007-2015 period and further updated to cover the 2016-2023 period. In the UÇES document, within the scope of harmonization with the European Union Legislation, for 9 sectors (Water Quality, Waste Mana-

gement, Air Quality, Industrial Pollution and Risk Management, Climate Change, Noise Management, Chemicals Management, Horizontal Sector, Nature Conservation) from 2007 to 2016.

2.3.2. Social Risk Mitigation:

- Under the Law No. 2828, social services are provided to families, children, disabled, elderly and other people who need care or assistance. Along with this Law, which constitutes the framework of social services, the laws listed below provide social protection for disadvantaged groups.
 - o Under the Law No. 3294 and Law No. 2022 individuals who are in need are benefited from social assistance.
 - o Under the Law No. 5395, the protection of children in need of protection or driven to crime is ensured, and their rights and well-being are guaranteed.
 - o Under the Law No. 5378, necessary arrangements are made to disabled individuals' full and effective participation in social life on an equal basis with other individuals by encouraging and ensuring the enjoyment of fundamental rights and freedoms. Furthermore, measures are taken to prevent disability.
 - o The Law No. 6284 on Protection of Family and Prevention of Violence against Women aims to "protect the women, the children, the family members and the victims of stalking, who have been subjected to the violence or at the risk of violence, and regulate procedures and principles with regard to the measures of preventing the violence against those people." Under the Law, protective and preventive measures about the victim, perpetrator, and person who have the potential to inflict violence were regulated in detail.
- Furthermore, there are various legislations in place to prevent employment of children. Türkiye has approved the United Nations Convention on the Rights of the Child, which is one of the most widely accepted human rights documents in the world today, in 1994, the ILO Conventions which are the fundamental conventions of the International Labor Organization, No. 138 concerning Minimum Age for Admission to Employment in 1998 and No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor in 2001. In the Labor Law No 4857, there are penal sanctions for minimum working age of children, prohibition of employment, working hours of children who have completed basic education and are not attending school, working hours of children who are attending school during study period, protection in working life and effective implementation of these provisions. According to the Article 71 of the Labor Law, it is prohibited to employ children who are not completed the age of 15. Children who have completed the age of 14 and have completed compulsory primary school period can be employed in light works that will not impede their physical, mental, social and moral development and those continuing education to attend school.

2.3.3. Combating Bribery, Corruption and Money Laundering:

- In addition to these regulations, as a public institution, IMM and its' employees is governed by district laws and regulations. IMM's personnel consists of public servants, contracted personnel and employees who are in worker status. The legislation on combating bribery and corruption in Türkiye is as follows:
 - o Turkish Criminal Code No. 5237 (Criminal Code);



- Turkish Criminal Procedure Law No. 5271;
 - Law No. 657 on Public Officers (Law No. 657);
 - Law No. 3628 on Declaration of Property and Fight Against Bribery and Corruption;
 - Law No. 5326 on Misdemeanours; (Kabahatler Kanunu)
 - Regulation No. 90/748 on Declaration of Property; and
 - Regulation on Ethical Principles for Public Officers and Procedures and Principles for Application (Regulation on Ethical Principles of IMM).
- The main legislation criminalising acts of corruption is the Criminal Code, which prohibits acts of bribery, fraud, embezzlement, malversation, malfeasance and bid-rigging. Acceptance of gifts by public officials, on the other hand, is prohibited by Law No. 657 and the details of the prohibition are set out in the Regulation on Ethical Principles of IMM. According to Article 29 of Law No. 657, public officials are prohibited from accepting or requesting gifts directly or indirectly, and from accepting gifts or borrowing money from business owners with the purpose of providing benefits, even while they are off-duty.
 - IMM does not have its own regulations considering anti-money-laundering procedures. IMM and its employees are obliged to obey Law no. 5549 on Prevention of Laundering Proceeds of Crime. Also IMM has limited international trade other than project financing for the major investment which has been approved by Ministry.

2.4. Management of Proceeds

IMM will to allocate an amount equal to the net proceeds from the issuance of Sustainable Finance Instruments to the Eligible Sustainable Projects Portfolio, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above.

The Eligible Sustainable Projects Portfolio relating to a Sustainable Finance Instrument will constitute expenditures that occurred no earlier than three budget years prior to the year of issuance, the budget year of issuance , and two budget years following the year of issuance.

Proceeds will be managed to ensure that overtime the Eligible Sustainable Projects Portfolio at least equals the value of corresponding outstanding Sustainable Finance Instruments. During the life of the Sustainable Finance Instruments, if a project ceases to fulfil the Eligibility Criteria, IMM will remove the investment from the Eligible Sustainable Projects Portfolio and replace it when necessary for the balance as soon as reasonably practicable.

Pending the full allocation of the net proceeds will be managed per IMM's general cash management policies.

2.5. Reporting

IMM will to publish a report on the allocation of proceeds to the Eligible Sustainable Projects Portfolio as well as an impact report annually and at least until the full allocation of the outstanding Sustainable Finance Instruments.

IMM will to report the allocation and impact of the Eligible Sustainable Projects Portfolio at least at the category level and on an aggregated basis for all of IMM's Sustainable Finance Instruments outstanding.

IMM will align its reporting with the approach described in the ICMA "Handbook – Harmonized Framework for Impact Reporting (June 2022)"¹² on a best effort basis.

Allocation Reporting

The allocation report will include the following information, on an aggregated basis, for each eligible category:

- The total amount of proceeds allocated to the Eligible Sustainable Projects Portfolio, per eligible category
- The balance (if any) of unallocated proceeds
- The amount or the percentage of new financing¹³ and refinancing
- The geographic location of the expenditures, where feasible

Impact Reporting

Where feasible, IMM may on a best effort basis report yearly and until full allocation or until maturity on the environmental and social impact associated with the Eligible Sustainable Projects.

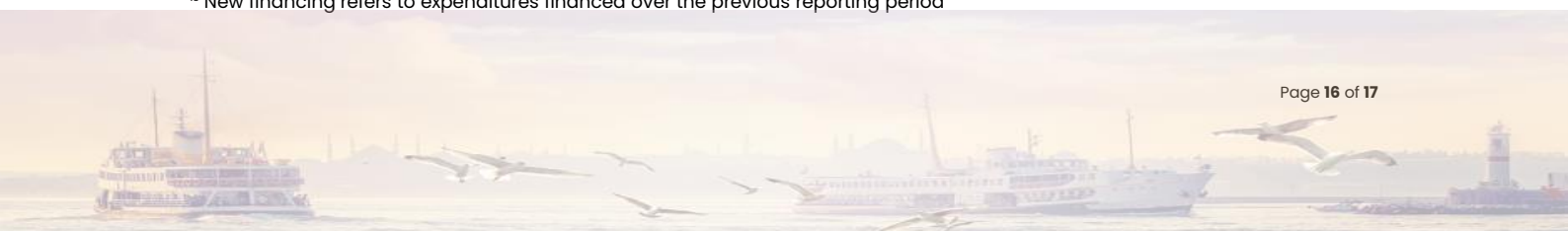
The following potential impact indicators will be considered:

GBP Category	Potential impact indicators
Clean transportation	<ul style="list-style-type: none"> ✓ Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent ✓ Length and type of clean transportation infrastructure built ✓ Total in kilometres of new or improved bicycle lanes
Renewable energy	<ul style="list-style-type: none"> ✓ Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent ✓ Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) ✓ Number of R&D projects carried out
Climate change adaptation	<ul style="list-style-type: none"> ✓ Number of R&D projects carried out
Pollution prevention and control	<ul style="list-style-type: none"> ✓ Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent

SBP Category	Potential impact indicators
Affordable basic infrastructure	<ul style="list-style-type: none"> ✓ Number of people (e.g. mothers) benefited ✓ Number of infrastructure projects built ✓ Number of new network users in underserved areas
Access to essential services	<ul style="list-style-type: none"> ✓ Number of people (e.g. students, senior residents, newborn babies) benefited ✓ Number of support packages ✓ Area of rehabilitated or newly created living and recreational space in m²-

¹² https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf

¹³ New financing refers to expenditures financed over the previous reporting period



Food security and sustainable food systems	<ul style="list-style-type: none"> ✓ Number of people (e.g. pupils) benefited ✓ Number of support packages
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> ✓ Number of people benefited ✓ Number of bills paid through 'Askida Fatura' ✓ Number of support packages through 'Istanbulkart'

2.6. External Review

2.6.1. Second Party Opinion

IMM has engaged Sustainalytics to independently assess the Framework set out herein, in alignment with the applicable guidance and principles in the form of a Second Party Opinion.

The independent Second Party Opinion will be published on IMM's webpage.

2.6.2. Verification

All expenditures incurred by IMM are available for public inspection on the Türkiye's Central Government Investment Programme website¹⁴.

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¹⁴ [2023 Year Investment Program Has Been Published – Republic of Turkey Presidency Strategy and Budget Directorate – SBB](#)