
LOAN NUMBER 9668-001-TR
LOAN NUMBER 9668-002-TR

Loan Agreement

(Türkiye Industrial Emissions Reduction Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş., also known as Development and Investment Bank of Türkiye (“TKYB” or “Borrower”).

The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amounts of (a) two hundred million Dollars (USD 200,000,000), and (b) two hundred million Euros (EUR 200,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Borrower shall have adopted a Project Operations Manual for the Project in form and substance satisfactory to the Bank;
 - (b) the Borrower shall have assigned or hired the following personnel, with terms of reference and qualifications satisfactory to the Bank, for the implementation of the Project:
 - (i) one senior management representative to be accountable for Subprojects, including specifically, compliance with the environmental and social performance requirements under the Borrower's environmental and social management system;
 - (ii) one environmental specialist;
 - (iii) one social specialist; and
 - (iv) one specialist to oversee grievance redress and stakeholder engagement management and monitoring.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its General Manager.
- 5.02. For purposes of Section 10.01 of the General Conditions:
- (a) the Borrower's address is:

Türkiye Kalkınma ve Yatırım Bankası A.Ş.
İnkılap Mahallesi
Dr. Adnan Büyükdeniz Cd. No:10 34768 Ümraniye
İstanbul, Türkiye; and

(b) the Borrower's Electronic Address is:

Facsimile:

E-mail:

+90-216-6301815

tkybdfi@kalkinma.com.tr

5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

248423(MCI) or
64145(MCI)

1-202-477-6391

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AGREED as of the Signature Date.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: J. Humberto Lopez

Title: Country Director

Date: 18-Apr-2024

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

By



Authorized Representative

Name: İbrahim Öztop

Title: CEO

Date: 18-Apr-2024

By



Authorized Representative

Name: Özlem Cinemre

Title: Evp

Date: 18-Apr-2024

SCHEDULE 1

Project Description

The objective of the Project is to reduce the emissions of air pollutants and greenhouse gases (GHGs) from selected industry sectors of Türkiye.

The Project consists of the following:

Investments in industrial emissions reduction.

Provision of Sub-loans to eligible beneficiary Sub-borrowers to adopt air pollutant and/or greenhouse gas emission reduction technologies and processes, including: (i) process-integrated measures to transition to cleaner production processes to improve energy and/or resource efficiency; and (ii) the end-of-pipe abatement measures to control emissions to air.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Unless otherwise expressly agreed to by the Bank, the Borrower shall, throughout the implementation of the Project and to the satisfaction of the Bank:
 - (a) maintain dedicated staffing for the Project (“Project Team”) to:
 - (i) oversee the day-to-day management and broad implementation of the Project, including Subproject development, marketing, outreach, and communication and coordination with relevant parties, including support to the Project Coordination Committee;
 - (ii) select Subprojects and on-lend to Sub-borrowers for the purposes of the Project, in compliance with the criteria and terms set forth in this Agreement and further detailed in the Project Operations Manual (“POM”);
 - (iii) cause Sub-borrowers to comply with the relevant terms of this Agreement and the POM, which shall include causing the Sub-borrowers to adhere to all said requirements, including the Bank’s fiduciary and environmental and social requirements;
 - (iv) implement gender and citizen engagement activities detailed in the POM; and
 - (v) carry out monitoring, evaluation, and reporting for the Project; and
 - (b) ensure that the Project Team functions at all times in a manner and with staffing and budgetary resources necessary and appropriate for the implementation of the Project.
2. The Borrower shall, throughout the implementation of the Project, comply with the applicable prudential regulations of the Guarantor.
3. The Borrower shall establish, by no later than sixty (60) days following the Effective Date, and thereafter maintain and ensure the appropriate functioning of the Project Coordination Committee; said Committee shall have terms of reference and representation comprising representatives of the Borrower and the

Ministry of Environment, Urbanization, and Climate Change (and including such other stakeholders as may be necessary) to provide technical guidance on the Project, convening annually (and as may be needed), as such shall be detailed in the POM.

B. Project Operations Manual

1. The Borrower shall maintain, throughout Project implementation, the Project Operations Manual (“POM”), in substance and form acceptable to the Bank, which shall include, *inter alia*:
 - (a) a detailed description of the Project and the prospective timetable and milestones in relation thereto;
 - (b) the parties responsible for carrying out the Project, including:
 - (i) the staffing to be assigned to the Project Team (including the terms of reference of the individual positions, and the distribution of the Project responsibilities); and
 - (ii) the composition of the Project Coordination Committee (including the terms of reference for the Committee);
 - (c) the detailed policies and procedures relating to implementation of the Project addressed in this Agreement, including specifically:
 - (i) the eligibility criteria for selecting Sub-projects (including the list of Excluded Activities);
 - (ii) the prioritization criteria for Sub-projects (including the method for weighting the criteria);
 - (iii) the definition for “substantial” greenhouse gas reductions;
 - (iv) the methodology for assessing greenhouse gas and air pollutant emission reductions;
 - (v) the approach for assessing earthquake and climate-induced risks in individual Subprojects;
 - (vi) financial viability indicators (debt service coverage ratio and debt to equity ratio) for the Project portfolio;

- (vii) matters requiring Bank prior approval, including proposed Sub-loans greater than the equivalent of EUR 40,000,000 (or such amount as may be agreed to by the Bank in writing and incorporated in the POM);
 - (viii) the terms and conditions for Sub-loans, including the Borrower's on-lending costs to Sub-borrowers and the standard Sub-loan Agreement;
 - (ix) the areas of reporting to be included in the semi-annual Project Reports to the Bank, including on the Borrower's environmental and social management system;
 - (x) the approach for prioritizing gender-inclusive enterprises and for tracking and reporting against the related results indicator;
 - (xi) the environmental and social obligations and arrangements for the Project including, *inter alia*: the requirements set forth in this Agreement, the Environmental and Social Commitment Plan, the Environmental and Social Instruments, and the details on the environmental and social screening, monitoring and reporting procedures in line with the Environmental and Social Standards;
 - (xii) the financial management arrangements, requirements and detailed procedures consistent with the provisions of Section 5.09 of the General Conditions, which includes the functions, staffing, workflows, internal controls, and all financial management arrangements for the Project;
 - (xiii) the requirements of the Anti-Corruption Guidelines; and
 - (xiv) the requirements and procedures for the monitoring, evaluation, reporting, and communications, including specifically, the frequency and content of environmental and social monitoring reports, for the Project.
2. The Borrower shall carry out the Project, and cause the Project to be carried out, in accordance with the arrangements, procedures and guidelines set forth in the POM, provided, however, that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The POM, and any provision thereof, shall not be assigned, amended, abrogated or waived, nor shall be permitted to be assigned, amended, abrogated or waived, without the prior written consent of the Bank; the POM may only be amended in consultation with, and after approval of, the Bank.

C. Sub-projects and Sub-loans.

1. Eligibility and Selection. For the purpose of carrying out the Project, unless otherwise expressly agreed to by the Bank and subsequently incorporated in the POM, the Borrower shall (in form and substance acceptable to the Bank) ensure that:
 - (a) (i) the eligibility criteria and procedures for selecting Sub-borrowers and Sub-projects, (ii) the terms and conditions for the Borrower's provision of Sub-loans to Sub-borrowers, and (iii) the terms and conditions of the Sub-loans, including those set forth and/or referred to in paragraph 2 below, shall be included in the POM and followed; and
 - (b) the total Sub-loan proceeds extended to any single Sub-borrower shall not exceed the equivalent of EUR 80,000,000.
2. Without prejudice to the generalities of paragraph 1 above, the Borrower shall select and appraise proposed Sub-borrowers, and proposed Subprojects for financing under the Project, based on eligibility criteria specifications set forth below, and as may be further detailed in the POM:
 - (a) Subprojects shall involve an industrial activity in an existing facility listed in IED Annex I in respect to: (i) production and processing of metals; (ii) mineral industry (production of cement, lime, magnesium oxide, glass, ceramics); (iii) chemical industry; (iv) waste management; (v) other activities (including pulp and paper production, pre-treatment or dyeing of textile fibers or textiles); or (vi) industrial activities at facilities not subject to IED Annex I that are key to meeting the Project objective, if expressly agreed to by the Bank;
 - (b) Subproject investments shall be designed to reduce emissions of air pollutants and/or greenhouse gases;
 - (c) Emission reduction measures shall be technically and commercially viable, as evidenced by either: (i) being listed in published Best Available Technique Reference Documents ("BREFs"); or (ii) the feasibility study for the proposed Subproject, including ex-ante estimated emissions after interventions confirm the emission reduction;

- (d) For a proposed Subproject targeting primarily air pollutant reductions, (i) the said Subproject shall meet at least the emission limit values defined in the current Permit Conditions, and (ii) the respective feasibility study shall confirm that the BAT associated emission levels or the BAT associated environmental performance levels published in the IED BAT Conclusions are achievable under the said Subproject;
 - (e) For a proposed Subproject targeting primarily greenhouse gas emission reductions, the respective feasibility study shall confirm that the respective Subproject shall result in substantial greenhouse gas emission reductions, determined based on methodology detailed in the POM;
 - (f) In line with the Excluded Activities list, investments that involve new facilities or installations shall: (i) be adjacent to the existing facility in land owned by the existing facility and result in emission reductions of the existing facility; (ii) not require land acquisition to construct new facility or install equipment financed under the Sub-project; and (iii) not be subject to high earthquake and climate-induced risks (e.g., flooding and wildfire) unless established as necessary for achieving emissions reduction and include adequate mitigation measures;
 - (g) Sub-borrowers shall be industrial firms that are privately owned (at least fifty percent (50%) percent private shareholders);
 - (h) Each Sub-borrower shall have committed to provide equity contribution to the respective Subproject in an amount of at least fifteen percent (15%) of the respective Sub-loan; and
 - (i) Subproject investments shall not include any Excluded Activities.
3. For the purpose of Section I.C.2(a) of this Schedule, inclusion and application of any new or revised activities in the Project, resulting from an amendment of IED Annex I (following the Signature Date of this Agreement), shall be subject to the Bank's prior written approval and subsequent inclusion in the POM.
4. Prioritization. In the event that the proposed sub-lending to eligible Subprojects exceed the Loan proceeds allocated to Category (1) of Section III.A of this Schedule, the Borrower shall prioritize Subprojects that contribute to, or meet the following characteristics, and/or such other characteristics that the Bank may approve and thereafter detailed in the POM, following the weighting methodology set forth in the POM:

- (a) Investments with high air pollutant and/or greenhouse gas emission reduction potentials per unit investment cost;
- (b) Investments with process improvements as compared to only end-of-pipe abatement measures;
- (c) Investments located close to densely populated areas (for proposed Subprojects that aim to primarily reduce air pollutant emissions);
- (d) Proposed Subprojects with Sub-borrowers that have adopted internationally recognized environment, social, governance (ESG) protocols or framework; and
- (e) Investments with high co-financing contribution from private capital.

5. Approval Procedures.

- (a) The Borrower shall appraise proposed Subprojects, and their feasibility studies, taking into account the following: (i) technical assessment; (ii) economic and financial analysis; (iii) institutional capacity and implementation arrangements; (iv) financial management assessment; (v) procurement assessment; (vi) social and environmental assessment; (vii) risk assessment; and (viii) readiness for implementation.
- (b) The Borrower shall have assessed the Sub-borrower to have minimum creditworthiness in accordance with indicators detailed in the POM.
- (c)
 - (i) The Borrower shall submit to the Bank for prior review and approval of, up to, the first four (4) proposed Subprojects, until the Bank has approved two (2) of the proposed Subprojects.
 - (ii) Before the Borrower extends any commitment to a potential Sub-borrower for financing under the Project, the Borrower shall have received, whichever occurs first:
 - (A) the Bank's prior approval of the two (2) proposed Subprojects referred to in paragraph (c)(i) above; or
 - (B) the Bank's formal opinion on the four (4) proposed Subprojects that are subject to the Bank's prior review referred in the said paragraph.

- (iii) The proposed Subprojects submitted to the Bank for prior approval shall include the proposed Subprojects' feasibility studies, and environmental and social instruments, as such requirements shall be detailed in the POM.
 - (iv) Should the Bank's approval of any proposed Subproject include conditionalities, the Borrower shall ensure that the conditionalities relevant to the Sub-borrower are incorporated in the Sub-loan Agreement for the Subproject, and shall cause the Sub-borrower to carry out the Sub-project activities accordingly.
 - (d) All proposed Subprojects for which the proposed Sub-loans are above the equivalent of EUR 40,000,000 shall be subject to the Bank's prior approval.
 - (e) Sub-loan Repayments and Reflows. The Borrower shall (unless otherwise agreed to by the Bank) utilize the principal repayments to provide additional Sub-loans for emission reduction Subprojects (each case, "Reflows") following the accumulation of the equivalent of EUR 20,000,000 in the reflows fund before the Closing Date; the said Reflows shall be for at least one additional financing cycle, and the launch of the additional Sub-loans shall occur within one year after accumulation of the said EUR 20,000,000 equivalent.
 - (f) Ex-post Reviews. All Sub-loans extended under the Project, and the related Subprojects, may be subject to ex-post review by the Bank to verify compliance with the requirements set forth in this Agreement and the POM.
- 6. Sub-loans and Sub-loan Agreements.
 - (a) Except as the Bank shall otherwise agree, the Borrower shall provide Sub-loans to Sub-borrowers in support of selected Subprojects on terms and conditions acceptable to the Bank, as detailed herein and in the POM, including the terms and conditions relating to the maturity, and such additional terms and conditions specified in subsection (b) below.
 - (b) The Borrower shall obtain a written agreement ("Sub-loan Agreement") with each Sub-borrower that sets forth the terms and conditions for the Sub-loan, acceptable to the Bank, and rights adequate to protect its interests and the interests of the Bank and the Guarantor, including, *inter alia*:

- (i) require the Sub-borrower concerned to carry out and operate the facilities benefiting from the Sub-loan with due diligence and efficiency, in accordance with: (A) sound technical, financial, and managerial standards (including in respect to the maintenance of adequate records); (B) applicable environmental and social impact standards consistent with the requirements set forth in this Agreement and the Environmental and Social Commitment Plan and the Borrower's Environmental and Social Instruments; (C) the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; and (D) all other relevant provisions of the POM;
- (ii) notwithstanding the generalities of subsection (i) above, require the Sub-borrower concerned to: (A) carry out the necessary feasibility studies and project design for Subprojects, including specifically preparing the respective Environmental and Social Assessment and all necessary Environmental and Social Instruments; (B) ensure proper construction supervision; and (C) provide necessary technical and financial information, including collection and monitoring of results data, to the Borrower on time;
- (iii) require that all Sub-loan financing shall be used exclusively in the financing of eligible expenditures for the Subproject;
- (iv) inspect, by itself or jointly with representatives of the Bank or the Guarantor, if the Bank and/or the Guarantor shall so request, the Sub-borrower sites and expenditures financed by the Sub-loan, the operation thereof, and any relevant records and documents;
- (v) require that the Sub-borrower concerned take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Sub-loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Sub-borrower concerned to replace or repair such goods;
- (vi) obtain all such information as the Bank or the Guarantor shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Sub-borrower concerned and to the benefits to be derived from the Sub-loan; and

- (vii) suspend and terminate the right of the Sub-borrower concerned to the use of the proceeds of the Sub-loan, or obtain a refund of all or any part of the amount of the Sub-loan then withdrawn, upon failure by such Sub-borrower to perform any of its obligations under its Sub-loan Agreement.
- (c) The Borrower shall exercise its rights under each Sub-loan Agreement in such manner as to protect the interests of the Borrower, Guarantor and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Sub-loan Agreement, or any of the provisions of a Sub-loan Agreement that (i) relate to the required terms set forth in Section I.C.6(b) above, or (ii) would contravene the Subproject eligibility criteria set forth in this Agreement,

D. Environmental and Social Standards.

1. The Borrower shall ensure, and shall cause the Sub-borrowers to ensure, that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower ensure, and shall cause the Sub-borrowers to ensure, that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower shall ensure, and shall cause the Sub-borrowers to ensure, that:

- (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, explosions, spills, and any workplace accidents that result in death, serious or multiple injury, pollution, or any violent labor unrest or dispute between the Borrower or security forces (assigned to protect the Project) and local communities, any case of gender-based violence and violence against minors, or any incidents in or related to waterways defined and applicable under World Bank Operational Policy 7.50, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Borrower shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 6. The Borrower shall cause the Sub-borrowers to ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

E. Annual Work Plan and Budget

1. The Borrower shall:

- (a) prepare and furnish to the Bank not later than January 31st of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under the Project during the following year; and (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing;
- (b) afford the Bank a reasonable opportunity to exchange views on each such proposed Annual Work Plan and Budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with such Annual Work Plan and Budget as shall have been approved by the Bank; and
- (c) make any significant changes, or allow any significant changes to be made, to the Annual Work Plan and Budget that has already been accepted by the Bank, only after receiving the Bank's prior written confirmation.

Section II. Project Monitoring, Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to (a) finance Eligible Expenditures, and (b) pay the Front-end Fee, in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Sub-loans under the Project	199,500,000	199,500,000	Percentages as determined pursuant to the Borrower's Interim Financial Reports (IFRs)
(2) Front-end Fee	500,000	500,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	200,000,000	200,000,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed forty million Dollars (USD 40,000,000) and forty million Euros (EUR 40,000,000) may be made for payments made prior to this date but on or after May 1, 2023, for Eligible Expenditures under Category (1).
2. The Closing Date is November 30, 2029.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments – USD Loan

Principal Payment Date	Installment Share
On each January 15 and July 15 Beginning July 15, 2034, through July 15, 2048	3.33%
On January 15, 2049	3.43%

Level Principal Repayments – EUR Loan

Principal Payment Date	Installment Share
On each January 15 and July 15 Beginning July 15, 2034, through July 15, 2048	3.33%
On January 15, 2049	3.43%

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the workplan and budget provided annually as referred to in Schedule 2, Section I.E, of this Agreement.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.
3. “BAT” means best available techniques.
4. “BAT Conclusions” means the final evaluations of Best Available Techniques and form part of each BREF; said conclusions determine the reference points used to set Permit Conditions for Installations covered by the IED.
5. “Best Available Techniques Reference Document” or “BREF” means a document defined in Article 3(11) of the [Industrial Emissions Directive 2010/75/EU](#) as a document drawn up for defined activities and describing, in particular, applied techniques, present emissions and consumption levels, techniques considered for the determination of best available techniques as well as BAT conclusions and any emerging techniques, giving special consideration to the criteria listed in Annex III of said Directive.
6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
7. “Energy Industries” means industries that involve: (a) combustion of fuels in Installations with a total rated thermal input of 50 MW or more; (b) refinement of mineral oils and gas; (c) production of coke; and (d) gasification or liquefaction of coal or other fuels in Installations with a total rated thermal input of 20 MW or more.
8. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 29, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

9. “Environmental and Social Instruments” means, collectively, the Borrower’s environmental and social instruments for the Project, as specified in the Environmental and Social Commitment Plan.
10. “Environmental and Social Standards” or “ESSs” means, collectively:
 - (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”;
 - (ii) “Environmental and Social Standard 2: Labor and Working Conditions”;
 - (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”;
 - (iv) “Environmental and Social Standard 4: Community Health and Safety”;
 - (v) Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”;
 - (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”;
 - (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”;
 - (viii) “Environmental and Social Standard 8: Cultural Heritage”;
 - (ix) “Environmental and Social Standard 9: Financial Intermediaries”;
 - (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
11. “Excluded Activities” means, collectively:
 - (a) Investments and activities that support Energy Industries;
 - (b) Investments and activities that use global-first pilot technology;
 - (c) Investments and activities that involve new facilities or installations subject to high earthquake and climate-induced (e.g., flooding and wildfire) risks (unless necessary for achieving emissions reduction, and only if adequate mitigation measures has been proposed);
 - (d) Investments and activities that involve land acquisition to construct a new facility or install equipment;
 - (e) Investments and activities classified as a high risk in respect to potential environmental and social impacts, in accordance with the provisions of the environmental and social risk classification under the World Bank Environmental and Social Framework;
 - (f) Investments and activities inconsistent with the Bank’s Environmental and Social Standards and/or the requirements set forth in the ESCP;

- (g) Any of the activities listed, or activities that produce and/or use materials listed, in the World Bank Group / International Finance Corporation Exclusion List (see https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist), and such other activities and/or materials listed in the POM and which are classified and referred to as part of the negative list in said manual;
 - (h) Investments and activities that involve large-scale physical and economic displacement as described in Land Acquisition, Restrictions on Land Use, or Involuntary Resettlement (as defined under ESS 5); that adversely impact critical natural habitats and species as described in Biodiversity Conservation and Sustainable Management of Living Natural Resources (as defined under ESS 6); that adversely impact Cultural Heritage (as defined under ESS 8); or that involve child or forced labor;
 - (i) Investments and activities that involve the construction of new water and sanitation schemes that use or risk polluting waterways defined and applicable under World Bank Operational Policy 7.50 (or detailed design and engineering studies of such investment), as such waterways shall have been described more specifically in the POM;
 - (j) Investments and activities that involve the construction of a new dam or a dam under construction; and
 - (k) Investments and activities that involve any other exclusions agreed to by the Bank and the Borrower, and set forth in the Environmental and Social Management Framework and the POM.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing,” dated December 14, 2018 (last revised on July 15, 2023).
 13. “Guarantor” means the Republic of Türkiye.
 14. “IED Annex I” means Annex I to the IED, which lists the categories of activities referred to in Article 10 of the IED.
 15. “Industrial Emissions Directive” or “IED” means Directive 2010/75/EU of the European Parliament and of the Council, dated November 24, 2010, on industrial emissions (integrated pollution prevention and control), as such may be updated from time to time.

16. “Installation” means, in accordance with the IED, a stationary technical unit within which one or more activities listed in IED Annex I or in IED Annex VII, Part 1, are carried out, and any other directly associated activities on the same site which have a technical connection with the activities listed in those annexes and which could have an effect on emissions and pollution.
17. “Interim Financial Reports” or “IFRs” means the Borrower’s interim unaudited financial reports for the Project.
18. “Ministry of Environment, Urbanization, and Climate Change” means the Guarantor’s ministry of the same name or any legal successor or successors thereto, acceptable to the Bank for the purpose of the Project.
19. “Permit Conditions” means the emission level limits published in the Regulation on Control of Industrial Air Pollution (as defined herein).
20. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
21. “Project Coordination Committee” means the committee referred to in Schedule 2, Section I.A.3, to this Agreement.
22. “Project Operations Manual” means the manual described in Schedule 2, Section I.B, to this Agreement.
23. “Project Team” means the Borrower’s staffing assigned to carry out the Project as described in Schedule 2, Section I.A.1, to this Agreement.
24. “Reflows” means the reflows under the Project described in Schedule 2, Section I.C.5(e), to this Agreement.
25. “Regulation on Control of Industrial Air Pollution” means the regulation of the same name of the Guarantor, published in the Official Gazette, dated July 3, 2009, Number: 27277, as such regulation may be updated from time to time.
26. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
27. “Sub-borrower” means a party eligible and approved to receive a Sub-loan from the Borrower to finance a Subproject; “Sub-borrowers” means, collectively, all such sub-borrowers.

28. “Sub-loan” means a sub-loan financed by the Loan and extended by the Borrower to a Sub-borrower to finance a Subproject in accordance with Schedule 2, Section I.C.6, to this Agreement; “Sub-loans” means collectively all such sub-loans.
29. “Sub-loan Agreement” means a sub-loan agreement between the Borrower and a Sub-borrower to finance a Subproject pursuant to the terms set forth in Schedule 2, Section I.C.6, to this Agreement; “Sub-loan Agreements” means, collectively, all such sub-loan agreements.
30. “Subproject” means a subproject as described in Schedule 2, Section I.C of this Agreement; “Subprojects” means, collectively, all such subprojects.
31. “Türkiye Kalkınma ve Yatırım Bankası A.Ş.” or “TKYB” means the development and investment bank of the Republic of Türkiye, also known as Development and Investment Bank of Türkiye, established pursuant to Law No. 7147, published in the Guarantor’s Official Gazette No. 30575, dated October 24, 2018 (Trade Registry No. 1988985), or any legal successor or successors thereto, acceptable to the Bank.