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**LABOR MANAGEMENT PROCEDURES  
FOR  
FORMAL EMPLOYMENT CREATION PROJECT**

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## **Project Background**

FRIT-II - Formal Employment Creation Project (“The Project) aims to enhance the conditions for formal job creation for firms operating in provinces with high incidences of refugees. T Development and Investment Bank of Turkey (TKYB), the Financial Intermediary, will implement the Project, with the involvement of participating financial institutions (PFIs). The World Bank (hereinafter the Bank) has agreed to provide financing for the Project with its own resources and EU FRIT-II program.

The proposed project will support increased access to assets with a focus on: (i) access to finance through loans for credit-worthy firms; and grants to firms conditional on job creation; and (ii) access to skills both through on the job learning, and through participation of beneficiary firms and workers in core training financed by the project.

The project aims at enhancing conditions conducive to formal job creation for firms operating in areas affected by high incidence of refugees, by easing two major constraints hampering Turkish firms’ capacity to expand their business and create more and better formal jobs, namely access to finance and skills. The project consists of three main components: the first component is a World Bank loan, the second component is a grant financed by the EU under the FRIT II program. The third component consists of capacity building and strengthening institutions, which should guarantee strong monitoring and compliance with the design and the conditionality of the project, to ensure sustainability and maximize impact. Established firms, with an already consolidated record of sustained job creation, and greater capacity to expand business and generate markets, will be more natural candidates for the loan component. Firms, relatively small, but with high job creation potential and willing to comply with the job creation conditionality will be more likely to benefit from the grant.

The Development and Investment Bank of Turkey (TKYB) will be the implementing agency of the project. The loan program with a focus on employment creation will be implemented by the TKYB with the support of Participating Financial Institutions (PFIs).

The Project will support formal employment opportunities operating across economic sectors. In line with the socioeconomic support objectives of the Turkish government and partners, the Project will offer financially viable firms an option of accessing grant or loan to undertake investments in existing businesses. Grant resource will be made available conditional on the firm’s commitment to employing Turkish citizens and refugees living in target provinces and sustaining that employment. Jobs offered must be formal in nature and provide decent working conditions, meaning that social security and other legally mandated employment benefits and Labor Code provisions must be offered and complied with.

TKYB staff will be trained to guide beneficiary firms in the identification and recruitment of employable Turkish citizens only in the loan and both Turkish citizens and refugees in the grant

component. This will include the development of guidelines and materials to support grant officers in assisting beneficiary firms in recruiting personnel through various employability programs supported by the government or the EU, such as İŞKUR, Red Crescent., and the Association for Solidarity with Asylum Seekers and Migrants. Formal links between the TKYB and various employment or training institutions will be established to ensure that appropriate referrals lead to recruitment. The loan and grant officers will be sensitized to service broader client markets. They will also be trained to assess the viability of employment plans, and on how to guide applicant enterprises to find suitable workers from institutions such as İŞKUR and others. The staff involved in the project implementation will also be trained on the enforcement of the conditionality, including the report drafting, the verification and validation process, the sanctions process, and the data exchange with SGK. These capacities will be kept by the PIU staff and the mechanism and learning can be used for future projects with similar objectives.

The project will be implemented in 24 provinces in Turkey (Istanbul, Gaziantep, Hatay, Sanliurfa, Adana, Mersin, Bursa, Izmir, Kilis, Konya, Ankara, Kahramanmaras, Mardin, Kayseri, Kocaeli, Osmaniye, Diyarbakir, Malatya, Adiyaman, Batman, Sakarya, Manisa, Tekirdag, and Denizli.

## **1. OVERVIEW OF LABOR USE ON THE PROJECT**

The Development and Investment Bank of Turkey (TKYB) will be the implementing agency of the project. TKYB has strong relationships based on mutual trust with the world's leading funding agencies. The Bank offers the business world long-term financing resources it obtains through its international relations network, via either direct lending or apex lending where TKYB extends credits to small enterprises operating in the manufacturing industry through other financial institutions. The project will leverage TKYB's extensive experience in providing access to finance services to larger enterprises (LEs) and, through intermediaries (such as banks, leasing companies), to small and medium-sized enterprises (SMEs). The project will allow TKYB to include the conditionality of job creation and decent working conditions into its grant agreement. Third component of providing technical assistance to both loan and grant beneficiary firms and PFIs will enhance their institutional capacities as well as employees' skills for formal employment.

In June 2019, TKYB relocated its headquarters from Ankara to İstanbul where there is a better agglomeration of private banks. As of December 2019, the total headcount of TKYB is 285 personnel including managers, associates, support staff etc. The percentage of TKYB's male employees is 56 percent whereas female employees consist of 44 percent. Table 1 illustrates the educational level of the employees.

**Table 1.** Educational level of the employees

The Education Level	
<b>PhD</b>	1,4%
<b>Master</b>	18,6%
<b>Bachelor</b>	65,96%
<b>Others</b>	14,04%

*Source: TKYB, December 2019*

## **Project Workers**

It is expected that Project will engage the following categories of project workers as defined by ESS2 Labor and Working Conditions:

**Direct workers:** In this Project, direct workers are:

TKYB employees have a public worker status with open-ended contract regulated by the Turkish Labor Code 4857. All of TKYB employees work full time and with an indefinite (open-ended) contract. All direct workers are above the age of 18 years. TKYB employs 213 workers (November 2019).

**Contracted workers:** In this Project, contracted workers will include:

Workers engaged by consultancy services for capacity building, organization of workshops, trainings, and other informative meetings are expected to be required for project implementation.

The number of contracted workers will be determined by TKYB, in consultation with PFIs where necessary, by the start of the project or during project implementation.

Contracted workers will include specialized experts and trainers who have vast experience in areas such as project management, loan management and entrepreneurship etc. The Project will also support the development of technical capacity of PFIs to lend and monitor the loan component.

It is estimated 6 PFIs to be engaged in the project, however the number of experts/trainers to be hired by the TKYB and PFIs will be determined by beginning of the project. Employees of PFIs are contracted workers in a sense of ESS2.

At this stage it is not known which PFIs will be engaged by the Project. This LMP will also apply to PFI employees and PFIs will be subject to Turkish Labor Code requirements.

Community workers and primary supply workers, as provided in the ESS2 definition, will not be engaged in the project activities.

This LMP will also outline screening of labor related risks for the workers employed in sub-projects– beneficiary enterprises (SMEs/LEs who are recipients of either grants or loans) While workers of beneficiary enterprises do not belong to any of the categories of workers defined by the ESS 2, this LMP will include screening and monitoring procedures as a mitigation measure to ensure that sub-projects (beneficiary firms) are compliant with the Turkish Labor law and relevant requirements of ESS2.

## **2. ASSESSMENT OF KEY POTENTIAL LABOR RISKS**

### *Project activities and Key Labor Risks*

The limitations on job creation, formal job opportunities, access to finance, and access to skills — motivate the need for and the design of the proposed project, which aims to increase formal employment opportunities and contribute to the formalization of job opportunities in selected provinces.

The grant component of the project will support Turkish citizens and refugees to access formal employment opportunities in creditworthy enterprises operating in provinces with high incidence of refugees. It will improve the firms’ capacity to expand business, generate markets and improve the use of the factors of productions.

TKYB is subject to the Turkish Labor Law (Law No. 4857; Official Gazette No. 25134 dated June 10, 2003) and related regulations and Turkish Law on Occupational Health and Safety (Law No. 6331; Official Gazette No. 28339 dated June 30, 2012) and related regulations regarding labor and working conditions. The provisions of the regulations will also apply for the project workers of TKYB.

TKYB will also require that terms and working conditions for PFI workers and the consultants to be contracted for project purposes, are in compliance with the requirements of Turkish Labor Law and Turkish Law on Occupational Health and Safety and related regulations.

Regarding the project activities, significant labor risks are not anticipated for direct and contracted project workers and will be managed through TKYB’s existing human resources plans and procedures.

However, project beneficiaries – workers employed in sub-projects (SMEs and LEs) in different sectors such as logistics and transportation, services, food processing, apparel and clothing, automotive, wholesale trade, electronics, machinery and equipment, electrical appliances, retail,

health, information and communication technologies, may face additional labor risks. These risks may include a wide range of occupational health and safety risks, and issues such as long working hours and lack of access to workplace grievance mechanism.

SMEs are defined as firms employing fewer than 250 workers, while LEs are firms employing more than 250 workers.

The project design includes mitigation measures to address some labor related risks such as a requirement that SMEs and LEs provide formal employment including social security and other legally mandated employment benefits. Labor Code provisions must be complied with for the jobs offered by the SMEs and LEs benefitting from loans and grants and in activities of firms providing technical assistance . Vulnerable groups are included in the project design as grant beneficiaries will need to employ refugees and project will target women-inclusive enterprises as well.

Additionally, screening and monitoring of labor and working conditions for loan/grant recipients will be conducted for project purposes by TKYB and verified through labor audits.

The Project will also provide better access to management training and skills for their workers, including through on-the-job learning. Firms applying to either grants or loans, will have to provide evidence of the “skills gap” affecting the productivity and the competitiveness of their workforce, and will have to signal their interest in participating in capacity building activities provided by TKYB within the scope of this project that will address those gaps. At the same time employers (or managers) in beneficiary firms, commit to participate in additional training to build management capacity, financial literacy, crisis management, leadership and behavioral “nudges” aimed at improving workplace relationships and climate. Training and capacity building activities will be provided in the following main areas: i) technical skills (for instance, software and IT knowledge); ii) socioemotional skills (for example, leadership, teamwork, client orientation); iii) financial literacy; iv) management practices.

### **3. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS**

There are several statutory laws governing labor related issues in Turkey, among which are the Turkish Constitution, Labor Law (No. 4857), Turkish Code of Obligations (No. 6098), Labor Courts Act (No. 7036), Law on Trade Unions and Collective Bargaining Agreements, also known as the “Union Law”, (No. 6356), Law on Civil Service Trade Unions and Collective Bargaining Agreements (No. 4688), Occupational Health and Safety Law (No. 6331), Maritime Labor Law (No. 854), Press and Media Labor Law. In addition to the above, there are secondary laws and regulations that include annual leave, working hours, overtime work, minimum wage, female employees and child labor.

Turkey has also ratified majority of the ILO conventions, including but not limited to conventions on equal treatment of employees, gender equality, child labor, minimum wage, forced labor, OHS,

right of association and collective bargaining. Turkey is party to the 1950 European Convention for the Protection of Human Rights and Fundamental Freedoms and the Council of Europe's 1961 European Social Charter, as well as the Revised Social Charter. Labor Law is the main statute regulating the employment relationship. Other primary legislation that also applies to the project includes:

- Occupational Health and Safety Law (No. 6331)
- Law on Trade Unions and Collective Bargaining Agreements (No. 6356)
- Social Insurance and General Health Insurance Law (No. 5510)
- Law of Obligations (No. 6098)
- Labor Courts Law (No. 7036)
- Law on the Work Permit for Foreigners (No. 6735)
- Regulation on Contractors and Sub-contractors

The Regulation on Work Permit for Foreigners under Temporary Protection, adopted on 15 January 2016, regulates the procedures for granting work permits to persons under temporary protection.

## **Main Labor Code provisions**

### ***Types of Employment Contracts***

As per the Labor Law, the main categories of employment contracts are; definite (fixed term) and indefinite (open-ended), full time and part time contracts, continuous and transitory contracts; seasonal; temporary; employment contracts with or without trial periods; provisional employment contracts; and team employment contracts. Employment which lasts only up to 30 days is transitory; and employment which requires a longer period is continual. If employment is transitory, provisions of the Obligations Act shall apply on certain matters as defined by the Labor Code.

Article 5 of the Turkish Labor Code embraces the principle that all employees should be treated equally. Accordingly, employers cannot treat temporary and agency workers or part-time workers differently from the permanent employees unless justifiable grounds exist for the different treatment.

### ***Wages and deductions***

Article 32 of the Labor Code defines “wage” in general terms, as the amount of money to be paid in cash by an employer or by a third party to a person in return for work performed by him. Without discrimination, each employee has a right to demand remuneration for the work they conduct. The salary of an employee cannot be lower than the minimum wage amount which is determined by the state and redefined two times every year. There is a national minimum wage that applies to all

employees in Turkey. Under Article 39 of the Labor Code, the minimum wage is determined and revised by the related commission of the Ministry of Labor and Social Security twice every year.

Pursuant to Article 34 of Law No: 4857 (Turkish Labor Law) Any worker whose wage is not paid within twenty days as of the date of wage payment except for a force major may abstain from fulfilling his/her working liability. Even if the non-fulfilment of working liabilities for this reason based on personal decisions of workers gains a collective character numerically, this shall not be considered as a strike. The highest interest rate applied for deposits shall be applied for wages not paid on due date.

The labor contracts of such workers shall not be terminated, new workers shall not be admitted in their places and their works shall not be assigned to other persons for not working due to this reason.

Pursuant to Article 38 of Law No: 4857 (Turkish Labour Law) The employer shall not exercise wage deduction penalty for the worker for reasons other than those specified in the collective contract or labor contract.

The deductions to be made from worker's wages as penalties should be immediately informed to the worker along with reasons thereof. Such deductions from worker wages shall not exceed two daily wages in a month or two days' earning of the worker in wages paid per piece or per the amount of work performed.

Such deductions shall be deposited with the account of the Ministry of Labor and Social Security within one month as of the deduction for utilization for the training and social services of the workers, in one of the banks established in Turkey and entitled to accept deposits, to be nominated by the Ministry. Every employer shall be obliged to keep a separate account of such deductions at the business.

### ***Working hours***

According to the Turkish Labor Law, the working period shall be maximum forty-five hours in a week. Unless otherwise agreed, such period shall be applied by equally assigning it to working days of the week.

The normal weekly working period may be differently assigned to working days of the week, on the condition that it does not exceed eleven hours a day, upon agreement of the parties. In this case, the average weekly working period of the worker shall not exceed normal weekly working period within a time period of two months. The compensation period may be increased by up to four months through collective labor contracts (Article 63).

The workers shall be informed of the starting and ending times of daily working periods as well as of break times.

Starting and ending times of the working period may be arranged differently for workers, according to the nature of the work (Article 67).

### ***Periods accounted as working period***

According to the Turkish Labor Law, the following periods shall be accounted within the daily working period of the workers.

The periods spent on the way, in cases where the workers are sent by the employer from their workplace to any other places to work.

Free periods of the worker spent at the workplace, being available for working at any moment but waiting for any possible work, without working.

Periods spent by the worker for being sent by the employer to another place or being made occupied at the house or office of the employer or any place relating to the employer, without performing his/her main job.

The periods of breast-feeding female workers to be specified for breast feeding.

Periods elapsing for collective and regular transport of workers from and to their workplaces which are distant from their settlement area for any kind of work requiring collective transport such as construction, maintenance or repair and modification of railways, roads and bridges. (Article 66)

### ***Overtime hours and overtime payment***

As per Article 41 of the Labor Law, works which exceed forty-five hours a week are defined as overtime. The hours worked beyond the weekly working hours which are forty hours is considered as overtime and paid. An employer may request employees to work overtime. The employee's consent shall be required for overtime work. Total overtime work shall not be more than two hundred seventy hours in a year.

Wages for each hour of overtime shall be remunerated at one and a half times the normal hourly rate. Nevertheless, under court precedents, certain employees (for example, high level executives and employees who can fix their work hour schedules themselves and who earn salaries which are higher than market standards) are not entitled to request overtime payment where it can be determined that the salary is high enough to include overtime payment.

Employees underage of 18, pregnant women, and breastfeeding mother cannot be required to work overtime.

### ***Weekly rest day and rest breaks***

The employees are allowed to take a rest for a minimum of twenty-four hours (weekly rest day) without interruption within a seven-day time period, provided they have worked up to 45 hours on

the days preceding the weekly rest day. By law, employers do not have the right to deduct this weekly rest from the employees' salaries. Additionally, Article 68 of the Labor Law states that employees are entitled to a rest break, the duration of which varies depending on the working hours. Each employee is entitled to 15 minutes of break for jobs lasting up to four hours; 30 minutes of break for jobs lasting up to 7.5 hours, and one hour of break for jobs lasting more than 7.5 hours. Arrangements for breaks will be made according to the local traditions and requirements of the work. Such breaks shall be at minimum level and applied uninterruptedly. However, such periods may be applied intermittently by reaching an agreement, considering the climatic and seasonal conditions and local traditions as well as the nature of the work. Breaks may be used by workers at the same time or at different times at a workplace. Breaks shall not be reckoned with in working period (Article 68).

### ***Leaves***

The minimum leave period according to the length of service of the employee has been set in the Labor Law as follows;

- 1 to 5 years (included) - 14 working days
- 5 to 15 years - 20 working days
- 15 years (included) or longer - 26 working days

The Law stipulates that paid annual leave may not be less than 20 days for employees under the age of 18 or over the age of 50. Employees with health reports are heard during the reporting period. In case of marriage, birth and death of a relative, employees have the right to leave for rest. Employees with health reports are heard during the reporting period. In case of marriage, birth and death of a relative, employees have the right to leave for rest.

Paid leaves for employees have been defined; casual leaves such as birth, death, marriage up to 5 days, and sick leave taken to care for a sick relative until 40 days, maternity leave (until 16 weeks) and also military service.

Employees engaged in seasonal or other occupations which, owing to their nature, last less than one year are not entitled to paid annual leave.

Other paid and unpaid leaves or rest and illness leaves granted by the employer within the year shall not be set off from the annual leave.

National holidays, weekly rest days and public holidays which coincide with the duration of annual leave may not be included in the annual leave period. These shall not be counted in the leave period in calculating the days of annual paid leave. (Article 56)

### ***Labor disputes***

The Labor Code does not provide for a workplace grievance mechanism.

The employee who alleges that no reason was given for the termination of his employment contract or who considers that the reasons shown were not valid to justify the termination shall be entitled to lodge an appeal against that termination with the labor court within one month of receiving the notice of termination. If there is an arbitration clause in the collective agreement or if the parties so agree, the dispute may also be referred to private arbitration within the same period of time.

The burden of proving that the termination was based on a valid reason shall rest on the employer. However, the burden of proof shall be on the employee if he claims that the termination was based on a reason different from the one presented by the employer.

The court must apply fast-hearing procedures and conclude the case within two months. In the case the decision is appealed, the Court of Cassation must issue its definitive verdict within one month. (Article 20)

If the court or the arbitrator concludes that the termination is unjustified because no valid reason has been given or the alleged reason is invalid, the employer must re-engage the employee in work within one month. If, upon the application of the employee, the employer does not re-engage him in work, compensation to be not less than the employee's four months' wages and not more than his eight months' wages shall be paid to him by the employer.

In its verdict ruling the termination invalid, the court shall also designate the amount of compensation to be paid to the employee in case he is not re-engaged in work.

The employee shall be paid up to four months' total of his wages and other entitlements for the time he is not re-engaged in work until the finalization of the court's verdict. If advance notice pay or severance pay has already been paid to the reinstated employee, it shall be deducted from the compensation computed in accordance with the above-stated subsections. If term of notice has not been given nor advance notice pay paid, the wages corresponding to term of notice shall also be paid to the employee not re-engaged in work.

For re-engagement in work, the employee must make an application to the employer within ten working days of the date on which the finalized court verdict was communicated to him. If the employee does not apply within the said period of time, termination shall be deemed valid, in which case the employer shall be held liable only for the legal consequences of that termination. (Article 21).

### ***Termination of an employment contract***

Under the Labor Code, employers can terminate contracts in two ways: (i) showing a valid reason (Art. 18-19) or (ii) breaking the contract for a just cause. Employees who have completed 6 months of employment in a workplace that has at least 30 workers, can benefit from certain protections under the Labor Code, protecting the worker from arbitrary termination of his/her contract. In order for the termination of an employment contract to be valid, a written notice must be given to the employee and legal notice periods must be respected. However, in certain cases, employers can terminate the employment relationship on the basis of a just cause (for reasons of health, for immoral, dishonorable or malicious conduct or other similar behavior, force majeure). In these cases, the employer is not obliged to comply with the legal notice periods and can terminate it immediately. For further details, please see, Labor Code, (Article 24-26).

### ***Severance payment:***

Upon termination of the employment contract, employees are entitled to a severance payment on the condition that the employee has completed at least one year of continuous employment. This payment is calculated by multiplying the number of years of employment with the employee's monthly salary at termination. If the employer terminates the employment contract under just cause based on health reasons or force majeure, the employer must give severance pay to the employee, if applicable. However, if the employer terminates the employment contract under just cause on grounds of immoral and dishonorable acts of the employee, the employer is not liable to pay severance. If the employee terminates the employment contract for just cause, the employer must pay severance in all cases.

However, where the employee terminates the employment contract at will, without the presence of any cause set out under the Labor Code, the employer is not liable to pay severance to the employee, unless the employee terminated the contract due to factors such as military duty or marriage.

## **4. BRIEF OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY**

The OHS Law No.6331 of Turkey aims to regulate the duties, authority, responsibility, rights and obligations of employers and workers in order to ensure occupational health and safety at workplaces and to improve existing health and safety conditions. The Law applies to all works and workplaces in both public and private sector, employers of these workplaces and their representatives, all workers including apprentices and interns regardless of their field of activity. However, there are several activities and persons which the Law is not applicable to. These are activities of the Turkish Armed Forces, the police and the Undersecretary of National Intelligence Organization, except those employed in workplaces such as factories, maintenance centers, sewing workshops etc., intervention activities of disaster and emergency units, domestic services, persons

producing goods and services in their own name and on their own account without employing workers and prison workshop, training, security and vocational course activities within the framework of improvements carried out throughout the enforcement services for convicts and inmates.

Project workers including direct and contracted workers of the project are subject to this law. The law stipulates and enforces employers to provide employees with a safe and healthy working environment and to inform workers of the potential risks their jobs may present to their health and safety. The overview below provides key aspects of legislation which relates to the items set out in ESS2.

The employer is obliged to ensure the health and safety of the employees related to the work performed, including:

- Taking necessary action to prevent occupational risks, including training and information provision, the organization, provision of necessary tools and equipment and making occupational health and safety measures appropriate to the changing conditions.
- Monitoring, controlling and ensuring compliance with occupational health and safety measures taken in the workplace.
- Performing periodic risk assessments.
- Taking into consideration the employee's suitability in terms of health and safety when assigning tasks.
- Taking necessary measures to ensure that employees other than those who are given OHS information and instructions are not allowed to enter the places where there is life and special danger.

Similarly, the employees are obliged not to jeopardize the health and safety of others and perform duties in accordance with the training and support they receive about occupational health and safety and the instructions of the employer. The basic obligations of the employees in accordance with the training and instructions given by the employer are as follows:

- Operate machinery, equipment, tools, equipment, hazardous goods, transportation equipment and other production tools in the workplace in accordance with the rules, to use their safety equipment correctly, and not to remove them arbitrarily.
- Proper use and protection of personal protective gear and equipment provided.
- Immediately notify the employer or employee representative when encountering a serious and imminent danger in terms of health and safety in the machinery, equipment, tools, equipment, facilities and buildings in the workplace and if deficiency in protection measures noticed.
- Cooperate with the employer and employee representative to eliminate any deficiencies and contradictions determined by the competent authority for inspection.

- Cooperate with the employer and employee representatives to ensure occupational health and safety in their area of duty.

The law stipulates the following on the OHS training of workers:

- The employer shall ensure that each worker receives safety and health training. This training shall be provided on recruitment, in the event of a transfer or a change of job, in the event of a change in equipment or introduction of any new technology. The training shall be adapted to take account of new or changed risks and repeated periodically if necessary.
- Workers' representatives shall be entitled to appropriate training.
- Workers failing to present documents to prove that they have received vocational training on their job might not be employed in jobs classified as hazardous and very hazardous which require vocational training.
- Workers who have had occupational accident or disease shall receive additional training on reasons for the accident or disease, ways to protect themselves and safe working methods. Furthermore; workers who are away from work for any reason for more than six months shall receive refresher training before return to work.
- Workers from outside undertakings and/or enterprises might not start to be employed in jobs classified as hazardous and very hazardous unless they can present documents to prove that they have received appropriate instructions regarding health and safety risks.
- The employer who is the party to temporary employment relationship shall ensure that the worker receives training on health and safety risks.
- Trainings mentioned in the law may in no circumstances bring financial burden to workers. Time spent on trainings shall be deemed as actual work time. In case the time allocated for trainings exceeds weekly working hours, hours worked in excess of weekly working hours shall be considered as overtime.

## **5. RESPONSIBLE STAFF**

TKYB will establish a dedicated Project Implementation Unit (PIU) for the purposes of project management and coordination and appoint a dedicated Project Coordinator. PIU aims to ensure the right skill mix is in place to implement the project, monitor compliance with the employment condition, provide implementation support to PFIs, and measure project results.

The PIU will draw on the staff and capabilities of several TKYB departments. Most direct workers shall be skilled staff who will carry out coordination, technical and administrative work. TKYB will be responsible for the following:

- Apply this labor management procedure to direct workers

- Update this Procedure when necessary in the course of preparation, development and implementation of the Project, as well as in case the domestic legislation changes in any aspects of importance for this Procedure
- Responsibility for adherence to all fiduciary and safeguard requirements of the World Bank for final project beneficiaries;
- Monitoring and evaluation based on Project Development Objective (PDO) -level and intermediate result indicators.
- Ensure that PFIs responsible for the training and facilitation activities under Component 1-loan are compliant with this labor management procedure, national employment, health and safety laws
- Maintain records of recruitment and employment process of direct workers
- Monitor employment process of contracted workers to ensure it is carried out in accordance with this labor management procedure and national labor law
- Monitor compliance of the PFIs and contractors with this labor management procedures
- Monitor that occupational health and safety standards are met at workplaces in line with national occupational health and safety legislation
- Monitor training of the project workers on OHS
- Develop, and implement workers' grievance redress mechanism (GRM) and address the grievance received from direct and contracted workers, ensure that PFIs also have means to utilize, manage and monitor project GRM at PFI level
- Monitor implementation of the workers Code of Conduct
- Apply labor screening and monitoring procedures to loan and grant recipients (SMEs and LEs)
- Ensure that PFIs apply labor screening and monitoring procedures to loan recipients (SMEs)

## **6. POLICIES AND PROCEDURES**

For the workers involved in project operations, regardless of whether they work full time or part time, terms and conditions of their existing contracts or appointments in the private sector shall apply. Policies and procedures for this Project aim to achieve of objectives of ESS2 and compliance with national labor and OHS laws.

- All project workers shall have employment contracts in writing, including a description of conditions of employment. Workers will sign the employment contract. Terms and conditions of employment will be available at work sites.
- Workers are entitled to a regular salary, as well as to compensation of salary for periods of absence from work or specific conditions of work such as overtime work, work on holidays, weekend, etc.
- Workers shall have a rest period during working hours, weekly rest and annual holidays as prescribed under the law;

- The employment of project workers will be based on the principles of non-discrimination and equal opportunity. There will be no discrimination with respect to any aspects of the employment relationship, such as recruitment, compensation, working conditions and terms of employment, access to training, promotion or termination of employment.
- Recruitment procedures will be transparent, public and non-discriminatory with respect to ethnicity, race, religion, sex, disability, political beliefs, and other grounds included in the Labor Code.
- Applications for employment will be considered in accordance with the application procedures established by the TKYB and contractors.
- Clear job descriptions will be provided in advance of recruitment and will explain the skills required for each post.
- In addition to written documentation, an oral explanation of conditions and terms of employment will be provided to workers who may have difficulties with understanding the documentation.
- Working hours of 45 hours per week, and in case of necessity of overtime work, workers will be paid for overtime work as prescribed by the Labor Law.
- Project workers will have access to the grievance mechanism as described in Chapter 9 of this Procedure,
- Protection at work and safety for jobs with increased risk of injury and damage to health will be implemented, also training for workers in such jobs will be provided.
- Records of workers who are working on tasks with increased risk of injury and harm to health will be kept.
- Minimum age for employment will be 18 years in TKYB and PFIs.
- TKYB and PFIs will comply with national laws which prohibit sexual harassment and sexual exploitation and abuse.
- Compliance with legal notice periods will be provided.

TKYB will inform the World Bank promptly about any incident or accident related to the project which has, or is likely to have a significant adverse effect on the environment, the affected communities, the public or workers (labor, health and safety, or security incident, accident or circumstance) as soon as reasonably practicable, but no later than three business days after the occurrence of the event. Such events can include strikes or other labor protests, serious worker injuries or fatalities, project-caused injuries to community members or property damage TKYB and PFIs will prepare a report on the event and the corrective action and submit to the World Bank within 30 calendar days of the event.

TKYB has developed and is implementing Code of Conduct. The Code of Conduct reflects the project's core values and overall working culture. The Project capacity building and training

activities for SMEs and LEs recipients of grants or loans will include trainings on the prohibition of sexual harassment in the workplace.

TKYB has an emergency action plan. The fire safety procedure and fire safety handbook will be included in the emergency action plan along with other topics such as first aid. Fire safety drills are carried out annually. There is a Safety Committee, which includes 5 members. An employee representative has been selected from the employees.

Every new employee is provided with occupational health and safety training. Also, OHS training of existing employees is repeated periodically.

TKYB employs occupational safety specialist and workplace doctor working every weekday. Their contact information is available to the employees on the employee portal. In case an occupational accident occurs, human resources and occupational safety specialist reports the details of the accident. The employee is directed to the health institution and incident is notified to the relevant official institutions.

## **7. AGE OF EMPLOYMENT**

The minimum working age of project workers (direct and contracted) will be 18 years. National law and TKYB's HR Policy do not permit child labor. According to the national labor law, it is prohibited to employ children below the age of 15 (Article 71). It is also forbidden to employ children below the age of 18 for hazardous jobs and for jobs that require night shifts.

Turkish Regulations on the Principles and Procedures for the Employment of Children and Young Persons (2004) regulates ways in which your persons above the age of 15 and below 18 years can be engaged in work in a manner which does not interfere in their health, physical, mental, spiritual, moral and social development. This regulation also includes types of jobs in which persons below the age of 18 years cannot be engaged.

The contractors and SMEs and LEs recipients of grants and loans will be required to verify the age of all workers. This will require workers to provide official documentation, which could include a national identification card, passport, birth certificate, certificate based on the results of a medical examination, or any other government issued document.

- SMEs and LEs recipients of grants and loans may employ persons over the age of 16 and below the age of 18 years. The following measures will be implemented to ensure that the work is not hazardous and does not interfere child's health, physical, mental, spiritual, moral and social development: Workers between the ages 16 and 18 years will not be

engaged in hazardous jobs, including underground, underwater work, working at heights or confined spaces, working with dangerous machinery, equipment or tools, or involving handling or transport of heavy loads, in unhealthy environments exposing them to hazardous substances, agents, or processes, or to temperatures, noise, or vibration damaging to health; or under difficult conditions such as work for long hours, during the night or in confinement on the premises of the employer.

- Employers (SMEs and LEs recipients of grants and loans) will conduct an appropriate risk assessment prior to the work commencing to ensure that the work is not hazardous. The employers are obliged to maintain records of such risk assessments.
- Employers (SMEs and LEs recipients of grants and loans) are obliged to provide the workers between the ages of 16 and 18 years regular occupational health and safety trainings, and to maintain the records of such trainings.
- SMEs and LEs recipients of grants and loans will be obliged to create and maintain a separate record of all workers over the age of 16 and under 18. This record may include details of their enrolment in school or vocational training programs; and details about their weekly working hours.
- Workers between ages 16 and 18 years will be allowed to work a maximum 35 hours per week, and those who attend school will work a maximum of 10 hours per week and two hours per day.
- Workers under age of 18 will be prohibited to work overtime .
- The daily working periods of workers between the ages of 16 and 18 years will be applied taking into consideration an uninterrupted 14-hour rest in a 24-hour period.
- A rest break will be given of 30 minutes in jobs of two to four daily hours and one hour in the middle of the work period in jobs of four to seven daily hours
- Periods spent in training which the employer must give, and periods spent in courses and in vocational training programs arranged by the authorized institutions and establishments shall count as working hours. The weekly periods of rest for workers between the ages 16 and 18 years will not be less than 40 hours of uninterrupted rest. The weekly rest shall be paid. They will not work on national and public holidays.
- The annual paid leave to be given to workers between the ages of 16 and 18 years may not be less than 20 days and it may be taken in two parts at most. Annual paid leave shall be given to young workers continuing school education in periods when it is the school holidays or when their course or other training programs is not ongoing.

- The employers will give workers between the ages of 16 and 18 years the necessary training about the work to be carried out according to the risks in the workplace, their work rights and legal rights according to the nature of the work before they start working.
- The employers will conduct monthly monitoring of health, safety and working conditions, hours of work, and trainings provided to workers between the ages of 16 and 18 years. TKYB and PFIs will be able to access these records, as necessary.

If a child under the minimum age is discovered working on the project, measures will be taken to immediately terminate the employment or engagement of the child in a responsible manner, taking into account the best interest of the child.

## **8. TERMS AND CONDITIONS**

TKYB Human Resources Department consists of HR System and Strategies and Human Resources Management (HRM) units. HR System and Strategies unit establishes and carries out recruitment, performance, career management and training systems. HRM unit manages payroll and benefit process, records of staffs, and also carries out regulatory procedures. There is one Director in each unit. The total number of employees including the directors is 11. The HR Department reports to the Executive Vice President.

The terms and conditions applying to TKYB personnel are set out in the Turkish Labor Law Code 4857. This Labor Law will apply to all TKYB employees. In TKYB, working time is 8 hours daily and also 40 hours maximum weekly. 40 hours and more are considered as overtime and paid.

The Labor Code prescribes for the work week of 45 hours and limits overtime work to 270 hours annually. Wages for each hour of overtime shall be remunerated at 1.25 times the normal hourly rate for between 40-45 working hours a week, at one and a half times the normal hourly rate for exceed 45 hours a week, double times normal hourly rate for weekend. Saturday and Sunday are weekly holidays.

Wages of contracted workers will be agreed in employment contracts and will be in accordance with industry standards and Labor Law.

## 9. GRIEVANCE MECHANISM

### Description of GRM

TKYB has online communication and project GRM in place and approved policy documents to regulate and address grievances for all project stakeholders including its employees. A new procedure called “Grievance Redress Mechanism for IFIs financed projects” has been introduced recently. In line with the requirements of ESS.10 (Stakeholder Engagement and Information Disclosure), the project specific grievance mechanisms will be open to the use of all stakeholders and it can be used to deliver any possible message, complaint and/or suggestion by any stakeholder via TKYB corporate website and other channels defined in the mechanism. In the context of the Project we are expecting to receive any kind of feedbacks from participating financial institutions (PFIs), final beneficiary SMEs, LEs and also Project Affected Parties (PAPs) who may be impacted from the project; and other interested parties who may have an interest in the project (Figure 1).

In line with the requirements of ESS.2 (Labor and Working Conditions), TKYB has an internal employee grievance mechanism and procedure for its employees. On the intranet page of TKYB, employees are able to submit their grievances from the notification menu, which may be related to 1.Ethics, 2.Whistle-blowing, 3.Suspicious transactions, 4.Complaints and suggestions. Each grievance will be processed according to internal employee grievance procedure, which can be directed to the CEO in case of ethics related grievances; to the Board of Auditors in case of whistle-blowing related grievances; to the Compliance Officer (Head of Internal Control and Compliance department) in case of suspicious transactions related grievances and to human resources department in case of other complaints and suggestions (Figure 2).

If there are any non-staff project workers/consultants hired for specifically for this project, they will also be informed about the internal employee grievance mechanism at the time of recruitment and will be provided subject specific e-mail addresses for ethics and whistle-blowing related grievances. They will also be able to use the project GRM for their general complaints and suggestions.

The GRM’s steps are explained below.<sup>1</sup>

### GRM process for project stakeholders:

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<sup>1</sup> Example of GRM process:

Step 1: Submission of grievances

Step 2: Recording of grievance

Step 3: Investigating the grievance and preparing the draft response

Step 4: Complainant Response within 30 days

The GRM for all project stakeholders is accessible via TKYB's official website and aims to collect and address grievances of TKYB's clients and all other stakeholders. The responsible body governing this grievance process is TKYB's Internal Control and Compliance Department, which reports directly to the Audit Committee of the Bank. All inquiries/grievances received are directed to the Internal Control and Compliance Department where the relevant inquiry/grievance is reviewed by them and directed to the relevant responsible department to be responded maximum within 30 days unless any other time period is required legally. For the project GRM, all project related grievances that are directed to relevant departments by Internal Control and Compliance department, will also be reported to TKYB PIU for project information and reporting purposes.

The GRM Forms are available both in Turkish and English;

English link: <https://kalkinma.com.tr/en/contact-us/contact-information>

Turkish link: <https://kalkinma.com.tr/tr/bize-ulasin/iletisim-bilgileri>

As this GRM is a part of the regulatory framework applied by Banking Regulation and Supervision Agency of Turkey (regulation on Internal Processes and Internal Capital Adequacy Assessment Process) all banks in Turkey, including potential PFIs, are subject to this regulation. Thus, the PFIs are expected to have similar functioning GRMs in place. The project GRM will utilize existing grievance channels of TKYB and PFIs, but will also be improved through adjustments to collect, manage and monitor project specific grievances. If any of the selected PFIs is missing some features of this GRM, they will be asked to upgrade and improve their GRM to match the requirements of ESS10 and as specified in the SEP and Project Operational Manual (POM).

The project PIU will be the designated department for reporting all project related inquiries that will be directed and shared by Internal Control and Compliance Department and will simultaneously keep the records and reports of all grievances. PIU will be informed in each of these cases:

- Submission and recording of project related grievance
- Preparation of draft response by relevant department
- Approval of legal opinion
- Completion of complainant response

Internal Control and Compliance Department documents the actions and counter actions taken, and the responses provided to the applicant/complainant, including for project grievances and report to Audit Committee, Board of Internal Auditors and CEO on a monthly basis. These monthly reports related to project grievances will be shared with TKYB PIU for project reporting purposes.

Project GRM will be used to submit complaints related to the overall management and implementation of the project, including: violation of project policies, guidelines, or procedures, including those related to child labor, health and safety of workers, work place harassment (mobbing, sexual harassment etc.). The GRM will also allow submission of anonymous grievances. The attached grievance form in Annex 1 will be utilized in the project and allow submission of anonymous grievances.

### **Step 1: Submission of grievances**

Existing GRM has four different channels to receive grievances:

- a) Complaint form: By filling complaint form (<https://kalkinma.com.tr/en/contact-us/contact-information>)
- b) Fax: By sending fax through +90 (216) 6301815-0216 6346145
- c) E-mail: By sending e-mails to the Bank and staff
- d) Postal mail: By applying to the Bank with a petition

In case a compliant would like to submit a grievance via telephone, he/she will be directed to fill in the compliant form on the website. Complainant can also categorize the grievance by project name (When it is applicable as World Bank Formal Employment Creation Project or World Bank Emergency Firm Support Project or others) via a drop down menus in complainant form.

When the grievance form is completed with the subject and other information required, it is delivered to Internal Control and Compliance Department to be recorded, classified and communicated with other relevant departments to be responded. All grievances regardless of the channel received must be delivered to Internal Control and Compliance department and recorded in the same day of receipt.

In addition to the project specific TKYB GRM, the national grievance mechanism will be one of the tools that the project GRM will feed from. TKYB and PFIs may receive formal requests and grievances through the Presidential Communication Center (CIMER) on different types of complaints related to the project. In practice, CIMER (Phone: 150, web: <https://www.cimer.gov.tr/>) is only available to Turkish citizens. However, project GRM will also utilize a second national level tool namely YIMER (Foreigners Communication Center) to collect grievances from foreigners including refugees. YIMER (Phone: 157, web: <http://yimer.gov.tr>) which also serves on a 7 day/24 hours basis, is freely accessible in six languages including, Turkish, Russian, Arabic, Farsi, German, and English. Project related grievances received through CIMER and YIMER will also be recorded by designated staff in TKYB PIU to timely inform the project on taking corrective actions. Both CIMER and YIMER will complement project GRM throughout project life. Project related grievances received through CIMER and YIMER will also

be recorded by Internal Control and Compliance department and processed similarly with project GRM. CIMER and YIMER will complement project GRM throughout project life.

## **Step 2: Recording of grievance**

Once a grievance is received, the Internal Control and Compliance Department is responsible for recording, directing, ensuring and controlling that grievances are replied within required time periods and reporting the analysis of grievances in terms of category and quantity to the Audit Committee and CEO. In the cases of project related grievances, these reports will be shared with TKYB PIU on a monthly basis. Internal Control and Compliance Department will also inform PIU about each recording of project related grievance at the same day of submission.

## **Step 3: Investigating the grievance and preparing the draft response**

Once the project-specific grievances directed from Internal Control and Compliance Department to the related department and TKYB PIU, the related department is responsible for preparing a draft response letter and inform Internal Control and Compliance Department and PIU. Before preparing the draft response, related department will communicate the initial response informing about the acknowledgement of the submission of the grievance and legal response time. According to TKYB internal regulation for Customer Grievance Management Policy document all responses for customer complaints must be reviewed by the Department of Legal Counselor. The related department prepares the draft response and proceeds to receive legal opinion.

## **Step 4: Complainant response within 30 days**

The draft response will be reviewed and revised according to legal opinion and all internal approval procedure will be completed before communicating the final response by the related department. The response for the grievance is given from the same channel that the complaint was received. All project-related responses will be answered by related department and PIU will be informed about the response in detail. All grievances should be responded within 30 days provided that the legal period is not exceeded.

After all possible redress has been proposed to the complainant, and the complainant is still not satisfied with the proposed resolution, they shall be able to seek the legal recourse by means of judicial system and remedies.

Information about the project's GRM will be publicized as part of the initial feedback consultations in the project and information about the GRM will also be posted online on the TKYB website.

## Monitoring and Reporting Grievances

The TKYB PIU’s GRM focal point, who will also be the Communications and Stakeholder Specialist, will be responsible for all project related grievances:

- Analyzing the number, substance and status of complaints and uploading them into the single project database;
- Monitoring outstanding issues and proposing measures to resolve them;
- Submitting quarterly reports on GRM mechanisms to the Project Coordinator at the PIU.

Semi-annual progress reports to be submitted by the PIU shall include a section related to GRM which provides updated information on the following:

- Status of GRM implementation (procedures, training, budgeting etc.),
- Qualitative data (gender disaggregated) on number of received grievances \ (applications, suggestions, complaints, requests, positive feedback),
- Quantitative data on the type of grievances and responses, issues provided and grievances that remain unresolved,
- Level of satisfaction by the measures (response) taken,
- Any correction measures taken.

Results will be posted on the TKYB website.

Figure 1.

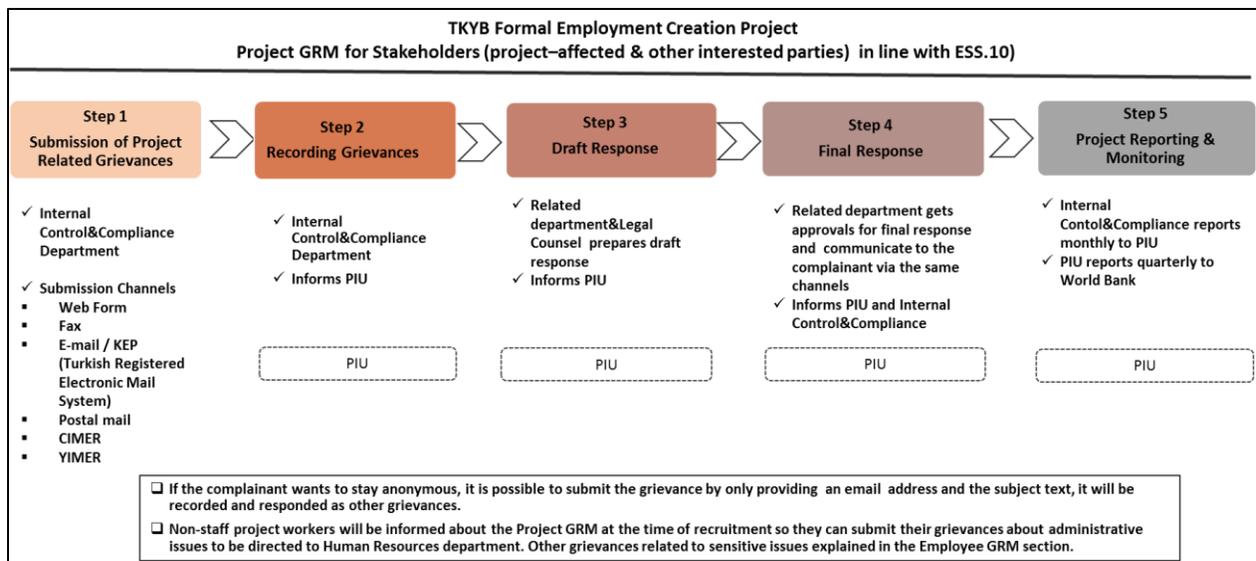
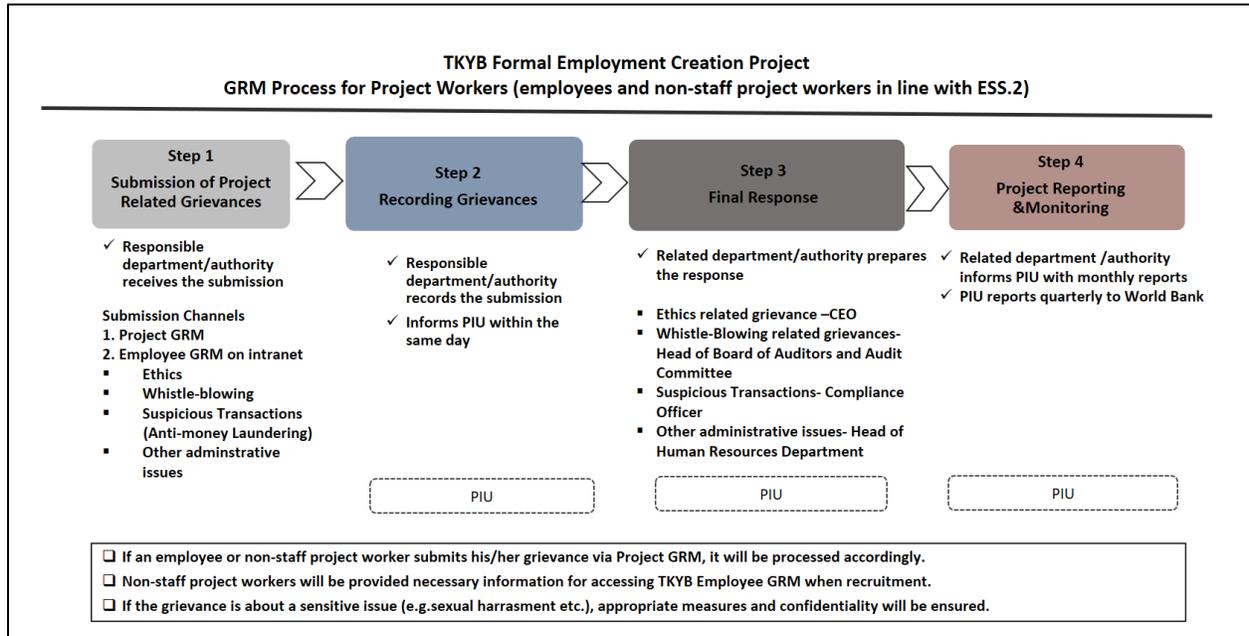


Figure 2.



## The World Bank Grievance Redress System

Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the Bank’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns.

Project affected communities and individuals may submit their complaint to the Bank’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank’s corporate Grievance Redress Service (GRS), please visit: <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## **10. CONTRACTOR MANAGEMENT**

TKYB shall ensure that the contractors, are legitimate and reliable entities and that they have procedures established for management of labor in compliance with this LMP.

Contracts with contractors shall include a provision on the obligation to comply with current legislation on labor and protection at work. During selection of contractors, TKYB can ask to be provided with an insight into additional documentation, including, without limitations, the following:

1. Information in public records, for example, corporate registers and public documents relating to violations of applicable labor law, including reports from labor inspectorates and other enforcement bodies;
2. Business licenses, registrations, permits, and approvals;
3. Documents relating to a labor management system, including OHS issues, for example, labor management procedures;
4. Identification of labor management, safety, and health personnel, their qualifications, and certifications;
5. Workers' certifications/permits/training to perform required work;
6. Records of safety and health violations, and responses;
7. Incident, accident and fatality records and notifications to authorities;
8. Records of legally required worker benefits and proof of workers' enrollment in the related programs;
9. Worker payroll records, including hours worked and pay received;
10. Identification of occupational health and safety committee members and records of meetings; and
11. Copies of previous contracts with contractors and suppliers, showing inclusion of provisions and terms reflecting ESS2.

TKYB will monitor the performance of contractors in relation to contracted workers, focusing on compliance by contractors with their contractual agreements (obligations, representations, and warranties). This may include periodic audits, inspections, and/or spot checks of project locations or work sites and/or of labor management records and reports compiled by contractors. Contractors' labor management records and reports may include: (a) a representative sample of employment contracts or arrangements between third parties and contracted workers; (b) records relating to grievances received and their resolution; (c) reports relating to safety inspections, including fatalities and incidents and implementation of corrective actions; (d) records relating to incidents of non-compliance with national law; and (e) records of training provided for contracted workers to explain labor and working conditions and OHS for the project.

## **11. SCREENING AND MONITORING OF LABOR AND WORKING CONDITIONS FOR LOAN/GRANT RECIPIENTS**

All projects will be screened against the activities listed in the exclusion list of TKYB Environmental and Social Policy. The sub-projects that will require land acquisition and involve involuntary resettlement and have significant impacts on the sensitive areas (e.g nationally and internationally protected areas, cultural values etc.) will not be eligible for financing.

The sub-projects which are not included in the exclusion list will be categorized based on social and environmental criteria including but not limited to resource efficiency, wastes/waste water, air emissions, soil and water quality, noise, occupational health and safety, community health and safety, land acquisition, biodiversity and stakeholder engagement.

Regardless of the risk categorization of the sub-project, compliance of the projects with the national legislation requirements and ILO's fundamental principles and rights at work ratified by Turkey will be required.

Although the potential impacts of the subprojects are anticipated to be predictable and expected to be temporary and/or reversible, in case of higher risk categorizations, an independent Environmental and Social Consultant will be commissioned to conduct an environmental and social due diligence against applicable environmental and social standards.

Applicable environmental and social standards include TKYB's Environmental and Social Policy, Environmental and Social Risk Evaluation in Credit Processes, the national legislation requirements, World Banks's Environmental and Social Standards (ESSs) and ILO's fundamental principles and rights at work ratified by Turkey.

For the subprojects with medium risk categorization, compliance against national legislation, World Banks's Environmental and Social Standards (ESSs) and ILO's fundamental principles and rights at work ratified by Turkey is expected.

For the subprojects with low risk category, compliance against national legislation and ILO's fundamental principles and rights at work ratified by Turkey is expected.

### **Screening for TKYB financing directly**

During the screening process the clients will be required to fill in a questionnaire including but not limited to the issues below on labor and working conditions. The screening questionnaire is included in Annex 2.

- Child and forced labour within the workforce
- Compliance of activities with labour and OHS laws
- Number of incidents/accidents occurred in the last two years
- Any penalties/lawsuits regarding labour and working conditions in the last two years

- Payment of minimum wages, deductions from payment of wages
- Equal pay for equal work for men and women
- Informal migrant and temporary workers
- Overtime hours and adequate rest days
- Workers' rights to freedom of association
- Availability of appropriate welfare facilities (e.g. potable drinking water, toilets, washing facilities)
- Subcontractors' compliance regarding informal workers and child labor

In case there are non-conformities from the national labor and health and safety laws, the client will be required to prepare and submit an action plan to provide compliance.

After screening process is completed the clients will also be required to commit that:

- all activities are conducted in compliance with national labour and and health and safety laws,
- any incident/accident will be notified to TKYB within 3 days,
- commitment to report on any changes to the business activities that may change the environmental and social risk profile,
- lawsuits regarding labour and working conditions
- commitment to report on any changes to the screening process statement of the client that may change compliance to national labour and and health and safety laws,

### **Monitoring for TKYB financing directly**

For medium risk category projects:

The clients are required to report their performance on labor and working conditions annually. TKYB will monitor specific high risks on site if identified.

For low risk projects:

The client will report any non-conformities from the statements/commitments of the client submitted at the beginning of the loan.

The clients are required to report their compliance against national legislation on Labor and working conditions annually.

The monitoring system will also rely on audits conducted by legal authorities to verify compliance with Labor Code and OHS law.

### **For indirect(apex) financing**

TKYB, through intermediary institutions or participating financial institutions (PFIs) will implement loans to small and medium enterprises.

Therefore, the PFIs will be required to conduct screening and monitoring of the loan recipients against the requirements of labor and working conditions and report to TKYB on their performance.

**Grievance Redress Mechanism (GRM)**

TKYB has Grievance Redress Mechanism (GRM) for clients and all external stakeholders in place and it will be adopted for the project. GRM will enable all external stakeholders to report any non-conformities.

## **Annex 1: Code of Conduct**

TKYB arranges the Code of Conduct related issues in the “Human Resources Regulation” which makes references to Turkish Banking Association “Code of Conduct” to implement measures regarding ethic clauses. This Code of Conduct identifies the behavior that TKYB staff is required for.

### **RAISING CONCERNS**

In case TKYB management or any staff observes behavior that he/she believes may represent a violation of this Code of Conduct he/she should raise this issue promptly.

The person’s identity will be kept confidential, unless reporting of allegations is mandated by the country law. Anonymous complaints or allegations may also be submitted and will be given all due and appropriate consideration. TKYB takes seriously all reports of possible misconduct and will investigate and take appropriate action. TKYB will provide warm referrals to service providers that may help support the person who experienced the alleged incident, as appropriate. There will be no retaliation against any person who raises a concern in good faith about any behavior prohibited by this Code of Conduct. Such retaliation would be a violation of this Code of Conduct.

TKYB staff automatically accepts and agrees with the Human Resources Regulation.

### **CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT**

Any violation of this Code of Conduct by staff or customers may result in serious consequences, up to and including termination and possible referral to legal authorities.

## **TÜRKİYE KALKINMA VE YATIRIM BANKASI ANONİM ŞİRKETİ**

### **Etik İlkeler Sözleşmesi**

Banka hizmetinin her türlü özel çıkarın üzerinde olduğu bilinç ve anlayışıyla;

\* Görevimi insan haklarına saygı, saydamlık, katılımcılık, dürüstlük, hesap verebilirlik, Banka yararını gözetme ve hukukun üstünlüğü ilkeleri doğrultusunda yerine getirmeyi,

\* Dil, din, felsefi inanç, siyasi düşünce, ırk, yaş, bedensel engelli ve cinsiyet ayrımı yapmadan, fırsat eşitliğini engelleyici davranış ve uygulamalara meydan vermeden tarafsızlık içerisinde hizmet gereklerine uygun davranmayı,

\* Görevimi, görevle ilişkisi bulunan hiçbir gerçek veya tüzel kişiden hediye almadan, maddi ve manevi fayda veya bu nitelikte herhangi bir çıkar sağlamadan, herhangi bir özel menfaat beklentisi içinde olmadan yerine getirmeyi,

\* Banka malları ve kaynaklarını hizmet gerekleri dışında kullanmamayı ve kullandırmamayı, bu mal ve kaynakları israf etmemeyi,

\* Kişilerin dilekçe, bilgi edinme, şikâyet ve dava açma haklarına saygılı davranmayı, hizmetten yararlananlara, çalışma arkadaşlarıma ve diğer muhataplarıma karşı ilgili, nazik, ölçülü ve saygılı hareket etmeyi,

\* Başka bir kuruluştaki görev almayacağımı, serbest meslek icra etmeyeceğimi, ticaretle uğraşmayacağımı, başka bir işverene ait işyerinde rekabet oluşturacak şekilde faaliyet göstermeyeceğimi ve 6102 sayılı Türk Ticaret Kanunu'na göre tacir veya esnaf sayılmayı gerektirecek faaliyette bulunmayacağımı ve etik davranış ilke ve değerlerine bağlı olarak görev yapmayı ve hizmet sunmayı taahhüt ederim.

Adı Soyadı :

İmza :

Tarih : .../.../20...

Banka Sicil No:

Adres :

## **DEVELOPMENT AND INVESTMENT BANK OF TURKEY**

### **Code of Conduct**

\* I acknowledge that the Bank's services are beyond all private interests.

\* I shall fulfill my duties with respect to the principles of human rights, transparency, participation, honesty, accountability, interest of the Bank and rule of law principles.

\* I shall act with impartiality in accordance with the Bank's service requirements, abstain from any discrimination of ethnical origin, language, religion or nationality, religious and political belief or activity, race, age, disability and gender, any kind of behaviors and activities which may prevent equal opportunity.

\* I shall not receive any gifts from any private or legal/public entities, gain material and non-material benefits or obtain any personal gain by using my job position and duties.

\* I shall not use or authorize the use of the Bank's assets, properties and resources inefficiently and redundantly.

\* I shall respect the rights of individuals to petition, acquire information, submit complaints and file lawsuits and also to behave in a kind, polite and respectful manner towards the Bank's beneficiaries, business partners, shareholders, employees and customers.

\* I shall not undertake any other duty in any other private or public entity, another organization, be self-employed, engage in trade, or work for another employer which comprises competitiveness; and also not be engaged in any activity accounted of a tradesman or craftsman according to the Turkish Commercial Code no. 6102.

\* I commit to comply with ethical principles and values while undertaking my duties and providing services.

Name - Surname :

Signature :

Date : .../.../20...

Address :

## Annex 2: Screening Questionnaire for Loan/Grant Recipients

### Screening Questionnaire for loan/grant recipients

Name of the company:

Date:

Name of the person providing information:

		Yes	No	Notes
1	Is there any child labor (persons below the age of 15 years) present among the employees?			
2	Does the firm have an age verification procedure in place?			
3	Is there any forced labor present among the workforce?			
4	Have there been any non-compliances with the Labor Law and employment regulations in the past two years? If yes, please, explain how were these addressed.			
5.	Have there been any non-compliances with OHS law and regulations? If yes, please, explain how these were addressed.			
6.	Did any incidents/accidents occur in the last two years due to project activities? If yes, please, explain the incident/accident and what corrective measures were put in place. Provide any relevant documentation.			
7.	Did any penalties/lawsuits occur regarding labour and working conditions in the last two years? If yes, please expalin and provide any relevant documents.			
8.	Does the company comply with the minimum wage requirement of the Labor Code?			
9.	Does the employer apply equal pay for equal work for men and women?			
10.	Does the company employ informal migrant and temporary workers?			
11.	Is the company compliant with the legal ceiling of 270 hours of overtime work per year?			
12.	Does the company pay for overtime hours?			

13.	Does the company provide at least one rest day per week (24 hours of rest after six consecutive days of work)?			
14.	Does the company support the workers' rights to freedom of association?			
15.	Does the company provide appropriate welfare facilities (e.g. potable drinking water, toilets, washing facilities, canteens, separate facilities for men and women, changing room, rest areas )?			
16.	Does the employer check for the compliance of Subcontractors regarding informal workers, forced and child labor?			
17.	Does the employer check its primary supply chain for the compliance related to absence of child and forced labor, and serious safety risks?			

Responsible person at the company applying for grant/loan:

I, \_\_\_\_\_, confirm and sign under the legal and material responsibility that information provided above is accurate and valid.

Name:

Date: