

## AKBANK ENVIRONMENTAL AND SOCIAL CREDIT POLICIES

Akbank has adopted the following commitments to implement its environmental policy:

1. The Bank strives to ensure that all the principles of the United Nations Global Compact are implemented by the customers it lends to.
2. The Bank prioritizes financing projects that improve environmental conditions, such as renewable energy or waste recycling investments, and investments that reduce carbon emissions or increase productivity.
3. The Bank supports the borrower when the latter has to make improvements in projects with unforeseen environmental impact.
4. The Bank aspires to identify and effectively manage the environmental and social risks and/or opportunities that may arise as a result of the financing it provides. The Bank has developed an Environmental and Social Risk Assessment System. Accordingly, project loans with total investment amount of USD10 million and over, and new commercial loan requests with total investment amount of USD50 million and over, shall be subject to an Environmental and Social Risk Assessment.
5. The Bank applies the following criteria as part of its Environmental and Social Risk Assessment System<sup>1</sup>:
  - *New projects (or loan requests) with financing requests are classified as low-, medium-, and high-risk based on the potential environmental and social impact.*
  - *Additional assessment criteria vary according to the industry, and they are applied for the industries with high environmental and social risks.*<sup>2</sup>
  - *The assessment takes, the environmental and social risks associated with the current operations of the potential borrower, and the methods applied for environmental and social risk management, also into consideration. An Environmental and Social Assessment Report by an independent consultant shall be requested for medium<sup>3</sup>- and high-risk projects and loan requests. The company applying for a loan and/or project financing is asked to provide an Environmental and Social Action Plan, and an Environmental and Social Commitments list.*
  - *The Environmental and Social Action Plan, and the Environmental and Social Commitments list are also added to the contract with the customer.*
  - *The Bank shows due diligence to ensure the following matters are considered in proposed measures for managing environmental and social risks in medium- and high-risk projects:*
    - *Stakeholder participation and complaint mechanism processes*

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<sup>1</sup> The system does not apply to the loans that were extended before the effective date of the Environmental and Social Policies, updated with this document, and/or for loan deferment/restructuring requests.

<sup>2</sup> Some of the industries identified to have high environmental and social risk are mining, manufacturing (machinery, equipment, food, fishing), chemicals (including petrochemicals), infrastructure and transportation, and energy

<sup>3</sup> In the mid-risk category, the review and action plan and the planning plan for the independent consultant for project management or new investment loans are determined by the Environmental and Social Impact Assessment Team.

- *Compliance with the Occupational Health and Safety (OHS) regulations during both the company's operations and investment activities*
  - *Proximity to wetlands according to the project's RAMSAR<sup>4</sup> Convention*
  - *Presence of the "Resettlement Action Plan" in projects with physical or economic resettlement due to land acquisition*
  - *Minimizing project-related deforestation, and where deforestation is inevitable, the presence of a plan for the number of trees to be cut and for a recovery plan for the deforested area*
  - *Amount of additional greenhouse gas emissions that will be created during the operation period of high-risk projects, and the projected carbon cost*
  - *Assessment processes of the impact on biodiversity*
  - *Customer's current or in-development Environmental and Social Management System*
6. Akbank has adopted a "Non-Financing Activities List". Article 1 of that list stipulates the activities Akbank will not finance, regardless of limit and without requiring an environmental and social risk assessment, including the operations that are prohibited by the national legislation and the international treaties Turkey is a party to.

Furthermore;

7. The Bank takes into consideration environmental and social risk criteria
- *in all SME (small and micro) loans. Also, the Bank does not provide financing for projects that are certain to have a significant negative environmental impact. The Bank lends within limitations to the industries that are stated in Article 2 of the "Non-Financing Activities List" and are identified by the IFC.*
  - *Branch Manager and the Regional Loan Committee shall be responsible for compliance of the loan with the Akbank Environmental and Social Policies and for developing the required action plan.*
8. All parties of the lending decision shall conform with the Akbank Environmental and Social Policies.
9. The Akbank Environmental and Social Policies comply with the Bank's Ethical Principles, Complaint Management, and Business Continuity Management.

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<sup>4</sup> The convention regarding the important site for preservation and reproduction of waterfowl.