

## **ENVIRONMENTAL AND SOCIAL IMPACT POLICY OF İŞBANK**

### **I. OBJECT AND SCOPE**

This policy aims to set forth the principles to be considered by the Bank concerning its activities that have an environmental and social impact.

### **II. FOUNDING PRINCIPLES**

1. The Bank follows up the changes in the national legislation concerning environmental and social issues and ensures that the required measures are taken. It supports national and international initiatives and follows up the latest developments in Turkey and the world in communication with various stakeholders including civil society organizations, universities and public institutions.
2. It develops and implements long term social responsibility projects that foster social development, that are aligned with the needs of the country, that are widespread and cover large populations, mainly in the fields of education, environment and culture and arts.
3. The Bank takes measures for the prevention and/or minimization of negative environmental and social impacts arising from its operational activities, ensures that its resource and energy efficiency is increased and supports projects for improvement in this field.
4. The potential environmental and social impacts of investment projects that are financially supported by the Bank are evaluated within national and international contexts, and investment projects that exceed a certain limit are made subject to Environmental Risk Assessment Tool (ERET). In line with the risk category determined as a result of multi-dimensional assessments, it is ensured that investment companies take measures to reduce these impacts. These measures are detailed through management, participation and action plans prepared in various subjects. In this scope, the companies are regularly monitored to see whether they have taken the necessary actions.
5. The Bank sets objectives to regularly measure its greenhouse gas emissions, which are the main reason of climate change, and to engage in activities to reduce those in line with its commitments for reduction, and undertakes to share the obtained results with all the stakeholders.
6. The Bank informs its clients on the issues of climate change and sustainability, and supports them in the development of environmental and/or sustainability practices.
7. The Bank supports renewable energy, energy efficiency, recycling and waste reduction projects that have an important role in the sustainable development of our country.

8. The Bank continuously improves its processes by providing a secure working environment and adopting a preventive and corrective approach concerning workplace health and safety. In the investment projects financed, it also supports its clients in reducing the risks that may arise with regard to workplace health and safety and in complying with the effective legislation.
9. The Bank monitors the activities that are prohibited or restricted in scope of the national legislation and the international agreements, of which Turkey is a party, within the scope of its “Exclusion List” set forth below, and does not finance these activities, regardless of their size and environmental and social assessments.

### **III. EFFECTIVENESS**

This policy, which acts as an integral part of İşbank Sustainability Policy, has been approved by the Board of Directors and gone into effect on the date of 31.12.2014.

#### **İşbank Exclusion List<sup>(1)</sup>**

İş Bankası, to the best of its knowledge, does not provide financing to companies that operate in the following fields and/or in the following manner:

- Production or trade of products and activities that are prohibited pursuant to the effective local legislation and/or international agreements.

The related prohibitions include but not limited to the following areas of activity:

- ✓ Production and/ or trade of drugs, pesticides, herbicides and materials that damage the ozone layer, which are prohibited pursuant to international agreements.
- ✓ Trade of wild life elements and products governed by CITES Agreement <sup>(2)</sup>.
- ✓ Cross-border trade of waste and waste products that do not comply with Basel Agreement and related international agreements, of which Turkey is a party.
- ✓ Production and/or trade of PCB <sup>(3)</sup> or prohibited types of asbestos or products containing those.
- Activities, in which forced labour<sup>(4)</sup> ve hazardous child labour <sup>(5)</sup> are used, and activities, in which employment of child labour is prohibited in scope of national and international regulations.
- Activities that result in a significant change, damage or eradication of cultural assets included in UNESCO World Heritage List and UNESCO World Heritage Provisional List.
- Production of weapons of mass destruction and land mines.

- Activities that are carried out in wetland areas that are identified as RAMSAR Zones in scope of the Convention on the Wetlands of International Importance as Waterfowl Habitats (RAMSAR Convention)
- Activities where drift-nets are used in the hunting of fisheries.
- Hydroelectric power plant projects that have a capacity below 25 MW of Installed Power. <sup>(6)</sup>
- Transportation of oil and other hazardous substances via tankers that do not comply with the requirements of International Maritime Organization (IMO).

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- <sup>(1)</sup> This list has gone into effect on the date of 31.12.2014 and shall be regularly reviewed and updated.
  - <sup>(2)</sup> CITES: Convention on the International Trade in Endangered Species of Wild Fauna and Flora.
  - <sup>(3)</sup> PCB (Polycarbonate Biphenyl): A highly poisonous group of chemicals that exist in the oiled transformers, capacitors and switch-gears, the production of which particularly dates back to years 1950-1985.
  - <sup>(4)</sup> As defined in ILO Conventions, forced labor refers to businesses and services, which are not voluntarily performed and which are performed by a person with the use of force or threat of punishment.
  - <sup>(5)</sup> The minimum age limit of child labor must be in line with the definitions made in ILO Conventions on Basic Human Rights and international regulations.
  - <sup>(6)</sup> Projects at the stage of investment