I. OBJECT AND SCOPE
This policy aims to set forth the principles to be considered by İşbank (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 and international legislation and standards concerning environmental and social issues and takes the required measures and actions to fulfill its obligations arising from these.

2. The Bank supports national and international initiatives and follows up the latest developments in Turkey and the world in communication and cooperation with various stakeholders including civil society organizations, universities and public institutions.

3. The Bank develops and implements long-lasting, far-reaching and widespread social responsibility projects that foster sustainable development and social progress, that are aligned with the needs of the country, mainly in the fields of education, environment and arts and culture.

4. 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.

5. The Bank commits to reduce its negative impacts on environment. Within this context, the Bank aims to improve its performance on energy consumption, water usage, air emissions, waste generation and recycling. The Bank establishes an environmental management system aligned with international standards and carries out the necessary actions within this scope.

6. The potential environmental and social impacts arising from the investment projects that are financially supported by the Bank are evaluated within the contexts of national and international law, regulations and good practices, and new investment projects that exceed a certain limit of investment cost are subjected to Environmental and Social Risk Assessment Tool. In line with the risk category determined as a result of comprehensive assessments, it is ensured that investment companies take measures to reduce these impacts by preparing “Environmental and Social Management Plan” and “Environmental and Social Action Plan” when considered necessary. In this framework, the projects are regularly monitored in order to check whether they have taken the necessary actions.

7. The Bank regularly measures and monitors greenhouse gas emissions, which are the root cause of climate change, sets emission reduction targets and shares the results with all stakeholders.

8. 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.

9. Within the scope of the struggle against the climate change, the Bank supports environmental investments for renewable energy, energy efficiency, recycling and waste reduction as well as the protection and recovery of environmental conditions, all of which have an important role in the sustainable development of our country.

10. The Bank continuously improves its processes by providing healthy and safe working environment with preventive, corrective and protective approaches within the scope of the related legislation and practices concerning occupational health and safety. In the new investment projects financed after being subject to environmental and social risk evaluation, the Bank also supports its clients in reducing the risks that may arise with regard to occupational health and safety and in complying with the effective legislation.

11. The Bank ensures that required actions are taken on projects which are funded and exceed the Bank's threshold on risk scale and which require implementation of stakeholder engagement and grievance mechanism processes within the context of the risk analysis in terms of the environmental and social impacts.

12. The Bank monitors the activities that are prohibited or restricted by the national legislation and the international agreements, to which Turkey is a party, within the scope of its “Exclusion List” set in the appendix of this policy. The Bank does not finance these activities, regardless of their size and any environmental and social impact assessments.

13. In order to reduce inequalities and increase financial inclusion, the Bank carries out efforts focusing on disadvantaged groups within the scope of its business activities.

III. SUPERVISION/AUDIT
This policy is executed by the related Head Office divisions under the supervision of the Corporate Governance Committee. Compliance with the provisions of this policy is audited within the context of internal audit. Principles to perform the action plans that are required for the elimination of findings detected during the aforementioned audits are determined by the Corporate Governance Committee.

IV. REVISION
At least once in a year, this policy is reviewed by the Corporate Governance Committee in accordance with the requirements and changing operating conditions. Required revisions and amendments, which are submitted to the Board of Directors by the Corporate Governance Committee, go into effect with the approval of the Board.
This policy is available on the corporate website of İşbank.

V. 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.

Appendix: İşbank Exclusion List

İşbank, 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 wildlife elements and products governed by CITES Agreement. (1)
  - Cross-border trade of waste and waste products that do not comply with Basel Agreement and related international agreements, to which Turkey is a party.
  - Production and/or trade of PCB (2) or prohibited types of asbestos or products containing those.

- Activities, in which forced labour (3) and hazardous child labour (4) are used, and activities where child labour are used 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 wetlands that are identified as RAMSAR Zones in scope of the Convention on Wetlands of International Importance Especially as Waterfowl Habitats (RAMSAR Convention).

- Diamond mining and diamond trade in the countries that are not involved in “Kimberley” process.

- Activities where drift-nets are used in the hunting of fisheries.

- Affairs which are related with pornography or prostitution.

- Transportation of oil and other hazardous substances via tankers that do not comply with the requirements of International Maritime Organization (IMO).

- Loans for financing greenfield investments of coal- and natural gas-fired thermal power plants to be established for electricity generation.

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(2) 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.

(3) As defined in ILO (International Labour Organization) 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.

(4) 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.