

VakıfBank Environmental and Social Impacts Management Policy in Lending Processes

Taking the sustainable banking approach at the center of its business strategies, VakıfBank aims to be a bank with global competitive power with its sustainable profitability and development principles and also aims to increase the value that it creates for all its stakeholders, the society and the environment continuously, by targeting to carry out its banking activities in accordance with the international sustainability standards.

In this direction, VakıfBank commits:

- In line with the Sustainable Banking approach, to undertake the role of being a responsible player in the sector by considering financing projects that have a positive impact on the environment and society,
- In any case, not to finance activities that do not comply with Environmental and Social legislation or are included in the **VakıfBank list of activities that are not to be financed**,
- To monitor the environmental and social effects of the loans it finances and to manage the environmental and social risks in the lending processes within the scope of the Environmental and Social Management System (ESMS) it has established in this direction,
- To employ at least one environmental and social expert to monitor the environmental and social impacts in the lending processes,
- To set targets to reduce the increase in greenhouse gas emissions that cause the climate change, to monitor greenhouse gas emissions by measuring regularly, and to present the outputs to all stakeholders,
- Subjecting the project finance loan applications with a loan demand of more than USD 20 million within the scope of the Environmental and Social Risk Management System (ESMS) categorization which is in line with the relevant local legislation and IFC Performance Standards, and including the ESMS process to the lending decision mechanism during the loan evaluation phase, such as economic and financial risks,
- Carrying out a detailed environmental and social assessment process with the support of independent consultants for the projects in case of any need,
- Inserting the environmental and social action plans of the projects to the loan agreement with the approval of the client, and regularly following the progress of the items in these action plans,
- As an institution which is aware of climate change, to observe the climate-based risks in its loan portfolio, to keep up with international developments regarding climate-based financial risks regularly,
- To support national and international initiatives on sustainable development and climate change,
- To support sports, culture and arts, the environment, sustainable development and sustainable finance by developing social responsibility projects in this context,

- To give priority to the financing of projects with themes such as combating climate change, energy efficiency, renewable energy, recycling and waste reduction, entrepreneurship, gender and equality of opportunity in order to support the sustainable development.

The Responsibility of Environmental and Social Impacts Management Policy in Lending Processes

Implementation of the Environmental and Social Impacts Management Policy in Lending Processes is carried out by the relevant Head Office Units under the supervision of the Sustainability Committee. It is the responsibility of the Sustainability Committee to monitor, amend, develop, implement and execute this policy in line with the requirements and activities. Approval of the policy is under the authority and responsibility of the Board of Directors.

Annex: VakıfBank list of activities that are not to be financed

VakıfBank commits not to finance the following projects/activities when their existence is within its corporate awareness:

- 1) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
- 2) Activities conducted in critical habitats including RAMSAR areas (wetlands) that lead to or require the destruction of that critical habitat¹
- 3) Drift net fishing in the marine environment using nets in excess of 2.5 km in length by using explosives and toxic substances²
- 4) Real or legal persons' activities falling within the scope of prohibited activities mentioned in CITES convention³
- 5) Production or trade in any product or activity containing/related to PCB's regardless of the sector⁴
- 6) Transboundary commerce of wastes or disposals not in compliance with Basel convention and related regulations⁵
- 7) Production or trade in wood or other forestry products other than from sustainably managed forests
- 8) Production or trade in any product or activity subject to international bans, such as pharmaceuticals, pesticides/herbicides
- 9) Production or activities violating human rights, involving harmful or exploitative forms of forced labor/child labor^{6,7}
- 10) Production or trade in unbounded (prohibited) asbestos*
- 11) Production or trade in radioactive materials**
- 12) Production or trade in Ozone Depleting Substances that are deemed illegal under host country regulations⁸
- 13) Activities of gambling, casinos and equivalent enterprises that are deemed illegal under host country regulations
- 14) Activities related to pornography and prostitution
- 15) Activities posing a threat to the critical cultural heritage areas and areas in UNESCO

World Heritage List⁹

- 16) Production or trade in weapons, weapons of mass destruction and munitions and land-mines except financed/supported by the government
- 17) Use of diamond mines and conducting diamond trade in non-participating countries to Kimberley process¹⁰
- 18) Any sector or any service subject to an embargo by the United Nations in a particular country and with no absolute or relative restriction regarding the amount
- 19) Production and distribution of media racist, anti-democratic or with the intent to discriminate part of the population

*This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

**This does not apply to use of radioactive material for energy generation, the purchase of medical equipment, quality control (measurement) equipment and any equipment where the Bank considers the radioactive source to be trivial and/or adequately shielded.

1- For RAMSAR Areas: [Turkey | Ramsar](#)

2- For Drift Net Fishing:

<https://www.mevzuat.gov.tr/anasayfa/MevzuatFihristDetaylframe?MevzuatTur=9&MevzuatNo=34823&MevzuatTertip=5>

3- For Details of the Species: [Appendices | CITES](#)

4- For PCB Coverage and Trade: [T.C. Resmî Gazete \(resmigazete.gov.tr\)](#)

5- For Cross-border trade of wastes or residues BASEL: [Basel Tr.pdf \(csb.gov.tr\)](#)

6- For Procedures and Principles of Employing Child Labor: [GeneratePdf \(mevzuat.gov.tr\)](#)

7- For ILO Forced Labor Agreement: [105 No'lu Zorla Çalıştırmanın Kaldırılması Sözleşmesi \(ilo.org\)](#)

8- For Ozone Depleting Substances: [Başbakanlık Mevzuatı Geliştirme ve Yayın Genel Müdürlüğü \(resmigazete.gov.tr\)](#)

9- For Cultural Heritage: [Turkey - UNESCO World Heritage Convention](#)

10- For the Kimberley Process: [Milletlerarası Andlaşma \(resmigazete.gov.tr\)](#)