



## **AKTIF BANK ENVIRONMENTAL and SOCIAL POLICIES**

### **1) Environmental & Social Risk Management Systems & Credit Policies**

AKTIF BANK is fully committed to performing a due diligence of their clients during the onboarding and periodic review stages to measure their approach to environmental and social progress in their activities.

AKTIF BANK is fully committed to the environmental and social assessment of any projects/lending activities before they engage in the same. Any undertakings with the highest positive impact on environment, society and climate and those aiming to improve the environmental and social capacity of the client are prioritized.

AKTIF BANK maintains continued communication with their clients in order to ensure any financing provided to any clients is utilized in alignment with the banks policies in this regard. The adherence of the client is important for both the financial standing and health of the client throughout the course of the relevant project/lending.

The above-mentioned principles are applicable to any and all client segments and any and all size of project finance/investment/lending activities.

AKTIF BANK ensures that they will not engage in payments or any cash management activities that involve;

- Shell Banks
- Atomic / Nuclear Power
- Military/Defense Sector
- Unregulated Charities
- Marijuana/Narcotics
- Gambling/Betting
- Adult Entertainment/Red Light Business
- Alcohol
- Parties that subject to OFAC, EU, UN etc. Sanctions

AKTIF BANK will choose not to lend to clients/projects involved in the production/offer of any products or services;

- Deemed illegal by legislation of Turkey,
- That contain certain chemicals/elements deemed harmful to the environment and climate,
- Related to mass destruction or any other weaponry,
- Related to casinos/gambling operations,

Any business operations that use illegal child labor and/or deemed to violate human rights are also outside of the AKTIF BANK's scope.

Any principles or activities referred to in this document are under constant review and amended in line with the best market practices to ensure compliance with world standards.



The Environmental and Social Impact Assessment System is under the responsibility of the Environmental and Social Impact Assessment Team. Environmental and Social Risk Assessment System & Credit Policies operates as follows:

- a. Aktif Bank has adopted a "Non-Financing Activities List" which stipulates the activities Aktif Bank will not finance regardless of limit, including the operations that are prohibited by the national legislation and the international treaties ratified by Turkish Republic. These are;
  - *Production or trading of any products or services that are deemed illegal by the national legislation and the international treaties our country is a party to,*
  - *Production of weapons of mass destruction or land mines,*
  - *Activities that involves illegal child labor and violating human rights*
  - *Production or trading of chainless (prohibited) asbestos,*
  - *Production and trading of ozone-depleting products,*
  - *Production and trading, regardless of industry, of products that contain polychlorinated biphenyls (PCBs) – a group consisting of highly toxic chemicals (products within the scope of Article 5 of the Regulation on the Control of Polychlorinated Biphenyls and Polychlorobiphenyls, put into force after being published on the Official Gazette No. 26739 dated December 27, 2007),*
  - *Commercial activity using rainforest, trading of wildlife products,*
  - *Production or trading of radioactive products,*
  - *Casinos or accommodation facilities with casinos.*
- b. A limit has been set depending on the requested limit for operations determined not to be included in the Non-Financing Activities List. Accordingly, all project loans and new commercial loan request with total investment amount of 100 Million Turkish Liras and over, is subject to an Environmental and Social Risk Assessment.
- c. The assessment process comprises general and industry-focused questions and assessment matrices to identify environmental and social risks. In line with the Environmental and Social Action Plan(ESAP), new investment loans or project finance requests shall be classified as low, medium- or high-risk. Question and evaluation matrices shall be prepared in agreement with the relevant units and notified by the approval of the Executive Assistant General Manager of the Corporate Credit Allocation Department.
- d. For low-risk new investment and project finance loans requests, a prospective borrower is requested to prepare an Environmental and Social Action Plan, which covers the minimum legal requirements.

- e. The Environmental and Social Action Plan (ESAP) is requested to ensure that any outstanding issues at the time of the operation approval are addressed in a timely and appropriate manner, and to ensure continued compliance with the Bank's environmental and social compliance requirements, as well as legal requirements. Submission of the ESAP in a form satisfactory to the Bank may be a covenant of the operation.
- f. Aktif Bank requires an ESAP if there are issues that need to be addressed during the life of the operation and for which a commitment is required from the Client/Sponsor. The Client/Sponsor may prepare the ESAP, or they may commission the assistance of external expert consultants. However, when the ESAP is completed, it must be approved by Aktif Bank Environmental and Social Impact Assessment Team.

The format of the ESAP will depend on the nature of the operation and the actions that are required. Nevertheless, the following key elements should be also included:

- Action/issue
- Reason required/objective
- Timing/completion deadline
- Responsible person/unit to complete task
- Cost/financing
- Other information or comments

#### Independent Assessment

- For medium- and high-risk new investment and project finance loans requests, an assessment performed by an independent consultant is requested to define the environmental and social risks of the planned activities. Environmental and Social Risk Assessment Team determine the necessity of an independent consultant assessment, action and monitoring plans for medium and high-risk new investment and project finance loans requests.
- Aforementioned Environmental & Social Assessment Report, prepared by an independent consultant, explains the environmental and social impacts related to the new investment and project finance loan requests. Environmental & Social Action Plan explains the mitigation and phase out of these impacts and potential risks. Relevant developments of this plan are monitored periodically (at least once a year for medium and high risk projects)
- The action plan, to be prepared for environmental & social risk categories determined following assessment, is incorporated into the contract to be signed by the customer. Environmental & Social Impact Assessment Team attend the on-site visits deemed necessary for the new investment and project finance loans with medium & high-risk categories; and meetings to be held with independent project consultants.



## Screening Procedure

E&S risk screening is applied to all transactions at pre-credit application stage. We apply national laws and standards and our exceptions list when assessing all transactions.

E&R risk screening considers:

- a. Potential affects biodiversity, water, air, community health and safety, worker health and safety, indigenous peoples, cultural heritage, carbon emissions, and climate change
- b. Specific questions about potential human rights impacts, in line with Aktif Bank's Human Rights Statement
- c. Implications in respect of resettlement and livelihood compensation
- d. Existing environmental liabilities

### Screening of New Transactions:

Pre-credit committees are responsible for ensuring that E&S risks are identified at application phase. Screening provides an indication of whether to proceed with a transaction, and whether further assessment is required.

Screening provides for three levels of assessment for new transactions. These are applied according to the type of financial product, tenor of the transaction and the sector.

We assess the E&S risk involved in the activities related to:

- The Transaction: consideration of the nature of the transaction or project's E&S impacts, and the sector.
- The Client: consideration of the client's ability to manage E&S risk and their historical track record.

All project related transactions and medium and high risk outcomes are analyzed by Environmental and Social Impact Assessment Team, which work with the business and credit teams to examine and mitigate such risks.

When it is necessary, we undertake an enhanced due diligence and ongoing monitoring to ensure risks are properly managed. Decisions on transactions rated as high E&S risk require approval from the Chief Sustainability Officer (CSO).

### Screening of Existing Exposures:

Our E&S screening is also overseen by our credit allocation and credit risk monitoring managers in the course of their regular reviews regarding existing transactions and clients. This enables any E&S risks that emerge after financial close to be flagged and assessed. Transactions or clients identified as high E&S risk are reviewed annually, in addition to the client having a negative change in their annual E&S review. Where required, Environmental and Social Impact Assessment Team members engage with clients to gain a better understanding of issues. If necessary, we may require implementation of mitigating actions, or additional reporting requirements.

## 2) Aktif Bank Occupational Health and Safety Policies

- a. Aktif Bank complies fully with all occupational health & safety laws and regulations applicable in Turkey; ensures that action pertaining to the health and safety of its employees is taken in a timely manner; takes internationally accepted occupational health & safety practices into account.
- b. As required by the Occupational Health & Safety Act (Statute 6331), an Occupational Health & Safety Committee has been set up at Aktif Bank, where Aktif Bank employees take responsibility as Committee members and play a decision-making role in issues pertaining to the health and safety of its employees.
- c. As required by occupational health & safety regulations, Aktif Bank formulates and implements annual occupational health & safety training and operations plans. Training programs are conducted so as to make personnel aware of health and safety issues and to avoid risks in the safe performance of their duties.
- d. Annual safety and fire drills are conducted to practice how Aktif Bank buildings will be evacuated in the event of an emergency.
- e. Aktif Bank predetermines occupational health & safety risks and takes measures to prevent or mitigate them in order to enable healthy and safe workplace environment whose physical conditions and technical infrastructure are checked at regular intervals.
- f. Aktif Bank regards employees as its most valuable capital and provides them a healthy and safe working environment. A full-time workplace doctor is present and runs periodic examinations every five years. Against eye disorders that may develop due to continuous computer use, regular eye health and vision examinations are provided for the employees. All necessary measures have been taken during the pandemic, including %70 home office work, regular disinfection of the workplace, equipping employees with necessary hygiene materials, reshaping workplace environment and habits according to the pandemic.
- g. In financing investment projects, Aktif Bank supports its customers for their efforts to reduce occupational health & safety-related risks and to comply with applicable laws and regulations.



### 3) Aktif Bank Equal Opportunity Policy

- a. Aktif Bank respects human rights and observes the principle of equality for all employees.
- b. It offers equal opportunities in all human resource practices, the contents of notices for recruitment, interviews and employee selection process, in evaluating performance, career planning, promotions, training and development programs offered to employees and the remuneration policy.
- c. It does not discriminate anyone on the basis of obvious or non-obvious reasons such as gender, religion, sect, race, marital status, political thought, disability, social class, and philosophical belief. It offers a working environment based on the principles of diversity and inclusiveness.
- d. By means of "We First" program, Aktif Bank evaluates not only external candidates but also existing employees for new positions, and create career change opportunities for them.
- e. It always observes the inclusion of women as decision makers in management roles as well as a gender balance in management.
- f. It adopts a culture of high performance and supports the professional and personal development of employees through trainings and continuous feedback. 360-degree performance management is implemented in the bank by giving the employees the opportunity to evaluate their managers.
- g. It runs various training events and social responsibility projects to ensure each employee embraces the principle of equal opportunities. Even training programs and workshops are designed for employee's families and particularly children to support them.
- h. Aktif Bank strives to ensure that the articles in its Equal Opportunities Policy are adopted and implemented by all affiliates and stakeholders.
- i. The Human Resources Department and Bank executives are responsible for following up the implementation of each article in Aktif Bank Equal Opportunities Policy.

#### 4) Aktif Bank Human Rights Policies

- a. Turkey is a party of the United Nations Universal Declaration of Human Rights. With respect to practices concerned with such fundamental principles as human rights, labor rights, and social justice, Aktif Bank takes care to abide by the requirements of international agreements such as International Labor Organization conventions and the United Nations Universal Declaration of Human Rights.
- b. Aktif Bank provides its employees with a workplace environment that is mindful of their physical and psychological wellbeing, educates and informs them on such matters, and takes all due measures in light of the requirements of occupational health & safety good practices as well as applicable laws, regulations, and administrative provisions.
- c. Aktif Bank does not establish supplier or customer relations with companies that violate human rights and employ child labor. For this purpose, human rights training and development programs are provided to key teams as purchasing and corporate banking sales and marketing teams, who have direct customer or supplier contact.
- d. Aktif Bank forbids any form of discriminatory or preferential treatment towards or among any of its personnel and in all of its dealings with them; Aktif Bank disregards any differences among them as to gender, mental/physical disability, age, race, religion, language, sect, creed, culture, or social background.
- e. Aktif Bank attaches great importance to diversity and work-life balance. Every two years, employee engagement survey is done and diversity and work-life balance ratios are measured. Both scores are above 80%, placing Aktif Bank among the best employers in these fields.
- f. Human resources management at Aktif Bank encourages employees to take part in business processes and to be creative through transparent communication channels that are made available for them to express their opinions and make suggestions. "Chat Together" program is specifically designed to organize regular meetings between Human Resources and employees, where employees can give feedbacks and express their opinions freely. Exit interviews are held with the employees, where their experiences at the bank are listened to, and information about their quitting decisions is obtained.
- g. Aktif Bank accepts and implements "Code of Ethics" published by Banks Association of Turkey. The ethical principles are regulated within the basic principles of the Bank's corporate culture and management (honesty, the framework of reliability, impartiality, conformity, and transparency) and transparently announced to the public on the website. All employees are informed about ethical principles. Under the roof of Internal Systems business group, the Internal Audit team is responsible for ethical complaints. In addition, the Çalık Holding Ethics Line is open to employees as a supreme authority in ethics field.



- h. Aktif Bank human resources practices are set out clearly in internal regulations, which are made conveniently accessible to all personnel. All human resources procedures are accessible to employees and published on the internal communication portal.
- i. Aktif Bank supports its employees' personal and professional progression through ongoing feedback and training and in such a way as to motivate them and enhance their sense of loyalty to the company.
- j. Aktif Bank takes all necessary measures to prevent efforts to frustrate the open channels of communication that it regards as importance and to thwart the reporting of possible violations.
- k. Aktif Bank takes all necessary measures to deal with workplace behavior that may lead to any form of discrimination, mistreatment or any other abuses.
- l. Aktif Bank employees are individually responsible for understanding and abiding by the foregoing principles and for behaving trustworthily and honestly both in their dealings with the bank and their fellow employees and in their other business relationships.
- m. Aktif Bank regards the following as causes for employee disciplinary action: making any insulting, demeaning, and/or groundless accusation or complaint for the purpose of tarnishing the reputation of any individual or organization; making false statements that injurious to someone's honor or reputation; engaging in any offensive behavior that attacks the legal rights and/or the reputations of individuals or organizations are unjustified.