

POLICY FOR THE MANAGEMENT OF ENVIRONMENTAL AND SOCIAL IMPACTS IN FINANCING ACTIVITIES

As a member of Ziraat Finance Group, we are committed to protecting the environment while supporting economic development and creating value for all our stakeholders, our customers, employees, shareholders and society as a whole.

With the awareness that the financial products and services we offer in line with the principles of participation banking have an impact on the environment and society, we attach importance to the management of environmental and social impacts arising from financing activities.

As we embark on our corporate sustainability journey to improve our Bank's position and competitiveness in the industry, we proceed with a systematic approach to manage the indirect environmental and social impacts arising from our financing activities.

Our approach to managing indirect environmental and social impacts includes the identification, assessment and monitoring of potential risks. With this approach, we focus on minimizing the potential negative impacts that may arise from environmental and social risks. We aim to evaluate opportunities as well as risks and maximize positive impacts on both nature and society.

In this respect, Ziraat Katılım:

- Closely monitors national legislation and relevant international standards on environmental and social issues and expects the activities to be financed to comply with them.
- The Bank does not finance the activities within the scope of the “Ziraat Katılım Bank Non-Financed Activities List”, which is prepared by taking into account the activities prohibited and/or restricted by national legislation and international conventions to which Türkiye is a party and participation banking principles, that is annexed to this policy, within its corporate knowledge.
- “Ziraat Katılım Bank subjects new/capacity increase investment projects above a certain amount that are not included in the “List of Non-Financed Activities” (Annex: 1) and the customer requesting financing to “Environmental and Social Risk Assessment”. Within the framework of this assessment, the Bank categorizes the environmental and social risks of the project and the customer at three levels: low-medium-high.
- With its responsible banking approach, the Bank evaluates the potential environmental and social impacts that may arise from financing activities within the framework of national and international laws, regulations and best practices.
- Among the activities and customers to be financed, the Bank may require additional assessment of activities with high environmental and social risks and may request measures to be taken to prevent or mitigate negative impacts in high-risk activities.
- The Bank periodically monitors the environmental and social performance of the activities it provides financing for and aims to ensure the management of impacts.
- The Bank encourages its customers to ensure occupational health and safety, protect public health and well-being, support social development, and sustain the natural environment and biodiversity in the activities it finances.
- The Bank closely monitors current developments in Türkiye and around the world in the field of sustainable finance and supports sustainable development and the transition to a low-carbon economy in light of developments in this field.
- Within the scope of its responsible and ethical banking approach, the Bank works to increase its customers' awareness of environmental and social impacts.
- It attaches importance to developing collaborations with various stakeholders such as public institutions, non-governmental organizations and international financial institutions.
- The Bank offers financial products and services for different segments of society, particularly farmers, women and youth, in order to create value and positive impact for society and the environment through its financing activities.
- It aims to increase access to financial resources for all segments of society through digital banking applications.
- In order to increase financial coverage, the Bank aims to offer sustainable financing instruments for local and social development in the future.

The Bank aims to carry out activities to increase the level of awareness of all its stakeholders on climate change and supports efforts to develop climate finance in this direction.

This policy is reviewed by the Sustainability Committee, which governs Ziraat Katılım's sustainability practices, at least once a year in line with the needs. Necessary revisions are put into effect upon the recommendation of the Sustainability Committee and approval by the Board of Directors.

This Policy is complementary to Ziraat Katılım's Sustainability Policy and is made available to all stakeholders of the Bank, including employees, through the corporate website. All updates to this policy will be shared with employees and all other stakeholders.

This policy was approved by the Board of Directors on 07/06/2023 and entered into force.

Annex 1

ZİRAAT KATILIM BANK LIST OF NON-FINANCED ACTIVITIES

Ziraat Katılım Bank, to the best of its corporate knowledge, does not finance any of the activities detailed below:

- Production of weapons of mass destruction and landmines.
- Production/trade activities involving child labor, forced labor and human rights violations.
- Commercial activities in areas included in Ramsar Convention sites.
- Commercial activities carried out within the scope of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Production or trade of products containing PCB (Polychlorinated Biphenyl, polychlorinated biphenyl).
- Fishing activities conducted with drift nets, explosives and hazardous chemicals.
- Production and trade of internationally banned substances that damage the ozone layer.
- Production and trade of drugs, pesticides, herbicides and other harmful substances that are prohibited in our country and internationally.
- Trade or manufacture of friable asbestos fiber (not applicable to the use and purchase of cement board containing non-fibrous or bonded asbestos with an asbestos content of less than 20%).
- Activities that may adversely affect cultural assets included in the UNESCO World Heritage List and UNESCO World Heritage Tentative List.
- Biological/genetic activities aimed at altering human nature.
- Production and trade in alcoholic beverages and drugs other than for medical purposes.
- Gambling, casinos, games of chance and equivalent businesses.
- Manufacture and trade of tobacco products.
- Activities for financing transactions contrary to the policies and principles of participation banking.