

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT POLICY

1. Purpose and Scope

Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi") aims to carry out its banking activities in an environmentally and socially sensitive manner within the framework of its sustainable and responsible banking approach. In this context, Yapı Kredi aims to assess and manage non-financial risks such as environmental, social and governance risks in all lending processes in compliance with national legislation, international agreements to which Turkey is a party and internationally recognized standards.

2. Application and Monitoring

2.1 Non-Financed Activities

Yapı Kredi has created the List of Non-Financed Activities (FEF) by taking into account the activities prohibited or restricted by local legislation and international agreements to which Turkey is a party. Yapı Kredi commits not to finance the activities listed in the FEF List under any circumstances, regardless of any amount limit.

List of Non-Financed Activities (Exclusion List / FEF):

- Manufacture and/or trade of any unlawful product or activity under the Turkish law,
- Production of weapons of mass destruction or landmines,
- Activities that encompass harmful and/or exploitative forms of forced labor/child labor,
- Manufacture, trade or use of asbestos,
- Manufacture or trade of internationally forbidden drugs, pesticides, herbicides, substances containing PCBs (polychlorinated biphenyls) or ozone-depleting substances,
- Trade of wildlife or wildlife-related products or plant species subject to the CITES (Convention on International Trade in Endangered Species),
- Transboundary trade of wastes and waste products that do not comply with the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and related regulations,
- Activities carried out in areas designated as RAMSAR Convention (Convention on Wetlands of International Importance, especially as Waterfowl Habitat) areas,
- Activities prohibited by national legislation or international treaties on the protection of biodiversity resources and cultural heritage,
- Drift net fishing in open sea, using drift nets longer than 2.5 km,
- New coal mining projects and new coal fired thermal power plant projects.

2.2 Environmental and Social Risk Assessment System

Yapı Kredi puts through investment and project finance loan requests with an amount over USD 10 million to the Environmental and Social Risk Assessment (ESRA) System. Yapı Kredi ESRA System is based on national legislation, International Finance Corporation (IFC) Environmental and Social Performance Standards and Equator Principles.

With the ESRA System, loans are reviewed under national environmental and occupational safety legislation as well as various international standards on public health and safety, mandatory resettlement, biodiversity and natural resource conservation, pollution prevention, cultural heritage, stakeholder engagement, etc.

Within the scope of the ESRA System, for investment and project finance loans amounting to more than USD 10 million, the "Procedure for Determining Environmental and Social Risks of Lending Activities" is applied to determine the risk category of the loans and action and monitoring plans are created in accordance with this category.

The risk categorization consists of four distinct groups: A (High), B+ (Medium High), B- (Medium Low) and C (Low).

Category A (High)

Business activities that may have serious adverse environmental or social risks and/or impacts that are diverse, irreversible or unprecedented,

Category B+ (Medium High)

Business activities that may have limited adverse environmental or social risks and/or impacts, which are high in number, typically project site-specific, largely reversible, and for which mitigation measures have already been implemented.

Category B- (Medium Low)

Business activities that may have a small amount of adverse environmental or social risks and/or impacts, which are few in number, typically project site-specific, largely reversible, and for which mitigation measures have already been implemented.

Category C (Low)

Refers to business activities with minimal or no environmental or social risks and/or impacts.

If the environmental and social risk category of the investment is determined as A (High) and B+ (Medium High);

- An Environmental and Social Due Diligence Report is prepared by an independent consultant,
- An Environmental and Social Action Plan is prepared by the independent consultant listing the proposed actions for unacceptable risks identified as a result of the assessment,
- The Environmental and Social Action Plan is attached to the loan agreement,
- Monitoring studies are carried out by Yapı Kredi through an independent consultant at minimum 1-year intervals.

If the environmental and social risk category of the loan is determined as B- (Medium Low), the steps followed in Category A and B+ projects can be followed according to the assessment of Yapı Kredi Environmental and Social Sustainability team. If independent consultant monitoring is not deemed necessary, monitoring studies are carried out by Yapı Kredi in minimum 1-year periods within the scope of Yapı Kredi's action monitoring plan.

If the environmental and social risk category of the loan is designated as C (Low), documentary monitoring of local legislation is carried out annually, as the environmental and social risks of the project have been assessed as minimal.

2.3 Environmental and Social Management System

Yapı Kredi subjects its customers in the Enterprise Banking and SME Banking segments to a separate Environmental and Social Management System (ESMS). In line with the "General Principles of the Enterprise and SME Banking Environmental and Social Management System", customers in the SME segment are categorized into A (High), B (Medium) and C (Low) risk categories, while customers in the Enterprise segment are evaluated only in the C (Low) risk category, taking into account their scale of activity.

Category A (High)

Business activities that may have serious adverse environmental or social risks and/or impacts and require a more comprehensive assessment of environmental and social risks during the due diligence process,

Category B (Medium)

Represents business activities that may have limited adverse environmental or social risks and/or impacts, which are few in number, typically project site-specific, largely reversible, and for which mitigation measures have already been implemented. Activities that typically require a limited or focused environmental and/or social assessment or direct application of environmental siting, pollution standards, design criteria or construction standards,

Category C (Low)

Refers to business activities with minimal or no environmental or social risks and/or impacts. After the risk assessment process, no additional action is required for customers assessed as low risk, while a more detailed review process is carried out for high and medium risk customers and action plans are created to eliminate the risks

identified. Customers are requested to address any deficiencies and prepare the required documents within the timeframes specified in the action plans.

3. Effective date

Yapı Kredi Environmental and Social Risk Management Policy is reviewed annually and practices are regularly monitored by the Sustainability Committee. Necessary revisions are reflected in the policy in case of any change in legislation or practice.

Yapı Kredi Environmental and Social Risk Management Policy was first approved and put into effect by the Board of Directors in November 2016 and was updated by the resolution of the Board of Directors dated September 2024.