

YAPI KREDİ HUMAN RIGHTS STATEMENT

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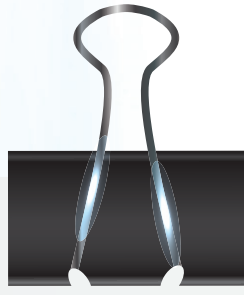
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1. SCOPE AND FUNDAMENTAL PRINCIPLES

1.1. INTRODUCTION

Yapı ve Kredi Bankası A.Ş. [“Yapı Kredi”] aims to carry all of its operations in accordance with the Universal Declaration of Human Rights. According to this declaration, every individual and every organ of society shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the peoples of member states themselves and among the peoples of territories under their jurisdiction.¹

1.2. FUNDAMENTAL PRINCIPLES

Yapı Kredi strives for the minimization of reputational, environmental and social risks within its sphere of influence.

Accordingly, and by taking into consideration the United Nations Guiding Principles on Business and Human Rights: “Protect, Respect and Remedy”,² Yapı Kredi aims to

- avoid creating a negative effect in areas of human rights due to its operations, address when such effects emerge,
- prevent negative effects in areas of human rights in relation to its operations, products or services and/or effects that are not caused by its operations, products or services.

1.3. PURPOSE AND SCOPE

Yapı Kredi aims to define a reliable and comprehensive approach to manage risks related to human rights and to prevent violations of human rights. Accordingly, the company has drawn up Yapı Kredi Human Rights Statement.

Yapı Kredi Human Rights Statement encompasses human rights principles and systems, which Yapı Kredi applies in its operations. Yapı Kredi aims to implement and evaluate these principles and systems especially in relevant stakeholder categories.

1.4. REFERENCES

Yapı Kredi Human Rights Statement is based on national governing legislation in Turkey, Koç Group Internal Legislation and UniCredit policies as well as related international statements specified below:

- Universal Declaration of Human Rights dated 10 December 1948³
- International Labor Organization - ILO Fundamental Conventions [Numbers 29, 87, 98, 100, 105, 111, 138 and 182]⁴
- Yapı Kredi Human Rights Statement was developed in accordance with the Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework⁵ endorsed by the United Nations Human Rights Council in 2011 as well as OECD Guidelines for Multinational Enterprises⁶
- With its main shareholders UniCredit and Koç Holding as signatories, Yapı Kredi accepts the United Nations Global Compact⁷ and responsibilities and obligations arising from that agreement and is openly committed to protect human rights, fair work conditions, environment and to fight corruption as part of this agreement.

¹ Universal Declaration of Human Rights

² United Nations Guiding Principles on Business and Human Rights

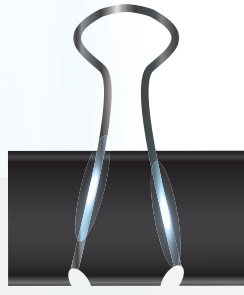
³ Universal Declaration of Human Rights

⁴ International Labor Organization-ILO Fundamental Conventions

⁵ UN Guiding Principles on Business and Human Rights

⁶ OECD Guidelines for Multinational Enterprises

⁷ United Nations Global Compact



The following corporate policies are cited in Yapı Kredi Human Rights Statement, in addition to international statements and conventions,

- Yapı Kredi Code of Ethics and Business Conduct ⁸
- Yapı Kredi Occupational Health and Safety Policy ⁹
- Yapı Kredi Remuneration Policy ¹⁰
- Yapı Kredi Statement on Whistleblowing ¹¹

Details as regards the implementation of subjects identified in this statement are listed in the Appendices to the Yapı Kredi Human Rights Statement.

In addition to these corporate policies, Yapı Kredi is considered as a signatory of “Statement of Equality at Work” signed by one of its main shareholders Koç Holding. This statement includes goals set to eliminate discrimination. Furthermore, Yapı Kredi, as a natural signatory, fulfills its responsibilities and commitments regarding the United Nations Women’s Empowerment Principles signed by Koç Holding on December 19th, 2014.

Detailed information on the Statement of Equality at Work may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 1].

2. PRINCIPLES AND COMMITMENTS

2.1. EMPLOYEES

Yapı Kredi respects individual rights and dignities of its employers during recruitment processes. Yapı Kredi adopts the “Equal Opportunity/Providing Equal Opportunity in Employment” approach. It aims to create a work environment in which the skills and experiences of each individual are valued, differences are respected and ideas and opinions of each employee are voiced.¹²

Yapı Kredi respects the rights and principles listed below:

Diversity

Yapı Kredi always respects the principles of civil freedom [religious, political and cultural freedom and freedom of sexual orientation]. The Bank aims to eliminate all forms of discrimination in these areas and to highlight the skills and competencies of individuals.

Yapı Kredi enables equal opportunities in employment regardless of differences in race, religion, ethnicity, gender, sexual orientation, marital status, age, seniority, geographical roots or position or disability; takes preemptive measures against discrimination and creates complaint mechanisms for violation of such rights. Detailed information on complaint mechanisms is listed on Yapı Kredi Whistleblowing Statement. Preemptive measures are taken against deliberate and systematic humiliation, degrading, ostracizing, damaging the personality and reputation, ill-treatment, or intimidation of employees by superiors, equals or subordinates.¹³

These principles are supported by additional efforts to value individuals that join Yapı Kredi through recruitment, merger or transfer and have them fully adapt to the company. Non-discriminatory respect for individuals and their rights must be the characteristic aspect of business relationships of employees.

Detailed information on diversity and belonging may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 2].

⁸ Yapı Kredi Code of Ethics and Business Conduct

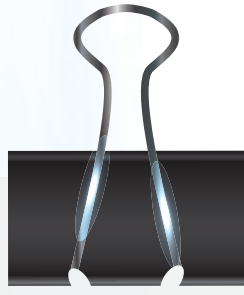
⁹ Yapı Kredi Occupational Health and Safety Policy

¹⁰ Yapı Kredi Remuneration Policy

¹¹ Yapı Kredi Statement on Whistleblowing

¹² Yapı Kredi Code of Ethics and Business Conduct

¹³ Yapı Kredi Code of Ethics and Business Conduct



Freedom of Expression and Respect

Respect at Yapı Kredi refers to constantly listening and paying attention to employees as well as appreciating their own values, sensitivities and beliefs. Yapı Kredi aims at creating a culture in which employees are free to express opponent views reaching beyond hierarchical and bureaucratic positions and do not feel obliged to review their opinions. Employees holding different views should also feel comfortable in expressing themselves and revealing their opinions. Yapı Kredi employees must listen to their customers and colleagues in a non-discriminatory manner and with an eye to understanding their needs as well as respect the opinions of others and express their own opinions at ease with suitable and constructive methods.

Freedom of Collective Bargaining

Yapı Kredi respects the freedom of collective bargaining and professional association of its employees pursuant to legislation and avoids operations that could pose a risk to the rights and freedoms of its internal stakeholders in this area.

Detailed information on unionization may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 3].

Prevention of Forced Labor and Child Labor

Yapı Kredi stands clear from practices of forced labor and child labor in its operations and fully complies with The Tripartite Declaration on Multinational Enterprises and Social Policy of International Labor Organization (ILO) as well as legislation regulating work life in Turkey. Additionally, Yapı Kredi carries out its activities in compliance with ILO conventions signed by Turkey (Forced Labor Convention No 29 and Convention No 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor). Accordingly, in an effort to support the elimination of child labor, minimum age limit of employment has been set at 18 in Employee Regulations.

Detailed information on the Prevention of Forced Labor and Child Labor may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 4].

Health and Safety

Yapı Kredi takes necessary measures to comply with legislation to ensure the occupational health and safety of its employees and trains its employees in this area. The occupational health and safety practices that are in place provide a safe work environment for employees. Preemptive and protective measures have been defined and planned to evaluate, eliminate or minimize risks in occupational health and safety. Additionally, contingency plans are prepared, regular medical checkups are carried out and work fields are regularly monitored and inspected.

Detailed information on practices and procedures may be found in Yapı Kredi Occupational Health and Safety Policy.¹⁴

Work-life balance

Yapı Kredi aims to enhance the welfare of its employees and help them better manage difficulties in their private and professional lives. Accordingly, Yapı Kredi offers benefits to improve work-life balance and supports its employees and their families in various areas of life.

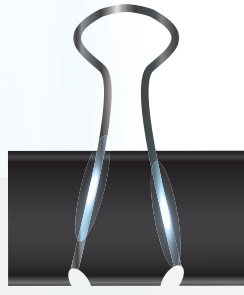
Detailed information on related practices and support programs may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 5].

Protection of Personal Information

Yapı Kredi takes necessary precautions in compliance with legislative regulations to protect personal information of its employees and to not disclose such information to third parties. The company prohibits communication of employee personal information, which must be known only by employees themselves, to persons within or outside the organization. Yapı Kredi's approach with regards to "respect for private life" is in line with local laws and regulations governing this issue.

Detailed information on the applications and support programs related to this issue may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 6].

¹⁴ Yapı Kredi Occupational Health and Safety Policy



Remuneration Policy

Yapı Kredi has and implements a remuneration system without discriminating against religion, language, race and gender within the company.

Detailed information on the remuneration approach of Yapı Kredi may be found in the Remuneration Policy.¹⁵

2.2. CUSTOMERS

Yapı Kredi engages in activities to develop sustainable solutions to meet the financial needs of its customers. Accordingly, the company pays attention to not only conventional economic/financial elements but also environmental and social risks in making decisions on financing and investment.

Lending Policies have been prepared according to the “Best Practices Guidelines” published by the Banking Regulation and Supervision Agency.

Project Financing

Yapı Kredi works in partnership with its clients to identify, assess and manage environmental and social risks and takes part in projects a structured way on an ongoing basis.

Recognizing the importance of climate change, biodiversity and human rights, Yapı Kredi believes negative impacts on project-affected ecosystems, communities and the climate should be avoided where possible. If these impacts are unavoidable, they should be minimized, mitigated or offset.

Detailed information on related practices may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 7].

Sensitive Industries

Yapı Kredi is aware that doing business in certain industries might create a reputational risk. In an effort to minimize such risks, sensitive industries have been identified in Credit Policies and operations in such sectors have been classified as “operations with high credit risk and/or reputational risk”.

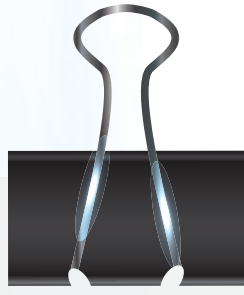
Yapı Kredi has developed reputational risk assessment systems to assess and monitor the risks and performance related to its customers to implement specific policies in the field of reputational risk.

Confidentiality of Customer Information

Yapı Kredi pays significant attention to customer confidentiality and to not share such information with third parties. All employees are committed to protect the confidentiality of information they obtain in exercising their duties and to use such information only to exercise their professional duties. All employees are obligated to fully comply with restrictions and regulations on banking secrecy, customer secrecy and communication of personal information to third parties regulated by Banking Law and/or other related legislation provisions.¹⁶

¹⁵ Yapı Kredi Remuneration Policy

¹⁶ Yapı Kredi Code of Ethics and Business Conduct



2.3. SUPPLIERS

As part of responsible procurement principles, Yapı Kredi integrated environmental and social criteria into current supplier evaluation and inspection system. As the result of these studies Responsible Procurement Policy was created.

Detailed information on the development of responsible procurement practices may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 8].

3. IMPLEMENTATION OF PRINCIPLES IN THE HUMAN RIGHTS STATEMENT

3.1. EMPLOYEE COMMUNICATION AND TRAINING

Yapı Kredi Human Rights Statement and codes of practice are published in internal communication channels (intranet and internal announcements) and communicated to all Yapı Kredi employees globally. Yapı Kredi Human Rights Statement is published in Turkish, English, Azerbaijani, and Russian, which constitute local languages in the countries where Yapı Kredi operates.

In addition to communication of Human Rights Statement, a Human Rights Training Program is developed for all Yapı Kredi employees on global scale to help the adoption and effective implementation of these principles.

Detailed information on the content and implementation of Human Rights training may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 9].

3.2. VIOLATION OF HUMAN RIGHTS PRINCIPLES

All employees are expected to demonstrate appropriate judgment and behaviors when carrying out their duties in areas specified in Yapı Kredi Human Rights Statement.

Accordingly, reporting violations in any of the areas specified in this statement or the notices of a suspicious situation is a personal responsibility of all employees.

Detailed information on the notices of violation of Human Rights Principles and the subsequent process may be found in Appendices to the Yapı Kredi Human Rights Statement [Appendix 10].

3.3. EFFECTIVENESS OF THE HUMAN RIGHTS STATEMENT AND RELATED PERFORMANCE INDICATORS

Yapı Kredi is aware of the necessity and the importance of a monitoring system for appropriate management of risks related to human rights.

Sustainability Committee has developed monitoring processes on policies mentioned in this document and thereby monitors the effectiveness of the Human Rights Statement.

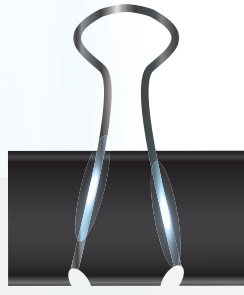
Key performance indicators monitored in the area of human rights are periodically published in the sustainability report of Yapı Kredi.

3.4. FEEDBACK FROM STAKEHOLDERS AND EXPECTATIONS

Yapı Kredi is aware of the significance of a system that enables the monitoring of feedback from both internal and external resources including stakeholders that are influenced by its operations.

The annual performance of Yapı Kredi is publicly declared in Annual Reports and Sustainability Reports in a way that allows stakeholder feedback. Additionally, Yapı Kredi has multiple communication channels geared towards receiving stakeholder feedback.

Yapı Kredi adopts a systematic approach to monitor the opinions of its stakeholders as part of reputational risk management. Reputational Risk Management Policy is designed with an eye to measure and monitor reputational risk as well as taking action on time.



3.5. MONITORING, AUDIT AND IMPROVEMENT PROCESS

Sustainability Committee reviews Yapı Kredi Human Rights Statement annually and monitors implementations of this statement.

Human rights issues are incorporated in general risk evaluation processes and regular biennial risk assessments are performed by the Internal Audit Department in this area according to the principles included in the Human Rights Audit Instructions.

Sustainability Committee is responsible to improve the process and review the Human Rights Statement in the event that gaps and/or risks are found as a result of human rights risk and impact assessments aimed at identifying problems in human rights issues, internal control/monitoring processes, open stakeholder dialogues and stakeholder feedback.

Yapı Kredi Human Rights Statement is approved by the Board of Directors on May 2016 and is effective as of this date. The responsibility related to Human Rights Statement is allocated to the Sustainability Committee.

YAPI KREDİ HUMAN RIGHTS STATEMENT - APPENDICES

Appendix 1 - Equality at Work Platform and Statement

Equality at Work Platform was founded in June 2012 in Istanbul under the name of “Turkey Gender Parity Task Force” in cooperation with Ministry of Family and Social Policies of Turkey and the World Economic Forum. The “Turkey Gender Equality Task Force” turned into “Equality at Work Platform” with a press launch in Istanbul on 15 January 2013.

The main goals of the Equality at Work Platform are the following:

- specification of global leadership and global agenda to close gender gap
- collection, examination and sharing of country data

Equality at Work Statement that includes the Letter of Engagement geared towards realizing the goals set by the Equality at Work Platform was signed by Koç Holding in 2013. The statement aims at meeting commitments to eliminate gender-based discrimination as part of social and corporate responsibilities. Yapı Kredi is signatory to the “Equality at Work Statement”, signed by one of its main shareholders Koç Holding and is aware of commitments that are a part of this statement.

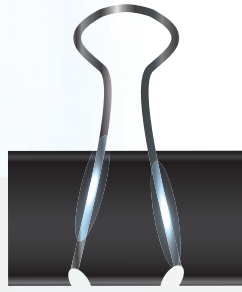
Appendix 2 - Diversity

Yapı Kredi employees are liable to engage in relationships among themselves based on principles of respect, courtesy, honesty and equality. Additionally, as part of the Human Resources Code of Practice in the Employee Regulations, Human Resources and Organization Department executes human resources policies that take into consideration the knowledge, skills and competencies of employees in their selection, placement and improvement.

Yapı Kredi believes that the management of differences through equal opportunities and policies against discrimination contributes to the development of a diverse corporate culture. Supporting diversity and improvement of the work environment aim at ensuring a higher life quality at work and a stronger sense of belonging.

At Yapı Kredi, all employees regardless of their seniority are requested to engage in communication with individuals both within and outside the company in a way that will not create an impression of discrimination and harassment.¹⁷ In the event of a problem that results in loss of labor force and performance in the organization due to accusatory attitude or behavior or in cases which an employee is subject to a similar behavior by their colleague, manager or customer, the said person is expected to consult Ethical Support Line or Human Resources and Organization Department.

¹⁷ Yapı Kredi Code of Ethics and Business Conduct



Appendix 3 - Freedom of Collective Bargaining

As part of right to unionization of employees, Yapı Kredi employees may become members of a union. The labor contract between Yapı Kredi and Bank and Insurance Employees Union (Basisen) is renewed at regular intervals.

Articles in the labor union are announced across Yapı Kredi and are accessible to all employees through communication channels [intranet and internal announcements] within the Bank. Additionally, an outline on unionization is given to new employees during the orientation. Furthermore, Employee Relations Advisory Board (ÇİDAK) has been established to contribute to a rapid, timely and dialogue-based solution of problems that might emerge in work life as well as to protect peaceful work and efficiency between Yapı Kredi and members of the Union. A total of six ÇİDAK meetings are regularly held on an annual basis.

Appendix 4 - Prevention of Forced Labor and Child Labor

Actions to take in the event of forced labor and child labor in Yapı Kredi have been set forth. Written notice and transfer to disciplinary board in further stages may be applied, with methods to be used necessary to specify final consequences and reports submitted on the process.

Furthermore, with its main shareholders UniCredit and Koç Holding as signatories, Yapı Kredi accepts the United Nations Global Compact as well as responsibilities and obligations arising from that agreement. Pursuant to Principle 4 in the agreement, Yapı Kredi does not allow forced or compulsory labor in business processes and does not engage in operations that bear such risk. Pursuant to Principle 5 in the agreement, the company does not allow child labor and takes related precautions against such action.

As part of Yapı Kredi Employee Regulations and in accordance with the local legislation that regulates work life, work that is conducted outside daily work hours, are considered as overtime. Overtime payments are regularly made or may be used as part of annual leave at the discretion of the employee.

Appendix 5 - Work-Private Life Balance

Yapı Kredi Employee Support Program has been launched in an effort to alleviate pressure that comes with busy work and private life and related responsibilities as well as to support a healthy balance between the two. As an effective and suitable solution, Employee Support Program plays a major role in boosting efficiency at work. The purpose of the program is to identify individual problems of employees, provide proactive support by experts for their solution and thereby increase employee satisfaction and efficiency at work. An Employee Support Line is in place to offer free counseling services 24/7 as part of the Employee Support Program.

In addition to programs that are in place to improve work-life balance of its employees, Yapı Kredi respects private life and all civil rights in work arrangement, rules, practices, leaves and insurance rights as well as in other principles, without discriminating against race, gender, ethnicity, age, religion, political opinion or physical inability.

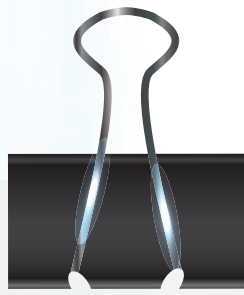
Appendix 6 - Protection of Personal Data

At Yapı Kredi, protection of personal data is among top priorities, and due diligence is exercised in this regard. Accordingly, in all its activities that involve personal data processing, Yapı Kredi respects the right to privacy protected by the Constitution of the Republic of Turkey, and the respective Law No. 6698 on the Protection of Personal Data ("the Law") as well as other relevant legislative regulations.

To this end, Yapı Kredi processes employees' personal data in compliance with the following principles set out in the Law: [a] lawfulness and good faith, [b] accuracy and up-to-dateness, where necessary, [c] being processed for specific, clear and legitimate purposes, [d] being relevant with, limited to and proportionate to the purposes for which they are processed, and e] being retained for the period of time as stipulated by relevant legislation or the purpose for which they are processed; amongst other conditions. Yapı Kredi takes any technical and administrative measures required to protect such data and prevent unlawful access thereto. Yapı Kredi also makes sure that there is a monitoring process in place to enforce the provisions of this Law. In this context, Yapı Kredi sets up processes to respond to employees' demand concerning protection of their rights pertaining to personal data and ensures these data are processed in accordance with the Law.

Appendix 7 - Project Finance

Within the scope of the Bank's current business processes, all credit requests, regardless of limit, are subject to the Environmental and Social Policy that forms a part of the Sustainability Management System, in addition to being checked for compliance with the Bank's Credit Policies. All credit requests are assessed against the Exclusion List included in the Environmental and Social Policy. Under no circumstances shall Yapı Kredi grant loans for activities included in the Exclusion List.



In addition to these policies, within the framework of the “Assessment of Environmental and Social Risks in Lending Activities” procedure developed as part of the Sustainability Management System, all new investment and project financing loans with a maturity of at least 3 years and a loan amount above USD 20 million are subjected to environmental and social assessment. This assessment is part of regular credit assessment, and is one of the steps leading towards the credit committee. The Assessment of Environmental and Social Risks in Lending Activities procedure involves determining the risk category of the project in question, and developing action and monitoring plans accordingly. The assessment follows the Yapı Kredi Environmental and Social Risk Assessment Model. The model has been established based on local legislation as well as the Environmental and Social Performance Standards of the International Finance Corporation (IFC). Corporate and Commercial Credits Management is the main responsible party in risk assessment and categorization efforts.

Appendix 8 - Suppliers

Within the scope of the Responsible Procurement Policy Yapı Kredi added environmental and social criteria into its existing supplier selection criteria. Suppliers that are able to prove their compliance with Fundamental ILO Conventions including those related to health and safety effects in addition to current criteria specified for the supply chain are given priority. There are also assessment criteria in place to evaluate occupational health and safety, anti-corruption and social security. Occupational health and safety agreements are signed with suppliers as part of related work engagements, with procedures added to agreements to fight corruption. Detailed information on these procedures may be found in Bribery and Anti-Corruption Policy.¹⁸

The aim is to integrate all current criteria as well as environmental and social criteria to be defined into a general supplier evaluation system. Within the framework of Responsible Procurement Policy, environmental and social criteria were integrated into the contractual processes carried out with the suppliers, thus encouraging these stakeholders to fully comply with laws, regulations, environmental legislation and human rights. In addition to these activities, local suppliers are preferred in procurements with an eye to support the development of local economies in the area of operations.

Appendix 9 - Employee Training

Yapı Kredi Human Rights Training addresses issues specified in fundamental ILO conventions. Additionally, a section on human rights is included in the orientation program for newcomers and on global scale all employees are required to complete Human Rights Distance Learning. The number of employees who have completed the training are annually tracked and reported within the scope of the Sustainability Report. Periodical announcements are performed to remind subjects included in Yapı Kredi Human Rights Statement in an effort to support such training courses.

Appendix 10 - Violation of Human Rights Principles

Employees are obligated to notify related issues to their managers or communication channels specified in Yapı Kredi Code of Ethics and Business Conduct.

Notices made on issues specified in Yapı Kredi Human Rights Statement are handled confidentially. Notices may be delivered anonymously and may not be used against the person who made the notice. All notices received are finalized after necessary evaluations, ensuring that related actions are taken.

It is out of question that the person who made the notice may be subject to a position change or a similar negative situation or be placed a disadvantaged position.

In the event of a violation of principles stated in this statement, disciplinary action shall be taken against the violator, with furthest consequence in cancellation of labor contract.

¹⁸ Bribery and Anti-Corruption Policy