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## **1. GENERAL INFORMATION**

### **1.1.Purpose**

Albaraka Türk Participation Bank (Albaraka Türk); aims to achieve the United Nations 2030 Sustainable Development Goals by working with all its stakeholders to produce projects that are sensitive to human and environment and that will support economic and global development for a livable world and aims to be a pioneer in participation banks in this regard. Albaraka Türk aims to increase its prestige by working to minimize the destruction of the natural environment and by complying with national and international regulations.

### **1.2.Scope**

Albaraka Türk has adopted the principle of respecting the environment in all its activities in order to improve the quality of life of the society while carrying out its activities in line with its leading position in the Participation Banking sector and its sustainable banking targets. Albaraka Türk considers protecting the environment and dealing with climate change as a responsibility towards future generations.

In this respect, Albaraka Türk has adopted internalizing and implementing the transparency, fairness, accountability and environmental strategies which are the basic principles of Corporate Governance as basic principles.

## **2. APPLICATION**

### **2.1.Environmental Policy Strategies**

Albaraka Türk exhibits a proactive attitude in its activities in order to improve its sustainability level positively. In this context, Albaraka Türk;

- a) Supports the United Nations 2030 Sustainable Development Goals; conducts and develops its activities in this context.
- b) Thinks about the future and keeps the consumption of world resources under control.
- c) The Bank identifies, monitors and, if necessary, inspects climate risks and opportunities within the scope of the relevant legislation.
- d) Enables the creation of technological and systematic infrastructure by reducing the consumption of resources such as electrical energy, water, paper and natural gas.
- e) Within the framework of dealing with climate change, the Bank supports projects for the protection or improvement of environmental conditions through water, renewable energy, energy efficiency, recycling and waste reduction, which are of great importance in the sustainable development of our country, and carries out studies to support environmental investments.
- f) Calculates greenhouse gas emissions and develops mitigation strategies for emissions management. Contributes to the prevention of greenhouse gas emissions by implementing innovative energy management and business models based on renewable materials.

- g) The Bank regularly calculates greenhouse gas emissions resulting from its operational and lending activities and works towards decarbonization of both its operations and loan portfolio in line with the 2053 net-zero target.
- h) It carries out communication and cooperation activities with relevant institutions, organizations and all stakeholders in the development and continuous improvement of legal regulations, policies and standards in order to increase its performance in environmental, energy and water management.
- i) Efforts are carried out within the scope of taking the necessary actions for the implementation of legislation, national/international standards related to environment, water management and climate change and for compliance with the Bank's sustainability strategies.
- j) Within the scope of the Zero Waste Project initiated by the Ministry of Environment and Urbanization, it conducts works for reuse, procurement, compostable waste and prevention/reduction within the framework of waste prevention, more efficient use of resources, reduction of the amount of waste generated and recovery of waste. Activities within the scope of the Zero Waste Management System are carried out within the scope of the Zero Waste Regulation dated 12.07.2019 and numbered 30829.
- k) Conducts studies with its employees to increase environmental awareness and sustainability awareness of the society.
- l) Develops product infrastructure to provide sustainable service to customers.
- m) Conducts studies to include environmental, social and governance (ESG) factors in credit analysis.
- n) Trainings are provided on sustainability and climate risk.
- o) The Bank conducts energy efficiency studies in all buildings with operational management.
- p) This policy is based on the Environmental Law No. 2872, Turkish Sustainable Reporting Standard, Zero Waste Regulation No. 30829 and national/international standards.
- q) Undertakes to work within the framework of rules of law in which the sector is involved. In this context, Albaraka Türk is a member of International Chamber of Commerce (ICC) Turkey.

## 2.2.Duties and Responsibilities

- a) Albaraka Türk's sustainability practices are managed by the Corporate Governance and Sustainability Committee. The coordination of the sustainability efforts within the executive bodies is ensured by the Investor Relations and Sustainability Department.
- b) Climate risks and opportunities are monitored by the Risk Management Department, audited by the Internal Audit Department and Internal Control Department and reported to the Audit Committee.
- c) The Sustainability Management System is structured with processes and job descriptions and is subject to periodic audits the results of which are presented to senior management.
- d) Sustainability action plans are monitored under documents that include Albaraka Türk's business program and strategic plans.

## 2.3.Audit

The audit of compliance with the provisions of the Environmental Policy is carried out within the scope of internal audit. The Corporate Governance and Sustainability Committee determines the

principles regarding the implementation of action plans for the elimination of the findings determined as a result of these audits. Coordination, monitoring and taking relevant actions on climate risks and opportunities are carried out by the Risk Management Department and the Risk Committee.

#### **2.4. Review**

This policy is evaluated in terms of compliance with current conditions due to organizational changes, business conditions, legal and technical regulations etc., reviewed once a year and updated as necessary. In case of any change in legislation or practice, the necessary revisions are reflected in the policy.

Authorization of making amendments on this policy is possessed by Corporate Governance and Sustainability Committee. Yet, the Board of Directors is authorized to annul this policy completely and/or to issue a new policy, which shall abrogate this policy hereby. Corporate Governance and Sustainability Committee informs the Board of Directors on the amendments made on the policy. This policy published on the Bank's website.

#### **2.5. Enforcement**

This Policy shall enter into force on the day of it is approved by the Board of Directors. Changes and updates to be made in the future depending on the conditions of the day in the policy shall also come into force with the approval of the Board of Directors.