

Türkiye Green Finance Project
Environmental and Social Policy

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1. OBJECT AND SCOPE

Türkiye Green Finance Project Venture Capital Investment Fund (“TGF”) is established as a venture capital investment fund, focusing on emission reduction and inclusive transformation under the Türkiye Green Finance Project, which was financed through the funds obtained from International Bank of Reconstruction and Development (“World Bank”) by Industrial Development Bank of Türkiye (“TSKB”) under the repayment guarantee of Republic of Türkiye Ministry of Treasury and Finance (“Ministry”).

Türkiye Green Finance Project Environmental and Social Policy (“Policy”) aims to set forth the environmental and social principles to be considered by Maxis Private Equity Portfolio Management A.Ş. (“Maxis”) concerning its funding activities for TGF.

2. PRINCIPLES AND PRACTICES

1. Maxis ensures that TGF’s funding activities are carried out in accordance with the environmental and social (“E&S”) laws and standards in force in Türkiye and the World Bank’s Environmental and Social Framework (“ESF”) including World Bank Environmental and Social Standards (“ESSs”).
2. Maxis manages TGF aiming to support (i) firms’ decarbonization and investments in green technologies, (ii) development of the Private Equity (“PE”) industry through a demonstration green fund, (iii) financial sector diversification and development of firms’ access to diversified sources of long-term finance, (iv) lowering high corporate leverage, and (v) accelerate financing for the green transition and enhanced climate action.
3. Maxis ensures that TGF’s funding activities are carried out in accordance with TGF objectives regarding green transition and women-led gender finance including green/greening and women inclusive firms.
4. Maxis manages TGF’s E&S responsibilities via the management tools and instruments prepared under the Environmental and Social Management System (“ESMS”). This Policy including TGF Exclusion List, ESMS Manual and Stakeholder Engagement Plan (“SEP”) are prepared as part of the ESMS. This Policy’s implementation measures are given in detail in the ESMS Manual.
5. Maxis appoints and maintains for the TGF a qualified ESMS officer with primary responsibility for developing and supporting ESMS implementation and ensures sufficient resources are made available for the effective implementation of the ESMS, and to assure that the TGF and its investments comply with the TGF E&S requirements.
6. Maxis ensures that TGF’s investment process takes a responsible approach to investing and recognizes the potential E&S impact of businesses on the environment, workers, communities,

and society, as well as the potential impact of climate change on the businesses in which TGF invests.

7. Maxis incorporates E&S issues into TGF's investment analysis and decision-making processes during pre-investment and investment phases.
8. Maxis does not make any TGF investments covered by the TGF Exclusion List provided in Appendix A.
9. Maxis conducts pre-investment E&S risk assessment including preliminary E&S screening and E&S Due Diligence to identify the E&S risks and impacts of its investments and develop an Environmental and Social Action Plan ("ESAP") for each investee firm, detailing the mitigation and performance improvement measures (if any) necessary to address identified risks in accordance with the TGF E&S requirements.
10. Maxis requires each of the TGF's investee firms to comply with TGF E&S Policy establishing an ESMS system and comply with addressed ESAP items and only finance investment activities for the TGF that Maxis reasonably determines will comply with the E&S Policy within a reasonable period of time.
11. Maxis incorporates TGF's investee firms E&S requirements such as compliance with TGF E&S Policy, establishment of ESMS and ESAP action items into the legally binding Shareholders Agreement and Share Purchase Agreement.
12. Maxis is responsible for Post-Investment E&S Management where TGF's investee firms are regularly monitored by Maxis to check the compliance of investee company's E&S performance with TGF E&S requirements including delivery of ESAP items.
13. Maxis supervises TGF investees on the best practices regarding environmental and social matters such as E&S risk assessment, labor and working conditions, resource efficiency, pollution prevention, community & occupational health and safety, biodiversity conservation, cultural heritage and stakeholder engagement.
14. Maxis evaluates the E&S performance of the TGF and the investee firms on a regular basis and reports describing in reasonable detail: (i) implementation and operation of the ESMS; and (ii) the environmental and social performance of the Investee Firms to TSKB and World Bank bi-annually.
15. Maxis maintains effective communication by taking into account the opinions, grievances, concerns, needs, demands and expectations of its stakeholders on environmental and social issues related to TGF.
16. Maxis takes part of TGF's stakeholder engagement activities given in the SEP document and maintains inclusive Grievance Redress Mechanisms in place to receive complaints from internal and external stakeholders of the Fund via website, the Fund specific e-mail or phone call.

17. Maxis makes the best effort to increase capacity of Maxis TGF staff about E&S matters including E&S risk management, gender equality and more depending on the complexity and size of the TGF investment activities.

3. ROLES AND RESPONSIBILITIES

Maxis is responsible for implementing, administering and supervising the ESMS. ESMS officer develops the E&S Policy and ESMS Manual and manages the activities in pre-investment E&S risk assessment and post-investment E&S management and presents E&S due diligences summary and the outcome E&S information at the related committees (i.e recommendation, investment, monitoring and more) via attendance to committees and/or reporting to Maxis, TSKB and WB Teams.

4. SUPERVISION/ AUDIT

This Policy is prepared by ESMS Officer, reviewed by Maxis Senior Management and approved by Maxis Board of Directors for TGF investments only. Compliance with the provisions of this policy is audited within the context of Maxis internal audit and by TSKB and the WB in the with the agreed terms and conditions.

5. REVISION AND EFFECTIVENESS

This policy is reviewed annually by reviewed by Maxis Senior Management in accordance with TGF E&S requirements and changing conditions (i.e legislative, operational etc.) if any. Required revisions and amendments are edited by ESMS Officer and go into effect with approval of Maxis Board of Directors, TSKB and World Bank.

Appendix A: TGF Exclusion List

The TGF shall not fund the following investments or activities:

- (a) Investments and activities inconsistent with the Bank's ESSs and/or the requirements set forth in the ESCP;
- (b) Investment and activities that are classified as high risk, in respect to potential environmental and social impacts, in accordance with the provisions of the Fund Operations Manual;
- (c) Any of the activities listed, or activities that produce and/or use materials listed, in the World Bank/International Finance Corporation Exclusion List, including said activities listed below, and such other activities and/or materials listed in the Fund Operations Manual and which are classified and referred to as part of the negative list in said manual, which shall include:

- I. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora;
- II. Production or trade in weapons and munitions;
- III. Production or trade in alcoholic beverages (excluding beer and wine);
- IV. Production or trade in tobacco;
- V. Gambling, casinos and equivalent enterprises;
- VI. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded;
- VII. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent; and
- VIII. Drift net fishing in the marine environment using nets in excess of 2.5 km in length.

(d) Investments and activities: (i) that involve large-scale physical and economic displacement as described in Land Acquisition, Restrictions on Land Use, or Involuntary Resettlement (as defined under ESS 5); (ii) that adversely impact sensitive habitats and species as described in Biodiversity Conservation and Sustainable Management of Living Natural Resources (as defined under ESS 6); (iii) that adversely impact Cultural Heritage (as defined under ESS 8); or (iv) that involve child or forced labor;

(e) Investments and activities related to, or used for, or are intended to be used for, defense, judiciary, law enforcement, security, correctional facilities, and specifically police, prison, and military facilities, including dormitories used by the personnel providing these functions, and other related areas as may be included in the Fund Operations Manual;

(f) Investments and activities involving the potential use of, or discharge into, waterways defined and applicable under World Bank Operational Policy (OP) 7.50 (including feasibility, detailed design and engineering studies of such investments) and

(g) Investments and activities that involve the construction of a new dam or a dam under construction.