Climate Transition Progress Report 2026



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1. Introduction

Achieving long-term climate change mitigation goals through concrete and measurable steps has become a fundamental requirement for the transition to a low-carbon economy.

In this context, it is extremely important that not only commitments to emissions reduction be made, but also roadmaps to be followed to achieve these objectives be defined, implementation processes be shared transparently, and progress made be evaluated regularly.

As İşbank, we published our Climate Transition Plan in May 2025—a comprehensive framework encompassing our long-term climate strategy, sectoral decarbonization targets, and the transformation roadmaps along with sector specific action sets to achieve these goals. In doing so, we became the first bank in Türkiye to announce a Climate Transition Plan that covers the full set of carbon-intensive sectors.

Within the scope of our Climate Transition Plan, we have set out our 2030 emission reduction targets aligned with science-based scenarios for eight carbon-intensive sectors in our loan portfolio. By adopting an approach that considers international methodologies alongside the sector-specific dynamics of Türkiye, we aim to support the transition of the real sector to a low-carbon economy and develop our financing activities in accordance with our long-term climate goals.

Through our Climate Transition Plan Progress Report, we provide an overview of the progress made towards our targets, our sectoral emissions performance, and our assessment of the transition process. While providing a transparent and comparable overview of our current status against our targets, we also outline the measures undertaken to implement our climate strategy and our priorities for the period ahead.

We provided our comprehensive strategic roadmap in our 2025 Climate Transition Plan.

2. Strategy

As İşbank, we consider the transition to a low-carbon economy not merely an environmental responsibility, but a strategic transformation priority that supports the long-term resilience and sustainable growth of the Turkish economy.

In this context, we are committed to supporting our clients throughout their transition journeys, developing financing solutions aligned with the decarbonization needs of various sectors, and progressively aligning our loan portfolio with our long-term climate objectives.

We consider sustainability a core component of our corporate strategy and take a holistic approach to managing climate-related risks, leveraging the opportunities arising from the transition to a low-carbon economy, and supporting the transformation of the real economy.

Recognizing the financial sector's influence on economic transformation through capital allocation, we seek to create value on a broader scale through our financing activities, extending our climate strategy beyond reducing the Bank's direct environmental impact.

In this context, we continue to develop our decarbonization approach, first adopted in 2022 with reference to the objectives of the Paris Agreement Targets for 2050 and global net-zero scenarios, taking into account Türkiye's national climate targets, energy policies, and sectoral transition priorities. Our strategy is built on three key pillars: reducing our operational emissions, decarbonizing our loan portfolio, and supporting our clients' transition to low-carbon business models through sustainable finance products and services.

Recognizing that a significant proportion of the banking sector's impact on climate change stems from its financing activities, we position the decarbonization of our loan portfolio as one of the key priorities of our climate strategy.

Accordingly, we conduct our work on measuring financed emissions, identifying emissions-intensive sectors, and developing sector-specific decarbonization pathways in line with internationally recognized methodologies and science-based scenarios.

Through our Climate Transition Plan, published in May 2025, we publicly disclosed our 2030 emissions reduction targets covering eight carbon-intensive sectors—power generation, cement, iron and steel, aluminum, real estate, road freight transport, oil and gas, and agriculture—along with the sectoral transition levers designed to support the achievement of these targets.

In developing our sectoral approach, we have assessed international decarbonization scenarios in alignment with Türkiye's economic structure, sector-specific production dynamics, technological transition opportunities, and regulatory framework. This enables us to adopt a measurable and actionable portfolio transition approach that aligns global climate objectives with local conditions.

Our analysis of the sectoral distribution of financed emissions plays a key role in identifying the priority areas of our climate transition strategy. In this context, eight carbon-intensive sectors covered by our Climate Transition Plan account for approximately 82% of our total financed emissions. Based on the emissions profile of our portfolio, we establish emissions reduction targets for the sectors prioritized under our climate transition strategy and identify the transition levers that will support their achievement. Accordingly, we aim to support the transition to a low-carbon economy by aligning our sectoral decarbonization roadmaps with our financing activities.

Our Financing Approach to Supporting the Transition of the Real Economy

One of the key priorities of our climate transition strategy is to facilitate our clients' access to the financing they need to transition to a low-carbon economy and to support their transition-related investments.

2. Strategy

Decarbonizing Our Loan Portfolio: Scope 3 Emissions (Category 15)

The decarbonization of carbon-intensive sectors requires investments across various areas, including improving energy and resource efficiency, scaling up low-emission production technologies, and transforming existing business models. In this context, we focus on developing our sustainable finance products and services in line with the sector-specific needs of our customers and supporting their transition processes as a long-term business partner.

In addition to financing green investments, we consider financing solutions that support the transition of existing economic activities towards lower-carbon models to be a key component of our strategy. Through our sustainable finance activities, we aim to contribute to strengthening the real sector's capacity for transformation. We complement our efforts to decarbonize our loan portfolio with operational transformation initiatives aimed at reducing the Bank's direct environmental impacts.

Decarbonizing Our Operations: Scope 1 and 2 Emissions

In line with our target of achieving carbon neutrality for our Scope 1 and Scope 2 emissions by 2026, we focus on improving energy efficiency, expanding the use of renewable energy, and reducing the environmental impacts of our operational processes. Meeting all our energy consumption needs from renewable sources in 2024 represents a significant milestone in these efforts.

Furthermore, through the ISO 14001 Environmental Management System, which we have implemented since 2018, we continue our efforts to systematically manage and continuously improve our environmental performance.

Measuring Progress and Advancing the Strategy

We view climate transition not as a process completed once targets have been set, but as a long-term transformation that requires regular measurement, assessment, and updates when necessary.

In line with this approach, we continue to improve the data and methodologies used to calculate our financed emissions, monitor our sectoral emissions performance against our interim targets, and assess developments affecting the decarbonization of our portfolio.

We recognize that progress towards our climate targets is shaped by various factors, including technological advancements, sectoral transition capacity, our customers' investment decisions, access to finance, developments in national climate policies, and conjunctural conditions in the Turkish and world economies. Accordingly, we manage the implementation of our strategy as a dynamic process and place importance on refining our approach in response to changing conditions.

Through our Climate Transition Plan Progress Report, we aim to strengthen our accountability for the implementation of our long-term decarbonization strategy by transparently sharing the progress achieved towards our sectoral targets.

You can find more information about our Sustainability Strategy and Governance here.



2.1 Sustainability Milestones

2012

WE SUPPORT

First Sustainability Report

E&S risk management in credit processes

2014 – 2017

Sustainability Policies

Sustainability Management System

BIST SUSTAINABILITY INDEX

BREEAM®

Head Office

Global Compact Network Turkey

Declaration on Sustainable Finance

LEED Gold
Tuzla Technology and Operation Center

FTSE4Good

First Green Bond (First 100% Green Eurobond in Türkiye)

First Integrated Report

CDP Climate Change Reporting

Environmental Management System (ISO 14001)

2018 – 2021

UN environment programme | finance initiative
Principles for Responsible Banking

In support of
WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

Emission Reduction Targets for Scope 1&2
2025: 38% · 2030: 65%
2035: Carbon-Neutral

Climate Change CDP Leadership «A-»

First Sustainability-Linked Syndicated Loan

Climate Change Risk Policy

CDP Water Security Reporting

Gender Equality Policy

2022 – 2024

net-zero banking alliance

Net-Zero Banking Alliance commitment

Bloomberg Gender-Equality Index 2022

Board Diversity Policy

30%+ Club PATH TO PARITY

First Integrated Annual Report

Electricity consumption from renewable sources: 100%

Net-Zero 2030 Emission Target

Power Generation	61%
Cement	21%
Iron & Steel	10%
Aluminum	7%
Real estate	36%
Oil and gas	15%
Road freight transport	20%
Agri.: Wheat	14%
Maize	15%
Rice	16%

Emission Reduction Targets Enhancement for Scope 1&2
2026: Carbon-Neutral

First Sustainable Bond

First domestic TL green bond

CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE

2025+

First Blue Bond Issuance



First ISSB Standards Compliant Report



Climate Transition Plan

Sustainable Finance Pledge

TL 650 bn sustainable finance until 2028

TL 250 bn for women entrepreneurs until 2028

3. Sectoral View

Financed Emissions

9.49

million tons CO_2e

Scope 3 Category 15 Emissions
(Commercial loan portfolio financed emissions)

The share of Emission Intensive Sectors in the Loan Portfolio

82%

Share in total financed emissions

Emission-intensive sectors (Scope 1 + 2)

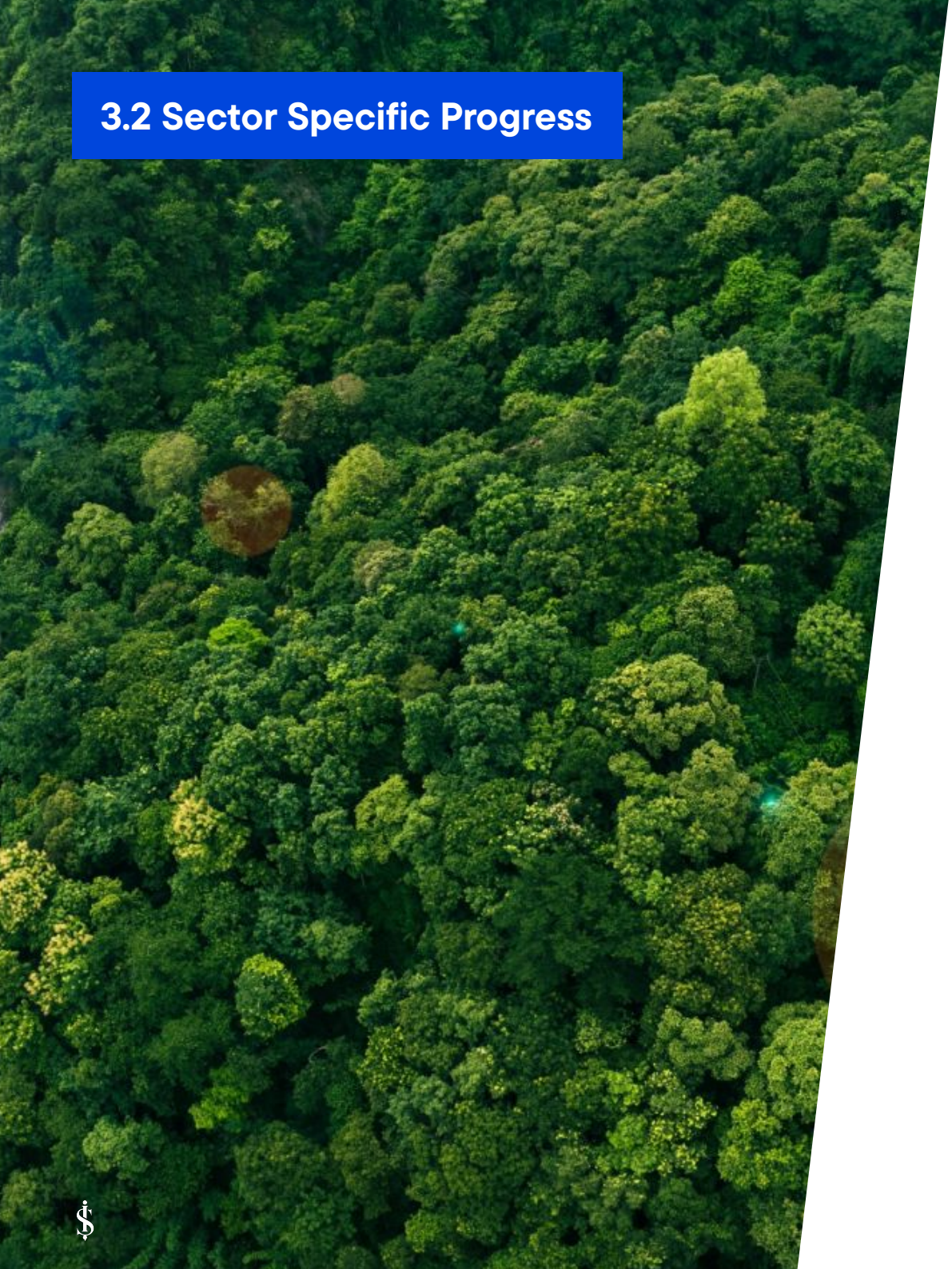
22%

Share of Emission-Intensive Sectors in Total Commercial Loan Portfolio

3.1 Our Sector Summary Table

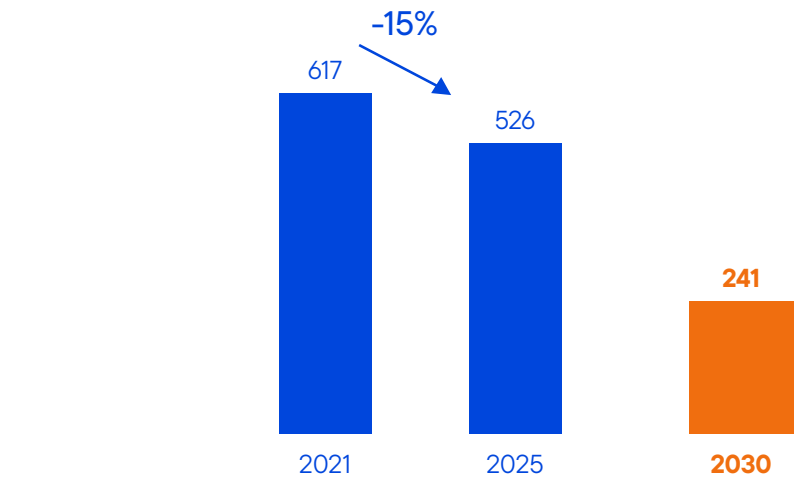
Sector	Unit	Reference Pathway	Base Year Emission Intensity	Emission Intensity 2025	Change in Emission Intensity Base Year – 2025	2030 Emission Intensity Reduction Target
Power Generation	$kgCO_2e/MWh$	IEA	2021: 617	526	- 15%	- 61%
Cement	$kgCO_2e/ton$	SBTi	2021: 1.175	791	- 33%	- 21%
Iron & Steel	$kgCO_2e/ton$	SBTi	2021: 801	519	- 35%	- 10%
Oil & Gas	$kgCO_2e/MJ$	TPI	2023: 58	72	24%	- 15%
Real Estate	$kgCO_2e/m^2$	IEA	2023: 49	37	- 22%	- 36%
Aluminum	$kgCO_2e/ton$	TPI	2023: 740	673	- 9%	- 7%
Road – freight Transport	$gCO_2e/ton\text{-}km$	NGFS	2023: 159	141	- 11%	- 20%
Agriculture: Wheat	$kgCO_2e/ton$	SBTi	2023: 607	593	- 2%	- 14%
Agriculture: Maize	$kgCO_2e/ton$	SBTi	2023: 580	526	- 9%	- 15%
Agriculture: Rice	$kgCO_2e/ton$	SBTi	2023: 976	984	1%	- 16%

IEA: International Energy Agency SBTi: Science Based Targets Initiative NGFS: Network for Greening the Financial System TPI: Transition Pathway Initiative



3.2 Sector Specific Progress

3.2.1 Power Generation

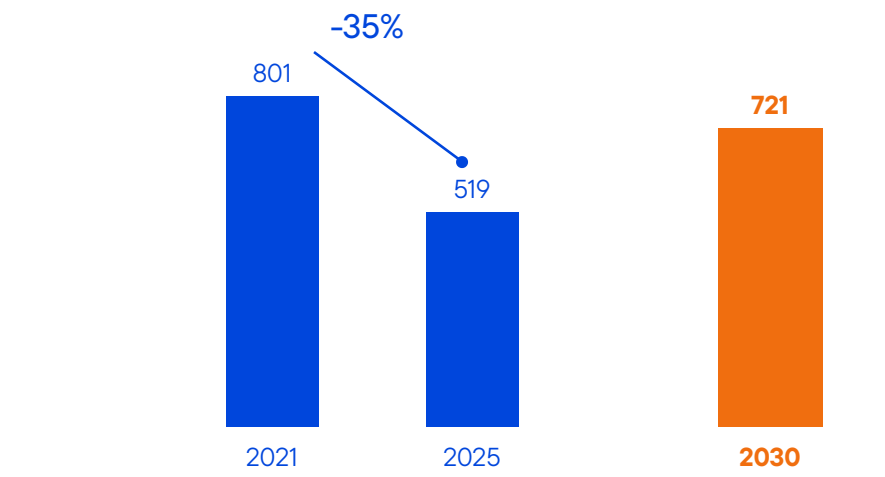


	2021	2025	2030
PCAF Score	2.71	2.96	Reduction Target **-61%**
Loan Balance	TL 55.3 bn	TL 86.55 bn	

Emission intensity in the Electricity Generation sector has decreased by 15% compared to the 2021 base year.

In addition to changes in the portfolio structure, the main focus in Power Generation is increasing the share of renewable energy sources. This is the key action in transforming the Bank's portfolio in the sector.

3.2.2 Iron-Steel

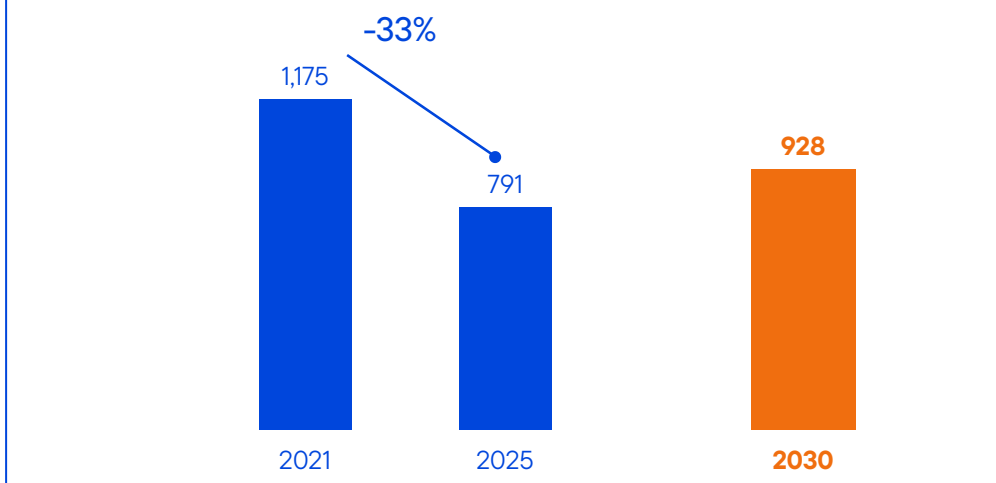


	2021	2025	2030
PCAF Score	2.61	3.00	Reduction Target **<-10%**
Loan Balance	TL 11.3 bn	TL 62.44 bn	

Emission intensity in the Iron and Steel sector has decreased by 35% compared to the 2021 base year, exceeding the 2030 emissions reduction target.

The transformation of the Iron and Steel sector will focus on prioritizing technological upgrades that enable the transition to more energy-efficient, low-carbon green technologies.

3.2.3 Cement

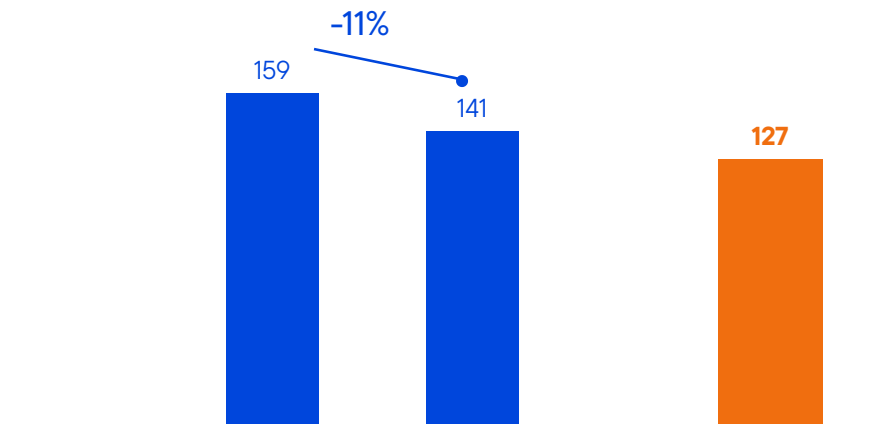


	2021	2025	2030
PCAF Score	1.58	3.31	Reduction Target **-21%**
Loan Balance	TL 5.2 bn	TL 5 bn	

Emission intensity in the Cement sector has decreased by 33% compared to the 2021 base year.

The transformation of the Cement sector will focus on prioritizing investments in waste heat recovery systems, reducing the clinker ratio through clinker substitution, and carbon capture and storage (CCS) technologies.

3.2.4 Road Transport

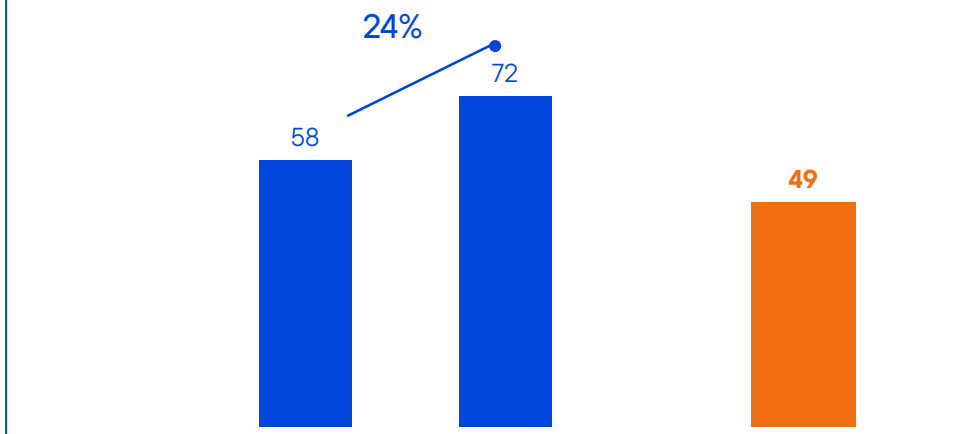


	2023	2025	2030
PCAF Score	3.81	4.10	Reduction Target **-20%**
Loan Balance	TL 20.7 bn	TL 44.51 bn	

Emission intensity in the Road Transportation (freight) sector has decreased by 11% compared to the 2023 base year.

The modernization of vehicle fleets and the integration of technological advancements in the Road Transportation sector contribute to a natural reduction in emission intensity. To support this transformation, the main focus is continuing to promote the adoption of more efficient engines, sustainable fuels, and electric vehicles, while shifting the portfolio towards vehicles with lower emission intensity and customers engaged in long-haul transportation.

3.2.5 Oil and Gas

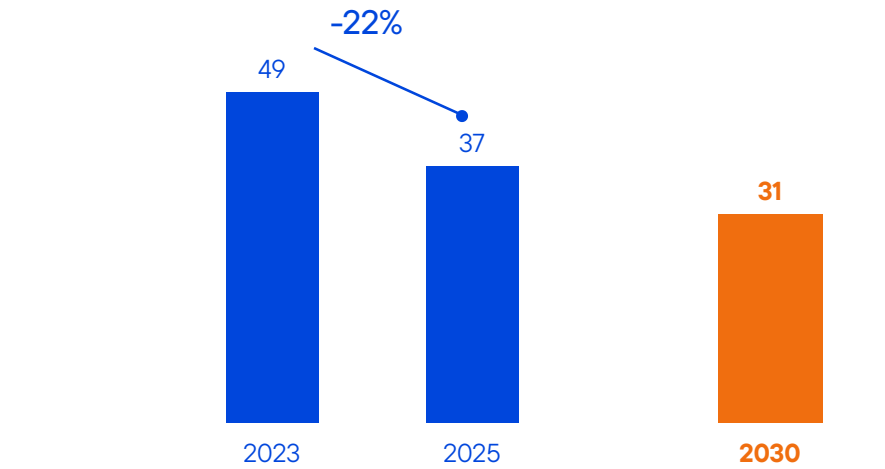


	2023	2025	2030
PCAF Score	2.52	2.56	Reduction Target **-15%**
Loan Balance	TL 22 bn	TL 48.28 bn	

Emission intensity in the Oil and Gas sector has increased by 24% compared to the 2023 base year. The customer distribution has shifted as a result of loan closures among relatively low-emission customers that account for a significant share of the portfolio.

The main focus in Oil and Gas Sector is continuing investments in electric-based mobility, the transition of refineries to sustainable fuels, carbon capture and storage technologies, and internal combustion engine efficiency.

3.2.6 Real Estate

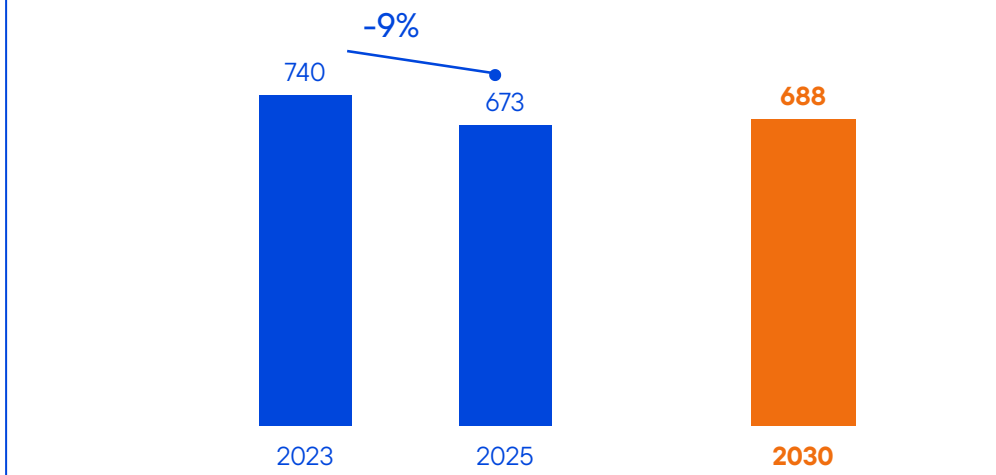


	2023	2025	2030
PCAF Score	3.41	3.97	Reduction Target **-36%**
Loan Balance	TL 43.3 bn	TL 87.4 bn	

Emission intensity in the Real Estate sector has decreased by 22% compared to the 2023 base year.

Supporting energy-efficient technologies, renewable energy, and low-carbon design practices in office, warehouse, and residential projects is critical to achieving İşbank's climate transition targets. In this context, the main focus is to continue to improve the energy performance of existing buildings, promote green building certification, and support transition investments through financial and technical incentives. The adoption of district heating systems, heat pumps, and rooftop solar photovoltaic (PV) installations is also being further promoted.

3.2.7 Aluminum

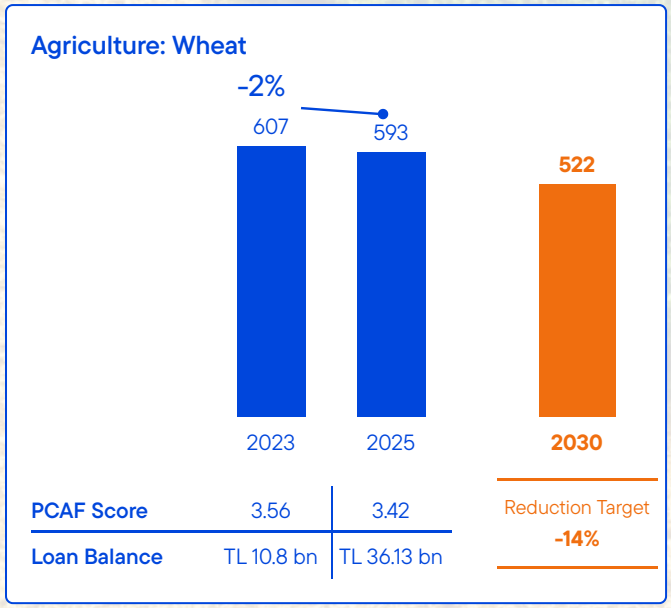


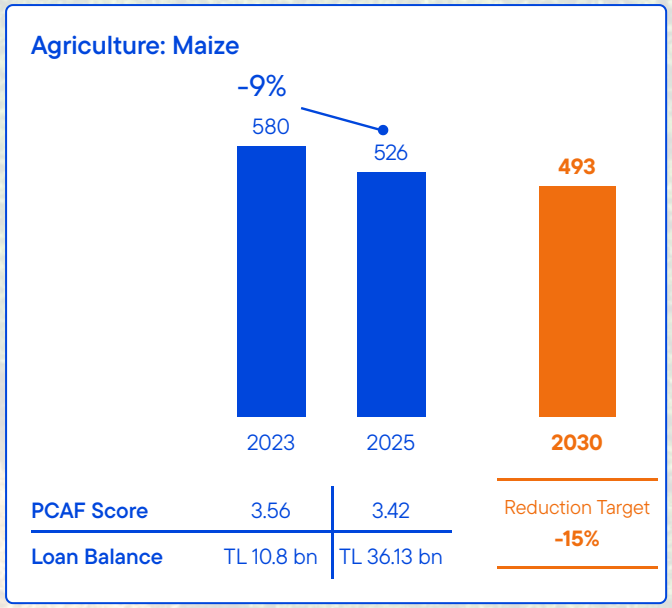
	2023	2025	2030
PCAF Score	2.45	3.91	Reduction Target **-7%**
Loan Balance	TL 2.2 bn	TL 5 bn	

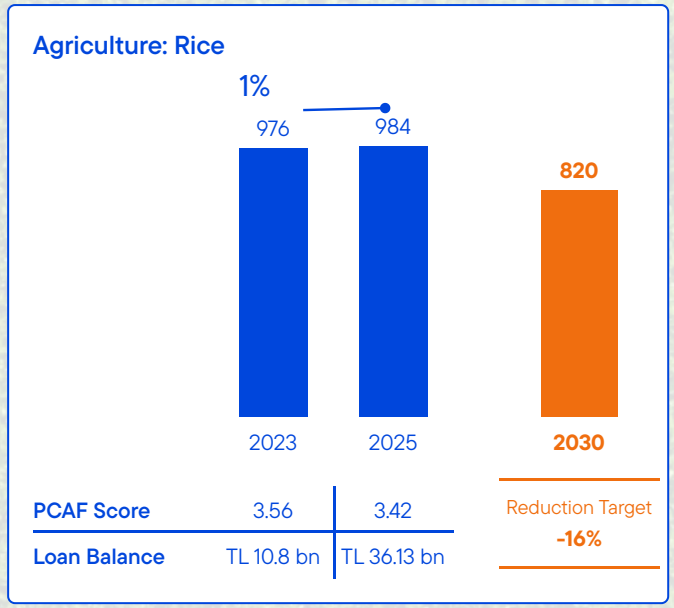
Emission intensity in the Aluminum sector has decreased by 9% compared to the 2023 base year.

As part of our plan for transforming the Aluminum sector, the aim is to continue the efforts to transition to energy-efficient aluminum processing furnaces and deploy carbon capture technologies in the medium term.

3.2.8 Agriculture







In the Agriculture sector, compared to the 2023 base year, emission intensity decreased by 2% for wheat and by 9% for maize, while it increased by 1% for rice.

The steps to be taken as part of the plan we have developed for the transformation of the agricultural sector include transitioning to high-tech tractors, adopting regenerative agricultural practices, and utilizing biochar on farmland. In this context, the aim is to continue providing green financing opportunities to support farmers throughout their transformation processes.

Disclaimer

The information in this report is based on current data, assumptions, and methodologies, which may change over time. While reasonable efforts have been made to provide the accuracy of the calculations and projections, these are subject to limitations, including potential data gaps, evolving methodologies, and external factors. Therefore, as new data becomes available or conditions change, the content of the report may not remain up to date. In such cases, İşbank undertakes no obligation to update, recalculate, or provide any notification of changes to the data used in the report.

This report includes forward-looking statements that reflect our expectations and goals related to the climate transition. These projections, including targets and commitments, involve uncertainties and risks, and actual outcomes may differ materially from those outlined. We do not guarantee that our transition plans, estimates, or targets will be achieved as expected.

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