T. İŞ BANKASI A.Ş.

2025 CDP Report

C1. Introduction

(1.1) In which language are you submitting your response?

☑ English

(1.2) Select the currency used for all financial information disclosed throughout your response.

☑ TRY

(1.3) Provide an overview and introduction to your organization.

(1.3.1) Type of financial institution

☑ Bank

(1.3.2) Organization type

☑ Publicly traded organization

(1.3.3) Description of organization

Established as the 1st national bank of the Turkish Republic, İşbank has been one of the prominent economic actors in the country with its support for economic development. İşbank leads the banking sector in Turkiye with its products and services offered in the corporate, commercial, retail and private banking segments. With its wide shareholder base, the number of İşbank shareholders is nearly 587 thousand. İşbank Member's Supplementary Pension Fund, an institution that has the membership of nearly 51 thousand employees and retirees, holds 38.6% of the Bank's capital. Representing trust and prestige in the eyes of society, İşbank's 20,560 employees serve approximately 25 million customers as of 2024 year-end. With its total asset size of TRY 3,323.8 billion along with 1,012 domestic branches & 6,496 ATMs in total, İşbank is the largest privately owned bank in Turkiye. Alongside its widespread branch network, İşbank expands its digital service channels day to day. Global trends, social risks from population growth and inequality, climate change, and rising transparency expectations are reshaping business practices in the banking sector and beyond. This transformation presents both opportunities and threats, compelling banks, as key players in sustainable development, to adopt new business models. İşbank fulfills the commitments of the Principles of the UNGC and thus contribute to the SDGs with a responsible financing approach, which handles economic, social & environmental effects as a whole. İşbank has defined its emission reduction targets in terms of environmental impacts arising directly from operations in 2020 to become a carbon-neutral bank. The Bank has further strengthened its commitment by joining the industry-led, UN-convened Net-Zero Banking Alliance (NZBA), committing to align its portfolio with net-zero emissions by 2050, in line with the Paris Climate Agreement in 2022. İşbank announced its 2030 targets for emission reduction in the power generation, cement and iron and steel sectors, which are among the carbon-intensive sectors in 2023. Accordingly, by

2030, the target is to reduce the emission intensity by 61% in the power generation sector, 21% in cement and 10% in iron and steel compared to the 2021 base year. In parallel with these decarbonization efforts, İşbank also announced that it will gradually phase out coal financing by 2040. In 2024, the Bank finalized its target-setting efforts for the remaining five carbon-intensive sectors identified by the NZBA. Compared to the 2023 base year, İşbank aims to reduce the emission intensity of its financed portfolio by 7% in aluminum, 36% in real estate, 20% in road freight transport, and 15% in oil and gas by 2030. Recognizing the critical role of agriculture in food security and sustainable development, İşbank also became the first Turkish bank to define emission reduction targets specifically for its agriculture portfolio. These targets were developed by disaggregating the Bank's agricultural exposure based on crop types and regional cultivation patterns in Türkiye. Accordingly, the Bank aims to reduce emission intensity by 14% for wheat production, 15% for maize production, and 16% for rice production by 2030. Three distinct decarbonization roadmaps were developed in parallel with these targets, reflecting İşbank's long-standing agricultural banking expertise and tailored to farmers' specific needs. In calculating the financed emissions and intensity baselines for all carbon-intensive sectors, the Bank continued to apply the Partnership for Carbon Accounting Financials (PCAF) methodology. For each sector, science-based decarbonization pathways aligned with local and international standards were established, and action plans were defined to guide clients in their low-carbon transition journey.

(1.4) State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

(1.4.1) End date of reporting year

12/30/2024

(1.4.2) Alignment of this reporting period with your financial reporting period

☑ Yes

(1.4.3) Indicate if you are providing emissions data for past reporting years

☑ Yes

(1.4.4) Number of past reporting years you will be providing Scope 1 emissions data for

☑ 3 years

(1.4.5) Number of past reporting years you will be providing Scope 2 emissions data for

☑ 3 years

(1.4.6) Number of past reporting years you will be providing Scope 3 emissions data for

☑ 3 years

(1.4.1) What is your organization's annual revenue for the reporting period?

178951509000

(1.5) Provide details on your reporting boundary.

	Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?
	☑ Yes

(1.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

ISIN code - bond

(1.6.1) Does your organization use this unique identifier?

☑ Yes

(1.6.2) Provide your unique identifier

TRAISC TR91N2 (for Group C shares)

ISIN code - equity

(1.6.1) Does your organization use this unique identifier?

☑ Yes

(1.6.2) Provide your unique identifier

TRAISC TR91N2 (for Group C shares)

D-U-N-S number

(1.6.1) Does your organization use this unique identifier?

☑ Yes

(1.6.2) Provide your unique identifier

628123515

(1.7) Select the countries/areas in which you operate.

☑ Turkey

(1.9) What was the size of your organization based on total assets value at the end of the reporting period?

3323776000000

(1.10) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

Banking (Bank)

(1.10.1) Activity undertaken

☑ Yes

(1.10.3) Reporting the portfolio value and % of revenue associated with the portfolio

☑ Yes, both the portfolio value and the % of revenue associated with it

(1.10.4) Portfolio value based on total assets

3323776000000

(1.10.5) % of revenue

100

(1.10.6) Type of clients

☑ Retail clients
☑ Corporate and institutional clients (companies)
☑ Business and private clients (banking)

(1.10.7) Industry sectors your organization lends to, invests in, and/or insures

☑ Retail
☑ Apparel
☑ Services
☑ Materials
☑ Hospitality
☑ Biotech, health care & pharma
☑ Manufacturing
☑ Infrastructure
☑ Power generation
☑ Transportation services
☑ Food, beverage & agriculture

Investing (Asset manager)

(1.10.1) Activity undertaken

☑ No

Investing (Asset owner)

(1.10.1) Activity undertaken

☑ No

Insurance underwriting (Insurance company)

(1.10.1) Activity undertaken

☑ No

(1.24) Has your organization mapped its value chain?

(1.24.1) Value chain mapped

☑ Yes, we have mapped or are currently in the process of mapping our value chain

(1.24.2) Value chain stages covered in mapping

☑ Upstream value chain
☑ Portfolio

(1.24.3) Highest supplier tier mapped

☑ Tier 1 suppliers

(1.24.4) Highest supplier tier known but not mapped

☑ Tier 2 suppliers

(1.24.5) Portfolios covered in mapping

☑ Banking (Bank)

(1.24.7) Description of mapping process and coverage

The Bank maps its Tier 1 suppliers and financed portfolio to identify climate- and nature-related risks and opportunities. This process combines supplier surveys, transaction-level environmental and social risk reviews, and portfolio analysis based on recognized standards such as PCAF and IFRS S2. Results are integrated into risk management and reporting cycles, ensuring systematic and transparent value chain mapping.

(1.24.1) Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

(1.24.1.1) Plastics mapping

☑ No, but we plan to within the next two years

(1.24.1.5) Primary reason for not mapping plastics in your value chain

☑ No standardized procedure

(1.24.1.6) Explain why your organization has not mapped plastics in your value chain

Currently, the bank is developing a comprehensive mapping strategy for its portfolio. This initiative is expected to be completed within the next two years. The mapping process requires detailed analysis and data collection, which are resource-intensive and time-consuming. After completing this process, the bank will prioritize the life cycle of plastics and commence related mapping activities. Moreover, the lack of a standardized, generally accepted and financial sector-specific framework and tool for plastic mapping process is one of the reasons why it is not a priority focus.

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

(2.1) How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Short-term

(2.1.1) From (years)

0

(2.1.3) To (years)

1

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Short term is defined as 0–1 year. The short-term period covers the monitoring of environmental targets and the planning of immediate actions in line with the Bank's current strategic priorities. In this timeframe, the Bank prioritizes the implementation of sustainability projects that deliver rapid returns, such as energy efficiency and waste management. These actions aim to reduce operational costs while improving environmental performance.

Medium-term

(2.1.1) From (years)

1

(2.1.3) To (years)

5

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Medium term is defined as 1–5 years. In this period, the Bank focuses on strengthening institutional resilience against climate-related risks and gradually integrating sustainability principles into its business model. Key priorities include the development of environmentally friendly products, renewable energy investments, projects that mitigate climate risks, and R&D activities. These actions represent more comprehensive transformation steps with longer return periods.

Long-term

(2.1.1) From (years)

5

(2.1.2) Is your long-term time horizon open ended?

☑ Yes

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Long term is defined as 5 years and beyond. This period represents the implementation of the Bank's climate strategy shaped by its net-zero targets. It includes preparing for systemic transformations such as climate change and regulatory developments, decarbonizing the credit portfolio, and setting strategic transformation goals to achieve net-zero commitments. The Bank's interim targets for 2030, its coal phase-out strategy by 2040, and sectoral emission reduction commitments extending to 2050 are concrete examples of its long-term strategic vision. These targets form the foundation for identifying, assessing, and managing long-term environmental risks and opportunities.

(2.2) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

	Process in place	Dependencies and/or impacts evaluated in this process
	☑ Yes	☑ Both dependencies and impacts

(2.2.1) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

	Process in place	Risks and/or opportunities evaluated in this process	Is this process informed by the dependencies and/or impacts process?
	☑ Yes	☑ Both risks and opportunities	☑ Yes

(2.2.2) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Row 1

(2.2.2.1) Environmental issue

☑ Climate change
☑ Forests
☑ Water
☑ Biodiversity

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

☑ Dependencies
☑ Impacts
☑ Risks
☑ Opportunities

(2.2.2.3) Value chain stages covered

☑ Direct operations
☑ Upstream value chain

(2.2.2.4) Coverage

☑ Partial

(2.2.2.5) Supplier tiers covered

☑ Tier 1 suppliers

(2.2.2.7) Type of assessment

☑ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

☑ Annually

(2.2.2.9) Time horizons covered

☑ Short-term
☑ Medium-term
☑ Long-term

(2.2.2.10) Integration of risk management process

☑ Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

☑ Site-specific
☑ Local
☑ Sub-national
☑ National

(2.2.2.12) Tools and methods used

Commercially/publicly available tools
☑ Encore tool
☑ LEAP (Locate, Evaluate, Assess and Prepare) approach, TNFD
☑ TNFD – Taskforce on Nature-related Financial Disclosures
☑ WRI Aqueduct
☑ WWF Water Risk Filter

Enterprise Risk Management
☑ Enterprise Risk Management
☑ Internal company methods

International methodologies and standards
☑ IPCC Climate Change Projections
☑ ISO 14001 Environmental Management Standard

Databases
☑ Nation-specific databases, tools, or standards

Other
☑ Desk-based research
☑ External consultants
☑ Internal company methods
☑ Materiality assessment
☑ Scenario analysis

(2.2.2.13) Risk types and criteria considered

Acute physical

☑ Cyclones, hurricanes, typhoons

☑ Drought

☑ Flood (coastal, fluvial, pluvial, ground water)

☑ Heat waves

☑ Heavy precipitation (rain, hail, snow/ice)

Chronic physical

☑ Changing precipitation patterns and types (rain, hail, snow/ice)

☑ Changing temperature (air, freshwater, marine water)

☑ Increased severity of extreme weather events

☑ Sea level rise

☑ Water stress

Policy

☑ Carbon pricing mechanisms

☑ Changes to international law and bilateral agreements

☑ Changes to national legislation

☑ Increased pricing of water

Market

☑ Availability and/or increased cost of raw materials

☑ Changing customer behavior

☑ Inadequate access to water, sanitation, and hygiene services (WASH)

☑ Rise in risk-based pricing of insurance policies (beyond demand elasticity)

Reputation

☑ Impact on human health

☑ Increased partner and stakeholder concern and partner and stakeholder negative feedback

☑ Negative press coverage related to support of projects or activities with negative impacts on the environment (e.g. GHG emissions, deforestation & conversion, water stress)

Technology

☑ Dependency on water-intensive energy sources

☑ Transition to lower emissions technology and products

☑ Transition to water efficient and low water intensity technologies and products

☑ Transition to water intensive, low carbon energy sources

☑ Unsuccessful investment in new technologies

Liability

☑ Exposure to litigation

☑ Non-compliance with regulations

☑ Regulation and supervision of environmental risk in the financial sector

(2.2.2.14) Partners and stakeholders considered

☑ NGOs

☑ Employees

☑ Investors

☑ Suppliers

☑ Regulators

☑ Local communities

(2.2.2.15) Has this process changed since the previous reporting year?

☑ Yes

(2.2.2.16) Further details of process

We have integrated the latest version of the ENCORE tool and database, together with TNFD's LEAP approach, into our framework for identifying, assessing, and managing environmental risks and opportunities. Based on ENCORE, we map the dependencies and pressures of sectoral activities along with their materiality levels in our operations, thereby identifying business areas exposed to higher environmental risks and opportunities that need to be prioritized. While the tools and methodologies used for risk identification and assessment may differ depending on the type of risk, İşbank's Enterprise Risk Management (ERM) framework integrates environmental issues into company-wide risk management processes with a holistic approach. Environmental risks arising from upstream and direct operations are considered as part of our operational, reputational, and climate risk taxonomies, and are incorporated into risk assessments at both top-down and

bottom-up levels. Environmental issues arising from upstream activities and direct operations are mainly associated with three major management functions at the Bank: 1) suppliers, 2) office buildings, and 3) other stakeholders. Key suppliers in terms of size and dependency are included in the assessments. Results of the LEAP approach indicate that suppliers operating in the construction, paper, plastics, and transportation sectors exert higher pressures on the environment, whereas overall dependency is higher in the food and construction sectors. In response, various criteria are taken into consideration during supplier evaluations. For instance, whether the legal requirements for the disposal of waste generated from the Bank's activities are met, whether recycled materials are used, and the frequency of environmental emergencies are evaluated. For procurements with high environmental impact, suppliers are expected to submit the required documents. No goods or services are purchased from suppliers who fail to meet expectations. The Bank also has the authority to audit suppliers when deemed necessary. Environmental concerns related to our daily operations are relatively low and mainly associated with our head office buildings, data centers, and branches. Paperless banking activities are carried out, and performance indicators related to waste generation, water and energy consumption, and carbon emissions are monitored at the head office, technology and operations units, data centers, and branches. Considering the geographical distribution of the Bank's assets and operations, vulnerability to water-related risks such as water stress, drought, and flooding is assessed using the WWF Water Risk Filter and WRI Aqueduct tools. External data used in risk assessments are collected from various Turkey-specific official databases. In addition, the Bank conducts an annual "Environmental Risk Assessment" for its direct and supply chain operations, covering issues such as waste management, compliance with regulatory requirements, and employee health and safety. Managing the environmental concerns of various stakeholders (investors, regulators, customers, employees, etc.) is also an important element of the Bank's direct operations. This issue is considered an integral part of reputational risk management. To better manage both the positive and negative effects, the Bank has integrated its ESG performance score (Sustainalytics) into its reputational risk monitoring tool, the "Reputation Risk Index.

(2.2.4) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts related to your portfolio activities?

	Process in place covering this portfolio	Dependencies and/or impacts related to this portfolio evaluated in this process
Banking (Bank)	☑ Yes	☑ Both dependencies and impacts

(2.2.5) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities related to your portfolio activities?

	Process in place covering this portfolio	Risks and/or opportunities related to this portfolio are evaluated in this process	Is this process informed by the dependencies and/or impacts process?
Banking (Bank)	☑ Yes	☑ Both risks and opportunities	☑ Yes

(2.2.6) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities related to your portfolio activities.

Banking (Bank)

(2.2.6.1) Environmental issue

☑ Climate change
☑ Forests
☑ Water
☑ Biodiversity

(2.2.6.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this portfolio

☑ Dependencies
☑ Impacts
☑ Risks
☑ Opportunities

(2.2.6.3) % of portfolio covered by the assessment process in relation to total portfolio value

100

(2.2.6.4) Type of assessment

☑ Qualitative and quantitative

(2.2.6.5) Industry sectors covered by the assessment

☑ Retail
☑ Apparel
☑ Services
☑ Materials
☑ Hospitality
☑ Food, beverage & agriculture
☑ Biotech, health care & pharma
☑ Fossil Fuels
☑ Manufacturing
☑ Infrastructure
☑ Power generation
☑ Transportation services

(2.2.6.6) Frequency of assessment

☑ Annually

(2.2.6.7) Time horizons covered

☑ Short-term
☑ Medium-term
☑ Long-term

(2.2.6.8) Integration of risk management process

☑ Integrated into multi-disciplinary organization-wide risk assessment process

(2.2.6.9) Location-specificity used

☑ Site-specific
☑ Local
☑ Sub-national
☑ National

(2.2.6.10) Tools and methods used

☑ ENCORE
☑ Risk models
☑ Stress tests
☑ WRI Aqueduct
☑ Scenario analysis
☑ WWF Water Risk Filter
☑ Internal tools/methods
☑ CDP Disclosure Framework
☑ UNEP FI Portfolio Impact Analysis Tool for Banks

(2.2.6.11) Risk type and criteria considered

Acute physical

☑ Drought
☑ Tornado
☑ Avalanche
☑ Landslide
☑ Wildfires
☑ Heavy precipitation (rain, hail, snow/ice)
☑ Flood (coastal, fluvial, pluvial, ground water)
☑ Storm (including blizzards, dust, and sandstorms)
☑ Heat waves
☑ Subsidence
☑ Cold wave/frost
☑ Glacial lake outburst
☑ Cyclones, hurricanes, typhoons

Chronic physical

☑ Heat stress
☑ Soil erosion
☑ Solifluction
☑ Water stress
☑ Coastal erosion
☑ Saline intrusion
☑ Soil degradation
☑ Groundwater depletion

☑ Sea level rise
☑ Temperature variability
☑ Precipitation or hydrological variability
☑ Increased severity of extreme weather events
☑ Water availability at a basin/catchment level
☑ Changing temperature (air, freshwater, marine water)
☑ Changing wind patterns
☑ Changing precipitation patterns and types (rain, hail, snow/ice)

Policy

☑ Carbon pricing mechanisms
☑ Increased pricing of water
☑ Changes to national legislation
☑ Limited or lack of river basin management
☑ Uncertainty and/or conflicts involving land tenure rights and water rights
☑ Introduction of regulatory standards for previously unregulated contaminants

Market

☑ Changing customer behavior
☑ Uncertainty in the market signals
☑ Availability and/or increased cost of raw materials
☑ Rise in risk-based pricing of insurance policies (beyond demand elasticity)
☑ Inability to attract co-financiers and/or investors due to uncertain risks related to the environment
☑ Contraction of insurance markets, leaving clients exposed and changing the risk parameters of the credit

Reputation

☑ Increased partner and stakeholder concern and partner and stakeholder negative feedback
☑ Insurance underwriting that could create or contribute to systemic risk for the economy
☑ Lending that could create or contribute to systemic risk for the economy
☑ Negative press coverage related to support of projects or activities with negative impacts on the environment (e.g. GHG emissions, deforestation & conversion, water stress)
☑ Stakeholder conflicts concerning water resources at a basin/catchment level

Technology

☑ Transition to increasing renewable content

☑ Transition to lower emissions technology and products

☑ Transition to water efficient and low water intensity technologies and products

☑ Transition to water intensive, low carbon energy sources

☑ Unsuccessful investment in new technologies

Liability

☑ Exposure to litigation

☑ Non-compliance with regulations

☑ Regulation and supervision of environmental risk in the financial sector

(2.2.6.12) Partners and stakeholders considered

☑ Customers

(2.2.6.13) Further details of process

Majority of the material environmental risks and opportunities stem from Bank's commercial loans portfolio. İşbank uses various tools and methods to identify, assess and manage environmental dependencies, impacts, risks, and/or opps. related to its banking portfolio. İşbank's Enterprise Risk Management(ERM) framework integrates environmental issues into company-wide risk management processes(RMP) with a holistic approach. ERM is the core structure that ensures all possible types/sources of environmental risks are assessed in conjunction with other traditional risks. ENCORE tool and TNFD's LEAP approach is implemented into environmental risk&opportunity identification, assessment and management framework. By mapping commercial loan customers' sectoral dependencies and pressures with their share in the loan portfolio, we can identify the sectors and specific clients that are exposed to higher environmental risks and opps. in relevant time horizons and thus must be prioritized. İşbank has also been conducting an impact analysis on its portfolio by utilizing the PRB's Portfolio Impact Analysis Tool. As the vast majority of the operations of the Bank originate from Turkey, activities in other countries were not considered. İşbank also uses a sectoral "Climate Risk Heatmap" to identify sectors that should be prioritized in climate scenario analysis&risk appetite framework. The qualitative assessment is translated into a 5-grade risk scale to assess vulnerability of each sector to climate risks. İşbank also defined Board approved risk tolerance limits for "High" sectors within the heatmap, in the form of a % share in total outstanding commercial loans. These limits are monitored monthly by the Risk Management Division and reported to the Risk Committee and to the BoD on a quarterly basis. Sectors identified as having High Risk in the heatmap are prioritized for scenario analysis. The impact of the implementation of a possible carbon tax system on the Bank's loan quality is assessed to be a major risk. The main goal of the analysis is to stress the customer financials' with different levels of carbon tax and measure its impact on their PDs and the expected effect on ECL is quantified. Risk quantification is carried out with scenario analysis, which utilizes NGFS scenarios framework. Loan customers operating in carbon intensive sectors are more prone to the adverse effects of a carbon tax and are expected to be materially affected by such regulations.

(2.2.7) Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

(2.2.7.1) Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

☑ Yes

(2.2.7.2) Description of how interconnections are assessed

İşbank employs the TNFD-recommended LEAP (Locate–Evaluate–Assess–Prepare) approach in combination with the ENCORE database to systematically evaluate interconnections between environmental dependencies, impacts, risks, and opportunities. Locate: The ENCORE database is used to identify sectors, facilities, clients, and suppliers whose operations and revenue streams are either highly dependent on nature or exert significant pressures on it. Evaluate: Dependencies and impacts are then assessed for materiality. For example, high exposure to carbon-intensive sectors signals a material environmental impact that could translate into strategic or financial risk. Assess: The Bank links identified dependencies and impacts to potential financial outcomes. Interconnections are examined across credit quality, portfolio composition, regulatory exposure, and reputational effects. For instance, if a carbon-intensive loan portfolio lacks a decarbonization plan, future carbon pricing regulations may increase credit risk and negatively affect asset quality. Prepare: Findings are integrated into the Enterprise Risk Management (ERM) framework, enabling adjustments to risk management strategies and identification of opportunities. An end-to-end example is the coal sector: coal-related industries impose high environmental impacts (GHG emissions, land use, waste generation). These dependencies and impacts create material risks—such as declining asset quality and reputation risk in a decarbonizing economy. Conversely, global coal phase-out trends create opportunities to expand renewable energy financing. To mitigate risks and seize opportunities in the transition to a low-carbon economy, İşbank has committed to the Net-Zero Banking Alliance (NZBA) targets to achieve net-zero emissions by 2050. In order to steer the phase-out from coal, the Bank included 'greenfield investments of coal and natural gas-fired thermal power plants' and 'new coal mining investments' in its list of non-financed activities. As a key component of its strategic approach to sustainable finance, İşbank initially announced a TRY 300 billion sustainable finance target for the 2023–2026 period. Having reached this target ahead of schedule by 2025, the Bank revised its commitment upwards, setting a new sustainable finance goal of TRY 650 billion. Through this structured process, İşbank demonstrates how environmental dependencies and impacts are directly linked to material risks and opportunities, and how these interconnections inform both risk mitigation and opportunity capture.

(2.2.8) Does your organization consider environmental information about your clients/investees as part of your due diligence and/or environmental dependencies, impacts, risks and/or opportunities assessment process?

	We consider environmental information
Banking (Bank)	☑ Yes

(2.2.9) Indicate the environmental information your organization considers about clients/investees as part of your due diligence and/or environmental dependencies, impacts, risks and/or opportunities assessment process, and how this influences decision-making.

Banking (Bank)

(2.2.9.1) Environmental issues covered

☑ Climate change
☑ Forests
☑ Water

(2.2.9.2) Type of environmental information considered

☑ Emissions data
☑ Energy usage data
☑ Climate transition plans
ecosystems
☑ CDP questionnaire response
☑ Emissions reduction targets
☑ Water discharge treatment data
☑ Water withdrawal and/or consumption volumes
☑ Commitment to eliminate deforestation and conversion of other natural

(2.2.9.3) Process through which information is obtained

☑ Directly from the client/investee
☑ Public data sources

(2.2.9.4) Industry sectors covered by due diligence and/or risk assessment process

☑ Retail
☑ Apparel
☑ Services
☑ Fossil Fuels
☑ Manufacturing
☑ Infrastructure

☑ Materials
☑ Hospitality
☑ Food, beverage & agriculture
☑ Biotech, health care & pharma
☑ Power generation
☑ Transportation services

(2.2.9.5) % of portfolio covered by the process in relation to total portfolio value

1

(2.2.9.6) Total portfolio value covered by the process

33237760000

(2.4) How does your organization define substantive effects on your organization?

Risks

(2.4.1) Type of definition

☑ Qualitative
☑ Quantitative

(2.4.2) Indicator used to define substantive effect

☑ Other, please specify :equity

(2.4.3) Change to indicator

☑ % decrease

(2.4.4) % change to indicator

☑ 1-10

(2.4.6) Metrics considered in definition

☑ Time horizon over which the effect occurs

☑ Likelihood of effect occurring

(2.4.7) Application of definition

In assessing the nature, likelihood, and magnitude of climate-related risks and opportunities, the Bank applies both quantitative thresholds and qualitative factors. In determining the financial materiality threshold, performance and capital indicators commonly used in the banking sector are taken into account. Accordingly, the lower of 5% of the Bank's three-year average consolidated profit before tax or 1% of its equity has been considered as the threshold. This assessment is based on the Bank's expert judgment and may be updated in line with future developments. In addition to this quantitative threshold, qualitative assessments are also incorporated to capture strategic, reputational, and regulatory considerations. In determining whether a climate-related risk or opportunity is substantive, the Bank evaluates how often the effect is likely to occur, the time horizon over which it is expected to materialize, and the probability of its occurrence. Time horizons are applied as short-term, medium-term, and long-term, in line with the definitions provided in question 2.1. Likelihood is assessed through scenario analysis and probability-based judgment, and categorized as low, medium, or high. These dimensions are integrated within a matrix approach, in which financial impact thresholds are combined with time horizon and likelihood, while qualitative elements further refine the assessment. This ensures a balanced and comprehensive determination of materiality across the Bank's climate-related risks and opportunities.

Opportunities

(2.4.1) Type of definition

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

☑ Other, please specify: equity

(2.4.3) Change to indicator

☑ % increase

(2.4.4) % change to indicator

☑ 1-10

(2.4.6) Metrics considered in definition

☑ Frequency of effect occurring

☑ Time horizon over which the effect occurs

☑ Likelihood of effect occurring

(2.4.7) Application of definition

In assessing the nature, likelihood, and magnitude of climate-related risks and opportunities, the Bank applies both quantitative thresholds and qualitative factors. In determining the financial materiality threshold, performance and capital indicators commonly used in the banking sector are taken into account. Accordingly, the lower of 5% of the Bank's three-year average consolidated profit before tax or 1% of its equity has been considered as the threshold. This assessment is based on the Bank's expert judgment and may be updated in line with future developments. In addition to this quantitative threshold, qualitative assessments are also incorporated to capture strategic, reputational, and regulatory considerations. In determining whether a climate-related risk or opportunity is substantive, the Bank evaluates how often the effect is likely to occur, the time horizon over which it is expected to materialize, and the probability of its occurrence. Time horizons are applied as short-term, medium-term, and long-term, in line with the definitions provided in question 2.1. Likelihood is assessed through scenario analysis and probability-based judgment, and categorized as low, medium, or high. These dimensions are integrated within a matrix approach, in which financial impact thresholds are combined with time horizon and likelihood, while qualitative elements further refine the assessment. This ensures a balanced and comprehensive determination of materiality across the Bank's climate-related risks and opportunities.

C3. Disclosure of risks and opportunities

(3.1) Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Climate change

(3.1.1) Environmental risks identified

☑ Yes, both within our direct operations or upstream value chain, and within our portfolio

Forests

(3.1.1) Environmental risks identified

☑ Yes, only in our portfolio

(3.1.2) Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

☑ Environmental risks exist, but none with the potential to have a substantive effect on our organization

(3.1.3) Please explain

As a financial institution, activities such as deforestation, land-use change for agricultural or industrial purposes, timber harvesting, or the direct production, trade, or use of forest-risk commodities do not form part of our own operations. As such, environmental risks related to deforestation are currently not considered to have a material impact on our direct activities. Nonetheless, we remain attentive to potential indirect exposures through our financing and investment activities, and continue to monitor emerging expectations and developments in this area.

Water

(3.1.1) Environmental risks identified

☑ Yes, both within our direct operations or upstream value chain, and within our portfolio

Plastics

(3.1.1) Environmental risks identified

☑ No

(3.1.2) Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

☑ Environmental risks exist, but none with the potential to have a substantive effect on our organization

(3.1.3) Please explain

As a financial institution, activities such as production of plastic polymers, production of durable plastic components, production / commercialization of durable plastic goods (including mixed materials), production / commercialization of plastic packaging, production of goods packaged in plastics and provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services) are not applicable within our operations. Therefore, environmental risks on plastics do not have substantive effect on our organization in the reporting year, or are not anticipated to have a substantive effect in the future.

(3.1.1) Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.1.1.1) Risk identifier

☑ Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Policy

☑ Carbon pricing mechanisms

(3.1.1.4) Value chain stage where the risk occurs

☑ Banking (Bank) portfolio

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

☑ Credit risk

(3.1.1.6) Country/area where the risk occurs

☑ Turkey

(3.1.1.9) Organization-specific description of risk

In Türkiye, preparations for regulatory frameworks that support the transition to a low-carbon economy, such as the Emissions Trading System (ETS) and the Green Taxonomy, are ongoing. In this context, the Climate Law was enacted by the Grand National Assembly of Türkiye in 2025, and a national carbon pricing mechanism is expected to be implemented in the upcoming period. At the international level, the EU Carbon Border Adjustment Mechanism (CBAM), which entered into force under the European Green Deal, will create direct carbon costs for companies exporting to the EU in sectors such as aluminum, cement, iron and steel, electricity, hydrogen, and fertilizers as of 2026. Both national and international regulations impose additional financial burdens, particularly on carbon-intensive sectors, and may negatively affect operational profitability and debt repayment capacity of companies that are not adequately prepared for the transition. For the Group's clients operating in high-emission industries such as cement, iron and steel, and energy, increasing carbon costs may lead to disruptions in cash flows, changes in cost structures, and weakening of debt repayment capacity. This, in turn, may increase default probabilities and create a risk of deterioration in the Bank's asset quality.

(3.1.1.10) % of portfolio value vulnerable to this risk

☑ 1-10%

(3.1.1.11) Primary financial effect of the risk

☑ Increased credit risk

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

☑ Medium-term

☑ Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

☑ Very likely

(3.1.1.14) Magnitude

☑ Medium-high

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Since there was no official carbon tax mechanism in Turkiye in the reporting year, an effect can not be quantified. An ETS or carbon tax is expected to be implemented in the medium-term and could effect İşbank's clients in the medium and long-term, particularly those in carbon-intensive sectors (e.g. energy, cement production, transportation, and metal) by increasing their operating costs. This might increase credit risk if these clients struggle to meet financial obligations, potentially affecting loan payments. As a result, expected credit loss (ECL) of İşbank's carbon-intensive loans could increase, negatively affecting the overall loan portfolio value. If the balance sheet value of loan provisions increase, this will be reflected adversely on the net operating income. As a result, Bank's net income decreases, reducing the overall profitability and capital substantially. These effects are expected to be amplified in the long-run, as some of the assets become stranded due to perpetually high operating costs. The anticipated financial effect in the medium term is projected in the range of TRY 38.2 million to TRY 153.8 million, reflecting the potential cost of increased provisions and reduced net income. In the long run, these effects are expected to be amplified as some assets may become stranded due to persistently high operating costs, with the long-term financial impact estimated between TRY 878.1 million and TRY 1.83 billion.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

☑ Yes

(3.1.1.21) Anticipated financial effect figure in the medium-term – minimum (currency)

382481959

(3.1.1.22) Anticipated financial effect figure in the medium-term – maximum (currency)

1537891502

(3.1.1.23) Anticipated financial effect figure in the long-term – minimum (currency)

878107868

(3.1.1.24) Anticipated financial effect figure in the long-term – maximum (currency)

1832454582

(3.1.1.25) Explanation of financial effect figure

Anticipated effects of a carbon-tax on Bank's financial position is quantified by incorporating NGFS reference scenarios framework and UNEP-FI/Oliver Wyman's "Transition Check" methodology on 5 carbon intensive sectors: energy, cement, air transportation, transportation (freight) and metal production, in medium and long-term horizons. Financials of clients are stressed by imposing 8 different levels of carbon price (base: 0, 11,46-45-64,97-72,69-155,55-230,41-257,44 and 381,34 USD/tCO2) based on customized NGFS current policies, delayed transition and net-zero scenarios and their probability of default (PD) rates are calculated by a PD model that is built solely on financial metrics affected by the carbon tax such as operating costs, revenues, profitability, etc. The effect of the tax on Bank's financials is calculated as the sum of the differences between clients' ECLs after a carbon tax and their base ECLs (no tax). ECL is calculated by the IFRS9 definition: Exposure at default (EAD) x Loss given default (LGD) x PD. About 6,500 clients in these sectors with an aggregate EAD of 219 billion TRY are included in the analysis. In both time horizons clients face increased operational costs. Some of the costs are reflected into prices in proportion to supply and demand elasticities of their sectors. None of the clients has power to affect the equilibrium price. For the majority of the clients, operating costs increase, production and revenue decreases. For the sake of simplicity, LGDs of the clients assumed to be stable (w. avg 50.2%). Scenario specific assumptions and results are given below: Medium-term scenario (up to 2030): With respect to policy ambition, the level of the carbon price is anticipated to range between 11.46-257.4 USD/tCO2 with an increasing trend. It is calculated that the increase in the ECL of the portfolio is estimated to range between 4% and 16% (383 to 1,538 million TRY). Long-term scenario (2035): The level of the carbon price is anticipated to range between 72.4-381.3 USD/tCO2 with an increasing trend. Some production facilities may become stranded due to high operating costs. It is calculated that the increase in the ECL of the portfolio is estimated to range between 9% and 19% (878 to 1,832 million TRY)

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

☑ Establish organization-wide targets

(3.1.1.27) Cost of response to risk

37447958.67

(3.1.1.28) Explanation of cost calculation

In order to mitigate climate related credit risk that may stem from its portfolio, İşbank took various actions in the reporting year such as projects on portfolio decarbonization, enforcement of exclusion policies, increase customer due-diligence and employee trainings: 1) Consultancy fees related to complying NZBA targets and commitments: TRY 28.896.972. 2) Enforcing its exclusion policies for financing greenfield investments of coal- and natural gas-fired thermal power plants to be established for electricity generation and new coal mining investments: no additional costs. 3) Consultancy and development costs related to enhancement of Bank's "Sustainability Assessment System (SÜRAS)": TRY 8.438.936,67. 4) Conducting scenario analysis on exposed sectors: no additional costs. 5) Development costs of "Climate Change Risk" digital training for Banks' employee launched in 2024: TRY 112.050.

(3.1.1.29) Description of response

Within the scope of its NZBA commitment, İşbank has set 2030 interim targets for carbon-intensive sectors aligned with its 2050 net-zero objective, pledging to support customer transition in these sectors and to report annual emission reduction performance. The Bank provides guidance to enhance customer compliance with regulations such as the European Green Deal and CBAM, while implementing lending policies to decarbonize its portfolio by refraining from financing new coal mines and new coal- and natural gas-fired power plants. To achieve its decarbonization goals and mitigate climate-related credit risks, İşbank has carried out several initiatives: (1) Consultancies: The Bank collaborates with international consultants for carbon intensity calculations in priority sectors and for developing sectoral decarbonization roadmaps. (2) Exclusion policies: Financing of new coal mining and greenfield coal- or natural gas-fired thermal power plants for electricity generation remained excluded in 2024. (3) Sustainability Assessment System (SÜRAS): Implemented in 2022, SÜRAS assesses environmental, social, and climate risks in the commercial loan portfolio. Question sets enable evaluation of ESG and climate risk awareness and resilience of customers. Enhancements continued in 2024. (4) Scenario analysis: Ongoing for carbon-intensive sectors, expanded in 2024 to include air transportation (5) Employee training: In 2024, İşbank launched digital training on "Climate Change Risk" to raise employee awareness, focusing on definitions and their importance from the Bank's risk perspective. By year-end, 301 employees had completed the program.

Forests

(3.1.1.1) Risk identifier

☑ Risk2

(3.1.1.2) Commodity

☑ Not applicable

(3.1.1.3) Risk types and primary environmental risk driver

Policy

☑ Other policy risk, please specify :EUDR - Deforestration Regulation

(3.1.1.4) Value chain stage where the risk occurs

☑ Banking (Bank) portfolio

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

☑ Credit risk

(3.1.1.6) Country/area where the risk occurs

☑ Turkey

(3.1.1.9) Organization-specific description of risk

The EU Deforestation Regulation ("EUDR") is scheduled to become applicable at the end of 2025. The EUDR aims to prevent deforestation and forest degradation linked to the production and trade of commodities such as soy, palm oil, cattle, cocoa, coffee, rubber, and wood, as well as derived products including leather, chocolate, furniture, and paper. This regulation may lead to additional compliance and operational costs for companies in the agriculture and livestock, logging, food and beverages, furniture and paper production sectors particularly those exporting to the EU and which are not adequately prepared for this transition. These costs may arise from supply chain traceability requirements, certification, and monitoring obligations. The aforementioned policy updates may lead to disruptions in cash flows, changes in cost structures, and weakening of debt repayment capacity. This, in turn, may increase default probabilities and create a risk of deterioration in the Bank's asset quality. %2 of Işbank's commercial loan portfolio concentrates on the sectors which are subject to EUDR, and might be exposed to risks related to this policy.

(3.1.1.10) % of portfolio value vulnerable to this risk

☑ 1-10%

(3.1.1.11) Primary financial effect of the risk

☑ Increased credit risk

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

☑ Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

☑ Likely

(3.1.1.14) Magnitude

☑ Medium-low

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Since EUDR was not official in the reporting year, there was no quantifiable realized effect for 2024. EUDR is expected to be implemented in the medium-term and could affect İşbank's clients, particularly exporters within the scope of EUDR, by creating additional compliance and therefore increasing their operating costs. This might increase credit risk if these clients struggle to meet financial obligations, potentially affecting loan payments. As a result, expected credit loss (ECL) of those clients could increase, negatively affecting the overall loan portfolio value. If the balance sheet value of loan provisions increases, this will be reflected adversely on the net operating income of affected agriculture customers. As a result, Bank's net income decreases, reducing the overall profitability and capital substantially. The estimated financial impact range of this risk is projected at TRY 2.6 million to TRY 10 million, which reflects the potential increase in provisions and related adverse effects on profitability. These effects are expected to be amplified in the long-run, which are not substantial in the reporting year.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

☑ Yes

(3.1.1.21) Anticipated financial effect figure in the medium-term – minimum (currency)

2600000

(3.1.1.22) Anticipated financial effect figure in the medium-term – maximum (currency)

10000000

(3.1.1.25) Explanation of financial effect figure

Anticipated effects of emerging "European Union Deforestation Regulation - EUDR" on commercial loan portfolio is quantified by evaluating the related sectors which are covered under by this regulation. By segregating each customer according to their NACE codes, the share of relevant sectors quantified, which constitutes 2% of the total commercial loan portfolio in the reporting year. In order to calculate the minimum and maximum anticipated financial effect figure, it's assumed that

Probability of Default (PD) values are increased by 2% and 8% respectively. ECL is calculated by the IFRS9 definition: Exposure at default (EAD) x Loss given default (LGD) x PD. The effect of the emerging EUDR on portfolio is calculated as the sum of the differences between clients' ECLs after EUDR and their base ECL (without anticipated EUDR effect). Minimum and maximum anticipated financial effect (ECL increase) range is calculated as 2,6 million TRY to 10 million TRY.

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

☑ Establish organization-wide targets

(3.1.1.27) Cost of response to risk

0

(3.1.1.28) Explanation of cost calculation

The primary response for the increasing deforestation risk within the Banking portfolio is integration of the ÇESMOD (Environmental and Social Model) model which introduced in previous years to enhance risk assessment and credit risk evaluation and monitoring loans to finance projects. The transition to ÇESMOD was fully completed in 2022, and the new model has since been adopted. ÇESMOD model evaluates and scores aspects such as EIA (Environmental Impact Assessment) decisions natural resource use, air, soil and water quality, the scope of which are determined by legislation, laws and regulations, are evaluated and scored through questions created within the framework of the company's activities. The model includes sector-specific questions regarding deforestation as well. However, the expenditures of the models in question were completed in previous years so their costs are not included in reporting years cost calculation.

(3.1.1.29) Description of response

İşbank has carried out several initiatives to mitigate deforestation-related risks and generate positive forest impacts through its portfolio. All financed projects must comply with national forestry laws, and ESG risks are assessed via the ÇESMOD methodology, which includes habitat and sensitive area analysis. For projects with potential forest impacts, İşbank requires mitigation such as relocating trees or planting new ones. Tree planting commitments, particularly in linear projects and thermal power plants, are embedded in contracts and monitored annually. In 2024, coinciding with its 100th anniversary, İşbank reactivated the "81 Forests in 81 Cities" project with the General Directorate of Forestry and TEMA Foundation. The initiative aims to plant 2.2 million saplings across all provinces within five years, supporting nature conservation and environmental awareness. The Bank also implements the "Forests for the Future" project with TEMA. Through İşCep, customers earn carbon points by selecting environmentally friendly banking transactions. When points reach a threshold, İşbank plants a sapling on their behalf via TEMA. By end-2024, the project engaged 636,907 participants and resulted in 343,357 saplings planted. This initiative earned İşbank the "Sustainable Business Awards" in the Social Impact–Environmental category in 2024.

Water

(3.1.1.1) Risk identifier

☑ Risk3

(3.1.1.3) Risk types and primary environmental risk driver

Chronic physical
☑ Water stress

(3.1.1.4) Value chain stage where the risk occurs

☑ Banking (Bank) portfolio

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

☑ Credit risk

(3.1.1.6) Country/area where the risk occurs

☑ Turkey

(3.1.1.7) River basin where the risk occurs

☑ Coruh
☑ Maritsa
☑ Sakarya
☑ Asi (Orontes)
☑ Tigris & Euphrates
☑ Other, please specify **:Bursa-İznik, Susurluk, Western Black Sea, Yeşilırmak, Konya Closed, Gediz, Küçük Menderes, Büyük Menderes, Southern Aegean, Western Mediterranean, Antalya, Akarçay, Burdur Lakes, Seyhan, Ceyhan, Eastern Black Sea, Aras, Zapsuyu Basins**
☑ Van Golu
☑ Kizilirmak

(3.1.1.9) Organization-specific description of risk

According to WWF, four river basins in Türkiye are at risk of water scarcity, and seven others are experiencing water stress. The Water Efficiency Strategy Document and Action Plan prepared by the Ministry of Agriculture and Forestry in response to the changing climate indicates that agricultural water usage accounts for approximately 70% of total sectoral water usage globally. In 2022, this figure was 77% for Türkiye. Water stress is a major risk for agricultural production. The depletion of water resources can lead to reduced soil fertility, lower production efficiency and increased costs, which could result in food insecurity. For the sake of a specific example of the risk is that sunflower production in Türkiye decreased by 13,8% in 2023. This result was attributed to increasing water stress in country. As customers in the agricultural sector rely directly on production to meet their financial obligations, their ability to repay loans may diminish, increasing credit risks. As of 2024YE, İşbank's agricultural production loan portfolio exceeded 50 billion TRY, which corresponds to 1.8% of its total assets and 3.4% of its commercial loans. Non-performance of agriculture loans would have a substantial effect on the Bank's financial performance.

(3.1.1.10) % of portfolio value vulnerable to this risk

☑ 1-10%

(3.1.1.11) Primary financial effect of the risk

☑ Increased credit risk

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

☑ Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

☑ Likely

(3.1.1.14) Magnitude

☑ Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

In the long term, water stress is expected to have an increased effect on financial results of the Bank. As water stress intensifies, some farmers may no longer be able to grow certain crops in Türkiye. In such cases, farmers may either have to cease production entirely or switch to other, potentially less profitable crops. This situation could affect the future performance of the Bank's credit portfolio and the value of assets. The rise in water stress may lead to an increase the production costs for clients as technologies required for irrigation and water access, along with energy and labor costs, are expected to rise. In addition, reduced production will decrease agricultural income, which will increase the risk of default for firms in agricultural sector. The lower yields of water-dependent crops could negatively affect the overall performance of the Bank's credit portfolio. Increased financial hardships of customers due to the decreased yields potentially increase non-performing loans (NPL) and negatively affect asset quality. Also, increased provisions because of the increase in expected credit loss (ECL) of agriculture production sector would cause Bank's revenue to diminish relative to its potential. If farmers stop production or switch crops, it could lead to disruptions in loan repayments, causing fluctuations in the Bank's cash flows.Considering these risks, the estimated long-term financial impact of water stress on the Bank is projected in the range of 800 million to 1.6 billion TRY, reflecting the potential scale of revenue and asset quality implications.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

☑ Yes

(3.1.1.23) Anticipated financial effect figure in the long-term – minimum (currency)

800000000

(3.1.1.24) Anticipated financial effect figure in the long-term – maximum (currency)

1600000000

(3.1.1.25) Explanation of financial effect figure

Since water stress is a chronical physical risk its material effect is expected to be observable in the long term. It is expected that a major factor in failure of agricultural loans will be water stress in the long term. To determine the long-term effects of the water stress risk, scenario analysis module of the WRI Aqueduct tool and LEAP analysis by Encore tool are used. According to WRI Aqueduct tool's 2050 pessimistic projections, in aligned with RCP 8.5, the portion of the Bank's portfolio which is vulnerable to water stress risk in the long term is determined. According to WRI Aqueduct data, 61% of the Banks agricultural loan portfolio is concentrated in regions experiencing high water stress. Under a pessimistic scenario and assuming the current portfolio composition, this ratio is projected to rise to 65% by 2050. Considering the assumption that water stress is expected to be a major stress factor in the long term, ECL of agricultural production is expected to increase. 0.5% increase in the ECL of agricultural customers was observed in 2023 due to water stress. Therefore, the effect of water stress in the long run is expected to be more severe, a potential 3% ECL ratio increase applied to portfolio that assumed to be vulnerable in the long run to determine the minimum financial effect. The minimum anticipated financial effect figure was calculated approximately as 800 million TRY. On the other hand, the anticipated maximum financial effect figure was calculated

by the LEAP analysis which was performed using ENCORE tool. In the analysis, it's assumed that firms which are classified as most dependent on the availability of water within the Banks' agriculture sector, will no longer be able to produce and therefore consequently default. Eventually, the maximum anticipated financial effect is calculated as TRY 1,6 billion.

(3.1.1.26) Primary response to risk

Engagement

☑ Engage with customers

(3.1.1.27) Cost of response to risk

2790904

(3.1.1.28) Explanation of cost calculation

To response water stress risk, firstly the Bank organized events to raise awareness of the risk among its customers and employees. In 2024, farmer meeting were planned to cover all 81 provinces, and meetings with farmers were successfully held in each province, and a total of 4.700 farmers participated in these meetings. The cost of these events was TRY 2.069.704. In the reporting year, 269 Bank employees received training on "Specialization in Agriculture". The cost of these trainings to the Bank was TRY 721.200.

(3.1.1.29) Description of response

İşbank aims to disseminate sustainable practices supported by technology that increase productivity in agriculture. In line with this goal, İşbank has implemented "Digital Agriculture Project" with Vodafone Business partnership, which enables farmers to receive early warnings for any natural risks in agricultural production by using agricultural meteorology and data stations in production areas and helps them in managing their farming activities in line with the recommendations created with data collected directly from production areas. Additionally, The Bank supports farmers to control costs and achieve better product yields by enabling them to track the status of their soil and the health of their products with its mobile application İmeceMobil, a platform specific to the agricultural sector. Expenditures of those projects are not included in cost of response calculation, since they were completed in 2022. Moreover, the Bank organizes farmer meetings with participation of academics as part of raising awareness among customers. Many pieces of information are transferred to producers, from agricultural technologies to energy efficiency, from the possible effects of water scarcity to investments in irrigation systems. Within the scope of sustainable transformation of its customers, the Bank offers its agricultural customers new products such as smart agricultural loan campaign and pressurized irrigation system loan. The Bank encourages its customers to have TARSIM to the extent possible for the transfer of risk. Moreover, the Bank raise awareness of its employees on the issues and risks in agriculture with trainings which includes water stress risk.

Water

(3.1.1.1) Risk identifier

☑ Risk4

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical
☑ Heavy precipitation (rain, hail, snow/ice)

(3.1.1.4) Value chain stage where the risk occurs

☑ Direct operations

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

☑ Operational risk

(3.1.1.6) Country/area where the risk occurs

☑ Turkey

(3.1.1.7) River basin where the risk occurs

☑ Other, please specify :Marmara Basin

(3.1.1.9) Organization-specific description of risk

Acute physical risks from climate change may disrupt the Bank's business continuity through sudden, intense climate events. Under RCP 8.5 and NGFS Current Policies scenarios, both the frequency and intensity of severe precipitation in Turkey are projected to rise after 2030. In Istanbul, rapid urbanization, coastal exposure, limited infrastructure, and high population density amplify flood and inundation risks from heavy rainfall. This increases the likelihood of damage to Bank assets such as branches, ATMs, operation centers, data centers, and logistics facilities. A review of extreme precipitation events between 2013–2024 shows Istanbul significantly surpasses other provinces in branch-level incidents. Therefore, abrupt precipitation events in Istanbul and nearby provinces are material for the Bank, given the

concentration of its operational network, climate projections, and infrastructure limitations. Beyond physical damage, such events may also cause service disruptions, employee safety risks, and interruptions in customer services, making them a critical climate-related risk with significant operational impacts.

(3.1.1.11) Primary financial effect of the risk

☑ Decreased revenues due to reduced production capacity

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

☑ Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

☑ Likely

(3.1.1.14) Magnitude

☑ Low

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

In the long term, heavy precipitation is expected to have an unprecedentedly increased effect on financial results of the Bank. In such a case, primary adverse effect will be on revenues. Due to frequent and long-lasting service disruptions, branches may be unable to generate revenue and performance temporarily impacted, which in turn may adversely affect Bank's profitability and reputation. The ratio of branches that are affected from heavy precipitation was 40% (with 110 branches) in 2024. In addition. Banks' branches that exposed to heavy precipitation may experience and repair/renovation costs arose in some of damaged buildings. The Bank may also incur additional expenses in order to sustain workplace and employee safety in such disasters. Additionally, İşbank insures its assets, including owned buildings/equipment, and rental branches against physical risks. If such physical risks increase, Renewal of insurance policies may result in higher annual insurance premiums. Considering these factors, the estimated long-term financial impact of heavy precipitation on the Bank is projected to be in the range of 19.7 million TRY to 30.4 million TRY, reflecting both lost revenue from operational disruptions and increased expenses for asset repair, safety measures, and insurance premiums.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

☑ Yes

(3.1.1.23) Anticipated financial effect figure in the long-term – minimum (currency)

19708182

(3.1.1.24) Anticipated financial effect figure in the long-term – maximum (currency)

304180026

(3.1.1.25) Explanation of financial effect figure

To quantify operational risks, the Bank employs not only the current regulatory method—the Basic Indicator Approach—but also the Advanced Measurement Approach (AMA). İşbank's internal capital model for operational risk is based on determining appropriate distributions for Unit of Measure (UoM) level Internal Loss Data (ILD), External Loss Data (ELD), and Scenario Analysis (ScA) data. Bank uses A customized integration method is applied to combine ILD, ELD, and ScA data, after which Monte Carlo simulation is used to estimate Value at Risk (VaR) for each operational risk category at various confidence intervals. By performing 1M simulations, the loss curves estimated on a category basis are combined using a copula-based method. Correlation factors between risks, as well as the risk mitigation effects of the Bank's various operational risk insurance policies are incorporated into the model to calculate net VaR. The calculated net VaR at 99.9% confidence level is taken as the capital requirement for operational risk in accordance with the principles of the internal measurement approach. To estimate the potential impact of various climate events on the magnitude of operational risk, the "Scenario Analysis" module of the Bank's internal capital model has been utilized. In order to calculate the anticipated minimum and maximum financial effect, "Heavy Precipitation" scenario analysis is integrated into aforementioned model. In this scenario analysis, various assumptions have been employed, including the proportion of branches, ATMs, and employees that could be affected by the event; the extent of physical damage; the scale of service disruptions; and the expenditure required to ensure employee safety. In the model, following 3 category, Employee Health & Safety, Damage to Physical Assets and Business Disruption, where their corresponding weights are assumed as 0,1%, 13,9% and 85,9% respectively. These assumptions have been developed using current and historical data, as well as global climate scenario projections and expert judgment. The difference between the stressed model and the base model is considered as the potential effect of the climate event. The minimum and maximum anticipated financial effect figure for the heavy precipitation is TRY 19.7 – 304.2 million respectively. Maximum effect reflects the assumptions related to RCP8.5, the worst-case scenario, and the minimum effect similarly employs the assumptions of Net-Zero 2050, the best-case scenario.

(3.1.1.26) Primary response to risk

Policies and plans

☑ Use risk transfer instruments

(3.1.1.27) Cost of response to risk

95167036

(3.1.1.28) Explanation of cost calculation

Cost of response figure consists of the sum of premium cost (TRY 95.167.036) allocated for insuring Bank-owned buildings/equipment and rented branches. Since the Bank's insurance contracts cover a bundle of physical risks (earthquakes, flood, fire, wind damage, collision, vandalism etc.), it is not possible to separate pricing details for each type of risk. Activities and trainings regarding BCMP and ISCP did not incur any additional costs since these activities are conducted in the scope of business-as-usual practices.

(3.1.1.29) Description of response

Since 2009, the Bank has been implementing the Business Continuity Management Program to reduce the impacts of climate change-induced natural disasters and extreme weather events on its operations. The Program is designed to establish an effective response capability aimed at safeguarding the institution's reputation, brand, and value-creating activities. Managed in an integrated manner, the Business Continuity Management Program is aligned with the ISO 22301 Standard and relevant national regulations in Turkey. As of early 2024, business continuity activities are carried out under the responsibility of the Disaster and Emergency Coordination Office, which reports directly to the Chief Executive Officer. In order to strengthen İşbank's resilience and organizational adaptability against disasters, including climate-related hazards to which our country is exposed, the "Disaster Management and Coordination Program," launched in the second half of 2023 with the participation of more than 50 employees, is being managed under the responsibility of the Disaster and Emergency Coordination Office as of 2024.

(3.1.2) Provide the amount and proportion of your financial metrics from the reporting year that are vulnerable to the substantive effects of environmental risks.

Climate change

(3.1.2.1) Financial metric

☑ Assets

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

135588679763

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

☑ 1-10%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

0

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

☑ Less than 1%

(3.1.2.7) Explanation of financial figures

It has been identified that 8.4% of the Bank's loans and business activities are vulnerable to climate-related transition risks. A substantive risk is detailed under Question 3.1.1.

Forests

(3.1.2.1) Financial metric

☑ Assets

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

10000000

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

☑ Less than 1%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

0

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

☑ Less than 1%

(3.1.2.7) Explanation of financial figures

It has been identified that 0.0003% of the Bank's assets and business activities are vulnerable to forest-related transition risks. The substantive risk is detailed under Question 3.1.1.

Water

(3.1.2.1) Financial metric

☑ Assets

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

0

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

☑ Less than 1%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

1904180026

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

☑ Less than 1%

(3.1.2.7) Explanation of financial figures

It has been identified that 0.057% of the Bank's assets and business activities are vulnerable to water-related physical risks. The substantive risks are detailed under Question 3.1.1.

(3.6) Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Climate change

(3.6.1) Environmental opportunities identified

☑ Yes, we have identified opportunities, and some/all are being realized

Forests

(3.6.1) Environmental opportunities identified

☑ No

(3.6.2) Primary reason why your organization does not consider itself to have environmental opportunities

☑ Opportunities exist, but none anticipated to have a substantive effect on organization

(3.6.3) Please explain

İş Bankası has identified that opportunities related to forests exist; however, these are not currently expected to have a significant impact on the organization. The Bank plans to re-examine forest-related opportunities as part of the comprehensive climate and sustainability risk and opportunity assessment cycle conducted annually. The assessment process will continue to monitor regulatory developments, stakeholder expectations, and potential areas where financing solutions may play a role, such as green bonds, sustainability-linked loans, or projects supporting deforestation-free supply chains. This process is expected to be reviewed and updated in the next annual cycle, and necessary adjustments will be made should new information indicate that forest-related opportunities could become significant.

Water

(3.6.1) Environmental opportunities identified

☑ Yes, we have identified opportunities, and some/all are being realized

(3.6.1) Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.6.1.1) Opportunity identifier

☑ Opp1

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Markets

☑ Increased diversification of financial assets [e.g., green bonds and infrastructure]

(3.6.1.4) Value chain stage where the opportunity occurs

☑ Banking portfolio

(3.6.1.5) Country/area where the opportunity occurs

☑ Turkey

(3.6.1.8) Organization specific description

This opportunity relates to the rising demand from international investors, including institutional investors and development finance institutions (DFIs), for green investment opportunities such as green bonds and other funding transactions with sustainable use of proceeds. As the largest private bank in Türkiye with a strong loan market share, İşbank attaches significant importance to supporting the country's green transition. Green and sustainable transactions have been an integral part

of its wholesale funding activities since 2009. The Bank has long-standing ties with international investors, including prominent DFIs, who trust İşbank to channel funds into projects that create positive environmental and social impact. İşbank's nationwide presence, expertise in SME and project finance, and strong track record as an issuer/borrower make it a preferred counterparty for green/sustainable funds. İşbank structures and executes diverse green/sustainable wholesale funding transactions, starting with its first DFI loan from the European Investment Bank in 2009, followed by numerous others. In 2019, it issued Türkiye's first 100% green Eurobond, then launched its Sustainability Bond Framework in 2020, later revised into the Sustainable Finance Framework in 2021, aligned with ICMA's Green, Social and Sustainability Bond Principles and LMA's Green Loan Principles. İşbank's sustainability focus provides a strategic advantage in diversifying financial assets through green/sustainable w

(3.6.1.9) Primary financial effect of the opportunity

☑ Increased access to capital

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

☑ The opportunity has already had a substantive effect on our organization in the reporting year

(3.6.1.12) Magnitude

☑ Medium-high

(3.6.1.13) Effect of the opportunity on the financial position, financial performance and cash flows of the organization in the reporting period

In 2024, using its Sustainable Finance Framework, İşbank successfully completed its inaugural public sustainable Eurobond issuance as well as its third private placement green bond issuance in the international markets. Both issuances had a maturity of 5 years and nominal amounts of USD 500 million and USD 20 million respectively. Funds obtained via this transaction are aimed at supporting Türkiye's green transition and used to finance or refinance renewable energy, energy efficiency and resource efficiency projects. In 2024, Isbank also obtained green UOP funds from the European Bank for Reconstruction and Development (EBRD) and the German Investment and Development Bank (DEG - Deutsche Investitions- und Entwicklungsgesellschaft), via diversified payment rights transactions completed in February and May 2024. USD 80.2 million was raised from EBRD under Green Energy Efficiency Financing Facility, and USD 80 million was raised from DEG, with a requirement of minimum 40% allocation to green activities.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

☑ Yes

(3.6.1.16) Financial effect figure in the reporting year (currency)

4348058200

(3.6.1.23) Explanation of financial effect figures

In 2024, total amount of new funds raised by İşbank via the green bond issuance and DFI transactions with a green use of proceeds is USD 132,2 million. It is calculated as the total of USD 20 million green bond + USD 80.2 million EBRD GEFF tranche + USD 32 million green facilities of DEG transactions (for prudency purposes only minimum amount of the green facility is taken into account).

(3.6.1.24) Cost to realize opportunity

135464

(3.6.1.25) Explanation of cost calculation

As part of its obligation to publish an annual allocation and impact report pursuant to its Sustainable Finance Framework, in 2024, İşbank paid Sustainalytics EUR 4,192 (TRY 135,464) for the review of its 2023 Allocation and Impact Report.

(3.6.1.26) Strategy to realize opportunity

İşbank actively evaluates green and sustainable external funding resources continuously and works on new/potential transactions it deems appropriate for its balance sheet. İşbank's main objective to issue green/social/sustainable bonds and obtain funds with green/social/sustainable use of proceeds is to create positive environmental and/or social impact through the projects to be financed or refinanced with the proceeds of such funds. Target group for green/social/sustainable bond issuances are institutional investors (such as mutual funds, impacts funds etc.) as well as financial institutions (including DFIs) that want to invest in these type of products with positive environmental and social impact. İşbank invests in its relationship with the target group through regular and transparent relationship and fulfillment of its payment, reporting and other types of obligations. This opportunity provides İşbank with the benefit of obtaining additional external funding as well as diversifying the scope of its investor base and non-deposit funding sources.

Water

(3.6.1.1) Opportunity identifier

☑ Opp3

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

☑ Use of new technologies

(3.6.1.4) Value chain stage where the opportunity occurs

☑ Direct operations

(3.6.1.5) Country/area where the opportunity occurs

☑ Turkey

(3.6.1.6) River basin where the opportunity occurs

☑ Other, please specify :Aegean Basin, Mediterranean Basin, Black Sea Basin, Marmara Basin, Central Anatolia Basin

(3.6.1.8) Organization specific description

To boost business continuity and efficiency, we're implementing a new technology for a resource monitoring system in our branches. This system will track electricity and water usage, generator operations, temperatures in customer areas and electrical rooms, and resource quality issues. It provides real-time monitoring, reporting, and early warnings to prevent service interruptions and penalties. It also aims to prevent damage and service interruptions related to potential water installation issues and flood risks mentioned. This will help us move towards a more sustainable infrastructure across our locations in Türkiye

(3.6.1.9) Primary financial effect of the opportunity

☑ Reduced direct costs

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

☑ Medium-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

☑ Very likely (90–100%)

(3.6.1.12) Magnitude

☑ Low

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Although there is a fixed cost based on location for the installation of the remote monitoring system, the efficiency that will occur in resource use will reduce the costs associated with resource consumption starting from the system installation. It is expected that a 5% to 10% resource consumption saving will be achieved with the installation of the system in all locations. Although it has a small impact on the bank's income statement, it is known that the benefit it will provide against potential risks will be much higher.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

☑ Yes

(3.6.1.19) Anticipated financial effect figure in the medium-term - minimum (currency)

170000000

(3.6.1.20) Anticipated financial effect figure in the medium-term - maximum (currency)

35000000

(3.6.1.23) Explanation of financial effect figures

With the establishment of the remote monitoring system, an average of 5% to 10% savings in bills are expected. This means a decrease of approximately 1500 TL to 3000 TL per location (considering there are 1034 locations in average terms). When all our locations are considered, this figure will be a minimum of 17,000,000 TL and a maximum of 35,000,000 TL in total annually.

(3.6.1.24) Cost to realize opportunity

28000000

(3.6.1.25) Explanation of cost calculation

The fixed cost of the location for the installation of the remote monitoring system is the only cost that must be incurred for this opportunity to be realized. In the current situation, it is calculated that a total expenditure of approximately 28,000,000 TL is required, with an installation cost of approximately 50,000 TL per location.

(3.6.1.26) Strategy to realize opportunity

With the establishment of the remote monitoring system, branches with similar structures, locations and climates will be compared and action for optimization will be planned to maximize the potential realization of this opportunity on resource consumption. In the developments we have made regarding direct operations, the remote monitoring system has been given priority and this system has already been installed and put into operation in 394 locations. It is planned to install the system in all our approximately 1034 locations by the end of 2026.

(3.6.2) Provide the amount and proportion of your financial metrics in the reporting year that are aligned with the substantive effects of environmental opportunities.

Climate change

(3.6.2.1) Financial metric

☑ Assets

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

36220171141

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

☑ 1-10%

(3.6.2.4) Explanation of financial figures

İşbank identifies and evaluates opportunities arising from climate change most widely through its product and service portfolio. In this context, we work to further develop and diversify our sustainable and environmentally friendly product, service and loan portfolio range every year. In parallel with drawing the decarbonization roadmap for the loan portfolio in 2024, we will focus on increasing the sustainable finance balance. Having achieved its TL 300 billion sustainable finance commitment

for the 2023–2026 period ahead of schedule by 2025, the Bank has revised its target upwards following its strong performance. Accordingly, the sustainable finance target, which also includes green loans, has been increased to TL 650 billion. By the end of 2024, sustainable financing disbursements reached TL 263 billion, achieving 40% of the target. As a response to the question, we include the balance of environmental financing disbursed of 36 billion out of the 263 billion disbursed and the ratio of this balance to our cash loan portfolio.

Water

(3.6.2.1) Financial metric

☑ Assets

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

52929180

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

☑ Less than 1%

(3.6.2.4) Explanation of financial figures

Water security loan aims to meet the financing needs of businesses that want to contribute to the protection of the seas by investing in wastewater treatment, wastewater recovery facilities, ship ballast water treatment, or gray water treatment systems, or that want to improve their existing facilities by investing in maintenance, repair, and capacity increases. The wastewater treatment and ship ballast water treatment systems within the loan contribute to biodiversity by enabling the existence of clean water and food in an environment where living creatures can thrive and protecting the existence and survival of life forms. Moreover İşbank supports farmers regarding pressurized irrigation systems through its cooperation with BASUSAD. Within this framework, the Bank finances the installation of pressurized irrigation systems.

C4. Governance

(4.1) Does your organization have a board of directors or an equivalent governing body?

(4.1.1) Board of directors or equivalent governing body

☑ Yes

(4.1.2) Frequency with which the board or equivalent meets

☑ More frequently than quarterly

(4.1.3) Types of directors your board or equivalent is comprised of

☑ Executive directors or equivalent
☑ Non-executive directors or equivalent
☑ Independent non-executive directors or equivalent

(4.1.4) Board diversity and inclusion policy

☑ Yes, and it is publicly available

(4.1.5) Briefly describe what the policy covers

The purpose of the Board Diversity Policy is to set principles, procedures and goals aimed at ensuring diversity in the Board of Directors of İşbank.

(4.1.6) Attach the policy (optional)

board_diversity_policy.pdf

(4.1.1) Is there board-level oversight of environmental issues within your organization?

	Board-level oversight of this environmental issue
Climate change	☑ Yes
Forests	☑ Yes
Water	☑ Yes
Biodiversity	☑ Yes

(4.1.2) Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Climate change

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

☑ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

☑ Board Terms of Reference

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

☑ Scheduled agenda item in every board meeting (standing agenda item)

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

- ☑ Overseeing and guiding scenario analysis
- ☑ Overseeing the setting of corporate targets
- ☑ Monitoring progress towards corporate targets
- ☑ Approving corporate policies and/or commitments
- ☑ Overseeing and guiding public policy engagement
- ☑ Overseeing and guiding acquisitions, mergers, and divestitures
- ☑ Overseeing and guiding the development of a climate transition plan
- ☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities
- ☑ Approving and/or overseeing employee incentives
- ☑ Overseeing and guiding major capital expenditures
- ☑ Monitoring the implementation of the business strategy
- ☑ Monitoring the implementation of a climate transition plan
- ☑ Overseeing and guiding the development of a business strategy

(4.1.2.6) Scope of board-level oversight

- ☑ Risks and opportunities to our own operations
- ☑ Risks and opportunities to our banking activities
- ☑ The impact of our own operations on the environment
- ☑ The impact of our banking activities on the environment

(4.1.2.7) Please explain

The Board of Directors provides ultimate oversight of the Bank's efforts to identify, assess, and integrate climate-related risks and opportunities across the organization and has mandated the Sustainability Committee (SC), a sub-committee, to focus on sustainability. The SC is chaired by the Chairperson of the Board and includes two additional Board members as well as ten Deputy Chief Executives. The Board of Directors considers climate-related issues when reviewing and guiding the Bank's business strategy, major action plans, risk management policies, and budget plans, as well as when setting performance objectives and monitoring implementation and performance. The SC ensures inclusive representation of business units and monitors sustainability issues in a holistic manner. The most important decision taken by the SC in 2024 was the approval of emission reduction targets for five carbon-intensive sectors, as part of the Bank's decarbonization strategy. At the Board level, the Risk Committee (RC) has been assigned as "Accountable" for the following activities related to climate risk management (CRM) and governance: Reporting of climate risk indicators included in the Risk Appetite Framework (RAF), Establishing and reviewing climate risk policies, Preparing, developing, periodically reviewing, and updating the climate risk questionnaire, Designing, monitoring, and updating the climate risk heat map and climate risk scenario analyses, Periodic review and calibration of models used in the measurement of climate risk, Monitoring climate risk indicators and reporting to relevant committees, Periodic review and, when necessary, updating of climate risk indicators. Second-line risk management activities (including climate) are carried out by the Risk Management Division (RMD), which reports to both the RC and the Board of Directors. Financial and non-financial risks are reported to the RC and the Board of Directors on a monthly basis. İşbank's Climate Risk Taxonomy, Climate Risk Policy, Methodology and Principles Regarding the Measurement and Management of Climate Risk, and the Climate Risk RACI Matrix have been established by the RC and approved by the Board of Directors. Climate risk policies were updated to capture major developments within the continuously evolving climate framework. The Board of Directors is the ultimate authority for approving climate risk

indicators to be included in İşbank's RAF. Bank has integrated CR into its RAF since 2021, by defining limits for high CR sectors. Bank's risk profile of climate related risks and any breaches in the risk appetite or RAF since 2021, by defining lending limits for high CR sectors. Bank's risk profile of climate related risks and any breaches in the risk appetite/tolerance are monitored by RMD/RC and escalated to the BoD for further actions. No breaches occurred in 2024. In addition, İşbank discloses its CRM framework, objectives&measurement approaches in its ICAAP reports since 2020.

Forests

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

☑ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

☑ Board Terms of Reference

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

☑ Scheduled agenda item in some board meetings – less than annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities
☑ Overseeing and guiding public policy engagement

(4.1.2.6) Scope of board-level oversight

☑ Risks and opportunities to our own operations
☑ Risks and opportunities to our banking activities
☑ The impact of our own operations on the environment
☑ The impact of our banking activities on the environment

(4.1.2.7) Please explain

The Board of Directors provides ultimate oversight of the Bank's efforts to identify, assess, and integrate climate-related risks and opportunities across the organization and has mandated the Sustainability Committee (SC), a sub-committee, to focus on sustainability. The SC is chaired by the Chairperson of the Board and includes two additional Board members as well as ten Deputy Chief Executives. The Board of Directors considers climate-related issues when reviewing and guiding the Bank's business strategy, major action plans, risk management policies, and budget plans, as well as when setting performance objectives and monitoring implementation and performance. The SC ensures inclusive representation of business units and monitors sustainability issues in a holistic manner.

Water

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

☑ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

☑ Board Terms of Reference

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

☑ Scheduled agenda item in every board meeting (standing agenda item)

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

☑ Overseeing and guiding scenario analysis
☑ Overseeing the setting of corporate targets
☑ Monitoring progress towards corporate targets
☑ Approving corporate policies and/or commitments
☑ Overseeing and guiding public policy engagement
☑ Overseeing and guiding the development of a climate transition plan
☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities
☑ Approving and/or overseeing employee incentives
☑ Overseeing and guiding major capital expenditures
☑ Monitoring the implementation of a climate transition plan
☑ Overseeing and guiding the development of a business strategy
☑ Overseeing and guiding acquisitions, mergers, and divestitures

(4.1.2.6) Scope of board-level oversight

☑ Risks and opportunities to our own operations
☑ Risks and opportunities to our banking activities
☑ The impact of our own operations on the environment
☑ The impact of our banking activities on the environment

(4.1.2.7) Please explain

The Board of Directors provides ultimate oversight of the Bank's efforts to identify, assess, and integrate climate-related risks and opportunities across the organization and has mandated the Sustainability Committee (SC), a sub-committee, to focus on sustainability. The SC is chaired by the Chairperson of the Board and includes two additional Board members as well as ten Deputy Chief Executives. The Board of Directors considers climate-related issues when reviewing and guiding the Bank's business strategy, major action plans, risk management policies, and budget plans, as well as when setting performance objectives and monitoring implementation and performance. The SC ensures inclusive representation of business units and monitors sustainability issues in a holistic manner. At the Board level, the Risk Committee (RC) has been assigned as "Accountable" for the following activities related to climate risk management (CRM) and governance: Reporting of climate risk indicators included in the Risk Appetite Framework (RAF), Establishing and reviewing climate risk policies, Preparing, developing, periodically reviewing, and updating the climate risk questionnaire, Designing, monitoring, and updating the climate risk heat map and climate risk scenario analyses, Periodic review and calibration of models used in the measurement of climate risk, Monitoring climate risk indicators and reporting to relevant committees, Periodic review and, when necessary, updating of climate risk indicators. Second-line risk management activities (including climate change) are carried out by the Risk Management Division (RMD), which reports to both the RC and the Board of Directors. Financial and non-financial risks are reported to the RC and the Board of Directors on a monthly basis. İşbank's Climate Risk Taxonomy, Climate Risk Policy, Methodology and Principles Regarding the Measurement and Management of Climate Risk, and the Climate Risk RACI Matrix have been established by the RC and approved by the Board of Directors. Climate risk policies were updated to capture major developments within the continuously evolving climate framework. The Board of Directors is the ultimate authority for approving climate risk indicators to be included in İşbank's RAF. Bank has integrated CR into its RAF since 2021, by defining limits for high CR sectors. Bank's risk profile of climate related risks and any breaches in the risk appetite or RAF since 2021, by defining lending limits for high CR sectors. Bank's risk profile of climate related risks and any breaches in the risk appetite/tolerance are monitored by RMD/RC and escalated to the BoD for further actions. No breaches occurred in 2024. In addition, İşbank discloses its CRM framework, objectives&measurement approaches in its ICAAP reports since 2020.

Biodiversity

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

☑ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

☑ Board Terms of Reference

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

☑ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

☑ Approving corporate policies and/or commitments
☑ Overseeing the setting of corporate targets
☑ Monitoring progress towards corporate targets
☑ Overseeing and guiding public policy engagement

(4.1.2.6) Scope of board-level oversight

☑ Risks and opportunities to our banking activities
☑ The impact of our banking activities on the environment

(4.1.2.7) Please explain

The Board of Directors provides ultimate oversight of the Bank's efforts to identify, assess, and integrate climate-related risks and opportunities across the organization and has mandated the Sustainability Committee (SC), a sub-committee, to focus on sustainability. The SC is chaired by the Chairperson of the Board

and includes two additional Board members as well as ten Deputy Chief Executives. The Board of Directors considers climate-related issues when reviewing and guiding the Bank's business strategy, major action plans, risk management policies, and budget plans, as well as when setting performance objectives and monitoring implementation and performance. The SC ensures inclusive representation of business units and monitors sustainability issues in a holistic manner. At the Board level, the Risk Committee (RC) has been assigned as "Accountable" for the following activities related to climate risk management (CRM) and governance: Reporting of climate risk indicators included in the Risk Appetite Framework (RAF), Establishing and reviewing climate risk policies, Preparing, developing, periodically reviewing, and updating the climate risk questionnaire, Designing, monitoring, and updating the climate risk heat map and climate risk scenario analyses, Periodic review and calibration of models used in the measurement of climate risk, Monitoring climate risk indicators and reporting to relevant committees, Periodic review and, when necessary, updating of climate risk indicators. Second-line risk management activities (including climate) are carried out by the Risk Management Division (RMD), which reports to both the RC and the Board of Directors. Financial and non-financial risks are reported to the RC and the Board of Directors on a monthly basis. İşbank's Climate Risk Taxonomy, Climate Risk Policy, Methodology and Principles Regarding the Measurement and Management of Climate Risk, and the Climate Risk RACI Matrix have been established by the RC and approved by the Board of Directors. Climate risk policies were updated to capture major developments within the continuously evolving climate framework. The Board of Directors is the ultimate authority for approving climate risk indicators to be included in İşbank's RAF. Bank has integrated CR into its RAF since 2021, by defining limits for high CR sectors. Bank's risk profile of climate related risks and any breaches in the risk appetite or RAF since 2021, by defining lending limits for high CR sectors. Bank's risk profile of climate related risks and any breaches in the risk appetite/tolerance are monitored by RMD/RC and escalated to the BoD for further actions. No breaches occurred in 2024. In addition, İşbank discloses its CRM framework, objectives&measurement approaches in its ICAAP reports since 2020.

(4.2) Does your organization's board have competency on environmental issues?

Climate change

(4.2.1) Board-level competency on this environmental issue

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

☑ Consulting regularly with an internal, permanent, subject-expert working group
☑ Engaging regularly with external stakeholders and experts on environmental issues
☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)
☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Academic

☑ Postgraduate education (e.g., MSc/MA/PhD in environment and sustainability, climate science, environmental science, water resources management, forestry, etc.), please specify :One of the Board members is enrolled in a PhD program in Banking and his research focuses on climate change risks in terms of capital requirements in the banking sector.

Experience

☑ Active member of an environmental committee or organization

Forests

(4.2.1) Board-level competency on this environmental issue

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Engaging regularly with external stakeholders and experts on environmental issues

Water

(4.2.1) Board-level competency on this environmental issue

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Engaging regularly with external stakeholders and experts on environmental issues

☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)

☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Academic

☑ Postgraduate education (e.g., MSc/MA/PhD in environment and sustainability, climate science, environmental science, water resources management, forestry, etc.), please specify :One of the Board members is enrolled in a PhD program in Banking and his research focuses on climate change risks in terms of capital requirements in the banking sector.

Experience

☑ Active member of an environmental committee or organization

(4.3) Is there management-level responsibility for environmental issues within your organization?

	Management-level responsibility for this environmental issue
Climate change	☑ Yes
Forests	☑ Yes
Water	☑ Yes
Biodiversity	☑ Yes

(4.3.1) Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Sustainability Officer (CSO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

☑ Assessing future trends in environmental dependencies, impacts, risks, and opportunities

☑ Managing environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

Policies, commitments, and targets

☑ Measuring progress towards environmental corporate targets

☑ Measuring progress towards environmental science-based targets

☑ Setting corporate environmental policies and/or commitments

☑ Setting corporate environmental targets

Strategy and financial planning

☑ Developing a climate transition plan

☑ Implementing a climate transition plan

☑ Conducting environmental scenario analysis

☑ Implementing the business strategy related to environmental issues

☑ Developing a business strategy which considers environmental issues

☑ Managing acquisitions, mergers, and divestitures related to environmental issues

☑ Managing major capital and/or operational expenditures relating to environmental issues

Other

☑ Providing employee incentives related to environmental performance

(4.3.1.3) Coverage of responsibilities

☑ Dependencies, impacts, risks, and opportunities related to our banking activities

☑ Dependencies, impacts, risks and opportunities related to our own operations and/or upstream value chain

(4.3.1.4) Reporting line

☑ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

☑ Quarterly

(4.3.1.6) Please explain

The Deputy Chief Executive in charge of the Investor Relations and Sustainability function assumes the role of Chief Sustainability Officer (CSO) (Sustainability Leader). CSO is responsible for steering İşbank's sustainability initiatives, ESG strategy including climate transition planning as well as and representing the Bank in sustainability communications, including stakeholder engagement and guiding the Bank's sustainability initiatives. Also, he/she organizes and mobilizes all related departments in throughout the Bank for setting ESG and climate-related goals targets and KPIs. The CSO follows the Bank's objectives and performance in terms of sustainability by coordinating sustainability activities among all relevant departments such as risk, strategy, allocation, sales and marketing.

Forests

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Sustainability Officer (CSO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

☑ Assessing future trends in environmental dependencies, impacts, risks, and opportunities

☑ Managing environmental dependencies, impacts, risks, and opportunities

(4.3.1.3) Coverage of responsibilities

☑ Dependencies, impacts, risks, and opportunities related to our banking activities

☑ Dependencies, impacts, risks and opportunities related to our own operations and/or upstream value chain

(4.3.1.4) Reporting line

☑ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

☑ As important matters arise

(4.3.1.6) Please explain

Deputy Chief Executive in charge of Investor Relations & Sustainability function assumes the role of Chief Sustainability Officer (CSO) (Sustainability Leader) who is responsible for steering İşbank's sustainability initiatives and represents the Bank in sustainability fields. The Chief Sustainability Officer is responsible of determining, analyzing and managing the forest related risks and opportunities in concern of banking practices.

Water

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Sustainability Officer (CSO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

☑ Managing environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

☑ Measuring progress towards environmental corporate targets

☑ Setting corporate environmental targets

Strategy and financial planning

☑ Conducting environmental scenario analysis

☑ Developing a business strategy which considers environmental issues

☑ Implementing the business strategy related to environmental issues

☑ Managing acquisitions, mergers, and divestitures related to environmental issues

☑ Managing major capital and/or operational expenditures relating to environmental issues

Other

☑ Providing employee incentives related to environmental performance

(4.3.1.3) Coverage of responsibilities

☑ Dependencies, impacts, risks, and opportunities related to our banking activities

☑ Dependencies, impacts, risks and opportunities related to our own operations and/or upstream value chain

(4.3.1.4) Reporting line

☑ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

☑ Quarterly

(4.3.1.6) Please explain

Deputy Chief Executive in charge of Investor Relations & Sustainability function assumes the role of Chief Sustainability Officer (CSO) (Sustainability Leader) who is responsible for steering İşbank's sustainability initiatives and represents the Bank in sustainability fields. The Chief Sustainability Officer is responsible of determining, analyzing and managing the water related risks and opportunities in concern of banking practices and water-related risks and opportunities of our own operations. In addition, the CSO periodically monitors the resource consumption relative to targets.

Biodiversity

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Sustainability Officer (CSO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

☑ Managing environmental dependencies, impacts, risks, and opportunities

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

Strategy and financial planning

☑ Developing a business strategy which considers environmental issues

(4.3.1.3) Coverage of responsibilities

☑ Dependencies, impacts, risks, and opportunities related to our banking activities

☑ Dependencies, impacts, risks, and opportunities related to our investing activities

(4.3.1.4) Reporting line

☑ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

☑ As important matters arise

(4.3.1.6) Please explain

The Deputy Chief Executive in charge of the Investor Relations and Sustainability function assumes the role of Chief Sustainability Officer (CSO) (Sustainability Leader). CSO is responsible for steering İşbank's sustainability initiatives, ESG strategy including climate transition planning as well as and representing the Bank in sustainability communications, including stakeholder engagement and guiding the Bank's sustainability initiatives. Also, he/she organizes and mobilizes all related departments in throughout the Bank for setting ESG and climate-related goals targets and KPIs. The CSO follows the Bank's objectives and performance in terms of sustainability by coordinating sustainability activities among all relevant departments such as risk, strategy, allocation, sales and marketing.

(4.5) Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

Climate change

(4.5.1) Provision of monetary incentives related to this environmental issue

☑ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

10

(4.5.3) Please explain

We have established a personalized goal setting and bonus system consisting of individual and team-based goals, for all employees in order to evaluate the employees' performance. In this regard, we implement an incentive-based remuneration system for all employees including senior managers that incorporates specific KPIs related to sustainability including environmental issues in line with the Bank's strategic priorities. Our C-Suite executives have sustainability-related goals that vary according to their roles & responsibilities. In this context, our Sustainability Leader also has a task, assured via performance card, which affects annual remuneration, to set sectoral carbon reduction targets in line with our NZBA target and to declare progress against these targets.

Forests

(4.5.1) Provision of monetary incentives related to this environmental issue

☑ No, but we plan to introduce them in the next two years

(4.5.3) Please explain

Currently, there are no specific KPIs defined for forests. The Bank continues to monitor regulatory and market developments regarding deforestation-related risks and opportunities, and plans to establish relevant KPIs in line with emerging frameworks and portfolio exposure.

Water

(4.5.1) Provision of monetary incentives related to this environmental issue

☑ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

10

(4.5.3) Please explain

All C-Suite Executives have cost optimization targets including the water and energy consumption costs of İşbank. In addition to cost optimization, related C-suit executives are incentivized to increase sustainable finance portfolio, including increasing the volume of Water Security Loan. These targets are included inexecutives' performance cards which affect their annual remuneration. Also, since our main facilities are internationally certified green buildings; compliance with these certification requirements are always on the agenda of our C-Suite Executives which eventually make them responsible on water management&efficiency operations in the Bank. Moreover, the CSO/Sustainability Leader of the Bank has an additional target of taking part in BIST Sustainability Index. Taking part in the mentioned Index requires fulfillment of a set of ESG criteria including the operations of water efficiency. This target is also assured via performance card, which affects the annual remuneration.

(4.5.1) Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Climate change

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ Chief Sustainability Officer (CSO)

(4.5.1.2) Incentives

☑ Bonus - % of salary

(4.5.1.3) Performance metrics

Targets

☑ Progress towards environmental targets

☑ Achievement of environmental targets

☑ Organization performance against an environmental sustainability index

☑ Reduction in absolute emissions in line with net-zero target

Strategy and financial planning

☑ Achievement of climate transition plan

Emission reduction

☑ Reduction in emissions intensity

☑ Reduction in absolute emissions

Resource use and efficiency

☑ Reduction in water consumption volumes – direct operations

☑ Reduction in total energy consumption

(4.5.1.4) Incentive plan the incentives are linked to

☑ Both Short-Term and Long-Term Incentive Plan, or equivalent

(4.5.1.5) Further details of incentives

At the beginning of 2023, İşbank set out its commitment to provide 300 billion TL of sustainable financing over a 3 year period. Having reached this target ahead of schedule by 2025, the Bank revised its commitment upwards, setting a new sustainable finance goal of TRY 650 billion. This target is a core objective for all relevant C-Suite executives. Furthermore, last year we have established a personalized target setting and bonus system consisting of individual and team-based goals, for all employees in order to evaluate the employees' performance. Individual and team-based targets are included in the performance cards of employees, which affects their annual remuneration. In this regard, İşbank implements an incentive-based remuneration system for all employees including senior managers that incorporates

specific KPIs related to sustainability including environmental issues in line with the Bank's strategic priorities. Our C-Suite executives have sustainability-related goals that vary according to their roles & responsibilities. In this context, our Sustainability Leader also has a task, assured via performance card, which affects annual remuneration, to set sectoral carbon reduction targets in line with our NZBA target, declare progress against these targets and increase the share of sustainability-themed loans.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

The incentive system linked to achieving the NZBA target directly relates to the Bank's commitment to net zero emissions by 2050. At the same time, the incentive system includes the reduction of emission intensity and absolute emissions, which are among the performance indicators followed by our Bank in the transition to a carbon-free economy, also serves the same purpose.

Water

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ Chief Sustainability Officer (CSO)

(4.5.1.2) Incentives

☑ Bonus - % of salary

(4.5.1.3) Performance metrics

Resource use and efficiency

☑ Reduction of water withdrawals – direct operations

☑ Reduction in water consumption volumes – direct operations

☑ Improvements in water efficiency – direct operations

☑ Improvements in water accounting, reporting, and third-party verification

☑ Energy efficiency improvement

Pollution

☑ Improvements in wastewater quality – direct operations

☑ Reduction of water pollution incidents

(4.5.1.4) Incentive plan the incentives are linked to

☑ Both Short-Term and Long-Term Incentive Plan, or equivalent

(4.5.1.5) Further details of incentives

All C-Suite Executives have cost optimization targets including the water and energy consumption costs of İşbank. In addition to cost optimization, related C-suit managers are incentivized to increase sustainable finance portfolio, including increasing the volume of Water Security Loan. These targets are included in executives' performance cards which affect their annual remuneration. Also, since our main facilities are internationally certified green buildings (the Head Office certified with a BREEAM In-use Excellent, TUTOM Building certified with LEED Gold and Atlas Data Center certified with LEED v4 Gold for Data Centers); compliance with these certification requirements are always on the agenda of our C-Suite Executives which eventually make them responsible on water management and water efficiency operations in the Bank. Moreover, C-Suite Executive who is in charge of Investor Relations and Sustainability Division, namely the CSO/Sustainability Leader of the Bank has an additional target of taking part in BIST Sustainability Index. Taking part in the mentioned Index requires fulfillment of a set of ESG criteria including the operations of water efficiency. This target is also assured via performance card, which affects the annual remuneration.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Such incentive system focuses on Performance-Based Remuneration that eventually contributes to achieve the Bank's environmental commitments. Specifically, İşbank's commitment in sustainable finance field is fed by a number of targets. CSO's annual remuneration is tied to performance cards that include targets for increasing the sustainable finance portfolio, such as the volume of Water Security Loans. These incentives encourage the CSO to prioritize and achieve these environmental goals. The CSO is responsible for ensuring that the bank's main facilities maintain their green building certifications (BREEAM In-use Excellent, LEED Gold, and LEED v4 Gold). Compliance with these certifications involves ongoing water management and efficiency operations, aligning with the bank's sustainability objectives. These monetary incentives ensure that the CSO is actively engaged in and accountable for the bank's environmental commitments, driving efforts towards sustainability and efficient resource management.

(4.6) Does your organization have an environmental policy that addresses environmental issues?

	Does your organization have any environmental policies?
	☑ Yes

(4.6.1) Provide details of your environmental policies.

Row 1

(4.6.1.1) Environmental issues covered

☑ Climate change
☑ Forests
☑ Water
☑ Biodiversity

(4.6.1.2) Level of coverage

☑ Organization-wide

(4.6.1.3) Value chain stages covered

☑ Direct operations
☑ Downstream value chain
☑ Portfolio

(4.6.1.4) Explain the coverage

Environmental and Social Impact Policy of İşbank aims to set forth the principles to be considered by İşbank concerning its activities that have an environmental and social impact.

(4.6.1.5) Environmental policy content

Environmental commitments
☑ Commitment to comply with regulations and mandatory standards
☑ Commitment to no trade of CITES listed species
☑ Commitment to respect legally designated protected areas
☑ Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments

☑ Commitment to net-zero emissions

☑ Commitment to not invest in fossil-fuel expansion

Water-specific commitments

☑ Commitment to reduce or phase out hazardous substances

☑ Commitment to control/reduce/eliminate water pollution

☑ Commitment to reduce water consumption volumes

☑ Commitment to reduce water withdrawal volumes

☑ Commitment to the conservation of freshwater ecosystems

Social commitments

☑ Commitment to respect internationally recognized human rights

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

☑ Yes, in line with the Paris Agreement

(4.6.1.7) Public availability

☑ Publicly available

(4.6.1.8) Attach the policy

environment-and-social-impact-policy.pdf

(4.7) Does the policy framework for the portfolio activities of your organization include environmental requirements that clients/investees need to meet, and/or exclusion policies?

	Policy framework for portfolio activities include environmental requirements for clients/investees, and/or exclusion policies
Banking (Bank)	☑ Yes, our framework includes both policies with environmental client/investee requirements and environmental exclusion policies

(4.7.1) Provide details of the policies which include environmental requirements that clients/investees need to meet.

Banking (Bank)

(4.7.1.1) Environmental issues covered

☑ Climate change
☑ Forests
☑ Water

(4.7.1.2) Type of policy

☑ Credit/lending policy
☑ Engagement policy

(4.7.1.3) Public availability

☑ Publicly available

(4.7.1.4) Attach the policy

İşbank_CTP.pdf

(4.7.1.5) Value chain stages of client/investee covered by policy

☑ Direct operations and upstream/downstream value chain

(4.7.1.6) Industry sectors covered by the policy

☑ Retail
☑ Apparel
☑ Services
☑ Materials
☑ Hospitality
☑ Transportation services
☑ Food, beverage & agriculture
☑ Biotech, health care & pharma
☑ Fossil Fuels
☑ Manufacturing
☑ Infrastructure
☑ Power generation
☑ International bodies

(4.7.1.7) Commodities covered by the policy

☑ All agricultural commodities

(4.7.1.8) Commodity value chain stage covered by the policy

☑ Production
☑ Manufacturing

(4.7.1.9) % of portfolio covered by the policy in relation to total portfolio value

100

(4.7.1.11) Explain how criteria coverage and/or exceptions have been determined

Environmental and Social Impacts Policy principles and its annex, Exclusion List, have been determined by taking into account the factors such as bank's sustainability strategy, commitments, national and international good practices, global developments, stakeholder expectations, index requirements. İşbank, does not provide financing to the activities of companies that operate in the fields indicated İşbank Exclusion List.

(4.7.1.12) Requirements for clients/investees

Environmental commitments

☑ Commitment to comply with regulations and mandatory standards

☑ Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments

☑ Commitment to 100% renewable energy regulations

☑ Commitment to not funding climate-denial or lobbying against climate

☑ Commitment to disclose Scope 1 emissions

☑ Commitment to disclose Scope 2 emissions

☑ Commitment to develop a climate transition plan

☑ Commitment to not invest in fossil-fuel expansion

Water-specific commitments

☑ Commitment to control/reduce/eliminate water pollution

☑ Commitment to reduce water withdrawal volumes

Social commitments

☑ Commitment to respect internationally recognized human rights

(4.7.1.13) Measurement of proportion of clients/investees compliant with the policy

☑ Yes

(4.7.1.14) % of clients/investees compliant with the policy

100

(4.7.1.15) % of portfolio value that is compliant with the policy

99

(4.7.1.16) Target year for 100% compliance

☑ In more than 5 years

(4.7.2) Provide details of your exclusion policies related to industries, activities and/or locations exposed or contributing to environmental risks.

Banking (Bank)

(4.7.2.1) Type of exclusion policy

☑ All coal

(4.7.2.2) Fossil fuel value chain

☑ Upstream
☑ Midstream

(4.7.2.3) Year of exclusion implementation

2020

(4.7.2.4) Phaseout pathway

☑ New business/investment for new projects
☑ New business/investment for existing projects

(4.7.2.5) Year of complete phaseout

2020

(4.7.2.6) Country/area the exclusion policy applies to

☑ Turkey

(4.7.2.7) Description

İşbank rejects any loan applications for activities on the İşbank Exclusion List, which the Bank names in the annex to its Environmental and Social Impacts Policy, without even taking them into consideration. İşbank Environmental and Social Impact Policy, which includes Exclusion List is an integral part of our Sustainability approach, which was accepted by our Board of Directors and entered into force on 31.12.2014. In 2020 İşbank took an industry-leading decision and announced that it would not finance "loans for financing greenfield (new) investments of coal- and natural gas-fired thermal power plants to be established for electricity generation".

Banking (Bank)

(4.7.2.1) Type of exclusion policy

☑ Coal mining

(4.7.2.2) Fossil fuel value chain

☑ Upstream

(4.7.2.3) Year of exclusion implementation

2021

(4.7.2.4) Phaseout pathway

☑ New business/investment for new projects

☑ New business/investment for existing projects

(4.7.2.5) Year of complete phaseout

2021

(4.7.2.6) Country/area the exclusion policy applies to

☑ Turkey

(4.7.2.7) Description

İşbank rejects any loan applications for activities on the İşbank Exclusion List, which the Bank names in the annex to its Environmental and Social Impacts Policy, without even taking them into consideration. İşbank Environmental and Social Impact Policy, which includes Exclusion List is an integral part of our Sustainability approach, which was accepted by our Board of Directors and entered into force on 31.12.2014. In 2021 İşbank took a critical decision and announced that it would not finance new coal mining investments.

(4.8) Does your organization include covenants in financing agreements to reflect and enforce your environmental policies?

	Covenants included in financing agreements to reflect and enforce policies
	☑ Yes

(4.8.1) Provide details of the covenants included in your organization's financing agreements to reflect and enforce your environmental policies.

Row 1

(4.8.1.1) Environmental issue

☑ Climate change
☑ Forests
☑ Water
☑ Biodiversity

(4.8.1.2) Types of covenants used

☑ A purpose or use of proceeds clause that refers to a taxonomy aligned activity
☑ Margin or pricing depends on sustainability criteria
☑ Covenants related to compliance with your environmental policies

(4.8.1.3) Asset class/product types covered by covenants

☑ Corporate loans
☑ Project finance

(4.8.1.4) Criteria for how covenants are applied

☑ Depending on loan size

(4.8.1.5) % of clients covered by covenants

90

(4.8.1.6) % of portfolio covered in relation to total portfolio value

4.6

(4.8.1.7) Provide details on which environmental policies your covenants enforce and how

All new investment projects to be financed by İşbank with an investment amount of more than USD 10 million are evaluated using the Environmental and Social Risk Evaluation Tool (ÇESMOD). Projects within this scope are subject to environmental and social risk assessment, and a risk score is determined as a result of this assessment. If the risk of a project is determined to be high, an environmental and social action plan is established in cooperation with the customer to eliminate or mitigate the identified effects, and the follow-up of these actions is provided under the supervision of independent consultants, when necessary. With the ÇESMOD Model, E&S risk scores of the investments financed by the Bank are calculated with initial evaluations conducted with specific sets of questions based on the type of investment, e.g. new facility development, capacity expansion and/or additional facilities or refinancing/procurement, followed by evaluations conducted with specific sets of questions based on the sector in question, e.g. mining, manufacturing, infrastructure, chemistry, energy and renewable energy. On the other side, with the questionnaires on Sustainability Assessment System (SÜRAS), for SME clients environmental and social due diligence has been conducted.

(4.9) Does your organization offer its employees a pension scheme that incorporates environmental criteria in its holdings?

Climate change

(4.9.1) Pension scheme incorporates environmental criteria in its holdings

☑ Yes, as the default investment strategy for all plans

(4.9.2) Describe how funds within the pension scheme are selected and how your organization ensures that environmental criteria are incorporated

Employees of the Bank are members of "Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı", ("the Fund"), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. The pension scheme of the Fund actively manages the funds within the retirement portfolio, focusing on a mix of investments. Less than 10% of the funds are allocated to shares of companies listed on the BIST Sustainability Index, ensuring some alignment with sustainability practices. Alongside these, the portfolio includes other investments, such as green bonds and a range of traditional financial assets, to achieve balanced long-term financial growth while incorporating environmental considerations.

Forests

(4.9.1) Pension scheme incorporates environmental criteria in its holdings

☑ Yes, as the default investment strategy for all plans

(4.9.2) Describe how funds within the pension scheme are selected and how your organization ensures that environmental criteria are incorporated

Employees of the Bank are members of "Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı", ("the Fund"), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. The pension scheme of the Fund actively manages the funds within the retirement portfolio, focusing on a mix of investments. Less than 10% of the funds are allocated to shares of companies listed on the BIST Sustainability Index, ensuring some alignment with sustainability practices. Alongside these, the portfolio includes other investments, such as green bonds and a range of traditional financial assets, to achieve balanced long-term financial growth while incorporating environmental considerations.

Water

(4.9.1) Pension scheme incorporates environmental criteria in its holdings

☑ Yes, as the default investment strategy for all plans

(4.9.2) Describe how funds within the pension scheme are selected and how your organization ensures that environmental criteria are incorporated

Employees of the Bank are members of "Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı", ("the Fund"), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. The pension scheme of the Fund actively manages the funds within the retirement portfolio, focusing on a mix of investments. Less than 10% of the funds are allocated to shares of companies listed on the BIST Sustainability Index, ensuring some alignment with sustainability practices. Alongside these, the portfolio includes other investments, such as green bonds and a range of traditional financial assets, to achieve balanced long-term financial growth while incorporating environmental considerations.

(4.10) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

(4.10.1) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

☑ Yes

(4.10.2) Collaborative framework or initiative

☑ UNEP FI
☑ UN Global Compact
☑ Net Zero Banking Alliance
☑ UNEP FI Principles for Responsible Banking
☑ World Business Council for Sustainable Development (WBCSD)
☑ Science-Based Targets Initiative for Financial Institutions (SBTi-FI)

(4.10.3) Describe your organization’s role within each framework or initiative

In April 2022, we became a member of the Net Zero Banking Alliance (NZBA), which was established under the umbrella of the United Nations. This was a significant step for us in terms of managing the impacts of our loan portfolio and setting mitigation targets. The Alliance was established with the objective of ensuring that member banks align their portfolios with science-based net-zero emission targets in line with the Paris Climate Agreement, by 2050. This membership entails a number of commitments. To achieve net-zero targets by 2050, we are committed to supporting our customers' transition to a net-zero economy. In 2023, we first announced our 2030 targets for emission reduction in the power generation, cement and iron and steel sectors, which are among the carbon-intensive sectors. Accordingly, by 2030, the aim is to reduce the emission intensity by 61% in the power generation sector, 21% in cement and 10% in iron and steel compared to the 2021 base year. In addition to cement, iron&steel and power generation industries for which we have set emission reduction targets in the previous year, the Bank has announced its interim targets to reduce emissions intensity by 7% in aluminum, 36% in real estate, 20% in road freight transport, and 15% in the oil and gas industry by 2030 in line with the new targets we have announced in 2024. We have also set a precedent in the agricultural sector that we prioritize in view of its role in ensuring food security and driving sustainable development, and set specific emission reduction targets for the agricultural portfolio that optimally reflects the agricultural production in the arable lands of Türkiye and the agricultural portfolio of the Bank. Accordingly, we have made differentiations among various crops and set emission reduction targets for wheat, maize and rice production at 14%, 15% and 16%, respectively. In line with our commitment to combating climate change, we have published our Climate Transition Plan, which defines sector-specific targets and actions for all carbon-intensive sectors, as identified by the Net-Zero Banking Alliance. It also includes portfolio actions designed to encourage our customers to transition to net zero. As a signatory of the UNEP FI Principles for Responsible Banking since 2020, our Bank regularly conducts portfolio impact analysis and points out the positive and negative impact areas through its financing activities. We will continue to disclose the developments on an annual basis. İşbank has made a commitment to the SBTi to validate the emission reduction targets on science-based basis. Moreover, as a signatory of UN Global Compact since 2012, İşbank is also a member of the Sustainable Banking and Finance Working Group of UN Global Compact Network Türkiye. İşbank is one of the first signatories of Declaration of Sustainable Finance which was published by UN Global Compact Network Türkiye and undertakes the evaluation of the environmental and social risks in the loan processes. According to our commitment announced in the aforementioned Declaration, we evaluate the potential environmental and social risks of all new investment projects worth more than USD 10 million which is also stated in Risks & Opportunities section of our CDP Climate Change Reporting. İşbank became a member of the Business Council for Sustainable Development Turkey (BCSD Turkey) in 2023. Within this framework, our Bank supports the Council’s activities aimed at promoting a better understanding, adoption, and implementation of the fundamental principles of sustainable development within the business community.

(4.11) In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

(4.11.1) External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

☑ Yes, we engaged directly with policy makers

(4.11.2) Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

☑ Yes, we have a public commitment or position statement in line with global environmental treaties or policy goals

(4.11.3) Global environmental treaties or policy goals in line with public commitment or position statement

☑ Paris Agreement

(4.11.4) Attach commitment or position statement

isbank-ctp.pdf

(4.11.5) Indicate whether your organization is registered on a transparency register

☑ No

(4.11.8) Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

For İşbank, maintaining regular, timely, and two-way communication with stakeholders is a priority in sustainability efforts. The Bank engages in initiatives such as knowledge sharing and literature reviews. İşbank is a member of the Banks Association of Türkiye (BAT) Working Group on the Role of the Financial Sector in Sustainable Growth and contributes to the sub-working group drafting the "Guideline on Heat Map Methodologies," aimed at sector-wide climate risk management. It also chairs the newly formed "Sustainability-Related Financial Reporting Standards" sub-working group under BAT, supporting integration of sustainability standards into the banking sector. Beyond national efforts, İşbank plays an active international role. As a member of the Net-Zero Banking Alliance (NZBA), it co-leads the Cement Working Group and participates in Agriculture and Coal groups, contributing to knowledge sharing, sectoral guidance, and collaborative solutions for portfolio decarbonization. As a signatory of the UN Global Compact, İşbank is part of the Sustainable Banking and Finance Working Group of the UN Global Compact Network Türkiye. In line with the Sustainable Finance Declaration, it evaluates environmental and social (E&S) risks for all new investment projects above USD 10 million. Under the UNEP FI Principles for Responsible Banking (PRB), İşbank conducted a portfolio impact analysis, identified positive and negative impacts, set targets, and publishes progress. Nationally, İşbank contributes to Türkiye's Green Taxonomy and green asset ratio studies to align financial activities with environmental goals. Aligned with its vision, İşbank—also a member of DEİK—supports the transition to a net-zero economy. DEİK, Türkiye's commercial diplomacy body, promotes practices aligned with the European Green Deal and Paris Agreement. Through working groups on foreign trade, banking, law, and green transformation, DEİK brings together policymakers, business leaders, academics, and NGOs to identify needs, develop policies, and shape sustainable strategies. İşbank contributes particularly in customs and foreign trade working groups, consistent with its environmental commitments.

(4.11.1) On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

Row 1

(4.11.1.1) Specify the policy, law, or regulation on which your organization is engaging with policy makers

Green Asset Ratio and Guide on the Development of Heat Map Methodologies

(4.11.1.2) Environmental issues the policy, law, or regulation relates to

☑ Climate change
☑ Water

(4.11.1.3) Focus area of policy, law, or regulation that may impact the environment

Financial mechanisms (e.g., taxes, subsidies, etc.)
☑ Sustainable finance

(4.11.1.4) Geographic coverage of policy, law, or regulation

☑ National

(4.11.1.5) Country/area/region the policy, law, or regulation applies to

☑ Turkey

(4.11.1.6) Your organization's position on the policy, law, or regulation

☑ Support with no exceptions

(4.11.1.8) Type of direct engagement with policy makers on this policy, law, or regulation

☑ Participation in working groups organized by policy makers
☑ Responding to consultations
☑ Submitting written proposals/inquiries

(4.11.1.9) Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)

0

(4.11.1.10) Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

İşbank, as an active member of the Sustainability Working Group of the Banks Association of Türkiye (TBB), provides comprehensive support to the group's activities. In 2024, within the scope of the Climate Risk Sub-Working Group, the Bank contributed to the preparation of the "Guide on the Development of Heat Map Methodologies", which aims to establish a methodology for the effective management of climate-related financial risks in the banking sector that can be applied by all banks. In addition, İşbank actively participated in the drafting process of the communiqué regarding the calculation of the Green Asset Ratio for banks, and shared its opinions. Water efficiency, which is an important component of resource efficiency, is also included in the green asset ratio studies conducted by the Banks Association of Türkiye. In this context, water efficiency was emphasized and opinions were shared, especially in the agriculture and tourism sectors.

(4.11.1.11) Indicate if you have evaluated whether your organization's engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

☑ Yes, we have evaluated, and it is aligned

(4.11.1.12) Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

☑ Paris Agreement
☑ Sustainable Development Goal 6 on Clean Water and Sanitation

(4.12) Have you published information about your organization’s response to environmental issues for this reporting year in places other than your CDP response?

☑ Yes

(4.12.1) Provide details on the information published about your organization’s response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Row 1

(4.12.1.1) Publication

☑ In mainstream reports, in line with environmental disclosure standards or frameworks

(4.12.1.2) Standard or framework the report is in line with

☑ GRI
☑ IFRS
☑ Other, please specify :Integrated Reporting Framework (Framework) of the International Integrated Reporting Council (IIRC)

(4.12.1.3) Environmental issues covered in publication

☑ Climate change
☑ Forests
☑ Water
☑ Biodiversity

(4.12.1.4) Status of the publication

☑ Complete

(4.12.1.5) Content elements

☑ Strategy
☑ Governance
☑ Emission targets
☑ Emissions figures
☑ Risks & Opportunities
☑ Value chain engagement
☑ Dependencies & Impacts
☑ Water accounting figures
☑ Content of environmental policies

(4.12.1.6) Page/section reference

Page 104-115

(4.12.1.7) Attach the relevant publication

2024IntegratedReport.pdf

(4.12.1.8) Comment

The İşbank Integrated Annual Report is compatible with the Integrated Reporting Framework (Framework) of the International Integrated Reporting Council (IIRC). The 2024 Integrated Annual Report has been prepared in accordance with the GRI Standards-Comprehensive practice published by the Global Reporting Initiative (GRI). In organizing the content of report, the Provisional Standard for Commercial Banks guide released by the Sustainability Accounting Standards Board - (SASB), United Nations Environment Program Finance Initiative's (UNEP-FI) Principles for Responsible Banking were utilized. The report also includes İşbank's contribution to the United Nations Sustainable Development Goals and Turkish Capital Markets Board's (CMB) Sustainability Principles Compliance Report. Furthermore, having signed the UNEP FI Principles for Responsible Banking in 2020, the İşbank has published its progress reports on an annual basis from 2022 on. The Principles of Responsible Banking introduced by the UNEP FI are intended to ensure alignment of the signatory banks with the vision set forth by the society in the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement. In addition, İşbank's reporting is aligned with the Sustainability-Related Financial Reporting Standards (TSRS) published by the Public Oversight Authority of Türkiye (https://www.isbank.com.tr/en/about-us/our-reports), which are fully harmonized with the IFRS Sustainability Disclosure Standards.

C5. Business strategy

(5.1) Does your organization use scenario analysis to identify environmental outcomes?

Climate change

(5.1.1) Use of scenario analysis

☑ Yes

(5.1.2) Frequency of analysis

☑ Annually

Forests

(5.1.1) Use of scenario analysis

☑ No, but we plan to within the next two years

(5.1.3) Primary reason why your organization has not used scenario analysis

☑ No standardized procedure

(5.1.4) Explain why your organization has not used scenario analysis

Currently, İşbank has not yet implemented scenario analysis for forests due to the absence of a standardized internal procedure. However, the Bank plans to initiate scenario analysis within the next two years, once relevant methodologies are standardized and sectoral data availability improves. This step will ensure that forest-related risks and opportunities are systematically assessed in line with international frameworks.

Water

(5.1.1) Use of scenario analysis

☑ Yes

(5.1.2) Frequency of analysis

☑ Annually

(5.1.1) Provide details of the scenarios used in your organization’s scenario analysis.

Climate change

(5.1.1.1) Scenario used

Climate transition scenarios

☑ NGFS scenarios framework, please specify :NGFS – Net-Zero 2050, NGFS- Delayed Transition, NGFS- Current Policies Scenarios incorporating UNEP-FI/Oliver Wyman’s “Transition Check” methodology

(5.1.1.3) Approach to scenario

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

☑ Portfolio

(5.1.1.5) Risk types considered in scenario

☑ Policy

(5.1.1.6) Temperature alignment of scenario

☑ 1.5°C or lower

(5.1.1.7) Reference year

2024

(5.1.1.8) Timeframes covered

☑ 2030
☑ Other, please specify :2035

(5.1.1.9) Driving forces in scenario

Finance and insurance
☑ Other finance and insurance driving forces, please specify :Carbon Price

Regulators, legal and policy regimes
☑ Global regulation
☑ Other regulators, legal and policy regimes driving forces, please specify :Implementation of a domestic carbon tax mechanism

Direct interaction with climate
☑ On asset values, on the corporate

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

Scenario analysis consists of both qualitative and quantitative parts. For the qualitative part, İşbank combines climate risk related literature, external studies and expert input to assess climate risk level on a sectoral heatmap. Assessment is translated into a 5-grade risk scale to evaluate vulnerability of each sector in the portfolio to climate risks.. For the quantitative part, İşbank incorporates NGFS reference scenarios framework and UNEP-FI/Oliver Wyman's "Transition Check" methodology. Bank carried out this study to assess the financial impact of emerging carbon tax on customers by imposing 8 different carbon price based on customized NGFS current policies, delayed transition and net-zero scenarios. The potential impact of a carbon tax is assessed by stressing financialstatements of firms. In the Bank specific evaluation, key metrics such as revenues, COGS, OPEX, CAPEX are stressed considering supply-demand dynamics of the relevant sectors, as well as expected changes in macroeconomic outlook of the chosen pathway. Based on the stressed financials, ECL calculation process is rerun to analyze impact for each firm. For the sake of simplicity, LGDs of the clients assumed to be stable (w. avg 50.2%). Scenario specific assumptions are given below:

Medium-term scenario: The level of the carbon price is anticipated to range between 11.46-257.4 USD/tCO2 with an increasing trend. Long-term scenario: The level of the carbon price is anticipated to range between 72.4-381.3 USD/tCO2 with an increasing trend. However, the climate projections and assumptions used in scenario analysis inherently contain uncertainties, particularly due to potential unforeseen changes. The timing of the transition is a factor that directly influences the Bank's strategic investment decisions. The lack of clarity regarding the exact timing of full implementation and the varying scope of regulations on carbon pricing, green finance, and sustainable taxonomies in Turkey and globally creates strategic uncertainty. Dynamics such as the speed at which consumers shift toward low-carbon products and the increase in demand for green investments may vary depending on behavioral and economic models. Climate-related reputational shocks driven by media or civil society pressure could cause disproportionate harm to the Bank's public image, yet quantifying such impacts in financial terms remains highly challenging.

(5.1.1.11) Rationale for choice of scenario

The NGFS Net-Zero 2050 scenario is considered the baseline scenario for transition risks, as it is not only the most ambitious scenario in terms of combating climate change but also aligned with the Bank's strategy to achieve carbon neutrality by 2050. NGFSNet-Zero 2050 Scenario is an ambitious scenario with a temperature alignment of 1.5°C, In April 2022, İşbank made a commitment to Net-Zero Banking Alliance (NZBA) by taking a very important step to manage the impacts arising from its loan portfolio and set reduction targets. In order to reach net-zero targets by 2050, the Bank committed to supporting its customers' transition processes to a net-zero economy by focusing its 2030 targets on carbon-intensive sectors and reporting and publishing its progress in emission targets on an annual basis. This scenario is chosen since it is in-line with Bank's decarbonization strategy. Sectoral assumptions & data: In order to be consistent with the Bank's overall strategy, macroeconomic assumptions such as inflation rate, FX rates, GDP growth and corresponding interest rates are taken from the studies of Bank's Economic Research Department. The demand and supply elasticity values are based on literature search and expert opinions. For each type of energy source emission parameters are attained from IPCC and Republic of Türkiye Ministry of Energy and Natural Resources. Furthermore, client-based data such as firms' financial data are gathered from customers' financial reports and Turkey's energy generation by source for each type and firm-level annual production mix are derived from EPIAS database. Apart from these, sector specific values used in scenario analysis, which are unit product price and total sectoral production for cement, electricity, freight transportation and iron-steel sectors received from Turk Cement Sector Report, General Directorate of Highways and EPIAS.

Water

(5.1.1.1) Scenario used

Water scenarios

☑ WRI Aqueduct

(5.1.1.3) Approach to scenario

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

☑ Portfolio

(5.1.1.5) Risk types considered in scenario

☑ Chronic physical

(5.1.1.7) Reference year

2024

(5.1.1.8) Timeframes covered

☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Changes in ecosystem services provision

☑ Climate change (one of five drivers of nature change)

Regulators, legal and policy regimes

☑ Level of action (from local to global)

Direct interaction with climate

☑ On asset values, on the corporate

Macro and microeconomy

☑ Domestic growth

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

İşbank uses the WRI Aqueduct tool's future projections for physical risks scenario analysis. The tool contains a wide range of water-related data, providing a comprehensive view of water risks at a global scale. In the reporting year, İşbank applied WRI Aqueduct tool's 2050 "pessimistic scenario" future projections to analyze vulnerability of the Bank's agricultural portfolio to water stress risk in the long term. The " pessimistic scenario " scenario (SSP5 RCP8.5) represents a future where temperatures increase up to 3.3°C to 5.7°C by 2100.. SSP5 describes fossil-fueled development: rapid economic growth and globalization powered by carbon-intensive energy, strong institutions with high investment in education and technology but a lack of global environmental concern, and the population peaking and declining in the 21st century. While the WRI projections provide global trends, the exact localized impacts of climate change, such as changes in weather patterns or extreme events, remain uncertain. Local geographic and hydrological factors could cause deviations from the projected trends. The capacity of affected regions and sectors to adapt through technological advancements or policy changes remain uncertain as well. Although WRI Aqueduct Tool provides comprehensive modeling for major basins, granular local data for minor basins and regions may be limited. In addition, due to the very limited availability of resources linking the level of water stress to default probability, the scenario analysis assumed that the drought-induced increase in default probability would be twice the level observed in the referenced historical event (i.e., 100 basis points).

(5.1.1.11) Rationale for choice of scenario

In 2020, İşbank partnered with Oliver Wyman to enhance the integration of climate risk within its risk management framework. This initiative included upgrading its risk taxonomy, designating climate risk as a strategic priority, and expanding its definition to encompass all forms of climate risks – both transition and physical- in accordance with TCFD recommendations and international regulatory standards. The Bank evaluates climate risk through a sectoral heatmap, which incorporates relevant literature, external research, and expert opinions to determine vulnerability levels across various sectors. This evaluation is expressed on a five-point risk scale. For the qualitative analysis, risks categorized as a high and medium-high climate change risk on the heatmap were assessed based on their exposure to physical risks and their strategic importance. The agricultural sector was prioritized for physical scenario analysis. A similar result was implied by the LEAP analysis as well. For the quantitative part, vulnerability of the Bank's agricultural loan portfolio is analyzed by using WRI aqueduct tool based on the provinces where the customers operate. The extend of the portfolio exposed to extremely-high water stress risk was determined, as well as the percentage of the credit risk it represents. Then, same analysis is repeated by using WRI Aqueduct tool's pessimistic future projections for 2050. Water stress is a risk that its effects is expected to be more observable in longer terms, so year 2050 is considered as a suitable choice for the scenario. For the time being, there is no indicator in the recent developments on climate issue that could deviate the Bank's projections to more pessimist or optimist path. 2050 – Pessimistic scenario seemed the best choice under these circumstances. According to WRI Aqueduct data, 61% of the Bank's agricultural loan portfolio is concentrated in regions experiencing high water stress., Results indicate that in a pessimistic scenario where the Bank's portfolio takes no measures against water stress risk and global temperatures increase by 4.3ºCthis ratio is projected to rise to 65% by 2050. WRI Aqueduct tool was chosen for this analysis because it provides comprehensive resource for analyzing water related risks and enables to create future scenarios at the basin level.

Climate change

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 8.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

☑ SSP5

(5.1.1.3) Approach to scenario

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

☑ Organization-wide excluding portfolio

(5.1.1.5) Risk types considered in scenario

☑ Acute physical
☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

☑ 4.0ºC and above

(5.1.1.7) Reference year

2024

(5.1.1.8) Timeframes covered

☑ 2025
☑ 2030
☑ 2040
☑ 2050
☑ 2060
☑ Other, please specify **:2065**

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Climate change (one of five drivers of nature change)

Direct interaction with climate

☑ On asset values, on the corporate

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

As İşbank, we use the RCP 8.5 scenario to assess our physical risks. The RCP 8.5 scenario is based on assumptions that fossil fuel consumption continues at high levels, progress in low-carbon technologies remains limitedIn this scenario, energy demand continues to rise,and global temperatures are expected to increase by more than 4 °C compared to pre-industrial levels. In this scenario analysis, various assumptions have been employed, including the proportion of branches, ATMs, and employees that could be affected by the event; the extent of physical damage; the scale of service disruptions; and the expenditure required to ensure employee safety. In the model, following 3 category, Employee Health & Safety, Damage to Physical Assets and Business Disruption, where their corresponding weights are assumed as 0,1%, 13,9% and 85,9% respectively. These assumptions have been developed using current and historical data, as well as global climate scenario projections and expert judgment. However, this scenario also entails significant uncertainties. The effectiveness of global climate policies, the pace of technological developments, economic growth rates, land-use changes, and climate system feedback mechanisms are key factors that may influence the projected outcomes. In addition, RCP 8.5 has certain constraints. The model assumptions do not fully capture future policy and social changes, provide limited representation of regional differences, and in the current literature, it is no longer considered the most likely outcome but rather a high-risk "pessimistic worst-case" scenario.

(5.1.1.11) Rationale for choice of scenario

The effectiveness of global climate policies, the pace of technological developments, economic growth rates, land-use changes, and climate system feedback mechanisms are key factors that may influence the projected outcomes. In metropolitan areas such as Istanbul, which face rapid urbanization and coastal risk, limited infrastructure capacity, high population density, and simultaneous climatic anomalies exacerbate the frequency and severity of flood and inundation events caused by heavy precipitation. This situation elevates the likelihood of physical damage to assets such as branches, ATMs, operations canters, data centers, and logistics infrastructure located in Istanbul and its surroundings. Moreover, as these events may result in service disruptions, threats to employee safety, and interruptions in customer services, they are considered and monitored within the scope of climate-related risks that may not be directly reflected in financial data but create significant operational impacts. İşbank has selected the RCP 8.5 scenario to assess its exposure to physical climate risks because it represents a high-risk, worst-case pathway, enabling the Bank to test the resilience of its strategy under extreme conditions. Given Türkiye's vulnerability to climate change impacts, including water stress, drought, and heatwaves, using this scenario allows the Bank to better understand the potential long-term implications for its portfolio, particularly in water-dependent sectors such as agriculture and energy. By applying a scenario that assumes high fossil fuel use, limited low-carbon technological progress, and significant temperature increases, the Bank can evaluate the financial impact of severe climate outcomes and develop proactive risk management strategies. This approach ensures that İşbank identifies vulnerabilities, enhances resilience, and supports its clients in adapting to climate-related risks.

Water

(5.1.1.1) Scenario used

Physical climate scenarios
☑ RCP 8.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

☑ SSP5

(5.1.1.3) Approach to scenario

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

☑ Organization-wide excluding portfolio

(5.1.1.5) Risk types considered in scenario

☑ Acute physical
☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

☑ 4.0ºC and above

(5.1.1.7) Reference year

2024

(5.1.1.8) Timeframes covered

☑ 2025
☑ 2030
☑ 2040
☑ 2050
☑ 2060
☑ Other, please specify **:2065**

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts
☑ Climate change (one of five drivers of nature change)

Direct interaction with climate
☑ On asset values, on the corporate

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

As İşbank, we use the RCP 8.5 scenario to assess our physical risks. The RCP 8.5 scenario is based on assumptions that fossil fuel consumption continues at high levels, progress in low-carbon technologies remains limitedIn this scenario, energy demand continues to rise,and global temperatures are expected to increase by more than 4 °C compared to pre-industrial levels. In this scenario analysis, various assumptions have been employed, including the proportion of branches, ATMs, and employees that could be affected by the event; the extent of physical damage; the scale of service disruptions; and the expenditure required to ensure employee safety. In the model, following 3 category, Employee Health & Safety, Damage to Physical Assets and Business Disruption, where their corresponding weights are assumed as 0,1%, 13,9% and 85,9% respectively. These assumptions have been developed using current and historical data, as well as global climate scenario projections and expert judgment. However, this scenario also entails significant uncertainties. The effectiveness of global climate policies, the pace of technological developments, economic growth rates, land-use changes, and climate system feedback mechanisms are key factors that may influence the projected outcomes. In addition, RCP 8.5 has certain constraints. The model assumptions do not fully capture future policy and social changes, provide limited representation of regional differences, and in the current literature, it is no longer considered the most likely outcome but rather a high-risk “pessimistic worst-case” scenario.

(5.1.1.11) Rationale for choice of scenario

The effectiveness of global climate policies, the pace of technological developments, economic growth rates, land-use changes, and climate system feedback mechanisms are key factors that may influence the projected outcomes. In metropolitan areas such as Istanbul, which face rapid urbanization and coastal risk, limited infrastructure capacity, high population density, and simultaneous climatic anomalies exacerbate the frequency and severity of flood and inundation events caused by heavy precipitation. This situation elevates the likelihood of physical damage to assets such as branches, ATMs, operations canters, data centers, and logistics

infrastructure located in Istanbul and its surroundings. Moreover, as these events may result in service disruptions, threats to employee safety, and interruptions in customer services, they are considered and monitored within the scope of climate-related risks that may not be directly reflected in financial data but create significant operational impacts. İşbank has selected the RCP 8.5 scenario to assess its exposure to physical climate risks because it represents a high-risk, worst-case pathway, enabling the Bank to test the resilience of its strategy under extreme conditions. Given Türkiye's vulnerability to climate change impacts, including water stress, drought, and heatwaves, using this scenario allows the Bank to better understand the potential long-term implications for its portfolio, particularly in water-dependent sectors such as agriculture and energy. By applying a scenario that assumes high fossil fuel use, limited low-carbon technological progress, and significant temperature increases, the Bank can evaluate the financial impact of severe climate outcomes and develop proactive risk management strategies. This approach ensures that İşbank identifies vulnerabilities, enhances resilience, and supports its clients in adapting to climate-related risks.

(5.1.2) Provide details of the outcomes of your organization's scenario analysis.

Climate change

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

☑ Risk and opportunities identification, assessment and management
☑ Strategy and financial planning
☑ Resilience of business model and strategy
☑ Capacity building
☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

☑ Portfolio

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

The main purpose of the scenario analysis (SA) is to answer the ultimate question of "How could climate risks & opportunities plausibly affect our company in terms of financial performance, resilience, strategy, portfolio composition, etc.?" Some of the focal questions that we seek to address with SA are as follows: 1. Which climate risk types and opportunities are the most relevant for İşbank? 2. Which sectors in İşbank's loan portfolio are most prone to climate risks & opportunities and which ones should be prioritized? 3. Considering the ambitious target of net-zero by 2050, how could a net-zero transition scenario, including an implementation of a local carbon tax, plausibly affect İşbank? What happens if the scenario moves toward a hot-house world? 4. What is the expected financial impact of a possible carbon tax on İşbank's financials? 5. Considering the high transition risk of clients in carbon intensive sectors, such as non-renewable energy generation companies, what should İşbank's strategy and risk appetite be in order to mitigate potential losses in case these facilities become stranded or go default? SA helps İşbank to find answers for the focal questions raised and steer its strategy to align future global projected emission trajectories and mitigate risks associated with these pathways

and realize any opportunities that lies within.. Anticipated effects of a carbon-tax on Bank's financial position are quantified by incorporating NGFS reference scenarios framework and UNEP-FI/Oliver Wyman's "Transition Check" methodology on 5 sectors: energy, cement, air transport, land transport (freight) and metal production, in medium and long-term horizons. Financials of clients are stressed by imposing 8 different levels of carbon price based on customized NGFS current policies, delayed transition and net-zero scenarios. The NGFS Net-Zero 2050 scenario is considered the baseline scenario for transition risks. The probability of default (PD) rates is calculated by a PD model that is built solely on financial metrics affected by the carbon tax such as operating costs, revenues, profitability, etc. The effect of the tax on Bank's financials is calculated as the sum of the differences between clients' ECLs after a carbon tax and their base ECLs (no tax). In both time horizons clients face increased operational costs. Some of the costs are reflected into prices in proportion to supply&demand elasticities of their sectors. None of the clients has power to affect the equilibrium price. For the majority of the clients, operating costs increase, production and revenue decreases. Some production facilities may become stranded due to high operating costs. It is calculated that the increase in the ECL of the portfolio is estimated to range between 9% and 19% (878 to 1,832 million TRY). Since the output of the SA implies a substantial risk for the Bank, aligning its loan allocation strategy to reduce the share of the non-renewable energy sector in the loan portfolio is needed. For that matter, İşbank expanded its exclusion list by adding "Loans for financing greenfield investments of coal and natural gas-fired thermal power plants" and "new coal mining investments". SA has also been used as a key input to prioritize sectors within the scope of NZBA target setting. While the first phase of NZBA targets covered the same four sectors identified in the SA, in 2024 the scope was expanded to include eight sectors, reflecting a broader alignment of the Bank's portfolio with a 1.5°C transition pathway. SA results indicate that the carbon tax increased the profit margins of most renewable energy companies in the portfolio, as the post-tax electricity price is expected to move upwards. This situation is considered a transition opportunity; all other factors remaining constant, increased customer revenues will be reflected in İşbank's financials as lower ECL and NPL rates for renewable energy plants. To realize this opportunity, İşbank increased the share of renewable energy in its total energy production projects to 78% by the end of 2024 and adopted a strategy of allocating all loans for new power plant investments to renewable energy projects. İşbank also committed to 300 billion TL in sustainable financing until 2026. The rate of realization of this commitment to provide 300 billion TL in sustainable financing until 2026 was 87.6% as of the end of 2024.

Water

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

☑ Risk and opportunities identification, assessment and management
☑ Strategy and financial planning
☑ Resilience of business model and strategy
☑ Capacity building
☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

☑ Portfolio

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

The main purpose of the scenario analysis (SA) is to answer the ultimate question of "How could environmental risks & opportunities plausibly affect our company in terms of financial performance, resilience, strategy, portfolio composition, etc.?" We focused on some key questions related to water to better understand the potential risks and opportunities. These questions include: 1. What are the most important water-related risks and opportunities for İşbank? 2. Which sectors in the Bank's credit portfolio are more susceptible to water-related risks and opportunities, and which should be priotiized for further analysis and action? 3. In what timeframe are water-related risks likely to have a substantial impact on the Bank's operations and financials? 4. What is the expected financial impact of potential risk on İşbank over the specified time frame? Water-related risks are closely tied to climate change risks. For instance, increase in global temperatures lead to more frequent and intense droughts, reducing the availability of freshwater resources. Higher temperatures can lead to greaterevaporation rates from lakes and rivers, further straining water supplies. Changing rainfall patterns can create significant variability in water availability causing water stress in different regions. Increased water stress not only affects agricultural yields and energy production but can also lead to biodiversity loss, land degradation and climate resilience issues. Climate concerns have also been taken into account in the assessment of water-related risks, as they are all interconnected. Considering sectors marked as high and medium-high in the heatmap and incorporating the findings of the LEAP analysis, agricultural sector was prioritized for physical scenario analysis in 2023. Due to Türkiye's status as a water-stressed country and the agricultural sector's high level of dependence on water resources, it has been deemed appropriate to assess water stress risk as part of the scenario analysis. İşbank conducted a scenario analysis using the WRI Aqueduct Tool and considered a 4,3oC temperature increase by 2050 under the SSP5 and the analysis primarily focused on water stress risk. The scenario revealed that by 2050, regions with extreme water stress are likely to face significant challenges and some regions that are not classified as experiencing extremely high water stress currently are projected to transition to extremely high levels. According to WRI Aqueduct data, 61% of the Banks agricultural loan portfolio is concentrated in regions experiencing high water stress.. The scenario indicates substantial increases in default rates. It is anticipated that water stress would cause revenue loss in a range of 800 million TRY – 1.6 billion TRY. Results of this scenario analysis showed that, in the long run agriculture sector is highly exposed to the physical risks stemming from climate change and water stress. For the recent years the Bank strategically aims to penetrate agriculture market and support its agricultural customers to adapt green and digital transformation. This adaptation effort requires to understand the risks and opportunities better and set targets to relevant business units to make the Bank's strategy more resilient to potential risks. İşbank is taking proactive steps to mitigate risks and facilitate the transformation of its agricultural portfolio by first engaging with farmers to help them understand the risks they face and become informed about potential solutions. In this context, farmer meetings and collaborative workshops, featuring industry experts' participation, are being organized. By this way Bank tries to identify, assess and consider ways to manage risks & opportunities of water stress. Additionally, the Bank is leading the transformation of the agriculture sector through initiatives such as Digital Agriculture Solution and İmeceMobil App. Moreover, the Bank launched Workup Agri program, an agriculture-focused initiative program that aims to support the growth of technology startups that develop agricultural technologies and have sustainable and scalable business models. With the help of technology and innovation, Bank aims to build a capacity among agriculture sector customers to cope with water stress.

(5.2) Does your organization’s strategy include a climate transition plan?

(5.2.1) Transition plan

☑ Yes, we have a climate transition plan which aligns with a 1.5°C world

(5.2.3) Publicly available climate transition plan

☑ Yes

(5.2.7) Mechanism by which feedback is collected from shareholders on your climate transition plan

☑ Our climate transition plan is voted on at Annual General Meetings (AGMs)

(5.2.10) Description of key assumptions and dependencies on which the transition plan relies

The transition plan relies on several key assumptions and dependencies: • Alignment with Türkiye’s Nationally Determined Contributions (NDCs). • Availability and scalability of green technologies. • Strengthening of the regulatory framework and policy incentives. • The pace of transformation among the Bank’s customer base, particularly in carbon-intensive sectors. • Continued improvements in energy efficiency, renewable energy deployment, and GHG measurement capacity. • Expansion of sustainable finance opportunities and access to international green funding. The plan uses global climate pathways (IEA NZE 2050, SBTi 1.5°C, TPI, NGFS) as reference scenarios to ensure consistency with international best practice, while adapting to local dynamics.

(5.2.11) Description of progress against transition plan disclosed in current or previous reporting period

İşbank has disclosed clear progress against its transition plan: • Public announcement of the Climate Transition Plan in 2025, aligned with Transition Plan Taskforce (TPT) principles — the first bank in Türkiye to disclose sectoral decarbonization roadmaps. • Interim 2030 targets set for carbon-intensive sectors, with a full coal phase-out commitment by 2040. • Fulfillment of the 2023–2026 sustainable finance commitment (TRY 300 billion) ahead of schedule and upward revision of the target to TRY 650 billion. • Scaling up financing for renewable energy, energy efficiency, and low-carbon technologies. • Strengthened integration of NZBA principles into portfolio management and sectoral engagement.

(5.2.12) Attach any relevant documents which detail your climate transition plan (optional)

isbank-ctp.pdf

(5.2.13) Other environmental issues that your climate transition plan considers

☑ No other environmental issue considered

(5.3) Have environmental risks and opportunities affected your strategy and/or financial planning?

(5.3.1) Environmental risks and/or opportunities have affected your strategy and/or financial planning

☑ Yes, both strategy and financial planning

(5.3.2) Business areas where environmental risks and/or opportunities have affected your strategy

☑ Products and services
☑ Operations

(5.3.1) Describe where and how environmental risks and opportunities have affected your strategy.

Products and services

(5.3.1.1) Effect type

☑ Risks
☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

☑ Climate change
☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

We are proactively scanning the risk horizon considering climate-related risks & opportunities that have a substantive effect on our business strategy from products & services perspective. We recognized that climate change represents an opportunity to develop more low-emission products. On the other hand a risk associated with reduced revenues resulting from a lower demand for its non-renewable or brown products & services in the long-term. In order to mitigate these risks and to maximize the opportunities we develop green products and services in all segments of activity. To assess climate-related opportunities on our products and services, the bank first develops a long list of opportunities by reviewing literatures and market growth estimates for different products & services and by collaborating with leading external climate experts. After that, the bank prioritizes climate related opportunities based on strategic fitness and customer needs. Green opportunities have always been high on İşbank's agenda and the bank has put considerable amount of effort in these areas across years. These opportunities include extending green financing provided by International Development Banks to our clients, financing of renewable energy investments, ESG investment products for retail customers, energy efficiency and green loans. After 2015, 100% of the new project financing provided by İşbank for electricity generation investments were allocated to renewable energy projects. This is targeted for 2024 as well. In 2024, the share of financing provided to renewable energy projects within the Bank's electricity generation loan portfolio reached 78%. Through the renewable energy projects financed, approximately 10.5 million tCO_2e of emissions were avoided, while the total amount of clean energy generated was 62.7 million MWh. Within the scope of sustainability-themed financing, the Bank provided USD 3.6 billion in 2024. In addition, during the reporting year, İşbank issued 12 sustainability eurobonds totaling the equivalent of USD 450 million, and one green eurobond amounting to USD 20 million. The proceeds from these issuances have been allocated to finance loans extended to green projects. In 2024, İşbank issued a domestic green bond issuance with the aim of contributing to the Bank's sustainability goals and supporting environmentally friendly projects in accordance with the principles set out in the "Green Debt Instrument, Sustainable Debt Instrument, Green Lease Certificate, Sustainable Lease Certificate Guidelines" published by the Capital Markets Board (CMB). The issuance, conducted through a public offering and named the "İşbank 100th Anniversary Bond," generated a funding volume of TL 4.5 billion. As of the end of 2024, the Bank has achieved 87.6% of its commitment to provide TL 300 billion in sustainable financing by 2026.

Operations

(5.3.1.1) Effect type

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

☑ Climate change

☑ Forests

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

İşbank evaluates and manages risks & opportunities related to its operations, and informs its business strategy and financial planning. To mitigate the risks we have invested in various areas. Environment friendly buildings play a key role in reducing the environmental impact of İşbank's activities. İşbank's operational buildings were designed to minimize their environmental impact. İşbank head office building in Levent, İstanbul has a BREEAM In-use Excellent certificate. Tuzla Technology and Operations Center (TUTOM) received the LEED Gold certificate. The Bank's Tuzla Data Center (Atlas) building has been certified with LEED v4 Gold for Data Centers. We have also voluntarily adopted ISO 14001 Environmental Management System Standard. It has been in place since 2018 in order to reduce our environmental impact and build an environmental management system that is fully compliant with international standards. Implementation of ISO 14001 turned into an opportunity by reducing operational costs. In 2024, certified locations accounted for 100% of the Bank's total number of locations. Efforts are underway to obtain zero waste certification in line with the national regulation called as Zero Waste Legislation for the covered locations. We have already set scope 1 and 2 emission reduction targets back in 2020. We had a target of 38% reduction in 2025, 65% emission reduction in 2030 and becoming a carbon neutral bank in 2035. As of the end of 2024, the Bank had reduced its emissions by 77.09% compared to base year - 2018, while shifting its carbon neutrality target from 2035 to 2026. In line with the reduction targets, we procured 100% renewable energy for the electricity consumed by our own operations, while implementing energy efficiency measures. For instance, in 2024, the Bank's renovations included modernizing the lighting and heating-cooling systems in the branches. The replacement of air conditioners carried out as part of renovation works and in the event of malfunctions, leads to energy savings of 30% compared to devices that work with an on/off system. Furthermore, with the LED conversions of the lighting fixtures electricity consumption of the lights fell by 50% and a total of 992 MWh of electricity was saved. In addition, we continue to transform our operations into paperless. We ran a couple of initiatives in order to decrease the consumption of paper. With the option to digitally approve credit card and debit card agreements, the ability to use Registered Electronic Mail (KEP) throughout the Bank, and the implementation of digital signature, the Bank for formal correspondences achieved a total paper savings of 750 million sheets.

(5.3.2) Describe where and how environmental risks and opportunities have affected your financial planning.

Row 1

(5.3.2.1) Financial planning elements that have been affected

☑ Revenues

(5.3.2.2) Effect type

☑ Risks

☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

☑ Climate change
☑ Forests
☑ Water

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

Climate-related risks and opportunities influence our business strategy and financial planning as we take current & possible impacts of changing climate on our revenue streams, direct & indirect costs, ability to access capital and assets. From a risk & opportunity perspective, "revenues" component of our financial planning is influenced when we seize the climate-related opportunity, resulting as a revenue increase due to demand for products and services. The Bank sees the largest opportunities related to products and services. İşbank contributes to the green transformation of its customers with diverse portfolio of products. While the Bank provides financial support for roof, facade and land type unlicensed solar power plant investments for self-consumption with the "Solar Loan", with the "Green Office Premises Loan" it provides advantageous conditions for the purchase of office premises from buildings with high energy efficiency. In addition to the "Green Vehicle Loan", which provides financing for electric and hybrid vehicles under certain terms, İşbank also offers "Water Security Loan" offers financing on favourable terms for the businesses that want to invest in a waste water treatment and waste water recycling facility or improve their existing facilities. In contrast, when we cannot cope with today's changing climate reality our revenue streams may suffer badly. These particular issues highlight the influence of climate-related risks and opportunities on one of the most important components of our financial planning process: Revenues. Apart from revenues, direct & indirect costs arising from climate related risks and opportunities influence our financial planning, varying from costs of response to climate risks, costs to realize climate-related opportunities to possible costs of climate on our assets. Another important dimension of climate's influence on the Bank's financial planning is "Access to finance". In case the bank fails to provide enough focus on such investments, existing green financing facilities may be suspended. Such suspension and inability to obtain new green funding may result in the need to arrange for alternative funding, which may not be that favorable. That is why İşbank actively considers scenarios of "decreased access to finance" from a funding risk perspective and take into account its possible financial impact as we go through with our annual financial planning process.

(5.10) Does your organization use an internal price on environmental externalities?

	Use of internal pricing of environmental externalities	Environmental externality priced
	☑ Yes	☑ Carbon

(5.10.1) Provide details of your organization's internal price on carbon.

Row 1

(5.10.1.1) Type of pricing scheme

☑ Shadow price

(5.10.1.2) Objectives for implementing internal price

☑ Incentivize consideration of climate-related issues in risk assessment

(5.10.1.3) Factors considered when determining the price

☑ Scenario analysis
☑ Alignment to scientific guidance
☑ Alignment to international standards
☑ Alignment with the price of a carbon tax
☑ Alignment with the price of carbon border adjustment mechanism
☑ Alignment with the price of allowances under an Emissions Trading Scheme

(5.10.1.4) Calculation methodology and assumptions made in determining the price

Internal carbon pricing serves not only as a tool for assessing environmental risks but also as a strategically and financially significant practice. İşbank utilizes internal carbon pricing is a risk management tool that assigns a monetary value to the carbon emissions generated by the activities of İşbank's customers assessed within the scope of project finance. Under this approach, the internal carbon price determined for each ton of CO_2 emitted is reflected as a cost component in customers' credit assessment and financial analysis processes. The internal carbon price used in calculation is based on NGFS scenario projections for Türkiye's carbon price. The price level is determined using scenario weightings of 60% NGFS Net-Zero 2050, 30% NGFS-Delayed Transition, and 10% NGFS-Current Policies. These weightings reflect the current situation probabilities of the respective global scenarios based on expert opinion and may vary in the future depending on actual developments over time.. Within the Shadow Pricing Model, internal carbon pricing is used solely as a scenario analysis tool for projects falling under the scope of CBAM; while emissions are assigned a price, no actual payment is made. In this framework, to assess the costs of greenhouse gas emissions, the Bank monitors market conditions and the assumptions outlined in the NGFS Net-Zero scenario for unit carbon pricing.

(5.10.1.5) Scopes covered

☑ Scope 3, Category 15 – Investments

(5.10.1.6) Pricing approach used – spatial variance

☑ Uniform

(5.10.1.8) Pricing approach used – temporal variance

☑ Static

(5.10.1.10) Minimum actual price used (currency per metric ton CO2e)

11.46

(5.10.1.11) Maximum actual price used (currency per metric ton CO2e)

381.34

(5.10.1.12) Business decision-making processes the internal price is applied to

☑ Risk management
☑ Opportunity management

(5.10.1.13) Internal price is mandatory within business decision-making processes

☑ Yes, for some decision-making processes, please specify :NZBA Alignment & Decarbonization Strategy& Scenario Analysis

(5.10.1.14) % total emissions in the reporting year in selected scopes this internal price covers

100

(5.10.1.15) Pricing approach is monitored and evaluated to achieve objectives

☑ Yes

(5.10.1.16) Details of how the pricing approach is monitored and evaluated to achieve your objectives

The Bank monitors and evaluates its internal carbon pricing and related approaches through a structured governance and reporting process. Pricing assumptions will be reviewed annually in line with international benchmarks and adjusted to reflect expected developments. Internal models are used to test portfolio exposure under different carbon price levels, and the results are validated through scenario analyses. Progress is planning to be tracked via key metrics such as changes in client operating costs, sector-level profitability, and shifts in portfolio credit quality. These outputs are compared with baseline expectations to evaluate effectiveness in identifying high-risk sectors and prioritizing decarbonization financing in line with the Bank's net zero transition objectives and regulatory readiness.

(5.11) Do you engage with your value chain on environmental issues?

Clients

(5.11.1) Engaging with this stakeholder on environmental issues

☑ Yes

Suppliers

(5.11.1) Engaging with this stakeholder on environmental issues

☑ Yes

(5.11.2) Environmental issues covered

☑ Climate change
☑ Water

Smallholders

(5.11.1) Engaging with this stakeholder on environmental issues

☑ No, but we plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

☑ Not an immediate strategic priority

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

As an important component of the finance sector, we engage with our stakeholders, which are primarily in our sphere of influence, namely our customers and suppliers, on environmental issues. In the coming years, it is on our agenda to establish different collaborations with our other stakeholders on environmental issues.

Investors and shareholders

(5.11.1) Engaging with this stakeholder on environmental issues

☑ No, but we plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

☑ Not an immediate strategic priority

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

As an important component of the finance sector, we engage with our stakeholders, which are primarily in our sphere of influence, namely our customers and suppliers, on environmental issues. In the coming years, it is on our agenda to establish different collaborations with our other stakeholders on environmental issues.

Other value chain stakeholders

(5.11.1) Engaging with this stakeholder on environmental issues

☑ No, but we plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

☑ Not an immediate strategic priority

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

As an important component of the finance sector, we engage with our stakeholders, which are primarily in our sphere of influence, namely our customers and suppliers, on environmental issues. In the coming years, it is on our agenda to establish different collaborations with our other stakeholders on environmental issues.

(5.11.3) Provide details of your environmental engagement strategy with your clients.

Row 1

(5.11.3.1) Type of clients

☑ Clients of Banks

(5.11.3.2) Environmental issues covered by the engagement strategy

☑ Climate change

(5.11.3.3) Type and details of engagement

Information collection

☑ Collect GHG emissions data at least annually from clients

☑ Collect targets information at least annually from clients

☑ Other information collection activity, please specify

(5.11.3.4) % of client-associated scope 3 emissions as reported in question 12.1.1

☑ 76-99%

(5.11.3.5) % of portfolio covered in relation to total portfolio value

☑ 1-25%

(5.11.3.6) Explain the rationale for the coverage of your engagement

In April 2022 we became a member of NZBA which brings banks together who are committed to aligning their portfolios with net-zero emissions by 2050 in line with Paris Climate Agreement. Consistent with our commitment, we announced our intermediate targets for 2030 regarding emission reductions in the carbon intensive sectors which are power generation, cement and iron & steel. Following the announcement of its emission reduction targets for cement, iron and steel, and power generation sectors in 2023, the Bank has now finalised its efforts by including all carbon-intensive sectors: aluminum, real estate, road freight transport, oil and gas, and agriculture. As part of this process, we've made detailed emission calculations for our portfolio for 2024, especially in the 8 most carbon-intensive sectors, which constitute approximately 10% of our total portfolio. In 2024, We had published a comprehensive transition plan covering the full set of carbon-intensive sectors defined by the NZBA, detailing our strategies to decarbonize our portfolio sector by sector. This plan reflects our commitment to sustainability and provides a clear roadmap for how we intend to align with global net-zero targets and our climate transition strategy. We had announced that we would not finance investments in new thermal power plants using coal and natural gas for electricity generation in 2020 and would not finance new coal mining investments in 2021. In 2023, we also announced that we would end financing coal-related activities by 2040. Within the scope of the gradual phase out from coal; coal and coal-related "coal mining", "activities related to the logistics of coal and subcontractor activities" and "infrastructure services allocated / allocated to support coal-related activities" will be phased out. For other high emitting sectors, we will be working on plans to encourage our customers to transition to low-carbon economy by focusing our 2050 and interim targets on carbon-intensive sectors. Sustainable finance has also been mobilized to support customers' decarbonization plans. As a key component of its strategic approach to sustainable finance, İşbank initially announced a TRY 300 billion sustainable finance target for the 2023–2026 period. Having reached this target ahead of schedule by 2025, the Bank revised its commitment upwards, setting a new sustainable finance goal of TRY 650 billion.

(5.11.3.7) Describe how you communicate your engagement strategy to your clients and/or to the public

The practices and devices and methods used in public disclosure within the framework of national regulations are determined under the İşbank's Disclosure Policy. In line with the principles of Disclosure Policy, İşbank's engagement strategy is shared with all stakeholders through the Bank's corporate website.

(5.11.3.8) Attach your engagement strategy

isbank-climate-transition-plan.pdf

(5.11.3.9) Staff in your organization carrying out the engagement

☑ Specialized in-house engagement teams

(5.11.3.10) Roles of individuals at the portfolio organizations you seek to engage with

☑ Corporate secretary

☑ Investor relations managers

(5.11.3.11) Effect of engagement, including measures of success

We mentioned sustainable finance as a tool we use to support clients' decarbonization plans and processes in the "rationale for the coverage of carbon engagement" column of the question. In this context, sustainable finance has been mobilized to support customers' decarbonization plans. As a key component of its strategic approach to sustainable finance, İşbank initially announced a TRY 300 billion sustainable finance target for the 2023–2026 period. In this regard, by the end of 2024, sustainable financing disbursement amounted TL 263 billion and target realization reached 88%. Having reached this target ahead of schedule by 2025, the Bank revised its commitment upwards, setting a new sustainable finance goal of TRY 650 billion.

(5.11.3.12) Escalation process for engagement when dialogue is failing

☑ Yes, we have an escalation process

(5.11.3.13) Describe your escalation process

We consider the satisfaction of our customers and the continuity of our relationship with them to be of paramount importance, and we listen to their requests, complaints and suggestions with sensitivity, developing innovative and customized solutions with the active participation of them. In order to make our communication with our customers more structured we have a Customer Satisfaction Policy. The Policy sets out the framework for the management and resolution of customer suggestions, complaints and feedback, which is publicly available on our corporate website.

Row 2

(5.11.3.1) Type of clients

☑ Clients of Banks

(5.11.3.2) Environmental issues covered by the engagement strategy

☑ Water

(5.11.3.3) Type and details of engagement

Innovation and collaboration

☑ Collaborate with clients on innovations to reduce environmental impacts in products and services

☑ Collaborate with clients on innovative business models and corporate renewable energy sourcing mechanisms

(5.11.3.5) % of portfolio covered in relation to total portfolio value

☑ 1-25%

(5.11.3.6) Explain the rationale for the coverage of your engagement

One of the sectors we prioritize in terms of engagement is agriculture, as agriculture is vital for securing water efficiency. İşbank adopts an approach that combines digitalization and sustainability in agriculture and thus bringing agriculture, technology and finance together. We aim to create water efficiency and resource productivity with our activities in this field, thereby contributing food safety.

(5.11.3.7) Describe how you communicate your engagement strategy to your clients and/or to the public

We communicate with farmers digitally through the application and communicate with them wherever they need support, information and guidance. Thanks to this system, which is available to everyone who is a member, we benefit from all the opportunities of the digital world.

(5.11.3.8) Attach your engagement strategy

isbank-climate-transition-plan.pdf

(5.11.3.9) Staff in your organization carrying out the engagement

☑ Specialized in-house engagement teams

(5.11.3.10) Roles of individuals at the portfolio organizations you seek to engage with

☑ Other, please specify :With the farmers who are customers

(5.11.3.11) Effect of engagement, including measures of success

the "İmeceMobil" application enables farmers to use digital services (Expert Assisted Satellite Service, Fertilizer Planning Service, Irrigation Calendar Service) that enable them to monitor the plant health of their products from planting to harvest, to manage irrigation and fertilization planning, and to apply for agricultural cards, agricultural loans, and insurance products of financial institutions without going to a branch. İmeceMobil also informs our farmers about organic and organomineral fertilizers within the scope of good agricultural practices, IOT-supported precision agriculture practices, smart agricultural systems, plant nutrition and protection practices carried out with agricultural unmanned aerial vehicles both through the application and field studies and enables our farmers to access technological products that contribute to sustainable agricultural production. With the ProPanel product, which was launched live on İmeceMobil in 2024, agricultural production processes are recorded end-to-end and operational processes are optimized for companies engaging in contract farming and enterprises operating on large agricultural lands. İşbank's Agricultural Specialized Branch customers are provided with digital services such as applied agricultural technical knowledge, training, and

satellite monitoring of fields. In addition, the application now allows users to compare agricultural loan and agricultural card products and directs them to the application process. As of the end of 2024, the İmeceMobil application reached approximately 300,000 users.

(5.11.3.12) Escalation process for engagement when dialogue is failing

☑ Yes, we have an escalation process

(5.11.3.13) Describe your escalation process

We consider the satisfaction of our customers and the continuity of our relationship with them to be of paramount importance, and we listen to their requests, complaints and suggestions with sensitivity, developing innovative and customized solutions with the active participation of them. In order to make our communication with our customers more structured we have a Customer Satisfaction Policy. The Policy sets out the framework for the management and resolution of customer suggestions, complaints and feedback, which is publicly available on our corporate website.

(5.11.7) Provide further details of your organization's supplier engagement on environmental issues.

Climate change

(5.11.7.2) Action driven by supplier engagement

☑ Adaptation to climate change

(5.11.7.3) Type and details of engagement

Capacity building

☑ Provide training, support and best practices on how to measure GHG emissions

Information collection

☑ Collect climate transition plan information at least annually from suppliers

☑ Collect GHG emissions data at least annually from suppliers

☑ Collect targets information at least annually from suppliers

(5.11.7.4) Upstream value chain coverage

☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

☑ 26-50%

(5.11.7.6) % of tier 1 supplier-related scope 3 emissions covered by engagement

☑ 76-99%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

The Bank follows a procurement strategy that envisages contributing to the sustainability of the ecosystem, including its suppliers, through its social and environmental policies based on growing together with stakeholders. In line with İşbank's procurement strategy all suppliers are expected to show due diligence in acting in compliance with the principles of Supplier Code of Conduct and Sustainability Policies. A Sustainability Due Diligence Survey targeting our suppliers is held once a year. Suppliers from which we buy a large amount of products/services in the relevant time period via our purchasing application are subject to an online survey which includes 38 questions in the main topics of environment, labor and human rights, ethics, and sustainable purchasing. The survey, which was designed to evaluate the performance of our suppliers, to determine the suppliers' awareness under specific categories in order to actively manage the environmental and social impact of the supply chain. This survey was intended to see the status of suppliers and aims to raise suppliers' awareness on sustainability including climate change issues. With these considerations we have engaged with companies that represent 50% of total procurement volume to retrieve their actual emission data. Aiming a coverage including material procurement areas of İşbank, three sub-categories have been considered which are a) Software & service purchases, b) Construction and Real Estate Rental c) General Product and Service Purchases. Among these 3 sub-categories we've been able to collect sustainability related information. We will continue to adopt series of measures that will enable to retrieve primary and more granular data from suppliers. This will, on the one hand help us increase the extent and quality of our Scope 3 data in the upcoming years. On the other hand such an engagement will help us to have a deeper understanding of supplier behaviour in terms of climate thereby finding ways to support behavioural change among our suppliers that means more impactful and efficient engagement.

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

☑ Yes

Water

(5.11.7.2) Action driven by supplier engagement

☑ Waste and resource reduction and improved end-of-life management

(5.11.7.3) Type and details of engagement

Information collection

☑ Collect environmental risk and opportunity information at least annually from suppliers

☑ Collect WASH information at least annually from suppliers

☑ Collect water quality information at least annually from suppliers (e.g., discharge quality, pollution incidents, hazardous substances)

☑ Collect water quantity information at least annually from suppliers (e.g., withdrawal and discharge volumes)

(5.11.7.4) Upstream value chain coverage

☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

☑ 26-50%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

İşbank has adopted the principle of continuous improvement its suppliers, ensuring organizational excellence, and consistently business processes to consistent improvement. In this context, we aim to collect as much information as possible about our suppliers and their sustainability related applications. In order to collect such data, we conduct a Sustainability Study with our selected suppliers every year through directing a Supplier Sustainability Performance Measurement Survey which includes various questions about water. With this method, the following issues of about our suppliers are considered - total amount of water used to product products -existence of a goal to reduce water consumption -existence of a policy or internal regulation to manage water use and water related issues -reporting and following within the scope of water use -actions taken to reduce the amount of water use or to use water more efficiently Answers to these questions are collected in addition to main topics of environment, labor and human rights, ethics, and sustainable purchasing. The survey is conducted to understand at what stage suppliers are in terms of sustainability and it also aims to raise their awareness on the topic.

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

☑ No, this engagement is unrelated to meeting an environmental requirement

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

☑ Unknown

C6. Environmental Performance - Consolidation Approach

(6.1) Provide details on your chosen consolidation approach for the calculation of environmental performance data.

Climate change

(6.1.1) Consolidation approach used

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The consolidation of İşbank's environmental impact accounting has been done through the operational control approach as the reporting scope covers banking activities.

Forests

(6.1.1) Consolidation approach used

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The consolidation of İşbank's environmental impact accounting has been done through the operational control approach as the reporting scope covers banking activities.

Water

(6.1.1) Consolidation approach used

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The consolidation of İşbank's environmental impact accounting has been done through the operational control approach as the reporting scope covers banking activities.

Plastics

(6.1.1) Consolidation approach used

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The consolidation of İşbank's environmental impact accounting has been done through the operational control approach as the reporting scope covers banking activities.

Biodiversity

(6.1.1) Consolidation approach used

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The consolidation of İşbank's environmental impact accounting has been done through the operational control approach as the reporting scope covers banking activities.

C7. Environmental performance - Climate Change

(7.1) Is this your first year of reporting emissions data to CDP?

☑ No

(7.1.1) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

	Has there been a structural change?
	☑ No

(7.1.2) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?
	☑ No

(7.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

☑ Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF)
☑ 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories
☑ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
☑ The Greenhouse Gas Protocol: Scope 2 Guidance
☑ The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

(7.3) Describe your organization’s approach to reporting Scope 2 emissions.

	Scope 2, location-based	Scope 2, market-based	Comment
	☑ We are reporting a Scope 2, location-based figure	☑ We are reporting a Scope 2, market-based figure	*No additional comments.*

(7.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

☑ No

(7.5) Provide your base year and base year emissions.

Scope 1

(7.5.1) Base year end

12/31/2018

(7.5.2) Base year emissions (metric tons CO2e)

22647.2

(7.5.3) Methodological details

While calculating Scope 1 emissions, the following sources causing carbon emissions were considered: - Natural gas, diesel, LPG, fuel oil and coal consumption for heating purposes, - Fuels used in generators (Diesel), - Company vehicles fuel Consumption (Diesel and Gasoline) - Refrigerants (Leaks reported during installation and maintenance phases are taken into account) Also our Scope 1 emissions cover emissions from our head office, technology and operations centres as well as data centre, ATMs and all branches in Turkey.

Scope 2 (location-based)

(7.5.1) Base year end

12/31/2018

(7.5.2) Base year emissions (metric tons CO2e)

64840.5

(7.5.3) Methodological details

While calculating Scope 2 emissions, electricity consumption was taken into account. İşbank purchases electricity from the main grid. Turkish Electricity Grid's RECs certification, - direct contracts (low-carbon, renewable, etc.) - residual mix totals attributes were not available and that's why our market-based Scope 2 emissions were same as our location-based Scope 2 emissions in 2018. Our Scope 2 emissions cover emissions from our head office, technology and operations centres as well as data centre, ATMs and all branches in Turkey.

Scope 2 (market-based)

(7.5.1) Base year end

12/31/2018

(7.5.2) Base year emissions (metric tons CO2e)

64840.5

(7.5.3) Methodological details

While calculating Scope 2 emissions, electricity consumption was taken into account. İşbank purchases electricity from the main grid. Turkish Electricity Grid's RECs certification, - direct contracts (low-carbon, renewable, etc.) - residual mix totals attributes were not available and that's why our market-based Scope 2 emissions were same as our location-based Scope 2 emissions in 2018. Our Scope 2 emissions cover emissions from our head office, technology and operations centres as well as data centre, ATMs and all branches in Turkey.

Scope 3 category 1: Purchased goods and services

(7.5.1) Base year end

12/31/2020

(7.5.2) Base year emissions (metric tons CO2e)

11231.0

(7.5.3) Methodological details

Scope 3 emissions resulting from "purchased goods & services" including emissions resulting from paper usage within the organization were given.

Scope 3 category 2: Capital goods

(7.5.1) Base year end

12/31/2020

(7.5.2) Base year emissions (metric tons CO2e)

25173

(7.5.3) Methodological details

We had identified supplier companies that represent 11.22% of our capital goods purchases (based on $ Spent). Emissions calculated for this share has been extrapolated to 100%. The emissions were estimated based on Scope 3 evaluator provided by Quantis, using total $spent data on purchased capital goods.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.5.1) Base year end

12/31/2020

(7.5.2) Base year emissions (metric tons CO2e)

12210.0

(7.5.3) Methodological details

Emissions from distribution/transmission of fuel and energy consumption not included in Scope 1 and 2 are calculated using DEFRA loss & leakage values.

Scope 3 category 4: Upstream transportation and distribution

(7.5.1) Base year end

12/30/2022

(7.5.2) Base year emissions (metric tons CO2e)

567.5

(7.5.3) Methodological details

Emission calculations were made using the emission factors specified according to the transportation mode in the DEFRA 2022 Freighting Goods section based on the 2022 shipment weight and km data. In cases where weight and distance data are not available, calculations are made using the monetary value paid within the scope of cargo activities and the emission factors (kgCO2e/USD) in the EPA-sourced USEEIO v1.1 database.

Scope 3 category 5: Waste generated in operations

(7.5.1) Base year end

12/31/2020

(7.5.2) Base year emissions (metric tons CO2e)

21.9

(7.5.3) Methodological details

Our Scope 3 emissions resulted from the waste generated in our head office, technology and operations centres as well as data centre building.

Scope 3 category 6: Business travel

(7.5.1) Base year end

12/31/2020

(7.5.2) Base year emissions (metric tons CO2e)

548.7

(7.5.3) Methodological details

Domestic, European, Continental business flights and fuel consumption of private car used for business purposes were taken into account when calculating business travel emissions.

Scope 3 category 7: Employee commuting

(7.5.1) Base year end

12/31/2020

(7.5.2) Base year emissions (metric tons CO2e)

1458

(7.5.3) Methodological details

Emissions from personnel shuttles, buses and taxi travels of employees were taken into account.

Scope 3 category 13: Downstream leased assets

(7.5.1) Base year end

12/30/2022

(7.5.2) Base year emissions (metric tons CO2e)

1400

(7.5.3) Methodological details

Emission calculations were made by multiplying the rental value of the leased assets by the EPA's USEEIO v1.1 emission factor (kg CO2e/$).

(7.6) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

20040

(7.6.3) Methodological details

Scope 1 emissions include emissions from our head offices, technology and operations centres as well as data centre buildings, ATMs and branches in Turkey. Scope 1 emission include: - Natural gas, diesel, LPG, fuel oil and coal consumption for heating purposes, - Fuels used in generators (Diesel), - Company vehicles fuel consumption (Diesel and Gasoline) - Refrigerants (Leaks reported during installation and maintenance phases are taken into account)

Past year 1

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

18333

(7.6.2) End date

12/30/2023

(7.6.3) Methodological details

Scope 1 emissions include emissions from our head offices, technology and operations centres as well as data centre buildings, ATMs and branches in Turkey. Scope 1 emission include: - Natural gas, diesel, LPG, fuel oil and coal consumption for heating purposes, - Fuels used in generators (Diesel), - Company vehicles fuel consumption (Diesel and Gasoline) - Refrigerants (Leaks reported during installation and maintenance phases are taken into account)

Past year 2

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

22119

(7.6.2) End date

12/30/2022

(7.6.3) Methodological details

Scope 1 emissions include emissions from our head offices, technology and operations centres as well as data centre buildings, ATMs and branches in Turkey. Scope 1 emission include: - Natural gas, diesel, LPG, fuel oil and coal consumption for heating purposes, - Fuels used in generators (Diesel), - Company vehicles fuel consumption (Diesel and Gasoline) - Refrigerants (Leaks reported during installation and maintenance phases are taken into account)

Past year 3

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

22528

(7.6.2) End date

12/30/2021

(7.6.3) Methodological details

Scope 1 emissions include emissions from our head offices, technology and operations centres as well as data centre buildings, ATMs and branches in Turkey. Scope 1 emission include: - Natural gas, diesel, LPG, fuel oil and coal consumption for heating purposes, - Fuels used in generators (Diesel), - Company vehicles fuel consumption (Diesel and Gasoline) - Refrigerants (Leaks reported during installation and maintenance phases are taken into account)

(7.7) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

51020

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e)

0

(7.7.4) Methodological details

The location-based scope 2 emission calculation is based on the assumption that the Bank's electricity consumption is from the grid which is sourced from nonrenewable sources. On the other hand market-based scope 2 emission calculation is calculated by deducting the energy obtained from renewable resources purchased by the Bank in 2024.

Past year 1

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

51057

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e)

0

(7.7.3) End date

12/30/2023

(7.7.4) Methodological details

The location-based scope 2 emission calculation is based on the assumption that the Bank's electricity consumption is from the grid which is sourced from nonrenewable sources. On the other hand market-based scope 2 emission calculation is calculated by deducting the energy obtained from renewable resources purchased by the Bank in 2023.

Past year 2

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

57944

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e)

0

(7.7.3) End date

12/30/2022

(7.7.4) Methodological details

The location-based scope 2 emission calculation is based on the assumption that the Bank's electricity consumption is from the grid which is sourced from nonrenewable sources. On the other hand market-based scope 2 emission calculation is calculated by deducting the energy obtained from renewable resources purchased by the Bank in 2022.

Past year 3

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

55470

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e)

8784

(7.7.3) End date

12/30/2021

(7.7.4) Methodological details

The location-based scope 2 emission calculation is based on the assumption that the Bank's electricity consumption is from the grid which is sourced from nonrenewable sources. On the other hand market-based scope 2 emission calculation is calculated by deducting the energy obtained from renewable resources purchased by the Bank in 2021.

(7.8) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

(7.8.1) Evaluation status

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

21063.1

(7.8.3) Emissions calculation methodology

☑ Supplier-specific method

☑ Spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

50

(7.8.5) Please explain

For the Purchased Goods and Services emissions calculation, İşbank applied both the spend-based and supplier-specific methods. In the supplier-specific calculations, Scope 1 and Scope 2 emissions data were obtained from four main suppliers, and emissions were allocated in proportion to İşbank's share in the suppliers' total revenue. For the remaining purchases, the spend-based method was used, where Tier 1 suppliers were listed according to purchasing records and spending commodities, and life cycle (tCO_2e) emissions were calculated using USEEIO v1.1 emission factors (tCO_2e/$ spent).

Capital goods

(7.8.1) Evaluation status

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

15330.89

(7.8.3) Emissions calculation methodology

☑ Average spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

50

(7.8.5) Please explain

In the Capital Goods emissions calculations, İşbank applied the average spend-based method. Tier 1 suppliers were listed according to purchasing records and capital goods expenditures, and life cycle (tCO_2e) emissions were calculated using USEEIO v1.1 emission factors (tCO_2e/$ spent).

Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.8.1) Evaluation status

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

10362.6

(7.8.3) Emissions calculation methodology

☑ Average data method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Emissions from distribution/transmission-related losses of fuel and energy consumption were calculated using DEFRA 2024 emission factors.

Upstream transportation and distribution

(7.8.1) Evaluation status

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

121.9

(7.8.3) Emissions calculation methodology

☑ Spend-based method
☑ Distance-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

(7.8.5) Please explain

DEFRA 2024 Freighting Goods emission factors were used (Road: HGV all diesel, All rigids, Average Laden; Air: domestic, short haul, long haul). Emissions were calculated by multiplying the DEFRA Freighting Goods emission factor with the weight and distance data.

Waste generated in operations

(7.8.1) Evaluation status

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

12.11

(7.8.3) Emissions calculation methodology

☑ Waste-type-specific method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

(7.8.5) Please explain

DEFRA 2024 emission factors were used. Emissions were calculated by multiplying the amount of waste with the appropriate emission factor.

Business travel

(7.8.1) Evaluation status

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

806.17

(7.8.3) Emissions calculation methodology

☑ Distance-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

(7.8.5) Please explain

In the reporting year, there are no emissions from business travel.

Employee commuting

(7.8.1) Evaluation status

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

1573.02

(7.8.3) Emissions calculation methodology

☑ Fuel-based method
☑ Distance-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

(7.8.5) Please explain

In the reporting year, there are no emissions from employee commuting.

Upstream leased assets

(7.8.1) Evaluation status

☑ Not relevant, explanation provided

(7.8.5) Please explain

Emissions from the operation of assets leased by İşbank are already included in our scope 1 and scope 2 inventories. To prevent double accounting, we do not include these emissions in scope 3. As a result, the evaluation status of this category in scope 3 is given as "not relevant."

Downstream transportation and distribution

(7.8.1) Evaluation status

☑ Not relevant, explanation provided

(7.8.5) Please explain

As İşbank operates in the financial sector, the main services it offers are intangible, particularly loan allocation. Additionally, İşbank assumes responsibility for transportation and distribution costs, when applicable. Accordingly, the downstream transportation and distribution category is deemed irrelevant in this context.

Processing of sold products

(7.8.1) Evaluation status

☑ Not relevant, explanation provided

(7.8.5) Please explain

Our business is the provision of financial services to our customers. We do not engage in the sale of intermediate products that require processing into final products. Accordingly, the processing of sold products is not included in our GHG inventory.

Use of sold products

(7.8.1) Evaluation status

☑ Not relevant, explanation provided

(7.8.5) Please explain

As İşbank operates in the financial sector, the main services it offers are intangible, particularly loan allocation. Given the nature of İşbank's business, the use of the sold products category is not deemed relevant.

End of life treatment of sold products

(7.8.1) Evaluation status

☑ Not relevant, explanation provided

(7.8.5) Please explain

As a financial sector institution, İşbank's products and services are not subject to end-of-life treatment. Given the nature of İşbank's business, end-of-life treatment of sold products is not a relevant consideration.

Downstream leased assets

(7.8.1) Evaluation status

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

17.92

(7.8.3) Emissions calculation methodology

☑ Spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Emissions for leased assets were calculated by multiplying the rental payments with the USEEIO v1.1 emission factor (kg CO_2e/$ spent). Since the emission factor is expressed in USD, the 2024 emission factor was calculated based on the global inflation value.

Franchises

(7.8.1) Evaluation status

☑ Not relevant, explanation provided

(7.8.5) Please explain

As İşbank does not operate through franchises, this category is not applicable to our business.

Other (upstream)

(7.8.1) Evaluation status

☑ Not relevant, explanation provided

(7.8.5) Please explain

N/A

Other (downstream)

(7.8.1) Evaluation status

☑ Not relevant, explanation provided

(7.8.5) Please explain

N/A

(7.8.1) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

(7.8.1.1) End date

12/30/2023

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

32085

(7.8.1.3) Scope 3: Capital goods (metric tons CO2e)

11539

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

10749

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO2e)

326

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO2e)

39

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

486

(7.8.1.8) Scope 3: Employee commuting (metric tons CO2e)

1954

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO2e)

5816

Past year 2

(7.8.1.1) End date

12/30/2022

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

27519

(7.8.1.3) Scope 3: Capital goods (metric tons CO2e)

9597

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

4237

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO2e)

567.5

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO2e)

36.6

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

721

(7.8.1.8) Scope 3: Employee commuting (metric tons CO2e)

1439

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO2e)

1400

Past year 3

(7.8.1.1) End date

12/30/2021

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

39339

(7.8.1.3) Scope 3: Capital goods (metric tons CO2e)

8296

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

12558

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO2e)

0

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO2e)

33.4

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

418.1

(7.8.1.8) Scope 3: Employee commuting (metric tons CO2e)

1490.6

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO2e)

0

(7.9) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	☑ Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	☑ Third-party verification or assurance process in place
Scope 3	☑ Third-party verification or assurance process in place

(7.9.1) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Row 1

(7.9.1.1) Verification or assurance cycle in place

☑ Annual process

(7.9.1.2) Status in the current reporting year

☑ Complete

(7.9.1.3) Type of verification or assurance

☑ Limited assurance

(7.9.1.4) Attach the statement

Assurance 2024- ENG.pdf

(7.9.1.5) Page/section reference

Page 1

(7.9.1.6) Relevant standard

☑ ISAE3000

(7.9.1.7) Proportion of reported emissions verified (%)

100

(7.9.2) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Row 1

(7.9.2.1) Scope 2 approach

☑ Scope 2 market-based

(7.9.2.2) Verification or assurance cycle in place

☑ Annual process

(7.9.2.3) Status in the current reporting year

☑ Complete

(7.9.2.4) Type of verification or assurance

☑ Limited assurance

(7.9.2.5) Attach the statement

Assurance 2024- ENG.pdf

(7.9.2.6) Page/ section reference

Page 1

(7.9.2.7) Relevant standard

☑ ISAE3000

(7.9.2.8) Proportion of reported emissions verified (%)

100

(7.9.3) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Row 1

(7.9.3.1) Scope 3 category

☑ Scope 3: Capital goods
☑ Scope 3: Business travel
☑ Scope 3: Employee commuting
☑ Scope 3: Downstream leased assets
☑ Scope 3: Purchased goods and services
☑ Scope 3: Waste generated in operations
☑ Scope 3: Upstream transportation and distribution
☑ Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

(7.9.3.2) Verification or assurance cycle in place

☑ Annual process

(7.9.3.3) Status in the current reporting year

☑ Complete

(7.9.3.4) Type of verification or assurance

☑ Limited assurance

(7.9.3.5) Attach the statement

İşbank CDP Assurance Report_2025.pdf

(7.9.3.6) Page/section reference

Pages 1-11

(7.9.3.7) Relevant standard

☑ ISAE3000

(7.9.3.8) Proportion of reported emissions verified (%)

100

(7.10) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

☑ Increased

(7.10.1) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Change in renewable energy consumption

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

In line with the emission reduction targets of İşbank, renewable energy has been used in all of the Bank's operational areas where renewable energy can be supplied for electricity consumption. In 2023 and in 2024 the amount of energy generated from renewable energy sources accounted for 100% of the total energy consumption of the Bank. Therefore, the difference between the sum of gross scope 1 and 2 GHG emissions in 2023 and 2024 is not due to renewable energy use.

Other emissions reduction activities

(7.10.1.1) Change in emissions (metric tons CO2e)

192.29

(7.10.1.2) Direction of change in emissions

☑ Decreased

(7.10.1.3) Emissions value (percentage)

1.04

(7.10.1.4) Please explain calculation

In 2024, İşbank implemented additional emission reduction activities, primarily focusing on fuel switch initiatives at its branches. Three branches switched from diesel to natural gas and one branch from coal to natural gas. This transition contributed to a total reduction of 18.51 tCO_2e under Scope 1. Combined with other operational efficiency measures, the overall decrease amounted to 192.29 tCO_2e compared to the previous reporting year. The calculation is based on the application of IPCC emission factors for coal and diesel combustion, and the measured consumption data from the branches where fuel switching was realized.

Change in output

(7.10.1.1) Change in emissions (metric tons CO2e)

1899.29

(7.10.1.2) Direction of change in emissions

☑ Increased

(7.10.1.3) Emissions value (percentage)

10.36

(7.10.1.4) Please explain calculation

Despite the implementation of renewable energy usage across operational areas and the realization of other emission reduction activities such as fuel switch projects, output increased by 1,899.29 tCO_2e (10.36%) compared to the previous reporting year. This increase is mainly attributable to higher business activity levels and operational output.

(7.10.2) Are your emissions performance calculations in 7.10 and 7.10.1 based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

☑ Market-based

(7.23) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

☑ No

(7.29) What percentage of your total operational spend in the reporting year was on energy?

☑ More than 0% but less than or equal to 5%

(7.30) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	☑ Yes
Consumption of purchased or acquired electricity	☑ Yes
Consumption of purchased or acquired heat	☑ No
Consumption of purchased or acquired steam	☑ No
Consumption of purchased or acquired cooling	☑ No
Generation of electricity, heat, steam, or cooling	☑ No

(7.30.1) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

Consumption of fuel (excluding feedstock)

(7.30.1.1) Heating value

☑ LHV (lower heating value)

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

32606

(7.30.1.4) Total (renewable + non-renewable) MWh

32606.00

Consumption of purchased or acquired electricity

(7.30.1.1) Heating value

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

115430

(7.30.1.3) MWh from non-renewable sources

0

(7.30.1.4) Total (renewable + non-renewable) MWh

115430.00

Total energy consumption

(7.30.1.1) Heating value

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

115430

(7.30.1.3) MWh from non-renewable sources

32606

(7.30.1.4) Total (renewable + non-renewable) MWh

148036.00

(7.30.16) Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

Turkey

(7.30.16.1) Consumption of purchased electricity (MWh)

115430

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

115430.00

(7.45) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Row 1

(7.45.1) Intensity figure

0.0001

(7.45.2) Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

20040

(7.45.3) Metric denominator

☑ unit total revenue

(7.45.4) Metric denominator: Unit total

3323776000000

(7.45.5) Scope 2 figure used

☑ Market-based

(7.45.6) % change from previous year

39.71

(7.45.7) Direction of change

☑ Decreased

(7.45.8) Reasons for change

☑ Change in renewable energy consumption
☑ Other emissions reduction activities
☑ Change in revenue

(7.45.9) Please explain

While the emission figures in the numerator increased, the revenue figure in the denominator increased more than the numerator.

(7.53) Did you have an emissions target that was active in the reporting year?

☑ Absolute target
☑ Portfolio target

(7.53.1) Provide details of your absolute emissions targets and progress made against those targets.

Row 1

(7.53.1.1) Target reference number

☑ Abs 1

(7.53.1.2) Is this a science-based target?

☑ Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

(7.53.1.4) Target ambition

☑ 1.5°C aligned

(7.53.1.5) Date target was set

01/01/2019

(7.53.1.6) Target coverage

☑ Organization-wide

(7.53.1.7) Greenhouse gases covered by target

☑ Carbon dioxide (CO2)

(7.53.1.8) Scopes

☑ Scope 1
☑ Scope 2

(7.53.1.9) Scope 2 accounting method

☑ Market-based

(7.53.1.11) End date of base year

12/30/2018

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO2e)

22647

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO2e)

64840

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO2e)

0.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

87487.000

(7.53.1.33) Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

(7.53.1.34) Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

(7.53.1.53) Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

(7.53.1.54) End date of target

12/30/2026

(7.53.1.55) Targeted reduction from base year (%)

100

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e)

0.000

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO2e)

20040

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO2e)

0

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

20040.000

(7.53.1.78) Land-related emissions covered by target

☑ No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.1.79) % of target achieved relative to base year

77.09

(7.53.1.80) Target status in reporting year

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

Our Scope 1 + 2 GHG emissions target for 2026 covers 100% of our gross global Scope 1 + 2 emissions considering 2018 as the base year. Commencement of the target began as of the starting of 2020 financial year. Our target setting procedure relies on financial year calculations. Strategic pillars & sources for achieving our 2026 target are: • Energy efficiency targets & their applications (Energy efficiency in our head office, technology and operations centres as well as data centre and branches (LED Lighting transformation, HVAC transformation, Implementation of Building Energy Management System)). • Renewable energy installments for our self-consumption of electricity. • Procurement of renewable electricity. • Digital banking & digitalization of our banking services and its implications on the decrease of our branch quantity and cumulative energy demand. Considering the cumulative impact of the strategic pillars & sources mentioned above, we aim to be a "Carbon Neutral Bank" with a 100% scope 1 + 2 emissions reduction target for 2026. In 2024, we procured 100% renewable energy for electricity consumption arising from our Bank's own operations and simultaneously implemented energy efficiency measures. By the end of 2024, we reduced our emissions by 77.09% compared to the base year of 2018, while shifting our carbon-neutrality target from 2035 to 2026. We consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets İnitiative (SBTi). As we intend to submit our NZBA target for our Scope 3 financed emissions for validation along with our Scope 1 and 2 targets, we aim to receive validation within the next 2 years, although it has not been validated yet.

(7.53.1.83) Target objective

As a financial institution, although reducing our financed emissions is the area where we will create value and make a difference, it is also important to monitor and reduce our Scope 1 and 2 emissions from our operations. As part of our decarbonization efforts, which also contribute to our Bank's sustainability strategy, we are actively working to neutralize our Scope 1 and 2 emissions by 2026.

(7.53.1.84) Plan for achieving target, and progress made to the end of the reporting year

This 100% reduction in our gross global Scope 1& Scope 2 emissions will be a cumulative result of the benefits of our energy efficiency initiatives, renewable energy installments, digitalization of banking services, our procurement of renewable electricity and carbon offsetting efforts. These strategic steps for achieving our net zero target will be continuous while residual part of Scope 1 & Scope 2 emissions will be offsetted. Also we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative.

(7.53.1.85) Target derived using a sectoral decarbonization approach

☑ No

(7.53.4) Provide details of the climate-related targets for your portfolio.

Row 1

(7.53.4.1) Target reference number

☑ Por1

(7.53.4.2) Target type

☑ Sector Decarbonization Approach (SDA)

(7.53.4.4) Methodology used when setting the target

☑ NZBA Target Setting Guidelines

(7.53.4.5) Date target was set

11/30/2023

(7.53.4.6) Target is set and progress against it is tracked at

☑ Sector level

(7.53.4.7) Sector

☑ Power generation

(7.53.4.8) Portfolios covered by the target

☑ Banking (Bank)

(7.53.4.10) Asset classes covered by the target

☑ Loans
☑ Project finance

(7.53.4.12) Target type: Absolute or intensity

☑ Intensity

(7.53.4.14) % of portfolio emissions covered by the target

26.5

(7.53.4.16) Metric (or target numerator if intensity)

☑ Metric tons CO2e

(7.53.4.17) Target denominator

☑ Other, SDA denominator please specify :MWh

(7.53.4.18) % of portfolio covered in relation to total portfolio value

2.9

(7.53.4.21) Frequency of target reviews

☑ Annually

(7.53.4.22) End date of base year

12/30/2021

(7.53.4.23) Figure in base year

0.617

(7.53.4.24) We have an interim target

☑ No

(7.53.4.27) End date of target

12/30/2030

(7.53.4.28) Figure in target year

0.241

(7.53.4.29) Figure in reporting year

0.525

(7.53.4.30) % of target achieved relative to base year

24.46808510638297

(7.53.4.31) Target status in reporting year

☑ Underway

(7.53.4.34) Is this a science-based target?

☑ Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

(7.53.4.35) Target ambition

☑ 1.5°C aligned

(7.53.4.37) Please explain target coverage and identify any exclusions

The target covers all clients in the energy production activity including thermal coal activities and electricity generation from renewable energy facilities. The stated emission intensity reduction target is set for 2030 and our target setting procedure relies on financial year calculations. We utilize various assumptions from international and local sources relevant to the power generation industry in order to estimate the sector's financed emissions. Emission values per unit of electricity production, accounting for different production types such as coal, natural gas and renewable sources are derived using data from IPCC guidelines and data released by relevant ministries in Türkiye - especially Ministry of Energy and Natural Resources. Firm based data such as financials are collected from customers' financial statements. Electricity production values can be directly found through EPIAS database for almost each specific facility. Türkiye's energy generation mix and firm-level production mix are derived from the National Energy Plan and EPIAS database. To estimate revenue or assets per unit of production in the sector, we relied on TURKSTAT data. Additionally, sector-specific financial ratios were incorporated into our emission calculations, also using TURKSTAT data. Supporting the green transformation in the economy, in addition to targets in the power generation sector, the Bank also announced it would phase out financing of coal related activities by 2040. In 2020, as a decision that would shape the sector, the Bank announced that it would not finance new thermal power plant investments for generating electricity using coal and natural gas. In 2021, the Bank also disclosed that it would not finance new coal mining investments.

(7.53.4.38) Target objective

In 2022, we significantly strengthened our commitment to advancing the transition to a net-zero economy by becoming a member of the industry-led, UN-convened Net-Zero Banking Alliance (NZBA). As part of this commitment, we have focused on searching decarbonization routes in high carbon-emitting sectors, embedding specific levers to drive meaningful change. Through this strategic approach, we have established intermediate emission intensity reduction targets for 2030 in addition to our long-term 2050 targets. The targets set represent a fundamental element of the Bank's sustainability strategy and reflect its goal of being a leading partner in its customers' green transformation. As a signatory of the Net Zero Banking Alliance, we announced 2030 targets in carbon-intensive sectors as part of our efforts to manage the impacts arising from the Bank's loan portfolio. With the decarbonization efforts, the Bank aims to accurately identify the actions that customers can take on their decorbanization journey and provide guidance to customers in this context, provide the financial support needed for green and sustainable practices that customers need in their decarbonization process and create financial impact models for the differentiated needs on a sectoral basis, and track the development of customers in this area. Regarding so, power generation is among the carbon-intensive sectors and among the top priorities of the Bank's decarbonization strategy.

Row 2

(7.53.4.1) Target reference number

☑ Por2

(7.53.4.2) Target type

☑ Sector Decarbonization Approach (SDA)

(7.53.4.4) Methodology used when setting the target

☑ NZBA Target Setting Guidelines

(7.53.4.5) Date target was set

11/30/2023

(7.53.4.6) Target is set and progress against it is tracked at

☑ Sector level

(7.53.4.7) Sector

☑ Manufacturing

(7.53.4.8) Portfolios covered by the target

☑ Banking (Bank)

(7.53.4.10) Asset classes covered by the target

☑ Loans
☑ Project finance

(7.53.4.12) Target type: Absolute or intensity

☑ Intensity

(7.53.4.14) % of portfolio emissions covered by the target

5

(7.53.4.16) Metric (or target numerator if intensity)

☑ Metric tons CO2e

(7.53.4.17) Target denominator

☑ Ton iron and steel

(7.53.4.18) % of portfolio covered in relation to total portfolio value

1.4

(7.53.4.21) Frequency of target reviews

☑ Annually

(7.53.4.22) End date of base year

12/30/2021

(7.53.4.23) Figure in base year

0.801

(7.53.4.24) We have an interim target

☑ No

(7.53.4.27) End date of target

12/30/2030

(7.53.4.28) Figure in target year

0.721

(7.53.4.29) Figure in reporting year

0.638

(7.53.4.30) % of target achieved relative to base year

203.7499999999999

(7.53.4.31) Target status in reporting year

☑ Achieved

(7.53.4.34) Is this a science-based target?

☑ Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

(7.53.4.35) Target ambition

☑ 1.5°C aligned

(7.53.4.37) Please explain target coverage and identify any exclusions

The target covers all iron&steel manufacturers including customers manufacturing iron&steel via Basic Oxygen Furnaces (BOF) and Electric Arc Furnaces (EAF). The stated emission intensity reduction target is set for 2030 and our target setting procedure relies on financial year calculations. We utilize various assumptions from international and local sources relevant to the iron&steel industry in order to estimate the Bank's financed emissions. Emission values per unit of iron&steel production, accounting for different production types such as EAF and BOF are derived using data from the World Steel Association. To estimate revenue or assets per unit of production in the sector, we relied on TURKSTAT data. Additionally, sector-specific financial ratios were incorporated into our emission calculations, also using TURKSTAT data. Lastly, emission factors for energy inputs are calculated based on IPCC guidelines and data released by relevant ministries in Türkiye. The emission intensity in the reporting year has shown a significant decrease compared to our base year due to a couple of reasons. Firstly, as known, contributors to high emissions in the iron and steel sector are caused by BOF players. Conversely to base year scenarios, majority of BOF players have decreased their emission intensities by their own efforts. Also, since financed emissions are calculated by clients attribution factor (AF), which is defined as the share of outstanding amount of loans over the total equity and debt of the company/project; a decrease in AF will eventually result in decreased emission intensities. For İşbank's case, our share in the loans of BOF players have decreased where also asset size of these players increased significantly.

(7.53.4.38) Target objective

In 2022, we significantly strengthened our commitment to advancing the transition to a net-zero economy by becoming a member of the industry-led, UN-convened Net-Zero Banking Alliance (NZBA). As part of this commitment, we have focused on high carbon-emitting sectors, embedding specific levers to drive meaningful change. Through this strategic approach, we have established intermediate targets for 2030 in addition to our long-term 2050 targets. The targets set represent a fundamental element of the Bank's sustainability strategy and reflect its goal of being a leading partner in its customers' green transformation. As a signatory of the Net Zero Banking Alliance, we announced 2030 emission reduction targets in carbon-intensive sectors as part of our efforts to manage the impacts arising from the Bank's loan portfolio. With the decarbonization efforts, the Bank aims to accurately identify the actions that customers can take on their decorbanization journey and provide guidance to customers in this context, provide the financial support needed for green and sustainable practices that customers need in their decarbonization process and create financial impact models for the differentiated needs on a sectoral basis, and track the development of customers in this area. Regarding so, iron&steel sector is among the carbon-intensive sectors and supporting our strategy; İşbank shows a dedicated and ambitious willingness for iron&steel sector to become greener.

(7.54) Did you have any other climate-related targets that were active in the reporting year?

☑ Net-zero targets

(7.54.3) Provide details of your net-zero target(s).

Row 1

(7.54.3.1) Target reference number

☑ NZ1

(7.54.3.2) Date target was set

11/30/2023

(7.54.3.3) Target Coverage

☑ Organization-wide

(7.54.3.4) Targets linked to this net zero target

☑ Abs1

(7.54.3.5) End date of target for achieving net zero

12/30/2050

(7.54.3.6) Is this a science-based target?

☑ Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

(7.54.3.8) Scopes

☑ Scope 1
☑ Scope 2
☑ Scope 3

(7.54.3.9) Greenhouse gases covered by target

☑ Methane (CH4)
☑ Nitrous oxide (N2O)
☑ Carbon dioxide (CO2)
☑ Perfluorocarbons (PFCs)
☑ Hydrofluorocarbons (HFCs)
☑ Sulphur hexafluoride (SF6)
☑ Nitrogen trifluoride (NF3)

(7.54.3.10) Explain target coverage and identify any exclusions

We are aware of the importance of İşbank's role in transitioning to a net zero economy. The Bank has taken portfolio decisions that align with Paris Agreement in carbon-intensive sectors. For Scope 3 Category 15 emissions, the baselining and transition pathway approach is applicable only to corporate, commercial and SME banking clients, excluding retail segments, which already account for a very small fraction of our emissions. Our approach for determining the net zero targets of the Bank focuses on non-retail lending activities such as corporate/SME cash loans and project financing as part of our efforts to manage the impacts of the Bank's loan portfolio and set reduction targets. We observe that non-retail loans portfolio constitutes 69% of the total loan portfolio as of YE2024 and the vast majority of İşbank's portfolio emissions arises from it. Remaining 31% consists of retail loans, mainly consumer credits and credit cards, which we assume have a negligible impact

compared to non-retail lending activities. Our Scope 3 emissions cover İşbank's financed emissions. Therefore reported or calculated emissions of the customers may differ in terms of Scope 1, 2 and 3 coverage. We have included Scope 1 and 2 emissions of our customers by default and reached a final value. In addition we also have taken into account our customers' Scope 3 emissions; conducted the calculations and obtained a more comprehensive data in a new format. In order to keep the methodology easy to follow and keep the results comparable with the past years; we have focused more on Scope 1 and 2 emissions of our customers.

(7.54.3.11) Target objective

In 2022, we significantly strengthened our commitment to advancing the transition to a net-zero economy by becoming a member of the industry-led, UN-convened Net-Zero Banking Alliance (NZBA). This prestigious Alliance brings together leading banks from around the world, all dedicated to the goal of aligning their portfolios with net-zero emissions by 2050, as stipulated by the ambitious targets of the Paris Climate Agreement. As part of this commitment, we have focused on high carbon-emitting sectors, embedding specific levers to drive meaningful change. Through this strategic approach, we have established intermediate targets for 2030 in addition to our long-term 2050 targets. These targets are designed to ensure we make measurable progress towards our ultimate goal of net-zero emissions, while also addressing the immediate needs and challenges of transitioning our portfolio to a more sustainable trajectory. The targets set represent a fundamental element of the Bank's sustainability strategy and reflect its goal of being a leading partner in its customers' green transformation. As a signatory of the Net Zero Banking Alliance, we announced 2030 emission reduction targets in carbon-intensive sectors as part of our efforts to manage the impacts arising from the Bank's loan portfolio. With the decarbonization efforts, the Bank aims to accurately identify the actions that customers can take on their decorbanization journey and provide guidance to customers in this context, provide the financial support needed for green and sustainable practices that customers need in their decarbonization process and create financial impact models for the differentiated needs on a sectoral basis, and track the development of customers in this area.

(7.54.3.12) Do you intend to neutralize any residual emissions with permanent carbon removals at the end of the target?

☑ Yes

(7.54.3.13) Do you plan to mitigate emissions beyond your value chain?

☑ No, we do not plan to mitigate emissions beyond our value chain

(7.54.3.14) Do you intend to purchase and cancel carbon credits for neutralization and/or beyond value chain mitigation?

☑ Yes, we plan to purchase and cancel carbon credits for neutralization at the end of the target

(7.54.3.15) Planned milestones and/or near-term investments for neutralization at the end of the target

For emissions that cannot be reduced through other measures, we will collaborate with our clients and the broader financial community to explore offsetting options like establishing our own carbon bank and working with new banking initiatives to develop offset propositions. As part of our commitment to NZBA, we are annually calculating and monitoring the progress against our previously&newly disclosed targets. Approaching to year 2030, İşbank will be calculating that current year's Scope 3 emissions and with the confidence of being sure that all the efforts of decarbonization have been applied, a number of offsetting options will be considered for the remaining emissions.

(7.54.3.17) Target status in reporting year

☑ Underway

(7.54.3.19) Process for reviewing target

In line with the objective of Net Zero, we will publicly share the progress against our disclosed targets on carbon-intensive sectors on an annual basis. The Net Zero targets are determined according to our commitment to Net Zero Banking Alliance. Member banks that undertake to publicly announce their (2030) intermediate and long-term (2050) targets in line with the Paris Agreement by complying with the below criteria: -Set targets for at least one of the most impactful carbon-intensive sectors within 18 months of commitment -Cover the majority of carbon-intensive sectors within 36 months, -Targets will be reviewed in maximum 5-year periods and new intermediate targets will be defined for each 5-year period starting from the first intermediate target year (2030); -Studies should be based on a scientific basis in a way that will contribute to global climate goals, -Report the annual public reporting of progress against the targets, and -Studies to be subjected to an independent assurance.

(7.55) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

☑ Yes

(7.55.1) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e
Under investigation	*0*	*`Numeric input*
To be implemented	*0*	*0*
Implementation commenced	*0*	*0*
Implemented	*3*	*53232.29*
Not to be implemented	*0*	*`Numeric input*

(7.55.2) Provide details on the initiatives implemented in the reporting year in the table below.

Row 1

(7.55.2.1) Initiative category & Initiative type

Low-carbon energy consumption

☑ Other, please specify :Renewable energy supply

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

53040

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

☑ Scope 2 (market-based)

(7.55.2.4) Voluntary/Mandatory

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in 1.2)

0

(7.55.2.6) Investment required (unit currency – as specified in 1.2)

1842000

(7.55.2.7) Payback period

☑ <1 year

(7.55.2.8) Estimated lifetime of the initiative

☑ 1-2 years

(7.55.2.9) Comment

In 2024, İşbank purchased I-REC certificates amounting to TRY 1,842,000. While these certificates do not provide a direct financial saving, they cover 120,000 MWh of electricity consumption and enable the Bank to report its Scope 2 emissions as zero by demonstrating the use of renewable energy. This corresponds to an avoided emissions equivalent of approximately 53,040 MWh.

Row 2

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in buildings
☑ Lighting

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

173.78

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

☑ Scope 2 (location-based)

(7.55.2.4) Voluntary/Mandatory

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in 1.2)

1965782

(7.55.2.6) Investment required (unit currency – as specified in 1.2)

1556972

(7.55.2.7) Payback period

☑ <1 year

(7.55.2.8) Estimated lifetime of the initiative

☑ 6-10 years

(7.55.2.9) Comment

In 2024, İşbank implemented a lighting efficiency project through the conversion to LED technology. The total investment cost amounted to TRY 1,556,971.81. The project delivered an annual energy saving of approximately 393,156 kWh, which corresponds to an avoided emission of around 174 tCO_2e based on the national grid emission factor. With an estimated average lifetime of 10 years for LED conversion projects, the total expected lifetime savings amount to 3.9 GWh.

Row 3

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in production processes
☑ Fuel switch

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

18.51

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

☑ Scope 1

(7.55.2.4) Voluntary/Mandatory

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in 1.2)

54864

(7.55.2.6) Investment required (unit currency – as specified in 1.2)

1547763

(7.55.2.7) Payback period

☑ >25 years

(7.55.2.8) Estimated lifetime of the initiative

☑ >30 years

(7.55.2.9) Comment

In 2024, three of our branches switched from diesel to natural gas and one branch transitioned from coal to natural gas. This fuel switch initiative resulted in a total reduction of 18.51 tCO_2e. The reduction is reported under Scope 1 and has been undertaken on a voluntary basis to support our decarbonization efforts.

(7.55.3) What methods do you use to drive investment in emissions reduction activities?

Row 1

(7.55.3.1) Method

☑ Dedicated budget for energy efficiency

(7.55.3.2) Comment

Investments required by standards such as ISO14001 are supported by the Bank. The budgets of systems such as automation renovation, remote monitoring, pump renovation, energy efficient air conditioner renewals, solar panels and transformation of lighting luminaires (LED conversion), which will contribute to environmental management systems with opportunities such as monitoring consumption and detecting losses, are provided within the framework of this understanding.

Row 2

(7.55.3.1) Method

☑ Compliance with regulatory requirements/standards

(7.55.3.2) Comment

Investments required by standards such as ISO14001 are supported by the Bank in order to engage employee environment awareness with classes, certification and audition processes. The budgets of systems such as automation, remote monitoring and LED conversion, which will contribute to environmental management systems with opportunities such as monitoring consumption and detecting losses, are provided within the framework of this understanding.

Row 3

(7.55.3.1) Method

☑ Internal incentives/recognition programs

(7.55.3.2) Comment

One particular method we use to drive investment in emissions reduction activities is internal incentives/recognition programmes. As stated in detail also in C1.3a, under the leadership of CSO, all division heads have an energy reduction target which shall be sustained below the internally defined threshold. This efficiency threshold & target is assured via these division heads' performance card which drive his/her efforts in terms of designing & applying appropriate emissions reduction activities.

(7.79) Has your organization retired any project-based carbon credits within the reporting year?

☑ No

C12. Environmental performance - Financial Services

(12.1) Does your organization measure the impact of your portfolio on the environment?

Banking (Bank)

(12.1.1) We measure the impact of our portfolio on the climate

☑ Yes

(12.1.2) Disclosure metric

☑ Financed emissions

(12.1.5) We measure the impact of our portfolio on forests

☑ No, but we plan to do so in the next two years

(12.1.6) Primary reason for not measuring portfolio impact on forests

☑ Lack of tools or methodologies available

(12.1.7) Explain why your organization does not measure its portfolio impact on forests

Primary reason for not measuring portfolio impact on water is limited universally accepted frameworks and methodologies for measuring the direct and indirect impact of financial portfolios on forest resources.

(12.1.8) We measure the impact of our portfolio on water

☑ No, but we plan to do so in the next two years

(12.1.9) Primary reason for not measuring portfolio impact on water

☑ Lack of tools or methodologies available

(12.1.10) Explain why your organization does not measure its portfolio impact on water

Primary reason for not measuring portfolio impact on water is limited universally accepted frameworks and methodologies for measuring the direct and indirect impact of financial portfolios on water resources. Accurately assessing the impact of financial portfolios on water resources requires detailed, specific data from the businesses and projects financed. In many cases, obtaining reliable and standardized water usage and management data from a broad range of sectors and regions presents significant challenges. This makes it difficult to consistently measure and report on water-related impacts across our portfolio. As an organization, we rely on widely recognized and adopted standards for environmental impact assessments, and we are closely monitoring the development of water-related methodologies and reporting guidelines to ensure we can adopt them when appropriate.

(12.1.11) We measure the impact of our portfolio on biodiversity

☑ No, but we plan to do so in the next two years

(12.1.12) Primary reason for not measuring portfolio impact on biodiversity

☑ Lack of tools or methodologies available

(12.1.13) Explain why your organization does not measure its portfolio impact on biodiversity

Measuring the impact on biodiversity is a complex task that requires granular, region-specific data across various sectors. Unlike carbon emissions, where measurement tools and frameworks are well established, biodiversity lacks universally accepted metrics and reporting standards that can be easily applied across a diverse portfolio. This makes consistent measurement and reporting a challenge at this time. For a large and diverse portfolio as İşBank's, collecting the necessary biodiversity data from clients and sector presents significant operational challenges. Many businesses, especially smaller ones, may not have processes in place to track their biodiversity impact, making it difficult for us to aggregate and assess portfolio-wide biodiversity impact. However, we evaluate all new investment projects with a total investment amount of more than USD 10 million by using the Environmental and Social Risk Evaluation Tool (ÇESMOD). While risk categories are identified as part of the E&S Impact Evaluations conducted by İşbank, biodiversity risks are evaluated only on a per-project basis. For projects which are determined as high risk category and present a number of biodiversity risks, consultants are also requested to prepare a Biodiversity Action Plan. In the ÇESMOD question set, the need for a critical habitat assessment and balancing strategy study for all relevant projects is examined. In addition, on a sectoral basis, additional impact questions such as bat habitat, bird migration routes and biodiversity issues are considered.

(12.1.1) Provide details of your organization's financed emissions in the reporting year and in the base year.

Banking (Bank)

(12.1.1.1) Asset classes covered in the calculation

☑ Loans
☑ Project finance

(12.1.1.2) Financed emissions (metric unit tons CO2e) in the reporting year

11442582.2

(12.1.1.3) % of portfolio covered in relation to total portfolio value

33.86

(12.1.1.4) Total value of assets included in the financed emissions calculation

1125430553600.00

(12.1.1.5) % of financed emissions calculated using data obtained from clients/investees (optional)

50.59

(12.1.1.6) Emissions calculation methodology

☑ The Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF)

(12.1.1.7) Weighted data quality score (for PCAF-aligned data quality scores only)

3.18

(12.1.1.8) Financed emissions (metric unit tons CO2e) in the base year

15651937

(12.1.1.9) Base year end

12/30/2021

(12.1.1.10) % of undrawn loan commitments included in the financed emissions calculation

0

(12.1.1.11) Please explain the details of and assumptions used in your calculation

Our approach for calculating portfolio emissions focuses on non-retail lending activities such as corporate/SME loans and project finance. We follow the general principles and assumptions of Global GHG Accounting and Reporting Standard for the Financial Industry in the calculation. Financed emissions are calculated by multiplying the reported or estimated emissions of the borrower firms with an attribution factor (AF), which is defined as the share of outstanding amount of loans over the total equity and debt of the company/project. Approximately %50.59 of the total portfolio emissions are calculated by using the data obtained from customers. Relevant data are collected from our clients' Integrated Annual Reports, from their CDP responses, production and energy consumption values stated in all other public reports. etc. Emissions are calculated using company's production amount, fuel mix and IPCC's emission factor assumptions on different fuel types. Remaining portfolio emissions are derived from firms' economic activities, where outstanding amount in the company, its total debt plus equity and revenue as well as emission factors for the sector per unit of revenue are known. As PCAF recommends using official statistical data tCO2e/TRY of revenue earned in a sector is estimated from the sectoral GHG emission and total revenue data available at TURKSTAT's and Central Bank's websites. If the data is not available for the reporting year, past year's data is adjusted by sectoral assumptions and inflation. Borrower level emissions are multiplied by AF for each firm and aggregated to reach the bank's total loan-portfolio emission level.

(12.1.2) Disclose or restate your financed emissions for previous years.

Past year 1 for Banking (Bank)

(12.1.2.1) End Date

12/30/2023

(12.1.2.2) Financed emissions (metric unit tons CO2e) in the reporting year

14225300.95

(12.1.2.3) % of portfolio covered in relation to total portfolio value

33

(12.1.2.4) % calculated using data obtained from clients/investees

19.17

(12.1.2.5) Emissions calculation methodology

☑ The Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF)

(12.1.2.6) Please explain the details of and assumptions used in your calculation

Our approach for calculating portfolio emissions focuses on non-retail lending activities such as corporate/SME loans and project finance. We observe that non-retail loans portfolio constitutes 33,15% of the total assets of the bank as of YE2023. Remaining portion consists of retail loans, mainly consumer credits and credit cards, which we assume have a negligible impact compared to non-retail lending activities in the overall emissions. Apart from that, 71% of total loans of İşbank are included in financed emission calculations as non-retail lending activities; where remaining 29% covers retail lending activities. We follow the general principles and assumptions of Global GHG Accounting and Reporting Standard for the Financial Industry in the calculation. Financed emissions are calculated by multiplying the reported or estimated emissions of the borrower firms with an attribution factor (AF), which is defined as the share of outstanding amount of loans over the total equity and debt of the company/project. Approximately %20 of the total portfolio emissions are calculated by using the data obtained from customers. Relevant data are collected from our clients' Integrated Annual Reports, from their CDP responses, production and energy consumption values stated in all other public reports. etc. Within this 20%, 7,5% of the total portfolio emissions are calculated using real and verified emissions data of the customers, where 23,25% of this value is calculated from physical activity (production) based methodology, where outstanding amount in the company its total debt and equity are known, reported company emissions are not known. Emissions are calculated using company's production amount, fuel mix and IPCC's emission factor assumptions on different fuel types. Remaining %69,3 of portfolio emissions are derived from firms' economic activities, where outstanding amount in the company, its total debt plus equity and revenue as well as emission factors for the sector per unit of revenue are known. As PCAF recommends using official statistical data tCO2e/TRY of revenue earned in a sector is estimated from the sectoral GHG emission and total revenue data available at TURKSTAT's and Central Bank's websites. If the data is not available for 2023, past year's data is adjusted by sectoral assumptions and inflation. Borrower level emissions are multiplied by AF for each firm and aggregated to reach the bank's total loan-portfolio emission level.

Past year 2 for Banking (Bank)

(12.1.2.1) End Date

12/30/2022

(12.1.2.2) Financed emissions (metric unit tons CO2e) in the reporting year

19073418

(12.1.2.3) % of portfolio covered in relation to total portfolio value

37

(12.1.2.4) % calculated using data obtained from clients/investees

40

(12.1.2.5) Emissions calculation methodology

☑ The Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF)

(12.1.2.6) Please explain the details of and assumptions used in your calculation

Our approach for calculating portfolio emissions of the Bank focuses on non-retail lending activities such as corporate/SME loans and project financing. We observe that non-retail loans portfolio constitutes 77% of the total loan portfolio as of YE2022 and the vast majority of İşbank's portfolio emissions arises from it. Remaining 23% consists of retail loans, mainly consumer credits and credit cards, which we assume have a negligible impact compared to non-retail lending activities. We follow the general principles and assumptions of Global GHG Accounting and Reporting Standard for the Financial Industry in the calculation. Financed emissions are calculated by multiplying the reported or estimated emissions of the borrower firms with an attribution factor (AF), which is defined as the share of outstanding amount of loans over the total equity and debt of the company/project. AF for each firm is calculated by using customer-level bank data. However, data required to calculate the borrower's emissions is not always available. Approximately %40 of the total portfolio emissions are calculated by using the emissions data obtained from directly from customers, their CDP responses and other public reports. Approximately 8% of the total portfolio emissions are calculated using a physical activity (production) based methodology, where outstanding amount in the company, its total debt and equity are known, reported company emissions are not known. Emissions are calculated using company's production amount, fuel mix and IPCC's emission factor assumptions on different fuel types. Remaining %52 of portfolio emissions are derived from firms' economic activities, where outstanding amount in the company, its total debt plus equity and revenue as well as emission factors for the sector per unit of revenue are known. As PCAF recommends using official statistical data tCO2 e/TRY of revenue earned in a sector is estimated from the sectoral GHG emission and total sectoral revenue data available at TURKSTAT's and Central Bank's websites. We include each firm in the portfolio so energy and mining sectors are included in the calculation as required. For each data type, most recent available data is used. If the data is not available for 2022, past year's data is adjusted by sectoral assumptions and inflation. Borrower level emissions are multiplied by the AF for each firm and aggregated to reach the bank's total loan-portfolio emission level, which is 19,073,418 tons.

Past year 3 for Banking (Bank)

(12.1.2.1) End Date

12/30/2021

(12.1.2.2) Financed emissions (metric unit tons CO2e) in the reporting year

15651937

(12.1.2.3) % of portfolio covered in relation to total portfolio value

38

(12.1.2.4) % calculated using data obtained from clients/investees

8

(12.1.2.5) Emissions calculation methodology

☑ The Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF)

(12.1.2.6) Please explain the details of and assumptions used in your calculation

Our approach for calculating portfolio emissions of the Bank focuses on non-retail lending activities such as corporate/SME loans and project financing. We observe that non-retail loans portfolio constitutes 78% of the total loan portfolio as of YE2021 and the vast majority of İşbank's portfolio emissions arises from it. Remaining 22% consists of retail loans, mainly consumer credits and credit cards, which we assume have a negligible impact compared to non-retail lending activities. We follow the general principles and assumptions of Global GHG Accounting and Reporting Standard for the Financial Industry in the calculation. Financed emissions are calculated by multiplying the reported or estimated emissions of the borrower firms with an attribution factor (AF), which is defined as the share of outstanding amount of loans over the total equity and debt of the company/project. AF for each firm is calculated by using customer-level bank data. However, data required to calculate the borrower's emissions is not always available. Approximately %8 of the total portfolio emissions are calculated by using the emissions data obtained from directly from customers, their CDP responses and other public reports. Approximately 39% of the total portfolio emissions (mostly energy production facilities) are calculated using a physical activity (production) based methodology, where outstanding amount in the company, its total debt and equity are known, reported company emissions are not known. Emissions are calculated using company's production amount, fuel mix and IPCC's emission factor assumptions on different fuel types. Remaining portfolio emissions are derived from firms' economic activities, where outstanding amount in the company, its total debt plus equity and revenue as well as emission factors for the sector per unit of revenue are known. As PCAF recommends using official statistical data tCO2 e/TRY of revenue earned in a sector is estimated from the sectoral GHG emission and total revenue data available at TURKSTAT's website. We include each firm in the portfolio so energy and mining

sectors are included in the calculation as required. For each data type, most recent available data is used. If the data is not available for 2021, past year's data is adjusted by sectoral assumptions and inflation. Borrower level emissions are multiplied by the AF for each firm and aggregated to reach the bank's total loan-portfolio emission level, which is 15,651,937 tons.

(12.2) Are you able to provide a breakdown of your organization's financed emissions and other portfolio carbon footprinting metrics?

	Portfolio breakdown
Banking (Bank)	☑ Yes, by asset class ☑ Yes, by industry ☑ Yes, by scope

(12.2.1) Break down your organization's financed emissions and other portfolio carbon footprinting metrics by asset class, by industry, and/or by scope.

Row 1

(12.2.1.1) Portfolio

☑ Banking (Bank)

(12.2.1.2) Portfolio metric

☑ Absolute portfolio emissions (tCO2e)

(12.2.1.3) Industry

☑ Power generation

(12.2.1.4) Asset class

☑ Loans

(12.2.1.5) Clients'/investees' scope

☑ Scope 1

(12.2.1.6) % of asset class emissions calculated in the reporting year based on total value of assets

1.53

(12.2.1.7) Value of assets covered in the calculation

50992304854

(12.2.1.8) Financed emissions or alternative metric

1295761.7

(12.2.1.9) Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

☑ No

(12.2.1.12) Please explain the details, assumptions and exclusions in your calculation

Our approach for calculating portfolio emissions focuses on non-retail lending activities including cash loans. We follow the general principles and assumptions of Global GHG Accounting and Reporting Standard for the Financial Industry in the calculations. Scope 1 and 2 emissions of our clients are covered during financed emissions calculations however; compared to Scope 1, Scope 2 remains relatively small and therefore for the reporting matters it is not stated separately. Financed emissions are calculated by multiplying the reported or estimated emissions of the borrower firms with an attribution factor (AF), which is defined as the share of outstanding amount of loans over the total equity and debt of the company/project. Emissions are calculated using company's electricity production amount, fuel mix and IPCC's emission factor assumptions on different fuel types. As PCAF recommends using official statistical data tCO2e/TRY of revenue earned in a sector is estimated from the sectoral GHG emission and total revenue data available at TURKSTAT's and Central Bank's websites. If the data is not available for 2024, past year's data is adjusted by sectoral assumptions and inflation. Borrower level emissions are multiplied by AF for each firm and aggregated to reach the bank's total loan-portfolio emission level. After reaching the emission value, emission intensity in tCO2e/MWh unit can be calculated easily. Emission intensity in the power

generation sector is then reached by dividing the total amount of financed emissions with the total amount of electricity produced by our clients. The calculations do not cover Scope 3 emissions due to lack of client data in that specific area. However when considering the environmental impact of our power generation portfolio, we surely take all Scope 1, 2 and 3 emissions by relying on globally accepted ratios in terms of inner percentage distributions of all scopes.

Row 2

(12.2.1.1) Portfolio

☑ Banking (Bank)

(12.2.1.2) Portfolio metric

☑ Absolute portfolio emissions (tCO2e)

(12.2.1.3) Industry

☑ Power generation

(12.2.1.4) Asset class

☑ Project finance

(12.2.1.5) Clients'/investees' scope

☑ Scope 1

(12.2.1.6) % of asset class emissions calculated in the reporting year based on total value of assets

1.33

(12.2.1.7) Value of assets covered in the calculation

44170688685

(12.2.1.8) Financed emissions or alternative metric

1739671.09

(12.2.1.9) Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

☑ No

(12.2.1.12) Please explain the details, assumptions and exclusions in your calculation

Our approach for calculating portfolio emissions focuses on non-retail lending activities including project finance loans. We follow the general principles and assumptions of Global GHG Accounting and Reporting Standard for the Financial Industry in the calculations. Scope 1 and 2 emissions of our clients are covered during financed emissions calculations however; compared to Scope 1, Scope 2 remains relatively small and therefore for the reporting matters it is not stated separately. Financed emissions are calculated by multiplying the reported or estimated emissions of the borrower firms with an attribution factor (AF), which is defined as the share of outstanding amount of loans over the total equity and debt of the company/project. Emissions are calculated using company's electricity production amount, fuel mix and IPCC's emission factor assumptions on different fuel types. As PCAF recommends using official statistical data tCO2e/TRY of revenue earned in a sector is estimated from the sectoral GHG emission and total revenue data available at TURKSTAT's and Central Bank's websites. If the data is not available for 2024, past year's data is adjusted by sectoral assumptions and inflation. Borrower level emissions are multiplied by AF for each firm and aggregated to reach the bank's total loan-portfolio emission level. After reaching the emission value, emission intensity in tCO2e/MWh unit can be calculated easily. Emission intensity in the power generation sector is then reached by dividing the total amount of financed emissions with the total amount of electricity produced by our clients. The calculations do not cover Scope 3 emissions due to lack of client data in that specific area. However when considering the environmental impact of our power generation portfolio, we surely take all Scope 1, 2 and 3 emissions by relying on globally accepted ratios in terms of inner percentage distributions of all scopes.

(12.3) State the values of your financing and insurance of fossil fuel assets in the reporting year.

Lending to all fossil fuel assets

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

81123727321

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

69087697173

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

2.4

(12.3.6) Details of calculation

For the calculation of the value of fossil fuel assets, NACE and The Climate Policy Relevant Sectors (CPRS) classifications are used. CPRS is a classification of economic activities to assess climate transition risk, first developed in the article by Battiston et al. (2017) published on Nature Climate Change. Definitions used for fossil fuel assets, oil, gas, thermal coal and met coal are inline with the definitions provided by CDP guidance and other widely accepted frameworks. In this regard, all the financing tied to the upstream, mid-stream and downstream activities of fossil fuels arte taken into account. Since the sectoral classification of İşBank is based on NACE, we mapped highest detail NACE codes to fossil fuel related CPRS codes. NACE codes are also flagged based on their relationship with coal (thermal & met), oil, gas or both. After the mapping is complete, all the firms in İşBank's portfolio are classified in terms of fossil fuel-related (thermal coal, met coal, oil and gas) and not carbon-related categories. Value of the fossil fuel assets in the portfolio is calculated as the sum of the total outstanding cash loan amount of firms that are operating in fossil fuel-related sectors. New loans advanced to fossil fuel related sectors calculated as the total outstanding loan amount issued to fossil fuel related sectors in 2024. Percentage of portfolio value comprised of fossil fuel assets in reporting year equals to value of the fossil fuel assets / value of total loan portfolio.

Lending to thermal coal

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

38548222703

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

17047569076

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

1.2

(12.3.6) Details of calculation

Similar to the fossil fuel assets, NACE and The Climate Policy Relevant Sectors (CPRS) classifications are used for the calculation of the value of thermal coal assets. Thermal coal is defined as "coal used for energy and heating". All the financing relevant to upstream, mid-stream and downstream thermal coal activities (such as extraction, drilling, processing, storage, power generation and transmission, etc.) are considered in the calculation. For electricity production, firms are manually classified into coal, oil and gas categories. If a firm is engaged in more than one type of production, asset weights are calculated as the percentage of 2024 production (MWh) with the specified fuel type in the total production amount of the firm. For the sales, storage and distribution of electricity, share of coal in Turkiye's energy generation mix for the 2024 is taken into account. Value of the thermal coal assets in the portfolio is calculated as the sum of the total outstanding cash loan amount of firms that are operating in thermal coal-related sectors. New loans advanced to thermal coal related sectors calculated as the total outstanding loan amount issued to thermal coal related sectors in 2024. Percentage of portfolio value comprised of thermal coal assets in reporting year equals to value of the thermal coal assets / value of total loan portfolio.

Lending to met coal

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

5524105

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

4550000

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

(12.3.6) Details of calculation

Similar to the fossil fuel assets, NACE and The Climate Policy Relevant Sectors (CPRS) classifications are used for the calculation of the value of met coal assets. Met coal is defined as "metallurgical coal, also known as coking coal, which is used to produce coke, the primary source of carbon used in steelmaking." It differs from thermal coal by its carbon content and its coking ability. Value of the met coal assets in the portfolio is calculated as the sum of the total outstanding cash loan amount of firms that are operating in met coal-related sectors, mainly manufacturing of coke oven products. New loans advanced to met coal related sectors

calculated as the total outstanding loan amount issued to met coal related sectors in 2024. Percentage of portfolio value comprised of met coal assets in reporting year equals to value of the met coal assets / value of total loan portfolio, which is considerably low.

Lending to oil

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

35553816464

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

46634758159

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

1.1

(12.3.6) Details of calculation

The same methodology for calculating thermal coal-related lending figures are applied for the calculation of oil related lending figures.

Lending to gas

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

7016164049

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

5400819938

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0.2

(12.3.6) Details of calculation

The same methodology for calculating thermal coal-related lending figures are applied for the calculation of gas related lending figures.

(12.4) Does your organization provide finance and/or insurance to companies in the commodity value chain? If so, for each commodity and portfolio, state the values of your financing and/or insurance in the reporting year.

Lending to companies operating in the timber products value chain

(12.4.1) Finance or insurance provided to companies operating in the value chain for this commodity

☑ Yes

(12.4.2) Commodity value chain stage coverage

☑ Production
☑ Manufacturing

(12.4.3) Portfolio exposure (unit currency – as specified in 1.2)

6947854666.38

(12.4.4) New loans advanced in reporting year (unit currency – as specified in 1.2)

6882723377.44

(12.4.6) % value of the exposure in relation to your total portfolio value

0.2

Lending to companies operating in the palm oil value chain

(12.4.1) Finance or insurance provided to companies operating in the value chain for this commodity

☑ Yes

(12.4.2) Commodity value chain stage coverage

☑ Production
☑ Processing
☑ Manufacturing

(12.4.3) Portfolio exposure (unit currency – as specified in 1.2)

3361514740.37

(12.4.4) New loans advanced in reporting year (unit currency – as specified in 1.2)

23780968.58

(12.4.6) % value of the exposure in relation to your total portfolio value

0.1

Lending to companies operating in the cattle products value chain

(12.4.1) Finance or insurance provided to companies operating in the value chain for this commodity

☑ Yes

(12.4.2) Commodity value chain stage coverage

☑ Production
☑ Processing
☑ Manufacturing

(12.4.3) Portfolio exposure (unit currency – as specified in 1.2)

1929823353.08

(12.4.4) New loans advanced in reporting year (unit currency – as specified in 1.2)

19383356327.87

(12.4.6) % value of the exposure in relation to your total portfolio value

0.1

Lending to companies operating in the soy value chain

(12.4.1) Finance or insurance provided to companies operating in the value chain for this commodity

☑ Yes

(12.4.2) Commodity value chain stage coverage

☑ Production
☑ Processing
☑ Manufacturing

(12.4.3) Portfolio exposure (unit currency – as specified in 1.2)

10092038511.87

(12.4.4) New loans advanced in reporting year (unit currency – as specified in 1.2)

2780217623

(12.4.6) % value of the exposure in relation to your total portfolio value

0.3

Lending to companies operating in the rubber value chain

(12.4.1) Finance or insurance provided to companies operating in the value chain for this commodity

☑ Yes

(12.4.2) Commodity value chain stage coverage

☑ Processing
☑ Manufacturing

(12.4.3) Portfolio exposure (unit currency – as specified in 1.2)

4312388373.42

(12.4.4) New loans advanced in reporting year (unit currency – as specified in 1.2)

7129922614.65

(12.4.6) % value of the exposure in relation to your total portfolio value

0.1

Lending to companies operating in the cocoa value chain

(12.4.1) Finance or insurance provided to companies operating in the value chain for this commodity

☑ Yes

(12.4.2) Commodity value chain stage coverage

☑ Trading
☑ Manufacturing

(12.4.3) Portfolio exposure (unit currency – as specified in 1.2)

5455324133.86

(12.4.4) New loans advanced in reporting year (unit currency – as specified in 1.2)

8088486531.68

(12.4.6) % value of the exposure in relation to your total portfolio value

0.2

Lending to companies operating in the coffee value chain

(12.4.1) Finance or insurance provided to companies operating in the value chain for this commodity

☑ Yes

(12.4.2) Commodity value chain stage coverage

☑ Processing
☑ Trading

(12.4.3) Portfolio exposure (unit currency – as specified in 1.2)

3147237947.38

(12.4.4) New loans advanced in reporting year (unit currency – as specified in 1.2)

6846434586.84

(12.4.6) % value of the exposure in relation to your total portfolio value

0.1

(12.5) In the reporting year, did your organization finance and/or insure activities or sectors that are aligned with, or eligible under, a sustainable finance taxonomy? If so, are you able to report the values of that financing and/or underwriting?

Banking (Bank)

(12.5.1) Reporting values of the financing and/or insurance of activities or sectors that are eligible under or aligned with a sustainable finance taxonomy

☑ No, but we plan to report in the next two years

(12.5.35) Primary reason for not providing values of the financing and/or insurance

☑ No standardized procedure

(12.5.36) Explain why you are not providing values of the financing and/or insurance

Currently, national taxonomy studies compatible with the EU Taxonomy are ongoing in our country. While we are actively participating by supporting these studies, we are also waiting for the finalization of these studies. Therefore, we plan to report the sustainable financing figure in line with the national taxonomy to be published in the next two years.

(12.6) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of environmental issues?

	Existing products and services enable clients to mitigate and/or adapt to the effects of environmental issues
	☑ Yes

(12.6.1) Provide details of your existing products and services that enable clients to mitigate and/or adapt to the effects of environmental issues, including any taxonomy or methodology used to classify the products and services.

Row 1

(12.6.1.1) Environmental issue

☑ Climate change

(12.6.1.2) Product/service enables clients to mitigate and/or adapt to climate change

☑ Mitigation
☑ Adaptation

(12.6.1.3) Portfolio

☑ Banking (Bank)

(12.6.1.4) Asset class

☑ Project finance

(12.6.1.5) Type of product classification

☑ Products that promote environmental and/or social characteristics
☑ Products that have sustainable investment as their core objective

(12.6.1.6) Taxonomy or methodology used to identify product characteristics

☑ The EU Taxonomy for environmentally sustainable economic activities
☑ Green Bond Principles (ICMA)
☑ LMA Green Loan Principles
☑ LMA Sustainability Link Loans Principles

(12.6.1.7) Type of solution financed, invested in or insured

☑ Renewable energy
☑ Other, please specify :Waste Management

(12.6.1.8) Description of product/service

In accordance with the Sustainable Finance Framework, our Bank offers Green Loan and Sustainability Linked Loan products to customers. Sustainability-linked loans are any types of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) which incentivise the borrower's achievement of ambitious, predetermined sustainability performance objectives. Green loans are any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects. The total cash balance of SLL and GL in İşbank as of 31.12.2024 is USD 58 million.

(12.6.1.9) % of portfolio aligned with a taxonomy or methodology in relation to total portfolio value

0.06

(12.6.1.10) % of asset value aligned with a taxonomy or methodology

0.06

(12.6.1.11) Product considers principal adverse impacts on environmental factors

☑ No

Row 2

(12.6.1.1) Environmental issue

☑ Water

(12.6.1.3) Portfolio

☑ Banking (Bank)

(12.6.1.4) Asset class

☑ Loans

(12.6.1.5) Type of product classification

☑ Products that have sustainable investment as their core objective

(12.6.1.6) Taxonomy or methodology used to identify product characteristics

☑ Green Bond Principles (ICMA)

(12.6.1.7) Type of solution financed, invested in or insured

☑ Ecosystem protection
☑ Ecosystem restoration
☑ WASH services
☑ Wastewater treatment infrastructure
☑ Water resources and ecosystem protection

(12.6.1.8) Description of product/service

Water security loan aims to meet the financing needs of businesses that want to contribute to the protection of the seas by investing in wastewater treatment, wastewater recovery facilities, ship ballast water treatment, or gray water treatment systems, or that want to improve their existing facilities by investing in maintenance, repair, and capacity increases. The wastewater treatment and ship ballast water treatment systems within the loan contribute to biodiversity by enabling the existence of clean water and food in an environment where living creatures can thrive and protecting the existence and survival of life forms. Moreover, İşbank supports farmers regarding pressurized irrigation systems through its cooperation with BASUSAD. Within this framework, the Bank finances the installation of pressurized irrigation systems. The economic benefit provided in 2022 with loans that finance the transformation investments of customers using wild or pressurized irrigation continues. İşbank has reached a balance of approximately 53 million TL as of the end of 2024 with water security and pressurized irrigation systems loans designed in accordance with the category of Sustainable Water, Wastewater Management and Climate Adaptation within the sustainable finance framework. The framework, prepared according to international standards and created with the second party opinion received from Sustainalytics, constitutes İşbank's standard in this regard. In addition, the loans, which are compatible with the criteria in the communique on green asset ratio published by the Banking Regulation and Supervision Agency offer a variety of products on the basis of resource efficiency.

(12.6.1.9) % of portfolio aligned with a taxonomy or methodology in relation to total portfolio value

0.01

(12.6.1.10) % of asset value aligned with a taxonomy or methodology

0.01

(12.6.1.11) Product considers principal adverse impacts on environmental factors

☑ No

(12.7) Has your organization set targets for deforestation and conversion-free and/or water-secure lending, investing and/or insuring?

Forests

(12.7.1) Target set

☑ No, we have not set such targets, but we plan to within the next two years

(12.7.2) Explain why your organization has not set targets for deforestation- and conversion-free and/or water-secure lending, investing and/or insuring

No, we have not set such targets, but we acknowledge the importance of deforestation- and conversion-free as well as water-secure financing practices. Currently, İşbank's priority has been to establish interim emission reduction targets in line with its NZBA commitment and to implement portfolio decarbonization strategies, such as exclusion policies and fuel switch initiatives. While specific targets on forests have not yet been set, the Bank continues to monitor international frameworks and regulatory developments in these areas. We plan to integrate forest-related risk assessments into our lending and investment processes progressively, in alignment with global best practices and national regulatory expectations.

Water

(12.7.1) Target set

☑ No, we have not set such targets, but we plan to within the next two years

(12.7.2) Explain why your organization has not set targets for deforestation- and conversion-free and/or water-secure lending, investing and/or insuring

With the commitment we made within the scope of Sustainable Finance, we started to provide loans related to water efficiency, which we evaluate within the scope of resource efficiency. In the upcoming period, we aim to set measurable targets in this field based on the data obtained in 2024.

C13. Further information & sign off

(13.1) Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

	Other environmental information included in your CDP response is verified and/or assured by a third party
	☑ Yes

(13.1.1) Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

(13.1.1.1) Environmental issue for which data has been verified and/or assured

☑ Climate change

(13.1.1.2) Disclosure module and data verified and/or assured

Environmental performance – Climate change

☑ Electricity/Steam/Heat/Cooling consumption

☑ Renewable Electricity/Steam/Heat/Cooling consumption

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

(13.1.1.4) Further details of the third-party verification/assurance process

Amount of Renewable Energy Supplied and Total Energy Consumption in the reporting year have been been third party verified by PwC through providing independent limited assurance in accordance with International Standard on Assurance Engagements ISAE 3000.

(13.1.1.5) Attach verification/assurance evidence/report (optional)

Assurance 2024- ENG.pdf

(13.3) Provide the following information for the person that has signed off (approved) your CDP response.

(13.3.1) Job title

Chief Sustainability Officer of İşbank

(13.3.2) Corresponding job category

☑ Chief Sustainability Officer (CSO)

(13.4) Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

☑ No