

İŞBANK

UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING REPORT

Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/relevant information
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Established as the first national bank of the Republic of Turkey, İşbank has been one of the most prominent economic actors of the country. As of the end of 2021, with its 22,802 employees providing services to almost 21 million customers, İşbank is the largest private bank in Turkey with its total asset size of TL 926.6 billion.</p> <p>İşbank is among the highly respected institutions of the banking sector with its products and services in corporate, commercial, SME, retail and private banking. Having continued to deliver multidimensional banking services through its diversified digital service platforms during 2021, when digital transformation gained momentum amid the Covid-19 pandemic conditions, the number of İşbank's digital customers rose to 10.2 million by the end of the year, while the share of non-branch channels reached 96% in total transactions.</p> <p>İşbank Group is an integrated group with its domestic and international subsidiaries operating in many fields. As of the end of 2021, İşbank has direct partnerships in 29 companies. The number of companies controlled directly or indirectly by the Bank is 132. As of the end of 2021, the size of İşbank's subsidiaries portfolio is TL 41.2 billion; 73.3% of the portfolio consisting of the shares of Türkiye Sınai Kalkınma Bankası, Anadolu Hayat Emeklilik, İş Leasing, İş Gayrimenkul Yatırım Ortaklığı, İş Yatırım Menkul Değerler and Türkiye Şişe ve Cam Fabrikaları is traded on the Borsa İstanbul A.Ş.</p>	<p>For more information, please refer to İşbank's 2021 Integrated Annual Report "Overview of İşbank" section.</p>

	<p>İşbank operates its cross border banking activities with İşbank AG in Germany, JSC İşbank in Russia and JSC İşbank Georgia in Georgia. In addition, İşbank operates 2 branches in Iraq, 2 branches in Kosovo, 2 branches in England, 1 branch in Bahrain and 14 branches in Northern Cyprus. The Bank has 2 representative offices, one in Shanghai (China) and one in Cairo (Egypt). For its customers abroad İşbank provides basic banking services such as loans, deposits, domestic and international remittance, and foreign trade brokerage. In addition to these, different products specific to countries are also designed. In recent years, the weight of digital channels has increased in the provision of services abroad. The presentation of products and services are being revised dynamically according to the different needs of customers.</p>	
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>The banking industry is in a significant position and has important resources to offer both direct and indirect solutions to the global and regional problems encountered today. Looking out for social benefit, as well as the needs and expectations of all its stakeholders, İşbank relates the outputs from its value creation process with the United Nations Sustainable Development Goals (UN SDGs) that it has contributed to, and manifests its support to global goals with its notion of creating shared and sustainable value.</p> <p>The Bank contributes to the UN SDGs with a responsible financing approach and considers its support to these goals as an important component of its value creation process. İşbank provides indirect support to the goals by playing a leading role in providing the required financing to solve the problems pointed out by 17 development goals determined. İşbank directly contributes to 6 goals in its predominant domain as they stand out in line with the Bank's sustainability priorities. The contributed SDGs are discussed in the context of Integrated Annual Report in detail in "Contribution to Sustainable Development Goals" section.</p> <p>Within this framework, we fulfill the commitments of the Principles of the United Nations Global Compact, of which we are a signatory, and thus contribute to the Sustainable Development Goals with a responsible financing approach, which handles economic, social and environmental effects as a whole.</p>	<p>For more information, please refer to İşbank's 2021 Integrated Annual Report "Contribution to Sustainable Development Goals" section.</p>

Principle 2: Impact and Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.		
Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/relevant information
<p>2.1 Impact Analysis: <i>Show</i> that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a) <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) <u>Context & Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to</p>	<p>Pursuant to its commitment the Principles of Responsible Banking, İsbank has started its first round of impact analysis of its loan portfolio in 2021. The Bank utilized the Portfolio Impact Analysis Tool (Tool) which has been developed by Principles for Responsible Banking Signatories and UNEP FI Member Banks. The Tool focuses on maximizing the positive impacts and reducing the negative impacts by identifying the positive and negative impact areas resulting from the banking activities.</p> <p>As an initial step towards impact analysis, non-retail loans portfolio (corporate, commercial, SME segments) which constitutes 74% of the total loan portfolio of İsbank is included in the impact analysis process. Retail portfolio is not included in the impact analysis study at this stage, yet it is aimed to be included in the upcoming years. As over 90% of the operations originate from Turkey, activities in other countries were not considered in the impact analysis.</p> <p>The banking activities covered by the tool have been categorized into four main categories: Consumer Banking, Business Banking, Corporate Banking and Investment Banking. İsbank's business segmentation is different from the tool's. Because of that reason the Bank adapted its internal loan segmentation while using the tool rather than the tool's breakdown in order to reach meaningful results. With respect to İsbank's definition of loan categories the Bank analysed Corporate and Commercial segments in Corporate Banking category; SME segments in Business Banking category respectively.</p> <p>İsbank uses NACE (Nomenclature des Activités Économiques dans la Communauté Européenne) codes for the sector classification, it selected 30 sectors for both Corporate and Business Banking. While selecting the sectors for each banking category, lending volumes were taken into consideration as the basis. In addition to that, İsbank's internal climate-related risk taxonomy was considered in the selection decision. As part of the risk taxonomy, İsbank created a sectoral</p>	

<p>sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>risk heatmap to identify priority areas in the portfolio by combining both a qualitative and a quantitative assessment. For the qualitative part, İşbank combined climate risk related literature, external studies and expert input to assess climate risk level. The qualitative assessment is translated into a 5-grade risk scale (high, high-mid, mid, mid-low, low) to assess vulnerability of each sector to climate change risks.</p> <p>As a result of the selection made, 30 sectors (mainly renewable energy, manufacture of basic metals, financial service activities, civil engineering) were included in the analysis. Agriculture, mining, construction, wholesale trade, accommodation, renting and leasing of motor vehicles were the intersecting sectors among the 30 sectors of Corporate and Business Banking. Selected sectors cover the Bank's portfolio as:</p> <ul style="list-style-type: none"> - 74% of the Bank's corporate and commercial portfolio - 78% of the Bank's SME portfolio. <p>The positive and negative impact of the Bank's financing activities appear on 22 different areas thanks to the impact radar running in the background. The Impact Radar was developed by UNEP FI's Positive Impact Initiative. The Radar offers a holistic set of 22 impact areas across the three pillars of sustainable development (economic, environmental, social). The impact areas are defined based on internationally recognized standards and definitions, including the SDGs.</p> <p>According to the results of the impact analysis, "Waste", "Climate", "Resources Efficiency", "Air" and "Quality – Water" were the main areas of negative impact for the Corporate Banking, while "Inclusive and Healthy Economies", "Housing" and "Mobility" were the Bank's positive impact areas. On the other hand, for the Business Banking, "Waste", "Climate", "Soil", "Health & Sanitation" and "Quality – Water", including the intersection areas, were the areas that caused negative impact, while "Inclusive and Healthy Economies", "Housing" and "Mobility" were the prominent areas of positive impact. Employment is differentiated as an area where almost equal positive and negative effects are observed for both Corporate and Business Banking.</p> <p>"Waste", "Climate" and "Inclusive and Healthy Economies" emerge as three significant areas of impact. These are intersecting domains for both Corporate and Business Banking lines. In addition İşbank takes its own sustainability priorities, contributed SDGs, its strategy, proportion of portfolio, global trends and severity of impacts into consideration while evaluating the results</p>	
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	<p>of impact analysis. Waste management is among the extremely important sustainability priorities of İşbank with respect to the materiality analysis conducted in 2021. The Bank's Sustainability Priorities Matrix is given at "Sustainability Priorities" section of the 2021 Integrated Annual Report.</p> <p>As part of its responsible banking approach and on-going support to zero carbon economy, waste and climate are already among the Bank's priorities and the main areas of impact. İşbank supports the transition to the zero carbon economy and finances the renewable energy investments in order to ensure energy transformation. The Bank also creates resources for the renewable energy sector by committing to obtain the energy it needs in its operations from renewable source. The Bank analyses the risks and opportunities created by the transition economy and increases the number of products and services that support the green economy day by day.</p> <p>"Inclusive and healthy economies" is an area which emerges as a positive impact area for İşbank. The Bank believes that the banking and financial industry plays an important role in supporting inclusive business models and ensuring that economic prosperity is shared by all segments of society. In addition to its widespread branch network and digital banking applications, the Bank supports access to financial services and contributes to social welfare through its products and services developed for disadvantaged customer groups.</p> <p>Within the scope of these three areas of impact defined, the Bank aims to increase the positive impact while decreasing the negative impact it will create through its credit portfolio.</p>	
<p>2.2 Target Setting</p> <p><i>Show</i> that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most</p>	<p>2021 reporting is the first reporting period in terms of United Nations Principles for Responsible Banking. The Bank aims to disclose targets with respect to its impact analysis results by the following assessment periods.</p>	

<p>significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p><i>Show</i> that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>İşbank will define at least two targets related to its negative and positive impact areas by the following assessment periods.</p>	
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p>	<p>İşbank will define at least two targets related to its negative and positive impact areas by the following assessment periods.</p>	

<p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>		
<p>Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p>Reporting and Self-Assessment Requirements</p>	<p>High-level summary of bank's response</p>	<p>Reference(s)/Link(s) to bank's full response/relevant information</p>
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Adopting the principle of providing responsible, transparent and easy-to-understand banking services at all times, İşbank strives to increase financial inclusiveness with services accessible to everyone at any time through its extensive physical service network and digital service channels. İşbank is working to provide a flawless customer experience from all contact points to its customers in personal, commercial, corporate and private banking segments. The Bank has policies and procedures in place to ensure serving customers responsibly and fairly as stated in İşbank's Ethical Principles and Code of Conduct.</p> <p>İşbank regularly measures its stakeholders', including customers' expectations. The Bank's sustainability priorities are determined with a materiality analysis conducted in accordance with AA1000 Stakeholder Engagement Standard. Materiality analysis is not the only way of communication with the customers. İşbank receives customer feedback continuously through other customer communication channels (like corporate website (www.isbank.com.tr), internet</p>	

	<p><i>branch, İşÇep, call center, branches, e-mail, fax, letter, official institutions and organizations, social media, etc.)</i> and develops and improves its responsible banking approach in line with the customer expectations while ensuring financial inclusion and access to finance.</p> <p>One of the focus areas of İşbank is to support the clients' green transition. Sustainable and green products, as well as consultancy are offered in order to assist their transition. Various meetings are held online or face-to-face in order to increase awareness of the clients on the requirements of green transition alongside offering services & products to encourage and ease this transition.</p>	
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>İşbank supports green and sustainable development by providing financing for the transition to a zero-carbon economy with renewable energy, energy efficiency projects and resource efficiency. The Bank constantly increases financial inclusion with accessible services for everyone both through extensive physical service network and digital service channels.</p> <p>İşbank is one of the pioneering institutions in financing renewable energy projects in Turkey. All of the new project financing provided by the Bank for electricity generation investments after 2015 has been allocated to renewable energy projects.</p> <p>Considering the environmental, social and economic impacts of lending activities, İşbank supports green and sustainable practices of its customers. All new investment projects financed by İşbank with an investment amount of more than USD 10 million are evaluated for management of environmental and social risks and impacts of the projects. Projects within this scope are subject to environmental and social risk assessment and a risk score is created as a result of this assessment. If the risk of the project is found to be high, an environmental and social action plan is being prepared in cooperation with the customer for the elimination, limitation or removal of the detected impacts, and the follow-up of these actions is provided under the supervision of independent consultants, when necessary.</p> <p>İşbank contributes to the green transformation of its customers with different and diverse portfolio of products it offers. 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 "Electric Charging Station Installation Loan", which aims to contribute to the development of the</p>	

	<p>electric vehicle industry and encourage vehicle owners to access common charging units easily. “Unlicensed Electricity Generation Loan” supports electricity generation based on solar, wind and other renewable energy sources with an installed capacity of 5 MW or less. “Marine Conservation Loan”, which has recently been added to İşbank's sustainable products portfolio, offers financing on favorable terms for the businesses that want to invest in a waste water treatment and waste water recycling facility or improve their existing facilities. For all the products which aims at green and sustainable transformation of customers please see “Products Contributing to the Green Economy” section of 2021 Integrated Annual Report of İşbank.</p> <p>In the field of agriculture, İşbank supports sustainability with digital solutions to create a positive impact on food safety and resource efficiency. Thanks to the data and recommendations obtained from agriculture monitoring and forecast devices donated within the scope of the “Digital Agriculture Project” developed with the cooperation of Vodafone Business, a decrease in the use of inputs including agricultural fertilizers, pesticides and water as well as environmental waste, in addition to an increase in productivity are achieved. “ImeceMobil application”, which can be downloaded free of charge, provides financial literacy and income-expense tracking support to farmers. In addition to providing water and energy savings in agricultural production to support farmers, İşbank also offers “Pressure Irrigation Systems Loans” that serve to increase the quality and efficiency in production.</p> <p>In addition, İşbank aims to promote innovation, entrepreneurship and sustainability in agriculture by implementing the agriculture-oriented acceleration program “WorkupAgri” within the Workup Entrepreneurship Program.</p> <p>In order to contribute to raising awareness of sustainability at the individual level, “Geleceğ Orman” (meaning Forest Forward) mobile application which was integrated into İşCep (mobile banking application of İşbank), provides a platform where customers can earn "carbon points" in exchange for eco-friendly banking transactions (such as paperless banking, becoming a customer with video calls, public transport card payments) as well as daily activities such as trekking and number of steps taken in a day. When the carbon points reach a certain limit, saplings are donated on behalf of customers through the TEMA Foundation (The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats). Within the scope of Geleceğ Orman application, a total of 1 million saplings are planned to be planted in the first three years.</p>	
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	<p>Another important aspect of İşbank’s sustainability approach reveals itself in its efforts to increase financial inclusion and access to finance. İşbank aims to increase social welfare and access to finance by developing products and services for all segments of society. Accordingly, the Bank develops financial products and services for SMEs and disadvantaged segments of the society. As a signatory of the UN Women's Empowerment Principles (WEPs), İşbank supports the participation of women entrepreneurs in the economy. To this end, a sponsorship agreement with Turkey's only female-focused investment platform Arya Women Investment Platform is initiated to support female entrepreneurs. As part of this business partnership, thousands of women entrepreneurs benefitted from various trainings and activities at Arya Business Workshops, which are open to free participation of women entrepreneurs from any sector. The Women Power in Entrepreneurship Project was initiated with TÜRKONFED in order to carry out activities to develop business for producer women and to support them to adapt the digitalization processes faster. Likewise, İşbank's inclusive financing support for the SME segment continues. With the website specially designed for SMEs, “İş’te KOBİ”, SMEs are provided access to training on many subjects such as e-commerce, entrepreneurship, technology, and applications and solutions produced that will contribute to their digitalization.</p>	
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</p>		
<p>Reporting and Self-Assessment Requirements</p>	<p>High-level summary of bank’s response</p>	<p>Reference(s)/Link(s) to bank’s full response/relevant information</p>
<p>4.1 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant</p>	<p>İşbank frequently engages with its stakeholders including its clients, employees, investors and society. A materiality analysis study is carried out by consulting the opinions of internal and external stakeholders, while determining the sustainability priorities of the Bank. The materiality analysis is conducted in accordance with AA1000 Stakeholder Engagement Standard. In this regard, İşbank consulted stakeholder groups including employees, customers, investors, nongovernmental organizations, associations, international organizations, financial institutions, subsidiaries, business partners, public institutions, suppliers and universities. Through online surveys sent to these stakeholders, the Bank learned their views on material issues, and so that their expectations of the Bank regarding sustainability were also discovered. The aforementioned materiality analysis is reviewed every year and repeated if deemed necessary. As a result of the</p>	

<p>stakeholders and what issues were addressed/results achieved.</p>	<p>materiality analysis carried out in 2021, 1,326 stakeholders were asked for their opinions. As a result of the analysis, the issues with the highest potential to affect İşbank's activities and stakeholder expectations were determined. Please see "Sustainability Priorities" section of 2021 Integrated Annual Report for the full list of the issues.</p> <p>İşbank supports many initiatives in the field of sustainability and has various memberships. The Bank is a member of the Global Compact Turkey Sustainable Banking and Finance Working Group, which aims to spread the concept of Sustainability in the real sector, especially in the Turkish finance sector, and to mobilize the private sector to create the financial resources needed to achieve the Sustainable Development Goals. The other initiatives supported in the field of sustainability can be found on "Supported Initiatives" section of İşbank 2021 Integrated Annual Report.</p>	
<p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		
<p>Reporting and Self-Assessment Requirements</p>	<p>High-level summary of bank's response</p>	<p>Reference(s)/Link(s) to bank's full response/relevant information</p>
<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>At İşbank, the Board of Directors is the highest-level of governance for sustainability issues. The Board of Directors has tasked a sub-committee, the Sustainability Committee, to focus on ESG issues. The Sustainability Committee is the top management body dedicated to sustainability activities in the Bank. Thanks to its structure chaired by the Chairperson of the Board, consisting of the members of Board of Directors and the Executive Committee, the Sustainability Committee provides the opportunity for the business units to be represented in an inclusive manner and thus, the Committee monitors sustainability issues in a holistic way.</p> <p>Deputy Chief Executive in charge of Investor Relations and Sustainability function assumes the role of Sustainability Leader who is responsible for steering İşbank's sustainability initiatives and represents the Bank in sustainability communication including stakeholder engagement. Apart from board-level Sustainability Committee and the Sustainability Leader, there is Sustainability Coordinator and Sustainability Working Group. Head of Investor Relations and Sustainability serves as the Sustainability Coordinator to ensure ESG issues are effectively embedded in the Bank's executive bodies. To this end, the Sustainability Working Group is convened, which contains representatives from all key areas of the Bank, such as credit underwriting, risk</p>	

	<p>management, project finance, product development and marketing, procurement, construction & real estate management, talent management. The objective of the Sustainability Working Group is to ensure sustainability issues are embedded in business decisions and there is appropriate flow of information across all divisions. The Sustainability Working Group's efforts are supported by a dedicated Sustainability Management System.</p> <p>This Sustainability Management System has documented processes, outputs are audited regularly, and the audit results are reviewed by the top management. İşbank's Sustainability Policy and other complementary policies form the basis for the functioning of the Sustainability Management System. The policies are available at https://www.isbank.com.tr/en/about-us/our-policies.</p>	
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>In order to increase the knowledge and awareness of its employees in the field of sustainability, İşbank organizes training programs for the needs of employees at different roles and positions. In this context, digital trainings such as "Sustainability Training Series" and "Ethical Principles and Working Rules" were given to all employees. At the same time "Environmental & Social Risk Management in Sustainable Finance and Loans" live digital training was offered to employees working in the design, marketing and loan allocation processes. The "Diversity and Inclusion" module was placed in various training programs, and trainings and conferences were held on environmental and social issues under different topics. In line with this, 14,392 hours of training were provided to 8,637 employees in 2021 on the topics covered under the sustainability. In addition, within the scope of the ISO 14001 Environmental Management System Project, Environmental Management System Training is given to employees in the position of environmental officers, and Environmental Management System Internal Auditor Training is provided to Internal Control Department employees.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</p>	<p>The Investor Relations and Sustainability Division will carry out the activities related to the PRB principles with the participation of all other relevant teams (such as the Risk Management Division, Credits Portfolio Management Division and underwriting divisions). The targets, specific to the chosen impact areas, will be determined and necessary actions to achieve these targets will be carried out by the related divisions. The results of the Impact Analysis study will be presented to the Sustainability Committee and the approval of the Committee will be obtained at the points that require top management decision.</p>	

<p>a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>In conclusion, like all other sustainability activities, implementation of the PRB principles also will be carried out under the umbrella of the Bank's Sustainability Management System, under the oversight of the Sustainability Committee.</p>	
<p>The governance structure of İşbank with a dedicated Sustainability Committee ensures the implementation of the Principles.</p>		
<p>Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>		
<p>Reporting and Self-Assessment Requirements</p>	<p>High-level summary of bank's response</p>	<p>Reference(s)/Link(s) to bank's full response/relevant information</p>
<p>6.1. Progress on Implementing the Principles for Responsible Banking</p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i></p> <p><i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six</i></p>	<p>Having signed the UNEP FI Principles for Responsible Banking in 2020, in this first publication, İşbank's progress towards the Principles for Responsible Banking was provided. In the following years, the Bank will continue to disclose the developments on an annual basis.</p> <p>Carrying out impact analysis with the tool announced by UNEP FI in 2021, the Bank analysed the positive and negative areas it has an impact through its financing activities. The key areas of significant impact emerged as climate, waste and inclusive, healthy economies. Continuing to work on setting targets for these areas, the Bank also engaged in activities that had a positive impact on implementation of these principles in 2021.</p> <p>In 2021, İşbank Sustainable Bonds Framework, which enables issuance of Eurobonds as green bonds, social bonds or sustainability bonds, has been expanded to include credit transactions and transformed into a "Sustainable Finance Framework".</p> <p>The Climate Change Risk Policy, which regulates the principles and procedures regarding the identification, definition, evaluation and/or measurement, monitoring, control, reporting and management of climate change risks that the Bank may be exposed to as a result of its activities, has been established.</p>	<p>İşbank 2021 CDP Climate Change Report isbank_cdp_2021.pdf</p>

<p>Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>As of the end of 2021, the share of renewable energy financing -in power generation projects portfolio- was 71 %. While İşbank continues to increase financing support for renewable energy production, it is also determined to reduce the share in coal and natural gas fired power plants. “Loans for financing greenfield investments of coal- and natural gas-fired thermal power plants” has been added to the Exclusion List at the end of 2020, whereas the list was expanded to include “new coal mine investments” and “gold mining activities using cyanide” in 2021.</p> <p>İşbank successfully closed its first sustainability-linked syndicated loan facility in May 2021 (maturity of 367 days, comprising EUR 544.7 million and USD 300 million with a rollover ratio of more than 110%). In November 2021 the second syndicated loan facility (maturity of 367 days, comprising EUR 434 million and USD 328 million at a renewal rate of 110%) was also renewed as sustainability-linked. For both of the loans 3 KPIs were defined, two of which are environmental, and one is social impact-oriented.</p> <p>İşbank discloses its climate-related efforts through Carbon Disclosure Project Climate Change Program since 2019. With its B rating in 2021, İşbank confirmed that the Bank was on its way towards realizing its targets in combatting climate change. This year in addition to Climate Change Program, İşbank also reported in the scope of CDP water security program.</p> <p>In 2020, İşbank took an important step to mitigate its direct impact on climate change, and committed to basing its Scope 1 and Scope 2 emission targets within the scope of CDP reporting on the basis of Science-Based Targets. İşbank set medium and long term targets for Scope-1 and Scope-2 emissions, heading towards being carbon-neutral in 2035. Parallel to this emission reduction strategy, electricity from renewable sources in the locations where this option is available was procured from renewable sources. As a result, in 2021, the share of electricity sourced from renewable energy reached to 84%.A new Environmental and Social Risk Assessment Model, customized for investment types and sectors and more in line with global standards in risk measurement), has been developed in 2021. Potential ESG risks of all new investments above 10 million USD at İşbank are evaluated with reference to national legislation and national and international regulations such as IFC (International Finance Corporation) Performance Standards, EBRD (European Bank for Reconstruction and Development) Performance Requirements and Equator Principles.</p> <p>As a signatory to the United Nations Women's Empowerment Principles (UN WEPs), İşbank prepared a more detailed performance summary on gender equality practices and shared it in its</p>	
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	Integrated Annual Report. In addition, the Bank's Gender Equality Policy has entered into force in 2021.	
The Bank has made good progress in terms of ESG over the first 18 months becoming a signatory of the Principles. UNEP FI impact analysis tool was utilized in order to better understand the positive and negative impact of İşbank.		