

Summary template

İşbank 2024

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>At İşbank sustainability has been placed among the strategic priorities, and it has been integrated into core business by embedding ESG considerations into risk management processes, product & service development and long-term strategies.</p> <p>Decarbonization constitutes the focal point of İşbank's ESG strategy in terms of its own both operations and financed emissions. As a leading financial actor of Turkey, İşbank plays a major role in financing low-carbon activities and also green transition of its customers.</p> <p>İşbank is working to reduce its scope 1 and 2 operational emissions consistent with a 1.5°C aligned pathway. The Bank set scope 1 and 2 emission reduction targets back in 2020. The Bank had further strengthened its commitment to supporting the transition to a net-zero economy by joining Net-Zero Banking Alliance (NZBA) in 2022. Within the scope of its NZBA commitments, İşbank set its 2030 emission reduction targets in the power generation, cement and iron-steel sectors in 2023 and publicly disclosed them. In 2024, the Bank completed its target-setting process in five additional sectors (aluminum, real estate, oil & gas, road transport freight, agriculture) classified by the Alliance as carbon-intensive. In this way,</p>	<p>İşbank started its impact analysis on its loan portfolio in 2022 by utilizing the 2nd version of the Portfolio Impact Analysis Tool. Impact analysis focused on the non-retail loans considering its proportions to overall loan portfolio (69%) of İşbank. Largest component of the retail loans is general purpose consumer loans of which the bank cannot monitor the usage areas. Therefore retail loans weren't included in the impact analysis. As İşbank's main country of operation is predominantly Turkey, activities in other countries were not considered in the impact analysis as they remain negligibly low. According to impact analysis, Climate mitigation and Financial Health & Inclusion emerges as two significant impact areas for İşbank.</p> <p>Significant Impact Area 1 - Climate Mitigation:</p> <ol style="list-style-type: none"> İşbank has already set emission reduction targets for its scope 1 & 2 emissions back in 2020. İşbank had a target of 38% reduction in 2025, 65% emission reduction in 2030 and becoming a carbon neutral bank in 2035. By procurement of renewable energy while continuing energy efficiency efforts, the Bank has already reached 2025 and 2030 targets. Thanks to significant progress in reducing its carbon footprint, the Bank has brought forward its carbon neutrality target from 2035 to 2026. At the end of 2024 the Bank decreased scope1 & 2 79% compared to base year 2018. İşbank has further strengthened its commitment to supporting the transition to net zero economy by signing Net-Zero Banking Alliance (NZBA) in 2022. In line with the commitment, we announced interim emission reduction targets for three carbon intensive sectors as part of our 	<p>İşbank is dedicated to providing responsible, transparent, and accessible banking services, with a strong emphasis on financial inclusion through both its physical and digital channels. The bank ensures a seamless customer experience across various banking segments, including retail, commercial, corporate, and private banking, while upholding the highest ethical standards to serve customers fairly and responsibly. Furthermore, İşbank is committed to supporting its clients in transitioning to a net-zero economy by 2050, with a focus on green and sustainable projects, such as renewable energy and energy efficiency initiatives.</p> <p>In line with its strategic objectives, İşbank offers a wide range of financing solutions to assist clients in adapting to the green transformation. This includes support for renewable energy projects and efforts to comply with the European Union's Green Deal. The bank has introduced innovative products and services through its collaborations, such as carbon emission measurement tools for SMEs and consulting services to facilitate companies' green transitions. Additionally, İşbank conducts thorough environmental and social risk assessments to ensure large-scale investment projects align with sustainable practices and mitigate potential negative impacts.</p> <p>As one of the pioneering institutions in renewable</p>

<p>İşbank became the first Turkish bank to announce 2030 emission reduction targets for all carbon-intensive sectors.</p> <p>In accordance with its strategy, İşbank makes a continuous effort to align its activities with national/international frameworks and agreements. İşbank fulfills the commitments of the Principles of the United Nations Global Compact, of which the Bank is a signatory. İşbank aligns the outcomes of its value creation process with the United Nations Sustainable Development Goals (UN SDGs) it has contributed to, and demonstrates its commitment to global objectives through its vision of generating shared and sustainable value. The Bank actively supports the UN SDGs by adopting a responsible financing approach and considers its contribution to these goals a fundamental element of its value creation strategy. The Bank also publishes Turkish Capital Markets Board's (CMB) Sustainability Principles Compliance Report, which includes the Bank's practices and information regarding the principles within the scope of the regulation with the same title published by the CMB as an appendix to its integrated annual reports.</p>	<p>efforts to manage the impacts arising from our loan portfolio. The 2030 interim emission reduction targets for power generation, cement and iron and steel sectors have been publicly disclosed in terms of reduction in emission intensities by 61%, 21% and 10%, respectively in comparison to the baseline year of 2021. In 2024, for these three sectors, in line with these targets set, the reduction in 2023 financed emission intensity realizations was 12%, 35% and 28%, correspondingly.</p> <p>Following the announcement of our emission reduction targets for three sectors in 2023; we have now covered all carbon-intensive sectors defined by the NZBA and became the first Turkish bank to announce 2030 emission reduction targets for all carbon-intensive sectors.</p> <p>Accordingly, new targets aim to reduce emission intensities by</p> <ul style="list-style-type: none"> • 7% in aluminum, • 36% in real estate, • 20% in road freight transport and • 15% in oil and gas <p>by 2030 compared to base year 2023.</p> <p>For the agricultural portfolio, recognizing the varying environmental impacts of different crops, as İşbank we aim to reduce emission intensity by 14% in wheat production, 15% in maize production, and 16% in rice production.</p> <p>3. In the beginning of 2023 İşbank is committed to contributing to the green transformation of the economy by providing sustainable financing amounting to TL 300 billion by 2026. By the end of 2024, sustainable financing disbursements reached TL 263 billion, achieving 88% of the target. When broken down by segments, sustainable loans amount to TL 21.6 billion for retail banking, TL 177.5 billion for SME banking, and TL 53 billion for corporate & commercial banking.</p> <p>Significant Impact Area 2 - Financial Health & Inclusion:</p> <p>1. By signing Women's Empowerment Principles İşbank has committed to provide financial support of TL 100 billion to women entrepreneurs within 5 years starting from 2023</p>	<p>energy financing in Turkey, İşbank has committed to directing all new project financing for electricity generation towards renewable energy initiatives since 2015. The Bank evaluates all significant investment projects for environmental and social risks, providing guidance to minimize any adverse effects. To further support the green transition, İşbank has launched numerous sustainable initiatives, including financing for solar power plants, loans for environmentally friendly vehicles, and funding for energy-efficient buildings. The bank also promotes agricultural sustainability through digital solutions aimed at improving resource efficiency and reducing the use of agricultural inputs.</p> <p>In its broader sustainability efforts, İşbank has developed specialized financial products targeting sectors such as agriculture, where it fosters technological innovations that contribute to sustainable farming practices. The bank also prioritizes the empowerment of women and youth by offering tailored loans and initiatives to increase their participation in the economy, particularly in exports. Through these comprehensive initiatives, İşbank strives to drive sustainable development across diverse industries while supporting Turkey's transition to a greener economy.</p>
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	<p>through supplying programs designed for women entrepreneurs, microloans disbursal for women, and the financing of companies where women have a right to participate in employment & management.</p> <p>2. The Bank also aims to reach 15,000 women entrepreneurs in 5 years by providing financial literacy training programs under the umbrella of Women Empowering the Future. Within the scope of financial health & inclusion target various campaigns for women entrepreneurs with favorable maturity and price conditions were conducted, and investments were made and resources were provided. By the end of 2024, we provided a total of TL 53 billion in loans to our female entrepreneur customers, achieving 88% of the TL 100 billion target set.</p>	
<p>Links & references</p> <p>https://www.isbank.com.tr/en/about-us/decarbonization-targets</p> <p>Integrated Annual Report 2024, p. 104-106, 151</p>	<p>Links & references</p> <p>https://www.isbank.com.tr/en/about-us/decarbonization-targets</p> <p>https://www.isbank.com.tr/en/about-us/Documents/sustainability/isbank_declaration_on_women's_empowerment.pdf</p> <p>https://www.isbank.com.tr/bankamizitaniiyinda/Documents/yatirimciliskileri/raporlarimiz/tp/isbank_initial_transition_plan.pdf</p> <p>Integrated Annual Report 2024, p. 98, 99, 104 - 106, 151</p> <p>CDP Report 2024, p. 169-172, 184-188</p>	<p>Links & references</p> <p>Integrated Annual Report 2024, p. 116-119</p> <p>https://www.isbank.com.tr/en/about-us/responsible-products-and-services</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>İşbank regularly engages with its stakeholders, including clients, employees, investors, and society, to determine its sustainability priorities. The Bank conducts a materiality analysis, consulting both internal and external stakeholders in line with the AA1000 Stakeholder Engagement Standard. This process involves feedback from its value chain such as employees, customers, investors, NGOs, associations, financial institutions, public organizations, and universities, gathered through online surveys. The materiality analysis is reviewed annually and updated as needed to reflect stakeholders' expectations regarding sustainability.</p> <p>İşbank adopted key global frameworks for determining material issues, including the European Sustainability Reporting Standards (ESRS), IFRS S1, and GRI Standards. The Bank uses a "double materiality" approach, assessing both the impact of sustainability issues on its business strategy and the financial and non-financial implications for stakeholders. This method also evaluates the financial and reputational risks of each material issue, ensuring a comprehensive understanding of its potential effects.</p> <p>İşbank actively supports various sustainability initiatives and holds memberships in several relevant organizations. Notably, the Bank is part of the Global Compact Turkey Sustainable Banking and Finance Working Group, which promotes sustainability in the Turkish financial sector and encourages private sector investment towards achieving the Sustainable Development Goals. Additional supported initiatives are detailed in the "Supported Initiatives" section of</p>	<p>Governance</p> <p>At İşbank, the Board of Directors is the highest level of governance for sustainability, delegating responsibility to the Sustainability Committee. This committee, led by the Chairperson of the Board and comprised of members from the Board of Directors and Executive Committee, plays a key role in monitoring sustainability issues in a comprehensive manner. The Deputy Chief Executive responsible for Investor Relations and Sustainability functions as the Sustainability Leader, steering the Bank's sustainability efforts and representing the Bank in stakeholder engagement. Additionally, the Sustainability Coordinator and the Sustainability Working Group ensure that sustainability concerns are effectively integrated into decision-making processes and communicated across all divisions. The Sustainability Management System at İşbank supports the integration of ESG issues into business decisions. This system is structured with documented processes, regular audits, and oversight from top management to ensure its effectiveness. The Bank's sustainability initiatives are guided by the Sustainability Policy and other related policies, which are available on the Bank's website. Furthermore, a dedicated Sustainability Working Group, consisting of representatives from key areas of the Bank, ensures the smooth flow of information and the alignment of sustainability objectives with business strategies.</p> <p>Training</p> <p>To enhance sustainability awareness and knowledge</p>	<p>Our sustainability reporting approach is guided by established external standards and frameworks. As these frameworks develop, we will continually evaluate and adjust our sustainability disclosure practices accordingly.</p> <p>Selected sustainability metrics in the İşbank's Reports were subjected to Independent Limited Assurance. In particular, our Scope 1 and 2 emissions, which are directly caused, and our Scope 3 emissions, including our indirectly caused and financed emissions, have passed independent assurance audits. These assurance audit statements are included in our 2024 CDP Report. Please refer to the appendices of our reports, where you will find independent assurance statements: https://www.isbank.com.tr/en/about-us/our-reports</p>

the Bank's Integrated Annual Reports.	<p>among employees, İsbank offers various training programs tailored to different roles. These include digital courses such as the "Sustainability Training Series" and "Ethical Principles and Working Rules," as well as specialized sessions on topics like "Environmental & Social Risk Management in Sustainable Finance and Loans." In 2024, the Bank provided 26,629 hours of sustainability-related training to 23,248 employees.</p> <p>The Bank integrates sustainability-related KPIs into its incentive-based remuneration system, ensuring alignment with its strategic priorities.</p> <p>Remuneration</p> <p>Our C-Suite executives have sustainability-related objectives tailored to their respective roles and responsibilities. In this context, our Sustainability Leader is tasked with setting sector-specific carbon reduction targets in alignment with our NZBA (Net Zero Banking Alliance) commitment. This responsibility is monitored through a performance card, which directly impacts their annual remuneration, and progress towards these targets is reported accordingly.</p>	
<p>Links & references</p> <p>Integrated Annual Report 2024, p. 46-67</p>	<p>Links & references</p> <p>Integrated Annual Report 2024, p. 45</p> <p>CDP Report 2024, p. 64-81</p>	<p>Links & references</p> <p>https://www.isbank.com.tr/en/about-us/our-reports</p>

Supplements templates

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.

Business model

Describe (high-level) your bank's business model, including the main business lines, customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, business areas or by disclosing the number of customers and clients served.

Links & references

[Integrated Annual Report 2024, p. 10-13](#)

<https://www.isbank.com.tr/en/about-us/corporate-information>

Response

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 2024, with its 20,560 employees providing services to almost 25 million customers, İşbank is the largest private bank in Turkey with its total asset size of TL 3,323.8 billion.

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 2024, the number of İşbank's digital customers rose to approximately 16.7 million by the end of the year, while the share of non-branch channels was 97% in total transactions.

İşbank Group is an integrated group with its domestic and international subsidiaries operating in many fields. As of the end of 2024, İşbank has direct and indirect partnerships in 31 companies. The number of companies controlled directly or indirectly by the Bank is 171. As of the end of 2024, the size of İşbank's subsidiaries portfolio is TL 214.5 billion; 67% 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.

İşbank also has an international coverage through its branches, representative offices and subsidiaries abroad. The bank subsidiaries are 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 15 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 by considering the different needs of customers.

Strategy alignment

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming instrument on plastic pollution etc.

Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.

Links & references

[Integrated Annual Report 2024, p. 10-13, 61-67](#)

<https://www.isbank.com.tr/en/about-us/responsible-products-and-services>

<https://www.isbank.com.tr/bankamizi-taniyin/Documents/surdurulebilirlik/CMB2024.pdf>

<https://www.isbank.com.tr/en/about-us/memberships-and-initiatives>

<https://www.isbank.com.tr/en/about-us/decarbonization-targets>

<https://www.isbank.com.tr/en/about-us/Documents/sustainability/environment-and-social-impact-policy.pdf>

Response

Alignment with Sustainable Development Goals (SDGs)

The banking sector holds a pivotal position and possesses substantial resources capable of delivering both direct and indirect solutions to global and regional challenges, including climate change. İşbank aligns the outcomes of its value creation process with the United Nations Sustainable Development Goals (UN SDGs) it has contributed to, and demonstrates its commitment to global objectives through its vision of generating shared and sustainable value. The Bank actively supports the UN SDGs by adopting a responsible financing approach and considers its contribution to these goals a fundamental element of its value creation strategy. İşbank plays a leading role in providing essential financing across the scope of the 17 SDGs, with detailed descriptions of these contributions outlined in the "Contribution to Sustainable Development Goals" section of the 2024 Integrated Annual Report.

Paris Climate Agreement and Green Financing

The Bank also actively supports to Climate Action, one of the SDGs to which it directly contributes, through the implementation of its decarbonization efforts. Decarbonization constitutes the focal point of İşbank's ESG strategy both in terms of its own operations and financed emissions. As a leading financial actor of Turkey, İşbank plays a major role in financing low-carbon activities and also green transition of its customers. In April 2022 İşbank became a member of UN-convened Net Zero Banking Alliance (NZBA) which brings banks together who are committed to aligning their portfolios with net-zero emissions by 2050 in line with Paris Climate Agreement. Accordingly in 2023, İşbank announced intermediate emission reduction targets for three carbon-intensive sectors (power generation, cement and iron-steel) as part of its efforts to manage the impacts arising from its loan portfolio. While prioritizing the sectors for target setting, the Bank took into consideration the primarily defined sectors by Net Zero Banking Alliance, the share of these sectors in its loan portfolio and the sectoral climate change heat map. In 2024, the Bank completed its target-setting process in five additional sectors (aluminum, real estate, oil & gas, road transport freight, agriculture) classified by the Alliance as carbon-intensive. For all carbon intensive sectors, science-based roadmaps aligned with local and international standards were developed, ensuring that the actions required for decarbonization were tailored to meet the specific needs of clients.

Furthermore, we are proactively assessing climate-related risks and opportunities that significantly impact

our strategy, particularly in the context of products and services. We recognize that climate change presents an opportunity to develop low-emission products. Conversely, there is a risk of reduced revenue arising from lower demand for non-renewable or “brown” products and services in the long term. To mitigate these risks and maximize the potential opportunities, we are developing green products and services across all sectors of our operations. The Bank prioritizes climate-related opportunities based on strategic alignment and customer needs. Green initiatives have consistently been a key priority on İşbank’s agenda, with substantial efforts dedicated to these areas over the years. These initiatives include facilitating green financing provided by International Development Banks to our clients, financing renewable energy projects, offering ESG investment products for retail customers, and promoting energy efficiency and green loans.

In this context, since 2015, İşbank has allocated all new project financing for electricity generation exclusively to renewable energy projects. While we continue to increase our financing for renewable energy production and provide sustainable products and services (for a full overview of our products supporting the green and sustainable transformation of our customers, please refer to:

<https://www.isbank.com.tr/en/about-us/responsible-products-and-services>), we are also committed to reducing the share of non-renewables in our energy portfolio. Accordingly, in 2020, “loans for financing greenfield investments in coal- and natural gas-fired thermal power plants for electricity generation” were added to our Exclusion List. Similarly, in 2021, “new coal mining investments” were also added to this list, which is disclosed as an annex to the İşbank Environmental and Social Impact Policy available on our corporate website. In 2023, we further committed to ending financing for coal-related activities by 2040, in line with our pledges to the Net-Zero Banking Alliance (NZBA). As part of this gradual phase-out from coal, activities related to “coal mining,” “logistics of coal and subcontractor activities” and “infrastructure services dedicated to supporting coal-related activities” will be systematically phased out.

Compliance with National and Regional Frameworks

İşbank is fully committed to upholding the Principles of the United Nations Global Compact, of which it is a signatory. Since 2012, the Bank has been reporting on its sustainability efforts, initially through separate sustainability reports, followed by integrated reports, and for the past four years, through integrated annual reports. Additionally, the Bank publishes the Turkish Capital Markets Board’s (CMB) Sustainability Principles Compliance Report as an annex to its integrated annual reports. As part of its second-quarter reporting for 2025, the Bank will also report in accordance with the Turkish Sustainability Reporting Standards, which have been fully integrated into Turkish legislation in alignment with IFRS S1 and S2. This reporting will facilitate the disclosure of sustainability-related financial information and ensure the sharing of key information at the investor level, in accordance with international standards.

Principle 2: Impact & 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.

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target- setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

Links & references

<https://www.isbank.com.tr/en/about-us/decarbonization-targets>

Response

In alignment with its commitment to Responsible Banking Principles, İsbank initiated an impact analysis of its loan portfolio in 2022 using the second version of the Portfolio Impact Analysis Tool (Tool), developed by the Principles for Responsible Banking Signatories and UNEP FI Member Banks. This Tool is designed to maximize positive impacts and minimize negative impacts by identifying areas within banking activities that produce either positive or negative outcomes. The analysis primarily focused on non-retail loans, given their significant share in İsbank's overall loan portfolio. As of the end of 2024, non-retail loans represented 69% of the total loan portfolio and included the corporate, commercial, and SME segments in the analysis. Conversely, retail loans accounted for 31% of the portfolio at the same date. The largest component of retail loans consists of general-purpose consumer loans, which the bank cannot track in terms of usage, thus excluding retail loans from the impact analysis.

Since Turkey is İsbank's primary market of operation, activities outside of Turkey were not considered in the analysis, as they are of negligible scale. The analysis was carried out using the relevant modules of the Tool, excluding non-retail loans in alignment with the bank's segment definitions. Due to differences in İsbank's business segmentation compared to the Tool's, the bank adapted its internal loan categories to better align with the Tool's methodology in order to derive meaningful results. Specifically, the Bank categorized its Corporate and Commercial segments under the Corporate Banking category and the SME segments under the Business Banking category.

İsbank utilizes the NACE (Nomenclature des Activités Économiques dans la Communauté Européenne) codes for sector classification and selected 30 sectors for both the Corporate and Business Banking categories, primarily based on lending volumes. Additionally, the bank incorporated its internal climate-related risk taxonomy into the sector selection process. As part of this risk taxonomy, İsbank developed a sectoral risk heatmap, integrating both qualitative and quantitative assessments to identify priority areas in its portfolio. For the qualitative aspect, İsbank relied on climate risk literature, external studies, and expert inputs to assess the climate risk level for each sector, which was then translated into a five-grade risk scale (high, high-mid, mid, mid-low, low) to assess vulnerability to climate change risks. Consequently, 30 sectors, including renewable energy, basic metals manufacturing, civil engineering, transportation, monetary intermediation, construction, accommodation, health activities, real estate, financial services, textiles, power generation, mining, telecommunications, agriculture, and transmission/distribution, were incorporated into the analysis. Agriculture, mining, construction, wholesale trade, accommodation, and motor vehicle leasing were common sectors across both the Corporate and Business Banking categories.

The impact of the bank's financing activities was assessed across 22 distinct areas through the Impact Radar, developed by UNEP FI's Positive Impact Initiative. The Radar offers a comprehensive set of 22 impact areas spanning the three pillars of sustainable development: economic, environmental, and social. These areas are defined based on internationally recognized standards, including the SDGs. According to the impact analysis results, key negative impact areas for Corporate Banking included "Waste," "Climate," "Resource Efficiency," "Air," and "Water Quality," while positive impact areas included "Inclusive and Healthy Economies," "Housing," and "Mobility." For Business Banking, negative impacts were primarily observed in "Waste," "Climate," "Soil," "Health & Sanitation," and "Water Quality," including overlapping sectors, while positive impacts also appeared in "Inclusive and Healthy Economies," "Housing," and "Mobility." Employment was identified as an area with nearly equal positive and negative effects across both banking categories. "Waste," "Climate," and "Inclusive and Healthy Economies" emerged as the three most significant impact areas, common to both Corporate and Business Banking.

In evaluating the results of the impact analysis, İsbank also considered its sustainability priorities, the SDGs it contributes to, its strategic goals, portfolio composition, global trends, and the severity of impacts. Climate action is one of İsbank's most critical sustainability priorities, as determined by the materiality analysis conducted in 2023. The bank's Sustainability Priorities Matrix is presented in the "Sustainability Priorities" section of the 2023 Integrated Annual Report. In line with its responsible banking approach and ongoing support for the transition to a zero-carbon economy, the bank prioritizes waste management and climate action as key areas of impact.

İsbank actively supports the transition to a zero-carbon economy by financing renewable energy investments and ensuring that its operations are powered by renewable energy sources. The bank also analyzes the risks and opportunities arising from the transition economy and continuously expands its product and service offerings that support the green economy. "Inclusive and Healthy Economies" represents another key positive impact area for İsbank. The bank believes that the financial industry plays an essential role in promoting inclusive business models and ensuring that economic prosperity is equitably shared. Through its extensive branch network and digital banking services, İsbank facilitates access to financial services and contributes to

social welfare by developing products for underserved customer segments.

In line with the identified impact areas, İşbank aims to enhance the positive impact of its loan portfolio while reducing its negative effects. The analysis indicates that "Climate Mitigation" and "Financial Health & Inclusion" are two of the most significant final impact areas for the bank.

Targets, Target Implementation, and Action Plans/Transition plans

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector \(2024\)](#).

Links & references

<https://www.isbank.com.tr/en/about-us/decarbonization-targets>

[https://www.isbank.com.tr/en/about-](https://www.isbank.com.tr/en/about-us/Documents/sustainability/isbank_declaration_on_women's_empowerment.pdf)

[us/Documents/sustainability/isbank_declaration_on_women's_empowerment.pdf](https://www.isbank.com.tr/en/about-us/Documents/sustainability/isbank_declaration_on_women's_empowerment.pdf)

[https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-](https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-iliskileri/raporlarimiz/tp/Isbank_Initial_Transition_Plan.pdf)

[iliskileri/raporlarimiz/tp/Isbank Initial Transition Plan.pdf](https://www.isbank.com.tr/bankamizi-taniyin/Documents/yatirimci-iliskileri/raporlarimiz/tp/Isbank_Initial_Transition_Plan.pdf)

[Integrated Annual Report 2024, p. 98, 99, 104 - 106, 151](#)

[CDP Report 2024, p. 169-172, 184-188](#)

Response

For climate mitigation:

1. İşbank has already set emission reduction targets for its scope 1&2 emissions back in 2020. İşbank had a target of 38% reduction in 2025, 65% emission reduction in 2030 and becoming a carbon neutral bank in 2035. By procurement of renewable energy while continuing energy efficiency efforts, we have already reached 2025 and 2030 targets. At the end of 2024 we have decreased scope1 & 2 79% compared to base year 2018. Thanks to significant progress in reducing our carbon footprint, we've brought forward our carbon neutrality target from 2035 to 2026.
2. İşbank has further strengthened its commitment to supporting the transition to net zero economy by signing Net-Zero Banking Alliance (NZBA) in 2022 which brings together banks committed to aligning their portfolios with net-zero emissions by 2050 in line with the targets set by the Paris Climate Agreement. In line with the commitment, we announced interim emission reduction targets for three carbon-intensive sectors as part of our efforts to manage the impacts arising from our loan portfolio. Regarding our commitment to NZBA, the 2030 interim emission reduction targets for power generation, cement and iron and steel sectors have been publicly disclosed in terms of reduction in emission intensities by 61%, 21% and 10%, respectively compared to base year 2021.

In 2024, following the announcement of our emission reduction targets for iron and steel, cement and power generation sectors in 2023; we have now covered all carbon-intensive sectors defined by the NZBA.

For all carbon intensive sectors, science-based roadmaps aligned with local and international standards were developed, ensuring that the actions required for decarbonization were tailored to meet the specific needs of clients.

Accordingly, new targets aim to reduce emission intensities by

- 7% in aluminum,
- 36% in real estate,
- 20% in road freight transport and
- 15% in oil and gas

by 2030 compared to base year 2023.

We set our emission reduction targets for our agricultural portfolio by studying the agricultural production in the arable lands of Türkiye and the specific characteristics of our clients. Recognizing the varying environmental impacts of different crops, as İşbank we aim to reduce emission intensity by 14%

in wheat production, 15% in maize production, and 16% in rice production. The scope now cover approximately 65% of our total financed emissions. By developing three distinct roadmaps with product-specific targets, tailored to the realities of agricultural banking and the farmers' needs, we're setting a new standard and reaffirming our commitment to sustainable agricultural practices. In 2024 we also disclosed development related to the first round of targets.

Sector	Metrics	Scenario	Emission Coverage	Base Year (2023) Emission Intensity		2030 Reduction Target
Aluminum	kgCO ₂ e/t al	Transition Pathway Initiative (TPI)	1 + 2	740		-7%
Real Estate	kgCO ₂ e/m ²	International Energy Agency (IEA – NZE 2050)	1 + 2 + 3	49		-36%
Oil & Gas	kgCO ₂ e/MJ	Transition Pathway Initiative (TPI)	1 + 2 + 3	58		-15%
Road Transport Freight	gCO ₂ e/tkm	Network for Greening the Financial System (NGFS)	1 + 2	159		-20%
Agriculture: Wheat	kgCO ₂ e/ton wheat	Science Based Targets Initiative 1.5°C (SBTi 1.5°C)	1 + 2	607		-14%
Agriculture: Maize	kgCO ₂ e/ton maize			580		-15%
Agriculture: Rice	kgCO ₂ e/ton rice			976		-16%

				Emission Intensity			2030 Reduction Target
				2021 (Base year)	2023	2021 – 2023	
Power Generation	kgCO ₂ e/MWh	International Energy Agency (IEA – NZE 2050)	1 + 2	617	543	-12%	-61%
Cement	kgCO ₂ e/t cement	Science Based Targets Initiative 1.5°C (SBTi 1.5°C)	1 + 2	1.175	763	-35%	-21%
Iron & Steel	kgCO ₂ e/t steel	Science Based Targets Initiative 1.5°C (SBTi 1.5°C)	1 + 2	801	574	-28%	-10%
Coal	Phase out by 2040						

The Bank followed the Partnership for Carbon Accounting Financials (PCAF) methodology, for calculating the financed emissions in these sectors. In order to maximize the quality and accuracy of the data that forms the basis of the calculation, the Bank conducted detailed surveys and one-on-one studies with customers. While determining sectoral reduction targets global science-based scenarios were taken into account.

- İşbank evaluates climate change topics not only in terms of risk perspective but also in terms of the opportunities created for green transformation. In this regard, the Bank continues its efforts to offer its customers both product and service packages, as well as to provide consultancy. In parallel with drawing the decarbonization roadmap for the loan portfolio in 2023, İşbank will focus on increasing the sustainable finance balance. İşbank is committed to contributing to the green transformation of the economy by providing sustainable financing amounting to TL 300 billion by 2026. By the end of 2024, sustainable financing target realization reached 88%. When broken down by segments, sustainable loans amount to TL 21.6 billion for retail banking, TL 177.5 billion for SME banking, and TL 53 billion for corporate & commercial banking.

For Financial Health & Inclusion:

- İşbank supports women's participation in business life and continue to offer the necessary financial and non-financial solutions to women entrepreneurs, who are an important dynamic in sustaining economic and social development. For financial health & inclusion, İşbank has committed to provide finance support of TL 100 billion to women entrepreneurs within 5 years starting from 2023 through supplying programs designed for women entrepreneurs, microloans disbursal for women, and the financing of companies where women have a right to participate in employment and management. İşbank aims to reach 15,000 women entrepreneurs in 5 years by providing financial literacy training programs under the umbrella of Women Empowering the Future. By the end of 2024, we provided a total of TL 53 billion in loans to our female entrepreneur customers, achieving 88% of the TL 100 billion target set.

Within the scope of financial health & inclusion target various campaigns for women entrepreneurs with favorable maturity and price conditions were conducted, and investments were made and resources were provided. Please refer to the our Integrated Annual Report 2024, where you will find the activities carried out by the Bank for women entrepreneurs.

Principle 3:

Clients & 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.

Client and Customer engagement

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. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Links & references

[Integrated Annual Report 2024, p. 116-119](#)

<https://www.isbank.com.tr/en/about-us/responsible-products-and-services>

Response

Adhering to the principle of providing responsible, transparent, and easily understandable banking services at all times, İşbank is committed to enhancing financial inclusivity by offering accessible services to everyone, anytime, through its extensive physical service network and digital channels. The bank strives to deliver an exceptional customer experience across all touchpoints, serving clients in personal, commercial, corporate, and private banking segments. İşbank has established policies and procedures to ensure it serves its customers responsibly and fairly, as outlined in its Ethical Principles and Code of Conduct.

In alignment with its strategic priorities and commitment to achieving net-zero emissions by 2050, İşbank actively supports its clients' green transition. İşbank's transition strategy does not necessarily mean phasing out, but supporting clients in transition to carbon neutral economy and managing climate risks. While for the coal sector phase-out plans are on the agenda, for other high emitting sectors, we will be working on plans to encourage our customers to transition to low-carbon economy by focusing our 2030 and interim targets on carbon-intensive sectors.

As part of our decarbonization efforts, we undertook a systematic process of identifying and assessing the key levers for each carbon intensive sector. Precisely evaluating each lever is essential for formulating a realistic and impactful decarbonization strategy. This process enables us to comprehend the scale and timing of our new investments, thereby crafting a transition plan aligned with the realities of our stakeholders, broader ecosystem, and available technologies.

With this understanding, we have developed sector specific decarbonization strategies for each high-emitting sector in our portfolio. The key steps in our approach to developing our transition plan are:

- Baselineing sector specific carbon emissions
- Identifying key levers for effective client engagement
- Conducting impact modelling and feasibility assessments
- Target setting
- Developing detailed sector specific action plans

By diligently following these steps, we aim to not only fulfill our commitment to NZBA, but also to engage our clients in the process to ensure we are continuing to address their most pressing needs. This approach reflects our dedication on contribution to the global efforts on combating climate change.

Our transition pathway represents a strategic response to an urgent environmental challenge, emphasizing our role as a responsible and forward-thinking financial institution and published our preliminary transition plan which is outlining İşbank's approach to the transition by baselineing sector-specific emissions, setting reduction targets, and defining actionable plans while fostering customer engagement. The preliminary transition plan serves as both a roadmap for reducing our carbon footprint and a client engagement strategy, aligning with our NZBA commitment to achieve net-zero emissions by 2050. We will disclose our comprehensive transition plans in the near future.

The bank fosters green and sustainable development by financing projects related to renewable energy, energy efficiency, and resource efficiency, facilitating the transition to a net-zero carbon economy. İşbank continuously enhances financial inclusion by providing accessible services through its expansive physical service network and digital channels. Achieving net-zero emissions requires collaborative efforts with clients

and cannot be accomplished by the bank alone. This requires the development of innovative products and services that enable and support the green transformation of the bank's portfolio. To this end, İsbank not only offers financing solutions but also works to raise awareness about the necessity of transitioning to a low-carbon economy. For instance, in 2024, we aim to accelerate both the digital and green transformation of SMEs, the backbone of the economy, with the 'Twin Transformation Journey of 100 SMEs' project, which we implemented in cooperation with MEXT Technology Centre. With this project, the focal points are reducing costs, increasing efficiency, realising green transformation investments and adapting to decarbonisation / environmentally friendly production regulations brought by new trade rules through digital transformation in SMEs.

As an important trading partner of the European Union, the Carbon Border Adjustment Mechanism presents a potential risk for our clients exporting to the EU. While this mechanism will undoubtedly incur economic costs for Turkish exporters, particularly SMEs that are less resilient to significant changes, İsbank views this as an opportunity to facilitate green transition. Consequently, the bank is organizing advisory meetings with exporter customers to enhance their understanding of the imminent threats and opportunities related to the carbon border adjustment mechanism. Additionally, the bank is providing support and guidance on how clients can adapt to low-carbon incentives. Simultaneously, İsbank is expanding the depth and variety of its products to meet the diverse needs of its clients.

In terms of financial solutions, İsbank contributes to its customers' green transformation with a diverse portfolio of products. The bank supports sustainability investments through both financial and non-financial solutions, enabling clients to maintain their market share within the EU and keep pace with the transformation driven by the Green Deal. İsbank adopts a sustainable finance business model that encompasses the entire process—from sourcing resources to developing sustainability-focused products and services to drive green transformation.

Additionally, İsbank offers digital sustainability solutions, free of charge, to SME customers to reduce the costs associated with green transformation. Through these solutions, SMEs gain access to consultancy services such as carbon footprint measurement, real-time energy consumption monitoring, and non-financial support for investments aligned with sustainability goals. The bank's objective is to assist SMEs in complying with new environmentally friendly production regulations while simultaneously reducing costs and improving efficiency in their transition to a green economy.

İsbank is also a pioneer in financing renewable energy projects in Turkey. Since 2015, all new project financing provided by the bank for electricity generation investments has been directed toward renewable energy projects. With a focus on the environmental, social, and economic impacts of its lending activities, İsbank supports the green and sustainable practices of its clients. Any new investment project financed by İsbank with an investment amount exceeding USD 10 million undergoes a comprehensive evaluation for the management of environmental and social risks and impacts. Projects within this threshold are subject to environmental and social risk assessments, and a risk score is assigned based on the assessment results. If the project risk is found to be high, an environmental and social action plan is developed in cooperation with the client to mitigate or eliminate identified impacts. The progress of these actions is monitored by independent consultants when necessary.

Furthermore, İsbank has implemented a process to assess the environmental and social risks associated with its commercial loan portfolio. This process includes a set of questions, primarily derived from the "Environmental and Social Question Set," which helps companies identify potential environmental and social risks while raising awareness and resilience levels related to these risks. The service is regularly reviewed and updated to meet emerging needs. Currently, İsbank is working on a project to introduce an Environmental & Social (E&S) due diligence process for its commercial loan portfolio, which is currently outside the scope of the E&S Risk Assessment Tool. This initiative aims to assess customers' Environmental, Social, and Governance (ESG) maturity and their awareness and resilience to climate-related risks, using questionnaires that include both E&S and climate-focused questions. Once the new structure is fully implemented and integrated into the bank's IT systems, E&S risk assessments will be incorporated into the client onboarding process across all levels of the bank. This will enhance the bank's understanding and expertise on climate-related issues and facilitate climate risk assessments during client onboarding.

Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank's portfolio,* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

Links & references

[Integrated Annual Report 2024, p. 116-119](#)

<https://www.isbank.com.tr/en/about-us/responsible-products-and-services>

[CDP Report 2024, p. 55-61](#)

Response

İşbank contributes to the green transformation of its customers with a diverse portfolio of products it offers. We support green and sustainable development by providing financing for the transition to a zero-carbon economy with renewable energy, energy efficiency projects and resource efficiency.

A number of examples to these products and services and sustainable products are as follows:

- The European Fund for Southeast Europe S.A. (EFSE), in cooperation with Finance in Motion GmbH (FiM), a German financial institution, is funding a joint project for the agricultural sector in Türkiye. Within the project, studies were made to measure the carbon footprint of wheat, barley, sunflower, and corn producers. Within the cooperation, the Bank supported the financing of various trainings, farmer meetings, and İmcece Workshops, which aim to contribute to sustainable agriculture for bank employees and producers in the agricultural ecosystem. Within the scope of the second phase of the project, carbon footprint measurement for 25 agricultural products have started.

- Water Management Platform / Blueit

Blueit Water Efficiency Package was provided to our SME customers to ensure efficient use and effective management of water in commercial buildings and industrial facilities, to receive instant water consumption data, and to provide control and technical support through remote access. This service was also designed to generate commission income within the scope of İşbank's Marine Conservation Loan.

- Twin Transition Journey of 100 SMEs

One of the most important projects we carry out with SMEs is the 'Twin Transition Journey of 100 SMEs' project, which we have implemented in cooperation with the MEXT Technology Centre, and we aim to increase the productivity of SMEs in production, to become more competitive in the global arena, and to facilitate their digital and green transformation journey. The process has already started for 100 companies in the project and continues at various maturity levels in accordance with the project plan. SIRI analysis of 98 companies and COSIRI analysis of 77 companies have been completed.

- IoT Technology Solution / Vodafone Red Energy Project

IoT Technology-Based Energy Efficiency Package was provided to SMEs in the Bank's portfolio for 12 months to enable companies to monitor and control energy consumption data in their factories/production facilities on a single platform. The IoT Technology-Based Energy Efficiency Package has been allocated to a number of companies; generating commission income. We installed devices for 112 companies in cooperation with Vodafone Red Energy IoT, which enables instant energy consumption tracking and identification of saving points.

- Carbon Emission Measurement Project / Captanomy

The Carbon Emission Measurement Project, which enables our SME customers to measure their carbon emissions and compare sectoral emission data, was realized in cooperation with Captanomy Company. The platform allows companies to calculate their carbon emissions by entering their own consumption data. Through the platform, businesses can instantly calculate their carbon footprints in compliance with ISO 14064 Standards without requiring technical knowledge and report them when necessary. It is also possible to analyze the position of the company in terms of carbon emissions compared to the sector average. Companies using commercial green loans are entitled to use the platform and it is offered free of charge. In this context, we granted platform memberships to 114 companies with Captanomy.

- İşbank's 100th Year Bill

İşbank's "100th Year Bill", the country's first green bill issued to commemorate the Bank's centennial,

commenced trading with a ceremonial gong event at Borsa İstanbul. By issuing green bills worth TL 4.5 billion in Turkish Lira, the Bank has taken a significant stride in green transformation and environmental responsibility, further solidifying its pioneering role in advancing Türkiye's capital markets. The 126-day maturity transaction, set to mature on August 26, 2024, the Bank's 100th anniversary, has also been noted as the largest public offering of green debt instruments in the history of Turkish financial markets.

- Sustainability Linked Syndication Loans

In June 2024, İş Bankası secured a sustainability-linked syndication loan amounting to 442 million USD and 562.7 million EUR with a maturity of 367 days. The key performance indicators (KPIs) of the loan are the amount of cash credit disbursed to women-owned/managed small and medium-sized enterprises (SMEs) and the amount of cash credit extended to small-scale farmers. İş Bankası periodically reviews the sustainability elements of the syndication loans, considering the requests of creditors and its own prioritized areas. If necessary, new structures and features may be defined.

Additionally, in November 2024, a syndication loan with a maturity of 371 days, amounting to 584.5 million USD and 494.9 million EUR, was secured under a sustainable loan structure rather than a sustainability-linked transaction. Although key performance indicators are not included in the sustainable loan structure, the resources obtained will be used to support green and/or social initiatives, in accordance with the terms specified in the agreement and the Bank's Sustainable Finance Framework.

- Solar Power Plant (SPP) Pre-Feasibility Project / Solarvis

With the pre-feasibility preparation panel, which meets the concrete data needs of businesses planning to invest in SPPs, companies are able to see the average cost of their investments and how long it will take to amortize their investments. The Solar Power Plant Pre-Feasibility Preparation panel is offered free of charge to customers through the Bank's website. From April 2023 to March 2025, the number of people who visited the panel reached 1,417. By entering basic information such as roof slope/location in the relevant panel, companies were able to access information such as amortisation period and investment cost of possible renewable energy investments.

- EPC Cooperation / Solar Roof

Within the scope of the cooperation with Solar Roof, an Engineering, Procurement and installation (EPC) company that delivers turnkey projects, one of the leading companies in the solar energy sector, a discount on the company's standard sales prices is offered to our customers who are provided with GES installation services and financed with Solar Loan by İşbank.

- Practices in the Field of Agricultural Banking

- İmeceMobil application, which can be downloaded free of charge, provides financial, digital and agricultural literacy support to farmers. İmeceMobil also informs farmers about good agricultural practices and enables them to access technological products that contribute to sustainable agricultural production. İmeceMobil application reached 300 thousand users by the end of 2024.
- The first of the İmece Workshops series, where important issues such as efficient use of water, recycling of wastewater, and how to manage water in agriculture with new technologies were discussed, was addressed on the subject of 'Water'. We consider the 'İmece Workshops' series, where valuable stakeholders in the agricultural ecosystem come together, to be extremely important in terms of the benefits we try to provide to the agricultural sector.
- With the 'Digital Agriculture Solution' implemented with Vodafone, we aim to reduce the use of inputs such as agricultural fertilisers, pesticides and water. With the recommendations made to farmers within the scope of the project, we provided an economic benefit of 692.5 million TL in 2024.
- Advantageous financing packages are offered for our farmer women and women's co-operative customers. In 2024, TL 1.7 billion was disbursed to women farmers.
- More than 33 thousand farmers have been met with organisations such as Farmer Meetings and Agricultural Banking Awareness Seminars at universities to raise awareness among the target audience. In the meetings held in 2024, 4,700 farmers were reached.

Moreover, providing financing support for roof, facade and land-type unlicensed solar power plant investments for self-consumption with the Roof Solar Power Plant Loan, Electric Charging Station Installation Loan, which aims to contribute to the development of the electric vehicle industry and encourage vehicle owners to easily access common charging units; Marine Conservation Loan to provide financial support for preventing or reducing sea pollution incidents to all our commercial customers who generate waste water in their production processes and who want to use water resources efficiently; the Unlicensed Electricity Production Loan, which supports electricity generation based on solar, wind and other renewable energy sources with an installed capacity of 5 MW or less. Businesses that want to invest in a waste water treatment and waste water recycling facility or improve their existing facilities can meet their financing needs with this product on favorable terms.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Stakeholder identification and consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Links & references

[Integrated Annual Report 2024, p. 46-67](#)

Response

İşbank actively engages with a wide range of stakeholders, including clients, employees, investors, and society at large. As part of its sustainability efforts, the Bank conducts a materiality analysis by consulting both internal and external stakeholders to define its sustainability priorities. This analysis is carried out in alignment with the AA1000 Stakeholder Engagement Standard.

Stakeholder groups consulted in this process include employees, customers, investors, non-governmental organizations, industry associations, international organizations, financial institutions, subsidiaries, business partners, public institutions, suppliers, and academic institutions. The Bank gathers feedback from these stakeholders through online surveys to understand their perspectives on material issues and to assess their expectations regarding the Bank's sustainability efforts.

The materiality analysis is reviewed annually and updated as necessary. In determining material issues, İşbank relies on the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG), IFRS S1 (General Requirements for Disclosure of Sustainability-Related Financial Information) issued by the International Sustainability Standards Board (ISSB), and the Global Reporting Initiative (GRI) Standards.

The Bank's materiality assessment follows a "double materiality" approach, which takes into account both the potential impacts of issues on business strategies as well as their financial and non-financial consequences. Each material issue is evaluated for its financial and reputational risk to the Bank, alongside its impact on relevant stakeholders.

For a comprehensive list of material issues, please refer to the "Prioritization Process at İşbank" section of the Integrated Annual Report 2024.

In addition, İşbank actively supports numerous sustainability initiatives and holds memberships in various organizations. The Bank is a member of the Global Compact Turkey Sustainable Banking and Finance Working Group, which aims to promote sustainability within the Turkish financial sector and mobilize the private sector to allocate the financial resources necessary to achieve the Sustainable Development Goals. A full list of the initiatives supported by the Bank can be found in the "Supported Initiatives" section of İşbank's Integrated Annual Report 2024.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Governance Structure for Implementation of the Principles

Describe 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 (including accountability at the executive leadership level, clearly defined roles and responsibilities for sustainability matters in internal processes, etc.) and support the effective implementation of the Principles.

Links & references

[Integrated Annual Report 2024, p. 45](#)

[CDP Report 2024, p. 64-81](#)

Response

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. 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. 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. 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>

Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, learning & development, sustainability training for relevant teams, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Links & references

[Integrated Annual Report 2024, p. 175-181](#)

Response

To enhance its employees' knowledge and awareness of sustainability, İşbank organizes training programs tailored to the needs of employees in various roles and positions. In this regard, digital training sessions such as the "Sustainability Training Series" and "Ethical Principles and Working Rules" have been made available to all employees.

Additionally, a live digital training on "Environmental & Social Risk Management in Sustainable Finance and

Loans” was offered to employees involved in design, marketing, and loan allocation processes. The “Diversity and Inclusion” module has been incorporated into various training programs, and training sessions and conferences on environmental and social issues have been held under different topics.

In 2024, the Bank provided a total of 26,629 hours of training to 23,248 employees on sustainability-related topics. Furthermore, as part of the ISO 14001 Environmental Management System Project, specialized Environmental Management System Training is provided to employees in environmental officer roles, while Environmental Management System Internal Auditor Training is offered to employees in the Internal Control Division.

Regarding the remuneration structure, İşbank has implemented a personalized goal-setting and bonus system based on both individual and team-based objectives to assess employee performance. The Bank utilizes an incentive-based remuneration model for all employees, including senior managers, which incorporates specific KPIs related to sustainability, including environmental and social factors, in alignment with the Bank’s strategic priorities.

In this context, C-suite executives have sustainability-related objectives that are tailored to their roles and responsibilities. The Sustainability Leader is responsible for setting sector-specific carbon reduction targets in line with our commitment to the Net Zero Banking Alliance (NZBA). This responsibility is monitored through a performance card, which directly impacts their annual remuneration, with progress towards these targets being reported accordingly.

Risk and due diligence processes and policies

Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank’s portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures your bank has in place to oversee these risks.

Links & references

[Integrated Annual Report 2024, p. 94-95](#)

Response

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.

Sets of questions based on type of investment and sector:

- EIA decisions, environmental permits, environmental and/or social impact evaluation,
- Nature preserve, critical habitat and ecosystem evaluations,
- Earthquake risk,
- Natural resource use,
- Waste management,
- Air, soil and water quality,
- Noise and dust,
- Occupational health and safety, public health and safety,
- Management of chemicals,
- Involuntary displacement and stakeholder engagement

Factors such as those listed above, the scope of which is set out in the applicable laws and regulations, are evaluated and scored with the answers of the questions specifically developed based on the activities of the

company being evaluated. Based on the answers given, the risk category of the project is determined, e.g. high (A), medium high (B+), medium low (B-) and low (C). Thus, a "Project Environmental and Social Evaluation Document" is prepared based on national and international legislation and good practices (e.g. IFC Performance Standards, EBRD Performance Requirements, Equator Principles), and the document is attached to the loan proposal documents which is submitted to the higher management for approval.

For all projects deemed eligible based on the evaluations conducted by the Sustainable Finance (SF) team, including but not limited to those projects which are classified by İşbank as high-risk (risk category A), an independent environmental consultant is assigned to act on behalf of the Bank. The independent environmental consultant conducts site visits and literature research to determine the current status of the project and its possible environmental and social impact. As a result of this work, an Environmental and Social Due Diligence (ESDD), which describes the current status and applicability of any permission / approval process regarding environmental obligations as well as the consultant's comments, and an Environmental and Social Action Plan (ESAP), which describes how to mitigate and eliminate these impacts and manage the process, are drawn up and submitted to the Bank.

For high-risk projects, an Environmental Impact Evaluation (EIA) Report, which includes additional and more detailed baseline studies, may be requested separately from the EIA application form prepared during the EIA process. Project companies are also demanded to prepare an Environmental and Social Management Plan (ESMP) for management of the risks and impact of their project and submit it to the Bank. Additionally, both during construction phase and operation phase, environmental and social monitoring activities are carried out at agreed intervals regarding the factors (e.g. compliance with environmental legislation, waste management, emission measurements, soil and water analyses, impact on socio-economy, eco-system and habitat, compensation mechanisms, occupational health and safety practices) set out in the ESAP.

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.

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report

Links & references

[Integrated Annual Report 2024, p. 580-582](#)

[CDP Report 2024, p. 146-150](#)