



TSRS Compliant Sustainability Report 2025



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List of Abbreviations

LIST OF ABBREVIATIONS INSTITUTIONS AND ORGANIZATIONS

EU	European Union
BRSA	Banking Regulation and Supervision Agency
BIST	Borsa İstanbul
CDP	Carbon Disclosure Project
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
ICMA	International Capital Market Association
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change
ISSB	International Sustainability Standards Board
KGK	Public Oversight, Accounting and Auditing Standards Authority
LMA	Loan Market Association
NGFS	Network for Greening the Financial System
NZBA	Net-Zero Banking Alliance
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
TCFD	Task Force on Climate-related Financial Disclosures
TPI	Transition Pathway Initiative
TPT	Transition Plan Taskforce
UNEP FI	United Nations Environment Programme Finance Initiative
WRI	World Resources Institute

TECHNICAL ABBREVIATIONS

WEEE	Waste Electrical and Electronic Equipment
ECL	Expected Credit Loss
BREEAM	Building Research Establishment Environmental Assessment Method
CO₂	Carbon Dioxide
ESRA	Environmental and Social Risk Assessment Model
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ELD	External Loss Data
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure
SPP	Solar Power Plant
GHG	Greenhouse Gas

GO	Guarantee of Origin
HEPP	Hydroelectric Power Plant
ILD	Internal Loss Data
I-REC	International Renewable Energy Certificate
ISIC	International Standard Industrial Classification
ICAAP	Internal Capital Adequacy Assessment Process
LEED	Leadership in Energy and Environmental Design
NACE	Statistical Classification of Economic Activities
NDC	Nationally Determined Contribution
NZE	Net Zero Emissions
PCAF	Partnership for Carbon Accounting Financials
RCP	Representative Concentration Pathways
VaR	Value at Risk
ScA	Scenario Analysis
CBAM	Carbon Border Adjustment Mechanism
SURAS	Sustainability Analysis System
SMS	Sustainability Management System
TFRS	Turkish Financial Reporting Standards
TAS	Turkish Accounting Standards
TNFD	Taskforce on Nature-related Financial Disclosures
TSRS	Turkish Sustainability Reporting Standards
UoM	Unit of Measurement/Category
GAR	Green Asset Ratio

OTHER

Atlas	İşbank Tuzla Data Centre
ATOM	Ankara Operations Centre
IT	Information Technology
ESG	Environmental, Social and Governance
ETS	Emissions Trading System
REIT	Real Estate Investment Trust
SME	Small and Medium-sized Enterprises
KPI	Key Performance Indicator
TUTOM	Tuzla Technology and Operations Centre



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About Türkiye İş Bankası

Türkiye İş Bankası A.Ş. (“İşbank” or the “Bank”), since its establishment in 1924, has continued its operations in strict adherence to its founding principles, supported by strong financial performance, an extensive branch and ATM network, a wide product range, and a reputation consistently maintained and enhanced under all market conditions. With a competent and qualified workforce of 20,630 employees, İşbank provides services to 25.8 million customers as of year-end 2025 across corporate, commercial, SME, retail, and private banking segments. As of year-end 2025, with consolidated total assets of TL 5,389.3 billion, the Bank holds the position of Türkiye’s largest private bank.

İşbank provides fast and high-quality services through an extensive service network comprising its Internet Branch, İşCep mobile application, Call Center, 6,855 ATMs (including those in the TRNC and abroad), and 602,014 POS terminals (including virtual POS). The Bank’s physical service channels consist of its Head Office in Istanbul, Tuzla Technology and Operations Centre (TUTOM), Tuzla ATLAS Data Centre, and Ankara Operations Centre (ATOM), as well as 51 Regional Offices and 997 branches across Türkiye.

İşbank Group has numerous subsidiaries and affiliates across diverse sectors, aligned with its mission to support the country’s industrial and economic development. As of year-end 2025, the Bank holds direct and indirect equity interests in 211 companies, including 30 held directly, and exercises management

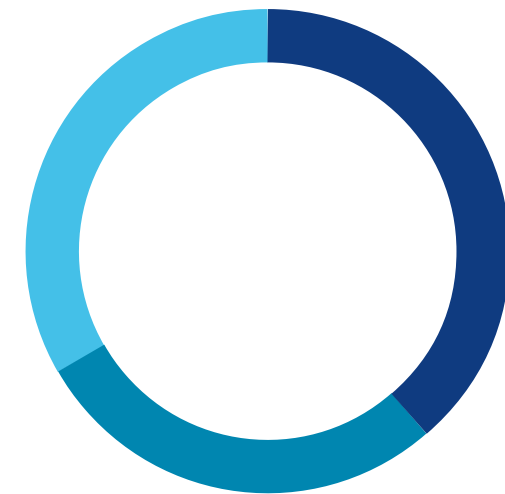
control over 118 of them. (The detailed list of companies is presented in the [“Annexes”](#) section; collectively referred to as the “Group”).

A significant portion of this portfolio in terms of size consists of institutions operating in the financial sector, including banking, investment banking, insurance, private pensions, leasing, factoring, brokerage, portfolio management, and asset leasing.

In addition, Türkiye Şişe ve Cam Fabrikaları A.Ş. (“Şişecam”) is one of the Group’s most prominent subsidiaries, operating as a global player in the fields of glass and chemicals production. In the domestic market, İşbank supports its technological capabilities through subsidiaries such as Softtech in software, İşNet in IT infrastructure, and Topkapı Consulting, Maksmarket Consulting, and Moka in payment systems and platform banking. The Bank further strengthens its technological capabilities through innovation centres located in Silicon Valley. Additionally, through İş Girişim, Maxis Venture Capital, Yüzüncü Yıl Teknoloji Girişimleri, and Tibaş Ventures—which focuses primarily on Turkish startups established abroad—the Bank actively engages in next-generation entrepreneurship activities.

The synergy created through subsidiaries and associates operating in various sectors and geographies both domestically and internationally enables İşbank to access new business opportunities, thereby strengthening its competitive advantage and enhancing the value it creates for its investors.

Figure 1. İşbank’s Shareholding Structure¹



■ 38.66% Türkiye İş Bankası A.Ş. Members' Supplementary Social Security and Charity Fund Foundation

■ 28.09% Atatürk's Shares²

■ 33.25% Free Float

⁽¹⁾ The shareholding structure has been included as of 31.12.2025. (31.12.2024: Foundation 38.59%, Atatürk Shares 28.09%, Public 33.32%).

⁽²⁾ These shares belonging to Atatürk are represented by the Republican People's Party in accordance with Atatürk's will. Since the dividend income of these shares was left to the Turkish Language Association and Turkish Historical Society in accordance with Atatürk's will, dividend payments are made to the aforementioned institutions within the framework of the will and legal legislation.



About the Report

About the Report

İşbank is a public company incorporated in Türkiye and listed on Borsa İstanbul ("BIST"). This report contains the consolidated climate-related financial disclosures of İşbank and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2025. The climate-related disclosures presented in this report have been prepared to support the assessment of the potential impacts on the Group's financial performance and financial position over the short, medium, and long term. The consolidated climate-related disclosures presented in this report have been prepared as of 31 December 2025, in accordance with the Regulation on the Procedures and Principles Regarding Banks' Accounting Practices and Retention of Documents and other regulations, communiqués, guidelines, and circulars issued by the Banking Regulation and Supervision Agency ("BRSA") regarding banks' accounting and financial reporting principles; and, for matters not regulated therein, in accordance with the provisions of the Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("KGK") (collectively referred to as the "BRSA Accounting and Financial Reporting Legislation"), covering financial subsidiaries consolidated in its financial statements and subsidiaries not consolidated under the BRSA Accounting and Financial Reporting Legislation.

Statement of Compliance

This report includes disclosures on governance, strategy, risk management, metrics and targets for the period that ended 31 December 2025 ("Sustainability Information"). The Group's disclosures in this context have been prepared in compliance with the Turkish Sustainability Reporting Standards ("TSRS") published by the KGK in the Official Gazette dated 29 December 2023 and numbered 32414(M). TSRS is based on the International Financial Reporting Standards IFRS S1 and IFRS S2 standards, developed by the International Sustainability Standards Board (ISSB).

Sources of Guidance

The Sustainability Information is presented in accordance with TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information ("TSRS 1") and TSRS 2 Climate-related Disclosures ("TSRS 2") as issued by the KGK. In applying TSRS 2 at the sectoral level, all relevant sectoral guidance documents have been assessed, and as a result, the following have been considered relevant and material for the Group's activities:

- Sector-Based Implementation of TSRS 2: Volume 8 - Construction Materials
- Sector-Based Implementation of TSRS 2: Volume 16 - Commercial Banks
- Sector-Based Implementation of TSRS 2: Volume 17 - Insurance

- Sector-Based Implementation of TSRS 2: Volume 18 - Investment Banking and Brokerage
- Sector-Based Implementation of TSRS 2: Volume 47 - Chemicals

While preparing the report, the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), aligned with IFRS S2, have been considered, and the Sustainability Accounting Standards Board ("SASB") standards integrated under the ISSB framework have been used as a key reference for structuring sector-specific disclosures.

Within the scope of the Sustainability Information, the report includes material information relating to investees that are considered financially material, taking into account not only the Bank's own operations but also all value chain elements with which it interacts significantly, including its investment portfolio, as referenced on page 11-12.

Materiality Assessment

The climate-related disclosures in this report have been determined in accordance with the principle of financial materiality, as defined in the TSRS, with the aim of identifying material information that can reasonably be expected to affect the Group's future financial performance with respect to climate-related risks and opportunities. Information considered material relates to climate-related risks and opportunities that could reasonably influence the decision-making processes of the Group's current and potential investors and users of general-purpose financial statements.

About the Report

For the purpose of the financial materiality assessment, existing and potential climate-related risks and opportunities have been analysed across the Group's main business lines, including banking, manufacturing, insurance, reinsurance, leasing, factoring, services, other financial institutions, and other companies.

All risks and opportunities within the value chain were evaluated separately based on collected information and comprehensive workshops. As a result of these

workshops, this report prepared in accordance with TSRS includes climate-related risks and opportunities with significant financial impact, based on quantitative factors. In addition, material climate-related information determined by considering qualitative factors that are expected to reasonably influence the decisions of the primary users of general-purpose financial reports has also been included.

In assessing the nature, likelihood, and magnitude of the effects of climate-related risks and opportunities, the Group applied a quantitative threshold alongside qualitative factors. Accordingly, the lower of 5% of the three-year average consolidated profit before tax or 1% of equity capital is considered as the threshold. In determining the financial materiality threshold, sectoral practices and international reporting frameworks have been taken into consideration, and the threshold is subject to revision depending on future developments.

Table 1. İşbank Group Structure and Reporting Process

İşbank Group Structure and Materiality Analysis within the Scope of Reporting							
About İşbank (p.5)			Value Chain (p.11)				
Materiality Analysis							
Climate-related Risks (p.23)							
Risk Type	Value Chain Component	Scenario			Time Horizon / Estimated Financial Impact		
Transition – Regulatory Risk	Downstream – Commercial Loan Portfolio	NGFS Net-Zero 2050			Medium – Long		
Physical – Acute and Chronic Risks	Downstream – Commercial Loan Portfolio	IPCC RCP 8.5			Long		
Physical – Acute and Chronic Risks	Direct Operations – Insurance Portfolio	IPCC RCP 8.5			Long		
Physical – Acute Risks (Heatwaves, Extreme Weather Events, Heavy Rainfall, Flood and Overflow-related)	Direct Operations – İşbank	IPCC RCP 8.5			Long		
Transition – Regulatory Risk	Direct Operations – Manufacturing Sector	NGFS Below 2°C and Current Policies			Short-Medium-Long		
Climate-related Opportunities (p.23)							
Opportunity Type	Value Chain Component			Time Horizon			
Climate-related Products and Services	Credit Portfolio			Short - Medium - Long			
Short Term	0-1 Year	Rating Scale	Low	Medium-Low	Medium	Medium-High	High
Medium Term	1-5 Years	Financial Impact Scale (TL)	≤625 million	≤1,25 billion	≤2,5 billion	≤5 billion	≥5 billion
Long Term	> 5 Years						

A summary of the studies conducted within the scope of the reporting boundary and materiality analysis is presented in the table above. Detailed information can be found in the ["Strategy"](#) section.

About the Report

Connection with Financial Disclosures

This report has been prepared based on the twelve-month reporting period ending on 31 December 2025. The TSRS-Compliant Sustainability Report is an integral part of the consolidated financial report for 31 December 2025 prepared in accordance with BRSA regulations and should be read in conjunction with that report.

Pursuant to Article 70 of the Turkish Commercial Code, year-end financial statements are required to be prepared in Turkish Lira ("TL"), and in accordance with Article 24 of TSRS 1, the presentation currency of the financial statements must be used in the sustainability report. Therefore, sustainability-related financial information has been presented in TL in accordance with the provisions of TMS 21.

Transition Reliefs

The TSRS-Compliant Sustainability Report prepared by İşbank for 2025 represents the Bank's second report prepared under the TSRS framework. In accordance with the resolution published in the Official Gazette dated 25 December 2025 and numbered 33123 by the KGK, it has been decided that the transition reliefs granted for the first year of application of TSRS 1 and TSRS 2 will continue to be applicable throughout the 2025 reporting period, within the scope of the Board Decision on "Transition Reliefs Applicable to Entities Preparing Sustainability Reports under TSRS for the 2024 Reporting Period."

Accordingly, the transitional provisions set out in paragraphs E4, E5, and E6(b) of TSRS 1 have been extended for one additional year. İşbank benefits from the transition reliefs specified under TSRS 1 paragraphs E4, E5, and E6(b) during the 2025 reporting period.

- TSRS 1 E4: The 2025 TSRS-Compliant Sustainability Report is published after the financial statements for the period 1 January 2025 – 31 December 2025 have been disclosed.
- TSRS 1 E5: Within the scope of the 2025 TSRS-Compliant Sustainability Report, only information relating to climate-related risks and opportunities is disclosed.
- TSRS 1 E6(b): Within the scope of the 2025 TSRS-Compliant Sustainability Report, comparative information is disclosed only for climate-related risks and opportunities.
- KGK Board Decision Temporary Article 3: Scope 3 emissions (in accordance with the GHG Protocol) are not disclosed in this report within the scope of the 2025 TSRS-Compliant Sustainability Report.

Fair Presentation and Connected Information

The 2025 TSRS compliant report has been prepared with due consideration to the conceptual framework set out under TSRS 1 General Requirements for

Disclosure of Sustainability-related Financial Information. Disclosures are presented in a manner that is relevant, complete, neutral, accurate, and verifiable, covering climate change-related risks and opportunities that could reasonably be expected to affect the entity's future financial position and performance.

A financial materiality approach has been adopted in determining the information to be disclosed, ensuring that the reported information meets the needs of primary users of general-purpose financial reports.

Principles such as comparability, understandability, and timeliness have also been considered in the presentation of information. Where necessary, additional explanations have been provided to support clarity and comprehensibility.

Connected information refers to the presentation of sustainability-related financial disclosures in a manner that explains the relationships between such disclosures and other information included in the entity's general-purpose financial reports. In this report, careful attention has been given to presenting linkages between climate-related risks and opportunities and their impacts on the Group's business model, strategy, value chain, financial position, financial performance and cash flows, as well as governance, risk management, and metrics and targets.

A Connected Information Matrix prepared in accordance with the TSRS/IFRS S1–S2 [connected information approach](#) is presented in the [Annexes](#).

About the Report

Comparative Information

The 2025 TSRS-Compliant Sustainability Report presents, on a comparative basis with the previous reporting period (financial year 2024), amounts related to climate-related risks and opportunities that may reasonably be expected to affect İşbank's future financial position.

Within the scope of comparative presentation, metrics, targets, and the current and anticipated financial effects of climate-related risks and opportunities are disclosed to enhance the clarity and understandability of the information provided.

Judgements and Uncertainties

Assessments and projections within the scope of TSRS reporting are developed using various data sources, internal analyses, and relevant methodologies. The assumptions and estimates applied are regularly reviewed and, where necessary, updated in consideration of developments in sustainability reporting standards, anticipated regulatory changes, and climate scenario projections.

Due to their inherent nature, certain disclosures such as the financial impacts of climate-related risks and opportunities, scenario analyses, and greenhouse

gas emissions calculations may involve a degree of uncertainty. Such uncertainty is considered an integral component of management judgement.

The report discloses the methodologies applied in calculating metrics, the inputs used, the limitations of these methodologies, and the significant assumptions made. Assumptions and estimates relating to scenario analyses and the assessment of climate-related risks and opportunities are presented under the ["Strategy"](#) section of the report, while those relating to emission calculations are disclosed under the ["Metrics and Targets"](#) section.

Reporting Entity Boundaries and Measurement Approach

İşbank has adopted the financial control approach in determining the organizational boundaries for greenhouse gas emissions reporting. In line with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), which allows the use of operational control, financial control, or equity share approaches for defining organizational boundaries, the Bank has adopted the financial control approach. All emissions arising from operations under the Bank's financial control are therefore included in the Group's greenhouse gas inventory.

Value Chain

The scope of reporting for İş Bank's sustainability and climate-related financial disclosures has been defined to include not only the Bank's own operations but also its subsidiaries, affiliates, and value chain elements. Accordingly, in addition to direct operations, upstream and downstream value chain components have also been integrated into the reporting process.

About the Report

Figure 2. İşbank Value Chain



About the Report

İşbank Value Chain

Value Chain Activity	Sub-element		Description
Upstream (Suppliers)	Goods and Service Suppliers		External providers of products and services such as technological equipment, advertising, security services, energy, cleaning, consultancy, stationery, and logistics
	IT, Cybersecurity, and Operational Support Providers		Information technologies, data security, telecommunications, and call centre infrastructure
Direct Operations	Main Lines of Business	Banking Services	Corporate and commercial banking, SME, business and agricultural banking, retail banking, private banking, capital markets transactions, and other banking services
		Financial Associates	Insurance, private pensions, portfolio management, venture capital, development and investment banking, REIT, leasing and factoring, brokerage, and payment services
	Other Lines of Business	Non-financial Associates	Glass (the value chain encompasses an integrated process extending from the processing of natural resources into products through to recycling. For further details, please refer to Şişecam's TSRS-Compliant 2025 Sustainability Report, p. 7), renewable energy, e-commerce, technology, and cultural and arts publishing
Downstream (Customers and Business Partners)	Retail Banking		Retail banking activities cover deposit, personal loans, overdraft accounts, credit cards, bill payments, money transfers, foreign exchange transactions, safe deposit boxes, insurance, tax payments, investment accounts, and other banking services for individuals. Financing and cash management services provided to high-net-worth individuals are monitored under private banking activities.
	Corporate and Commercial Banking		Within the scope of corporate and commercial banking activities, banking services are offered to large-scale corporate companies, SMEs, and other commercial enterprises through various financial instruments. Services provided to this customer segment include project finance, business and investment loans, deposits and cash management, credit cards, cheques and promissory notes, foreign trade transactions and financing, letters of guarantee, letters of credit, forfaiting, foreign exchange transactions, bill collection, salary payments, investment accounts, tax collections, and other banking products.
	Treasury Transactions and Investment Activities		Acquisition and sale of securities, money market transactions, spot and forward TL and foreign currency transactions, derivative transactions such as forwards, swaps, futures, and options, and raising medium to long term funding through instruments such as syndications and securitizations.



Governance

Governance

1.1 Sustainability Governance Structure and Board Oversight

At İşbank, sustainability governance, including climate-related matters, is conducted under the oversight of the Board of Directors, within a framework of clearly defined roles and responsibilities carried out through relevant committees and executive functions, to ensure the effective implementation of sustainability and climate-related principles and targets at the corporate level. This structure is based on a multi-layered governance model and allocation of responsibilities that starts at the

strategic level with the Board of Directors and extends across the organization through relevant committees and executive functions. Through its relevant committees, the Board of Directors regularly monitors sustainability- and climate-related risks and opportunities through reports and performance indicators. In doing so, the alignment of these risks and opportunities with the Bank's risk appetite, strategic objectives, and financial plans are also reviewed. In this way, sustainability and climate-related matters are addressed with an approach that is integrated and open to continuous improvement, embedded

within strategy, risk management, and performance evaluation processes. Sustainability and climate-focused matters at İşbank are considered in an integrated manner with the Bank's strategic decision-making processes. The Bank's sustainability and climate-focused governance structure is established in integration with strategic decision-making processes.

The governance of sustainability and climate-related matters at İşbank is carried out through a structure that extends across the organization, starting from the Board of Directors and encompassing relevant committees and executive functions.

Figure 3. İşbank Sustainability Governance Structure



Governance

1.1.1 Sustainability Committee

The Sustainability Committee is the highest-level management body at İşbank that provides guidance to the Board of Directors on sustainability governance. Chaired by the Chairperson of the Board of Directors of İşbank, it is a management body responsible for the Bank's sustainability activities, composed of a total of 14 members, including two Members of the Board of Directors and Executive Committee members responsible for the relevant functions. All relevant units of the Bank covering matters such as climate, social impact, internal systems and subsidiaries are represented on the Committee through a value-chain perspective.

The duties and responsibilities of the Sustainability Committee include the following main topics:

- It is responsible for preparing the Bank's sustainability and climate strategy and policies and submitting them to the Board of Directors for approval.
- It determines sustainability and climate-related targets and action plans and ensures the necessary coordination across the Bank for the effective implementation of these plans.
- It oversees the integration of sustainability and climate-related matters into strategic business plans, ensuring that these areas are reflected in the Bank's corporate decision-making processes.
- It regularly monitors the progress of defined metrics and targets, evaluates performance, and makes recommendations on areas requiring improvement where necessary.

- Through these activities, it contributes to the advancement of the Bank's sustainability approach in a holistic and strategic manner.

At the Sustainability Committee meeting held in December 2025, sustainability and climate-related matters were evaluated and two decisions were taken within the scope of the Bank's sustainability governance. In the previous year, the Committee held one meeting and took two decisions. In 2025, the Sustainability Policy, the Environmental and Social Impact Policy and the Coal Phase Out Policy, as well as the ESG operating framework, were restructured in line with current regulations, market developments and the Bank's strategic priorities.

1.1.2 Risk Committee

The effective management of climate-related risks is overseen by the Risk Committee, which operates under the authority of the Board of Directors. Established to disseminate risk management principles within the Bank and reflect them in decision-making and implementation processes, the Risk Committee is responsible for preparing the Bank's risk management strategies and policies, submitting them to the Board for approval, monitoring their implementation, ensuring that all risks are understood, and overseeing their integration into the Bank's risk management system. The Risk Committee currently comprises the Chairperson of the Board of Directors as Committee Chair, the Chairpersons of the Audit Committee, Credit Committee, and Corporate Governance Committee, members of the Board of Directors, the Chief Executive Officer, Deputy Chief Executives responsible for

relevant functions, and the heads of internal control, corporate compliance, and risk management.

In 2025, the Risk Committee continued to ensure the integrity of risk management across the Group through activities covering both the Bank and its financial and non-financial subsidiaries included within the consolidated structure. During its sessions throughout the year, the Committee assessed the risk management practices of subsidiaries, reviewed the risk management reports submitted to it, and took decisions aimed at ensuring risk governance aligned with the Bank's sustainability framework. Quarterly meetings conducted on a consolidated basis contributed to the holistic assessment of climate-related and other sustainability-related risks faced by Group companies. As a result, a robust risk management infrastructure supporting the Bank's long-term resilience and sustainable growth objectives was maintained.

In line with the requirements of TSRS 1 and TSRS 2, climate-related risks are integrated into the Bank's overall risk management framework and are evaluated within the scope of credit, market, and operational risk processes. Relevant risk metrics are monitored regularly. The Risk Committee reviews the results of climate-related scenario analyses and stress tests and presents its assessments to the Board of Directors.

To further enhance the operational risk management framework and strengthen the governance model for operational risks, the Operational Risk Committee works in coordination with the Risk Committee and reports the results of its activities to the Board of Directors through the Audit Committee.

Governance

1.1.3 Audit Committee

The Audit Committee, while fulfilling its responsibilities regarding the effectiveness of internal systems, risk management processes, the integrity of financial reporting, and the coordinated execution of consolidated audit functions, also oversees the Bank's exposure to relevant risks, including climate-related risks, as well as the processes established for measuring, monitoring, and controlling such risks. The Committee carries out oversight and control activities to ensure that the Internal Capital Adequacy Assessment Process (ICAAP) encompasses all material risks at the consolidated level, including climate-related financial impacts. The Audit Committee works in coordination with the Remuneration Committee and the Risk Committee.

In 2025, the Committee was responsible for evaluating the outcomes of its activities and providing assessments, opinions, and recommendations to the Board of Directors regarding the safe, uninterrupted, and regulatory-compliant conduct of the Bank's operations in line with applicable legislation and Bank policies, and for reporting these matters to the Board.

1.1.4 Corporate Governance Committee

The Corporate Governance Committee acts to monitor the Bank's compliance with corporate governance principles, to carry out improvement efforts in this area and make recommendations to the Board of Directors, and to fulfil the duties envisaged for the Corporate Governance Committee and the Nomination Committee under the relevant legislation.

Determining candidates for Independent Members to be appointed to the Board of Directors, and making evaluations and recommendations regarding the structure and functioning of the Board, are among the Committee's duties.

While the Committee fulfils the responsibilities defined within the scope of the applicable legislative provisions and the duties assigned to it by the Board of Directors within this framework, it reports or notifies the Board of Directors of its findings, opinions and recommendations on matters deemed necessary in the results of the activities it carries out and the issues falling within its area of duty and activity.

Governance

1.2 Sustainability Management

At İşbank, sustainability management is structured over a multi-layered structure, with strategic direction, coordination and implementation processes carried out through a clear division of duties across different management levels. The core roles within the governance structure and the responsibilities assigned to these roles are summarized in the table below.

1.2.1 Sustainability Management System (SMS)

The Sustainability Management System is a framework established by İşbank in 2015 to structure its ESG activities in line with its sustainability perspective and is continuously updated in accordance with emerging needs. The Sustainability Policy and the Board-

approved complementary policies form the basis for the functioning of the Sustainability Management System.

İşbank's sustainability approach is reinforced through a range of policies and practices, including those addressing climate change and environmental responsibility. İşbank's sustainability approach is supported by various policies and practices developed within the framework of its understanding of combating climate change and environmental and social responsibility.

The main policies that support the sustainability approach are as follows:

- › [Sustainability Policy](#)
- › [Environmental and Social Impact Policy](#)

- › [Coal Phase Out Policy](#)
- › [Human Rights and Human Resources Policy](#)
- › [Anti-Bribery and Anti-Corruption Policy](#)
- › [Gifts and Hospitality Policy](#)
- › [Gender Equality Policy](#)

The Sustainability Management System operates through defined processes and assigned responsibilities. Within the scope of the system, activities are regularly subject to control and internal audit, and the results of the audits are submitted senior management. The findings and recommendations obtained are shared with the relevant and responsible parties; improvement and any necessary remediation needs are addressed accordingly.

Table 2. Duties and Responsibilities in Sustainability Management

Management Level / Role	Duties and Responsibilities
Sustainability Leader (Deputy Chief Executive responsible for the Investor Relations and Sustainability function)	The Sustainability Leader is responsible for representing the Bank in sustainability communication and for providing direction to sustainability initiatives.
Sustainability Coordinator (Head of the Investor Relations and Sustainability Division)	The Head of the Investor Relations and Sustainability Division, who assumes the role of Sustainability Coordinator, is responsible for ensuring sustainability and climate-related matters are placed on the agenda of the Bank's senior management and are taken into account in strategic decision-making processes.
Investor Relations and Sustainability Division	The Investor Relations and Sustainability Division is responsible for analysing developments and global trends in the field of sustainability, shaping the Bank's environmental, social and governance (ESG) strategy and targets, formulating plans aligned with these, and ensuring Bank-wide coordination of the related efforts.
Business Units	Business units carry out activities that ensure sustainability and climate-related matters are included in decision-making mechanisms, and, under the coordination of the Sustainability Division, implement customer-facing practices.

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In sustainability management processes, the Group-level structure is taken into consideration, and inputs obtained from subsidiaries and affiliates are incorporated into relevant assessments. Activities are monitored within the existing governance framework and, when necessary, shared with İsbanks senior management. This approach supports the consistent and comparable evaluation of sustainability performance across the Group.

1.2.2 Audit and Control within the Scope of the SMS

In line with the Sustainability Policy, audit activities related to the operations carried out under the Sustainability Management System are conducted as part of the Bank's internal audit framework. Reports prepared following the audits conducted by the Board of Inspectors are submitted to the Audit Committee and the Bank's senior management. The plans and measures developed to address the findings are monitored by the Board of Inspectors. The Board of Directors closely monitors and guides the work of the Board of Inspectors through the monthly and annual activity reports submitted via the Audit Committee.

The Internal Control Division oversees the effectiveness of the control points within the activities carried out under the Sustainability Management System. In terms of environmental impact assessment and management, compliance is ensured with the ISO 14001 Environmental Management System Standard, and the "internal audit" activities defined under the Environmental Management System are also performed by the Internal Control Division.

1.2.3 Management of Climate Change Risks and Opportunities

The management of climate change risks is an integral part of the Bank's overall risk management activities. Climate change risk is periodically assessed in line with the responsibilities and principles defined in the Climate Change Risk Policy. For this purpose, the Bank's customer portfolio is segmented by sectors, and the potential impacts of climate change on each sector, and where necessary on sub-sectors, are assessed individually. The Risk Management Division as the primary executing body of centralized risk management activities within the Bank, carries out internal and regulatory capital adequacy assessments in line with Basel regulations and in parallel with international best practices. It works on the development and validation of risk measurement methodologies, as well as on the optimization of the capital adequacy management process. The Bank's risk exposure is systematically monitored in accordance with written risk policies and implementation procedures. In this context, risk management activities are conducted in line with internal regulations approved by the Board of Directors, such as the Capital Adequacy, Credit Risk, Asset-Liability Management Risk, Operational Risk, Model Risk, Climate Change Risk, Stress Testing, Reputation Risk, Consolidated Risk, and Information Systems Management Policies.

Risks that may arise during operations are identified and classified through the Risk Catalogue, which serves as the primary document for defining and categorizing all potential risks. Risks in the catalogue are detailed under two main categories: financial risks and non-financial risks. Evaluations and analyses related to these risks are reported monthly to the Risk Committee and,

through the Audit Committee, to the Board of Directors. The Bank has undertaken various initiatives to measure, report, and establish governance principles and policies for climate change risks, and to integrate them into the Bank's strategy and lending processes. In this context, climate change risk - positioned as a strategic risk in the Risk Catalogue - is articulated and illustrated in a manner that encompasses both transition and physical risks, in line with international best practices. The related efforts are presented in detail in the report's strategy section under the headings "[Climate Resilience](#)" and "[Strategy and Decision-Making](#)."

Climate-related risks and opportunities are integrated into strategic decision-making processes, and trade-offs between short-term financial returns from carbon-intensive sectors and the long-term environmental risks posed by these sectors are assessed. For example, while the Bank aims to contribute to environmental sustainability objectives and comply with regulations supporting the transition to a low-carbon economy, this process may lead to increased credit risks for customers in carbon-intensive sectors. With the introduction of a carbon tax, customers operating in carbon-intensive sectors may face financial pressure, which could create risks in terms of the quality of the Bank's credit portfolio and expected credit loss provisions. In this context, a trade-off may arise between supporting environmental responsibilities and balancing expectations regarding financial soundness and returns.

The Bank's long-term sustainability targets, alongside its short- and medium-term approach, address the credit risk and capital cost that may arise in the short to medium term.

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On key issues related to climate change risk, the Risk Management Division prepares risk reports, through which the Risk Committee and the Board of Directors are informed at least on a quarterly basis. In the Internal Capital Adequacy Assessment Process (ICAAP) report prepared annually, analyses relating to climate-change-driven risks and the prominent findings are regularly presented to the relevant management bodies. In this way, climate risks are addressed with a holistic approach within the scope of the Bank's overall risk outlook and capital adequacy evaluations.

The Bank's risk management practices supports a shared risk culture to embed across the institution. In risk management processes, regulations and best practices guides published by the BRSA are prioritized. In addition to compliance with statutory limits, capital and liquidity adequacy are protected and overseen against all risks undertaken within the scope of the ICAAP. The risk appetite framework clearly sets out risk levels by risk type, formed with comparable indicators, and is structured to monitor the Bank's overall risk profile. The Bank's risk capacity, risk appetite, risk tolerance (limits) and risk profile are defined, where possible, at the unit, bank and group (consolidated) levels.

The fundamental principles and methodologies relating to climate change risks, together with the related roles and responsibilities, are set out in the Climate Change Risk Policy.

Climate Change Risk Policy

The Climate Change Risk Policy sets out the framework for identifying, defining, measuring, monitoring, controlling, reporting and effectively managing the

climate change risks that İşbank may be exposed to as a result of its operations.

The management of climate change risks is positioned as an integral part of the Bank's overall risk management system. In this context, it is essential that all activities within the Bank are conducted with sensitivity to the presence and management of climate change risks, in a way that minimizes potential losses. Climate-related risks are managed in line with the risk appetite set by the Board of Directors, as well as the Bank's climate strategy and targets. In addition, the Bank ensures that its internal strategies and risk appetite statements are consistent with its publicly disclosed climate-related commitments

Responsibilities relating to climate change risk at the Bank are structured within the framework of the three lines of defense model. The first line of defense is obliged to identify, evaluate and control the climate risks that may be encountered within the scope of its own areas of activity, and to integrate these risks into decision-making mechanisms in the lending processes. The second line of defense determines the policy, rules and methodologies relating to climate risk and creates the implementation framework, monitoring it. The third line of defense provides independent assurance to the Board of Directors regarding whether the defined structure and processes function effectively.

Consolidated Risk Policies

The Bank's risk management principles regarding its subsidiaries are overseen in accordance with İşbank's Consolidated Risk Policies. In line with these policies and considering their operational structures, subsidiaries implement their own risk management policies.

Risk policies approved by the Boards of Directors of the subsidiaries form the framework of their risk management systems and processes. The risk levels of the subsidiaries are closely monitored by the Risk Management Division and reported periodically to the Risk Committee and the Board of Directors.

The Risk Management Division undertakes the following fundamental responsibilities aimed at the effective management of climate change risks:

- › Defining and developing the Bank's climate change risk appetite
- › Determining, monitoring, reporting and reviewing climate-change metrics and key risk indicators, including those within the scope of the risk appetite
- › Evaluating the Climate Change Risk Policy periodically periodic intervals and submitting any necessary updates to the Risk Committee for approval;
- › Analyzing, monitoring and evaluating climate-related risks independently of the first line of defense;
- › Reporting to the relevant management bodies on the results obtained within the scope of the use, development and periodic updating of tools such as heat maps and scenario analyses for the purpose of identifying and measuring climate risks;

Assessments on the Bank's exposure level to climate change risk are reported by the Risk Management Division to the Risk Committee and, through the Audit Committee, to the Board of Directors.

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1.2.4 Audit and Control within the Scope of Risk Management

In addition to the regular reporting submitted to the Risk Committee and the Board of Directors, the climate change risk and the defined risk levels relating to it are continuously monitored and evaluated by the Risk Committee and the Risk Management Division. The processes for managing climate change risk and compliance with the relevant policy is independently audited by the Board of Inspectors. As a result of the audit activities, the essential principles aimed at implementing action plans relating to identified findings are determined and closely monitored by the Board of Directors.

The Board of Inspectors carries out audits across all of the Bank's areas of operation, including Head Office divisions, banking processes, information systems, domestic and overseas branches, and subsidiaries and support service organizations within the scope of consolidation.

In accordance with the "Regulation on the Audit of Bank Information Systems and Banking Processes to be Performed by Independent Audit Firms" published by the BRSA, the banking processes and information systems are audited annually by the Board of Inspectors to serve as the basis for the Management Statement to be submitted to the independent auditor.

Audits aim to provide assurance regarding the Bank's compliance not only with legal regulations but also with its strategies, policies, principles and objectives. Within the framework of the three lines of defense approach, the work carried out in this direction focuses on the identification of risks and the assessment of the effectiveness and adequacy of existing control

mechanisms. Audit plans are prepared by taking into account the risks to which the Bank may be exposed and the control environment. Audits are carried out on-site or remotely in accordance with international quality standards, utilizing the strength of the Board of Inspectors' deep-rooted audit culture and advanced information technologies, through modern and risk-oriented methods.

1.3 Remuneration

At İşbank, the [Remuneration Policy](#), which is established primarily based on the Collective Bargaining Agreement as well as the Bank's internal regulations and legal provisions, defines all economic and social rights of employees. The Bank's Board of Directors have ultimate authority and responsibility for ensuring that remuneration practices are effectively managed in accordance with relevant legislation and this Policy.

The İşbank Remuneration Committee is responsible for preparing remuneration decisions to be submitted to the Board of Directors for approval; ensuring that remuneration policies and practices are aligned with the Bank's ethical values, organizational balances, and strategic priorities; and regularly monitoring the effectiveness of the Poli

It is essential that the remuneration of the Bank's managers and employees at all levels is not solely linked to short-term performance. Accordingly, a performance-based remuneration system reflecting the Bank's strategic priorities and tied to specific sustainability-related performance indicators is applied. Sustainability performance is evaluated for all employees, including senior management, in line with the Bank's strategic

priorities and specific indicators. The results of this performance evaluation are incorporated into the remuneration system under an incentive-based mechanism for division managers, all employees, and branches. Specific indicators include sustainability performance targets such as the share of sustainability-themed loans, green loans, and renewable energy projects within the portfolio.

Among the senior management targets, climate-change-related sustainability targets have an average weighting of 10%-20% depending on the area of responsibility.

1.4 Corporate Capacity and Competency Development

Sustainability roles within the Group are structured in line with the competencies of the relevant individuals concerned. Existing and potential climate-related risks and opportunities are assessed by each Group company within their respective governance frameworks. The Bank is responsible for ensuring the consistent implementation of sustainability practices and policies across the Group and for the holistic monitoring and management of related risks. Employee performance is evaluated in a manner that covers performance, target and competency dimensions together. Within this framework, the "Conformity to Values" criterion ensures that compliance with ethical and legal standards, information security awareness and behaviors compliant with corporate values are evaluated in a consistent and transparent manner with criteria defined on a title basis.

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When assessing the exposure, positioning, and financial impacts of each business line to climate related risks and opportunities, the internal competencies of each business line are considered for managing climate risks and opportunities, especially for certain climate-related matters identified in the banking and manufacturing business lines.

The İşbank Board of Directors consists of 11 members, including the CEO, who is an ex officio member of the Board. Other members are elected by the General Assembly for a maximum term of three years. Members may be re-elected. The competency of the Board members are presented in the [“Annexes”](#) section of the report, in the Board of Directors Matrix. The Board of Directors Competency Matrix has been prepared based on the résumés, professional experience, sectoral expertise, and committee roles of Board members. In the development of the Matrix, the Glass Lewis Board Skills Matrix has been referenced to ensure alignment with international best practices. Competency mappings have been conducted by taking into account the members’ past roles and areas of experience, and the Matrix aims to systematically present the members’ areas of expertise. The CEO and the Board members who are also members of the Sustainability Committee closely monitor developments related to climate change through the meetings held and contribute to the related evaluation processes.

1.4.1 Sustainability and Climate-Change-Oriented Training Programs

İşbank addresses sustainability and climate change matters as a continuous learning area ranging from awareness to expertise. Training content is structured to cover the dimensions of sustainable finance, climate risk management, environmental and social risk assessment and implementation.

The development of competencies in the field of sustainability and climate change is supported through a hybrid model in which broad-participation awareness programmes delivered via digital learning platforms and expert and managerial training programmes conducted in a classroom environment are jointly designed.

Digital Trainings, In-Person and Other Training Programs

Through the Bank’s digital learning platform, a sustainability-themed digital training series has been made available to employees, aiming to convey the fundamental dimensions of the sustainability concept and to promote behavioural transformation in this regard.

In addition, as part of sustainability training programs, a training titled “Climate Change Risk” is delivered to employees. This training covers climate change, the components of climate-related risks, the potential impacts of these risks on the Bank’s operations, employee responsibilities, and policies and practices related to climate risk management.

Throughout 2025, in-person sustainability-focused training sessions were also conducted for employees across different titles and departments. These development-oriented trainings addressed topics such as sustainable finance practices and environmental and social risk management.

Under the Innovation Academy, innovative approaches to sustainability were explored. In addition, a dedicated training on the Carbon Border Adjustment Mechanism (CBAM) was organized for business units, with the participation of senior management.



Strategy

Strategy

Shaped by its corporate values and defined through the “İşbank Banking” model, İşbank has adopted the creation of long-term sustainable value for all stakeholders as a strategic priority. In this context, the Bank regards sustainability as one of the core components of its business strategy, managing climate change mitigation and the transition to a low carbon economy through a holistic approach.

The Bank’s sustainability approach was integrated into its corporate structure in 2015 through the establishment of the Sustainability Management System, under which activities are structured in line with international best practices. Further details regarding the sustainability governance structure are provided in the [“Governance”](#) and [“Risk Management”](#) sections of this report. These efforts are directed by the Sustainability Committee, one of the Bank’s highest governance bodies, comprising members of both the Board of Directors and the Executive Committee. This structure ensures that sustainability-related decisions are assessed from a comprehensive perspective through interdisciplinary engagement. In line with this approach, which forms the foundation of the Bank’s business model, activities are structured through an integrated understanding encompassing every element of the value chain. The Bank’s value chain, which is assessed across direct operations and both upstream and downstream activities in the identification of risks and opportunities, is presented on pages 11 and 12.

Within this context, the Bank aims not only to analyse climate change related risks and opportunities, but also to further integrate these considerations into credit allocation processes, portfolio composition decisions

and product development activities. Accordingly, limiting risk exposure in carbon-intensive sectors and increasing financing directed towards low-carbon sectors are among the Bank’s strategic priorities.

As part of its sustainability strategy, climate-related risks and opportunities are addressed across the Group through an integrated perspective, and the processes for their identification and prioritisation are carried out systematically at the Group level. In this regard, consideration is also given to the sectors in which subsidiaries and associates operate, as well as their respective risk profiles.

Disclosures regarding material climate-related risks and opportunities monitored under the TSRS framework are reported at the level of the relevant Group companies where such impacts arise or are managed. Assessments are also provided regarding how these impacts are reflected in strategic priorities and implementation practices. Subsidiaries and associates within the Group shape their sustainability strategies in line with the characteristics of their respective sectors and develop practices that support the transition to a low-carbon economy. Accordingly, approaches aligned with the sustainability strategy are integrated into operational processes, products and services, and risk management practices.

2.1 Identification, Assessment and Analysis of Climate-Related Risks and Opportunities

The Group structures its operations to minimise potential losses arising from climate change risks and manages

such risks as an integral component of its enterprise risk management framework. In this context, physical and transition risks associated with climate change are systematically identified, assessed, monitored and integrated into relevant processes.

In the process of identifying climate-related risks, the Group considers applicable national and international regulatory frameworks and guidance. Accordingly, climate-related disclosures and metrics included within the TSRS framework, SASB metrics and sector-specific material climate-related material topics identified by S&P are reviewed and evaluated.

Climate-related risks are assessed and consolidated under two main categories. Physical risks are evaluated by considering both the acute and chronic impacts of extreme weather events, while transition risks are categorized as policy and regulatory risk, technology risk, reputational risk and market risk.

In assessing climate-related opportunities within the scope of banking and insurance activities, the Group focuses on the expansion of products and financial instruments that support the financing of green transition investments and practices that take into account the preparedness of customers and the insured portfolio for climate-related risks. Within the scope of development banking activities, long-term financing solutions that support both transition and adaptation investments are evaluated. In the production and manufacturing business lines, practices aimed at developing low-carbon and resource-efficient products, reducing environmental impacts and enhancing resilience to climate-related risks, are considered.

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Group Companies Climate Risk Workshop

To ensure that climate change-related risks are assessed across the Group through a consistent, comparable and integrated approach, the Bank conducted the İşbank Group Companies Climate Risk Workshop with the participation of sustainability, risk management and financial reporting teams.

The primary objectives of the workshop is to establish a common risk language and methodology across the Bank and Group companies, align approaches to assessing climate-related risks, and strengthen reporting processes in line with TSRS requirements.

In addition to the relevant business units of İşbank, representatives from the sustainability, risk management and other relevant functions of the following Group companies participated in the workshop:

- › Anadolu Hayat Emeklilik
- › Anadolu Sigorta
- › İş Yatırım Menkul Değerler
- › İş Finansal Kiralama
- › İş Gayrimenkul Yatırım Ortaklığı
- › Milli Reasürans
- › Yatırım Finansman Menkul Değerler

The workshop enabled a holistic assessment of climate risk exposures across the credit portfolio, direct operations and the value chain. For Group companies that did not participate directly in the workshop, impact and likelihood assessments relating to the relevant risks were also obtained, ensuring a comprehensive and comparable evaluation across the Group.

Prior to the workshop, a comprehensive risk inventory was established by taking into account international frameworks, regulatory expectations, industry practices and the Group's areas of activity. Throughout this process, climate-related risks were assessed from a broad perspective covering the Bank and a total of 26 Group companies, and potential exposure areas across the value chain were systematically evaluated.

The workshop was conducted in accordance with the structured process outlined below:



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At the outset, the assessment was conducted using a broad risk inventory. As a result of the analysis, duplicate and overlapping risk topics were systematically streamlined, and risks with similar characteristics were consolidated under common categories. Under the risk inventory, approximately 140 risks were initially assessed. These risks were subsequently classified into 11 consolidated risk sets under the categories of physical and transition risks and evaluated in detail across sectoral, operational and portfolio-based dimensions.

To ensure a consistent assessment of risks across different time horizons, the Bank's common time horizon framework covering the short, medium and long term was adopted. In addition, global climate scenarios to be used in scenario analysis were identified and incorporated into the assessment process. This methodological approach supports the evaluation of climate-related risks across the Group within a holistic and systematic framework. Further details regarding the scenarios are provided under the ["Scenario Analysis"](#) section.

As part of the workshop, each risk was assessed by both the Bank and participating Group companies based on its potential impact and likelihood of occurrence across the short, medium and long term. These assessments were conducted from both direct operations and credit portfolio perspectives, enabling an analysis of the implications of climate-related risks for different categories of financial risk. The results were then consolidated to establish a common risk profile across the Group.

Accordingly, risks were ranked based on their impact and likelihood scores, and a Group-wide prioritisation framework was established to ensure comparability across entities.

Within the scope of the workshop:

- Common approaches for adoption across the Group in line with TSRS requirements and relevant regulatory expectations were evaluated. In this context, a shared framework was established covering key elements such as risk definitions, risk assessment methodologies, financial materiality thresholds, time horizons and the global climate scenarios to be used in Group-wide assessments.
- Climate-related exposure areas were analysed in detail based on sectoral and operational breakdowns, taking into consideration the activities and operating structures of Group companies. The assessment identified the key risk areas relevant to each subsidiary and associate, and these exposures were evaluated from a holistic perspective.
- The principal risk factors that could affect the operations of Group companies were assessed under both physical and transition risk categories. The potential impacts of these risks were analysed systematically while taking into account activity-specific characteristics and differences.

As a result of the workshop process, a common methodological framework for assessing climate-related risks across the Group was established, and priority exposure areas relating to both physical and

transition risks were clearly identified. Alignment of risk identification, assessment and prioritisation practices between the Bank and its subsidiaries and associates was achieved on a sectoral basis, enabling climate-related risks to be evaluated in a comparable manner at the consolidated level.

2.1.1 Identification and Classification of Climate-Related Risks

The İşbank Group analyses the physical and transition risks arising from climate change across its various lines of business, together with their financial implications and strategic consequences, with the objective of mitigating associated risks while effectively capturing related opportunities.

The potential adverse impacts of global climate change on the Bank's business model, operations, assets and activities are defined as "climate change risk" within the Bank's Risk Catalogue. The Bank identifies both transition risks and physical risks associated with climate change, together with their respective subcategories. The definitions adopted by the Bank for these risks and their underlying categories are presented in the Climate Change Risk Categories table. These definitions also serve as the baseline classification framework for Group-wide analyses.

An assessment of the Group's banking activities reveals that transition risks are primarily associated with regulations affecting customers operating in carbon-intensive sectors, while physical risks are particularly evident through the adverse effects of temperature-related risk factors on customers' financial performance

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Table 3. Climate Change Risk Categories

Risk Type	Definition
Transition Risks	The risk that actions taken to mitigate and adapt to climate change during the transition to a low-carbon economy may result in adverse impacts on the institution and its customers.
Regulatory Risk	The risk arising from climate change-related laws, regulations, and regulatory requirements that may adversely affect the institution and its customers
Technology Risk	Risks posed to institutions and their customers by technological advancements and innovations that support the transition to a low-carbon economy
Market Risk	The risk that supply and demand changes caused by climate change lead to fluctuations in commodity prices, thereby affecting products and services in the market.
Reputational Risk	Risks associated with potential loss of reputation if different expectations created by climate change cannot be met by the institution or its customers.
Physical Risks	Risks arising from the impact of the changes caused by climate change on nature on the institution, its customers, and other stakeholders in its value chain
Acute Physical Risks	Physical risks that may occur independently and on an event basis due to climate change.
Chronic Physical Risks	The risk of a institution or its customers incurring losses due to permanent physical conditions on Earth caused by climate change.

and outlook. Both risk categories have the potential to negatively affect customers' debt-servicing and repayment capacities over the medium and long term. In addition, physical risks such as extreme precipitation events and heatwaves are among the key risk factors that may affect the business continuity of the Group's direct operations and result in physical damage or losses.

For manufacturing activities, transition risks associated with production facilities covered by the Emissions Trading System (ETS), together with risks arising from carbon regulations aimed at preventing carbon leakage in export markets, represent the most significant climate-related challenges. These risks may have strategic implications for cost structures and competitiveness.

Detailed quantitative disclosures regarding the financial impacts of these risks are provided in the ["2.3 Risk and Opportunity Inventory"](#) section of the report.

2.1.2 Areas of Opportunity and Potential

While climate change entails significant risks, it also creates opportunities through effective measures taken against these risks. Within the scope of climate change, the Group evaluates numerous strategic opportunity areas. In this context, it considers effective risk management across ESG dimensions as an advantage for the value chain in the transition to a green economy, thereby viewing the potential to enhance the resilience of the financial system as an opportunity. The Bank considers supporting the transition of existing customers but also the ability to reach new customers focused on climate-friendly investments as an important opportunity in the green transformation process. The potential to position itself as a trusted business partner brings opportunities to strengthen the Bank's position in sustainable finance and to gain access to new global financing sources that support the transition economy.

The Bank sees guiding customers and raising awareness in the fight against climate change as a key strategic opportunity area. In this framework, it aims to inform customers about sustainable finance and green transformation. Through the services it offers, the Bank seeks to support the fight against climate change and build a customers base that will drive demand for new sustainable products.

The capacity for early adaptation to climate-related regulations reinforces İşbank's position as a trusted and leading institution within the sector. Leveraging its technical expertise in sustainable finance, the Bank proactively responds to the rapidly evolving regulatory landscape associated with the transition to a low-

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carbon economy and incorporates this capability into its product development and funding diversification efforts.

In addition, through effective customer communication and specialization, the Bank evaluates its tailored solutions as an opportunity to help customers better understand their climate related risks and benefit from sustainable financing options. At the same time, establishing multi stakeholder collaborations presents significant potential for the success of climate action, creating a basis for stronger interactions among the private sector, public institutions, and non-governmental organizations. These climate change-related areas are considered strategic opportunities, through which the aim is to create both financial and societal value

2.1.3 Strategic Time Horizons

Within the İşbank Group, climate-related risks and opportunities are classified into short-term (0-1 year), medium-term (1-5 years) and long-term (5 years and above) time horizons. These time horizon definitions have been established in alignment with the strategic assessments, financial planning processes and the annual Internal Capital Adequacy Assessment Process (ICAAP) conducted by the Bank, which serves as the parent entity at the consolidated level.

The defined time horizons are integrated into the Group's climate adaptation strategy, enabling each risk and opportunity to be assessed in line with the strategic planning perspective. Within this framework, the identification of short-, medium- and long-term impacts has been structured to align with the Bank's Climate Transition Plan. This approach enables the Group to assess and manage its strategic responses to climate-related risks and opportunities through a time-based framework. The defined time horizon structure and associated periods are also applicable to the common risks and opportunities identified across the Group.

Table 4. İşbank Strategic Time Horizons

Short Term	0 - 1 Year
Medium Term	1 - 5 Years
Long Term	≥ 5 Years

The short-term period covers the monitoring of environmental targets and the planning of immediate actions in line with the Bank's current strategic priorities. Priorities within this timeframe include

implementing sustainability initiatives that deliver rapid returns, such as energy efficiency and waste management projects, reducing operational costs and improving environmental performance.

In the medium term, the focus shifts towards enhancing institutional resilience against climate-related risks and progressively integrating sustainability principles into the business model. During this period, the Bank plans more comprehensive transformation initiatives with longer payback periods, including the development of environmentally friendly products, investments in renewable energy, implementation of climate risk mitigation projects and research and development activities.

The long-term period represents the stage during which the Bank's climate strategy, shaped by its net-zero commitments, is implemented. This includes preparing for systemic transformations driven by climate change and regulatory developments, decarbonising the credit portfolio and establishing strategic transformation targets aimed at achieving net-zero objectives. The Bank's interim targets for 2030, its coal phase-out strategy by 2040 and its sectoral emissions reduction commitments extending to 2050 are concrete examples of its long-term strategic vision. These targets form the foundation for the identification, assessment and management of long-term climate-related risks and opportunities.

These time horizon definitions are also considered an integral component of the Bank's strategic and capital planning processes, ensuring that the Group's sustainability-oriented transformation is implemented in alignment with this planning framework.

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2.2 Business Model and Value Chain

As part of its core banking and financial services activities, the İşbank Group offers a broad range of products and services to retail, commercial and corporate customers. While providing services through its extensive branch network across Türkiye and advanced digital channels, the Group also maintains a strong presence in international markets through its overseas branches and subsidiaries.

Recognising that climate change-related risks and opportunities may emerge in different ways across banking activities, financial services and the broader value chain supported through its financing activities, the Group evaluates climate-related risks and opportunities through a holistic, Group-wide perspective. Accordingly, the impacts of climate change are assessed across the Group's direct operations, the activities of its subsidiaries and associates, and the value chain associated with the customers it finances.

Climate change presents risks that may affect not only the direct operations of the Bank and Group companies but also the value chain consisting of customers to whom financing is provided. Transition risks arising from the shift towards a low-carbon economy may require customers operating in carbon-intensive sectors to transform their business models, creating a need to align credit policies, risk appetite and product offerings with this transition.

Physical risks, on the other hand, may pose threats to areas critical for business continuity, such as branch infrastructure, information technologies and logistics processes, due to their potential impact on direct operations. From a value chain perspective, the vulnerability of financed customers to physical climate risks—particularly those associated with rising temperatures, drought, water stress and extreme weather events—may have implications for the quality and performance of the credit portfolio.

While climate change presents significant risks for the Group, it also creates strategic opportunities when managed effectively. In this context, the Group evaluates climate-related risks and opportunities on a sector-by-sector basis, taking into consideration direct operations as well as upstream and downstream activities throughout the value chain.

Banking and manufacturing are among the priority sectors in which climate-related risks and opportunities are particularly material. Within banking activities, key opportunities include sustainable finance, financing green transition investments, supporting customer transformation and reaching

new customer segments focused on climate-friendly investments.

In manufacturing and production activities, the focus is on developing low-carbon and resource-efficient products, supporting transition and adaptation investments, reducing environmental impacts, enhancing resilience to climate-related risks and maintaining long-term competitiveness.

In addition, early adaptation to climate-related regulations, technical expertise, multi-stakeholder collaboration, are regarded as key strategic enablers for strengthening the Group's position in sustainable finance and improving access to national and international sources of funding.

Across the value chain, the Group evaluates the nature, likelihood and magnitude of climate-related risks and opportunities using both qualitative considerations and quantitative threshold values.

For financial materiality assessments, a threshold equivalent to 1% of consolidated shareholders' equity has been applied. Based on this threshold, financial impact levels have been determined and classified.

Qualitative Rating Scale	Low	Low-Medium	Medium	Medium-High	High
Financial Impact (TL)	<TL 625 million	<TL 1.25 billion	<TL 2.5 billion	<TL 5 billion	≥TL 5 billion

Within this framework, the climate-related risks and opportunities that are strategically monitored by the Bank are presented in the Risk and Opportunity Inventory.

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2.3 Risk and Opportunity Inventory

Table 5. Risk 1: Climate and Environmental Regulatory Compliance Risk / Credit Portfolio

Risk ID	2025.TRANS.CP.01					
Risk Description	Adverse impacts of carbon regulation and pricing mechanisms (including carbon taxes, emissions trading systems and the Carbon Border Adjustment Mechanism (CBAM)) on the credit portfolio					
Value Chain Component	Downstream – Commercial Credit Portfolio				Materiality Level	Medium-High
Risk Type	Transition Risk – Regulatory Risk				Expected Time Horizon of Risk Concentration	Medium to Long Term
Description	Under the NGFS Net Zero 2050 scenario and other ambitious decarbonisation scenarios, climate change mitigation and environmental sustainability regulations at national and international levels, such as the Carbon Border Adjustment Mechanism (CBAM) and Emissions Trading Systems (ETS), are expected to become more widespread and strict. These regulations may create direct or indirect cost pressures on sectors covered by CBAM, including cement, electricity, iron and steel, aluminium, fertilisers and hydrogen, as well as on other emissions-intensive sectors. As climate and environmental compliance requirements become more stringent, customers with high emissions intensity may fail to implement transition investments aimed at reducing emissions from their production processes in a timely manner, resulting in increased operating costs and weakened cash flows. Consequently, default probabilities may rise and Expected Credit Loss (ECL) provisions may increase within credit portfolios. From a consolidated perspective, this risk is considered a transition risk factor that may affect the Group’s financial performance over the medium and long term through overall portfolio exposure to carbon-intensive sectors rather than through individual customer exposures. During the current reporting period, this risk has not had a material impact on the Group’s financial performance.					
Scenario	NGFS Net Zero 2050 / Current Policies				Potential Financial Impact	Increase in Expected Credit Loss (ECL) provisions Negative impact on equity
Expected Financial Impact Level		Short Term	Medium Term	Long Term	Measurement Methodology	Stress testing of the Probability of Default (PD) parameter
	2025		Medium-High	Medium-High		
	2024		Medium-High*	Medium-High*		

* Based on the 2024 Financial Impact Rating Scale, the risk is assessed as Medium-High.

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Methodology and Assumption Changes Affecting the Risk Level Compared to the Previous Reporting Period	At İşbank, in addition to the impacts of a national carbon pricing mechanism, the deterioration in the probability of default of companies expected to be affected by CBAM, which entered into force in 2026, has been estimated using the Climate Policy Relevant Sectors (CPRS) classification and assumptions published by the International Monetary Fund (IMF). The total impact on ECL provisions has been measured accordingly.
Risk Mitigation Measures, Actions Taken and Planned Initiatives	The financial implications of the transition to a low-carbon economy are addressed at a strategic level. To manage the potential impacts of transition-related risks on the credit portfolio, sector-specific decarbonisation targets, credit policies, risk appetite practices and climate finance instruments are utilised. These practices aim to limit the deterioration in portfolio quality and increases in credit risk that may arise from transition risks. In line with its 2050 net-zero commitment, İşbank has established 2030 emissions reduction targets for all carbon-intensive sectors. The Bank supports the transition efforts of customers operating in these sectors and publicly discloses progress towards these targets on an annual basis. The Climate Transition Plan, prepared in line with the sectoral decarbonisation pathways developed in 2024, was published in 2025. Aligned with the Paris Agreement, the Plan sets out science-based and actionable transition pathways, including roadmaps and concrete actions tailored to the needs of customers operating in sectors identified as carbon-intensive. The Plan aims to support customers throughout their transition journeys, reduce emissions-intensive activities and strengthen long-term portfolio resilience. In addition, the Bank continues to expand its sustainable finance activities to support its customers' investments related to the transition to a low-carbon economy and has increased its sustainable finance commitment to TL 650 billion by 2028. Credit allocations to carbon-intensive sectors are monitored within established risk appetite limits. Furthermore, initiatives are being undertaken to enhance customers' capacity to comply with regulations such as the European Green Deal and the Carbon Border Adjustment Mechanism (CBAM). As CBAM is progressively implemented, potential carbon costs for customers likely to be affected by the mechanism are expected to be quantified and incorporated into credit assessment and feasibility analyses. TSKB closely monitors its investments and clients through environmental, social and climate-focused risk assessment models and conducts periodic environmental, social and climate-related risk assessments. Recognising that obligations arising from CBAM and a national Emissions Trading System (ETS) may affect companies' financial positions to varying degrees, TSKB evaluates customers' transition readiness and their capacity to comply with regulatory requirements. Accordingly, TSKB supports its customers' financing needs aimed at reducing embedded emissions costs and facilitating investments required for the transition to a low-carbon economy through transition loans and climate finance solutions. In response to increasing customer demand, TSKB increased its 2030 climate finance target to TL 213 billion in 2025.

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Table 6. Risk 2: Climate Change-Related Acute and Chronic Physical Risks / Credit Portfolio

Risk ID	2025.PHYS.CP.02					
Risk Description	Deterioration in credit portfolio quality resulting from the adverse effects of climate change-related physical risk factors on the continuity of credit customers’ operations and the value of assets pledged as collateral.					
Value Chain Component	Downstream - Commercial Credit Portfolio				Materiality Level	Medium-High
Risk Type	Physical Risk - Acute and Chronic Physical Risks				Expected Time Horizon of Risk Concentration	Long Term
Description	Climate change-related physical risks may arise from acute events such as extreme precipitation, floods, wildfires, landslides and heatwaves, as well as from chronic changes that emerge over the longer term, including rising average temperatures, drought, water stress and changes in climate patterns. These risks may adversely affect the operations, cash flows, production capacities and financial resilience of customers included in the credit portfolios of the Bank and its subsidiaries.					
	Drought, water stress and extreme temperature increases may negatively affect the operational performance and revenue-generating capacity of customers, particularly those operating in agriculture, energy, food, mining and other water-intensive sectors, thereby weakening their repayment capacity. Similarly, acute physical events such as extreme precipitation, floods, wildfires and landslides may disrupt production facilities, logistics infrastructure and commercial operations, leading to deterioration in customers’ financial performance. These factors may be reflected in the credit risk parameters and provisioning calculations applied by İşbank and TSKB, resulting in increases in Expected Credit Loss (ECL) provisions and pressure on the Group’s financial performance.					
Scenario	IPCC RCP 8.5				Potential Financial Impact	Increase in Expected Credit Loss (ECL) provisions Negative impact on equity
		Short Term	Medium Term	Long Term	Measurement Methodology	Stress testing of the Probability of Default (PD) and Loss Given Default (LGD) parameters
Expected Financial Impact Level	2025			Medium-High		
	2024			Medium*		

* Based on the 2024 Financial Impact Rating Scale, the risk is assessed as Medium.

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Methodology and Assumption Changes Affecting the Risk Level Compared to the Previous Reporting Period	At İşbank, the sector set subject to physical climate risk stress testing, which in the previous year covered only agriculture and hydroelectric power plants, has been expanded to include all companies operating in climate-sensitive sectors with an outstanding credit balance exceeding TL 10 million (TL 1 million for the agricultural sector). In all cases, companies with outstanding credit balances above TL 200 million have been included within the scope of the impact assessment regardless of sector classification. Compared to the previous year, the scope of the analysis, which previously covered only water stress and drought risks, has been expanded to include extreme temperatures, drought, extreme precipitation, floods, wildfires and landslides. Using ThinkHazard data sources, geographical risk assessments were conducted at the customer level for each physical risk type. Based on the assessment results, a Climate Impact Factor (CIF) was calculated for each customer to quantify exposure to physical climate risks, and the total impact on ECL provisions was estimated accordingly. Unlike the previous year's analysis, which involved stress testing only the Probability of Default (PD) parameter, the Loss Given Default (LGD) parameter was also stress tested to reflect physical risk factors.
Risk Mitigation Measures, Actions Taken and Planned Initiatives	The Bank continues to expand financing and solution offerings that support customer investments in adaptation, efficiency and resource management in order to strengthen resilience against physical climate risks. In this context, through lending products and collaborations focused on energy efficiency, water efficiency, raw material efficiency, waste management, renewable energy, protection of water resources and sustainable agricultural practices, the Bank contributes to reducing customers' climate-related operational vulnerabilities. To address water stress and drought risks, financing for investments aimed at efficient water use and water recovery is prioritised. Investments in wastewater treatment, wastewater recycling, greywater treatment systems and water-efficiency projects are supported. In the agricultural sector, smart farming technologies, good and organic agricultural practices, pressurised irrigation systems and digital agriculture solutions help producers adapt to changing climate conditions. Through the İmeceMobil platform, weather forecasts, agricultural notifications, satellite monitoring, irrigation management, fertilisation planning and agricultural advisory services are provided to improve operational efficiency and enhance water and input productivity. In the energy sector, the Bank continues to support renewable energy investments while incorporating environmental impacts and sustainability considerations into investment assessments. To mitigate risks arising from the dependence of hydroelectric power plants on water resources, İşbank is taking steps to diversify its renewable energy portfolio towards solar and wind energy. This approach contributes to reducing the concentration effect of chronic physical risks such as water stress and drought within the energy portfolio. At TSKB, environmental, social and climate-related risk assessment tools integrated into credit processes are used to analyse customers' operating locations, sectors and production processes. Within this framework, customers' levels of dependence on water resources and the risks arising from such dependency are also evaluated. Through these initiatives, the Group aims to reduce the adverse impacts of physical climate risks on credit customers, identify potential effects on credit portfolio quality and Expected Credit Loss provisions at an earlier stage, and strengthen customers' financial and operational resilience against climate change.

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Table 7. Risk 3: Physical – Acute Risks (Heatwaves, Extreme Weather Events, Extreme Precipitation and Flood Risks) / Direct Operations

Risk ID	2025.PHYS.DO.03					
Risk Description	Risk of physical damage, impairment in asset values, and disruptions to business continuity, service quality and operational efficiency arising from climate change-related heatwaves, extreme weather events, extreme precipitation, floods and inundation events of increasing severity and frequency, affecting the Group's facilities, operational centres, infrastructure and real estate assets.					
Value Chain Component	Direct Operations – İşbank				Materiality Level	Medium-Low
Risk Type	Physical Risk – Acute Risks (Heatwaves, Extreme Weather Events, Extreme Precipitation, Flash Flood and River Flood Risks)				Expected Time Horizon of Risk Concentration	Long Term
Description	Climate change-related acute physical risks may adversely affect the Group's business continuity through sudden and rapidly intensifying climate events. The impact assessment of these risks is significantly influenced by the number of employees across the Group, the ATM and branch network, and the geographical distribution of operations within İşbank.					
	Particularly under the RCP 8.5 and NGFS Current Policies scenarios, which assume high temperature increases and climate variability, Türkiye is expected to experience short-duration but high-intensity climate events after 2030. In major cities, limited infrastructure capacity, urban density and the simultaneous effects of climate anomalies may increase the frequency and severity of extreme precipitation and flood events. Accordingly, branches, ATM networks, operational centres, data centres and logistics infrastructure may be exposed to higher risks of physical damage. Furthermore, such events may result in disruptions to business continuity, employee safety concerns and interruptions in customer services, giving rise to direct operational impacts.					
	Under scenarios characterised by high temperatures and climate variability, average temperatures across Türkiye are expected to increase significantly after 2040, with varying impacts across different regions. A significant portion of the impacts on the Bank's direct operations may arise from reduced employee productivity under extreme heat conditions, interruptions in service continuity and increased cooling requirements. Accordingly, under severe physical risk scenarios, a substantial portion of the anticipated financial impact is expected to stem from operational disruptions, increased operating costs and declines in employee productivity.					
Scenario	IPCC RCP 8.5				Potential Financial Impact	Impairment of tangible fixed assets and decline in asset values Business interruptions and reduced employee productivity Costs incurred to ensure employee safety Negative impact on equity
Expected Financial Impact Level		Short Term	Medium Term	Long Term	Measurement Methodology	Value at Risk (VaR) stress testing
	2025			Medium-Low		
	2024			Medium-Low*		

* Based on the 2024 Financial Impact Rating Scale, the risk is assessed as Medium-Low.

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Methodology and Assumption Changes Affecting the Risk Level Compared to the Previous Reporting Period	At İşbank, compared to the previous year, heatwaves, extreme weather events, extreme precipitation, and flood risks, which were previously assessed under separate risk categories, have been consolidated under a single risk heading to enable a holistic assessment of the impacts of physical risks on direct operations.
Risk Mitigation Measures, Actions Taken and Planned Initiatives	To limit the impacts of physical climate risks on the Bank's direct operations, business continuity, operational resilience and disaster management practices are continuously strengthened. The potential impacts of acute physical climate risks, including extreme weather events, heatwaves, floods and water stress, on operations are regularly assessed, and critical business processes are reviewed to support operational continuity. In this context, business continuity and emergency management practices are maintained across the Bank, while coordination mechanisms are implemented to ensure the continuity of critical operations against potential disaster and disruption scenarios. Measures are taken to safeguard uninterrupted service capacity at data centres, digital banking infrastructure and critical technical systems, and ongoing initiatives are carried out to enhance operational resilience. In addition, within the scope of disaster and emergency management, plans covering risk assessment, preparedness, response and recovery processes are implemented and regularly supported through training, testing and drill activities. Furthermore, initiatives related to energy efficiency, resource efficiency and sustainable building practices are implemented to reduce the operational impacts of physical climate risks.

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Table 8. Risk 4: Physical – Acute and Chronic Risks (Floods, Storms/Wind, Temperature Increase, Wildfires) / Direct Operations

Risk ID	2025.PHYS.DO.04					
Risk Description	Risk of increasing claims burden and costs resulting from a rise in climate change-related extreme weather events, placing pressure on technical profitability and portfolio performance, as well as increasing reinsurance protection costs.					
Value Chain Component	Direct Operations – Insurance and Reinsurance Portfolio Upstream – Agents and Brokers				Materiality Level	Medium-Low
Risk Type	Physical Risk – Acute and Chronic Risks (Floods, Storms/Wind, Temperature Increase, Wildfires)				Expected Time Horizon of Risk Concentration	Long Term
Description	Climate change-related physical risks may lead to increases in both the frequency and severity of claims within the Group’s insurance and reinsurance activities, particularly through acute weather events such as flash floods and storms/wind events. The increasing frequency and severity of such events may result in higher expected claims amounts, deterioration in loss ratios, pressure on technical profitability and higher reinsurance protection costs. In this context, Anadolu Sigorta has conducted a financial impact assessment under the category of “Physical Risks Arising from Extreme Weather Events,” while Milli Reasürans has performed a similar assessment under the category of “Catastrophic Claims Increase Risk.” As a result of these assessments, the financial impacts associated with floods and storms/wind events have been consolidated at the Group level for Anadolu Sigorta and Milli Reasürans.					
Scenario	IPCC RCP 8.5				Potential Financial Impact	Increase in claims costs Potential deterioration in technical profitability Reduction in profitability resulting from increased reinsurance costs Negative impact on equity
Expected Financial Impact Level		Short Term	Medium Term	Long Term	Measurement Methodology	Increases in claims costs and claim ratios
	2025			Medium-Low		
	2024			- *		

* In accordance with Article 18(a) of TSRS 2, no financial impact assessment was performed for this risk in 2024 during the preparation of disclosures relating to the anticipated financial effects of climate-related risks.

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Methodology and Assumption Changes Affecting the Risk Level Compared to the Previous Reporting Period

The most significant methodological change during the reporting period was the consolidation, at the Group level, of physical risk financial impact assessments conducted by Anadolu Sigorta and Milli Reasürans in relation to insurance and reinsurance activities. As a result, the impacts of floods and storm/wind-related extreme weather events on insurance and reinsurance portfolios are now reflected in the Group's consolidated risk profile.

Risk Mitigation Measures, Actions Taken and Planned Initiatives

Enhancing modelling capabilities in response to increasing physical risks, improving technical claims projections and conducting risk-based assessments of coverage structures are among the key focus areas. Accordingly, climate-related risks and opportunities are being incorporated into processes ranging from policy underwriting and portfolio management to the structuring of reinsurance protection programmes.

Anadolu Sigorta aims to strengthen both its financial resilience and the resilience of policyholders through effective claims cost management, enhancement of its reinsurance structure and the development of innovative insurance products. As part of its sustainability-focused insurance approach, the company's product portfolio includes insurance products for renewable energy projects, electric vehicle motor insurance products, environmental liability insurance and agricultural insurance products. In addition, initiatives promoting repair and reuse of replacement parts, together with digitalisation projects, are intended to enhance environmental and social benefits.

Milli Reasürans evaluates catastrophic claims increase risk from both reinsurance portfolio and capital management perspectives and monitors the potential impacts of extreme weather events such as floods and storms/wind on its reinsurance liabilities. Within this framework, it is considered important to assess reinsurance protection structures, portfolio composition and concentrations of catastrophic risks, taking climate-related risks into account.

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Table 9. Risk 5: Transition – Regulatory Risk in the Manufacturing Sector / Direct Operations

Risk ID	2025.TRANS.DO.05			
Risk Description	Uncertainties arising from changes in climate-related policies and regulations, as well as carbon pricing mechanisms, and their potential financial impacts.			
Value Chain Component	Direct Operations – Manufacturing Sector		Materiality Level	
Risk Type	Transition Risk – Regulatory Risk		Expected Time Horizon of Risk Concentration	Short, Medium and Long Term
Description	Developments in climate-related policies and regulatory frameworks, together with changes in carbon pricing mechanisms, may give rise to additional compliance requirements. This risk may materialise as a result of variations in the scope, implementation timeline and financial obligations associated with climate policies. Carbon pricing mechanisms and emissions trading systems create upward pressure on cost structures. Within the scope of the EU Emissions Trading System (EU ETS), increasing EU Allowance (EUA) prices and the gradual phase-out of free allocations may place additional pressure on operating costs, particularly in the period after 2030. In parallel, the planned implementation of a national ETS in Türkiye is expected to introduce carbon-related costs for domestic operations. Furthermore, the expansion of the Carbon Border Adjustment Mechanism (CBAM) in export markets is considered a factor that may put pressure on profitability. These developments are integrated into financial planning and cash flow projections through a holistic approach.			
Scenario	The financial impacts of policy-driven transition risks have been assessed through analyses conducted under different climate scenarios. In this context, the NGFS Current Policies Scenario, which assumes a gradual evolution of the regulatory framework in line with current trends, and the NGFS Below 2°C Scenario, which assumes an expansion of the regulatory framework, have been used as the basis for the assessment.		Potential Financial Impact	Increased operating expenses (higher compliance costs) Negative impact on equity
Expected Financial Impact Level		Short Term	Medium Term	Long Term
	2025	Under the Below 2°C Scenario, the impact is estimated to correspond to approximately 1-5% of Şişecam's annual revenue.		
	2024	Under the Below 2°C Scenario, the impact exceeded the materiality threshold, whereas under the Current Policies Scenario, the threshold was exceeded only in the medium term.		

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Methodology and Assumption Changes Affecting the Risk Level Compared to the Previous Reporting Period	During the reporting period, no significant changes were identified in the transition risk methodology applied in Şişecam's 2025 TSRS-compliant reporting for manufacturing sector activities.
Risk Mitigation Measures, Actions Taken and Planned Initiatives	The potential impacts of carbon pricing mechanisms are integrated into Şişecam's enterprise risk management and strategic planning processes, and climate-related risk analyses are conducted systematically by business line, geography and asset class. The impacts of carbon prices on production costs and export competitiveness are assessed through quantitative modelling under various carbon pricing scenarios. Taking into consideration the potential expansion of the CBAM scope, detailed analyses are conducted on a product- and country-specific basis, incorporating carbon costs. Financial impacts arising from obligations under the European Union Emissions Trading System and the planned Turkish Emissions Trading System are integrated into short-, medium- and long-term planning processes. Carbon pricing mechanisms are expected to create pressure on operating costs particularly in the medium and long term, and these impacts are incorporated into investment decisions and cash flow projections. As part of the management of climate-related transition risks, the carbon costs of fossil fuel-dependent production assets are assessed. In this context, low-carbon production technologies are prioritised strategically. Research and development activities focus on electrification, hybrid furnace technologies and low-carbon process solutions. Alternative fuel solutions, including biomass, are being evaluated and gradually implemented to reduce dependence on fossil fuels. In addition, efforts continue to identify alternative fuel use across different production geographies and to develop technologies for integrating hybrid fuel systems into glass melting processes. To reduce operational emissions, renewable energy use is being increased, while on-site solar energy investments are expanding generation capacity. In addition, market-based mechanisms such as renewable energy certificates are utilised to reduce emissions associated with electricity consumption, and long-term low-carbon energy procurement strategies are being developed. The financial implications of carbon pricing mechanisms are assessed through modelling conducted under various scenario sets, including analyses of cost increases, investment requirements and impacts on profitability. Macroeconomic indicators, carbon price projections and capital cost assumptions are considered within financial assessments, and the resulting findings are integrated into strategic planning processes to strengthen the company's financial resilience. Through ongoing technology development and investment initiatives, the company aims to reduce energy and carbon intensity. New production lines and highly energy-efficient technologies support the development of a low-carbon product portfolio. Collectively, these efforts aim to ensure compliance with regulatory requirements, manage carbon costs effectively and enhance long-term operational resilience and sustainability.

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Table 10. Opportunity 1: Development of a Sustainable Finance, Product and Investment Ecosystem for the Low-Carbon Economy / Credit Portfolio

Opportunity Description	Opportunity to expand transition finance and build sustainable customer relationships driven by the transition to a low-carbon economy.
Opportunity Details	Increasing global and local regulations aimed at combating climate change are accelerating structural transformation across the real economy, particularly in carbon-intensive sectors. This transformation requires companies to shift towards low-carbon business models in order to comply with regulatory requirements and maintain competitiveness. The resulting demand for climate finance represents a strategic opportunity area for İşbank. Leveraging its extensive customer base and diversified commercial loan portfolio, the Bank seeks to reinforce its leading position in the market by financing customers' green transition investments while simultaneously contributing to the transformation of the national economy. In addition, the Bank aims to strengthen its balance sheet by diversifying access to external funding sources throughout this process. In line with net-zero decarbonisation targets and regulations such as the Carbon Border Adjustment Mechanism (CBAM) and the Emissions Trading System (ETS), carbon intensity is an increasingly important factor in credit decision-making processes. While companies with strong environmental performance are expected to gain a competitive advantage, this development also creates opportunities to identify transition needs among customers with relatively lower environmental performance and provide financing solutions tailored to these needs. The Bank seeks to develop granular emissions measurement capabilities across its commercial portfolio to better analyse customers' transition requirements and foster long-term collaborative relationships with these clients. This approach supports the development of longer-term and more sustainable customer relationships while creating opportunities for future business collaboration.
Country / Region Where the Opportunity Arises	Türkiye
Affected Value Chain	Development of products and services for customers operating in carbon-intensive sectors, supporting the transition of both the credit portfolio and customers.
Area of Concentration	Financing transition activities in carbon-intensive sectors; emissions measurement infrastructure; CBAM/ETS compliance solutions and sustainable finance products; diversification of transition finance sources through externally funded green finance, sustainability-linked loans and international funds.
Monitoring Metrics	Amount of externally sourced green funding (syndicated loans, international funds, etc.) Share of green loans within the total loan portfolio

Opportunity Time Horizon and Assessment	Likelihood	Severity	Type of Impact
Current	Likely	Low	Expected
Short Term	Likely	Low	Anticipated
Medium Term	Highly Likely	Medium	Anticipated
Long Term	Highly Likely	Medium	Anticipated

* In accordance with paragraphs 39 and 40 of TSRS 1, this opportunity was qualitatively assessed in 2024 with respect to its potential impacts on the Bank's credit portfolio, access to external funding sources and strategic positioning. In the table above, the opportunity has been further detailed according to the relevant time horizons in terms of likelihood and severity.

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2.4 Climate Resilience

Considering the climate change-related risks and opportunities it has identified, İşbank adapts its strategy and business model to these changes and develops strategic approaches aimed at strengthening its resilience to climate impacts.

Under the Climate Transition Plan, and in line with its 2030 interim targets and 2050 net-zero commitments, the Bank continuously reviews and updates its credit policies, sustainable finance strategy and investment priorities. In this context, particular emphasis is placed on mitigating risks associated with carbon-intensive sectors, increasing the volume of sustainable finance and implementing concrete measures aimed at the decarbonisation of the portfolio.

İşbank quantifies climate change-related risks that may affect its financial position through scenario analyses, develops concrete action plans to effectively mitigate and manage these risks, and integrates these plans into its business model in alignment with its strategic objectives and risk management processes. Through this approach, proactive measures are implemented against the potential impacts of uncertain climate conditions, supporting long-term value creation and institutional resilience.

Positioning climate-related risks at the core of its enterprise risk management framework, İşbank regularly reviews and continuously enhances its scenario analysis approach to effectively respond to climate-related risks and opportunities and to assess the continuity and flexibility of its financial resources.

İşbank maintains a strong capital and liquidity structure that provides resilience against the physical and transition risks identified through its climate scenario analyses. As of year-end 2025, the Bank's consolidated Common Equity Tier 1 capital adequacy ratio of 13.48% and consolidated Liquidity Coverage Ratio of 122.99% provide adequate buffers against sudden climate-related losses.

As part of the measures implemented to limit the impacts of climate change-related risks on the credit portfolio, credit restructuring options and collateral management processes are used effectively. In addition to concrete actions taken to decarbonise the credit portfolio in line with the Bank's net-zero commitment, its coal phase-out strategy and sustainability-focused approach to financed activities further strengthen the resilience of the portfolio against such risks. Furthermore, as part of the effective management of climate change-related risks, the Bank enhances its capacity to generate additional funding through the diversification of green finance products and the issuance of sustainable bonds.

2.4.1 Scenario Analysis

Purpose and Methods

The Bank applies a scenario analysis approach—combining both qualitative and quantitative elements—to ensure that stakeholders can understand the resilience of its strategy and business model against climate-related changes, developments and uncertainties. Accordingly, structured assessments were conducted with the participation of the Bank and its subsidiaries to

identify and prioritise climate-related risks across the Group that form the basis of scenario analyses.

Rather than providing definitive projections regarding future climate-related risk factors, the scenarios are intended to improve understanding of these risks and support the identification of strategic priorities for their management. Within this framework, climate-related risks were systematically assessed, scored and subsequently prioritised according to their significance for use in scenario analyses. The scenario analysis framework was established by considering both the outcomes of these assessments and internationally recognised reference scenarios.

The assessment of the potential financial impacts of identified risks is based on the Representative Concentration Pathways (RCPs) published by the Intergovernmental Panel on Climate Change (IPCC) and the scenarios developed by the Network for Greening the Financial System (NGFS).

The scenario analysis framework is based on global scenarios and their assumptions representing different temperature and emissions pathways in order to:

- Understand the impacts of different climate policy pathways and physical risk conditions on the Bank's and Group companies' business models, operations, financial position and value chain,
- Estimate how these impacts may change over time, and
- Assess the resilience of the corporate strategy under these conditions.

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Table 11. Climate Scenarios Used

Scenario Name	Projected Global Temperature Increase by 2100 (°C)	Physical Risk Level	Transition Risk Level	Policy and Carbon Prices	Description
RCP4.5 (IPCC)	~2.1-3.5°C	Medium-High	Medium	Gradual policy tightening, limited carbon pricing	An intermediate scenario in which current trends continue; physical risks become increasingly evident.
RCP8.5 (IPCC)	~3.3-5.7°C	Very High	Low	Weak or no climate policies	Fossil fuel-driven growth pathway; high and irreversible physical risks.
NGFS Current Policies	~3.0°C or above	High	Low-Medium	Existing policies continue with no additional measures	No additional climate policy action; a “hot house world” characterised by elevated physical risks.
NGFS Net Zero 2050	~1.4°C	Low	High	Early and accelerated policy tightening; rapidly increasing and elevated carbon prices	Net-zero by 2050; high transition-related economic and sectoral transformation risks.
NGFS Below 2°C	~1.8°C	Low-Medium	Medium	Gradual but strong policy tightening	Orderly transition scenario with a 67% probability of limiting warming to below 2°C.

For each scenario, the following impact areas have been taken into consideration:

- **Physical risks (direct operations):** The intensity, duration and geographical extent of events such as heatwaves, extreme precipitation, floods and droughts, and their potential impacts on service interruptions, damage to ATM and information technology infrastructure, and operational losses.
- **Physical risks (loan portfolio):** The potential adverse impacts of the intensity, duration and geographical extent of heatwaves, extreme precipitation, floods and droughts on the financial outlooks, collateral structures and real estate assets of customers operating in sectors exposed to such events.
- **Transition risks (loan portfolio):** The potential adverse impacts of carbon pricing-based mechanisms, such as carbon taxation regulations and Emissions Trading Systems (ETS), on the financial outlooks of customers operating in sectors exposed to these risks.

Detailed explanations regarding the risks included within these impact areas can be found in the [“2.3 Risk and Opportunity Inventory”](#) section of the report.

The NGFS Net Zero 2050 scenario is considered the baseline scenario for transition risk assessments, as it is not only the most ambitious scenario in terms of combating climate change but is also aligned with the Bank’s strategy of achieving carbon neutrality by 2050.

The RCP 8.5 scenario, on the other hand, is adopted as the primary reference scenario for physical risk analyses, as it represents a high-emissions pathway with limited climate policy action and projects the highest levels of long-term global temperature increases.

In line with these scenarios, efforts are made to quantify not only short- and medium-term risk changes but also long-term systemic impacts, including macroeconomic trends. For transition risk analyses, the years 2030 and 2035 are included within the assessment scope. These time horizons are aligned with the maturity profile of

the Bank’s loan portfolio, coincide with its strategic planning horizon and encompass the interim target year of 2030, which serves as a key milestone for assessing progress under the Bank’s net-zero strategy and portfolio decarbonisation objectives.

As physical risks are expected to become more pronounced over a longer time horizon, 2065 has been adopted as the reference year for physical risk scenario analyses, representing a 40-year assessment period.

Given that the vast majority of the Bank’s and Group companies’ operations are located in Türkiye, Türkiye-specific projections have been used whenever available. The scope of physical risk scenarios has been determined based on the nature of the relevant risk and, where appropriate, covers not only provinces in which operations are concentrated, such as İstanbul, but also the full range of operations across the Group. In addition to Head Office campuses, operational units involving customer interaction, including branches, call centres and the ATM

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network, have been incorporated into the analyses to the greatest extent possible.

To estimate the impacts of climate change on direct operations and the loan portfolio, scenario analyses have been performed for the risk factors identified as having the potential to generate material impacts.

Scenario Analysis Data Sources

In conducting scenario analyses, the Bank uses both internally available data that can be reasonably obtained and climate-related data and assumptions sourced from external providers. The impact levels determined under all scenarios are based on financial data as of year-end 2025. For instance, expected credit loss amounts relating to credit customers, as well as internal and external data used in Value at Risk calculations for operational risk exposures, have been incorporated into the analyses based on 2025 year-end data. Where customers' 2025 financial information or emissions data were unavailable, the most recent and reliable data available were used.

Table 12. Climate Scenario Analysis Data Sources

Data Source	Data Group
Bank and Customer Data	- Customers' current risk indicators (probability of default, exposure at default, expected credit loss) - Customers' financial data (balance sheets, income statements, cash flow statements) - Sector-specific operational data (production, fuel consumption, etc.) - Geographical distribution data relating to the branch and ATM network - Historical loss and business interruption data
	- Supply-demand data (sectoral unit prices, total supply and demand) - Sector and market outlook data (technological developments, trends) - Company-specific data (financial reports, scenario assumptions) - Climate change indicators (emissions intensity, frequency of risks) - Assumptions and projections relating to global climate scenarios (NGFS, IPCC, WRI) - ThinkHazard - Türkiye - Physical Climate Risk S&P Global - CBAM Exposure Indexes - Bank for International Settlements - International Monetary Fund

Table 13. Risk Factors

Risk Factor	Aligned Baseline Scenario	Climate Risk Type	Affected Risk Type	Stressed Risk Metric	Transmission Channel	Region
Extreme Precipitation, Flood and Inundation	RCP8.5	Physical Risk	Operational Risk	Value at Risk (VaR)	Direct Operations - İşbank	Istanbul
Severe Heatwaves	RCP8.5	Physical Risk	Operational Risk	Value at Risk (VaR)	Direct Operations - İşbank	Nationwide
Extreme Heat, Landslides, Drought, Wildfires, Flash Floods	RCP8.5	Physical Risk	Credit Risk	Expected Credit Loss (ECL)	Credit Portfolio	Nationwide
CBAM	NGFS Net Zero 2050	Transition Risk	Credit Risk	Expected Credit Loss (ECL)	Credit Portfolio	Nationwide
Carbon Taxation / ETS	NGFS Net Zero 2050	Transition Risk	Credit Risk	Expected Credit Loss (ECL)	Credit Portfolio	Nationwide
Extreme Precipitation, Flood and Inundation, Storms and Wind	RCP8.5	Physical Risk	Insurance Risk	Claim Amount and Loss Ratio	Insurance and Reinsurance Portfolio	Nationwide
CBAM	NGFS Current Policies NGFS Below 2°C	Transition Risk	Manufacturing Sector Risk	Operating Expenses	Direct Operations - Manufacturing Sector	Türkiye and Europe-Wide

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Uncertainties Related to the Climate Scenario Analysis Approach

In assessing its resilience to climate change, the Bank identified multiple uncertainty factors associated with both physical and transition risks. The uncertainties described below define the limitations regarding the robustness and usability of scenario analyses.

From a physical risk perspective, IPCC and NGFS projections are based on different modelling techniques and scenarios. Significant variations in estimates may arise depending on the approach adopted for physical variables such as temperature increase, precipitation patterns and sea-level rise. Models may project different frequencies and severities of extreme weather events for the same region. The limited availability of high-resolution, long-term climate data at the provincial and district levels in Türkiye—as well as the lack of systematic historical records for past events such as floods, hailstorms and droughts—restricts analyses and introduces uncertainty. While two branches or ATMs located within the same city, or even in the same district, may be exposed to different levels of physical risk, limited access to information on infrastructure quality, drainage systems and building structures in the micro-locations of branches and ATMs adversely affects the level of detail in the analyses.

From a transition risk perspective, the timing of the transition—whether early or delayed—is a factor that directly influences the Bank's strategic investment decisions. The lack of clarity regarding the exact timing of full implementation and the varying scope of regulations on carbon pricing, green finance and

sustainable taxonomies in Türkiye and globally creates strategic uncertainty.

From a modelling perspective, the constructed scenarios incorporate numerous assumptions and parameters based, where necessary, on expert judgment. Variables such as business interruption duration, revenue loss ratios and physical damage rates are determined in alignment with the scenarios and are highly dependent on these assumptions. Such assumptions may vary depending on different expert opinions, which can in turn alter scenario outcomes. Furthermore, a single climate event may simultaneously impact multiple risk factors. Identifying and modelling such cross-risk effects is highly complex. The chain reactions that systemic risks can trigger are generally not accounted for in standard financial stress test models. Quantifying these effects requires the use of more sophisticated, science-based Integrated Assessment Models (IAMs). However, integrating such models into corporate risk management processes can be operationally challenging and costly.

From a timing perspective, the exact occurrence of physical risks such as floods or droughts, the enforcement date of transition risk elements such as carbon taxes, and—most importantly—the timing of when these risks' combined effects will be reflected in financial statements cannot be predicted with certainty.

These uncertainties underscore the need to adopt flexible, parameter-driven models that are sensitive to changing conditions, rather than fixed, forecast-based static approaches in climate risk analysis and

decision-making processes. Accordingly, the Bank has adopted a scenario approach that prioritises flexibility—incorporating multiple scenarios that can be reassessed in line with evolving conditions—over a linear risk approach based on a single scenario.

Within this context, the scenario analysis frameworks assessing the impacts on Operational Risk and Credit Risk, which are of particular importance in terms of exposure to climate factors, are presented below. Market Risk and Liquidity Risk have not been prioritised at this stage, given the relatively lower magnitude of potential impacts.

Assessment of the Effects of Climate-Related Financial Risks on Market and Liquidity Risks

The potential impacts of climate-related risks on market and liquidity risk have been assessed by considering portfolio composition, macroeconomic alignment and duration characteristics.

Within this framework, the fact that the securities portfolio consists predominantly of securities issued by the Republic of Türkiye Treasury and that exposure to the private sector and carbon-intensive sectors remains limited reduces the impact of climate-related transition risks on market risk. In addition, the portfolio's relatively short duration structure provides resilience against potential market repricing impacts when compared with the long-term nature of climate-related physical risks.

Assessments conducted from a macroeconomic alignment perspective indicate that climate-related risks would become material only in the event of a

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systemic climate shock of sufficient magnitude to affect the country's overall macroeconomic balance. It is further considered that public authorities are managing this risk in line with Türkiye's Green Transition objectives and Paris Agreement targets and that it does not create additional market risk for the Bank in the short and medium term.

Analyses conducted from a liquidity risk and funding resilience perspective concluded that climate-related risks do not create a material impact on the Bank's portfolio of high-quality liquid assets, funding capacity or liquidity buffers within the ICAAP time horizon. This assessment is based on the Bank's LCR and NSFR ratios remaining above regulatory thresholds, its broad and diversified funding base, the insurance protection maintained on collateral against physical risks and the Bank's ability to diversify its funding structure through sustainability-linked funding instruments.

Accordingly, climate-related financial risks are not considered to exert material pressure on net cash outflows, funding continuity or liquidity adequacy under current conditions.

Scenario Analyses for Direct Operations - İşbank

In quantifying operational risks, the Bank employs not only the current regulatory method—the Basic Indicator Approach—but also the Advanced Measurement Approach (AMA). İşbank's internal capital model for operational risk is based on determining appropriate

distributions for Units of Measure (UoMs) using Internal Loss Data (ILD), External Loss Data (ELD) and Scenario Analysis (ScA) data.

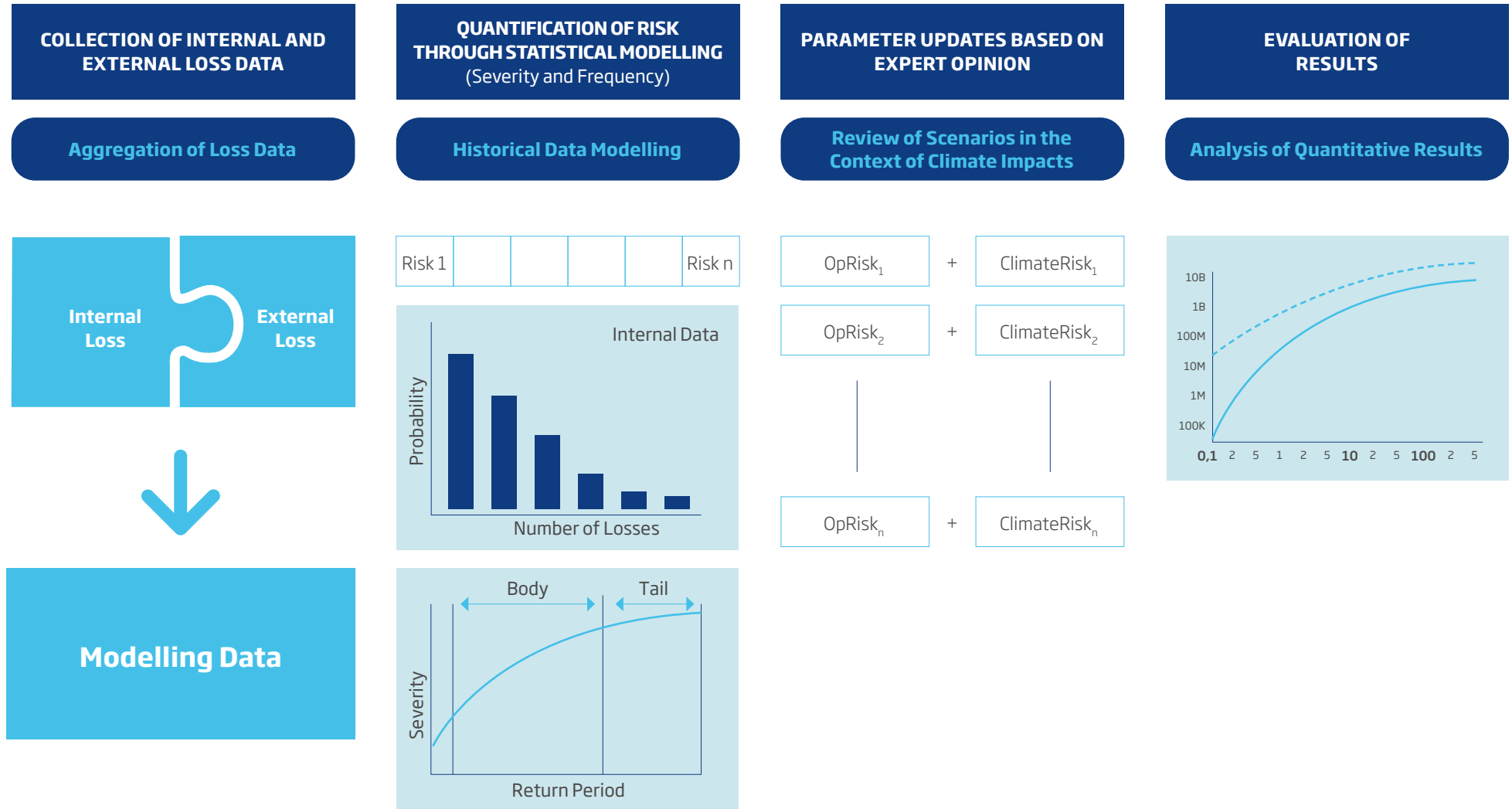
A customized integration method is applied to combine ILD, ELD and ScA data, after which Monte Carlo simulation is used to estimate Value at Risk (VaR) for each operational risk category at various confidence intervals.

By performing one million simulations, the loss curves estimated on a category basis are combined using a copula-based method. Correlation factors between risks, as well as the risk mitigation effects of the Bank's various operational risk insurance policies, are incorporated into the model to arrive at the net VaR. At a 99.9% confidence level, the resulted net VaR is taken as the capital requirement for operational risk in accordance with the principles of the internal measurement approach.

To estimate the potential impact of various climate events on the magnitude of operational risk, the Scenario Analysis module of the Bank's internal capital model has been utilized. Operational risk scenario analysis enables the consideration of the effects of unexpected, assumption-based yet plausible operational risk events in the quantification of risk. It focuses on identifying realistic events that occur infrequently and differ from expected losses, but which, if realized, could have a significant impact on the Bank.

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Figure 4. Integration of Climate Change-Related Risks into the Bank's Internal Operational Risk Model



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Climate-related risks have been analysed based on expert judgement and the operational risk taxonomy published for consultation by the European Banking Authority (EBA) in order to assess their potential impacts across different operational risk categories within the Bank's operational risk model. The assessment concluded that climate change may affect the relevant operational risk categories through the transmission channels outlined below.

The operational risk climate scenarios used in the impact analysis encompass two primary climate events and estimate the potential impacts of these events on the Bank in a manner consistent with the assumptions underlying the NGFS and IPCC global climate scenarios.

While RCP8.5 and NGFS Net Zero 2050 were adopted as the baseline scenarios for the assessments, RCP4.5, NGFS Current Policies and NGFS Delayed Transition scenarios were also incorporated into the analysis in order to capture uncertainties not fully reflected in the baseline scenarios.

Table 14. Impact Analysis of Climate Risks on Operational Risk Categories

Key Transmission Channels	Related Climate Risk	Affected Model / Risk Category
Physical damage to the Bank's assets resulting from increasing extreme weather events	Physical Risk	Damage to Physical Assets
Business interruptions and reduced employee productivity resulting from increasing extreme weather events	Physical Risk	Business Disruption and System Failures
Additional costs incurred to protect employee health and safety due to increasing extreme weather events	Physical Risk	Employment Practices and Workplace Safety

Scenario Name	Risk Type	Transmission Channel	Region	Baseline Scenario
Extreme Precipitation	Physical Risk	Direct Operations	Istanbul	RCP8.5
Heatwave	Physical Risk	Direct Operations	Nationwide	RCP8.5

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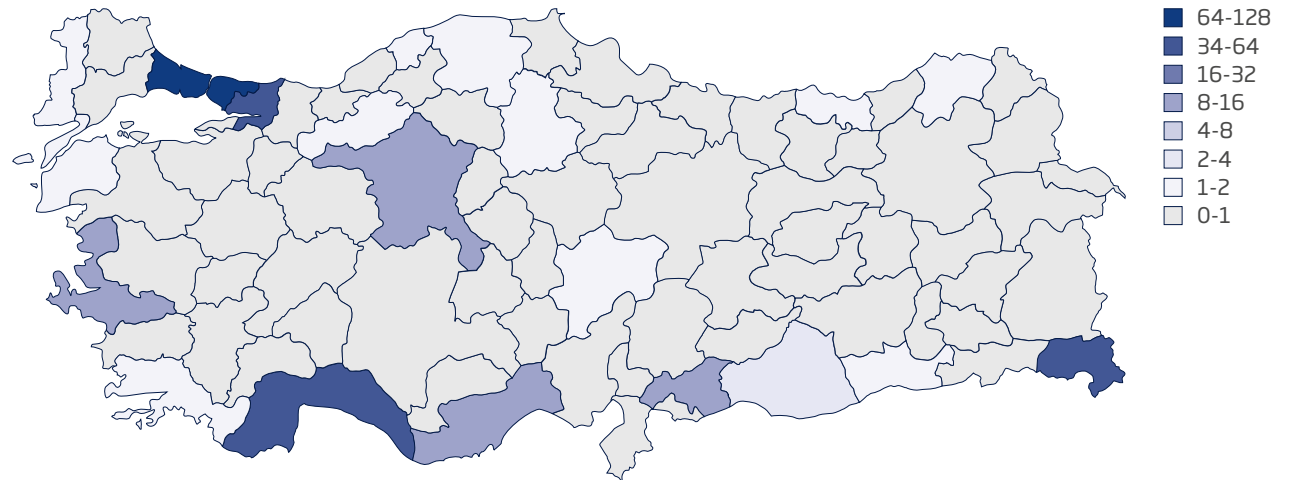
Scenario 1: Physical Risk - Extreme Precipitation Affecting Istanbul and Surrounding Provinces

Istanbul is highly exposed to the increasing risk of short-duration but intense precipitation events associated with climate change. Under the RCP and NGFS scenarios, the impacts of precipitation-related disasters are projected to intensify, particularly from 2030 onwards, due to the interaction between factors such as accelerating urbanisation and increasingly frequent climate anomalies in large coastal cities such as Istanbul.

An analysis of extreme precipitation events that caused temporary operational disruptions at the Bank between 2013 and 2025 indicates that Istanbul is significantly differentiated from other provinces in terms of the number of branch-level incidents. This pattern is driven not only by the large number of branches operating within the province but also by the frequency of severe precipitation events experienced across the city.

For these reasons, a sudden and extreme precipitation event associated with climate change that could affect Istanbul and surrounding provinces has been identified as a material scenario due to the concentration of the Bank's operational network in the region, available climate projections, urban infrastructure characteristics and the potential implications for the financial system.

The scenario analysis incorporates a range of assumptions, including the proportion of branches, ATM units and employees that may be affected by the event, the extent of potential physical damage, the severity of operational disruptions and the expenditures



required to safeguard employee health and safety. These assumptions were developed using current and historical data, as well as projections derived from global climate scenarios and expert judgement.

Scenario 2: Physical Risk - Nationwide Heatwave Affecting Türkiye

The impacts of climate change are not limited to long-term increases in average temperatures; they also contribute to an increase in the frequency and severity of short-duration but extreme weather events. Within this context, heatwaves affecting wide geographical areas have become increasingly frequent and severe in countries located in the temperate climate zone, including Türkiye.

In particular, under high-emission scenarios such as RCP8.5 and NGFS Current Policies, average temperatures across Türkiye are projected to increase

significantly after 2040, with extreme temperatures exceeding 40°C expected to occur more frequently across different regions.

This scenario considers the nationwide systemic impacts that may arise from high-temperature zones affecting multiple regions of Türkiye simultaneously, particularly during the summer months.

The impact assessment takes into account factors including:

- Adverse effects on employee productivity and the continuity of customer services,
- Pressure on energy infrastructure, resulting in power outages and disruptions to cooling systems,
- The emergence of operational risks such as branch service interruptions, ATM malfunctions and information technology system outages.

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Physical Risk Scenario Analyses for the Credit Portfolio - İşbank

Scenario 3: Physical Risk - Acute and Chronic Risks / Credit Portfolio

Climate change-related physical risks may arise from both acute events, such as extreme precipitation, floods, wildfires, landslides and heatwaves, and chronic changes that materialize over the longer term, including rising average temperatures, drought, water stress and shifts in climate patterns. These risks may adversely affect the operations, cash flows, production capacities and financial resilience of customers included in the credit portfolios of the Bank and its subsidiaries.

Drought, water stress and extreme temperature increases may negatively affect the operational performance and revenue-generating capacities of customers, particularly those operating in agriculture, energy, food, mining and other water-intensive sectors, thereby weakening their repayment capacity. Likewise, acute physical events such as extreme precipitation, floods, wildfires and landslides may disrupt production facilities, logistics infrastructure and commercial activities, leading to deterioration in customers' financial outlooks.

These factors may be reflected in credit risk parameters and provisioning calculations, resulting in higher Expected Credit Loss (ECL) provisions and placing pressure on the financial performance of the Bank and the Group.

Within the scope of this analysis, the potential impacts of climate change-related physical risk factors on the credit portfolio—through both the continuity of customers' operations and the assets pledged as collateral—were assessed under the assumptions of the

RCP 8.5 global scenario, which represents a pathway in which the long-term severity of physical climate risks reaches its highest levels.

Geographic and Sector-Based Assessment of Physical Risks

Within the framework of the Risk and Opportunities Workshop, the physical risks identified as most likely to have a material impact on the credit portfolio were incorporated into the scenario analysis. These risks include extreme temperatures, drought, extreme precipitation and flooding, wildfires and landslides.

Using ThinkHazard data sources, a customer-level geographic risk assessment was conducted for each physical risk category.

In addition, the severity levels of the physical risks considered in the analysis were determined based on S&P Global sector-specific datasets, which separately reflect the long-term impacts of each physical risk on different sectors. Sector risk scores were developed based on the sectors in which customers operate, taking into consideration the long-term physical climate vulnerabilities of those sectors in line with international datasets and relevant literature.

Damage functions were developed to evaluate the potential impacts of physical climate risks on customers by jointly considering probability and exposure assessments for each physical risk. Accordingly, a geographic risk score and a sector risk score relating to physical risks were first calculated for each customer. These indicators reflect the sensitivity of the customer's operating location and sector to the relevant physical risks.

Following separate assessments for each physical risk type, a combined damage approach is applied to reflect situations in which the same customer may be exposed to multiple physical risks simultaneously. This approach enables the overall impact of different physical risks on a customer to be assessed from a holistic perspective and allows acute and chronic physical risks to be considered together.

The resulting combined damage function value is defined as the Climate Impact Factor (CIF), which quantitatively represents each customer's exposure to physical climate risks. The CIF serves as a key indicator for monitoring, comparing and conducting advanced risk assessments of physical climate risks at both the customer and portfolio levels.

Integration of Climate-Related Physical Risks into Expected Credit Losses (ECL)

Following the calculation of the Climate Impact Factor (CIF), CIF values are integrated into Probability of Default (PD) and Loss Given Default (LGD) calculations in order to assess the impact of physical climate risks on credit risk.

This integration approach is designed to reflect the potential effects of physical risks on credit risk parameters indirectly and in a controlled manner through Expected Credit Loss (ECL) provisions.

Accordingly, data generated through the damage functions are processed to generate customer-level CIF scores. To ensure comparability, the calculated CIF scores are categorized and classified according to predefined risk levels. This classification enables customers' exposure to physical climate risks to be evaluated and benchmarked on a consistent basis.

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Following the integration of the Climate Impact Factor (CIF) into Probability of Default (PD) and Loss Given Default (LGD) calculations, potential changes in customers' risk categories and credit ratings are analysed. Using the revised PD and LGD values, the Expected Credit Loss (ECL) provision allocated to each customer is recalculated, enabling the financial impacts of physical climate risks to be assessed.

The CIF is used as a supporting indicator in the integration of physical climate risks into PD, LGD and other credit risk metrics. This approach enables the impacts of physical climate risks on credit risk to be estimated in a gradual, controlled and traceable manner.

Transition Risk Scenario Analyses for the Credit Portfolio - İşbank

This section outlines the methodological approach used to assess the potential impacts of climate change-related transition risks on the Bank's credit portfolio and explains how such risks are reflected in the Probability of Default (PD) parameter, one of the key credit risk metrics.

Transition risks have been assessed by considering assumptions related to the implementation of carbon taxation mechanisms, increases in carbon prices and complementary regulatory developments, as well as the potential effects of these factors on companies' cost structures and debt-servicing capacities.

The process of identifying and prioritising transition risks was carried out through workshops conducted with the participation of the Bank and relevant stakeholders. During these workshops, transition

risks were assessed and scored using the shared risk and opportunity inventory, taking into account credit portfolios of the Bank and Group companies that are likely to be affected by these regulations. The risks were subsequently classified according to their significance.

As a result of this assessment, sectors characterised by carbon-intensive activities and a higher degree of sensitivity to regulatory transformation were identified as priority transition risk areas.

It was assessed that the credit portfolios of the Bank and Group companies may be exposed to this risk through the following two factors:

- › **Carbon Border Adjustment Mechanism (CBAM):** The CBAM, introduced by the European Union and gradually implemented starting in 2026, represents one of the most significant examples of emerging climate-related regulations. The Bank and other financing entities within the Group may be exposed to the effects of CBAM through customers operating in sectors covered by the regulation whose revenues are dependent on exports to the European Union.
- › **National Carbon Pricing and Emissions Trading System (ETS):** This risk is expected to materialise through the gradual implementation of a national carbon pricing mechanism in Türkiye that complements CBAM. In this regard, the Climate Law, which was published in the Official Gazette and entered into force on 9 July 2025, establishes the principal framework for the Emissions Trading System (ETS).

The quantification of transition risks is based on a sectoral approach and, unlike physical risks, does not incorporate a geographical dimension. The scenario methodologies have been designed to reflect the potential impacts of Türkiye-specific carbon prices and regulatory developments projected under NGFS global scenarios on the credit risk profiles of companies that are expected to be affected primarily on a sectoral basis.

Scenario 4 - Transition Risk - Regulatory Risk - CBAM Impact / Credit Portfolio - İşbank

1. Identification of Sectors and Companies Affected by CBAM

The analysis covers the sectors included within the scope of the Carbon Border Adjustment Mechanism (CBAM) Regulation, namely iron and steel, aluminium, electricity, cement, fertilisers and hydrogen.

In addition to being directly covered by the regulation, these sectors are considered particularly exposed to transition risks due to their carbon-intensive operating structures, dependence on energy inputs and trade relationships with the European Union.

Beyond sectoral exposure, one of the most important factors determining the extent to which a company may be affected by CBAM is the volume of exports to the European Union involving products covered by the regulation. For exporting companies that derive a significant portion of their revenues from EU markets, CBAM-related costs may become substantial if emissions intensity per unit of output cannot be reduced to the required levels.

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However, no comprehensive data source was available that directly provided the share of EU exports in companies' total revenues. To improve the accuracy of the analysis, companies with an aggregate cash and non-cash credit exposure exceeding TL 10 million and for which 20% or more of their activities fall within CBAM-covered sectors were included in the assessment population. These companies were contacted directly to obtain information regarding the share of EU exports in total revenues.

The quality of the data was further enhanced through the use of publicly available information sources, including annual reports and rankings of leading exporters. Where company-specific information could not be obtained, sector averages were applied as a prudent assumption.

For companies included within the assessment scope, the impact of the regulation on credit risk was evaluated by considering the medium- and long-term effects that changes in cost structures arising from gradually increasing carbon prices and regulatory obligations may have on profitability, cash flows and, consequently, debt repayment capacity.

Within this framework, it was concluded that the effects of the regulation differ primarily at the sector level. Accordingly, unlike the methodology applied for physical risks, quantification approaches were developed on the basis of sectoral segmentation rather than geographical segmentation.

2. Determination of PD Impact Factors under the CBAM

A top-down approach was adopted to quantify the potential impacts of the CBAM on credit quality. In this

context, international reference studies available in the literature were reviewed to ensure a consistent and comparable assessment of the credit risk impacts that transition risks may have across different sectors. In particular, the Climate Policy Relevant Sectors (CPRS) classification used in studies published by the International Monetary Fund (IMF) was used as the primary reference for determining the effects on Probability of Default (PD).

Accordingly, sectors assessed within the scope of the CBAM were mapped to CPRS sector categories. The PD impact factors defined under the CPRS framework were developed to reflect, on a sectoral basis, the potential effects of increases in carbon prices and changes in regulatory compliance costs on companies' financial structures and debt-servicing capacity.

Furthermore, the PD impact factors were calibrated to reflect Türkiye-specific conditions by taking into consideration country-level impact coefficients defined under the CBAM Exposure Index*. As a result, the sector- and export intensity-based outcomes were adjusted to better reflect the characteristics of the Turkish economy. This calibration aimed to ensure that the impacts of transition risks on credit risk reflect not only sector-specific factors but also differences in regulatory exposure and trade structures at the country level.

3. Stress Testing of the PD Parameter and Recalculation of ECL

The Probability of Default (PD) impact factors derived through sectoral, export-related and country-level calibrations were applied to the PD values generated

by the credit rating models used in the assessment of relevant customers.

Through the application of these factors, existing PD values were stress tested, resulting in updated PD values reflecting the potential effects of the regulation on credit risk. In the final stage, the existing PD values used in companies' Expected Credit Loss (ECL) calculations were replaced with the stressed PD values and ECL provisions were recalculated. The difference between the two ECL values was treated as the regulatory impact on ECL.

The final impact level was determined by aggregating the differences calculated for all companies included in the assessment population.

Scenario 5 - Transition Risk - Regulatory Risk - National Carbon Pricing Mechanism / Credit Portfolio - İsbank

Carbon pricing mechanisms are market-based climate policy instruments that impose a cost on the use of carbon-containing fossil fuels (coal, oil and natural gas) with the objective of reducing greenhouse gas emissions. Under such mechanisms, companies or individuals are required to pay a specified amount of tax for each ton of carbon dioxide (CO₂) equivalent emissions released into the atmosphere. The objective is to make emissions economically disincentivising and thereby encourage the adoption of cleaner technologies.

As carbon taxes may adversely affect customers' cash flows and debt-servicing capacity, particularly for companies that are not financially prepared for such regulations.

* The CBAM Exposure Index is an indicator developed by the World Bank to measure the extent to which countries are exposed to the impacts of the European Union's Carbon Border Adjustment Mechanism (CBAM).

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The most significant impact on the Bank is expected to arise from a deterioration in asset quality resulting from increased default probabilities among credit customers operating in carbon-intensive sectors due to the financial burden created by additional carbon-related taxation.

The Carbon Border Adjustment Mechanism (CBAM), developed by the European Union and gradually introduced from 2026 onwards, represents one of the most prominent examples of carbon pricing mechanisms. The Bank expects to be exposed to the effects of CBAM through customers operating in sectors covered by the regulation whose revenues are dependent on exports to the European Union. The impact of this regulation has already been assessed and quantified under the previous scenario.

Because the CBAM applies only to specific sectors and is expected to affect a relatively limited group of customers—namely those exporting to the EU, unable to reduce their emissions intensity and having limited capability to shift to alternative markets—it is not expected to have a critical impact on the Bank's asset quality during the initial phase.

However, the more significant impact is expected to arise from the gradual implementation in Türkiye of a national carbon pricing mechanism that complements the CBAM. In this regard, the Climate Law, which was published in the Official Gazette and entered into force on 9 July 2025, establishes the fundamental principles governing the Emissions Trading System (ETS).

The most significant uncertainties associated with this scenario relate to the timing of implementation, the sectors that will be covered and the carbon price

levels that will ultimately apply. To address these uncertainties, alternative scenarios have been developed based on different implementation timelines, sectoral scopes and carbon price levels projected for Türkiye under various NGFS global scenarios.

Within the carbon pricing scenario analysis, the financial impacts on the Bank were assessed through five carbon-intensive sectors, based on carbon price levels expected to apply in Türkiye that are consistent with the selected NGFS scenarios.

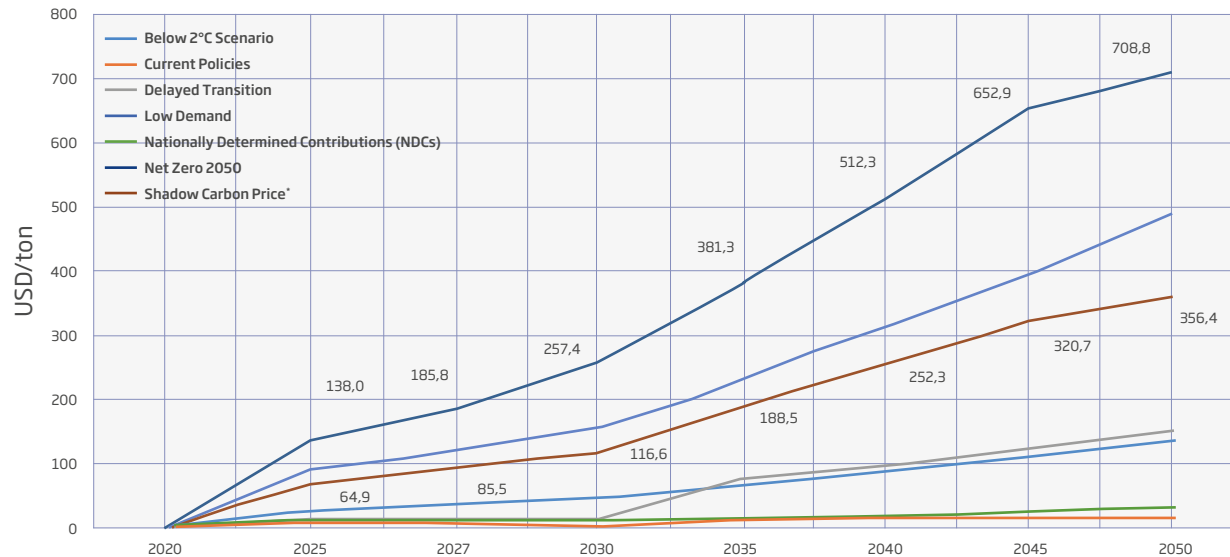
The carbon taxation scenario analysis used by the Bank is implemented through a methodology consisting of the following steps:

- **Identification of the sector to which the scenario will be applied:** In the first step, emission-intensive sectors expected to be most significantly affected by carbon taxation are identified, with the objective of modelling a substantial portion of these sectors through scenario analysis. The Bank's Climate Change Heat Map is taken into consideration when determining the sectors to be included in the assessment.
- **Establishment of the sample population:** Where sampling is used, the sample is constructed in a manner that accurately represents the customer portfolio.
- **Development of the scenario design and assumptions:** International practices and leading examples are reviewed to determine the different carbon price levels and assumptions to be tested within the scenario, and the scenario framework is developed accordingly.

- **Assessment of the impact of taxation on supply and demand:** Additional costs arising from the carbon price level tested under the scenario are calculated, and the effects of these costs on supply and demand curves are assessed. Based on this analysis, revised price and volume levels are determined for the relevant sectors and companies.
- **Assessment of the financial impact of taxation at the company level:** Financial statements are stressed by incorporating the revised price and volume levels determined for sectors and companies, together with the additional costs incurred as a result of the risk event.
- **Calculation of revised Probability of Default (PD) values:** Customers' Probability of Default (PD) values are recalculated using the stressed financial data generated in the previous step. The calculations utilise a PD model specifically designed for the assessment of climate change-related risks and based on financial parameters.
- **Assessment of the impact of climate change on portfolio asset quality:** Companies' current Probability of Default (PD) values are compared with the stressed PD values derived from the adjusted financial statements. In addition to the difference between these values, each company's Exposure at Default (EAD) is used to calculate the additional expected credit loss attributable to the scenario. These impacts are then aggregated to determine the total additional Expected Credit Loss (ECL) balance expected to arise within the portfolio as a result of carbon taxation.

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Figure 5. Türkiye Carbon Price Projections (USD/ton)



* The Shadow Carbon Price represents the Bank's internal carbon pricing mechanism and is based on carbon price projections for Türkiye derived from NGFS scenarios. The price levels used reflect the most likely current conditions, based on expert judgement and the relevant global scenarios, and may change over time depending on actual developments.

Carbon emissions values, expressed in metric tons of carbon dioxide equivalent (tCO₂e) and representing the total amount of greenhouse gases released into the atmosphere as a result of companies' activities and energy consumption, constitute the most critical input to the scenario analysis study. Indeed, a company's carbon emissions level is the primary determinant of the potential impact that a direct carbon tax or an Emissions Trading System (ETS) may have on its operations.

However, challenges associated with obtaining this data are considered one of the most significant

obstacles to the implementation of the scenario analysis approach. Although the emissions values of companies for which direct emissions data cannot be obtained are estimated using information such as production composition, vehicle fleet characteristics and fuel types consumed, the resulting estimates are considered to be subject to a relatively high degree of uncertainty. This is due to the large number of assumptions required and the fact that the quality and accuracy of the underlying data cannot always be independently verified.

Carbon Taxation Scenario Analysis Implementation Steps

- 1 Identification of the Sector in Which the Scenario Will Be Applied
- 2 Determination of the Sample
- 3 Definition of the Scenario Design and Assumptions
- 4 Calculation of the Impact on Supply and Demand
- 5 Calculation of the Financial Impact at the Company Level
- 6 Calculation of the Change in Probability of Default and Expected Credit Loss (ECL) at the Company Level
- 7 Aggregation of Sample Results and Extension to the Portfolio
- 8 Evaluation of Results

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The sectors included within the scope of the carbon tax scenario analysis are presented in the table on the right. The primary rationale for prioritizing these sectors, all of which are classified under the “High” risk category in the Bank’s Climate Change Risk Heat Map, is their high emissions intensity. In addition, the power generation, metals production, and cement sectors are also among the sectors covered by the Carbon Border Adjustment Mechanism (CBAM).

Table 15. Priority Sectors and NACE Codes Covered by the Scenario Analysis

Sector	NACE*
Electricity Generation	D.35.11
Metal Production	C.24.10; C.24.20; C.24.31; C.24.32; C.24.33; C.24.34; C.24.42; C.24.51; C.24.53
Cement Production	C.23.51
Road Freight Transport	H.49.41
Air Freight Transport	H.51.10

Results

Within the scope of the Bank’s scenario analysis study, the financial impact outcomes derived from the climate risk model results are presented below.

Table 16. Scenario Analysis Results

Scenario No.	Risk Factor	Climate Risk Type	Value Chain Component	Time Horizon	RCP 4.5	RCP 8.5	NGFS Current Policies	NGFS Delayed Transition	NGFS Net-Zero Policies
Scenarios 1 & 2 (2025.PHYS.D0.03)	Heatwaves, extreme weather events, intense precipitation, floods and overflows	Physical Risk – Acute Risks	Direct Operations – Bank	Long-term	Low	Low-Medium	Low-Medium	Low	Low
Scenario 3 (2025.PHYS.CP.02)	Drought, water stress, rising temperatures, extreme precipitation, floods, wildfires, landslides and heatwaves	Physical Risk – Acute and Chronic Risks		Long-term	Medium	Medium-High			
Scenarios 4 & 5 (2025.TRANS.CP.01)	Carbon Regulation and Pricing Mechanisms	Transition Risk – Policy and Regulatory Risk	Downstream – Commercial Loan Portfolio	Medium-term			Medium	Medium	Medium-High
				Long-term			Medium	Medium-High	Medium-High

* Not all sub-sectors under the relevant NACE codes are included within the scope of the analysis. For example, under H.49.41, only the sub-categories related to road freight transport are included in the scenario analysis.

Qualitative Rating Scale	Low	Low-Medium	Medium	Medium-High	High
Financial Impact Scale (TL)	<TL 625 million	<TL 1.25 billion	<TL 2.5 billion	<TL 5 billion	≥TL 5 billion

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According to the financial impact assessment methodology, risks with an impact exceeding the higher of 5% of the average pre-tax profit over the last three years or 1% of equity are classified as “High”.

An assessment of the financial impacts of the climate change risk factors covered under the scenario analysis on the Bank and its Group companies indicates that the risk arising from carbon regulation and pricing mechanisms (including carbon taxes, emissions trading systems and the Carbon Border Adjustment Mechanism (CBAM)) adversely affecting the loan portfolio is expected to remain slightly below the materiality threshold under the NGFS Net-Zero and NGFS Delayed Transition scenario assumptions in both the medium and long term and is assessed at a “Medium-High” level.

In addition, under the RCP 8.5 assumptions, the scenario analysis conducted to assess risk that physical climate-related risk factors may negatively affect the business continuity of borrowers and the value of assets pledged as collateral, resulting in a deterioration in the credit quality of the loan portfolio, indicates a Medium-High impact on the Group’s lending activities. However, the estimated impact remains below the materiality threshold.

Information regarding the risks attributed to subsidiaries that are included in the Group’s risk and opportunity inventory is provided below. TSKB disclosed its assessment conducted under 2025.TRANS.CP.01 “Transition Risk – Regulatory Risk” on page 218 of its IFRS Sustainability Disclosure Report. Based on evaluations performed under the IEA Announced Pledges Scenario, the relevant risk was assessed as likely to become material in the medium to long term.

Similarly, Milli Reasürans and Anadolu Sigorta disclosed their analyses conducted under 2025.PHYS.DO.04 “Physical Risk – Acute and Chronic Risks (flooding, storms/wind events, temperature increases and wildfires)” in their respective TSRS reports. Milli Reasürans addressed the relevant risk on page 32 of its TSRS report and concluded, based on analyses performed under the RCP 8.5 scenario, that the risk is expected to become material over the long term. Likewise, Anadolu Sigorta discussed the same risk on page 21 of its TSRS report and concluded that it is expected to become material in the long term under the RCP 8.5 scenario assumptions.

Şişecam A.Ş. disclosed its assessment performed under 2025.TRANS.DO.05 “Transition Risk – Regulatory Risk” on pages 24 and 26 of its TSRS report. Based on evaluations carried out under both the NGFS Current Policies Scenario and the NGFS Below 2°C Scenario, which assumes an expansion of the regulatory framework, the risk was identified as material across the short, medium and long term.

Risk mitigation measures and the actions already implemented or planned in response to these risks are presented in the [Risk and Opportunity Inventory](#) table.

2.5 Strategy and Decision-Making

In line with its diversified business structure, the Group addresses climate change-related risks and opportunities from a sector-specific perspective and evaluates these issues within its established strategic framework. İş Bankası, as the principal implementer of this framework, aligns its strategy and operating model

with the financial and operational impacts of climate change.

In managing climate-related risks and opportunities, the banking and manufacturing sectors have been identified as priority sectors where impacts are expected to be most significant. Within banking activities, key areas of focus include the sustainable finance approach, financing of green and transition investments, reduction of climate-related risks within the loan portfolio, and monitoring of financed emissions.

For the manufacturing and industrial sectors, decarbonization approaches are developed by taking into account sector-specific emissions profiles and transition needs. Financing solutions that support low-carbon and resource-efficient production, together with sector-specific action plans, are prioritized.

These approaches, developed in line with the 2030 interim targets and 2050 net-zero objectives set out in the Climate Transition Plan, are supported through scenario analyses, loan portfolio assessments and internationally recognized methodologies, with the objective of enhancing long-term resilience against climate-related risks.

2.5.1 Climate Transition Plan

In April 2022, İşbank became a member of the Net Zero Banking Alliance (NZBA), established under the leadership of the United Nations Environment Programme Finance Initiative (UNEP FI), with the aim of managing greenhouse gas emissions from its loan portfolio and setting science-based reduction targets to enable its green transition. The Bank has committed

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to achieving net-zero emissions by 2050 and, towards this goal, has set interim targets for 2030 focusing on carbon-intensive sectors. This membership has enabled the Bank to align its climate strategy more robustly with international standards, initiating a significant transformation process that incorporates the systematic assessment of climate risks, portfolio analyses, and the integration of the transition plan into corporate decision-making processes.

İşbank formalized its climate change strategy through its [Climate Transition Plan](#) (the “Plan”) and publicly disclosed it in 2025. Prepared in line with the principles of the Transition Plan Taskforce (TPT), the Plan outlines the Bank’s long-term strategic roadmap towards its net-zero goal. Leading the sector with its comprehensive transformation strategy, the Bank is the first Turkish bank to disclose emission reduction roadmaps for all carbon-intensive sectors defined by the UNEP FI.

The Climate Transition Plan comprises the following key components:

- Science-based sectoral emissions reduction targets
- Sector-specific action plans for carbon-intensive sectors
- Sustainable finance targets
- Client engagement and guidance policies
- Performance indicators and monitoring mechanisms to tracking progress

In 2020, İşbank’s Scope 1 and Scope 2 emissions totalled approximately 78,000 tCO₂e. The Bank is implementing energy and resource efficiency initiatives aimed at reducing its Scope 1 emissions. Analyses revealed that nearly half of these emissions stem from energy consumption in service buildings. Accordingly, transformation plans focused on energy and resource efficiency have been prioritised, considering the need to maintain existing systems in branches where climate conditions necessitate it. The installation of heat pumps and high-efficiency HVAC systems are among the most common improvement measures implemented at these branches.

İşbank also regards emissions arising from its supply chain as a core component of its decarbonization strategy. Emissions associated with purchased goods and services and business travel, corresponding to the relevant sub-categories defined under Scope 3 Categories 1–14 of the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, are calculated annually and incorporated into the Bank’s planning processes.

Taking this approach a step further, the Bank has positioned portfolio-related financed emissions generated through its lending activities at the center of its decarbonization strategy. Accordingly, financing for new thermal power plant investments based on coal- and natural gas-fired electricity generation has been discontinued since 2020. Subsequently, in 2021, the Bank publicly announced its decision not to finance new coal mining projects. As of 2023, its coal-related financing policy was further strengthened, with a

commitment to gradually phase out financing for all coal and coal-related activities by 2040.

İşbank has aligned its strategy for reducing emissions associated with its commercial loan portfolio with UNEP FI practices.

Integrating its decarbonization approach into business processes, including lending activities, İşbank has established gross emissions reduction targets across all sectors identified by UNEP FI as carbon-intensive and prioritizes supporting its clients’ transition to a net-zero economy.

Carbon-intensive sectors constitute a key focus area due to their significant share of total emissions. Based on the gross emissions calculations conducted by İşbank as of year-end 2024, these sectors, which occupy a substantial position within the commercial loan portfolio, account for 77% of total financed emissions.

The Bank’s emissions intensity reduction targets set for 2030 across all sectors classified as carbon-intensive by UNEP FI are presented in the [Sectoral Decarbonization Targets](#) table under the Metrics and Targets section. Representing a cornerstone of İşbank’s sustainability strategy, these targets reflect the Bank’s ambition to act as a guiding business partner in its clients’ green transition by providing innovative solutions for a sustainable future.

Strategy

The agriculture sector is considered a significant risk area for the Group's customer portfolio, particularly due to increasing water stress arising from the physical impacts of climate change. Accordingly, risks that may affect production and financial resilience in water-sensitive agricultural activities are analyzed, while financing approaches that support water efficiency and climate adaptation are prioritized within the Climate Transition Plan.

In establishing emissions intensity reduction targets for carbon-intensive sectors, international emissions reduction scenarios and global transition pathways have been used as reference points. In this context, both alignment with global targets and applicability to Türkiye's sectoral conditions have been prioritized,

and a sector-specific target-setting approach has been adopted. Accordingly, the roadmap for emissions arising from İşbank's commercial loan portfolio has been shaped based on the decarbonization pathways developed by the International Energy Agency (IEA - NZE 2050), the Science Based Targets initiative (SBTi 1.5°C), the Transition Pathway Initiative (TPI) and the Network for Greening the Financial System (NGFS).

When developing its decarbonization pathways, İşbank takes into account not only global climate scenarios but also Türkiye's sectoral dynamics and the green transition needs of its clients. This approach helps ensure the Climate Transition Plan's alignment with national circumstances, practicality and effectiveness. The Plan provides a roadmap for achieving net-zero

emissions by 2050 and is continuously updated on an annual basis in line with international frameworks such as the Carbon Disclosure Project (CDP), the Transition Plan Taskforce (TPT) and the International Financial Reporting Standards (IFRS).

Key assumptions underpinning the Plan include progress in line with Türkiye's Nationally Determined Contribution (NDC), access to green technologies, the development of the regulatory framework and the pace of transition across the client base. Within this context, the Plan focuses on strategic priorities such as, improving energy efficiency, promoting renewable energy investments, strengthening emissions measurement and monitoring infrastructure, and expanding sustainable finance opportunities.

Strategy

Client engagement has been identified as one of the key action areas of the Climate Transition Plan and is regarded as a critical lever for the transition to a low-carbon economy. Decarbonization measures for each carbon-intensive sector have been systematically defined and their feasibility assessed. In this way, the transition processes of clients are supported while also contributing to the Bank's achievement of its net-zero target.

The decarbonization strategies defined under the Plan are detailed through transition plans developed for carbon-intensive sectors. İşbank encourages the use of renewable energy for self-consumption in order to help clients reduce emissions arising from electricity consumption. The Bank also aims to provide the necessary financing for facility modernization, equipment upgrades, advanced technology investments and access to innovative solutions to support the reduction of emissions generated from production processes.

Within the sector-specific decarbonization actions identified, the provision of financing for the following types of investments stands out:

- Renewable energy investments for electricity generation.
- In the cement sector, waste heat recovery projects, transition to alternative raw materials, and investments in carbon capture and storage technologies within the scope of customer transition.
- In the iron-steel and aluminium sectors, transition to green energy and investments aimed at upgrading existing furnaces to lower emission production

furnaces. > In the road transport sector, investments in more efficient engines, sustainable fuels, and zero-emission electric vehicles.

- In the oil and natural gas sector, investments in refinery conversion for sustainable fuels and electric charging stations.
- In the real estate sector, financing of high energy-efficiency, low-emission buildings, district heating systems, heat pumps, and rooftop solar photovoltaic installations.
- In the agricultural sector, the renewal of the tractor fleet—replacing older vehicles with those equipped with more efficient engines—and the financing of investments in regenerative agriculture and soil productivity enhancement practices have been identified as priority actions within the scope of customer transition.

In the agriculture sector, supporting client transition through the renewal of tractor fleets and replacement with vehicles equipped with more efficient engines, as well as financing regenerative agriculture practices and investments that enhance soil productivity, have been identified among the Bank's priority action areas. These priorities have been established based on a science-based approach, taking into account Türkiye's National Energy Plan projections, national targets, economic conditions, technology adoption forecasts within the agricultural sector and the Bank's market share.

The processes are expected to evolve into a consolidated structure across sectors, with a particular focus on the manufacturing, insurance and financial services sectors as a priority.

2.5.2 Resource Allocation and Investment Strategy

Through these strategic initiatives supporting climate transition and inclusive development, İşbank continues to advance its sustainability vision.

Under scenarios assessing the impacts of climate change risks on the loan portfolio, loan restructuring opportunities and collateral management processes are activated when necessary. In addition to the concrete steps taken to decarbonize its loan portfolio in line with its net-zero commitment, the Bank's coal phase-out strategy and sustainability-focused approach to financed activities enhance the resilience of its loan portfolio against climate-related risks. Furthermore, as part of its climate risk management approach, the Bank continues to strengthen its capacity to generate additional funding sources through the expansion of green finance products and the issuance of sustainable debt instruments.

İşbank maintains a strong capital and liquidity position that provides resilience against the physical and transition risks identified through climate scenario analyses.

As of year-end 2025, the Bank's consolidated Common Equity Tier 1 capital adequacy ratio of 13.48% and consolidated liquidity coverage ratio of 122.99% provide adequate buffers against climate-related unexpected losses.

Overseas Financing

İşbank closely monitors sustainability-themed financing opportunities, developing various products and services that support the green economy while transforming its financing policies in this direction. In August 2025, the Bank updated its Sustainable Finance Framework

Strategy

to evaluate these opportunities more systematically and contribute to sustainable development. In its current form, the Framework has been designed in alignment with the International Capital Market Association (ICMA) Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Climate Transition Finance Handbook and Bonds to Finance the Sustainable Blue Economy Guide, as well as the Loan Market Association (LMA) Green Loan Principles and Social Loan Principles.

This document provides the Bank with a structure for using various financial instruments to deliver environmentally and socially responsible financing, invest in sustainable projects, and support efforts to reduce carbon emissions

In June 2025, İşbank secured a sustainability-linked syndicated loan with a maturity of 367 days, amounting to USD 751 million and EUR 513.5 million. The entire cash loan amount was allocated to financing activities generating positive environmental and social impacts in accordance with the terms of the agreement and the Bank's Sustainable Finance Framework.

Through a second sustainability-linked syndicated loan agreement signed in November 2025, the Bank secured additional funding amounting to USD 800.5 million and EUR 331.1 million with a maturity of 371 days. These funds were also utilized in line with the terms of the agreement and the Sustainable Finance Framework.

In 2025, the Bank also utilized eurobond issuances as a source of sustainable funding. Within this scope, İşbank issued nine sustainable eurobonds during 2025, amounting to a total equivalent of USD 499 million.

In addition, proceeds from the USD 100 million digital eurobond issuance completed in June 2025, in which the IFC participated as an investor, were intended to support the financing needs of individuals, farmers, micro-enterprises and small businesses located in provinces affected by the earthquakes of 6 February 2023.

Furthermore, in 2025 İşbank obtained a new EUR 100 million loan with a final maturity of five years from Proparco, the private-sector financing arm of the French Development Agency. While strengthening the Bank's support for climate finance projects, the loan will also be used to meet the financing needs of micro, small and medium-sized enterprises.

In the international debt capital markets, investor interest in green, social and sustainability-themed financial instruments—aimed at objectives such as mitigating the adverse impacts of climate change and supporting equality of opportunity in society—has increased significantly in recent years. This development also enhances the opportunities to access such funding sources. In this context, İşbank closely follows both developments in local regulations and sustainable finance practices in international markets, regularly evaluating opportunities for sustainability-themed Eurobond issuances and the procurement of sustainability linked loans in line with its needs and objectives.

Domestic Financing

In line with the principles set out in the Green Debt Instrument, Sustainable Debt Instrument, Green Lease Certificate and Sustainable Lease Certificate Guidelines published by the Capital Markets Board of Türkiye, İşbank has established a Green Debt Instrument and

Sustainable Debt Instrument Framework Document for domestic issuances.

In 2024, the Bank issued a green financing bill with a nominal value of TL 4.5 billion and a maturity of 126 days. The transaction was the first green debt instrument issued through a public offering in the Turkish financial markets. The proceeds generated from this issuance were utilized for the financing and refinancing of loans in the renewable energy category. Through renewable energy loans financed by domestic debt issuances, İşbank contributed to the avoidance of a total of 741,094 tonnes of CO₂e emissions.

In 2025, the persistently high interest rate environment and the resulting attractiveness of government securities led to lower investor demand for private sector debt instruments compared to previous years. Accordingly, the Bank did not undertake a green bond issuance during the reporting period due to increased funding costs.

Sustainable Finance

The Bank's commitments to provide TL 300 billion in sustainable finance and TL 100 billion in financing for women entrepreneurs during the 2023–2026 period were successfully achieved during 2025. These commitments were subsequently revised to TL 650 billion and TL 250 billion, respectively, by year-end 2028. As of year-end 2025, the sustainable finance commitment had reached 69% completion, with total disbursements amounting to TL 446 billion. Under the commitment to support women entrepreneurs, financing of TL 155 billion had been extended by year-end 2025, corresponding to an achievement rate of 61.9%.

Strategy

Renewable Energy Financing

Renewable energy investments, which play a critical role in climate action, also generate economic benefits by creating new business opportunities. Supporting investments and technologies in this field is essential to accelerate the wider adoption of renewable energy sources.

İşbank is among the leading institutions financing renewable energy projects in Türkiye. Since 2015, all project finance provided by the Bank for new power generation plant investments has been allocated exclusively to renewable energy projects.

In 2025, renewable energy loans accounted for 78% of the Bank's total exposure to power generation lending. The renewable energy projects financed by İşbank prevented approximately 17.83 million tonnes of CO₂e emissions during the year, while generating 48.02 million MWh of clean energy.

As part of the financing of solar power plant projects to be implemented by OYAK Renewable Energy Inc. across six provinces with a total installed capacity of 362 MWp, İşbank provided financing support. The environmental and social risk assessment processes for the related financing have been completed.

2.5.3 Direct Mitigation and Adaptation Activities

İşbank's operational practices serve as a reference model across the Group, and it aims to expand approaches developed in areas such as energy efficiency, renewable energy use, waste management and sustainable building practices across its subsidiaries.

Mitigation and adaptation activities are differentiated across the Group based on sector-specific priorities. In this context, manufacturing activities focus on emissions intensity, energy and resource efficiency, and the transformation of production processes, while the banking sector prioritizes climate risks arising from the loan portfolio, sustainable finance and initiatives that support client transition.

To minimize its environmental impacts, İşbank implements a range of direct emissions reduction initiatives. The Bank has set targets to reduce the combined total of its gross Scope 1 and Scope 2 emissions, calculated in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, by 38% by 2025 and 65% by 2030 relative to the 2018 base year, while achieving carbon-neutral operations by 2035. As of 2023, the Bank had reduced its combined Scope 1 and Scope 2 emissions by 79% compared with the base year and, accordingly, brought forward its carbon-neutral operations target to 2026. While the reduction rate stood at 77% as of year-end 2024, it reached 79% relative to the 2018 base year by year-end 2025.

To support the use of renewable energy sources in electricity consumption, the Bank continued to procure I-REC certificates throughout 2025. Under initiatives implemented through the collaboration of İş Enerji and İşmer, a solar power plant with an installed capacity of approximately 20.87 MW located in Ahlat, Bitlis was commissioned. This facility supplies a significant portion of the electricity demand of the Head Office, Tuzla Operations Center and Ankara Operations Center.

In addition, a further 3 MW solar power plant located in Ahlat enabled approximately 90% of the electricity consumption of 26 subscribers to be supplied from renewable sources as of 2025.

To increase energy efficiency, energy-saving practices have been integrated into employee performance management systems, and related targets are taken into account during performance evaluations.

Efforts to install remote monitoring and energy management systems across branches have continued in order to improve the effective management of energy consumption. Branch lighting systems have been converted to LED technology, generating energy savings of more than 50% in lighting-related electricity consumption.

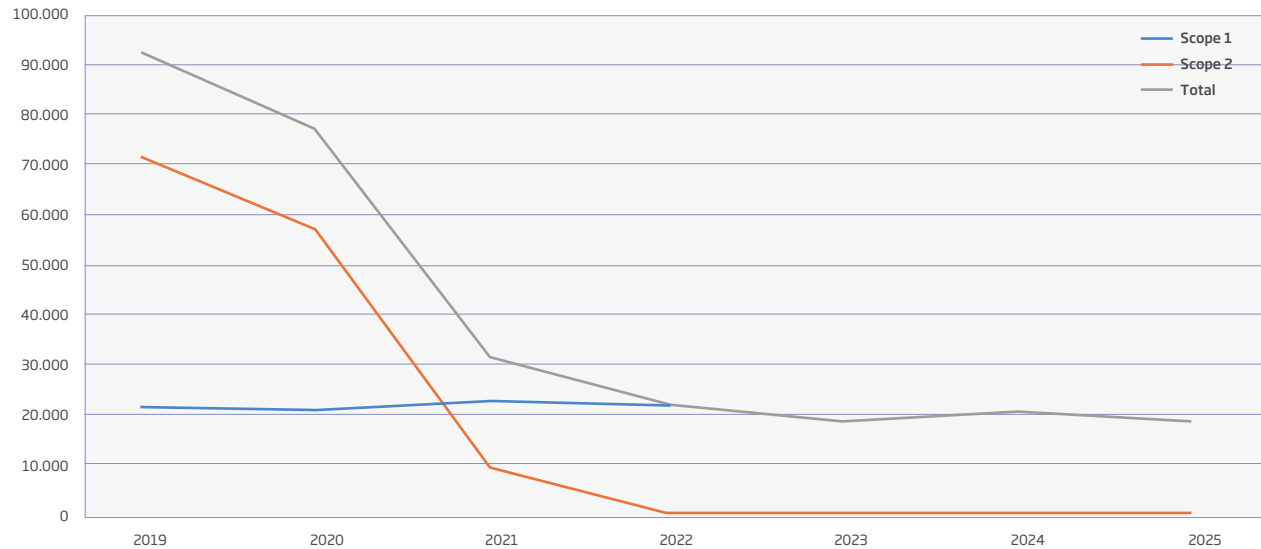
As part of its waste management efforts, the Bank supports recycling through the sale of obsolete IT assets and toner cartridge return programmes managed by the Information Technologies Division. All such processes are conducted through authorized companies certified under the Waste Electrical and Electronic Equipment (WEEE) framework.

Furthermore, Zero Waste Certificates have been obtained for the Atlas Data Center and Güneşli Disaster Recovery Center, ensuring waste separation at source and the recovery of recyclable materials.

The Bank directs its capital allocation in response to climate-related risks and opportunities and, in this context, invests in renewable energy, climate-friendly technologies and energy efficiency initiatives.

Strategy

Figure 6. Greenhouse Gas Emissions Trend



To reduce the use of single-use plastics, alternative practices are being expanded and reusable products are preferred wherever possible. In 2025, total waste generation decreased by 16.2% compared to the previous year, while domestic waste, electronic waste and medical waste declined by 15.1%, 31.9% and 50.0%, respectively.

The Bank's new investments and existing facilities are designed and operated through a holistic approach aligned with sustainability principles. The LEED Platinum certification process for the Marmaris Training and Recreation Facility, commissioned in 2025, is ongoing. At this facility, energy and water efficiency, greenhouse gas emissions reduction and the use of

environmentally friendly materials are among the key priorities. Accordingly, solutions such as rainwater harvesting and greywater systems, solar energy applications, heat pump technologies and electric vehicle charging infrastructure are being implemented, while resource consumption is regularly monitored through waste segregation practices and Building Management Systems (BMS).

Similarly, the Tuzla Technology and Operations Center holds a LEED Gold certification, while the Atlas Data Center, certified under LEED v4 Gold for Data Centers, is among the pioneering facilities in Türkiye meeting this standard. The Bank aims to systematically improve environmental performance by expanding BREEAM and

LEED certification processes across its facilities.

Both mitigation and climate adaptation considerations are integrated into building and facility management practices. At the Atlas Data Center in particular, energy efficiency is enhanced through the utilization of waste heat generated in data halls for the heating of office spaces, while water management is strengthened through rainwater harvesting systems, greywater reuse and low-consumption fixtures. In next-generation facilities, ecosystem compatibility is supported through the use of drip irrigation systems and native, low-water-consumption plant species, while environmental impacts are reduced through the use of natural fertilizers and habitat creation practices. Furthermore, the Bank aims to reduce transportation-related emissions by promoting employee access to public transportation, bicycle parking facilities and alternative mobility solutions. Through this integrated approach, the Bank enhances operational efficiency, strengthens climate resilience and establishes sustainable facility management as a corporate standard.

The Group considers direct mitigation and adaptation activities not only from the perspective of operational efficiency but also as a strategic component that enhances long-term resilience to climate change. In this regard, creating synergies between İşbank's operational practices and the solutions developed across the Group's diverse business activities is regarded as a priority for establishing a holistic resilience approach against climate-related risks. This approach shapes the Group's strategic direction in line with its objective of creating sustainable value in the face of climate change.



Risk Management

Risk Management

The Climate Risk Management Framework, developed by İşbank in 2021, supports an approach aimed at guiding customers in complying with emerging regulations such as the European Green Deal and the Carbon Border Adjustment Mechanism ("CBAM"), increasing the share of sustainability-themed loans and funding within the balance sheet, and reducing greenhouse gas emissions arising from both the Bank's own operations and its lending portfolio. This framework continues to evolve in parallel with the evolution of the Bank's climate strategies and the growing importance given to climate change-related matters.

The Climate Risk Management Framework encompasses the identification, definition, assessment, measurement, control, monitoring, reporting, and management of risks. "The potential of climate change to adversely impact İşbank and its subsidiaries business model, operations, assets and activities" is defined as "Climate Change Risk" in the Risk Catalogue. Climate risks are classified into two main categories: physical risks and transition risks.

Physical risks are further divided into acute physical risks and chronic physical risks. Transition risks are defined as risks related to technology risks, legal and regulatory risks, supply-demand risks, and reputational risks. The Bank's definitions for climate-related risks are provided in the "[Climate Change Risk Categories](#)" table in the Strategy section of this report, while the processes for managing these risks are defined in the Climate Change Risk Policy.

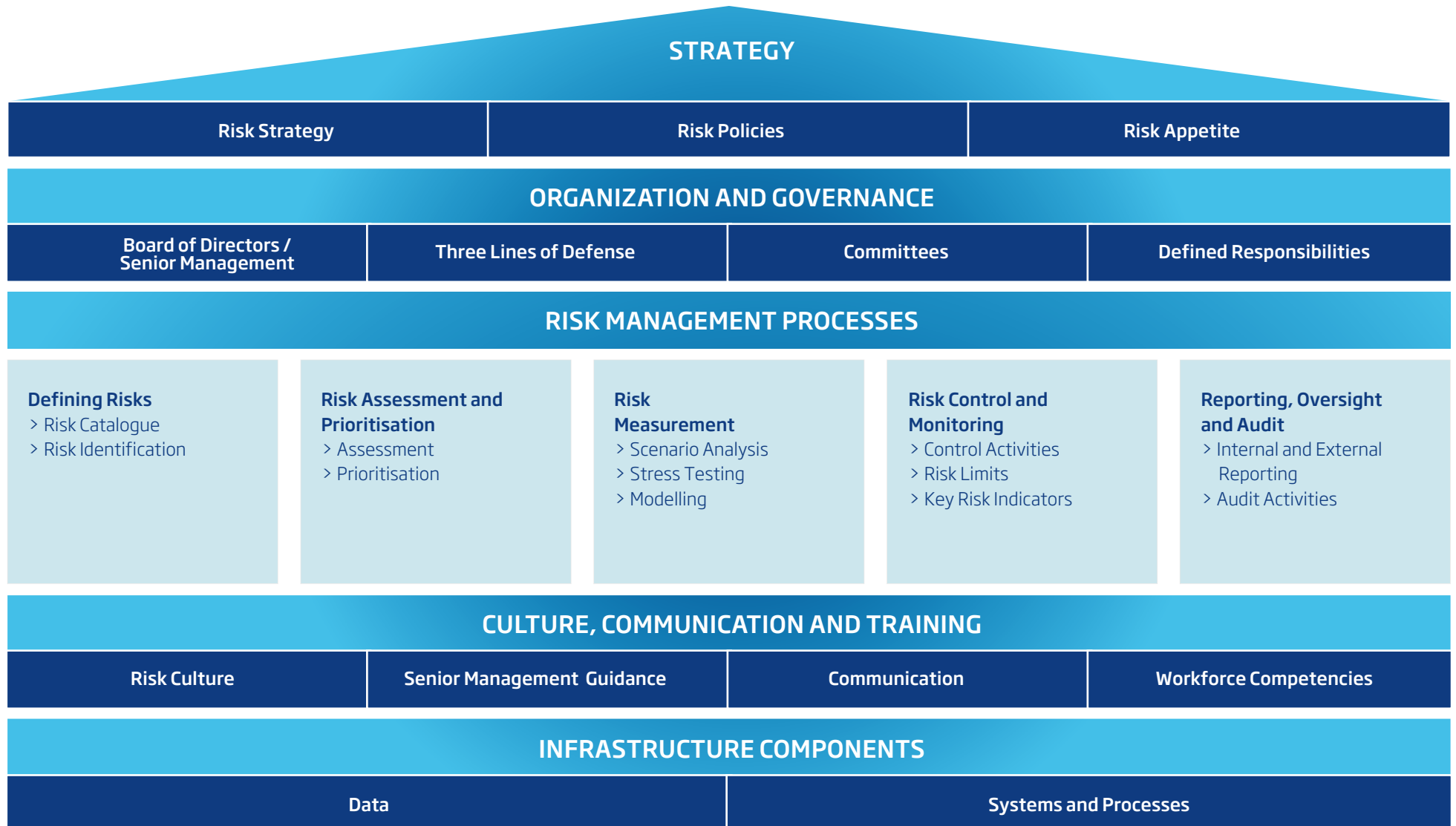
Approved and enacted by the Board of Directors, the Policy sets out the principles and procedures for identifying, defining, assessing and/or measuring, monitoring, controlling, reporting and managing climate change-related risks to which the Bank may be exposed through its activities. The Climate Change Risk Policy is reviewed by the Risk Management Division at least once a year and, where necessary, updated and submitted to the Board of Directors for approval through the Risk Committee and the Audit Committee. Oversight and monitoring of Bank-wide compliance with the Climate Change Risk Policy across the Bank are carried out by the Audit Committee.

To ensure effective risk management at İşbank, all policies are monitored through a holistic approach. In this context, the Bank's Climate Change Risk Policy is aligned with the risk policies used across the Bank within enterprise risk management framework, ensuring that climate change-related risks are assessed under the relevant risk categories and integrated into the existing risk management structure. Accordingly, the risk policies applied across the Bank's corporate risk management processes are listed below:

- › Capital Adequacy Policy
- › Operational Risk Policy
- › Credit Risk Policy
- › Asset-Liability Management Risk Policy
- › Market Risk Policy
- › Counterparty Credit Risk Policy
- › Stress Testing Policy
- › Climate Change Risk Policy
- › Reputational Risk Policy
- › Information Systems Risk Management Policy
- › Model Risk Management Policy
- › Consolidated Risk Policies

Risk Management

Figure 7. İşbank Climate Change Risk Management Framework



Risk Management

İşbank manages its financial and non-financial risks within the framework of the three lines of defense, which aims to establish an effective risk control structure across the Bank. The roles and responsibilities of the three lines of defense are defined as follows:

- The first line is responsible for identifying, assessing, and controlling climate change risks to which the business lines under its responsibility may be exposed, and for ensuring that credit decisions throughout the lending process are made with due consideration of climate change risks.
- The second line comprises the Risk Management Division, the Corporate Compliance Division, and the Internal Control Division, all reporting to the Board of Directors. The Risk Management Division is responsible for assessing and monitoring climate change risks at the institution-wide level, independently of the risk management activities and reporting performed by the first line. It is also responsible for establishing and maintaining risk policies and the Risk Catalogue, setting and updating control objectives related to risks, measuring, monitoring and reporting risks, and continuously enhancing the risk management framework. The Internal Control Division is tasked with testing the effectiveness of controls, while the Corporate Compliance Division is responsible for establishing the principles relating to policies and control objectives for compliance risks.

- The third line, represented by the Board of Inspectors, evaluates the Bank's activities in terms of environmental and social impacts within the scope of Sustainability Management System Audits, reviews related controls, and examines compliance with applicable legislation and related reporting. In line with its roles and responsibilities, the third line provides assurance to the Board of Directors that the Bank's structure operates effectively as defined.

3.1 Risk Management Processes

İşbank's risk management practices contribute to establishing a shared risk culture encompassing the Bank and its subsidiaries. The management of climate-related risks forms an integral part of the Bank's overall risk management activities. While the Board of Directors is the highest authority for the Bank's overall risk governance, including climate-related matters, the Risk Committee which operates under the Board of Directors has been designated as the responsible body in this regard. The responsibilities of governance bodies in relation to risk management are explained in the [Governance](#) section of this report.

It is essential for Group companies to establish risk management systems and processes that are commensurate with the scope, scale and complexity of their activities. The Consolidated Risk Policies are designed to align Group companies with the risk management practices implemented by the Bank. Companies subject to these Policies are expected to adopt and internalize them, implement, at a minimum, the risk management systems and processes specified

therein for consolidated risk management purposes, and comply with the risk limits established at the Group level.

In addition to setting out the fundamental principles of the risk management process, the Policy establishes the minimum requirements with which Group companies are expected to align in relation to the management of climate change risk, credit risk, asset and liability management risk, operational risk, information systems risks, reputational risk and model risk.

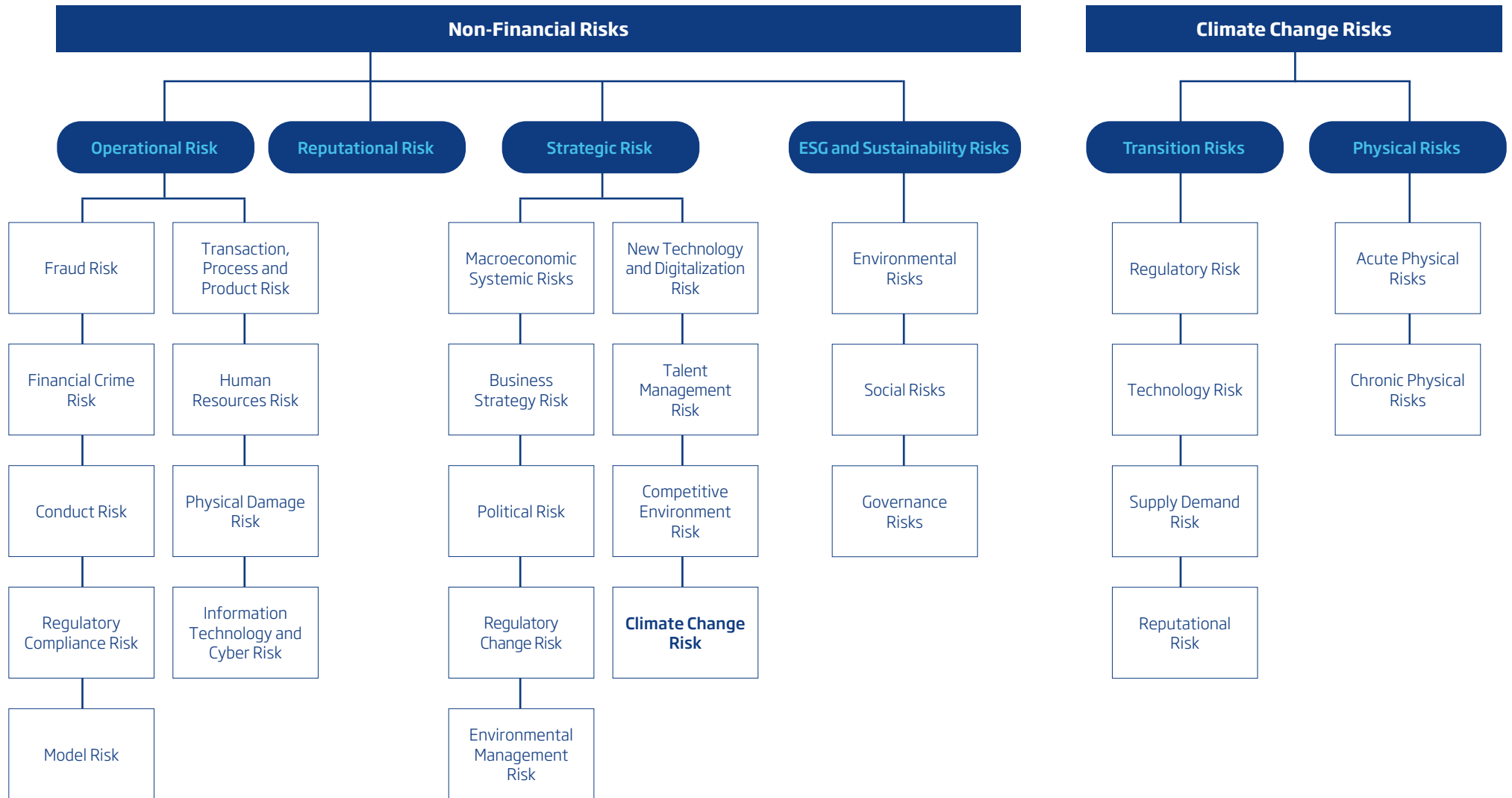
3.1.1 Risk Catalogue

Risks that may be encountered during operations are identified and classified through the Risk Catalogue. In addition to financial risks such as credit risk, market risk and liquidity risk, non-financial risks including operational risk, strategic risk, reputational risk, climate change risk, and ESG and sustainability risks are also defined within the Risk Catalogue and are considered within the scope of risk management activities. Both financial and non-financial risks are reported to the Risk Committee and, via the Audit Committee, to the Board of Directors monthly.

Climate change-related risks are positioned as a strategic risk within the Risk Catalogue and integrated into the Bank's overall risk management system. This approach is based on the understanding that climate change-related transition risks and physical risks have an integrated impact on the Bank's business model, operations, assets and activities. The adjacent diagram illustrates how climate change risk is positioned under non-financial risks.

Risk Management

Figure 8. İşbank Risk Classification



Further details regarding climate change risks are provided in Section ["2.3.Risk Inventory"](#) of this report.

Risk Management

3.2 Assessment and Measurement of Risk Impacts

In identifying the potential impacts of climate change-related risks on the Bank's business model and value chain, TSRS 1, TSRS 2, and the Guidance on the Application of Sector-Based Metrics under TSRS 2 are taken into consideration. Impacts of risks on the business model and value chain are addressed through a holistic approach covering financial, operational, strategic, and reputational dimensions.

When determining whether the impact of a risk is significant, reputational aspects are also qualitatively considered. A significant reputational impact arises when prolonged negative media coverage leads to reputational loss in the eyes of both customers and regulatory authorities, resulting in substantial customer attrition, significant administrative fines, and a material decline in the Bank's share price. The overall impact of a risk event is considered material if at least one of its financial or reputational impacts is classified as material.

To determine and measure the financial impacts of climate-related physical and transition risks, the Bank applies scenario analyses based on various models and assumptions. To estimate the impacts of physical climate risks on operational risk, the Scenario Analysis module of the Bank's internal operational risk capital model is utilized. Transition risk scenarios related to carbon pricing focus on estimating the impacts on the cash flows and probabilities of default of borrowing companies within the Bank's credit portfolio. The financial impacts calculated through these methodologies, together with the underlying

methodology and implementation details, are presented in the [Strategy](#) section of this report.

3.2.1 Climate Change Risk Heat Map

İşbank evaluates the exposure levels of the sectors it finances to climate change-related risks through its Climate Change Risk Heat Map. The Heat Map is used to identify sectors that should be prioritised in risk assessments and to calculate exposure levels within high-risk sectors. The Bank's customer portfolio is analysed by sector and, when necessary, by sub-sector, and both qualitative and quantitative assessments are carried out with respect to transition risks and physical risks. These assessments draw upon reports published by international rating and assessment organizations, sector-specific analyses, and evaluations conducted by relevant internal departments of the Bank. The Heat Map applies a five-level risk scale to determine the extent to which each sector is exposed to climate change-related risks. Based on evaluations according to risk level and risk class, sectors' exposure to climate change-related risks are categorized as "Low", "Medium-Low", "Medium", "Medium-High", and "High".

- The Climate Change Risk Heat Map is prepared considering the Bank's commercial loan portfolio. The total balance of on-balance sheet and off-balance sheet loans at the reporting date is used as an indicator of the size of credit risk.
- Appropriate sector breakdowns are created to best identify and manage the types of risks that may arise from climate change on a sectoral basis. Within this approach, the aim is to establish sector and sub-sector breakdowns at the most detailed level

possible, focusing on sectors that differ significantly in their exposure to climate change-related risks.

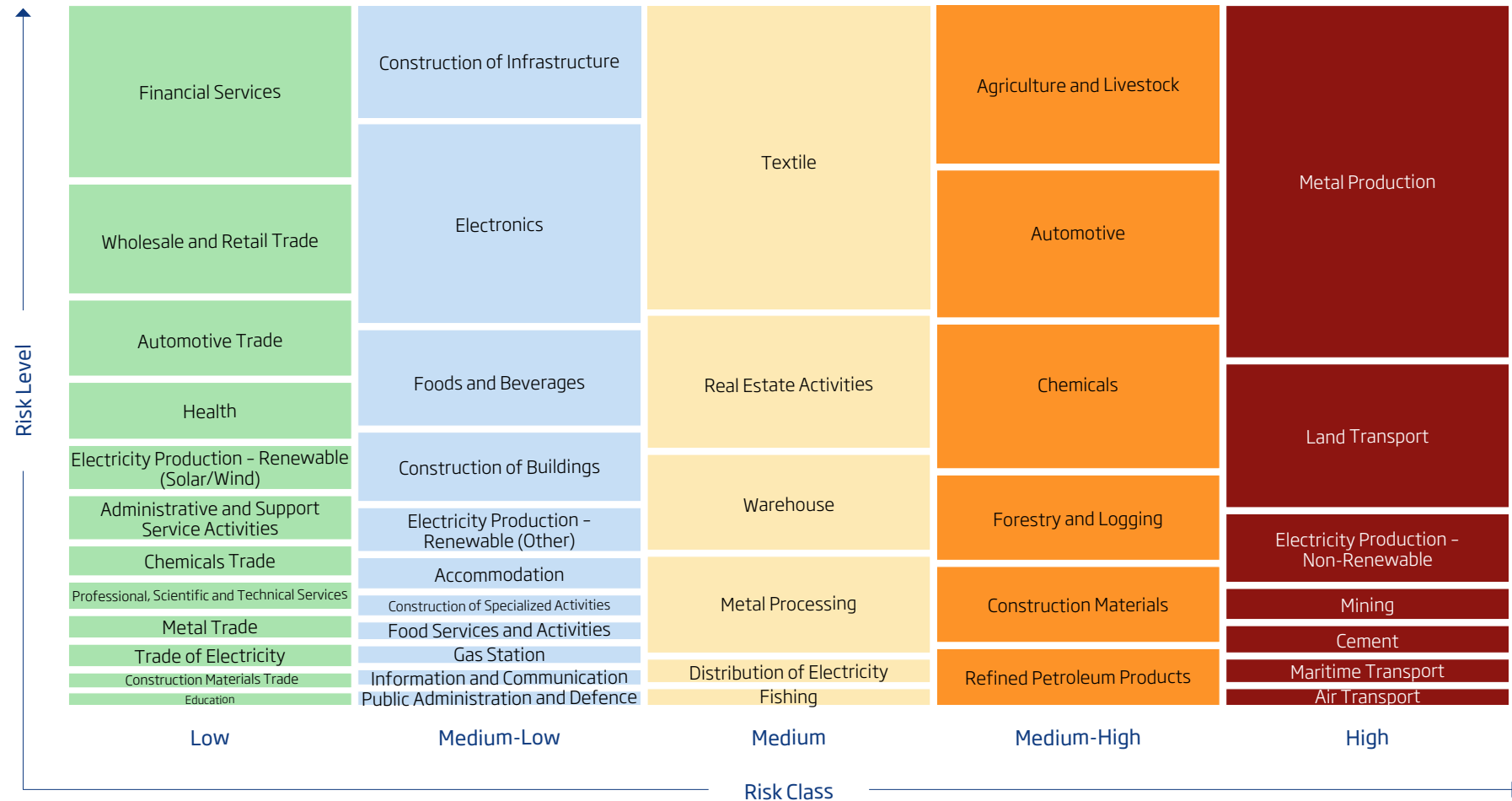
- The share of sectors with determined risk levels in the Bank's loan portfolio is calculated by aggregating the outstanding loan balances to companies operating in those sectors.

As of December 2025, the sectors identified through the heat map as having high exposure to climate change-related risks are as follows:

- Metal Production
- Mining
- Electricity Production – Non-Renewable
- Land Transport
- Air Transport
- Cement
- Maritime Transport

Risk Management

Figure 9. As of December 2025-Climate Change Risk Heat Map of the Bank's Commercial Loan Portfolio by Sector



Risk Management

3.2.2 Environmental and Social Risk Assessment Model

İşbank and TSKB consider not only environmental impacts but also social impacts in their investment and lending activities. İşbank evaluates the investments it finances by first conducting an initial assessment using question sets prepared according to the type of investment, followed by sector specific question sets relevant to the sector in which the investment operates. In this evaluation, the Bank uses the Environmental and Social Risk Assessment Model (ESRA), which determines the environmental and social risk score of the investments.

When determining the environmental and social risk score of investments, İşbank applies a model that is tailored to the type of investment and sector and is aligned with global standards for risk measurement. The Bank evaluates all new projects with an investment value exceeding USD 10 million using the ESRA framework.

Under the ESRA framework, all assessed projects are evaluated against the following criteria:

- Whether a social impact assessment has been conducted for the project, including aspects such as gender equality, prevention of sexual harassment, non-discrimination, prohibition of child labour, and human rights risk assessment.
- Whether there is any ongoing or closed lawsuit filed against the project, or a strong community objection to it.

- Whether the loan to be provided will be used in areas that will reduce the environmental and social impacts of the company.
- Whether there is an occupational health and safety, environmental, and social management system in place at the project site, along with relevant procedures.
- Whether the project will cause physical or economic displacement.

Under the ESRA framework, financed investments—such as new facility development, capacity expansion and/or additional facilities, as well as refinancing or acquisition projects—are first subjected to a preliminary assessment using question sets tailored to their scope, followed by additional sector-specific question sets to deepen the analysis. These question sets cover risk areas defined by regulations, including environmental impact assessment, natural resource use, waste management, air-soil-water quality, noise and dust emissions, occupational health and safety, and community health and safety.

As a result of the assessments conducted, projects are classified into four main categories according to their environmental and social risk levels: high (A), medium-high (B+), medium-low (B-), and low (C). For projects classified as high risk, the preparation of reports containing risk mitigation measures and action plans is required. During the reporting period, 52 projects were subjected to environmental and social risk assessment.

İşbank assigns an independent environmental consultant, not limited to high-risk (A category) projects, whenever deemed necessary. The independent

consultant conducts site visits and desk research to identify the status and potential environmental and social impacts of the project. Following this work, the consultant prepares and submits to the Bank both an Environmental and Social Due Diligence (ESDD) report—which includes the status of all permits/approvals related to environmental obligations, their compliance and consultant remarks—and an Environmental and Social Action Plan (ESAP) outlining measures to mitigate, eliminate, and manage the identified impacts. If deemed necessary, the consultant is also tasked with monitoring the ESAP items at specified intervals throughout the loan term.

At TSKB, the management of environmental, social and climate-related risks and opportunities integrated into credit processes is monitored through the internally developed ERET, IRDA and SDG Mapping Models, with evaluations presented to senior management in the credit committee.

The ERET model analyses the environmental and social risks of projects, providing inputs to the Bank's credit rating system, while the IRDA model evaluates climate risks in financed projects at an early stage to facilitate their integration into credit decision processes. The TSKB Risk Catalogue addresses climate risks alongside other risk types, ensuring ongoing alignment with corporate processes in their management. Additionally, TSKB monitors the alignment of its financing structure with SBTi and NZBA targets by analysing the impact of each loan on these targets. Loans are also assessed within the framework of long-term sustainable finance objectives and the Sustainable Development Goals (SDG) Mapping Model.

Risk Management

When analysing the status of climate risks and opportunities, IRDA scores, Heat Map analyses, and SBTi targets are considered to assess how the portfolio may be affected by these factors in the future, within the set targets. In line with climate risk assessments, sectors with high exposure are closely monitored and sector-specific stress tests are applied. Through these efforts, TSKB aims to manage the environmental and social impacts of its portfolio and enhance climate resilience.

3.2.3 Assessment of Water-Related Risks

At İşbank, water-related risks are addressed holistically within its enterprise risk management framework. In terms of the Bank's own operations, water-related risks are evaluated under the "Physical Damage Risk" category within operational and climate change-related risk classifications. Potential risks such as flooding, damage to assets caused by heavy rainfall, and/or service interruptions are assessed using the "Top-Down Risk Assessment" methodology—an approach employed to identify and prioritise operational risks that may be encountered during business activities.

3.3 Prioritisation of Risks

İşbank identifies the risks arising throughout its value chain and reviewed periodically through prioritisation analyses. These dynamic, top-down analyses consider evolving regulations and standards, corporate strategies, and prominent topics on the global agenda. During the analysis process, performance indicators linked to strategic issues, risks and opportunities related to priorities, and stakeholder expectations are considered.

A joint workshop was held between the Bank and its subsidiaries to identify and prioritize risks, and ensuring that the Bank and its subsidiaries adopted a common approach to risk assessment. Based on the common assessment document used in the workshop, the relevant risks, including climate risks, were scored and their materiality were determined together. As a result of this work, the physical and transition-driven climate risks to which the Bank and its subsidiaries are exposed were consolidated into a single assessment framework. This resulted in the adoption of a consistent, harmonized, and integrated approach to climate risk management. Climate-change-related risks, in addition to being a risk type the Bank may be directly exposed to, may also arise through other risks associated with the Bank's activities. The impact of these risks is transmitted through various conventional risks, particularly credit risk. İşbank evaluates climate-change-related risks as a top-level risk type capable of affecting different risk types such as credit risk, operational risk, liquidity risk, and reputational risk.

In assessing climate change-related risks, the Bank considers their effects on conventional risk types through specific transmission channels.

Potential risks for each subcomponent are illustrated with examples, and possible interactions with other risk types are presented in the Examples of Indirect Impacts of Climate Risk on Other Risks table.

Risk Management

Table 17. Examples of the Indirect Impacts of Climate Risk on Other Risks

Sub-Risk Type	Affected Risk Type	Example
Regulatory Risk	Credit Risk	The introduction of new emission standards is expected to exert downward pressure on the cash flows of coal producers, which may, in turn, elevate their default risk.
Technology Risk	Credit Risk	Emerging technology requirements in production processes driven by climate change may adversely impact certain customers in the Bank's portfolio, leading to a deterioration in their financial performance
Supply-Demand Risk	Credit Risk	Rising demand for electric vehicles is expected to place pressure on the cash flows of conventional vehicle manufacturers, thereby elevating their default risk
Reputation Risk	Liquidity Risk – Funding Risk	The Bank's access to different funding channels is restricted due to the inability to meet climate-related investor expectations and a decline in its ESG rating.
Acute Physical Risks	Operational Risk – Natural Disasters	Flood events driven by climate change may cause physical damage to the Bank's service buildings
Chronic Physical Risks	Credit Risk	Permanent temperature increases may weaken the financial performance of agricultural sector borrowers and reduce their debt repayment capacity.

Climate change-related transition and physical risks are prioritised internally based on the strategic significance of each risk type. In this context, transition risks are considered high priority for the Bank due to Türkiye's 2053 net-zero target and the associated regulatory developments, such as carbon taxes, CBAM and green finance regulations.

In its risk assessment process, the Bank particularly considers factors such as the carbon intensity of financed sectors and their level of preparedness for the transition. Physical risks are prioritised according to their potential for direct impacts on branch operations, infrastructure investments, IT systems, and customer activities, as well as the magnitude of such impacts.

When prioritising physical and transition risks, criteria such as the likelihood of occurrence, potential financial impact, effect on the customer portfolio, geographical distribution and impact on corporate strategy are considered. A structured approach has been adopted under the Climate Risk Management Framework to ensure the systematic evaluation of risks. Further details are provided in the "Credit Portfolio Scenario Analyses" under Strategy section of this report

İşbank bases its prioritisation of climate change-related risks on its sustainable finance approach. During the reporting period, the Bank initiated improvements aimed at integrating the calculation of the Green Asset Ratio (GAR)–aligned with Türkiye's 2053 net-zero

target and designed to assess the banking sector's exposure to climate-related risks and the alignment of economic activities with green criteria–into its sustainability strategy. Developed in line with the EU Taxonomy, this framework enables analysis of the share of sustainable activities within the credit portfolio and classification of climate-related risks by sector and activity. These enhancements are consolidated under the Sustainability Analysis System (SÜRAS).

Risk Management

3.4 Monitoring of Risks

İşbank monitors climate change-related risks through the Risk and Opportunity Inventory, which is developed from a value chain perspective and consolidates the risks and opportunities of the Bank's subsidiaries. Within this inventory, a total of 11 climate change-related risks—comprising 6 physical risks and 5 transition risks—as well as 9 climate-related opportunities have been examined.

3.4.1 Risk Appetite Framework

In line with the decision of the Bank's Board of Directors dated 30 September 2021, the indicator "The Share of Sectors with High Climate Change Risk within the Total Commercial Portfolio" has been incorporated into the Bank-only risk appetite framework. This aims to prevent an increase in the concentration of sectors highly exposed to climate change risks in the portfolio and to guide the shaping of the portfolio composition in future periods. This indicator—reported to the Risk Committee and the Board of Directors at least quarterly—reveals the portfolio's risk level together with the Bank's

defined risk appetite and tolerance levels. It also supports aligning the portfolio composition with the Bank's decarbonization strategy. Any breaches of these limits, as well as the Bank's overall climate change-related risk profile, are regularly monitored by the Risk Management Division and the Risk Committee and escalated to the Board of Directors when necessary. In 2025, no limit breaches were recorded.

As of 31.12.2025, the share of sectors with high climate change risk in the total commercial loan portfolio was calculated at 13.4%. Since the inception date of the indicator, no breaches have occurred in the risk appetite or risk tolerance limit.

The results of the Climate Change Risk Heat Map and the indicator derived from this analysis—reflecting the share of high climate change risk sectors in the total commercial portfolio—are updated monthly by the Risk Management Division for monitoring purposes. In addition, these are reported on a quarterly basis to the Risk Committee and, via the Audit Committee, to the Board of Directors.

Climate change risk appetite and tolerance levels are periodically reviewed to reflect İşbank's long-term strategy for decarbonising its loan portfolio. Any changes, when deemed necessary, are approved by the Board of Directors before implementation.

Furthermore, since 2020, İşbank has disclosed information on its Climate Change Risk Management Framework, objectives, and measurement approaches in its Internal Capital Adequacy Assessment Process (ICAAP) reports.

Indicator	Data Date	Calculation Frequency	Risk Profile
The Share of High Climate Change Risk within the Total Commercial Portfolio*	31.12.2025	Quarterly	13.4%
The Share of High Climate Change Risk within the Total Commercial Portfolio*	31.12.2024	Quarterly	12.7%

* Calculated based on the total of on-balance sheet and off-balance sheet loan balances

Risk Management

3.5 Opportunity Management Processes

Strategic decisions related to climate change are approached through an integrated assessment of both risks and opportunities. The processes used for risk management are also applied—consistently and coherently—to identify, evaluate, prioritise, and monitor climate-related opportunities. In this context, sustainability and climate-related opportunities are assessed across the entire value chain.

İşbank shapes its sustainability strategy towards building an inclusive and resilient economy, identifying, evaluating, prioritising, and tracking a wide range of opportunities in line with this approach. With its strong financial structure and proactive business strategy, the Bank can capitalise on emerging opportunities quickly, leveraging strong synergies with its subsidiaries to access new business areas. Products developed specifically for disadvantaged groups not only enhance social inclusion but also support customer penetration.

Supporting customers in their green transition and accelerating their decarbonization processes is identified as one of the Bank's key levers. Analyses in this area are carried out in alignment with the PCAF methodology to prioritise the financing of sustainability-themed projects, while close collaboration with customers ensures a deeper understanding of their current and future decarbonization efforts. Through products and services that contribute to combating climate change and support the transition to a net-zero economy, the Bank finances projects with high environmental and social impact potential. Prioritisation is based on criteria such as financial return potential, environmental and social impact level, and investor demand, with products containing use-of-proceeds conditions in areas like renewable energy and resource efficiency taking precedence. This strategy facilitates the capture of growth opportunities in sectors such as renewable energy investments.

Looking ahead, İşbank aims to continue issuing sustainable bonds, considering future funding needs and market conditions. In line with this objective, the Bank prioritises establishing new partnerships to expand access to sustainable finance. Monitoring of these opportunities is carried out under the Sustainable Finance Framework, established in 2021, with annual allocation and impact reports tracking performance.

The impact of climate change on water resources and increasing water stress bring business continuity risk for many sectors. This situation increases demand for water-related products and services. While the financing needs of enterprises operating in areas such as water efficiency, grey water reuse, wastewater treatment, and sustainable agriculture increase, the Bank develops opportunities to meet this need. By providing financing to customers operating in these areas, İşbank both creates environmental benefit and assesses long-term opportunities arising from sustainable products and services.



Metrics and Targets

Metrics and Targets

İşbank structures its sustainability and climate approach around concrete targets and measurable performance indicators and regularly monitors the metrics it has established by linking them to its strategic priorities, risk management practices, and financial activities.

4.1 Climate-Related Metrics

To facilitate access to the sections of the report containing the disclosures required under TSRS within the Metrics and Targets section, the “Cross-sector Metric Mapping” table is presented.

Table 18. Cross-sector Metric Mapping

Metrics	Relevant Report Pages
Greenhouse Gas Emissions	Pages 74,75,76
Climate-related Transition Risks	Pages 29, 37
Climate-related Physical Risks	Pages 31, 33, 35
Climate-related Opportunities	Page 39
Capital Allocation	Page 60
Internal Carbon Pricing	Page 77
Remuneration	Page 20

4.1.1 Greenhouse Gas Emissions

İşbank has adopted the financial control approach in determining its organisational boundaries. Accordingly, the scope includes all service points based on its operations, as well as the subsidiaries listed in the [“Annexes”](#) section of the report.

The Group’s Scope 1 and Scope 2 greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Within this framework, Scope 1 and Scope 2 greenhouse gas emissions are classified as follows:

Direct Greenhouse Gas Emissions (Scope 1)

- Emissions from all owned/leased vehicles
- Emissions from fuels used for heating in owned/leased buildings
- Refrigerant gases (air conditioning gases)
- CO₂ fire extinguishers and systems

Energy-Indirect Emissions (Scope 2)

- Electricity consumption

Greenhouse Gas Calculation Methodology

The calculations were based on IPCC emission factors, which are the most widely used and reliable source in this field. For the 2025 greenhouse gas inventory, values published in the IPCC 6th Assessment Report (2021). In line with the intended use of the greenhouse gas inventory, country-specific net calorific values and fuel density data were also applied in the calculations.

Within the boundaries defined for İşbank, IPCC Tier 1 methodology was used for general calculations, while Tier 2 methodology was applied for activity data containing national information. For electricity emissions, the emission factor published by the Ministry of Energy and Natural Resources of the Republic of Türkiye is used, and Scope 2 energy-indirect greenhouse gas emissions are calculated using the Tier 2 methodology.

The reporting scope covers not only İşbank’s electricity consumption but also that of its subsidiaries. Accordingly, the Group’s total electricity consumption in 2025 amounted to 24,762,520,753 kWh (2024: 25.5 million kWh). Greenhouse gas emissions arising from electricity consumption were calculated separately under both the location-based and market-based approaches.

Metrics and Targets

Under the market-based approach, the Bank and certain subsidiaries utilized I-REC (International Renewable Energy Certificate) certificates, thereby certifying that all or part of the electricity consumed was sourced from renewable energy. Through the use of I-REC certificates, a reduction of 628,000 tCO₂e was achieved in Scope 2 emissions. Information relating to I-REC usage was assessed based on declarations and emissions data provided by the relevant entities. Accordingly, the market-based Scope 2 emissions of İşbank and its I-REC-certified subsidiaries* are calculated as zero.

For certain other subsidiaries, no I-REC-certified electricity consumption is available. Accordingly, electricity consumption within this scope has been evaluated in market-based calculations by considering local grid emission factors.

Further details regarding the greenhouse gas calculation methodology are provided in the [“Annexes”](#) section of the report.

Calculation Assumptions

As Scope 1 and Scope 2 greenhouse gas emissions data for İş Sanat were unavailable during the reporting period, İş Sanat’s Scope 1 and Scope 2 greenhouse gas emissions and energy consumption were estimated based on the rate of change in İşbank’s greenhouse gas emissions and energy consumption between 2024 and 2025.

For the 2025 reporting period, the İşbank Group calculated its gross absolute Scope 1 and Scope 2 greenhouse gas emissions in metric tons of CO₂ equivalent. The Group determined its organisational boundaries based on the financial control approach and decided to include all operational units of the Bank, together with the subsidiaries listed in the [“Annexes”](#) section of the report, within the reporting scope.

* Anadolu Anonim Türk Sigorta Şirketi, Anadolu Hayat Emeklilik A.Ş., İşbank AG, İş Gayrimenkul Yatırım Ortaklığı A.Ş., İş Finansal Kiralama A.Ş., Milli Reasürans A.Ş., Türkiye Sınai Kalkınma Bankası A.Ş., İş Yatırım Menkul Değerler A.Ş., İş Faktoring A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., İş Portföy Yönetimi A.Ş., İş Yatırım Ortaklığı A.Ş., Maxis Investment Ltd., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş., Yatırım Finansman Menkul Değerler A.Ş., JSC İşbank, Efes Varlık Yönetim A.Ş., Maxis Girişim Sermayesi Portföy Yönetimi A.Ş., Yatırım Varlık Kiralama A.Ş., Türkiye Şişe ve Cam Fabrikaları A.Ş., Kültür Yayınları İş Türk A.Ş., İş Merkezleri Yönetim ve İşletim A.Ş., İş Net Elektronik Bilgi Üretim ve Dağıtım Hizmetleri A.Ş.

Metrics and Targets

Table 19. Greenhouse Gas Emissions of İşbank and Consolidated Subsidiaries

Metric	İşbank		Consolidated Subsidiaries*		Total		% Change
	2024	2025	2024	2025	2024	2025	
Scope 1 (Gross) (tCO ₂ e)	20,040	18,522	7,200,875	6,945,014	7,220,915	6,963,536	-4%
Scope 2 Location-Based (Gross) (tCO ₂ e)	51,020	41,596	1,077,398	996,313	1,128,418	1,037,909	-8%
Scope 2 Market-Based (Gross) (tCO ₂ e)	-	-	989,309	409,910	989,309	409,910	-59%**
Total Emissions (Gross) (tCO ₂ e)	20,040	18,522	8,190,184	7,354,924	8,210,223	7,373,445	-10%

*99.82% of the total emissions from subsidiaries are attributable to Şişecam.

**The decrease in market-based emissions is primarily attributable to the higher volume of renewable energy certificates procured by Şişecam compared to the previous year.

As part of this reporting, Scope 1 and Scope 2 emissions of associates that are not consolidated by İşbank through financial control but are considered under Category 15 “Investments” of Scope 3 emissions, have also been included. These emissions, as declared by the relevant associates, are reported collectively within İşbank’s Scope 3 (Category 15) emissions under investment activities. In this context:

- Scope 1 emissions: 92.26 tCO₂e
- Scope 2 emissions (location-based): 553.67 tCO₂e
- Scope 2 emissions (market-based): 466.27 tCO₂e

Metrics and Targets

Resilience and Adaptation of Assets and Activities to Climate Change

Assets and activities within the loan and investment portfolio are assessed in relation to climate-related metrics, taking into account their exposure to transition and physical risks. This assessment is based on the sectoral distribution of the portfolio, and the resulting findings are integrated into risk management and strategic decision-making processes.

- Percentage of assets or business activities vulnerable to climate-related transition risks: 7.6%
- Percentage of assets or business activities vulnerable to climate-related physical risks: 16.6%
- Percentage of assets or business activities aligned with climate-related opportunities: 10%

Compared to the previous year, physical climate risks were reassessed under a comprehensive and structured methodology, and only customers classified within the high- and very high-risk segments were included in the calculation of vulnerable assets. For transition risk-related vulnerable asset calculations, customers falling within the scope of the Carbon Border Adjustment Mechanism (CBAM) and the Emissions Trading System (ETS) were considered. Under the CBAM assessment, companies with an export ratio to the European Union of 95% or higher were included, while the ETS assessment was conducted based on the relevant NACE codes. Within this framework, the total amount of vulnerable assets arising from physical and transition risks was calculated on a consolidated basis and divided by the Bank's total commercial and retail loan portfolio to determine the vulnerable asset ratio.

Compared to the previous year, physical climate risks were reassessed under a comprehensive and structured methodology, and only customers classified within the high- and very high-risk segments were included in the calculation of vulnerable assets. For transition risk-related vulnerable asset calculations, customers falling within the scope of the Carbon Border Adjustment Mechanism (CBAM) and the Emissions Trading System (ETS) were considered. Under the CBAM assessment, companies with an export ratio to the European Union of 95% or higher were included, while the ETS assessment was conducted based on the relevant NACE codes. Within this framework, the total amount of vulnerable assets arising from physical and transition risks was calculated on a consolidated basis and divided by the Bank's total commercial and retail loan portfolio to determine the vulnerable asset ratio.

Internal Carbon Pricing

With the European Union Carbon Border Adjustment Mechanism (EU CBAM) introducing financial obligations as of 1 January 2026, the financial impacts of carbon costs have become more pronounced. Accordingly, internal carbon pricing has been integrated into the Bank's analysis and decision-making processes and is used particularly in assessments of customers operating in carbon-intensive sectors.

Internal carbon pricing is a risk management tool that enables the Bank to more effectively assess the financial implications of carbon-intensive investments by assigning a monetary value to emissions arising from customers' activities within project finance processes. Under this approach, the price determined for each ton of carbon dioxide (CO₂) emissions is reflected as a cost component in customers' credit evaluation and financial analysis processes.

Although it does not create an actual payment obligation, internal carbon pricing is becoming increasingly important as a supplementary tool that enables the Bank to systematically assess climate-related risks within its decision-making processes.

Under the Shadow Pricing Model, the internal carbon price is determined by taking into account market conditions and assumptions derived from the NGFS Net Zero scenario.

Metrics and Targets

4.2 Industry-Based Metrics

The metrics presented below are aligned with climate-related risks and opportunities that are financially material and are based on the indicators included in TSRS's Industry-based Guidance volumes: "Volume 16 - Commercial Banks," "Volume 17 - Insurance," and "Volume 47 - Chemicals."

Table 20. Annex Volume 16 - Commercial Banks Metrics

Metric Type	Topic	Metric	Category	Unit of Measure	Code	2025
Sustainability Disclosure Topics and Metrics	Integration of Environmental, Social and Governance Factors into Credit Analysis	Description of the approach to incorporating environmental, social and governance (ESG) factors into credit analysis	Discussion and Analysis	N/A	FN-CB-410a.2	Assessment of Risk Impacts - Environmental and Social Risk Assessment Model (p. 70)

Metrics and Targets

Table 21. Annex Volume 17 – Insurance Metrics

Topic	Code	Metric	Category	Unit of Measure	2025
Integration of Environmental, Social and Governance Factors into Investment Management	FN-IN-410a.2	Description of the approach to incorporating environmental, social and governance (ESG) factors into investment management processes and strategies	Discussion and Analysis	N/A	Disclosed under the heading “Climate-Related Resource Use and Investment Areas” in the “Strategy” section of Milli Reasürans’ TSRS-Compliant Sustainability Report.
	FN-IN-410b.1	Net written premiums related to energy efficiency and low-carbon technologies	Quantitative	Presentation Currency	Disclosed under the heading “Strategy and Decision-Making” in the “Strategy” section and under the heading “Climate-Related Targets” in the “Metrics and Targets” section of Milli Reasürans’ TSRS-Compliant Sustainability Report.
Policies Designed to Encourage Responsible Behavior	FN-IN-410b.2	Discussion of products or product features that encourage health, safety or environmentally responsible actions and behaviors	Discussion and Analysis	N/A	Disclosed under the heading “Strategy and Decision-Making” in the “Strategy” section and under the heading “Climate-Related Targets” in the “Metrics and Targets” section of Milli Reasürans’ TSRS-Compliant Sustainability Report.

Metrics and Targets

Table 21. Annex Volume 17 – Insurance Metrics

Topic	Code	Metric	Category	Unit of Measure	2025
Exposure to Physical Risk	FN-IN-450a.1	Probable Maximum Loss (PML) associated with weather-related natural catastrophes for insured products	Quantitative	Presentation Currency	Disclosed under the heading “Example of Physical Risks Arising from Extreme Weather Events: Flood/Inundation Loss Cost Estimation” in the “Strategy” section of Milli Reasürans’ TSRS-Compliant Sustainability Report.
	FN-IN-450a.2	Total monetary losses attributable to insurance claims arising from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by event type and geographic region (net and gross of reinsurance)	Quantitative	Presentation Currency	Disclosed under the heading “Risk and Opportunity Inventory” in the “Strategy” section of Milli Reasürans’ TSRS-Compliant Sustainability Report.
	FN-IN-450a.3	Description of the approach to incorporating environmental risks into (1) the underwriting process for individual contracts and (2) the management of enterprise-level risks and capital adequacy	Discussion and Analysis	N/A	Disclosed under the heading “Strategy and Decision-Making” in the “Strategy” section of Milli Reasürans’ TSRS-Compliant Sustainability Report.

Metrics and Targets

Table 21. Annex Volume 17 - Insurance Metrics

Topic	Code	Metric	Category	Unit of Measure	2025
Operational Metrics	FN-IN-000.A	Number of policies in force by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	Quantitative	Number	Millî Reasürans: Developed Markets: The Developed Markets portfolio consists of 4 treaty acceptances in 2025.
					Domestic Treaties: 298 95 Fire treaties 63 Engineering treaties 31 Motor treaties 67 Marine treaties 42 General Accident treaties
					International Treaty Business: Total of 31 treaties: As of 2025, the International Treaty Department portfolio includes 31 treaties relating to Property (Fire & Engineering) insurance, comprising: 18 Property (Fire & Engineering) treaties, 1 Accident treaty, 2 Energy treaties, 8 Cargo treaties, and 2 Aviation treaties.
					Singapore Branch Treaty Business: Total of 31 treaties: 20 Property (Fire) treaties 2 Engineering treaties 1 Motor treaty 2 Accident treaties 2 Marine treaties 2 Agriculture treaties 2 Reinsurance (Retrocession/Outward) treaties
					Facultative Acceptances: As of 31 December 2025, the Facultative Acceptances Group Directorate had a total of 1,106 reinsurance agreements. (1) Non-life: As of 31 December 2025, there were 1,096 reinsurance agreements relating to Property and Casualty insurance. (2) Life: As of 31 December 2025, there were 10 reinsurance agreements relating to the Life business line.
					Anadolu Sigorta: Total Number of Policies: 5,823,512 (including health insurance)

Metrics and Targets

Table 22. Annex Volume-47 – Chemicals Metrics*

Metric	Şişecam Consolidated 2024	Şişecam Consolidated 2025	Architectural Glass 2025	Industrial Glass 2025	Glass Packaging 2025	Glassware 2025	Chemicals 2025	Energy 2025	Other 2025
Total Energy Consumption (GJ)	90,787,121	88,225,735	23,333,815	1,717,041	19,168,557	5,717,366	31,796,313	5,763,446	729,197
Natural Gas	65,540,005	64,737,536	21,523,672	657,066	16,005,513	4,781,000	15,675,697	5,761,606	332,982
Coal	13,469,527	12,365,886	0	0	0	0	0	0	0
LPG	357,541	55,720	456	697	10,782	43,784	0	0	0
Diesel	175,597	92,829	1,672	2,027	213	2,782	33,904	0	52,231
Biofuel	0	319,387	0	0	0	0	319,387	0	0
Other	39,100	28,772	0	0	0	28,727	45	0	0
By Electricity Sources (GJ)	11,205,351	10,625,605	1,808,016	1,057,251	3,152,049	861,073	3,401,394	1,839	343,984
Grid	9,400,158	8,770,084	1,644,520	1,057,251	3,085,539	861,073	1,776,471	1,579	343,651
Renewable Sources	18,610	50,118	27,095	0	22,690	0	0	0	333
Recovered Energy	1,786,584	1,805,404	136,400	0	43,821	0	1,624,923	260	0
Renewable Energy Certificates (GJ)	663,956	4,926,133	1,093,106	628,590	1,799,327	508,095	650,389	0	246,626
Specific Energy Consumption (GJ/Gross ton)	Reported by business segment.	Reported by business segment.	7.24	-	6.51	16.96	7.38	-	0.14

* The 2024 disaggregated data can be accessed from the Şişecam 2024 TSRS Report.

Metrics and Targets

4.3 Climate-Related Targets

İşbank considers the sustainable use of natural resources and the minimization of environmental impacts to be among the fundamental responsibilities of individuals and institutions. Guided by this understanding, the Bank aims to conduct its operations in a manner that reduces its negative impacts on the environment and is firmly committed to fulfilling its responsibilities regarding climate action. The strategic targets and commitments set in this context are supported by concrete actions within the Bank.

4.3.1 Emission Reduction Targets

İşbank Emission Reduction Targets

As part of its efforts to combat climate change, İşbank has developed a strategy addressing climate change risks and has incorporated these risks into its corporate Risk Catalogue. The Bank has set targets to reduce the total of its gross Scope 1 and Scope 2 emissions—calculated in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard—by 38% by 2025 and by 65% by 2030 relative to the 2018 base year, and to operate on a carbon-neutral basis by 2035. In addition, as of 2023 the Bank had reduced the total of its Scope 1 and Scope 2 emissions by 79% relative to the base year, and in parallel revised its carbon-neutral

operations target forward to 2026. Furthermore, the reduction achieved by year-end 2025 reached 79% relative to the 2018 base year (the 2024 reduction relative to the 2018 base year was 77%).

İşbank carries out work focused on energy and resource efficiency, particularly with the aim of reducing Scope 1 emissions. Analyses have shown that approximately half of these emissions originate from energy consumption in service buildings. Accordingly, taking into account branches where, for climatic reasons, the retention of existing systems is necessary, efficiency-focused transformation plans have been prioritized. Heat pump use and the installation of high-efficiency HVAC systems are among the most widely implemented improvement measures rolled out at branches.

While roughly one quarter of branches are suitable for electrification, another quarter already use no fossil fuels. This situation necessitates a phased transformation approach for reducing building-sourced emissions—one that takes technical and climatic constraints into account. Under the transformation efforts launched in 2024 at branches suitable for electrification, transformation was completed at a total of 57 branches by the end of 2025. By year-end 2026, it is envisaged that fossil fuels will not be used for heating needs in approximately 35% of branches.

On the other hand, approximately half of Scope 1 emissions are observed to originate from the fuel consumption of company vehicles. The vast majority of İşbank's vehicle fleet consists of passenger cars, and priority is given to the transition to electric vehicles in this segment. Although the bulk of the passenger-car fleet currently consists of hybrid vehicles, the process of transitioning fully to electric vehicles is advancing gradually. This transformation is planned in line with the renewal schedule of vehicle contracts. In this context, contract renewal periods offer an important opportunity to move the fleet toward a low-carbon structure. The wider adoption of electric vehicles also brings with it the need to install electric-vehicle charging stations. In this regard, the number of charging stations installed within the Bank is targeted to be quadrupled, and these investments are considered an important step toward the 2026 carbon-neutral target.

Having begun procuring renewable energy in 2021, İşbank started sourcing all of its electricity consumption from renewable sources as of 2022 and fulfilled this commitment within the framework of Scope 2 emissions. As a result of this work, emissions arising from İşbank's own operations were reduced to 18,522 tonnes of CO₂e as of 2025.

Metrics and Targets

Table 23. Sectoral Decarbonization Targets

Sector	Metric	Reference Scenario	Emission Scope	Base Year	2024	Base Year-2024 Change	2030 Reduction Target
Energy	kgCO ₂ e/MWh	International Energy Agency (IEA - NZE 2050)	1+2	2021: 617	525	-15%	-61%
Cement	kgCO ₂ e/t cement	Science Based Targets - 1.5° (SBTi)	1+2	2021: 1,175	747	-36%	-21%
Iron & Steel	kgCO ₂ e/t steel	Science Based Targets - 1.5° (SBTi)	1+2	2021: 801	638	-20%	-10%
Aluminium	kgCO ₂ e/t Al	Transition Pathway Initiative (TPI)	1+2	2023: 740	713	-4%	-7%
Real Estate	kgCO ₂ e/m ²	International Energy Agency (IEA - NZE 2050)	1+2+3	2023: 49	47	-4%	-36%
Oil & Gas	kgCO ₂ e/MJ	Transition Pathway Initiative (TPI)	1+2+3	2023: 58	59	+1%	-15%
Agriculture: Wheat	kgCO ₂ e/tonne wheat	Science Based Targets - 1.5° (SBTi)	1+2	2023: 607	598	-1%	-14%
Agriculture: Maize	kgCO ₂ e/tonne maize	Science Based Targets - 1.5° (SBTi)	1+2	2023: 580	541	-7%	-15%
Agriculture: Rice	kgCO ₂ e/tonne rice	Science Based Targets - 1.5° (SBTi)	1+2	2023: 976	993	+2%	-16%
Road Freight Transport	gCO ₂ e/tkm	Network for Greening the Financial System (NGFS)	1+2	2023: 159	152	-4%	-20%
Coal	Phase-out by 2040						

Metrics and Targets

Table 24. İşbank Emission Reduction Targets

Climate	Target Type	Metric	Metric Unit	Target Objective	Absolute / Intensity Target	Base Year (2018)	2024	2025	Target Year (2026)	Progress Toward Target
Climate	Quantitative	Scope 1 and Scope 2 emissions	tCO ₂ e	Reduction	Absolute Target	87,488	20,040	18,522	Carbon-neutral	79%

Şişecam Emission Reduction Targets

The year 2024 has been set as the base year for emission targets. For this reason, information on progress toward the target is planned to be shared in future reporting periods.

The Şişecam Group's greenhouse gas emission target has been determined on the basis of a "net emission" approach. In line with its decarbonization strategy, in addition to direct emission-reduction practices, complementary instruments such as carbon offset mechanisms and renewable energy certificates can also be integrated into the strategy. This approach aims to mitigate the impact of local and sectoral constraints in the regions where the Group operates.

Accordingly, the Şişecam Group uses renewable energy certificates such as I-REC and Guarantee of Origin (GO) in the reduction of its Scope 2 emissions. Apart from certificates, it currently has no practice of using carbon credits in voluntary carbon markets.

Target-Setting and Review Process

At the Şişecam Group, sustainability targets are treated as a component of corporate strategy. The Group's sustainability and climate strategies are reviewed and updated in line with global mega-trends, regulatory developments, sectoral expectations and stakeholder feedback. Within the framework of strategy management led by the Sustainability Directorate, the monitoring and development of climate targets is carried out in a manner integrated into the Group's strategic decision-making mechanisms.

As part of its efforts to combat climate change, the Şişecam Group sets its greenhouse gas emission reduction targets so that they overlap with the greenhouse gas emission data disclosed in its corporate reports, and so that they encompass Scope 1, Scope 2 and Scope 3 emissions. This data is verified and assured by independent third parties. The progress process is carried out under the oversight of senior management;

performance indicators such as energy consumption, cullet (glass scrap) usage and renewable energy share are reported annually to senior management. Through this reporting, progress toward targets is monitored regularly and strategic actions are taken where necessary.

The process of setting and reviewing targets is evaluated and updated periodically in line with the Şişecam Group's corporate strategy, international regulations and sectoral decarbonization roadmaps.

Metrics and Targets

Table 25. Şişecam Emission Reduction Targets

Target	Type of Target	Highest Governing Body Monitoring the Target	Metric	Unit of Metric	Objective of the Target	Base Year	Base Year Data	Target Year	2025 Performance	Progress Compared to Previous Year	Target Completion Status
Carbon Neutral	Quantitative	Board of Directors Sustainability Committee	Scope 1 Emissions (tCO ₂ e), Scope 2 Emissions (tCO ₂ e) (Market-Based), Scope 3 Emissions (tCO ₂ e)	tCO ₂ e	Reduction	2024	Scope 1: 7,190,470 tCO ₂ e Scope 2 (Market-Based): 982,172 tCO ₂ e Scope 3: 4,953,612 tCO ₂ e	2050	Scope 1: 6,935,988 tCO ₂ e Scope 2 (Market-Based): 405,479 tCO ₂ e Scope 3: 5,073,368 tCO ₂ e	Scope 1: 3.5% reduction Scope 2: 58.7% reduction Scope 3: 2.4% increase	Ongoing
Developing 53 MWp Installed Renewable Energy Capacity	Quantitative	Board of Directors Sustainability Committee	Installed Renewable Energy Capacity	MWp	Compliance	2020	6 MWp	2030	17.9 MWp	79% increase	Ongoing
Reducing Fresh Water Consumption by 15% (m ³ /gross ton)	Quantitative	Board of Directors Sustainability Committee	Clean Water Consumption Intensity	%	Compliance	2020	4.7 m ³ /t	2030	3.1 m ³ /t	8% reduction	Target achieved (a 35% reduction has been achieved relative to the base year)
Using 35% External Cullet in Glass Packaging	Quantitative	Board of Directors Sustainability Committee	External Cullet Ratio in Glass Packaging	%	Compliance	-	-	2030	8%	2.4% decline	Ongoing

Performance Toward Climate Targets

Scope 1 emissions decreased by 3.5% compared with the previous year. In addition, when the effect of the Şişecam Group's green electricity supply certificates is included, a reduction of 58.7% was achieved in market-based Scope 2 emissions.

Metrics and Targets

Decarbonization Targets

Conducting its gross emission measurement and calculation work for its credit portfolio in line with international standards, İşbank has set 2030 emission reduction targets for all carbon-intensive sectors defined by the United Nations Environment Programme Finance Initiative (UNEP FI), through customer-based analyses and sectoral assessments in carbon-intensive sectors. In setting these targets, reference roadmaps published by pioneering organizations in the field such as the IEA, SBTi and TPI were taken as the basis.

In this context, the Bank publicly disclosed its 2030 emission reduction targets for the energy generation, cement and iron-and-steel sectors in 2023; and in 2024 it completed target-setting work for the aluminium, real estate, road freight transport, oil-and-gas and agriculture sectors.

With a sector-leading decision taken in 2020, the Bank announced that it would not allocate resources to new coal- and natural-gas-based thermal power plant investments in electricity generation, and in 2021 that it would not provide financing for new coal mine investments. In 2023, it announced that it would completely end the financing of coal and coal-related activities by 2040. In 2025, by publishing its Coal Exit Policy, it shared that it would gradually exit from financing—by 2040—“coal mining,” “activities related to coal logistics and subcontractor activities,” and “infrastructure services allocated/dedicated to supporting coal-related activities.”

Carrying out its financed-emission intensity calculations in line with the Partnership for Carbon Accounting Financials (PCAF) methodology, the Bank has created roadmaps aligned with local and international standards and has defined the steps to be taken in the decarbonization process around customer needs. In 2025, by publishing its Climate Transition Plan—which serves as a roadmap specifically for carbon-intensive sectors—İşbank set out its decarbonization strategy within a holistic framework.

4.3.2 Sustainable Finance Target

At the beginning of 2023, İşbank committed to providing TL 300 billion in sustainable financing over three years and TL 100 billion in financing to women entrepreneurs over five years, with the aim of creating inclusive, sustainable, and shared economic value. Following an 88% achievement rate at the end of 2024, as of the first quarter of 2025, the TL 300 billion sustainable finance target set for the 2023-2026 period and the TL 100 billion financing target for women entrepreneurs set for the 2023-2028 period had been reached. Both commitments were updated and expanded in scope through the end of 2028. The sustainable finance target, which includes green loans, was raised to TL 650 billion. As of year-end 2025, 69% of the sustainable finance commitment had been achieved, corresponding to TL 446 billion in disbursements.

4.4 Subsequent Events

The Climate Change Risk Policy was last comprehensively updated on 25.02.2026 to ensure the sustainability of alignment with developments in climate risk management, legal regulations and good practices.



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Group Entities

As of 31 December 2025, the list of subsidiaries, associates and jointly controlled entities is provided below:

Subsidiaries

Agrinatura Gıda Üretim Sanayi ve Ticaret A.Ş.
Anadolu Anonim Türk Sigorta Şirketi
Anadolu Hayat Emeklilik A.Ş.
Batı Karadeniz Elektrik Dağıtım Ve Ticaret A.Ş.
Camiş Ambalaj Sanayii A.Ş.
Camiş Egypt Mining Ltd Co
Camiş Elektrik Üretim A.Ş.
Camiş Madencilik A.Ş.
Casaba Yönetim İşl. İmal. İth. İhr. Paz. Sağ. A.Ş.
Cromital SPA
Efes Varlık Yönetim A.Ş.
Enlila Bio Inc.
Enlila Sağlık İlaç Arge Üretim ve Laboratuvar A.Ş.
Erişim Müşteri Hizmetleri A.Ş.
Genesis Management Limited
Gullseye Lojistik Teknolojileri A.Ş.
Inci Yenilenebilir Enerji Elektrik Üretim A.Ş.
Is Energy Investments BV
Is Energy Romania SRL
Is Technology Investments BV
İmecemobil Tarım Platformu Elektronik Hizm Tic A.Ş.
İş Dijital Varlık Teknolojileri A.Ş.
İş Enerji Yatırımları A.Ş.
İş Faktoring A.Ş.
İş Finansal Kiralama A.Ş.

Subsidiaries

İş Gayrimenkul Yatırım Ortaklığı A.Ş.
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
İş Merkezleri Yönetim Ve İşletim A.Ş.
İş Net Elektronik Bilgi Üretim Dağ Tic A.Ş.
İş Perakende ve Toptan Elektrik Ticaret A.Ş.
İş Portföy Yönetimi A.Ş.
İş Sanat A.Ş.
İş Yatırım Menkul Değerler A.Ş.
İş Yatırım Ortaklığı A.Ş.
İş Yenilenebilir Enerji Proje Yönetimi Danışmanlık A.Ş.
İşbank AG
Jourma GmbH
JSC Isbank Georgia
JSC İşbank
JSC Mina
Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.
Knot Enerji Elektrik Üretim A.Ş.
Kültür Yayınları İş Türk Anonim Şirketi
Levent Varlık Kiralama A.Ş.
Livewell Giyilebilir Sağlık Ürün Hizm. A.Ş.
Maksmarket Danışmanlık Elektronik Hizm Tic A.Ş.
Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.
Maxis Investments Ltd
MaxiTech Inc.
Merefa Glass Company Ltd

Subsidiaries

Metafor Yenilenebilir Enerji ve Elektrik Üretim A.Ş.
Milli Reasürans T.A.Ş.
Miltaş Turizm İnşaat Ticaret A.Ş.
Nebyan Doğal Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.
OOO Posuda
OOO Ruscam Glass Packaging Holding
OOO Ruscam Management Company
Oxyvit Kimya Sanayii ve Ticaret A.Ş.
Ödesis Finansal Teknoloji Girişimleri A.Ş.
Pacific Soda LLC
Pasabahce Bulgaria EAD
Pasabahce Egypt Glass Manufacturing SAE
Paşabahçe (Shanghai) Trading Co. Ltd.
Paşabahçe Glass GmbH
Paşabahçe Mağazaları A.Ş.
Paşabahçe Spain SL
Paşabahçe SRL
Paşabahçe USA Inc
Pazarama Sigorta Aracılık Hizmetleri A.Ş.
Refel SpA
Richard Fritz Prototype Spare Parts GmbH
SC Glass Trading BV
Sisecam Automotive Bulgaria EAD
Sisecam Automotive Germany GmbH
Sisecam Automotive Hungary Kft

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Subsidiaries

Sisecam Automotive Romania SA
Sisecam Automotive Rus JSC
Sisecam Automotive Rus Trading LLC
Sisecam Automotive Slovakia S.R.O.
Sisecam Chemicals Resources LLC
Sisecam Chemicals Wyoming LLC
Sisecam Flat Glass Italy SRL
Sisecam Flat Glass South Italy SRL
Sisecam Glasspackaging Hungary Kft
Sisecam Investment B.V.
Sisecam UK PLC
Sisecam USA Inc.
Sisecam Wyoming LLC
Softtech Yazılım Teknolojileri A.Ş.
Şişecam Bulgaria EOOD
Şişecam Çevre Sistemleri A.Ş.
Şişecam Dış Ticaret A.Ş.
Şişecam Elyaf Sanayii A.Ş.
Şişecam Enerji A.Ş.
Şişecam Flat Glass India Private Limited
Şişecam Otomotiv A.Ş.
Şişecam Sigorta Aracılık Hizmetleri A.Ş.
Şişecam Soda Lukavac DOO
Şişecam Trading Co.

Subsidiaries

Tatilbudur Gmbh
Tatilbudur Kurumsal Hizmetler Turizm ve Ticaret A.Ş.
Tatilbudur Seyahat Acenteliği ve Turizm A.Ş.
TBC Seyahat Acenteliği ve Turizm A.Ş.
TIBAS Ventures BV
Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş.
Trakya Glass Bulgaria Ead
Trakya Glass Rus AO
Trakya Glass Rus Trading OOO
Trakya Investment BV
Trakya Yatırım Holding AŞ
TRSG Glass Holding BV
TSKB Gayrimenkul Yatırım Ortaklığı AŞ
Türkiye Sınai Kalkınma Bankası AŞ
Türkiye Şişe ve Cam Fabrikaları AŞ
Yatırım Finansman Menkul Değerler AŞ
Yatırım Varlık Kiralama A.Ş.

Associates

Arap Türk Bankası
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.
Elüsmarket Ürün Piyasası Aracı Kurumu A.Ş.
Hamurlabs Elektronik Hizmetler Yazılım Tic. A.Ş.
ICRON Teknoloji Bilişim A.Ş.
Kredi Kayıt Bürosu AŞ
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.
Radore Veri Merkezi Hizmetleri A.Ş.
Saint Gobain Egypt For Glass Industries SAE
Saint Gobain Glass Egypt SAE
Solvay Şişecam Holding AG

Joint Control

Anavarza Otelcilik A.Ş.
IS United Payment Systems Limited
Kanyon Yönetim İşletim ve Pazarlama A.Ş.
Mimas Romania SRL
Moka United Ödeme Hizmetleri ve Elektronik Para Kuruluşu A.Ş.
Polat Enerji Yatırımları A.Ş.
Rudnik Krechnjaka Vijenac DOO
Soli GES Enerji Sanayi ve Ticaret A.Ş.
Sportive Spor Malzemeleri Tic. A.Ş.

Joint Operation

Stockton Soda Ash Port LLC

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Connected Information Matrix

Fundamental Approach: The connected information concept of TSRS/IFRS S1-S2 has been adopted. Sustainability disclosures should complement and expand financial statements and make their financial effects visibly connected.

Reading Note: The symbols indicate the degree of relationship with risks/opportunities. ● = primary connection, € = supporting connection, ○ = general methodological framework, ₺ = financial impact connection.

Headings	R1 2025.TRANS. CP.01	R2 2025.PHYS. CP.02	R3 2025.PHYS. DO.03	R4 2025.PHYS. DO.04	R5 2025.TRANS. DO.05	F1 2025.OPP. CP.01	Connected Information Note
TABLE OF CONTENTS							
Statement of Compliance	○	○	○	○	○	○	Demonstrates that all risk and opportunity disclosures throughout the report are presented in accordance with TSRS requirements.
Sources of Guidance	○	○	○	○	○	○	Establishes the primary reference framework for sector-based disclosure logic and SASB/TSRS mappings.
Materiality Assessment	●₺	●₺	●₺	●₺	●₺	●₺	Explains the rationale for including all risks and opportunities in the report.
Connection with Financial Disclosures	€	€	€	€	€	€	Establishes the link between risks/opportunities and financial statements through the same reporting period and reporting currency.
Transition Reliefs	○	○	○	○	○	○	Limits the scope of disclosures to climate-related matters and explains why certain metrics may be unavailable.
Fair Presentation and Connected Information	€	€	€	€	€	€	Provides the conceptual basis for linking risk and opportunity disclosures in a holistic manner.
Comparative Information	€	€	€	€	€	€	Enables the tracking and comparability of risks and opportunities between 2024 and 2025.
Judgements and Uncertainties	€	€	€	€	€	€	Explains measurement uncertainties and risks arising from forward-looking estimates.
Reporting Entity Boundaries and Measurement Approach	€	€	€	€	€	€	Provides the basis for determining reporting boundaries and value chain scope.
Value Chain	●	●	●	●	●	●	Establishes connections between risks/opportunities and the value chain and links them to the risk and opportunity inventory.

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Headings	R1 2025.TRANS. CP.01	R2 2025.PHYS. CP.02	R3 2025.PHYS. DO.03	R4 2025.PHYS. DO.04	R5 2025.TRANS. DO.05	F1 2025.OPP. CP.01	Connected Information Note
GOVERNANCE							
1.1 Sustainability Governance Structure and Board Oversight	●	●	●	●	●	●	Demonstrates how oversight of all material climate-related risks and opportunities is escalated to governance bodies.
1.1.1 Sustainability Committee	●	●	●	●	●	●	Establishes links with carbon-intensive sector targets, sustainable finance activities and climate strategy.
1.1.2 Risk Committee	●	●	●	●	●	●	Demonstrates the integration of risks into the enterprise risk management framework.
1.1.3 Audit Committee	●	●	●	●	●	●	Links risk management processes to data accuracy and assurance mechanisms.
1.1.4 Corporate Governance Committee	○	○	○	○	○	○	Provides the overall governance structure; direct links with risks and opportunities are limited.
1.2 Sustainability Management	●	●	●	●	●	●	Demonstrates how risks and opportunities are managed between business units and the sustainability function.
1.2.1 Sustainability Management System (SMS)	●	●	●	●	●	●	Supports processes, policies and input mechanisms involving group companies.
1.2.2 Audit and Control within the Scope of the Sustainability Management System	●	●	●	●	●	●	Establishes links between disclosures and the control environment and audit infrastructure.
1.2.3 Management of Climate Change Risks and Opportunities	●	●	●	●	●	●	Serves as the core section for the identification, assessment, monitoring and reporting of all risks and opportunities.
1.2.4 Audit and Control within the Scope of Risk Management	●	●	●	●	●	●	Supports the monitoring and assurance of risk-related metrics.
1.3 Remuneration	●	○	○	○	●	●	Establishes indirect links to strategic topics such as carbon-intensive sector targets and sustainable finance.
1.4 Institutional Capacity and Competency Development	●	●	●	●	●	●	Explains the institutional capabilities established to manage climate-related risks and opportunities.
1.4.1 Sustainability and Climate Change-Focused Training Programs	●	●	●	●	●	●	Connects all risks and opportunities through training activities covering credit risk, climate risk, CBAM and transition risk assessments.

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Headings	R1 2025.TRANS. CP.01	R2 2025.PHYS. CP.02	R3 2025.PHYS. DO.03	R4 2025.PHYS. DO.04	R5 2025.TRANS. DO.05	F1 2025.OPP. CP.01	Connected Information Note
STRATEGY							
2.1 Identification, Determination and Analysis of Climate-Related Risks and Opportunities	●	●	●	●	●	●	Describes the process used to identify and assess the full set of risks and opportunities.
2.2 Business Model and Value Chain	●	●	●	●	●	●	Explains the position of risks and opportunities within the value chain.
2.3 Risk and Opportunity Inventory	●✚	●✚	●✚	●✚	●✚	●✚	Links each risk and opportunity with its description, time horizon, value chain position, scenario assessment and financial impact.
2.4 Climate Resilience	●	●	●	●	●	○	Demonstrates how physical and transition risks are assessed under climate scenarios.
2.5 Strategy and Decision-Making	●	○	○	○	●	●	Establishes connections with credit policies, investment decisions, transition finance and decarbonization targets.
RISK MANAGEMENT							
3.1 Risk Management Processes	●	●	●	●	●	○	Demonstrates the integration of risks into enterprise risk management, risk appetite frameworks, scenario analysis and operational processes.
3.2 Assessment of Risk Impacts	●✚	●✚	●✚	●✚	●✚	○✚	Serves as the primary linkage point for financial impact assessments.
3.3 Prioritisation of Risks	●	●	●	●	●	○	Explains the methodology used to prioritize risks and opportunities.
3.4 Monitoring of Risks	●	●	●	●	●	○	Supports the periodic monitoring and reporting of risks.
3.5 Processes for Managing Opportunities	○	○	○	○	○	●	Demonstrates how opportunities are managed through products, financing activities and strategy processes.
METRICS AND TARGETS							
4.1 Climate-Related Metrics	●	●	●	●	●	●	Links risks and opportunities to measurement and monitoring indicators.
4.2 Sector-Specific Metrics	●	○	○	●	●	○	Establishes connections through metrics relevant to commercial banks, insurance, manufacturing and other related sectors.
4.3 Climate-Related Targets	●	○	○	○	●	●	Directly linked to transition risks and sustainable finance opportunity targets.
4.4 Events After the Reporting Period	—	—	—	—	—	—	No connected information has been provided.

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Board of Directors Matrix

Competencies	Adnan Bali	Güzide Meltem Kökden	Hakan Aran	Fazlı Bulut	Durmuş Öztekin	Recep Hakan Özyıldız	Mustafa Rıdvan Selçuk	Ahmet Gökhan Sungur	Sadrettin Yurtsever	Şebnem Aydın	Bahattin Özarslantürk
Independent		✓						✓	✓		
Audit / Corporate Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Banking / Investment / Insurance / Pensions / Stock Exchange / FOREX	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technological Competence / Digitalization & Information Technologies (Cybersecurity)			✓					✓			
Mergers & Acquisitions (M&A) and/or Capital Markets		✓				✓					
Public Policy				✓	✓	✓	✓				
Environmental / Social	✓		✓						✓	✓	
Entrepreneurship / Innovation	✓	✓	✓								
Communication, Marketing / Customer Services	✓	✓	✓						✓	✓	✓
International	✓		✓								

* Prepared in accordance with the Glass Lewis Board Skills Matrix.

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Calculation Principles Regarding Metrics

The information provided in this guidance covers the financial year ended 31 December 2025 and includes the operations under the responsibility of Türkiye İş Bankası and its financial and non-financial subsidiaries, as detailed in the “Key Definitions and Reporting Scope” section.

Subsidiaries;

- Anadolu Anonim Türk Sigorta Şirketi
- Anadolu Hayat Emeklilik A.Ş.
- İşbank AG
- İş Gayrimenkul Yatırım Ortaklığı A.Ş.
- İş Finansal Kiralama A.Ş.
- Milli Reasürans A.Ş.
- Türkiye Sınai Kalkınma Bankası A.Ş.
- İş Yatırım Menkul Değerler A.Ş.
- İş Faktoring A.Ş.
- İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
- İş Portföy Yönetimi A.Ş.
- İş Yatırım Ortaklığı A.Ş.
- Maxis Investment Ltd.
- TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.
- Yatırım Finansman Menkul Değerler A.Ş.
- JSC İşbank
- Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.
- Türkiye Şişe ve Cam Fabrikaları A.Ş.
- Kültür Yayınları İş Türk A.Ş.
- İş Merkezleri Yönetim ve İşletim A.Ş.
- İş Net Elektronik Bilgi Üretim ve Dağ. Tic.ve İletişim Hiz. A.Ş.
- Araptürk
- İş Enerji
- İş Sanat
- Maksmarket
- Moka United
- Trakya Yatırım
- Yüzüncü Yıl Teknoloji

General Reporting Principles

In preparing this guidance document, the following principles have been observed:

- In the preparation of information, emphasizing the fundamental principles of appropriateness and reliability of the information for its users.,
- In the reporting of information, emphasizing the principles of comparability/consistency with other data, including the previous year, and the principles of clarity/transparency that provide users with a clear understanding.

Annexes

Key Definitions and Reporting Scope

For the purposes of this report, the Company provides the following definitions:

Capital	Indicator	Scope
Environmental	Türkiye İş Bankası A.Ş. and Subsidiaries Scope 1 Emissions (tCO ₂ e)	During the reporting period, this refers to the metric tons of carbon dioxide equivalent (tCO ₂ e) of direct greenhouse gas emissions resulting from natural gas consumption tracked through invoices, diesel consumption in generators, diesel and gasoline consumption of leased and owned company vehicles, and refrigerant gas refills for fire extinguishers and cooling equipment as tracked through maintenance service records at the specified locations of Türkiye İş Bankası and its subsidiaries. The Company calculates greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (GHG Protocol, 2004). Biogenic emissions are not included in total Scope 1 emissions.
	Türkiye İş Bankası A.Ş. and Subsidiaries Scope 2 Emissions – Market-Based (tCO ₂ e)	During the reporting period, this refers to the metric tons of carbon dioxide equivalent (tCO ₂ e) of indirect greenhouse gas emissions arising from electricity consumption tracked through invoices and energy systems used in branches and headquarters buildings at the specified locations of Türkiye İş Bankası and its subsidiaries, less the amount of purchased renewable energy certificates (e.g., I-REC). The Bank calculates greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (GHG Protocol, 2004).
	Türkiye İş Bankası A.Ş. and Subsidiaries Scope 2 Emissions – Location-Based (tCO ₂ e)	During the reporting period, this refers to the metric tons of carbon dioxide equivalent (tCO ₂ e) of indirect greenhouse gas emissions arising from electricity consumption tracked through invoices and energy systems used in branches and headquarters buildings at the specified locations of Türkiye İş Bankası and its subsidiaries. The Bank calculates greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (GHG Protocol, 2004).
	Total Energy Consumption (GJ)	During the reporting period, this refers to the value in gigajoules (GJ) obtained by converting the consumption of energy sources that make up Scope 1 and Scope 2 emissions, as described above, at the specified locations of Türkiye İş Bankası and its subsidiaries.

* Due to the unavailability of Scope 1 and Scope 2 greenhouse gas emissions data for İş Sanat during the reporting period, İş Sanat's Scope 1 and Scope 2 greenhouse gas emissions and energy consumption were estimated based on the greenhouse gas emissions and energy consumption change rate of İş Bankası between 2024 and 2025.

Annexes

Data Preparation

1. Environmental Indicators

Total Energy Consumption (GJ)

Within the scope of direct energy consumption of Türkiye İş Bankası A.Ş. and its subsidiaries, the primary fuel sources reported include natural gas, vehicle fuels (diesel and gasoline), generator diesel consumption, and other direct fuel consumption sources.

The energy conversions used were carried out based on the following calculations.

The references used in the calculation are provided in the tables below.

Energy Source	Density	Unit	Reference
Fuel (diesel) consumption - company vehicles	0.830	kg	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Fuel (gasoline) consumption - company vehicles	0.735	kg	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Fuel (diesel) - off-road	0.830	kg	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Fuel (gasoline) - off-road	0.735	kg	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2

Energy Source	Net Calorific Value	Unit	Reference
Fuel (diesel) consumption - company vehicles	10,200	kcal	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Fuel (gasoline) consumption - company vehicles	10,400	kcal	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Fuel (diesel) - off-road	10,200	kcal	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Fuel (gasoline) - off-road	10,400	kcal	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Fuel (natural gas)	8,250	kcal	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Generator (diesel)	10,200	kcal	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2
Coal	3,500	kcal	Regulation on Increasing Efficiency in the Use of Energy Sources and Energy, Annex-2

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The references used by Şişecam in its calculations are provided in the tables below.

Energy Source	Net Calorific Value	Unit	Reference	Conversion Factor (kcal>TEP)	Conversion Factor (TEP>GJ)
Natural Gas	8,250	kcal/ Sm ³	Lower Heating Values and Oil Equivalent Conversion Factors of Energy Sources Annex-2	10 ⁽⁻⁷⁾	41.868
Diesel	10,200	kcal/kg		10 ⁽⁻⁷⁾	41.868
LPG	10,900	kcal/kg		10 ⁽⁻⁷⁾	41.868
Steam Coal	6,000	kcal/kg		10 ⁽⁻⁷⁾	41.868
Lignite	2,627	kcal/kg	Supplier's Measurement Value / Purchase Contracts	10 ⁽⁻⁷⁾	41.868
Acetylene	48	TJ / Gg	IPCC_AR6	-	-
C43 (Propylene)	46.4	TJ / Gg	IPCC_AR6	-	-
Propylene	46.02	TJ / Gg	IPCC_AR6	-	-

Scope 1 Greenhouse Gas Emissions (tCO₂e)

Scope 1 emissions have been calculated in compliance with the TSRS and within the framework of the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, applying the financial control principle.

In the calculations, CO₂, CH₄, N₂O, HFC and SF₆ conversion factors to CO₂ equivalents were used. The emission factors applied were sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, while the Global Warming Potential (GWP) coefficients were obtained from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report.

Formula: Emission Amount (tCO₂e) = Activity Data (lt-m³-ton) × Emission Factor (CO₂-CH₄-N₂O-HFC-SF₆) (kg/TJ)

The energy sources constituting Scope 1 include natural gas consumption, fuel consumption, coal consumption, diesel consumption, vehicle fuel consumption, and the use of refrigerant gases and fire extinguishing systems.

Natural Gas

Natural gas consumption is monitored in cubic meters (m³) through invoices obtained from service providers at the consumption locations.

Vehicle Fuels

For owned and leased vehicles, diesel and gasoline consumption is monitored through invoices obtained from service providers at the respective consumption locations.

Refrigerant Gases and Fire Extinguishers

Consumption of fire extinguishing agents and refrigerant gases is tracked based on refill slips and equipment leakage rates.

The emission factor references used in Scope 1 calculations for the Bank and its subsidiaries operating in the financial services sector are provided in the table below:

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Emission Source - Scope 1	CO ₂ (kgCO ₂ /TJ)	CH ₄ (kgCH ₄ /TJ)	N ₂ O (kgN ₂ O/TJ)	Reference
Fuel (diesel) consumption - company vehicles	74,100	3.9	3.9	IPCC 2006, Volume 2, Chapter 2
Fuel (gasoline) consumption - company vehicles	69,300	3.8	5.7	IPCC 2006, Volume 2, Chapter 2
Fuel (diesel) - off-road	74,100	4.15	28.6	IPCC 2006, Volume 2, Chapter 3
Fuel (gasoline) - off-road	69,300	50	2	IPCC 2006, Volume 2, Chapter 3
Fuel (natural gas)	56,100	5	0.1	IPCC 2006, Volume 2, Chapter 3
Lignite (coal)	101,000	10	1.5	IPCC 2006, Volume 2, Chapter 2
Generator (diesel)	74,100	10	0.6	IPCC 2006, Volume 2, Chapter 2

Emission Source - Scope 1 Refrigerant Gases	GWP (kgCO ₂ e/kg)	Reference
R32	771	IPCC 6th Assessment Report
R22	1,960	IPCC 6th Assessment Report
R410A	2,255.5	IPCC 6th Assessment Report
R411A	1,733.04	IPCC 6th Assessment Report
R412A	3,289	IPCC 6th Assessment Report
R413A	2,182.50	IPCC 6th Assessment Report
R414A	1,549.25	IPCC 6th Assessment Report
R415A	1,636.72	IPCC 6th Assessment Report
R416A	1,138.52	IPCC 6th Assessment Report
R417A	2,507.84	IPCC 6th Assessment Report
R418A	1,885.70	IPCC 6th Assessment Report

Emission Source - Scope 1 Refrigerant Gases	GWP (kgCO ₂ e/kg)	Reference
R419A	3,170.50	IPCC 6th Assessment Report
R404A	4,728	IPCC 6th Assessment Report
R407C	1,907.930	IPCC 6th Assessment Report
R134A	1,530	IPCC 6th Assessment Report
R290	3	IPCC 6th Assessment Report
R600A	0.06	IPCC 6th Assessment Report
CO ₂	1	IPCC 6th Assessment Report
HFC 227	3,600	IPCC 6th Assessment Report
HFC 236	8,690	IPCC 6th Assessment Report
Halon 1301	7,200	IPCC 6th Assessment Report
SF6	24,300	IPCC 6th Assessment Report

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The emission factor references used in Şişecam's Scope 1 calculations are provided in the table below:

Emission Source	Emission Source Unit	CO ₂ (kgCO ₂ /TJ)	CH ₄ (kgCO ₂ /TJ)	N ₂ O (kgCO ₂ /TJ)	Reference
Natural Gas	Terajoule (TJ)	56.1	0.001	0.0001	IPCC Sixth Assessment Report (AR6)
LPG	Terajoule (TJ)	63.1	0.001	0.0001	IPCC Sixth Assessment Report (AR6)
Steam Coal	Terajoule (TJ)	94.6	0.01	0.0015	IPCC Sixth Assessment Report (AR6)
Diesel	Terajoule (TJ)	74.1	0.003	0.0006	IPCC Sixth Assessment Report (AR6)
Acetylene	Terajoule (TJ)	70.4	0.005	0.0006	IPCC Sixth Assessment Report (AR6)
C3H6 (Propylene)	Terajoule (TJ)	69.3	0.003	0.0006	IPCC Sixth Assessment Report (AR6)
LNG	Terajoule (TJ)	64.2	0.003	0.0006	IPCC Sixth Assessment Report (AR6)
Propylene	Terajoule (TJ)	68.15	0.003	0.0006	IPCC Sixth Assessment Report (AR6)
Lignite Coal	Terajoule (TJ)	96.1	0.003	0.001	IPCC Sixth Assessment Report (AR6)
Anthracite	Terajoule (TJ)	98.3	0.01	0.0015	IPCC Sixth Assessment Report (AR6)
Limestone	Metric ton	0.44	-	-	IPCC Sixth Assessment Report (AR6)
Magnesium Carbonate	Metric ton	0.52	-	-	IPCC Sixth Assessment Report (AR6)
Sodium Carbonate	Metric ton	0.41	-	-	IPCC Sixth Assessment Report (AR6)
Dolomite	Metric ton	0.48	-	-	IPCC Sixth Assessment Report (AR6)
Barium Carbonate	Metric ton	0.22	-	-	IPCC Sixth Assessment Report (AR6)
Lithium Carbonate	Metric ton	0.60	-	-	IPCC Sixth Assessment Report (AR6)
Potassium Carbonate	Metric ton	0.32	-	-	IPCC Sixth Assessment Report (AR6)
Strontium Carbonate	Metric ton	0.3	-	-	IPCC Sixth Assessment Report (AR6)
Sodium Bicarbonate	Metric ton	0.26	-	-	IPCC Sixth Assessment Report (AR6)

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Scope 2 Greenhouse Gas Emissions (tCO₂e)

Scope 2 emissions have been calculated in compliance with the TSRS and within the framework of the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, applying the financial control principle.

In the calculations, conversion factors for CO₂, CH₄, and N₂O to CO₂ equivalents were used. The emission factor applied for electricity was based on the 2023 electricity emission factor published by the Ministry of Energy and Natural Resources (MENR) in 2025.

Formula: Emission Amount (tCO₂e) = Activity Data (kWh-h) × Emission Factor (CO₂-CH₄-N₂O) (kg/TJ)

The energy sources constituting Scope 2 emissions consist of electricity consumption. These calculations are performed according to the methodologies described below.

Electricity

Electricity consumption is monitored in kWh through invoices obtained from service providers at the relevant consumption locations.

Significant Judgements and Measurement Uncertainties

The Bank's process for identifying sustainability-related financially material risks and opportunities and determining material information to be reported is based on estimates

and forward-looking information that include expectations regarding profit before tax and equity, which are considered sector-specific key performance indicators, over the short, medium, and long term.

However, these assessments require the use of estimates for certain amounts that cannot be measured directly.

While assumptions related to operational boundaries and emission calculations are provided under the "Data Preparation" section, information regarding metrics is disclosed on page 97 of this Report.

The Bank uses global climate scenarios, including NGFS Current Policies, NGFS Net Zero 2050, NGFS Delayed Transition, and IPCC RCP4.5 and RCP8.5, to estimate the potential impacts of sustainability-related risks and opportunities. These scenarios aim to assess the frequency, severity, and timing of events to which the Bank may be exposed in the context of physical and transition risks arising from climate change.

However, the climate projections and assumptions used in these scenarios involve various uncertainties, particularly due to the potential for unexpected changes in the nature and behaviour of weather events. Accordingly, the analyses include significant management judgements and assumptions and may require the consideration of additional scenario pathways in estimating future physical and financial impacts.

The changes in the Company's financial performance resulting from potential exposure to the transition to a lower-carbon economy and the additional financial obligations that may arise under this transition mechanism, as discussed on pages 29 to 37 of this Report, are based on estimates and forward-looking information reflecting expectations over the short, medium, and long term.

The calculation steps for the financial impacts of global warming and the potential changes in the Company's financial performance resulting from these impacts, as presented on pages 31, 33, and 35 of this Report, are also based on estimates and forward-looking information reflecting expectations over the short, medium, and long term.

The financial statement impacts presented on pages 29 and 31 represent expected credit loss allowances related to loans. The Bank recognizes expected credit loss allowances in accordance with the requirements of TFRS 9 Financial Instruments Standard.

TFRS 9 is a complex accounting standard that requires significant judgement and interpretation in practice. Such judgements and interpretations are critical in developing the financial models used to measure expected credit losses for loans measured at amortized cost. The accounting policies related to the calculation of these allowances are disclosed in the independently audited financial statements.

Restatement Statement

The measurement and reporting of assured data inevitably involve a degree of estimation.

A restatement statement may be considered if a change exceeding 5% is identified in data reported at the Group level.

Emission Source - Scope 2	Emission Factor (tCO ₂ e/MWh)	Reference
Türkiye Electricity Grid Mix	0.434	ETKB-EVÇED-FRM-042 Rev.01

For Şişecam's Scope 2 emissions calculations, country-specific fuel-based emission factors published by the International Energy Agency (IEA) in 2024 were used.

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Independent Assurance Statement



CONVENIENCE TRANSLATION INTO ENGLISH OF PRACTITIONER'S LIMITED ASSURANCE REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON TÜRKİYE İŞ BANKASI A.Ş. AND ITS SUBSIDIARIES SUSTAINABILITY INFORMATION IN ACCORDANCE WITH TURKISH SUSTAINABILITY REPORTING STANDARDS

To the General Assembly of Türkiye İş Bankası A.Ş.

We have undertaken a limited assurance engagement on Türkiye İş Bankası A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), sustainability information for the year ended 31 December 2025 in accordance with Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkish Sustainability Reporting Standards 2 "Climate Related Disclosures" ("Sustainability Information").

Our assurance engagement does not extend to information in respect of earlier periods or other information linked to the Sustainability Information (including any images, audio files, document embedded in a website or embedded videos).

Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the 'Summary of the work we performed as the basis for our assurance conclusion' and the evidence we have obtained, nothing has come to our attention that causes us to believe that Group's Sustainability Information for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with Turkish Sustainability Reporting Standards published in the Official Gazette dated 29 December 2023, and numbered 32414(M) and issued by Public Oversight Accounting and Auditing Standards Authority (the "POA").

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Kılıçali Paşa Mah. Meclis-i Mebusan Cad. No: 8

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Inherent Limitations in Preparing the Sustainability Information

As discussed in “Calculation Principles Regarding Metrics” on pages 95 to 101 the Sustainability Information is subject to inherent uncertainty because of incomplete scientific and economic knowledge. Greenhouse gas emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge. Additionally, the Sustainability Information includes information based on climate-related scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

Responsibilities of Management and Those Charged with Governance for the Sustainability Information

Management of Türkiye İş Bankası A.Ş. are responsible for:

- › The Group management is responsible for the preparation of the sustainability information in accordance with Turkish Sustainability Reporting Standards;
- › Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- › The Group Management is also responsible for the selection and implementation of appropriate sustainability reporting methods, as well as making reasonable assumptions and developing estimates in accordance with the conditions.

Those charged with governance are responsible for overseeing the Group’s sustainability reporting process.

Practitioner’s Responsibilities for the Limited Assurance on Sustainability Information

We are responsible for:

- › Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- › Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- › Reporting our conclusion to the Directors of Türkiye İş Bankası A.Ş.
- › Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Company’s internal control.
- › Design and perform procedures responsive to where material misstatements are likely to arise in the sustainability information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of Sustainability Information.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We performed a limited assurance engagement in accordance with Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information and, in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") issued by the POA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk experts. We used the work of experts, in particular, to assist with determining the reasonableness of Group's information and assumptions related to climate and sustainability risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise.

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The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information, we:

- › Inquiries were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period
- › The Group's internal documentation was used to assess and review the information related to sustainability;
- › Considered the presentation and disclosure of the Sustainability Information.
- › Through inquiries, obtained an understanding of Group's control environment, processes and information systems relevant to the preparation of the Sustainability Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- › Evaluated whether Group's methods for developing estimates are appropriate and had been consistently applied, but our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates;
- › Obtained understanding of process for identifying risks and opportunities that are financially significant, along with the Group's sustainability reporting process.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**

**Ali Yörük, SMMM
Independent Auditor**

İstanbul, 4 August 2026



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Company Information

Trade Name: Türkiye İş Bankası Anonim Şirketi

Trade Registry Number: 431112

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Website: www.isbank.com.tr

Company News and Financial Data

İşbank's financial statements, independent audit reports, annual reports, press releases, and material event disclosures are available in both Turkish and English on the Investor Relations page of the Bank's corporate website.

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