

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Finance Framework

Türkiye İş Bankası A.Ş

13 August 2025

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Sustainable finance instruments¹

Relevant standards

- Green Bond Principles, ICMA, June 2025
- Social Bond Principles, ICMA, June 2025
- Sustainability Bond Guidelines ICMA, June 2021
- Green Loan Principles, LMA, March 2025
- Social Loan Principles, LMA, March 2025

Scope of verification

- Türkiye İş Bankası's Sustainable Finance Framework (as of Aug. 13, 2025)
- Türkiye İş Bankası's eligibility criteria (as of Aug. 13, 2025)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

¹ The sustainable finance instruments contemplated by the Issuer include bonds, loans, deposits, repo transactions and other financing instruments. ISS-Corporate's analysis is limited to bonds and loans. Other instruments are under development by Isbank.

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SCOPE OF WORK

Türkiye İş Bankası A.Ş. ("the Issuer", "the Company", "the Bank" or "İşbank") commissioned ISS-Corporate to assist with its Sustainable Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. İşbank's Sustainable Finance Framework (as of Aug. 13, 2025), benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG) and Loan Market Association's (LMA) Green Loan Principles (GLP) and Social Loan Principles (SLP)
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate's proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of Sustainable Finance Instruments with İşbank's sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

İŞBANK OVERVIEW

İşbank engages in the provision of banking services. It operates through the following segments: Corporate and Commercial Banking, Individual and Private Banking, and Treasury Transaction and Investment Activities. The Corporate and Commercial Banking segment provides services to the large corporations, small and medium-sized enterprises, and other trading companies in its corporate and commercial operations through various financial media. The Individual and Private Banking offers deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, and investment accounts and by other banking services. The Treasury Transaction and Investment Activities segment include security trading, money market transactions, spot and instalment based Turkish Lira and foreign currency trading, and derivative transactions. The company was founded on August 26, 1924, and is headquartered in Istanbul, Türkiye.²

ESG risks associated with the Issuer's industry

İşbank is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies³ in this industry are Sustainability impacts of lending and other financial services/products, Customer and product responsibility, Sustainable investment criteria, Labor standards and working conditions, Business ethics.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

² For the remainder of the document, the country name is referred to as Türkiye, in line with the official name recognized by the [United Nations](#).



³ Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁴
Part I: Alignment with GBP, SBP, SBG, GLP and SLP	The Issuer has defined a formal concept for its Sustainable Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP, SBP, SBG, GLP, SLP.	Aligned
Part II: Sustainability quality of the Eligibility criteria	<p>The Sustainable Finance Instruments will (re)finance the following eligible asset categories:</p> <p>Green categories: Clean Transportation; Eco-efficient and/or Circular Economy Adapted Products; Production Technologies and Processes Energy Efficiency; Environmentally Sustainable Management of Living Natural Resources and Land Use; Green Buildings; Pollution Prevention and Control; Renewable Energy; Sustainable Water, Wastewater Management and Climate Adaptation; Terrestrial and Aquatic Biodiversity Conservation.</p> <p>Social categories: Access to Essential Services, Affordable basic Infrastructure, Food Security and Sustainable Food Systems, Employment Generation.</p> <p>Product and/or service-related use of proceeds categories⁵ individually contribute to one or more of the following SDGs:</p>	Positive

⁴ The evaluation is based on Isbank's Sustainable Finance Framework (Aug. 13, 2025, version), on the selection criteria as received on Aug. 13, 2025.

⁵ Clean Transportation; Eco-efficient and/or Circular Economy Adapted Products; Production Technologies and Processes Energy Efficiency; Environmentally Sustainable Management of Living Natural Resources and Land Use; Green Buildings; Pollution Prevention and Control; Renewable Energy; Sustainable Water, Wastewater Management and Climate Adaptation; Terrestrial and Aquatic Biodiversity Conservation, Access to Essential Services, Affordable basic Infrastructure, Food Security and Sustainable Food Systems, Employment Generation

SPO SECTION	SUMMARY	EVALUATION ⁴
	 <p>Process-related use of proceeds categories⁶ individually (i) improve the Issuer's operational impacts and (ii) mitigate potential negative externalities of the Issuer's sector on one or more of the following SDGs:</p>  <p>The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.</p>	
Part III: Consistency of sustainable finance instruments with İşbank's sustainability strategy	<p>The key sustainability objectives and the rationale for issuing Sustainable Finance Instruments are clearly described by the Issuer. All project categories considered are in line with the Issuer's sustainability objectives.</p>	Consistent with Issuer's sustainability strategy

⁶ Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Energy Efficiency, Green Buildings, Renewable Energy, Pollution Prevention and Control, Terrestrial and Aquatic Biodiversity Conservation

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GBP, SBP, SBG, GLP AND SLP

This section evaluates the alignment of İşbank's Sustainable Finance Framework (as of Aug. 13, 2025) with the GBP, SBP, SBG, GLP and SLP.

GBP, SBP, SBG, GLP, SLP	ALIGNMENT	OPINION
1. Use of proceeds	✓	<p>The use of proceeds description provided by İşbank's Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP, SLP.</p> <p>The Issuer's green and social categories align with the project categories as proposed by the GBP, SBP, SBG, GLP, SLP. Criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and environmental, social benefits are described.</p>
2. Process for project evaluation and selection	✓	<p>The process for project evaluation and selection description provided by İşbank's Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP, SLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately.⁷ Moreover, the projects selected show alignment with the Issuer's sustainability strategy and clearly show the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful projects categories.</p> <p>Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it, Issuer involves various stakeholders in the process which is in line with best market practice.</p>

⁷ For loans smaller than USD 10 million, Issuer confirms that there is an E&S questionnaire in place on its internal sustainability platform that may lead to monitor the gaps in ESG analysis of the customers.

GBP, SBP, SBG, GLP, SLP	ALIGNMENT	OPINION
3. Management of proceeds	✓	<p>The management of proceeds provided by İşbank's Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP, SLP.</p> <p>The Issuer intends to ensure that the net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately. The net proceeds are managed on an aggregated basis for multiple green and social bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and confirms that where a loan takes the form of one or more tranches of a loan facility, each tranche applicable to the project will be clearly labeled, with proceeds of the green/social/sustainable tranche(s) and will be tracked in an appropriate manner.</p> <p>Issuer has defined an expected allocation period of 36 months.</p>
4. Reporting	✓	<p>The allocation and impact reporting provided by İşbank's Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP, SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer's website and will be available to the institutions participating in the loan. İşbank has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio level. Moreover, the Issuer commits to report annually until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported and further defines the duration and frequency of the impact reporting, in line with best market practice. The Issuer discloses the location and link</p>

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GBP, SBP, SBG, GLP, SLP	ALIGNMENT	OPINION
		of the report and commits to get the allocation report audited by an external party which is in line with the best market practice.

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE SUSTAINABLE FINANCE INSTRUMENTS TO THE U.N. SDGs⁸

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain. This section assesses the SDG impact of the use of proceeds (UoP) categories financed in by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance

1. Products and services


The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG's SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:

Obstruction	No Net Impact	Contribution
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Each of the sustainable finance instruments' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

Green Categories

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Clean Transportation <i>Loans related to other low carbon public transport (e.g. replace public bus fleets to</i>	Contribution	




⁸ The impact of the UoP categories on U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

⁹ The assessments are limited to the examples stated in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>alternative fuels: biofuel; rail transport, subways, ferries)¹⁰</i></p> <p>Clean Transportation</p> <p><i>Loans related to</i></p> <ul style="list-style-type: none"> <i>fully electrified, hydrogen public transport (e.g. replace public bus fleets to alternative fuels: electric, hydrogen, hybrid; rail transport, subways, ferries)¹¹</i> <i>development, operation and upgrade of electric powered rail transport.</i> <i>clean transportation infrastructure (including expansion of train/metro networks, capacity improvement, construction of bicycle paths, transportation of passengers and freight using electric vehicles, charging stations for electric vehicles, hydrogen fueling stations and infrastructure dedicated to non-motorized mobility (e.g. cycle paths)</i> <i>electric, hydrogen, zero direct (tailpipe) CO₂ emissions vehicles, hybrid passenger vehicles below the threshold of 50 gCO₂e/p-km and dual engine hybrid vessels deriving at least 25% of energy from zero direct tailpipe fuels.</i> <i>design and manufacture of clean transport components.</i> 	<p>Contribution</p>	
<p>Clean Transportation</p> <p><i>Loans related to sustainable aviation fuels (SAF) (e.g. storage tanks solely dedicated to SAF).</i></p>		

¹⁰ For public bus fleets with direct emissions threshold of <50 gCO₂e/p-km, for rail transport 50 gCO₂e/p-km for passenger, 25 gCO₂e/p-km for freight



¹¹ Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Clean Transportation <i>Loans related to airport, shipping yards and port infrastructure dedicated to the operation of aircraft or vessels with zero tailpipe CO₂ emissions (i.e., hydrogen refueling, electricity charging, etc.).</i>	Contribution	
Energy Efficiency <i>Loans related to manufacture, supply and acquisition of machinery and equipment listed under EBRD Green Technology Selector.¹²</i>		
Environmentally Sustainable Management of Living Natural Resources and Land Use <i>Loans related to:</i> <ul style="list-style-type: none"> the quality and productivity in agriculture, provide for effective use of natural resources and support sustainable agriculture, restoration of degraded pasture, soil recovery, use of natural fertilizer, climate smart farm inputs such as biological crop protection, sustainable forestry, including afforestation, reforestation and rehabilitation of degraded forests and any applicable forestry activities certified by FSC, PEFC or an equivalent standard. 		

¹² The Green Technology Selector offers country-specific directory and is updated regularly. Under the Green Technology Selector, high-performing green technologies mean that products comply with the Performance Criteria EBRD prescribed for the selected country. Performance Criteria are defined per technology category, per country. They require a performance improvement of at least 20% beyond a baseline of typical replacement technologies that reflects local market developments including technology costs and market maturity, thereby only promoting the higher-performing segment of technologies available on local markets.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings <i>Loans related to and investments in new or existing commercial, residential or mixed-use buildings which are compliant with green buildings standards as evidenced by:</i> <ul style="list-style-type: none"> LEED (minimum Gold) BREEAM (minimum Very Good) ÇEDBİK Green Building certification DGNB (minimum Gold) 	Contribution	
Green Buildings <i>Loans related to and investments in:</i> <ul style="list-style-type: none"> BEP-TR "A" energy label provided by the Energy Performance Certificate issued in accordance with the related Turkish regulation buildings in the top 15% of the most energy-efficient buildings, determined through Energy Performance Certificate (BEP TR) issued in accordance with Turkish regulation and / or via an equivalent methodology as developed by a third party 	Contribution	
Pollution Prevention and Control <i>Loans related to waste recycling (including the development, operation and upgrade of recycling plants and recycling activities such as for metals, plastic and paper)</i>	Contribution	
Pollution Prevention and Control <i>Loans related to:</i> <ul style="list-style-type: none"> energy/emission-efficient waste to energy¹³ sustainable aviation fuel (SAF) and development, acquisition, construction, operation and 	Contribution	

¹³ All qualifying waste incineration plants to have recovery of recyclables and financed projects will be limited to projects respecting the Climate Bonds Initiative's [criteria](#) on waste to energy projects.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>maintenance of its production facilities.</i>¹⁴</p> <p>Renewable Energy</p> <p><i>Loans related to development, acquisition, construction, operation and maintenance of renewable energy including:</i></p> <ul style="list-style-type: none"> ▪ <i>wind power (onshore/offshore)</i> ▪ <i>solar power including floating solar</i> ▪ <i>geothermal power</i>¹⁵ ▪ <i>green hydrogen produced using electrolysis powered fully by renewable energy</i> ▪ <i>hydropower</i>¹⁶ <i>which meets any of the criteria below:</i> ▪ <i>lifecycle GHG emissions below 100 gCO₂e/kWh for hydropower plants in operation before Dec. 31, 2019, and below 50 gCO₂e/kWh for hydropower plants in operation after Dec. 31, 2019,</i> ▪ <i>power density greater than 5 W/m² for hydropower plants in operation before Dec. 31, 2019, and 10 W/m² for hydropower plants in operation after Dec. 31, 2019,</i> ▪ <i>electricity generation facility which is a run-of-river plant and does not have an artificial reservoir,</i> ▪ <i>bioenergy / Biomass – Biogas</i>¹⁷ ▪ <i>green hydrogen produced using electrolysis powered by renewable energy</i> <p>Renewable Energy</p> <p><i>Loans related to construction, acquisition of sustainable and/or smart grids.</i>¹⁸</p>	<p>Contribution</p> <p>Contribution</p>	 





¹⁴ Projects are limited to facilities using waste fats, oils, and grease and agricultural residue and reduce life-cycle GHG emissions compared to fossil based alternatives.

¹⁵ Limited to projects with direct emission intensity of less than 100 gCO₂e/kWh.


¹⁶ Hydropower plants with energy generation amount of above 1000MW are excluded.

¹⁷ Limited to projects with lifecycle emission intensity of less than 100 gCO₂e/kWh and excluding the use of first generation biomass and uncertified wood-based biomass as input.


¹⁸ Limited to projects dedicated to renewable energy

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy <i>Loans related to manufacturing of components or equipment dedicated to renewable energy, such as rotor blades for wind energy and solar panels.</i>	Contribution	 
Sustainable Water, Wastewater Management and Climate Adaptation <i>Loans related to:</i> <ul style="list-style-type: none"> development, construction, modernization, operation and maintenance of sustainable water (water supply and treatment facilities), stormwater (Sustainable urban drainage systems) and wastewater management facilities.¹⁹ investments that increase water-use efficiency (collection and treatment), water recycling and reuse water saving systems, investments on water, sanitation or sewage treatment facilities, water desalination projects running on reverse osmosis technology with a carbon intensity of less than 100gCO₂e/kWh over the residual asset life and powered partially by renewable energy. 		
Terrestrial and Aquatic Biodiversity Conservation <i>Loans related to:</i> <ul style="list-style-type: none"> prevention or reduction of coastal, marine, river and watershed pollution, such as waste traps in rivers/ at sea. environmentally sustainable fishery and aquaculture having Best Aquaculture Practice or Aquaculture 		

¹⁹ Projects related to wastewater management facilities of the companies directly associated with fossil fuel operations would not be eligible.





USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>Stewardship Council or equivalent certificates.²⁰</i></p> <p>Terrestrial and Aquatic Biodiversity Conservation</p> <p><i>Loans related to:</i></p> <ul style="list-style-type: none"> <i>investments in biodiversity conservation and/or restoration as the primary objective.</i> <i>investments in nature-based solutions to conserve, enhance, and restore ecosystems and biodiversity.</i> 	<p>Contribution</p>	

Social Categories




USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Access to Essential Services</p> <p><i>Loans to improve access to public or subsidized services related to:</i></p> <ul style="list-style-type: none"> <i>construction, maintenance, modernization, equipment of hospitals, clinics, health care centers and care homes.</i> <i>production, purchase and distribution of healthcare materials and equipment needed for the prevention and treatment of health disasters (such as²¹ but not limited to COVID-19 outbreak)</i> <i>research and development in the healthcare/pharmaceutical industry aimed at prevention and treatment of health pandemics.</i> <i>development and provision of products and services tailored to the</i> 	<p>Contribution</p>	

²⁰ Eligible loans are limited to companies complying with [ICMA's guidelines](#) on fisheries and aquaculture.

²¹ The assessment is limited to the examples stated in the Framework.


USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>needs of elderly and disabled individuals and children</i></p> <p><i>Target population: General public</i></p> <p>Access to Essential Services</p> <p><i>Loans to improve access to public or subsidized services related to:</i></p> <ul style="list-style-type: none"> operation of hospitals, clinics, health care centers and care homes. financing for clinics and healthcare providers offering women reproductive healthcare services. <p><i>Target population: General public</i></p>	Contribution	
<p>Access to Essential Services</p> <p><i>Loans to improve access to public or subsidized services related to:</i></p> <ul style="list-style-type: none"> construction, rehabilitation, maintenance of primary, secondary and higher education facilities, vocational training centers or student housing. development of technologies and programs to improve public education and training. vocational/professional training for women in sectors like STEM, construction or technology; promoting gender equality in job opportunities <p><i>Target population: General public</i></p>	Contribution	
<p>Access to Essential Services</p> <p><i>Loans to improve access to public or subsidized services related to the operation of primary, secondary education facilities.</i></p> <p><i>Target population: General public</i></p>	Contribution	
<p>Affordable Basic Infrastructure</p> <p><i>Loans related to disaster relief:</i></p>	Contribution	

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> reconstruction of basic infrastructure (e.g. housing, electricity transmission network, water distribution network), financial support for retail and commercial activities disrupted by the disaster(s), financial programs to support persons who are unemployed because of the disaster(s), temporary housing and financial support for persons who are displaced because of the disaster(s). <p>Target population: Population affected by disaster(s)</p>	Contribution	
<p>Affordable Basic Infrastructure</p> <p>Loans related to telecommunication:</p> <ul style="list-style-type: none"> construction of telecommunication equipment construction of relevant materials to access to internet <p>Target population: Underserved population (areas which are not already connected with internet and telecommunication services)</p>		
<p>Affordable Basic Infrastructure</p> <p>Loans related to disability-inclusive development:</p> <ul style="list-style-type: none"> projects that finance or refinance accessibility (including public transport) by providing greater guidance and support for disability-inclusive infrastructure such as provision of ramps, rails, lifts, adaptation of toilets for wheelchair users, signages and auditory signals, tactile flooring, etc. <p>Target population: People with disabilities</p>	Contribution	

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Food Security and Sustainable Food Systems <i>Loans related to:</i> <ul style="list-style-type: none"> agri loans disbursed in the less-developed regions²² adoption of modern climate smart technologies related to crop breeding, agronomic practices, soil and water management, hydroponic farming/organic farming methods, drip irrigation, terracing, swales for return agricultural irrigation flow, artificial wetlands, digital sensors, biotechnology projects etc. clients contributing to food security through usage of purpose-made financial products ("İmece card" and/or other agriculture products) <i>Target population: Smallholder farmers per FAO definition</i>	Contribution	
Employment Generation <i>Loans related to Micro, Small and medium-sized enterprises (MSMEs)²³, defined under the laws of the Republic of Türkiye, including MSMEs adversely affected by natural disasters or health pandemics (such as, but not limited to earthquake, floods or COVID-19 outbreak).</i>	Contribution	
Employment Generation	Contribution	

²² Less-developed regions of Türkiye refers to all provinces except İstanbul, Ankara, İzmir.

²³ A company that has: (a) fewer than 250 employees; and (b) turnover of TL 1,000,000,000 or less, or assets of TL 1,000,000,000 or less, as published in the Official Gazette dated Aug. 7, 2025 (Issue No. 32979). Micro, small and medium-sized enterprises (MSMEs), subject to any change in regulation, are defined under The Regulation on Small and Medium-Sized Enterprises which can be accessed through Turkish Legislative Information System.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>Loans related to MSMEs²⁴, defined under the laws of the Republic of Türkiye, including women entrepreneurs.</i></p> <p><i>Target Population: MSMEs where more than 50% of the shares belong to women</i></p> <p>Employment Generation</p> <p><i>Loans related to micro, small- and medium-sized enterprises (MSMEs)²⁵, defined under the laws of the Republic of Türkiye, including:</i></p> <ul style="list-style-type: none"> ▪ <i>MSMEs located in less-developed regions of Türkiye.</i> ▪ <i>MSMEs where the overall operational management responsibility is held by a woman.</i> ▪ <i>Women entrepreneurs²⁶</i> ▪ <i>MSMEs owned and/or operated by youths, ²⁷ and other vulnerable groups²⁸</i> ▪ <i>Start-ups no older than seven years.</i> <p><i>Target Population: MSMEs</i></p>	Contribution	
<p>Employment Generation</p> <p><i>Loans related to:</i></p> <ul style="list-style-type: none"> ▪ <i>SMEs meeting <u>2X Criteria</u></i> <p><i>Target Population: SMEs²⁹</i></p>	Contribution	
<p>Employment Generation</p> <p><i>Loans related to:</i></p> <ul style="list-style-type: none"> ▪ <i>Self-employed farmers</i> 	Contribution	

²⁴ Ibid.

²⁵ Ibid.

²⁶ MSMEs where women ownership is below 50%, women to assume at least one of the managerial roles at the company and has at least 20% female ownership

²⁷ Those who are under 35 years old.

²⁸ Vulnerable groups as per UN definition.

²⁹ A company that has: (a) fewer than 250 employees; and (b) turnover of TL 1,000,000,000 or less, or assets of TL 1,000,000,000 or less, as published in the Official Gazette dated Aug. 7, 2025 (Issue No. 32979). Micro, small and medium-sized enterprises (MSMEs), subject to any change in regulation, are defined under The Regulation on Small and Medium-Sized Enterprises which can be accessed through Turkish Legislative Information System.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Target Population: Smallholder farmers per FAO definition		

2. Improvements of operational performance (processes)







The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

İşbank finances operations/processes in a variety of third-party sectors. For clarity, ISS ESG does not display the exposure to negative externalities linked to the sectors of the operations/processes financed.

The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ³⁰	SUSTAINABLE DEVELOPMENT GOALS
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes <i>Loans related to and investments in Projects aimed at improving the efficiency of resource use at least by 20%,</i>	✓	
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes <i>Loans related to and investments in reduction of non-CO₂ greenhouse gas emissions from agricultural practice.</i>	✓	
Energy Efficiency <i>Projects aimed at improving the efficiency of energy use (or reducing specific energy consumption) at least by 20% and/or reduce</i>	✓	 

³⁰ Only the direction of change is displayed. The scale of improvement is not assessed.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ³⁰	SUSTAINABLE DEVELOPMENT GOALS
greenhouse gas emissions by at least 20%. Loans may also be related to energy storage, smart grids (including smart meters to minimize grid losses), appliances and energy saving product.		
Green Buildings Loans related to and investments in; Refurbishment and energy efficiency projects related to commercial and residential or mixed use buildings which reduce energy consumption by at least 30%.	✓	 
Renewable Energy Loans related to renovation, upgrade and refurbishment of sustainable and/or smart grids. ³¹	✓	
Pollution Prevention and Control Loans related to waste prevention, waste reduction, such as recovery operations for e.g. iron, steel and aluminum scrap or glass cullet.	✓	
Pollution Prevention and Control Loans related to measures and technologies to measure, control and reduce air pollutant emissions and GHG emissions pollution. ³²	✓	
Terrestrial and Aquatic Biodiversity Conservation Loans related to:		
<ul style="list-style-type: none"> sustainable tourism activities provided by companies which have the specific sustainable related certificates approved by the Banking Regulation and Supervisory Authority of Türkiye, or any other competent national and international authorities, such as Sustainable Tourism Certificate (Stage 3) 	✓	

³¹ Limited to projects dedicated to renewable energy.

³² Eligible projects reduce GHG emissions by a minimum of 20% and meet [IFC's criteria on Air Emissions and Ambient Air Quality](#)

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ³⁰	SUSTAINABLE DEVELOPMENT GOALS
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- *improvement of the environmental sustainability of coastal and marine tourism.*³³

Terrestrial and Aquatic Biodiversity Conservation

Loans related to:

- *sustainable tourism activities provided by companies which have the specific sustainable related certificates approved by the Banking Regulation and Supervisory Authority of Türkiye, or any other competent, such as the Environmentally Friendly Accommodation Facility Label.*
- *improvement of the environmental sustainability of coastal and marine tourism.*³⁴



Employment Generation

Loans related to projects and investments to achieve 2X Criteria commitments concerning "women in leadership" and "women in workforce" categories.



³³ Isbank confirms that such activities are linked to certificates given by certifiers accredited by Ministry of Tourism and Culture.

³⁴ Ibid.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. The entirety of the assets is and will be located in Türkiye.

ASSESSMENT AGAINST KPIs

Integration of ESG guidelines into the financing process

İşbank developed an ESG risk management system that rests on three pillars: initial categorization of the borrower's activity to be financed, an exclusion list and detailed ESG questionnaires administered by branch employees. Activities falling within the scope of the Bank's exclusion list are automatically rejected. The ESG questionnaire used for any given transaction depends on the source of funding for that transaction and the respective agreement between İşbank and its lender. The questionnaire is filled by branch employees using desk research and by engaging with clients. Sector-specific certifications and licenses are checked during this process.

Commercial lending and investments above USD 10 million are subject to an Environmental and Social Risk Evaluation Tool (ÇESMOD). Each transaction is scored after the assessment of the following topics:

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

As a result, the transaction can be scored as high risk (A), medium risk (B+), medium low risk (B-) or low risk (C). After this evaluation, a "Project Environmental and Social Evaluation Document" is prepared based on national, international legislation and international standards such as IFC Performance Standards, EBRD Performance Requirements, Equator Principles. Furthermore, for transactions categorized as high risk, and whenever deemed necessary by the Sustainable Finance (SF) Unit, an independent environmental consultant is appointed to preform an Environmental and Social Due Diligence (ESDD) and an Environmental and Social Action Plan (ESAP). Where applicable, monitoring of the ESDD and ESAP is either performed by the Issuer's Sustainable Finance Unit or by the external environmental consultant.

In 2026, İşbank intends to expand its Environmental and Social Risk Evaluation Tool to transactions starting from USD 3 million and 36 months or higher tenure.

Integration of ESG guidelines into the financing process for most sensitive sectors³⁵ financed under the Framework

As part of its risk assessment, environmental and social risks require consideration for credit facilities. İşbank has additional specific procedures in place for sectors deemed sensitive.

Integration of ESG guidelines into the financing process for forestry

The Bank has implemented environmental and social guidelines for its lending and investment activities covering further client-related sustainable management aspects for the forestry sector. For transactions above USD 10 million, the Issuer verifies aspects such as impact on important natural areas, potential discharges that may affect the ecosystem etc. Further, the Issuer assesses whether measures such as a dedicated critical habitat assessment, a forest rehabilitation plan or a water management plan are required.

Integration of ESG guidelines into the financing process for agriculture

During the credit limit determination process for all agriculture loans, the Bank's employees are instructed to verify specific aspects related to the agricultural practices of the borrowers, such as use of irrigation, crop rotation, use of fertilizers, pesticides, fungicides, use of certified seeds, frequency of veterinary checks, feed used for livestock etc.

Integration of ESG guidelines into the financing process for fisheries/aquaculture

The Issuer does not have specific due diligence procedures for fisheries and aquaculture. Nevertheless, as part of its exclusion list, the Bank commits to not finance activities that use drift nets for fishing.

Labor



İşbank's Environmental and Social Impact Policy excludes, amongst others, activities connected with forced labor and child labor, in line with the International Labour Organization's (ILO) Conventions. İşbank confirms that failure to gather satisfactory evidence from borrowers, showing respect of these aspects, triggers rejection of the loan application.

For corporate lending, İşbank's environmental and social risk management system integrates the provisions of IFC Performance Standards 2 and 4. Additionally, before engaging in a new loan agreement, the Bank verifies if the borrower is subject to any lawsuit regarding the violation of the legislation or

³⁵ The categorization of a sector as 'most sensitive' follows an evaluation of the number of controversies prevalent in the context of the financing operations of a financial institution.

any news in the media that would create a reputational risk. This process is performed by İşbank in-house; depending on the severity of the findings, the financing may be rejected.

For project financing, the Issuer requires the borrower to sign a Special Provisions Agreement that mandates reporting to the Bank in case of incidents and accidents related to their workers, including incidents related to forced and child labor.

Health and safety



All assets financed will be located in Türkiye, where high standards related to health and safety aspects are in place.

For all transactions, İşbank requires that borrowers comply with national labor legislation and occupational health and safety (OHS) regulations.

Biodiversity



All assets under this Framework will be located in Türkiye, where conducting an Environmental Impact Assessment (EIA) is required by law as part of the permitting process for specific developments.

In addition to observing the national legislation, for transactions above USD 10 million, the Issuer follows the requirements under the Equator Principles and the IFC Performance Standards. As part of its due diligence for these transactions, the Issuer (or an appointed independent consultant) assesses biodiversity risks. When such risks are assessed to be high, a Biodiversity Action Plan (BEP) is developed and subject to the loan agreement.

The biodiversity risk assessment includes a critical habitat assessment and a balancing strategy study³⁶. Depending on the nature of the project, bird migration routes or the presence of bats in that habitat are taken into consideration. Projects with high biodiversity risks are monitored regularly either by İşbank's Sustainable Finance Unit or by an external environmental consultant, based on the BAP.

Community dialogue



All assets financed will be in Türkiye, where community engagement is required as part of the EIA law and involves the obligation to provide public information about the project, the development and implementation of a stakeholder

³⁶ İşbank confirms that for such studies external consultants typically collaborate with local universities to identify solutions such as relocating endemic species.

engagement plan. However, not all infrastructure and forestry projects that are intended as part of İşbank's Framework will require an EIA.

As internal measure for project finance above USD 10 million, İşbank verifies if and how often the loan recipient conducts meetings and communicates with their main stakeholders. İşbank mandates that its clients develop a stakeholder engagement plan including affected communities and other stakeholders. The Bank's E&S Risk teams systematically monitor stakeholder engagement plans and meeting records, where applicable, to ensure compliance, transparency, and accountability in project implementation.

İşbank itself maintains a public channel through which grievances in relation to its services can be submitted.

Inclusion



The Issuer states that the activities without a specific target population financed under access to essential services will be free to access or subsidized for vulnerable populations.



The Issuer adopted several policies that are meant to combat discrimination. Among these are İşbank's Human Rights and Human Resources Policy, [Ethical Principles and Code of Conduct](#) and Gender Equality. Additionally, the Bank implements Ethical Principles and Operational Rules in line with Principles of Banking Ethics of the Banks Association. According to it, the Bank refrains from action that may lead to any form of mistreatment, discrimination or harassment. Discrimination based on gender, language, religion, ethnicity, or age is not permitted in the Bank's business processes.

Data protection and information security



The Issuer has an Information Security Policy in place and has defined clear responsibilities on this topic (Security Operations Center, Information Sharing Committee) and has established an information security incident management. Additionally, per the [Personal Data Protection Policy](#), regular audits are conducted to verify the implementation of the policy by the Bank's employees.

İşbank confirms that most of the IT infrastructure is provided within the bank with a limited number of services being delivered by third parties. In the case of outsourcing, a risk assessment and further due diligence, as per the need, is conducted prior to the commencement of the third-party service. The contractual agreements are subject to minimum data security requirements. The business units receiving external service are responsible for carrying out periodic service evaluations.

Responsible treatment of customers with debt repayment problems

During the loan origination process, the Issuer confirms to take into account the customer's debt repayment capacity. Installment amounts are determined considering their income balance and payment frequency can be arranged based on customers' expected cash flows. Additionally, the Bank implements early warning models to detect early any deterioration in creditworthiness.



For customers who experience repayment difficulties, İşbank offers debt restructuring. Restructuring is subject to national regulation, which foresees that no restructuring fee may be charged and that the bank may not capitalize past due interest. İşbank confirms to seek to offer lower interest rates at restructuring for clients experiencing debt repayment problems and that restructuring is performed under non-detrimental conditions. The issuer confirms that collateral foreclosure is performed as last resort.

Sales practices

The Bank has established a [Remuneration Policy](#) which allows performance-based remuneration. The variable salary portion of sales personnel is limited and depends on both individual and team performance. The level of variable remuneration is not directly linked to an evaluation of ethical considerations, but employees that are considered to have endangered the operations of the Bank are subject to cancellation of the performance-based payment.



The customer experience level regarding the whole loan application process is monitored regularly via customer surveys. Additional measures to monitor sales practices are not in place and the results of the customer survey are not part of the performance evaluation of sales employees.

İşbank confirms that it offer training on responsible sales practices to ensure implementation of responsible marketing and adequate product offer by sales personnel. The training aims to enhance the ability of personnel to understand customer needs, recommend a product that matches the needs, provide transparent information about the costs and risks as well as the benefits of the product.

Responsible marketing



The Issuer is committed to being transparent, accurate and easily understandable in its marketing activities, conducting its operations in compliance with the Banking Law No. 5411 and the Consumer Protection Law No. 6502. It has guidelines in place on clear and correct pricing and the provision of complete and understandable information.

The Bank commits to provide accurate, transparent, clear and understandable information about the risks of products and financial services and, in line with national regulation, not to use fine print. The Bank's customers are informed about the loan conditions via Pre-Contract Information that includes details of the loan including the payment plan. Customers are informed of the loan interest rate, annual cost rate, total payment amount and total loan and, if applicable, insurance fees in a comparable way. İşbank discloses Pre-Contract Information templates also on its website. The Bank also facilitates call center services which customers can reach 24/7 and receive information and support.

In case of product or service rejection, İşbank commits to inform its customers about the reasons. As well, the Issuer commits to communicate in a manner that does not include misleading, complex, and contradictory statements or duplicate information.

Exclusion criteria

The Issuer defined activities and projects that may not be financed in the Exclusion List that is attached to its [Environmental and Social Impact Policy](#). In addition, İşbank states that it will not finance of any activity or technology associated with the extraction, production, refining, transmission and distribution of fossil fuel through the proceeds of the Instruments financed under its Framework.

PART III: CONSISTENCY OF SUSTAINABLE FINANCE INSTRUMENTS WITH İŞBANK'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Strategic ESG topics	<p>İşbank's ESG strategy focuses on the decarbonization of its own operations and financed emissions (from customers and suppliers). The Issuer also focuses on equal opportunity, diversity, gender equality, and aims to contribute to social welfare programs. The Issuer confirms that material topics are determined using a double materiality assessment approach designed with reference to the European Sustainability Reporting Standards of the European Financial Reporting Advisory Group, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) published by the International Sustainability Standards Board, part of the International Financial Reporting Standards, and the Global Reporting Initiative (GRI) standard.</p>
ESG goals/targets	<p>To achieve its strategic ESG topics, the Issuer set emission reduction targets for its Scope 1 and 2 emissions in 2020.</p> <ul style="list-style-type: none"> İşbank targets a 38% reduction of Scope 1 and 2 emissions by 2025, a 65% emission reduction by 2030, and carbon neutrality by 2026, with a baseline year of 2018. For carbon-intensive sectors, the Issuer aims to reduce its emission intensity by 2030 (compared to the 2021 base year) by 61% in power generation, 21% in cement, and 10% in iron and steel. In early 2023, İşbank committed to extending TRY 300 billion (approximately USD 7 billion) in sustainable loans by 2026, and TRY 100 billion (approximately USD 2 billion) in financing for women entrepreneurs within five years as a social target. <p>In line with the Net-Zero Banking Alliance, İşbank announced that coal and coal-related activities will be phased out by 2040. These activities include mining, logistics, subcontracting and infrastructure services supporting coal-related activities. These goals are public and monitored annually. The Issuer discloses the status of the targets in its Integrated Annual Report, corporate website and CDP report.</p>

TOPIC	ISSUER APPROACH
Action plan	<p>To reduce its emission intensity, the Issuer is working on establishing sectoral decarbonization routes for carbon-intensive sectors such as energy production, cement, iron and steel.</p> <p>The Issuer has set emission reduction targets for its agricultural loan portfolio and established standards for sustainable agricultural practices. The Issuer's Initial Net Zero Transition Plan covers all these aspects.</p> <p>Toward its commitment to financing for women, the Issuer aims to reach 15,000 women entrepreneurs in five years by providing financial literacy training programs under the umbrella of Women Empowering the Future.</p> <p>The Bank has developed sector-specific calculation methods under the sectoral transition plan. Key aspects of the approach are:</p> <ul style="list-style-type: none"> ▪ Baselining sector-specific carbon emissions ▪ Selection of key levers ▪ Impact modelling ▪ Target setting ▪ Development of a sector-specific action plan <p>The Issuer's sector-specific action plan focuses on supporting the transition of customers, shifting the portfolio to green, avoiding brown assets, and offsetting emissions where reduction is not possible.</p> <p>İşbank has a sustainability policy and supplier code of conduct in place, based on the United Nations Global Compact. Additionally, the Issuer has established a Risk Committee, a Corporate Governance Committee, and a Sustainability Committee to oversee the implementation of its action plan.</p>
Climate transition strategy	<p>The Issuer confirms that it has a process in place to identify climate-related risks and opportunities affecting its business strategy. To pursue climate transition opportunities, the Issuer is extending green financing provided by International Development Banks to its clients, financing renewable energy investments, ESG investment products for retail customers, energy efficiency, and green loans. Toward the goal of establishing sectoral decarbonization routes for carbon-intensive sectors in line with the Net-Zero Banking Alliance, the Issuer aims to cover all carbon-intensive sectors and set targets to reduce emission intensities: 7% in aluminum, 36% in real estate, 20% in road freight transport, and 15% in oil and gas. Additionally, the Issuer aims to reduce greenhouse gas emissions by reducing energy consumption,</p>

TOPIC	ISSUER APPROACH
	vehicle fuel consumption and waste production from its own operations. Within the framework of the Bank's Purchasing Implementation Instruction and Purchasing Policy, the environmental impact of products and services to be purchased is assessed in accordance with the requirements of the environmental management system when selecting suppliers.
Sustainability reporting	The Issuer reports on its ESG performance and initiatives annually. The report is prepared according to the Integrated Reporting Framework (<IR> Framework) of the International Integrated Reporting Council and the GRI Universal Standards 2021. The annual report also references the Sustainability Accounting Standards Board's Provisional Standard for Commercial Banks Guide, the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking (PRB), CDP's Climate Change and Water Security program guidelines, the World Economic Forum Stakeholder Capitalism Metrics, the Bloomberg Gender Equality Index Indicators, and the Task Force on Climate-related Financial Disclosures recommendations.
Industry associations, collective commitments	İşbank has signed the Global Compact Türkiye Sustainable Finance Declaration, published by the Global Compact Türkiye Sustainable Banking and Finance Working Group, and the PRB. The Issuer has joined the Net-Zero Banking Alliance, the Women's Empowerment Principles, the 30% Club, and BCSD Türkiye. İşbank is a member of Integrated Reporting Türkiye.
Previous sustainable or sustainability-linked issuances or transactions and publication of sustainable financing framework	As of the end of 2024, the Bank had issued three green bonds, 28 sustainable bond private placements, and one benchmark issuance. The Issuer invested in projects for renewable energy and employment generation, specifically targeting women-owned SMEs in underdeveloped regions. The Issuer published a Sustainable Finance Framework in August 2021, which was verified by a third party.

Rationale for issuance

İşbank aims to promote customer access to environmentally friendly and socially responsible financial products and services while participating in the transition to a low-carbon economy. Under this Framework, İşbank intends to issue sustainable finance instruments to finance or refinance loans that generate positive environmental and/or social impacts. The expanded

scope of the Framework allows the Bank to focus its eurobond issuance and loan processes on green, social and sustainability themes.

Opinion: *The Issuer clearly describes the key sustainability objectives and the rationale for issuing sustainable finance instruments. All the financed project categories are in line with the Issuer's sustainability objectives.*

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary methodology.

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

İşbank commissioned ISS-Corporate to compile a Sustainable Finance Instruments SPO. The second-party opinion process includes verifying whether the Sustainable Finance Framework aligns with the GBP, SBP, SBG, GLP, SLP and assessing the sustainability credentials of its Sustainable Finance Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- ICMA's GBP, SBP, SBG
- LMA's GLP, SLP

ISSUER'S RESPONSIBILITY

İşbank's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the Sustainable Finance Instruments to be issued by İşbank has been conducted based on proprietary methodology and in line with the ICMA GBP, SBP, SBG, and LMA GLP, SLP.

The engagement with İşbank took place from February to August 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact SPOsales@iss-corporate.com.

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