

I. PURPOSE AND SCOPE

The purpose of this policy is to determine the principles that İşbank (the Bank) will rely on as a basis to manage the credit transactions-related impact of its customers engaged in coal operations.

The Bank hereby defines the principles and responsibilities for phasing out the financing of coal-related carbon-intensive activities in support of its objectives to decarbonize its loan portfolio, meet its Net-Zero Banking Alliance commitments, and accelerate the transition to a carbon-neutral economy.

II. DEFINITIONS

- **Coal activities** include the production of electricity from coal, coal mining, coal trade, coal infrastructure activities, coal manufacturing, production of peat, lignite and hard coal briquettes (fuel obtained from coal dust by pressure), activities related to coal transportation and storage, activities serving the infrastructure of thermal power plants (manufacture of mechanical coal carriers, mechanical grates, mechanical ash dischargers and similar devices), infrastructure activities related to coal mining [manufacture of coal or rock cutters, tunnel and shaft boring machines and drilling and boring machines (underground or surface)], and construction of thermal power plants.
- **Customers engaged in coal activities** refer to customers (whose primary NACE¹ (the NACE with the highest percentage of turnover) is coal activity and whose coal-related activity turnover is 50% or more of their total turnover and) who are considered to fall within the scope of this policy.
- **Primary NACE** represents the main-priority area of activity carried out by the customer.
- **Net-Zero Banking Alliance** is an alliance which was established by the United Nations in order to ensure that member banks align their portfolios with net-zero emissions targets by 2050, in line with the Paris Climate Agreement, and of which the Bank is also a member.
- **Coal Phase-Out Policy Monitoring Report** refers to the report to be prepared once a year as required by our Bank's Coal Phase-Out Policy.

III. BASIC PRINCIPLES

1. The Bank included the investments for thermal power plants to be newly established to generate electricity using coal and natural gas as fuel, in the Exclusion List in 2020, and included the coal mine investments in the same list in 2022. In line with its decarbonisation targets, the Bank undertakes to gradually end the financing of coal activities, starting from the end of 2023 until 2040 (excluding receivables transferred to non-performing accounts), in order to support the commitments regarding the Net-Zero Banking Alliance, of which it became a member in 2022. Additionally, financing is not available to existing or new customers who are expanding their coal production capacity.
2. As a signatory of the Net-Zero Banking Alliance, the Bank aims to reduce its portfolio emission intensity by 61% by 2030, compared to the base year of 2021, in the electricity generation sector, one of the carbon-intensive sectors for which it has declared science-based emission reduction targets ([İş Bankası announced its 2030 targets for decarbonization | Türkiye İş Bankası](#)). For the Bank, the 2030 target that has been determined is an interim target for our Coal Phase-Out Commitment, and within this scope, the aim is to close the total credit risk related to the current coal activity by 2040 (excluding receivables transferred to non-performing accounts).
3. The Bank determines the relationship between its existing loan portfolio and coal activities and monitors the compliance of the maturity dates of the loans granted to the relevant customer group, with the phase-out commitment.
4. The Bank carries out studies to monitor the financing amount and maturity of coal activities on a customer segment basis through relevant business units in predetermined periods; compliance with this Policy is checked and the results are reported to the Sustainability Committee once a year within the scope of the Coal Phase-Out Policy Monitoring Report.
5. The Bank takes into consideration the compatibility of the new loans to be granted, with the coal phase-out commitment. In addition; in order to achieve the 2030 interim target and the Coal Phase-Out 2040 target, the Bank manages the gradual reduction of its existing risks in the relevant customers and the additional cash loan requests within the scope of business activities that can be considered in absolutely-necessary situations, taking into account the maturity and the purpose of the loan use.
6. The Bank stipulates that the credit decision processes of its customers whose main-priority business activity is determined to be coal activities will be carried out within the framework stated above.

(1) Charcoal-related activities are excluded from the scope.

IV. SUPERVISION/AUDIT

The implementation of this policy shall be ensured by the Project Finance Division under the supervision of the Sustainability Committee. Audit of compliance with the provisions of this policy shall be carried out within the scope of internal audit. The principles regarding the implementation of action plans to eliminate the findings identified as a result of the relevant audits shall be determined by the relevant Head Office Department under the supervision of the Sustainability Committee.

V. REVIEW

This policy shall be reviewed at least once a year, in line with the requirements and the changes in operating conditions, by the Project Finance Division under the supervision of the Sustainability Committee. The necessary updates and changes shall be approved by the Board of Directors upon the recommendation of the Sustainability Committee, and shall subsequently enter into force. This policy shall be published on İşbank's corporate website.

VI. EFFECTIVENESS

This policy was approved by the Board of Directors on 13/10/2025 and entered into force.