

İŞBANK  
GREEN BOND  
ANNUAL REPORT

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# 1. INTRODUCTION

## 1.1 İşbank's Profile

As Türkiye's leading and largest private bank, Türkiye İş Bankası A.Ş. (İşbank) has undertaken a pioneering and guiding role in the Turkish banking industry since its foundation in 1924. İşbank has introduced a number of firsts to the Turkish People including the first ATM, the first Internet Branch and the first mobile banking application and has continued to carry out innovative activities that stand out as exemplary in the sector.

Being "the bank closest to customers", İşbank serves retail, SME and large corporate customers and provides a comprehensive range of banking services through a strategy of achieving sustainable and profitable growth. With its strong capitalization, the Bank is determined to reinforce its support for its customers by taking advantage of the opportunities created by its sustainable and solid financial structure. Standing for trust, respectability and prestige in the eyes of the society, İşbank serves a broad customer base with its extensive branch and ATM network as well as with its constantly growing digital service channels.

## 1.2 Sustainability at İşbank

İşbank, established with its main mission defined as "contributing to the development and construction of Turkey", has acted with social responsibility since the date of its foundation and assumed pioneering roles and major duties in every phase of the Turkish economy.

In line with its founding philosophy, İşbank produces permanent value for its stakeholders not just in the short term but also in the medium and long term, drawing on its deep-rooted and powerful business model, namely "İşbank Banking". İşbank Banking is structured with a focus on "producing sharable and sustainable value".

Positioning sustainability as one of the top priorities of its business strategy, İşbank runs its activities with an integrated and long-term perspective. Thanks to the Sustainability Management System in place, İşbank carries out various activities such as the management of environmental impact, assessment of environmental and social impact resulting from lending operations and constant improvement of the human resources potential through training programs with a holistic approach. The operation of this system is underpinned by the Sustainability Policy of İşbank and other policies complementary to it.

The Sustainability Committee is the management body that has the largest responsibility for sustainability-related activities within İşbank. Thanks to its structure consisting of the members of the Board of Directors and the Executive Committee, the Sustainability Committee provides the opportunity for the business units to be represented in an inclusive manner and thus, the Committee monitors sustainability issues in a holistic manner. Besides, the Deputy Chief Executive responsible for Investor Relations and Sustainability function assumes the role of Sustainability Leader of İşbank.

İşbank recognizes the transformative power of financing. The Bank directly and indirectly contributes to sustainable development and supports the national economy by way of different projects that it funds. With its responsible finance approach, İşbank supports highly feasible projects that generate a social benefit while considering reputational and credit risks. At İşbank, potential environmental and social risks and potential borrowers of all new investment projects worth more than USD 10 million are assessed by the Environmental and Social Risk Evaluation Tool. The model determines the customer and project risk categories of these investment loans, thus providing the roadmap for limiting and eliminating the possible negative environmental and/or social impacts of the investment. With respect to this, İşbank is also one of the first signatories of Turkey's Declaration on Sustainable Finance, which was put into practice by Global



Compact Turkey and foresees a commitment to undertake the assessment of environmental and social impacts in credit processes.

İşbank has signed the United Nations Global Compact (UNGC) in 2012, and thus declared the importance it attaches to sustainability in an international platform. İşbank's commitment to the UNGC gained a new dimension as the perspective of UNGC was extended in the light of the United Nations Sustainable Development Goals (SDGs) which embrace a total of 17 different issues presented as the most significant global challenges for humanity. İşbank aims to blend its contributions to the development of its home country Turkey with its efforts regarding the goals set for the solution of global problems. İşbank Sustainability Finance Framework also includes a mapping of SDGs that are particularly relevant to the use of proceeds under this Framework.

Given the growing importance of risks and opportunities related to climate change, İşbank is increasingly incorporating climate considerations into business-as-usual processes. Climate risk is positioned as a

strategic risk in İsbank's risk taxonomy which is the backbone of its risk management framework. İsbank's climate-related risk definition includes both transition and physical risks, based on Task Force on Climate-related Financial Disclosures and international regulator recommendations. İsbank transparently shares its environmental goals and performance with its stakeholders via the CDP Reports. The Bank's CDP Climate Change Program score in 2022 was "A-" Leadership Level. In order to announce its actions regarding the management of water usage and its impact on water resources, İsbank started to report the CDP Water Security in 2021, and its score in this area was at the "B" Management level in 2022.

In line with its responsible finance approach, İsbank also attaches importance to renewable energy financing. Undertaking a major role in the transition to a low-carbon economy, İsbank contributes to mitigation of the risks and impacts stemming from climate change by financing renewable energy projects. Low carbon growth and the reduction of the carbon footprints of all industries can be made possible by promoting alternative energy resources. As a member of the United Nations Environment Program Finance Initiative and signatory to the Principles for Responsible Banking, İsbank is pledged to keep contributing to sustainable development and global climate goals. İsbank has strengthened its commitment to supporting the transition to a net-zero economy by joining industry-led, UN- convened Net Zero Banking Alliance in April 2022. In order to achieve net-zero targets by 2050, the Bank is committed to support its customers' transition to a net-zero economy by focusing its 2030 targets on carbon-intensive sectors.

As a signatory of the United Nations Women's Empowerment Principles (WEPs), İsbank considers gender equality in all its operations and aims to create opportunities in order to increase awareness on the issue. It seeks to ensure that all stakeholders in the value chain embrace this approach. İsbank prioritizes increasing financial inclusion and access to finance by supporting the participation of women entrepreneurs in the economy. İsbank also joined The Bloomberg Gender Equality Index (GEI) in 2022 and transparently reported its efforts on gender equality internationally.

## 2. İSBANK'S OUTSTANDING GREEN BONDS

<b>ISIN</b>	<b>XS2041003901</b>
<b>Amount</b>	USD 50,000,000
<b>Issuance Date</b>	21 August 2019
<b>Maturity</b>	21 December 2029
<b>Issuance Type</b>	Senior unsecured
<b>Issuance Format</b>	Reg S
<b>Use of Proceeds</b>	Green Categories stated in İsbank's Sustainability Bond Framework
<b>Listing</b>	Euronext Dublin

<b>ISIN</b>	<b>XS2306847158</b>
<b>Amount</b>	USD 13,000,000
<b>Issuance Date</b>	25 February 2021
<b>Maturity</b>	25 February 2026



<b>Issuance Type</b>	Senior unsecured
<b>Issuance Format</b>	Reg S
<b>Use of Proceeds</b>	Green Categories stated in İşbank's Sustainability Bond Framework
<b>Listing</b>	Euronext Dublin

### 3. ALLOCATION AND IMPACT OF THE PROCEEDS

**Total proceeds** USD 63,000,000

<b>Allocation of Proceeds (%)</b>	100%
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Category	Sub-category	Project number <sup>1</sup>	Loan Amount (USD)	Disbursement Date	Issuer's share in the total project cost	Impact Metrics		
						Installed capacity (MW)	Energy produced in 2022 (MWh)	Estimated GHG emission avoided (tCO <sub>2</sub> e)
Renewable energy	Solar power	1	19,888,450	29.09.2017	70%	21,1	35.820	16.268
		2	7,589,836	16.10.2017	73%	10,5	16.342	7.740
		3	5,548,091	30.11.2017	75%	7	11.602	5.646
		4	6,845,829	01.08.2018	70%	12	19.141	8.693
		5	8,016,942	26.07.2019	75%	10,8	20.835	10.138
		6	8,479,012	25.05.2021	63%	23,4	19.879	8.126
	Wind power	7	16,419,396	26.01.2018	63%	25,2	38.418	15.703
<b>TOTAL</b>			<b>72,787,556</b>					<b>72.314</b>

<sup>1</sup> All projects are located in Türkiye.

### 4. IMPACT REPORTING METHODOLOGY

In order to present the environmental impact of its green bond portfolio, İşbank has opted to report the 'Estimated annual GHG emission avoided or reduced (tCO<sub>2</sub>e)' in aggregate and on project basis, as the KPI for renewable energy projects.

The reported KPIs above are calculated by proportioning the total GHG emission avoided by the project with İşbank's loan's share in total project cost.

The total GHG emission avoided by each project is calculated as 'Energy produced in 2022 (MWh)' \* the 2020 Turkish grid emission factor for solar and wind projects.

The 2020 Turkish grid emission factor for solar and wind projects is 0.6488, which is the most recently announced data by the Republic of Türkiye Ministry of Energy and Natural Resources.

### 5. EXTERNAL REVIEW

The verification of this allocation and impact report has been provided by Sustainalytics and based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes them to believe that, in all material respects, the reviewed bonds projects, funded with the proceeds of Green Bonds issued by İşbank, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the İşbank Sustainability Bond Framework.