

İŞBANK
GREEN BOND
ANNUAL REPORT

September 2022

TABLE OF CONTENTS

1. INTRODUCTION

1.1 İşbank's Profile

1.2 Sustainability at İşbank

2. İŞBANK'S OUTSTANDING GREEN BONDS

3. ALLOCATION AND IMPACT OF THE PROCEEDS

4. IMPACT REPORTING METHODOLOGY

5. EXTERNAL REVIEW

1. INTRODUCTION

1.1 İşbank's Profile

Türkiye İş Bankası A.Ş. (**İşbank**) has been a firm supporter of the development of the Turkish economy by producing permanent value for all stakeholders since its foundation in 1924. Its robust capitalization coupled with the Bank's focus on profitable, healthy and sustainable growth make the most important elements that support İşbank's activities.

Targeting to be the bank closest to customers, İşbank steers the banking industry in Türkiye with the products and services offered in corporate, commercial, SME, retail and private banking segments. 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 the constantly growing digital service channels.

1.2 Sustainability at İşbank

Sustainability has been placed among the strategic priorities at İşbank, and it has been integrated into core business by embedding ESG considerations into risk management processes, product & service development and long-term strategies. 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 and other complementary policies of İşbank.

At İşbank, the Board of Directors is the highest-level of governance for sustainability issues. The Board of Directors has tasked a sub-committee, the Sustainability Committee, to focus on ESG issues. Thanks to its structure chaired by the Chairperson of the Board, consisting of the members of Board of Directors and the Executive Committee, the Sustainability Committee provides the opportunity for the business units to be represented in an inclusive manner and thus, the Committee monitors sustainability issues in a holistic way. In addition, the Deputy Chief Executive responsible for Investor Relations and Sustainability function assumes the role of Sustainability Leader of İşbank, steering İşbank's sustainability initiatives and representing the Bank in communications relating to sustainability including stakeholder engagement.

Moreover, the Bank develops collaborations with international financial institutions to finance transition to green and sustainable economy. As a member of the United Nations Environment Program Finance Initiative and signatory to the Principles for Responsible Banking, İşbank is pledged to keep contributing to sustainable development and global climate goals.

İşbank recognizes the transformative power of financing. The Bank directly and indirectly contributes to sustainable development and supports the national economy by the various projects funded. With its responsible finance approach, İşbank supports highly feasible projects that generate a social benefit while considering reputational and credit risks. İşbank is also one of the first signatories of Türkiye's Declaration on Sustainable Finance, which was put into practice by Global Compact Türkiye and foresees a commitment to undertake the assessment of environmental and social impacts in credit processes.

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 İşbank's Risk Catalogue, which is the backbone of its risk management framework.



İşbank's climate-related risk definition includes both transition and physical risks, based on Task Force on Climate-related Financial Disclosures and international regulator recommendations.

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 has further strengthened its commitment to supporting the transition to a net-zero economy by joining the industry-led, UN-convened Net-Zero Banking Alliance in April 2022. The Alliance brings together banks worldwide committed to aligning their portfolios with net-zero emissions by 2050 in line with the most ambitious targets set by the Paris Climate Agreement.

İşbank aims to blend its contributions to the development of its home country Türkiye 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.

2. İŞBANK'S OUTSTANDING GREEN BONDS

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

ISIN	XS2306847158
Amount	USD 13,000,000
Issuance Date	25 February 2021
Maturity	25 February 2026
Issuance Type	Senior unsecured
Issuance Format	Reg S
Use of Proceeds	Green Categories stated in İşbank's Sustainability Bond Framework
Listing	Euronext Dublin

3. ALLOCATION AND IMPACT OF THE PROCEEDS

Total proceeds USD 63,000,000

Allocation of Proceeds (%) 100%

Category	Sub-category	Project number ¹	Loan Amount (USD)	Disbursement Date	Issuer's share in the total project cost	Impact Metrics		
						Installed capacity (MW)	Energy produced in 2021 (MWh)	Estimated GHG emission avoided (tCO2e)
Renewable energy	Solar power	1	19,888,450	29.09.2017	70%	18	35,092	15,937
		2	7,589,836	16.10.2017	73%	10.5	16,146	7,647
		3	5,548,091	30.11.2017	75%	7	12,888	6,271
		4	6,845,829	01.08.2018	70%	10	20,051	9,106
		5	8,016,942	26.07.2019	75%	9	22,099	10,753
		6	8,479,012	25.05.2021	63%	15.6	25,708	10,508
	Wind power	7	16,419,396	26.01.2018	63%	10.8	16,380	6,695
TOTAL			72,787,556					66,919

¹ 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 (tCO2e)' 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 2021 (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.

