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INTEGRATED REPORT



*We are  
geared up for  
our second  
century*



İŞBANK



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## INTEGRATED REPORT

## Contents

Presentation	04
About the Report	05
Chairperson's Message	06
Message from the CEO	08
About İşbank	10
Sustainability at İşbank	26
İşbank Banking	28
Financial Performance and Profitability	46
Management Approach	52
Flawless Customer Experience	66
Responsible Banking	82
Happy and Productive Employees	102
Responsible Operations	122
Positive Value for Society	132
Annexes	144
Independent Assurance Report	157
GRI Content Index	160

# Presentation

## Bank of the Future

İşbank has set out the theme of its third integrated report as “the bank of the future”. İşbank, which will celebrate its 100<sup>th</sup> anniversary in 2024 and prepares for its second century, aims to shed light on the vision of how the value creation model, which is called İşbank Banking, will be managed in the second century with its Integrated Report for 2020. The Bank also included the opinions of the executive committee members in its 2020 Report to explain how the vision of “the bank of the future” is integrated into the value creation model in all business units and to convey its vision of the future to its stakeholders.

As one of the most established banks in Turkey, İşbank reports the sustainable and shareable value it creates for all its stakeholders and the country's economy in 7 main focal points.

In the Financial Performance and Profitability section, the changes awaiting the finance industry and İşbank's goals for sustainable financial performance are addressed.

The Management Approach section summarizes the Bank's ethical and principled understanding of banking and management principles.

Flawless Customer Experience section includes İşbank's approach to developments that will shape the banking of the future, digitalization and customer experience practices.

Responsible Banking section covers the performance of İşbank in areas of inclusiveness, supporting the green economy, and raising awareness of savings, which the Bank takes into consideration while designing its products and services.

The Happy and Productive Employees section reports how İşbank employees are getting prepared for the banking skills of the future, while taking into the consideration the Bank's gender equality approach.

The Responsible Operations section sets out the projects and practices developed by the Bank to minimize the negative effects of its operations and to spread the working standards it has throughout the supply chain.

Positive Value for Society section presents İşbank's vision of social responsibility and the social welfare projects realized with this vision.

“Sustainability at İşbank” section explains Bank's value creation process through İşbank Banking, which manifests Bank's integrated sustainability approach. This section also includes sustainability initiatives that are supported, communication with stakeholders and contribution to UN Sustainable Development Goals. The year 2020 has passed in the shadow of the COVID-19 pandemic all over the world. For this reason, the measures taken by İşbank for its employees and customers within the scope of the pandemic are also reported in a separate section in the 2020 report.

İşbank has positioned sustainability, which is the basis of its business model, as one of the main focal points of its corporate strategy with a holistic approach. The Bank carries out all its efforts in this direction under the guidance of the senior management and with the participation of all its employees. With the vision of “the bank of the future”, the Bank will continue to evaluate its risks and opportunities in the field of sustainability and to improve its performance.

“**Being an institution of the Republic, İşbank has been working for the Turkish economy as well as the wide range of stakeholders, and retained its position as the pioneer of banking in Turkey ever since its incorporation. İşbank is geared up for its second century with its qualified and trained human capital as well as with investment in technology and digital transformation.**”

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# About the Report

Celebrating its 100<sup>th</sup> anniversary in 2024 and getting ready for its second century, İşbank prepared its 2020 Integrated Report within the framework of this theme with the vision of becoming “The Bank of the Future” by creating sustainable value, with an inclusive and participatory approach. The views of the İşbank executives in the report aim to shed light on how İşbank Banking, which is İşbank's integrated sustainability approach, will be managed in the second century.


The third integrated report of İşbank provides up-to-date information about the Bank's work carried out with its approach focusing on creating sustainable and shareable value by taking into consideration financial and non-financial capital elements. The 2020 Integrated Report includes the value created by İşbank for all its stakeholders, the risks and opportunities it faces in the value creation process, and the integration of the Bank's sustainability priorities into business processes.

In the 2020 Integrated Report, a separate section was created in order to explain the measures taken in the fields of employee health, customer service and business continuity with regards to COVID-19 pandemic that affected the whole world (Please refer to the Fight Against Coronavirus Pandemic (COVID-19), p. 18).

İşbank 2020 Integrated Report presents Bank's sustainability performance for the period between January 1st, 2020 - December 31st, 2020. The report covers the activities of İşbank in Turkey. The Bank's subsidiaries and overseas operations are excluded from the scope of reporting.

İşbank Integrated Report is compatible with the Integrated Reporting Framework (<IR> Framework) of the International Integrated Reporting Council (IIRC). The 2020 Integrated Report has been prepared in accordance with the GRI Standards: Comprehensive option (Please refer to GRI Standards Content Index, p. 160). While creating the report content, GRI Standards Financial Services Sector Supplement and the Provisional Standard for Commercial Banks released by Sustainability Accounting Standards Board (SASB) and United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Banking were used.

The main indicators described in the report were subjected to the independent external audit (Please refer to Independent Assurance Report, p.157). This report also includes the communication on progress report required by the United Nations Global Compact (UNGC) of which İşbank is a signatory. (Please refer to UN Global Compact Communication on Progress, p. 151). Besides, the report includes the Bank's contribution to the United Nations Sustainable Development Goals. (Please refer to Contribution Made to Sustainable Development Goals, p. 43). In 2020 İşbank became a signatory of the United Nations Women's Empowerment Principles (UN WEPs), and has prepared a more detailed performance summary on gender equality. The Bank's performance in this area can be found in the Women's Empowerment Principles Progress Statement (Please refer to: Women's Empowerment Principles Progress Statement, p. 151).

 *The report can be accessed from PDP and [www.isbank.com.tr](http://www.isbank.com.tr). Any questions, comments or suggestions regarding the report can be sent to [sustainability@isbank.com.tr](mailto:sustainability@isbank.com.tr).*

“**As we step into our second century, we embrace the values of the future and the history.**”

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## Message from the Chairperson



Esteemed stakeholders of İşbank,

2020 has been an extraordinary year with the COVID-19 outbreak that no one could have predicted. Although the priority was human and public health in this process, countries made efforts to balance the policies of protecting public health and relieving the economy against the damage caused by the pandemic.

The pandemic has permanently changed the way of doing business in many sectors from global supply chains to the service sector, from agriculture to informatics, from education to health. Although the vaccination process, which started in many countries as of the end of 2020, creates positive expectations for the coming period, the effects of the pandemic are expected to be felt for many years.

Even though started as a health problem, the pandemic has been a warning regarding the future of humanity with its economic, social and environmental effects. Individuals, economic actors and public institutions have important responsibilities to understand the problems revealed by the pandemic and to act quickly for solutions. Great inequalities in the global income distribution, the effects of climate change, social injustices have now started to take place on the agenda of institutions. It turned out that creating an inclusive and sustainable business model is essential to resilience to such global crises.

The year 2020 brought many difficulties to be managed simultaneously, but it was also a year for us to take important steps in the field of sustainability for our Bank. We positioned sustainability as one of the main areas of our corporate

strategy in the Bank, which is a signatory of the United Nations Global Compact and aims to create value for all its stakeholders in line with the Sustainable Development Goals. In this direction, we established the Sustainability Committee, the highest authority in charge of our sustainability activities, working under the supervision of the Board of Directors, where all functions of the executive are represented in order to carry out our sustainability studies under the supervision of the Corporate Governance Committee in a more holistic and focused manner.

In 2020 we became a signatory of the United Nations Environment Program Finance Initiative Principles for Responsible Banking, which aims to make the banking sector's contribution to the United Nations Sustainable Development Goals more concretely. In this way, we have clearly demonstrated our commitment to continue contributing towards sustainable development and global climate goals. During the year, we also signed the United Nations Women's Empowerment Principles and underlined our current support for gender equality in many areas, from the loans we provide to increase women's employment and support women entrepreneurs, to the egalitarian approach we have displayed towards our women employees since the beginning.

We continued to have a positive impact on both the economy and the environment with the loans we provide in many areas from renewable energy financing to energy efficiency within the framework of our responsible banking approach, and the environmental and social risk management we

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**Established as the first national bank of the Republic, İşbank has been one of the most prominent economic actors of our country with its support for economic development from past to present.**

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implement in new investment projects. In order to minimize our environmental footprint based on scientific data, we have set the goal of reducing our emissions from our operations by 38% by 2025, 65% by 2030, and zero as we achieve to operate carbon-neutral by 2035. We organized training programs to equip our employees, our most valuable capital, with the competencies of the future.

In 2020, we also continued our contributions to social responsibility projects for a brighter future. During the pandemic, we have taken an important step for our country to take further steps in the fight against infectious diseases, which is once again understood to be of vital importance. For the next 5 years, we will support the "Infectious Diseases Application and Research Center" established within Koç University. I believe that the Center, in which our affiliate Bayındır Health Group will also participate, will achieve significant success in the field of infectious diseases in our country. In addition, at the beginning of 2020, in cooperation with Koç University, we launched the "Artificial Intelligence Application and Research Center", where advanced studies in the field of artificial intelligence will be carried out. The Center, which will make significant contributions to the scientific and academic activities of our country, is the first of this scale in the field of artificial intelligence in Turkey.

As a bank that has adapted to many different conditions and successfully managed different economic conjunctures and fluctuations throughout its history of nearly a century, we

resolutely continued our activities in this difficult period to create permanent value for the country's economy and all our stakeholders. Our Bank, which will step into its second century in 2024, will continue to create sustainable and shareable value for all segments of the society with its business philosophy and business model, which it has shaped by blending its future vision with its experience since its establishment.

Established as the first national bank of our Republic, İşbank has been one of the prominent economic actors of our country with its support for economic development from past to present. In these difficult days when the global economy is reshaped, our Bank is showing its full support to the national economy. I would like to extend, in the name of our Board of Directors and myself, my gratitude to all of our stakeholders, primarily my colleagues, who carried our Bank to our day successfully as one of the most prestigious financial institutions of the world with its financial size and the value it creates for all its stakeholders.

Yours sincerely,

**Adnan Bali**  
Chairperson



# Message from the Chief Executive Officer



Esteemed stakeholders,

2020 has been an unprecedented year marked by the COVID-19 pandemic all around the world. The restrictive measures taken to prevent the pandemic around the world brought the global economic activity to a halt for a while. The world's leading economies have gone through high rates of contraction. Turkey, on the other hand, was among the rare countries that could show positive growth in such a challenging year for the global economy.

Our bank has largely achieved its goals despite the challenging conditions of 2020. Our asset size reached TL 593.9 billion with an increase of 26.9% compared to the previous year; the cash loans we made available rose to TL 345.2 billion in the same period, and the non-cash loans to TL 119.6 billion, and the total contribution we made to the economy was TL 464.8 billion. Our sound financial structure played a key role in this success, as well as the importance we attach to digitalization, our approach to sustainability, our competent human resources, our extensive physical and digital service network, our strong subsidiaries operating in different fields.

During the pandemic, as İşbank, we immediately took a series of preventive measures for the health of our employees and customers with our human-first approach. As a result of our strategic investments in technology, we have created a system that allows our employees to work remotely in no time. We quickly launched our economic support package for our customers. We have supported our tradespeople, small businesses and SMEs in this difficult process with the "Joint Forces and Continuation Support Package". We have made a total loan transfer of TL 42 billion for our commercial and individual customers.

We continued to provide uninterrupted service to our customers by demonstrating our capacity in digital banking during the pandemic process. The number of active mobile banking customers, which was 7.8 million at the end of 2019,

increased to 9 million by the end of 2020. In the same period, the total number of digital customers reached 9.2 million, while the number of customers using Bankamatik ATMs and Internet Branch increased to 9.5 million and 3 million, respectively. The ratio of comparable transactions made through our non-branch channels to total transactions reached 96% in 2020. Maxi, which is our assistant application developed using artificial intelligence and natural language processing technologies, had around 60 million dialogues with more than 7.2 million customers as of the end of 2020. These successful results are the most important proof that we have paid off for the digitalization investments we have been continuing for many years. By establishing innovation centers in a wide geography from Silicon Valley to China, with technology investments we have determined it as our main priority to provide quality and customized banking services to meet the expectations of our customers in terms of practicality, speed and convenience with a flawless digital experience. We broke grounds in fields such as "open banking", "platform banking", "invisible banking", "personalized banking with artificial intelligence" that have the potential to significantly change the conventional banking concept. In this direction, we will continue our investments in the fields of digitalization and new generation banking without slowing down, with the vision of becoming the "Bank of the Future".

Another effect of the pandemic was the increasing sustainability expectations of different stakeholder groups, such as customers

and credit institutions, from institutions. 2020 has been a year in which long-lasting efforts on sustainability at our Bank gained momentum. We have positioned sustainability, which is an integral part of our business model, among our strategic priorities along with digitalization. We have adopted a model in which all areas are actively managed end-to-end, from sourcing to sustainability-themed products and services to be developed and offered to customers, to monitoring the environmental and social impacts of loans.

In 2020, we started the membership of the United Nations Environment Program Finance Initiative, which aims to mobilize private sector financing for sustainable development, and signed the Principles for Responsible Banking that aim to harmonize the banking sector with the United Nations Development Goals and global climate targets. As an institution that believes in the value that women will add to the economy and has made a place for women in an egalitarian way and cares about women having a say in the administration, we have become a signatory of the United Nations Women's Empowerment Principles.

As part of our efforts to reduce our environmental footprint, which we conduct with great precision, our Bank set its medium and long-term emission reduction targets within the scope of "Science Based Targets" (SBT) in 2020, and revealed its road plan to be carbon neutral. For our emissions from our operations, we have set our reduction targets to be achieved in 2025 and 2030, and ultimately we anticipate to be carbon-neutral in 2035. In line with these goals, as an eligible consumer we have decided that all the electricity for 2021 will be produced from renewable resources.

In 2020, we also increased our grade to "A-" and made it to the leadership category in the Carbon Disclosure Project (CDP) Climate Reporting. This result confirms that our Bank uses natural capital efficiently, effectively manages climate risks and opportunities and transparently shares them with its stakeholders.

We continued to create value for all our stakeholders in our ecosystem with our performance in the field of sustainability in 2020. We continued to be included in the BIST Sustainability Index and FTSE4Good Emerging Markets Indices. We received an international risk rating from Sustainalytics, one of the most reputable rating companies in the world, for rating on ESG (Environmental-Social-Governance) issues. We

consider these and similar rating results, which evaluate the sustainability performance of our bank in all its dimensions, very important, and consider them as important feedbacks that reveal our development areas. In addition, our integrated reporting studies in 2020 received positive feedback. With its 2019 Integrated Report, our Bank was awarded the "Platinum Award" in five different categories in the 2020 Spotlight and Inspire award programs organized by the League of American Communications Professionals (LACP).

İşbank, one of the most rooted institutions of Turkey, has assumed important responsibilities in the economic history of our country and witnessed all periods of transformation and change it experienced. In its second century, our bank will, without hesitation, adapt to the changing conditions in Turkey and in the world in the best possible way and will stand by our country as a reliable partner in the post-pandemic period. We believe that this renewal process should be carried out in line with the Sustainable Development Goals, with the goal of creating a fairer and more livable world for everyone.

As we move forward with firm steps towards our second century, we have built our vision of becoming the "Bank of the Future" on being a digital, inclusive, sustainable, human and nature friendly institution. With our third integrated report, which we aim to share our long-term value creation strategy and prepared in accordance with the International Integrated Reporting Council (IIRC) Reporting Principles, we aimed to present this vision to you, our valuable stakeholders.

I would like to extend my gratitude to all of our stakeholders, primarily my colleagues who worked devotedly during the challenging process we left behind, and who did not deny their trust and support to our Bank.

Yours sincerely,

**Hakan Aran**  
Chief Executive Officer

# About İşbank

As of the end of 2020, with its 23,518 employees providing services to 20 million customers, İşbank is the largest private bank in Turkey with its total asset size of TL 593.9 billion. İşbank is among the highly respected institutions of the banking sector with its products and services in corporate, commercial, SME, retail and private banking.

İşbank operates its cross border banking activities with İşbank AG in Germany, JSC İşbank in Russia and JSC İşbank Georgia in Georgia. In addition, İşbank operates 2 branches in Iraq, 2 branches in Kosovo, 2 branches in England, 1 branch in Bahrain and 15 branches in Northern Cyprus. The Bank has 2 representative offices, one in Shanghai (China) and one in Cairo (Egypt).

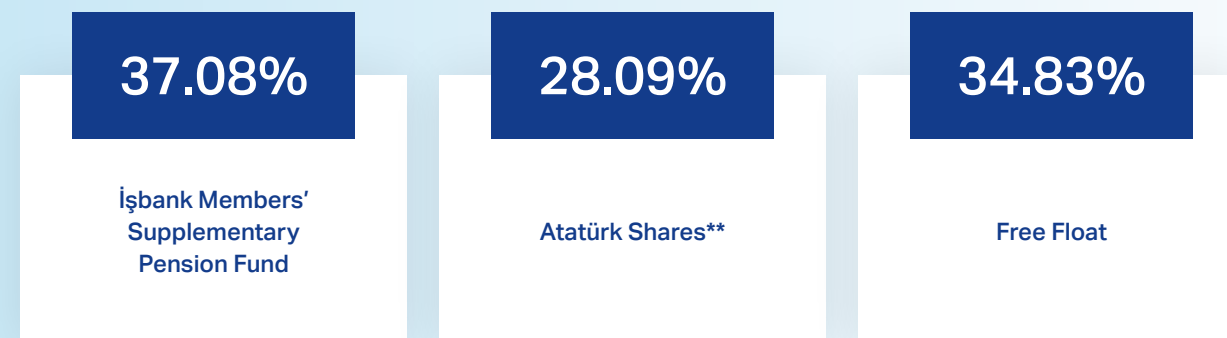
İşbank Group is an integrated group with its domestic and international subsidiaries operating in many fields. As of the end of 2020, İşbank has direct partnerships in 26 companies. The number of companies controlled directly or indirectly by the Bank is 106. As of the end of 2020, the size of İşbank's subsidiaries portfolio is TL 26.3 billion; 73.7% of the portfolio consisting of the shares of Türkiye Sınai Kalkınma Bankası, Anadolu Hayat Emeklilik, İş Leasing, İş Real Estate Investment Trust Inc., İş Investment, Inc. and Türkiye Şişe ve Cam Fabrikaları Inc.'s are traded on the Borsa İstanbul A.Ş.



[For more information, please refer to İşbank's 2020 Annual Report p. 74-78.](#)

With its wide-ranging shareholder base, the number of İşbank's shareholders, which consist of institutional and individual investors, is 165 thousand. İşbank's Member's Supplementary Pension Fund, and institution that has the membership of nearly 50 thousand employees and retirees, holds 37.08% of the Bank's capital.

## İşbank's Shareholding Structure\*



\* As of 31.12.2020

\*\* These shares belong to Atatürk and 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 the 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.

### Our Vision

Becoming the bank of the future, creating sustainable value with an inclusive and participatory approach



### Our Strategic Goals

- Commitment to our country
- Strong and sustainable financial performance
- Effective risk management
- Flawless customer experience
- Value creating technology and innovation leadership
- Happy and productive human resources
- Ethical and responsible banking, that is compassionate towards people, society and environment



### Our Values

Innovation, Solidarity, Common Sense, Reliability, Sincerity, Transparency guided by the principles of "Intelligence, diligence, integrity; technical and methodical work"



### Our Strategy

Managing our balance sheet to ensure sustainable and value added growth while using our internal and external resources in accordance with the priorities of the country's economy and preparing our Institution for the future by continuously improving our business model in synergy with our group companies and all our business partners in the period of technological transformation



## Future Ahead: Risks, Opportunities & Future Insights

### What kind of a world awaits us in post-pandemic era?

The COVID-19 pandemic has produced a human and economic crisis with no precedent in the recent past. The global economy is experiencing the deepest recession since World War II. The pandemic has caused disruptions in economic activities, traveling, supply chains, culture and arts, education and many more.

This crisis, which caused the world economy to contract by 3.3% in 2020 and affected the largest population since the 1870s, drove presumably more than 140 million people into extreme poverty<sup>(1)</sup>. It is estimated that the number of people with acute food deficiency will increase by more than 120 million due to COVID-19<sup>(2)</sup>. According to scenario analysis, it is estimated that child mortality will increase by almost 1.2 million in 6 months in the worst-case scenario due to health service interruptions<sup>(3)</sup>, 810 million children are out of education<sup>(4)</sup>. Since the beginning of the pandemic, there has been a loss of work force equivalent to 400 million full-time jobs<sup>(5)</sup>.

Governments around the world are trying to mitigate the negative effects of the pandemic with quarantine measures and incentive plans, but the scope of these actions varies between countries. The world has not been able to produce an international response to this pandemic, and local measures have been insufficient to manage a crisis in this context. Globally, the most vulnerable segments of society have been disproportionately affected in terms of both job loss and exposure to the virus.

One of the most notable effects of the pandemic is the change in global trends. Until the beginning of the pandemic, social transformations such as sharing economy,

urbanization and globalization were observed to be dominant in economic and social life, while the pandemic interrupted these global trends. While hygiene concerns slow down the sharing economy, opportunities to work remotely and cities being the main centers of the pandemic, urbanization is losing momentum for the first time in a long time. On the other hand, COVID-19 acts as a catalyst for digitalization. In addition to accelerating digitalization, the crisis has been a differentiating factor in the digital infrastructure of institutions. While institutions such as İşbank, which have been making strategic investments in technology for a long time, have become stronger, it has become imperative for those left behind to take rapid steps to achieve technology modernization.

Despite the promising developments in the field of vaccination recently, it is not yet clear how the pandemic will progress in the short term and what its lasting effects will be. But what is clear is that we have to go through a period of change and reform in all areas of life. It seems inevitable to experience radical changes in many areas from working life to production and consumption habits, from agriculture to health, from information technologies to education. This global crisis is forcing all institutions to review their values and to set their priorities again.

For the banking sector, the economic consequences of the pandemic are remarkable, though not as devastating as the 2008-2010 global financial crisis. In addition to financial contraction, the pandemic is reshaping the global banking industry in several dimensions, creating a new competitive environment, slowing growth in some traditional product areas, leading to a new wave of innovation, reshaping the role of branches, and accelerating digitalization in almost every aspect of the banking sector.

The COVID-19 pandemic has once again underlined the importance of the Sustainable Development Goals (SDG). This crisis indicates that the SDGs are not optional targets; it also shows that there are goals that we "have to achieve" that are critical for a global order that is resilient and responds to the needs of different stakeholders. The global economy that needs to be rebuilt should be based on equality, inclusiveness, low-carbon economy and innovation-based transformations, which are the basic principles of sustainable development.

Within the scope of its permanent commitment to Turkey, İşbank is among the important actors of the new economic transformation with its strategies supporting low-carbon economy and its inclusive financial solutions. The Bank continues to work as a reliable partner for its customers and its country in this difficult period.

“In addition to accelerating digitalization, the crisis has been a differentiating factor in the digital infrastructure of institutions.”



(1) Homi Kharas, "The impact of COVID-19 on global extreme poverty," Brookings Institution, October 21, 2020, [www.brookings.edu/blog/future-development/2020/10/21/the-impact-of-covid-19-on-global-extreme-poverty/](https://www.brookings.edu/blog/future-development/2020/10/21/the-impact-of-covid-19-on-global-extreme-poverty/)  
(2) WFP, "New report shows hunger is due to soar as coronavirus obliterates lives and livelihoods," July 17, 2020, <https://www.wfp.org/news/new-report-shows-hunger-due-soar-coronavirus-obliterates-lives-and-livelihoods>  
(3) Timothy Robertson et al., "Early estimates of the indirect effects of the COVID-19 pandemic on maternal and child mortality in low-income and middle-income countries: a modelling study," The Lancet: Global Health 8(7): E901-E908. [https://www.thelancet.com/journals/langlo/article/PIIS2214-109X\(20\)30229-1/fulltext](https://www.thelancet.com/journals/langlo/article/PIIS2214-109X(20)30229-1/fulltext)  
(4) "Continuous Learning During Covid 19" UNICEF, May 2020, <https://www.unicef.org/cambodia/stories/continuous-learning-during-covid-19>  
(5) ILO, "ILO Monitor: COVID-19 and the world of work, Fifth edition: Updated estimates and analysis," June 2020, [https://www.ilo.org/wcmsp5/groups/public/-/-dgreports/-/-dcomm/documents/briefingnote/wcms\\_749399.pdf](https://www.ilo.org/wcmsp5/groups/public/-/-dgreports/-/-dcomm/documents/briefingnote/wcms_749399.pdf)

## What should be done to minimize the effects of climate change and support a low carbon economy?

The negative consequences of the climate crisis, whose effects were felt deeply even before the COVID-19 pandemic, have become more visible with the pandemic. The natural balance that is deteriorated and climate change affect everyone, especially the poorest and most disadvantageous segments.

In order to reach the net zero emission target by 2050 and to keep global warming at approximately 1.5 degrees Celsius, the transition to a low carbon economy needs to be accelerated. Time is running out to address the world's climate crisis and keep temperature rise below set degrees, while the costs of climate change increase with the risks associated with inactivity. There is an alarming increase in biodiversity loss and ecosystem degradation.

The low carbon economy offers alternatives to the 20th century growth model that causes fossil fuel dependency and ecosystem degradation, and reveals the prospect of a more sustainable future that can achieve a transition to a net zero carbon economy by 2050. In order to achieve this and meet the climate targets set by the Paris Agreement, it is necessary to accelerate renewable energy investments and respond to infrastructure deficits in developing countries. There is a need for a large increase in "green" investments. This reveals the transformative power of the banking sector and the triggering role of change in the economy.

Common global action and clear targets are required to accelerate the transition to a low carbon economy. A growing number of major industrial nations, including the European Union, the UK and most recently China, Japan and Korea, have committed to a net zero target. Closely following these developments, İşbank has made a commitment to continue its activities in 2035 with the goal of "zero emission" in line with its Science-Based Goals.

A transition to a low carbon economy requires cooperation between governments, public and private sectors. For example, the "Green Deal", the new economic program of the European Union, will cause significant changes both within the European Union and in countries that have trade relations with the European Union. It is extremely important to establish public-private partnerships in the works to be carried out to reach the zero-emission target in 2050.

The banking and finance industry has a significant power and leverage effect in supporting the transition to a green economy. With this awareness, İşbank evaluates the environmental, social and governance impacts of its lending processes, and acts with the aim of being a part of the common solution by supporting sectoral initiatives such as the United Nations Environment Program - Finance Initiative, the Principles for Responsible Banking and the Declaration on Sustainable Finance.

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The banking and finance sector has a significant power and leverage effect in supporting the transition to a green economy.”

## How an environmentally-conscious, inclusive economic growth is possible?

The roadmap of the global economic recovery, which came to the fore as the restrictions imposed by the COVID-19 outbreak began to ease, continues to remain uncertain. The epidemic and the resulting economic contraction have made the inequalities and vulnerabilities of global economic systems more visible. Global economic recession affects disadvantaged groups the hardest. Low-income groups, small-scale producers, groups with limited access to finance suffer disproportionately. But the pandemic period also offers opportunities to address the causes of economic inequalities. Adopting environmentally-friendly, inclusive, innovative economic models in this period, which provides an opportunity to offer alternative solutions to structural problems, will increase global welfare in the long run.

One of the important steps of an inclusive economy should be supporting a low carbon economy. Vulnerable groups at low-income levels that cause impact on global greenhouse gas emissions the least feel the effects of climate change in the most devastating way. Similarly, social groups that are pushed out of the financial system and the labor market experience the worst effects of the pandemic. Developing constructive policies and projects for these segments of society is both a moral necessity and a need for economic well-being.

There is increasing evidence that economic exclusion leads to financial and social inequalities. On the other hand, an inclusive development model has the characteristic of being a driving force for economic development and prosperity with its innovative potential to bring different ideas together. Social diversity positively affects financial performance. It is observed that inclusive economies around the world more easily overcome the shocks of the COVID-19 outbreak.

The decisions for the actions that will shape the next century are taken during historical events as they are today. Surely, the social and economic crisis created by the COVID-19 pandemic will be brought under control, but the effects of the decisions taken in this process are likely to last for many years. Therefore, the guiding principle of the new economic order should be social inclusiveness and sustainable welfare for all that cause the least natural damage. İşbank is ready to fulfill its responsibility on the path to an impact-oriented and innovative economy, where the demands of all stakeholders are taken into account. Many products and services are implemented to enable women, young people, entrepreneurs and disadvantaged groups to participate in economic life, and it is aimed to create a permanent impact for different stakeholder groups.



### How will new technologies affect customer experience?

Banks are looking for ways to keep up with their customers' increasing expectations of easy, fast and personalized digital services. Especially with the pandemic, digitalization has become a must, not a choice. These new habits and expectations significantly change customer relations. Banks try to bring the best human resources together with the highest and safest technology and to produce innovative solutions to the changing expectations of their customers in order to provide the most accurate products and services to them. These innovative technologies also ensure business continuity in times of global crisis, such as the COVID-19 pandemic.

However, these developments bring in technology dependency and cyber security risks. For this reason, all banks and financial institutions are working to guarantee information and transaction security by investing in the highest security products and services. Digital transformation creates more collaborative work areas with technology-oriented startups and FinTech, and enables the emergence of new business models and new working conditions in the banking sector. Digital technologies offer unlimited possibilities for both customers and employees, and open up new competencies. Banking sector employees are able to devote a greater portion of their time to the personalized needs of their customers with the convenience of digitalization and can work to offer personalized solutions.

Digitalization, whose speed increased with the pandemic, also underlined the necessity of closing the digital gap between countries and between individuals. Countries and institutions that dominate digital technologies can predominantly find a place in the global economy and receive a greater share of the prosperity created. For this reason, İşbank both supports startups for the development of the technology ecosystem and develops projects that increase financial literacy. The Bank also organizes training programs to improve the digital competencies of its employees.



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Digital technologies offer  
unlimited possibilities  
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## Combating the Coronavirus Pandemic (COVID-19)

The COVID-19 pandemic, which started in 2020 and whose effects are still ongoing, has deeply affected the world. Companies have an important role in combating the pandemic. This new process has made it necessary to take a series of measures to protect the health of all stakeholders, especially employees and customers, and to adapt to new working styles brought about by pandemic conditions. İşbank has taken many measures to ensure business continuity while protecting the health of its employees and customers.

All the measures taken has been carried out under the ownership of senior management, especially the General Manager and Deputy General Managers, within the scope of the Emergency Action Plans and Business Continuity Plans, in a participatory manner, including the Crisis Management Teams and Committees, where the responsibilities of all employees are defined, as well as the union organization.

### PRECAUTIONS TAKEN FOR EMPLOYEES

The warnings and implementations of the Ministry of Health and the World Health Organization regarding the pandemic, which has been on the agenda of the whole world and Turkey since March 2020, have been carefully followed throughout the process. Protective measures have been taken throughout the Bank to prevent the spread of the pandemic. Acting with the motto “people come first”, İşbank has demonstrated that it stands by its employees, customers, retirees and all its stakeholders in every step it takes.

### Health and Safety Precautions

İşbank focused on measures related to the pandemic by prioritizing the health of the Bank's employees and their families in occupational health and safety practices. Considering the practices and recommendations of the World Health Organization, the Ministry of Health of the Republic of Turkey, Infectious Diseases Associations, other countries, institutions and organizations, wide-ranging measures have been implemented immediately. In this context,

- After the first case was seen, all domestic and international meetings and events were canceled, and the meetings were held through video conference methods.
- Customer visits, marketing, campaign activities, sales days and direct sales activities were minimized, except for essential situations.
- In the beginning of the pandemic, the services in the branches located in risky locations, in hospitals, shopping malls, airports, universities and in-house branches were suspended.
- The cleaning frequency of İşbank Bankamatik ATMs was increased throughout the country. Signs were placed for social distancing in the waiting areas in front of the branches and Bankamatik ATMs and disinfectant stands were placed in the branches. In order to protect the health of the customers and branch employees who are in contact with customers, protective transparent panels were placed at the branches, and warning signals were placed on the seats in the customer waiting halls to remind the social distancing rules.

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- In order to reduce the risks that may arise from customer traffic in branches, the number of customers who can receive service within the branch at the same time has been limited in proportion to the number of tellers, customer representatives and customer relations managers.
- HES code inquiries are made to customers at branches.
- 6.150 new laptops were provided for employees to enable working from home.
- Pandemic duty allowance was initiated for all employees, including those physically coming to the workplaces within the scope of rotational work, as well as security guards.
- For the convenience of hygiene, casual dress code was applied throughout the Bank.
- Products such as masks, disinfectants, gloves, etc. were provided at all times to all employees working at the work locations. In addition to these, the Bank continued its works to keep the working environment safe and healthy.
- Shuttle services for the employees have been rearranged to minimize the risk of disease transmission. The number of passengers on all buses is limited to 50% of the vehicle's capacity. Disinfection frequency of the vehicles were increased.
- All branch and cash management employees, especially employees who are in contact with cash money, were obliged to wear gloves in all work areas and during service use.
- The dining halls in the Headquarter buildings were initially temporarily closed, and food was distributed to the employees' working areas. During the normalization process, acrylic separators were installed on the tables in the dining halls and the number of chairs was limited. Banners were placed in the dining halls for the issues that need to be considered within the scope of the pandemic.
- Social distance markings were placed to all elevators and common areas. In addition, the use of elevators against the social distance rule was prevented by adjusting the elevator weight sensors.
- Glove and mask waste bins were placed in common areas for the disposal of masks, gloves and disposable hygiene wipes.
- All employees who tested positive for COVID-19 were closely monitored, and all employees who were abroad or whose relatives came from abroad were isolated for 14 days. Necessary precautions and studies were carried out to prevent other employees from being adversely affected in the Branch, Regional and Headquarters buildings, and the course of the pandemic within the Bank was regularly reported.
- The doctors of the Bank prepared videos titled “Coronavirus Infection and Protection Ways” and those videos were shared on the intranet. In addition, online doctor consultation practices were implemented for employees.
- Employees who are in the process of pregnancy and breastfeeding and those who suffer from chronic illnesses and immune system weaknesses are considered on administrative leave.
- Pandemic related products and services worth approximately TL 26 million and USD 6 million were purchased.

### Business Continuity Precautions

During the pandemic, necessary measures regarding business continuity were taken in all buildings of İşbank. In this context,

- Emergency action plans of all branches and buildings were renewed, pandemic risk assessment report and pandemic plan were prepared.
- Practices for employees to work remotely online or to be out of the workplace have been implemented in a way to encompass 50 percent of the employees with 14-day shifts and to 100 percent when possible. Authorization and device/hardware allocations have been made to facilitate the process.
- Within the scope of pandemic measures, nearly 4,000 computers were delivered to the relevant branches and employees in order for the information systems to provide a healthy service from the first day. Virtual private network capacities that allow the systems to be used as if they are working from the workplace have been increased, and a large infrastructure has been created that will provide remote access for up to 15,000 users. Meeting infrastructures have been strengthened in order to efficiently maintain large-scale meetings. A reporting infrastructure has been created to monitor corporate-wide remote access
- Information Security reminders were made to the employees regarding the remote access authorizations used during the remote working model and the Practicing Instructions on Remote Working Principles was published.
- Within the scope of curfews, branch continuity has been ensured by remote work on days when the branches do not provide service.
- During the days of the curfew, compulsory employees were provided with accommodation facilities in locations such as the Headquarters and Atlas Data Center.
- It has been ensured that the existing commitments of pension beneficiaries whose pension promotion commitments have expired, are automatically renewed before they come to the branches. In order to facilitate the cash needs of customers, withdrawal limits from Bankamatik ATMs have been increased. Customers over the age of 65 have begun to make payments from their accounts through instructions they will give to their relatives and/or Vefa Coordination Group officers. Customers aged 20 and under and customers aged 65 and over received their cards through couriers.

#### Information and Awareness Activities

Considering the health and safety of employees as the first priority during pandemic in İşbank, all training activities have been rapidly adapted to new conditions. As of the beginning of March 2020, all classroom trainings have been canceled and training programs have started to be offered as live digital training.

- During the pandemic, "To Increase Our Psychological Resilience", "To Manage Our Anxiety", "To Be A Parent While Working Remotely", "To Manage Time Quality", "To Manage Emotions" and "Tips for Effective Communication and Motivation" Video Trainings were presented to the employees through Learning World/İşTube. "Mental and Physical Endurance", "Being a Team Without Sharing Space" and "Subtleties of Communication Art" trainings were also given in the Management Development Conferences organized specially for this period.
- With the start of working from home alternately during the pandemic period, a digital training called "Cyber Security Measures at Home", which was prepared to raise awareness about cyber security risks that may be encountered in case of working outside the workplace and the measures to be taken against them, has

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**In the environment of uncertainty brought on by COVID-19, meeting the changing customer needs and solving the problems immediately has become critical, and the need for advice and guidance increased as the use of digital channels increased.**

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been put into use. A digital training named "Remote Working Guide" prepared in line with the principles of working remotely published in order to make remote work more efficient was presented to employees.

- Employees were constantly informed about the pandemic and measures with videos and announcements; and thousands of questions and notifications conveyed by employees through internal communication channels such as e-mail, phone, Maximo, Corona Pandemic Line and I Have a Suggestion were answered.
- A digital structure that enables employees to report and monitor their current status within the scope of COVID-19 has been created and put into use. The procedure, which includes the measures to be applied and things to be done when logged into the system, is sent to the employees and managers by e-mail.

#### CORONAVIRUS OUTBREAK AND CUSTOMER EXPERIENCE

In line with the customer experience vision of İşbank, action is taken to "simplify the interactions at all contact points by understanding the changing needs and expectations of the customer, provide time-saving, fast solutions, and help them when they get stuck". In the environment of uncertainty brought on by COVID-19, meeting the changing customer needs and solving the problems immediately became critical, and the need for advice and guidance increased as the use of digital channels increased. In this period when customer needs and expectations were redefined, customer satisfaction and net recommendation score (NPS) in branches and digital channels were closely monitored and actions were taken to address customer feedback.

In 2020, we gained the competence to measure customer experience in digital environment, covering all branches and digital channels. The feedback gathered through these measurements has been widely used by İşbank in order to better serve its customers. New generation analytical competencies have been acquired in order to improve the service experience in digital channels, which have become the main contact point of customers, and to offer real-time contextual suggestions and directions to customers in all digital channels, especially Bank's mobile application İşCep.

In this context, real-time analyses based on customer behavioral data were made, and 20 million customer interactions were created with contextual scenarios. In these interactions, correct suggestions and directions were made to the customers at the time of need, and solutions were produced for the smooth completion of the transactions in difficult situations. 200,000 product applications and 487,000 account openings were successfully completed, and more than 1 million referrals were made to ensure the uninterrupted realization of customers' experience in digital channels.

#### Private Banking

In the field of private banking, customers seeking return optimization in the volatile market conditions brought about by the pandemic were offered the right investment proposals at the right time with a proactive approach. In this context, information flow





about market developments and products information were maintained with more frequent periods. Additionally in accordance with the social distance rules, contacts and visits were carried out on online platforms, especially to customers within a certain age and health risk group. Accordingly, even in situations where meeting face-to-face was not possible, there was no interruption in service provision; private banking standards for customer experience were maintained through online tools.

#### Digital Banking

Pandemic has made it a necessity for customers to meet their needs with their smart phones or computers. In this context, offering the best mobile banking experience to customers has been among the priorities of İşbank. During this period, development efforts continued in order to enable customers to meet their needs through digital channels and to benefit from products and services physically without going to the branch.

Maxi, the personal assistant application developed using artificial intelligence and natural language processing technologies which allows customers to perform transactions by speaking or writing at digital contact points, stands out as one of the competencies that differentiate İşbank in this area.

With Maxi, which was offered to customers in November 2018, almost 60 million dialogues were held with over 7.2 million customers until the end of 2020. The natural language processing capabilities of Maxi were further developed and the total number of competencies was increased to over 420. Customers who had written or verbal communication with Maxi, which is an important alternative of face-to-face communication during the pandemic period, were able to easily perform many banking transactions without leaving home, as well as receiving advise on spending, tracking their recent payments and were able to have information on many issues such as deferring account statements, expense installments and contactless payments specific to the COVID-19 period. Interaction with Maxi, which enables face-to-face communication in branches to continue from home, has increased by 77% in this period.

With TekCep, Turkey's first and only open banking application developed for commercial customers, account and POS movements in other banks could also be monitored through İşCep. Commercial customers have been given the ability to submit the application forms required to use digital channels to the relevant customer representative in digital environment.

Another service developed by İşbank on İşCep is the market feature. Customers are provided with fast and easy access to many mobile applications outside of banking, without a password. Thanks to API integrations, many needs from direct access to e-government to commercial transacions, from insurance to investment, from payment systems to culture and arts can be met end-to-end from the same digital platform.

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**Pandemic has made it a necessity for customers to meet their needs using their smart phones or computers. In this context, offering the best mobile banking experience to customers has been among the priorities of İşbank.**  
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#### Retail Loans

In order to alleviate the negative effects of the decline in economic activity during this extraordinary period, customers who have consumer loans and overdraft accounts at the Bank were given the opportunity to postpone installments for 3 months over loan contractual interest rates. In the third quarter of the year, consumer loan deferral requests were met by applying a grace period restructuring, and as of December 2020, direct deferral was resumed. In addition, housing, vehicle and general purpose loans with a grace period of up to 90 days have been offered through all channels in order to facilitate the repayment of financing needs that occurred during the pandemic.

#### Retail Banking

In order to support the economy and household financing during the pandemic, customers were given the opportunity to postpone installments and postpone overdraft account interest for their open loans.

İşbank's focus has been to continue to support member merchants by offering the Coronavirus Pandemic Support Package as the Coronavirus pandemic continues to spread. First of all, collections from temporarily closed member merchants were suspended during the April-June 2020 wage period. In addition, all member merchants fees have been postponed up to 120 days in the March-August 2020 wage period. İşbank did not collect any fees from member merchants such as food places, restaurants, entertainment centers, and cinemas, which were closed in December 2020.

Similarly, in order to alleviate the economic difficulties caused by the pandemic and to ensure that they can carry out their transactions without visiting branches as much as possible, customers were provided the opportunity to postpone their individual credit card account statement debts through digital channels for up to 3 months. In addition, the practice of closing cards for shopping and cash transactions due to minimum counters was suspended. Credit card annual fees are also not reflected on customers' statements specifically for this period.

In this period when social distance increased and contact decreased, İşbank's contactless cards and Maximum Mobil application offered instant card, QR code, contactless and mobile payments, enabling customers to shop securely.

The duration of the economic support provided by MaxiPuan and MaxiMiles, which customers earn from Maximum and Maximiles loyalty programs, has been extended. The validity periods of MaxiPuan and MaxiMiles, which cannot be used for two years according to standard practice and which were deleted, have been extended until September 30, 2021, especially for this extraordinary period. For Maximiles customers, who previously purchased free flight tickets using advance miles, their commitments in their advance mileage accounts which they were expected to close in April, May, June, and July were postponed, and customers were given additional time to pay the advance they used.



**Corporate and Commercial Banking**

The Solidarity Package has been developed by the European Bank for Reconstruction and Development (EBRD) in order to provide financing to companies that need to combat the negative effects of the COVID-19 pandemic, which is increasing in developing countries, including Turkey, on the economy. Within the scope of this package, a loan of USD 54 million has been provided by İşbank. On the other hand, in order to limit the negative effects of the pandemic on customers, deferral/restructuring requests for commercial loan repayments were carefully evaluated and such requests were answered positively as much as possible by targeting customer satisfaction.

**Agricultural Banking**

In the field of agricultural banking, open credit application has been initiated to support the pandemic. Improvements have been made to enable agricultural customers to conduct their transactions through digital channels. Farmers were informed about what they can pay attention to while using agricultural tools during the pandemic. Live digital training was provided to more than 1,700 employees in order to increase the agricultural banking competencies of bank employees and to provide the best service to our farmers.

İmece Card is provided to producers to meet the needs such as seedlings, fertilizers, seeds, pesticides, feed, fuel oil and agricultural equipment required for agricultural activities, and enables the use of agricultural loans; İmece Card holders have been provided with a deferral of repayment dates for up to 3 months upon request.

**SME and Enterprise Banking**

The Digital Transformation Loan product, which includes special conditions and repayment options, has been developed for companies that need to carry their processes online due to the pandemic or consider this period as an opportunity for digital transformation projects.

Treasury-backed CGF-guaranteed "Check Payment CGF Support Loan", "Economic Stability Shield CGF Loan Support" and "Tourism Support Loan" protocols were signed. Within the scope of the "Check Payment CGF Support Loan" and "Economic Stability Shield CGF Loan Support" programs, a maximum of 3 months of grace period and a maximum of 12 months maturity were provided. Within the scope of the "Tourism Support Loan" program, a loan with a maximum maturity of 12 months without principal payment has been granted on condition that it does not exceed the date of 01.11.2021, and a loan with a maximum maturity of 36 months on the condition that it does not exceed 01.11.2023.

“Improvements have been made to enable agricultural customers to conduct their transactions through digital channels. Farmers were informed about what to pay attention to while using farm equipment during the pandemic.

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With the Cooperation Campaign with SMEs that have the same conditions as CGF Programs, we have supported the financing needs of customers who cannot benefit from these programs due to limited CGF limits.

The TL Rediscount Credit protocol, put into practice by the CBRT to reduce the effects of the pandemic, was signed for exporting customers.

With the Salary Support Loan Campaign, in order to support customers within the scope of the financing they will need in their salary payments, a loan of up to 12-month maturity with a 3-month grace period and a maximum of TL 1.5 million has been given. With the Lease Support Loan Campaign, customers have been granted loans up to 12-month maturity with a 3-month grace period and a maximum of TL 100 thousand in order to support the customers in the scope of the financing they will need in their lease payments.

In order to meet the financing needs of the customers, within the scope of the Commercial Support Campaign, loans with different payment options up to TL 5 million (included) were given. It was allowed to postpone principal/interest/ installment payments on loans. The collaterals of the loans deferred and life insurances linked to their loans, if any, have been extended to the maturity of the loan without any premium difference.

Commercial credit card minimum payment rates were reduced from 20% to 10% with the initiative of our Bank. Our Commercial Bankamatik ATM Cards have started to be issued and renewed with contactless features like credit cards.

In this extraordinary period, in order to support customers whose cash flow is adversely affected and who have difficulty in payment, customers have been given the opportunity to postpone overdue commercial credit card debt without requiring to pay the minimum amount - up to 3 months with the current contractual interest rate through İşCep, Maximum İşyerim, İnternet Branch and Branches.

In addition to cash transactions, many features such as installment transactions, DCC support and Tip POS have been added to the "Pay by Link" application, which enables remote payments without the need for a POS device.

In order to minimize the negative impacts of pandemic and contribute to the continuation of business activities, commercial loan repayment postponement/ restructuring requests of customers were mostly answered positively.



## SUSTAINABILITY AT İŞBANK



GAMZE YALÇIN



### *Sustainable Future*

Sustainability has always been on the basis of projects we have implemented and business model which we have constantly developed and transferred from generation to generation in the light of the corporate values we have since our establishment. Due to the nature of the business, we constantly review our approaches and strategy in line with scientific data and global dynamics. Being placed at the core of our business model, which we define as "İşbank Banking" and that focuses on creating shareable value, sustainability was positioned as one of the main focal points of our corporate strategy with a holistic approach. We carry out our efforts in this direction with the participation of all our employees, under the leadership of senior management.

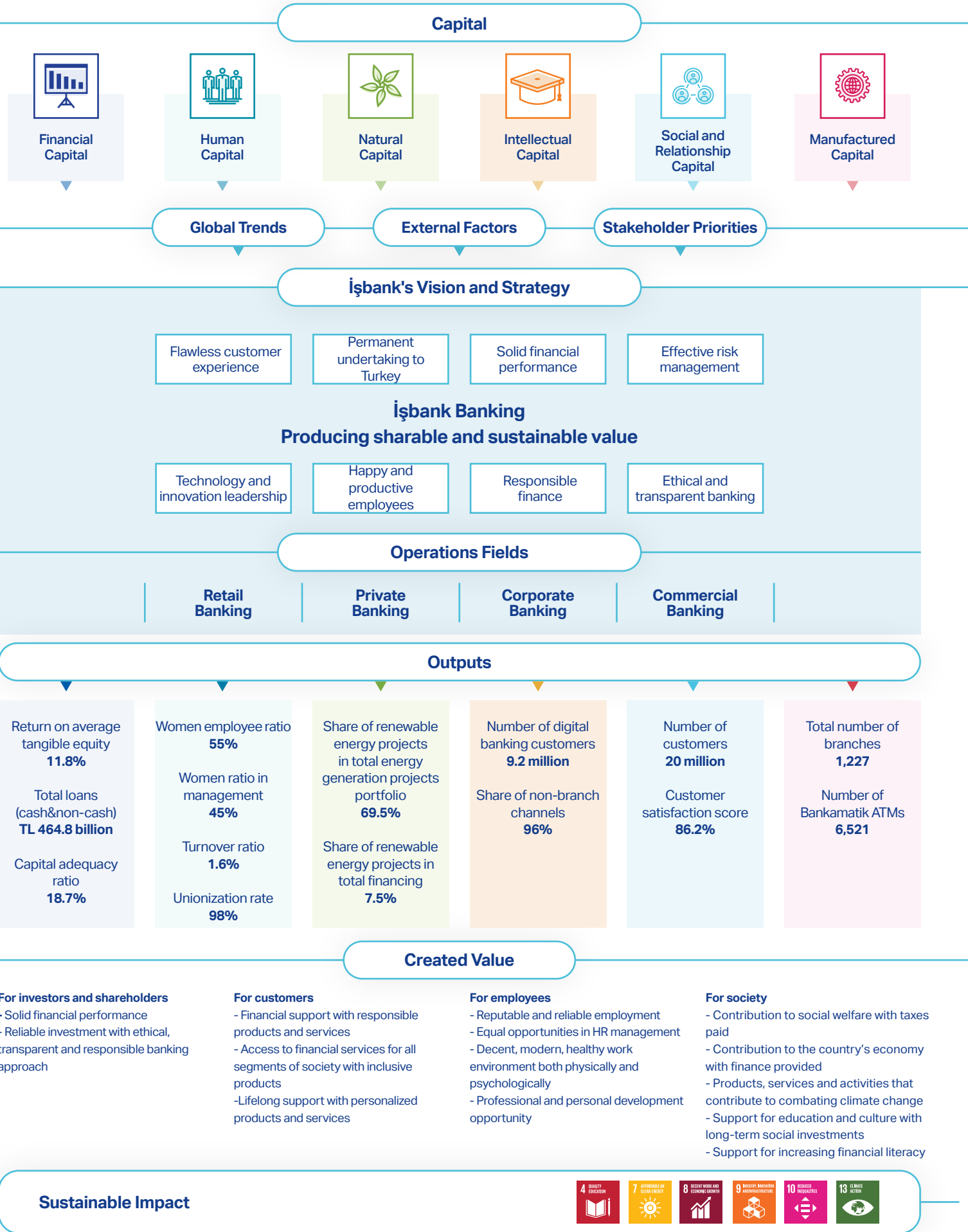
We adopt a business model in which all areas are actively managed end to end, from fund generation to the development of sustainability-themed products and services, to presenting them to customers, to monitoring the environmental and social impacts of the loans. In addition to our green bond issuance, which is the first 100% green Eurobond issued in Turkish banking system in 2019, the share of renewable energy in our total energy generation projects portfolio reaching the level of 69.5% are few examples that reflects our end-to-end management approach. We will continue to actively use sustainable-themed funding opportunities in the upcoming periods.

The financing of renewable energy projects is one of the most supported areas for years. After 2015, we allocated all new project financing for electricity generation investments to renewable energy projects. While we accelerate our financial support in this field, we have included loans for financing greenfield investments of coal- and natural gas-fired thermal power plants, within the activities that we do not finance. We analyze climate-related risks and opportunities, and support our financial results with our performance in the environmental, social and governance dimensions of sustainability.

In line with our aim to be carbon-neutral, we have set our emission reduction targets arising from our operations in accordance with international standards on a science-based basis. We actively manage the environmental and social impacts arising from our portfolio and supply chain. İşbank will continue to support the transformation of all stakeholders in its ecosystem in the field of sustainability by using the transformative power of banking. We believe in the importance of creating value for all our stakeholders in line with the Sustainable Development Goals, and we are working resolutely on this path as we take firm steps heading our second century.



Value Creation Model - İşbank Banking



# İşbank Banking

“İşbank Banking” is defined as the sustainability model that İşbank integrates to all business strategies. İşbank Banking is a business model that focuses on “shareable and sustainable value creation” by handling financial and nonfinancial capital elements of the Bank together. The Bank aims to create value for all of its stakeholders with this model, both in the short and long run.

The Bank has positioned sustainability, which is the basis of its business model, as one of the main focal points of its corporate strategy with a holistic approach, and it carries out all its activities in this direction with the participation of all its employees under the leadership of senior management.

Considering the needs and expectations of all its stakeholders as well as the social benefit, İşbank sets forth its contribution to global goals with its perspective of generating shareable and sustainable value by associating the outputs of the value creation process with the United Nations Sustainable Development Goals.

## Highlights of 2020

**TL 593.9 billion**

Leader among private banks with its TL 593.9 billion asset

**TL 345.2 billion**

Leader among private banks with its TL 345.2 billion loan

**1.950 MW**

Total installed power of renewable energy projects financed in 2020

**97%**

Local procurement rate

**TL 368.9 billion**

Leader among private banks with its TL 368.9 billion deposit size

**TL 67.8 billion**

Leader among private banks with its equity size of TL 67.8 billion

**63.700.000 MWh**

of clean energy generated by projects financed by İşbank in the last 3 years

**Nearly 22 thousand**

books are delivered to schools

**20 million**

number of customers

**86.2**

Customer satisfaction score

**25.4 hours**

Hours average training time per employee

**26,500**

number of chess classes opened in schools

**41**

number of awards won in Turkey and overseas in the field of retail banking

**9.2 million**

digital customers by the end of 2020

**55%**

Rate of female employees

We became a signatory of the UN Women's Empowerment Principles (WEPPs).

**17.5 million**

users served with Bankamatik ATMs, including other bank customers

**1.9 million**

Maximum mobile users

**45%**

Rate of women managers

We became a signatory of the United Nations Environment Program Finance Initiative (UNEP FI) Responsible Banking Principles.

**96%**

Ratio of transactions out of total transactions made through non-branch channels in İşbank

**36%**

share of ATMs in total monetary transactions

**51%**

Share of digital trainings in total trainings

We improved our score from C to A (-) within the scope of Carbon Disclosure Project (CDP) Climate Change 2020 Reporting.

**2.7 million**

Social media followers

**5,946 Person\*Hours**

of total sustainability training hours

**1.6**

Employee turnover rate

We made our commitment to the Science Based Targets Initiative to ensure science-based validation of emission reduction targets.

**550,413**

İŞ'TE KOBİ views

**139**

Number of investments subject to Environmental and Social Risk Assessment

**98%**

Unionization rate



## Supported Initiatives in the field of Sustainability

### United Nations Women's Empowerment Principles (WEPs)

The United Nations Women's Empowerment Principles consist of guiding principles for the empowerment of women in the workplace and community. Also known with the subtitle "Equality Means Business", the principles aim to promote women's participation and empowerment at every stage of working life by highlighting the importance that companies place on equal opportunities and their practices that respect gender equality. Being ahead of the day and having an egalitarian approach towards women employees since its establishment, İşbank once again underlined the importance it gives to gender equality by signing the United Nations Women's Empowerment Principles in 2020 (Please refer to: United Nations Women's Empowerment Principles Progress Statement, p. 151).

### United Nations Environment Program Finance Initiative (UNEP FI) Principles of Responsible Banking (PRB)

The Principles of Responsible Banking, announced by UNEP FI in 2019, aim to align the banking sector with the global targets announced by the UN Sustainable Development Goals (SDG) and the Paris Climate Agreement. The Principles provide a comprehensive framework for the banking sector to set the roadmap for sustainable development and to contribute significantly to these goals with the Paris Agreement. Defining the role of banking in the new economy, these principles aim to maximize the impact of the banking sector in achieving an equal and prosperous future. Signing the UNEP FI Principles for Responsible Banking in 2020 and being a member of UNEP FI, İşbank has started portfolio impact analysis. In addition, the Bank maintains its cooperation in UNEP FI sub-working groups as well.

### United Nations Sustainable Development Goals (SDGs)

The Sustainable Development Goals is a universal call for action that includes the targets to be achieved by the end of 2030 by the member states of the United Nations. It focuses on the solution of social, cultural and ecological issues consisting of 17 main topics such as ending hunger and poverty, combating climate change, achieving gender equality, ensuring qualified education, responsible production and consumption all over the world.

İşbank is aware of the transformative power and responsibility of the banking and finance sector in sustainable development. Therefore, the Bank contributes the United Nations Sustainable Development Goals directly and indirectly (Please refer to: Contribution to Sustainable Development Goals, p. 43).

### UN Global Compact and Declaration on Sustainable Finance

The UN Global Compact is the world's largest corporate sustainability initiative with over 9,500 companies and over 3,000 non-company members in more than 160 countries. UN Global Compact, which started its activities in 2000, encourages institutions to act in cooperation to create a sustainable and inclusive global economy. İşbank commits to comply with the 10 principles of the Global Compact in all its activities (Please refer to UN Global Compact Communication on Progress, p. 151).

In support of

## WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office



İşbank is a member of the Global Compact Working Group on Sustainable Finance in Turkey. The Group aims to increase commitment to sustainability in reel sector especially in finance sector in Turkey, and mobilize the private sector to create the needed financial resources to achieve Sustainable Development Goals.

In 2017 İşbank signed the Declaration of Sustainable Finance in Turkey prepared by the Global Compact Turkey Sustainable Banking and Finance Working Group. With the declaration, the signatory banks declared that they will take the environmental and social risks into consideration in the loan assessment processes in the investments of USD 10 million and above.

### Carbon Disclosure Project (CDP)

CDP is an independent and non-profit global organization that mediates public companies to report to investors how they use natural resources and natural capital, how they affect the reproduction of limited resources with their activities, and how they manage their risks in this area. İşbank has been transparently sharing its environmental goals and performance with its stakeholders within the scope of the CDP Climate Change Program since 2019.

In 2020 the Bank increased its CDP Climate Change Program score to "A-" which is the leadership category level whereas it was "C" in 2019. The Bank aims to be among the Global Climate Leaders. İşbank, has also started the 2021 CDP Water Program reporting activities in order to announce its actions regarding the management of water use and its impact on water resources.

### Science Based Targets Initiative (SBTi)

The Science-Based Targets Initiative directs the private sector's climate action by enabling companies to set science-based emission reduction targets in order to keep the global temperature increase below 2°C and to meet the targets set in the Paris Agreement. To date, more than 400 companies have participated in the Science-Based Targets Initiative, which is committed to reducing greenhouse gas emissions in line with climate science.

In 2020, İşbank took an important step to manage its direct impact on climate change, and committed to basing its Scope 1 and Scope 2 emission targets within the scope of CDP reporting on the basis of Science-Based Targets.

### Integrated Reporting Turkey Network (ERTA)

ERTA carries out its activities with the aim of increasing awareness at national level regarding integrated reporting and integrated thinking, improving the capacity of institutions and ensuring the sharing of good practices. It is a platform that aims to contribute to the dissemination of integrated thinking in all institutions and organizations by cooperating with public, private sector, non-governmental and academic organizations at national and international level. İşbank iş among the members of ERTA which guides the companies in Turkey report their non-financial information with financial information in an integrated way.

## Sustainability Priorities

İşbank closely keeps track of sectoral and global trends in the field of sustainability, regularly measures stakeholder expectations in this area, and also conducts risk and opportunity analyzes. The Bank groups all of these developments as topics which are directly related to its operations, priority issues for its stakeholders, and which the Bank may have an influence on. The prioritization matrix of İşbank presents this grouping.

İşbank sustainability priorities were established with a materiality analysis conducted in 2017 and have been annually reviewed since then. The materiality study of 2017 was carried out with a large sample selected in accordance with the AA1000 Stakeholder Engagement Standard in such a way that it reflected opinions of İşbank employees and external stakeholder expectations. In the reporting period, material issues were reviewed in the light of the global developments and UNEP FI Responsible Banking Principles İşbank signed in 2020, and it was decided to preserve the list of material issues announced in 2019.

The 21 topics included in the Bank's materiality matrix were grouped under the headers of "Financial Performance and Profitability", "Management Approach", "Flawless Customer Experience", "Responsible Banking", "Happy and Productive Employees", "Responsible Operations" and "Positive Value for Society". The Bank conducts a "Sustainability Risk and Opportunity Assessment Study" for Sustainability Focal Points.

*In the 2020 Integrated Report, the studies on the COVID-19 pandemic were added in a separate section as a material issue in 2020 (Please refer to Combating the Coronavirus Outbreak (COVID-19), p. 18).*

### TBB Working Group

İşbank serves as the co-chairman of the working group, which shares information on local and global developments in the field of sustainability, exchanges views on sustainability from time to time with regulatory institutions and boards, and plans trainings to support the progress of the sector, became one of the 3 banks in the sub-working group in the process of updating the Sustainability Guidelines for the Banking Sector



### İşbank's ESC Rating and Other Index it's included

#### Sustainalytics

Sustainalytics is an internationally recognized research and rating organization in the field of sustainability that evaluates the performance and data of organizations on environmental, social and management activities.

İşbank decided to receive an international rating in 2020 in order to reveal the concrete contribution of its work through universal criteria, and has been included in the rating of Sustainalytics, one of the most reputable rating companies in the world in terms of rating on ESG (Environmental-Social-Governance) issues. The ESG risk rating was assigned as "22.7" for İşbank. İşbank aims to contribute to the funding structure of the Bank by providing green / sustainable funds from international markets by using this and similar rating results that evaluate the sustainability performance in all dimensions.



### FTSE4Good Emerging Markets and BIST Sustainability Index

The "FTSE4Good Emerging Markets Index", which was created by FTSE Russell, the global index and data provider under the ownership of the London Stock Exchange, is accepted as one of the most important index series worldwide that institutions attaching importance to responsible investment take as a reference. The index, which aims to encourage financial institutions to take environmental, social and governance criteria into consideration in their investment decisions, evaluates the performance of the institutions in these criteria.

The BIST Sustainability Index was launched in order to increase the knowledge, awareness and practice on sustainability among companies in Turkey and Borsa İstanbul, Companies traded on Borsa İstanbul with high performance on corporate sustainability are entitled to be included in the index.



İşbank has been included in the "BIST Sustainability Index" since 2015 and in the "FTSE4Good Emerging Markets Index" since 2016. The Bank's goal in this area is to be included in the Dow Jones Sustainability Index in the upcoming period.



#### Focal Points

Financial Performance and Profitability  
 Happy and Productive Employees  
 Management Approach  
 Responsible Operations  
 Flawless Customer Experience  
 Positive Value for the Society  
 Responsible Banking

Sustainability Priorities per Stakeholder Groups

		Stakeholder Groups												
		Employees	Customers	Shareholders and Investors	Financial Institutions	Analysts	International Organizations and Initiatives	Media	Universities	NGOs	Regulatory Agencies	Subsidiaries	Suppliers	Opponents
Material Issues	Environmental footprint of the Bank													
	Employee rights and satisfaction													
	Responsible finance integrating ESG criteria													
	Regulatory compliance													
	Digital transformation													
	Equal opportunity and diversity													
	Financial inclusion													
	Financial literacy													
	Financial performance and profitability													
	Business ethics													
	Customer centricity													
	Stakeholder dialogue													
	Risk management													
	Responsible marketing													
	Responsible procurement													
	Responsible product and service portfolio													
	Transparency and reporting													
	Social investments													
	Information security and customer privacy													
	Talent management													
	Combating climate change													

Sustainability Management

Shaping all of its activities within the framework of sustainability approach, İşbank restructured its sustainability management system in 2020. In order to emphasize the increasing importance of sustainability in the Bank's strategy, the name of the Investor Relations Division has been changed to Investor Relations and Sustainability Division.

In addition, a "Sustainability Committee" was established during the year, which operates under the Board of Directors, where business units are represented in an inclusive manner thanks to its structure consisting of Board of Directors and Executive Committee Members, and enables a holistic follow-up of sustainability issues. Ms. Gamze Yalçın, Deputy Chief Executive responsible for the Investor Relations and Sustainability function, assumed the role of Sustainability Leader.

İşbank believes in constantly reviewing its approaches and strategy in line with developing methodologies and global dynamics. For this reason, the Bank has structured its perspective on sustainability and its activities in the fields of environment, social and governance under the "Sustainability Management System" it established in 2015, and has been developing this structure both in an organizational sense and with innovations in the end-to-end business model since then.

İşbank's Sustainability Policy and other complementary policies form the basis for the functioning of the Sustainability Management System.



You can access the policies that reveal İşbank's sustainability approach via <https://www.isbank.com.tr/en/about-us/our-policies>

## Stakeholder Expectations and İşbank's Response

Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Customers			
Continuous	Branches, Bankamatik ATMs, Internet Branch, Telephone Branch and mobile banking channels, customer relations representatives, meetings, customer satisfaction surveys, social media	<ul style="list-style-type: none"><li>• Need for technical referral to re-open an account</li><li>• Ceasing to invest or changing savings preferences due to the economic conjuncture</li></ul>	The customers who wanted to revive their accounts were contacted and the necessary instructions were made.
		Expectations of customers receiving service from the branch:	
		<ul style="list-style-type: none"><li>• Easy to reach physically or by phone</li></ul>	Services are easily accessible through its extensive network of branches and Bankamatik ATMs. Branch employees also serve customers with a remote service model.
		<ul style="list-style-type: none"><li>• Warm welcome, showing attention with a smiling face</li></ul>	Customer experience in all channels is constantly monitored and expectations of customers are taken into account throughout the organization.
		<ul style="list-style-type: none"><li>• Less waiting time and faster service</li></ul>	The current queue management application has been renewed so that customers can follow the estimated waiting times in the branch where they will make transactions and manage their time.
		Expectations of customers using Bankamatik ATM services:	
		<ul style="list-style-type: none"><li>• ATMs near home and workplace</li></ul>	İşbank maintains its position as the private bank with the most extensive ATM network. It is ensured that Bankamatik ATM devices are positioned to serve the highest number of customers.
		<ul style="list-style-type: none"><li>• ATMs are always clean</li></ul>	Using the answers received from the customers in the Bankamatik ATM questionnaires, the devices that require cleaning and technical maintenance are handled. In order to protect the health of customers, the frequency of cleaning of Bankamatik ATM devices across the country has been increased.
		<ul style="list-style-type: none"><li>• ATMs work smoothly and fast</li></ul>	The working status of Bankamatik ATMs in the field is constantly monitored by the relevant teams and necessary directions are provided for the smooth operation of the devices.
		<ul style="list-style-type: none"><li>• Not waiting for a queue, completing transactions quickly</li></ul>	In order to improve the customer experience at Bankamatik ATMs, screen designs were renewed and popularized in all Bankamatik ATMs. Customers can perform their transactions more easily and quickly on the renewed Bankamatik ATMs screens. The quick menu screen is designed to allow customers to easily access their frequently used monetary transactions after login. Faster withdrawal/deposit was provided by moving the data matrix to the main screen.
		<ul style="list-style-type: none"><li>• High withdrawal limit</li></ul>	In order to meet the cash needs of the customers quickly, a total of TL 8,000 can be withdrawn from Bankamatik ATMs, with a daily card of TL 5,000 and without a card of TL 3,000.

Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Customers			
Continuous	Branches, Bankamatik ATM, Internet Branch, Telephone Branch and mobile banking channels, customer relations representatives, meetings, customer satisfaction surveys, social media	Expectations of customers receiving service from the call center:	
		<ul style="list-style-type: none"><li>• To be able to perform transactions from digital contact points without the need to call the call center</li><li>• Solving the problem in the first call</li><li>• Easy access to the representative when needed</li></ul>	With the Speech Analytics product, customer interviews are analyzed and investigations are made for calls that cause call density, issues that cause customer dissatisfaction, and recurring calls. In this way, the transactions that should be carried out with priority from the digital contact points are determined and actions are taken to solve the problems at the first call.  In this context, the transactions that can be performed from the determined digital contact points were shared with the relevant business units, and support was provided for the transactions to be added to channels with priority.
		Expectations of customers using İşCep and Internet Branch:	
		<ul style="list-style-type: none"><li>• To be able to meet all banking needs through digital contact points</li></ul>	İşCep is Turkey's most diverse banking application. İşCep's transaction diversity has been increased and it has been made to cover almost all of the services received at the Branch or Call Center.
		<ul style="list-style-type: none"><li>• To complete its operations in a short time</li></ul>	İşCep's menu structure and home page were renewed and it was aimed that customers can access transactions quickly. With the smart transaction search, it has become possible to find transactions quickly.
		<ul style="list-style-type: none"><li>• To receive personalized service</li></ul>	Text size, theme, light/dark mode selection for customers in İşCep; determining usage preferences and shortcuts; the opportunity to personalize their experiences has become possible by making detailed choices such as notification preferences, expenditure controls and campaign notifications.  By making artificial intelligence-based pricing on İşCep, a special price for loan and deposit rates was offered to customers.
		<ul style="list-style-type: none"><li>• To be able to examine and follow the financial status in detail.</li></ul>	Personal finance management is offered through İşCep, enabling customers to analyze and easily follow up their financial status in detail.



Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Shareholders and Investors			
Continuous	General Assembly and investor meetings, investor presentations, analyst/investor days, introductory meetings, teleconferences, daily communication studies by the Investor Relations ad Sustainability Division, İşbank Investor Relations web page, Public Disclosure Platform (PDP), Information Society Services Platform established as per the Turkish Code of Commerce, Annual Report, Integrated Report	<ul style="list-style-type: none"> <li>To learn accurate and up-to-date information about İşbank first hand and quickly; to exercise partnership rights</li> <li>More detailed information about the Bank's EMS performance</li> <li>Improving the risk culture of the Bank with inclusive and innovative approaches in the field of risk management</li> </ul>	<p>All information requests from shareholders are answered by the Investor Relations and Sustainability Division in the fastest way possible; various media are actively used for necessary information, especially the PDP platform and the corporate website. The Ordinary General Assembly has been held.</p> <p>The Investor Relations and Sustainability Team met with investors through conferences, roadshows and teleconferences in order to explain the Bank's attitude in the face of rapidly changing market dynamics. In addition, regular information is provided on the sustainability page of the corporate website about the Bank's EMS performance.</p> <p>İşbank published its second Integrated Report in 2020. The score received in the CDP Climate Change Program was raised to the level of the "A-" leadership category. The Principles for Responsible Banking of the United Nations Environment Programme - Finance Initiative (UNEP FI) have been signed. Stages regarding the determination of the maturity level of the Bank's current risk culture and defining the actions to improve the risk culture framework were completed within the scope of the Operational Risk Project. For detailed information, Please refer to: Risk Management, p. 59. In addition, the Climate Change Risk Policy deals with the management of climate change risks that the Bank may be exposed to as a result of its activities.</p>
Analysts			
Annually and quarterly	Analyst days, investor meetings, investor presentations, teleconferences, Investor Relations and Sustainability Division communication, Annual Report, Integrated Report, Reputation Survey	<ul style="list-style-type: none"> <li>More transparent reporting on non-financial performance</li> </ul>	<p>İşbank's second Integrated Report, in which İşbank's financial performance is integrated with ESG issues, has been published.</p> <p>The score received in the CDP Climate Change Program has been raised to the level of the "A-" leadership category.</p> <p>ESG risk rating has been obtained from Sustainalytics company.</p>

Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Employees			
Continuous	Working Life Evaluation Survey, training studies, performance evaluation, internal communication platforms, regular executive meetings, Risk Culture Research	<ul style="list-style-type: none"> <li>Providing training programs to increase digital competencies</li> <li>A more dynamic business environment with project-oriented work</li> <li>Being a leading institution in gender equality</li> </ul>	<p>The personal and professional development of our employees both in the field and in the head office in different roles and levels have been supported in order to continuously improve the talent and to gain the competencies that will meet the needs of the future.</p> <p>Studies on the Agile Working Model, which the Bank defines as the "organizational equivalent of digitalization", have been expanded and the subjects discussed in the "Agile Workshop", which is the predecessor Agile Area, have been transferred to the newly established Agile Areas. In Agile Areas, new models have started to be implemented in harmony with both the agile working model and corporate processes related to Technology, Risk Management, Training and Competency Development activities.</p> <p>Awareness-raising activities were carried out to increase the positive impact on gender equality in a wide range from employees to customers, from suppliers to the society.</p>
Subsidiaries			
Continuous	Joint projects, Reputation Research	<ul style="list-style-type: none"> <li>Collaborations in the field of digitalization</li> </ul>	<p>Integration has been achieved between the products and services of the subsidiaries with many digital applications developed in 2020. For detailed information, Please refer to: Innovative Products and Services, p. 70.</p> <p>Data security audits also cover subsidiaries.</p>
Public Institutions and Regulatory Agencies			
Minimum four times a year	Reporting processes, consultation meetings	<ul style="list-style-type: none"> <li>Full compliance with legislation</li> <li>Exchange of views on new regulations</li> </ul>	<p>İşbank works in close cooperation with official institutions and organizations such as the BRSA, CMB and Borsa İstanbul on non-financial issues that need to be included in the legislative framework.</p> <p>In 2020, participation in PMR and new EIA regulation projects of the Ministry of Environment and Urbanization was achieved.</p>
Nongovernmental Organizations and Sector Unions			
Very frequent	Informative and press conferences, special meetings, answering written questions, online trainings, mentoring activities and other joint projects	<ul style="list-style-type: none"> <li>Joint projects and exchange of information</li> </ul>	<p>İşbank Economic Research Division prepares reports by following the developments in Turkey and in the world economy. The website, which provides free subscription services, <a href="http://ekonomi.isbank.com.tr">ekonomi.isbank.com.tr</a> has 15,500 domestic and international subscribers as of the end of 2020. The Economic Research Division also prepared 9 sector reports in 2020.</p> <p>During the reporting period, İşbank partnered with many non-governmental organizations such as Arya and TÜRKONFED, and conducted inclusive finance projects.</p>

## Contribution to Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a call for joint action by the United Nations to develop solutions to global problems. It is extremely important that governments, the private sector, academia and non-governmental organizations work in cooperation in order to achieve the goals that were announced in 2015 and intended to be achieved by 2030.

The banking and finance sector are in a significant position and has important resources to offer both direct and indirect solutions to the global and regional problems encountered today. Transformative power and leverage effect of the sector can make a significant contribution to the achievement of the Sustainable Development Goals.

İşbank supports the United Nations Sustainable Development Goals. The Bank considers its contribution to these goals as an important component of the value creation process. İşbank provides indirect support to the goals by playing a role in providing the required financing to solve the problems pointed out by 17 development goals determined.

İşbank directly contributes to 6 goals in its predominant domain as they stand out in line with its activities. A summary of the contribution to these goals is provided in this section.

“İşbank provides indirect support to the goals by playing a role in providing the required financing to solve the problems pointed out by 17 development goals determined.”



Communication Frequency	Communication Type	Requests During the Reporting Period	İşbank's Response
Financial Institutions and Rating Agencies			
Minimum once a year	Assessment and information meetings, Annual Report, Integrated Report, answering written questions	<ul style="list-style-type: none"><li>Transparent reporting for financial and non-financial performance</li></ul>	<p>The second Integrated Report, in which İşbank's financial performance is integrated with ESG issues, has been published.</p> <p>The Principles for Responsible Banking of the United Nations Environment Programme - Finance Initiative (UNEP FI) have been signed.</p>
International Organizations and Initiatives			
Very frequent	Conferences, seminars, congresses, workshops, answering written questions	<ul style="list-style-type: none"><li>Creating more participatory collaborations</li></ul>	<p>The Principles for Responsible Banking of the United Nations Environment Programme - Finance Initiative (UNEP FI) have been signed.</p> <p>UN WEPs Declaration was signed.</p> <p>Reporting has been made within the scope of CDP Climate Program.</p> <p>The Science Based Targets Initiative (SBTi) has started to be supported.</p> <p>Participated in the studies of Global Compact Turkey's Sustainable Banking and Finance Working Group.</p>
Media			
Continuous	Information communication, press release service, press conferences, special meetings, answering written questions	<ul style="list-style-type: none"><li>Fast responses to questions and demands</li></ul>	<p>In order to inform the public about İşbank's products and services, innovations, corporate social responsibility activities and senior management's statements, communication is made throughout the year for the appropriate target audience through written, visual and digital media. Questions and requests for interviews from various media outlets regarding the Bank's activities are evaluated and answers are provided.</p>
Suppliers			
Continuous	Daily communication with goods and service suppliers, initiatives aiming at raising sustainability awareness among suppliers	<ul style="list-style-type: none"><li>Fast and easy communication</li></ul>	<p>İşbank strives to prefer environmentally-friendly products and services of its suppliers; and tries to spread the awareness of sustainability by working closely with its suppliers in order to benefit institutions and society. In this context,</p> <p>- there are cases where companies have to answer questions within the scope of sustainability in order to bid in some procurement,</p> <p>- work on obtaining information and documents periodically requested from critical suppliers via e-mail,</p> <p>- sustainability information and document request clause in the specification according to the type of procurement</p> <p>Studies in this framework are generally carried out through İşbank procurement practice or through other communication channels such as e-mail and telephone. In addition, suppliers can reach İşbank quickly whenever they want and submit their questions and requests.</p>



#### Sustainable Development Goal 4: Quality Education

Increasing the quality and inclusiveness of education is one of the proven tools for achieving sustainable development. Achieving inclusive and quality education for all should be the top priority to increase economic well-being.

İşbank believes in the importance of prevalent and qualified education for sustainable development. Therefore, the Bank both makes investments in the development of its own employees (Please refer to Talent Management, p. 114) and contributes to the education quality of the country with the credits it provides to the education sector and the long-term social responsibility projects it implements (Please refer to Positive Value For Society, p. 134).



#### Sustainable Development Goal 7: Affordable and Clean Energy

Increasing world population and production boost the need for cheap and clean energy day by day. The proliferation of clean energy resources is among the most important necessary tools for sustainable development. İşbank supports the transition to the low carbon economy and finances the renewable energy investments in order to ensure energy transformation (Please refer to Responsible Banking, p. 84). The Bank also creates resources for the renewable energy sector by committing to obtain the energy it needs in its operations from renewable sources (Please refer to Environmental Impact, p. 128).



#### Sustainable Development Goal 8: Decent Work and Economic Growth

From a historical point of view, even though economic development indicators are on the rise, the prosperity created by the global economy is not shared proportionally around the world. This inequality also threatens the social peace.

İşbank believes that the banking and financial industry plays an important role in supporting inclusive business models and ensuring that economic prosperity is shared by all segments. In addition to its widespread branch network and digital banking applications (Please refer to Digital Transformation, p. 70), the Bank supports access to financial services and contributes to social welfare through its products and services (Please refer to Financial Inclusion, p. 96), developed for disadvantaged customer groups.

The Bank reflects its intellectual knowledge on different stakeholders by opening its neutral and comprehensive economic reports prepared for unlimited access in a digital environment. The Bank also creates value with its fair and decent working environment that it offers to its employees (Please refer to Employee Rights and Satisfaction, p. 106).



#### Sustainable Development Goal 9: Industry, Innovation and Infrastructure

Infrastructure investments and innovation are critical drivers of economic growth and development. The emerging new industries of the global economy are closely related to information and communication technologies.

Technological developments and innovation are key to finding lasting solutions to create new job opportunities and transition a low carbon economy. Supporting sustainable industries, investing in scientific research and innovation are important ways that make sustainable development possible.

İşbank supports the transition to the new economy with the importance it attaches to digital banking (Please refer to Digital Transformation, p. 70), financing provided for infrastructure investments (Please refer to Responsible Banking, p. 84), innovation activities conducted within its organization (Please refer to Entrepreneurship and Innovation, p. 76), and start-ups it supports.

#### Sustainable Development Goal 10: Reduced Inequalities

Studies show that global income inequality is increasing, the richest 10% have 40% of global income, and the poorest 10% have only 2% and 7% of global income.

To address growing inequalities it is imperative to adopt policies that empower low-income groups and support the economic participation of all, regardless of gender, race and ethnicity. The banking sector has an important role and responsibility in providing financial resources in order to eliminate these inequalities.

İşbank is against all types of discrimination. The Bank is working for the aim of creating sustainable value for all its stakeholders by providing a fair working environment (Please refer to Equal Opportunity and Diversity, p. 11), increasing the access of disadvantaged groups to financial services (Please refer to Financial Inclusion, p. 96) and supporting the long-term social responsibility programs (Please refer to Positive Value For Society, p. 134).

#### Sustainable Development Goal 13: Climate Action

The impact of climate change is not just an increase in temperatures. As a result of factors such as drought, floods, increased frequency and impact of extreme weather events such as severe hurricanes, rise in ocean and sea water levels, increase in acidity of oceans, melting glaciers, human communities as well as plants, animals, biodiversity and ecosystems are also at serious risk.

The scientific world states that the increase in average temperatures should be limited to a maximum of 2 °C in order to minimize the devastating effects of climate change. In order to achieve this goal, it is necessary to finance alternative production and consumption models with low environmental impact.

İşbank, which supports the transition to the low-carbon economy, takes the environmental impacts into consideration when offering its products and services. The environmental and social impacts of the projects financed are evaluated rigorously; it is ensured that the measures are taken to minimize/eliminate the risks arising from the projects (Please refer to Environmental and Social Risk Management in Lending, p. 87). The Bank also contributes to the combat against climate change by reducing its environmental footprint (Please refer to Environmental Impact, p.128).





FINANCIAL PERFORMANCE AND PROFITABILITY



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İşbank's strong capital structure is the most important element that supports its sustainable growth.

İşbank contributes to sustainable development of the country by developing value -added products and services, improving its human resources and rendering social benefits through financial value it creates.

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# Financial Performance and Profitability



**İşbank's strong capital structure and focus on profitable, healthy and sustainable growth are the most important element that supports its activities. The Bank uses its financial capital to create value-added products and services, to develop human resources and to provide social benefits.**

## Material Issue

Financial Performance and Profitability

## Relevant Capital Element

Financial Capital

## Risks

- ▶ Global economic contraction caused by the COVID-19 pandemic
- ▶ Global uncertainties making long-term planning difficult
- ▶ Penalties and sanctions that may be imposed due to rapidly changing regulations and illegal acts
- ▶ Carbon pricing and similar uncertainties in transition to a low carbon economy

## Opportunities

- ▶ The ability to quickly seize the opportunities thanks to the sound financial structure of İşbank
- ▶ Dynamic and proactive business strategy of the Bank that prioritizes sustainable growth
- ▶ Full compliance with laws and regulations thanks to internal audit and control mechanisms
- ▶ Competitive advantage in the transition economy through studies such as monitoring carbon markets, increasing the ratio of support provided to renewable energy investments in the energy portfolio
- ▶ Strengthening and maintaining relations with stakeholders through regular investor and shareholder updates

### Targets for 2020

- While total loans of the Bank were expected to increase by 13.5-14.5% compared to the end of the previous year, considering the expectations for loan growth in the sector, the increase is expected to continue at similar levels in the following 2-year period.
- In line with the decreasing funding costs, it was expected that the net interest margin adjusted for swap costs would increase slightly in 2020 compared to the previous year and reach a range of 3.8-4.0%, then gradually decline in line with the repricing of assets in the 2021-2022 period.
- Non-performing loan ratio was estimated to be below 7% by the end of 2020.
- It was predicted that the asset quality indicators would gradually improve in parallel with the recovery in economic activity in the following 2-year period.
- While the capital adequacy ratio was expected to be above 15% \*\* in 2020, it is aimed to be kept even above this level in 2021-2022.
- Efforts would be made to gradually improve the return on tangible equity, which is one of the most important indicators of internal capital creation capacity, in 2020 and beyond, compared to its level of 12.1% at the end of 2019.

### Realization in 2020

- Considering the effects of the COVID-19 pandemic on the economy and the activities of the banking sector, 2020 year-end expectations of the Bank were updated via the public disclosure statement dated 07.08.2020, and the TL loan growth target was revised from 16 -17% to ~ 30%. The bank's total loans at the end of 2020 increased by 27.7% compared to the previous year.
- Considering the effects of the COVID-19 pandemic on the economy and the activities of the banking sector, 2020 year-end expectations of the Bank were updated via the public disclosure dated 07.08.2020, and the swap adjusted net interest margin expectation adjusted for swap cost was revised to > 4%. The net interest margin increased slightly more than expected compared to the previous year in line with the decreasing funding costs and realized at 4.37%.
- İşbank's non-performing loan ratio was 5.6% in 2020.
- Non-performing loan ratio decreased from 6.5% at the end of 2019 to 5.6% (6.5%) \* with the effect of BRSA regulations.
- The capital adequacy ratio of the Bank was realized at the level of 18.7% (18.0%) \*\* above the minimum legal limit as of the end of 2020.
- Considering the effects of the COVID-19 pandemic on the economy and the activities of the banking sector, 2020 year-end expectations of İşbank were updated via the public disclosure dated 07.08.2020, and the Bank's return on tangible equity expectation was revised as 11-12%. The return on tangible equity of the Bank was realized at the level of 11.8% as of the end of 2020.

### Key Performance Indicators

	2018	2019	2020	2021 Target
Total Loan Growth (%)	8.7	4.7	27.7	11-12
Non-Performing Loan Ratio (%)	4.1	6.5	5.6 (6.5)*	< 6.5
Swap Adjusted Net Interest Margin (%)	3.66	3.71	4.37	3.6-3.8
Net Fees and Commissions Growth (%)	30.6	26.4	0.9	~15
OPEX Growth (%)	8.7	21.8	20.5	17-18
Cost / Income Ratio (%)***	36.4	38.8	32.9	41-43
Return on Average Tangible Equity (%)	15.5	12.1	11.8	~12
Return on Average Assets (%)	1.70	1.39	1.25	~1.2
Capital Adequacy Ratio (%)	16.49	17.87	18.68 (18.02)**	> 15
Tier 1 Ratio (%)	13.72	14.97	14.73 (14.17)**	> 12
Leverage (%)	8.27	9.07	7.88	-

\* Excluding the effects of BRSA measures.

\*\* Excluding the effects of BRSA measures that will end as of June 2021

\*\*\* Adjusted rates in 2018, 2019 and 2020 investor presentations

#### Wide-spread and Stable Customer and Shareholder Bases

One of the most important institutional characteristics of İşbank is its wide-spread shareholder base consisting of individual and institutional investors approaching 165 thousand. By the end of 2020, 37.08% of İşbank's capital belongs to the İşbank Members' Supplementary Pension Fund whose members are İşbank employees and retirees, with a number around 50 thousand. As of the end of 2020, İşbank serves 20 million customers.

#### Robust Equity Structure

İşbank's robust equity structure increases sustainable growth and competitive capacity of the institution. Bank is the leader among private banks in Turkey, with an equity size of TL 67.8 billion as of the end of 2020.

“  
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end of 2020.”

#### Sustainable Profitability

In 2020, İşbank maintained its leadership among private banks, in terms of total assets, total loans, deposits and shareholders' equity. Total assets of İşbank reached TL 593.9 billion, with a growth of 26.9% compared to the previous year.

The Bank's total loans rose to TL 345.2 billion as of the end of 2020, with an increase of 27.7% in comparison to the previous year. The non-performing loan (NPL) ratio remained at 5.6%, at the end of 2020. Deposit size of the Bank reached TL 368.9 billion.

Being on the top in terms of total deposits, Turkish Lira (TL) deposits and foreign currency (FC) deposits among private banks, İşbank maintained its leader position among private banks in demand deposits and TL savings deposits as well.

İşbank's shareholders' equity rose to TL 67.8 billion in 2020. The Bank's capital adequacy ratio was 18.7% as of the end of 2020, well above the legal limit. With a net profit of TL 6.8 billion in 2020, İşbank's return on average tangible equity was 11.8% and average return on assets was 1.25%.

#### Wide-spread Deposit Base and Capacity to Access Alternative Funds

Among private sector banks, İşbank has the largest TL funding volume. Deposits, the main funding item, are one of the key elements of İşbank's financial capital. Total deposit size of İşbank reached TL 368.9 billion with an increase of 24.7% in 2020, compared to the end of the previous year.

The non-deposit funding items utilised by the Bank include repo transactions, syndication and securitization transactions, bilateral loans, securities issued in domestic and international markets, and subordinated debt instruments. The share of the Bank's non-deposit funds in total liabilities was 19.6% as of the end of 2020.





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Preparing to celebrate its 100<sup>th</sup> year, İşbank is identified with trust and dignity in the banking sector with its ethical and principled banking approach.

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# Management Approach



Preparing to celebrate its 100<sup>th</sup> year, İşbank is a bank identified with trust and dignity in the banking industry. While carrying this position to the future, the Bank adopts a transparent, fair, and accountable management structure without compromising its concept of prestigious and principled banking.

## Material Issues

- Business Ethics
- Risk Management
- Regulatory Compliance
- Stakeholder Dialogue
- Transparency and Reporting

## Relevant Capital Element

- Intellectual Capital
- Social - Relational Capital

## Risks

- Penal sanctions that may be incurred due to non-compliance with legal regulations
- Losses due to non-financial risks
- Operational disruptions that may occur due to inadequacies in stakeholder dialogue
- Risk of loss of trust with stakeholders and dismissal from relevant engagements due to failure to meet reporting and information sharing requirements

## Opportunities

- The potential to maintain existing customer satisfaction and reach new customers with an ethical banking approach
- Increasing the interest of investors with high reputation and brand value
- Achieving competitive advantage through effective involvement of environmental, social and governance (ESG) elements in risk management
- Providing added value by considering stakeholder expectations in product and service development with effective stakeholder communication
- Contributing to reputation management with transparent information sharing, gaining competitive advantage in different performance areas

Targets for 2020	Realization in 2020	Targets for 2021 and beyond
<p>It is aimed to increase the number of trainings in order to develop risk management skills and increase awareness on the subject.</p> <p>The Bank, that is given importance to stakeholder dialogue and sharing its social, economic and environmental performance with an integrated perspective in accordance with its understanding of transparency, aims to maintain this approach in a way that also includes developments in global standards.</p>	<p>256 people participated in the "Risk Management" training included in the career training programs and Internal Control Basic Training program organized for employees who were promoted to management at İşbank, and 46 people participated in the "Risk Management" training in the Branch Managers Development Program. In addition, "Risk Management" training is included in My Career as a Specialist Training, which is organized to support the career development of employees with the title of Senior Assistant Specialist, and it is aimed to increase the knowledge and awareness level of the participants on the subject.</p> <p>İşbank took an important step in terms of transparency by signing the UNEP FI PRB - United Nations Environment Program Finance Initiative Principles on Responsible Banking in 2020. In addition to international practices, the Bank closely monitors local developments and quickly aligns with changing practices. In this context, the Bank supported the transparency understanding in reporting as it reported based on the Sustainability Principles Compliance Framework, published by the Capital Markets in October 2020 to increase the companies' awareness on ESG issues in Turkey, and which is one of the important steps taken towards the expansion of the principles of transparency and accountability.</p>	<p>In order to increase the awareness of its employees, the Bank continues its efforts to prepare e-learning on the subject together with the Risk Management Division. In the following period, it is aimed to increase the number of trainings to develop the risk management skills of the employees and to increase the awareness on the subject in order to spread the effective risk management approach throughout the organization.</p> <p>İşbank aims to complete the impact analysis studies of its portfolio in line with the UNEP FI Principles on Responsible Banking until 2024 and contribute to the studies towards sustainable development and global climate targets in line with the targets it has set. In addition, the Bank will create the statement of The Task Force on Climate-related Financial Disclosures (TCFD) in 2021. İşbank aims to better report climate-related risks and opportunities for a better corporate governance and risk approach in the upcoming period.</p>

Key Performance Indicators			
Business Ethics			
	2018	2019	2020
Number of participants in Anti-Bribery and Anti-Corruption trainings	914	7,577	7,830
Total hours of training in Anti-Bribery and Anti-Corruption*	3,605	3,115	857

\*Due to the change in the number of people in Career Trainings at the Bank and the updated training programs, there has been a decrease in the number of training hours in 2020.



## Corporate Governance

The Board of Directors, the highest management body of İşbank, is responsible for steering the strategies and policies of the Bank. By the end of 2020, the Board of Directors of İşbank consists of 11 members, 2 of which are women. Having 3 independent members(\*), the Board of Directors is composed of nonexecutive members, except the CEO. The position of CEO and Chairperson of the Board are performed by different individuals in the Bank.

The Board of Directors has several governance committees in place to support the activities of the Board of Directors in various areas. Responsible for implementing the strategies established by the Board of the Directors and led by the CEO, the Executive Committee, including the CEO, has 13 members, 3 of which are women.

 [Detailed information on the corporate governance structure of İşbank is available on pages 112-123 of the 2020 Annual Report.](#)

### Business Ethics

Compliance with business ethics principles has always been among the uncompromising corporate priorities of İşbank. The Bank shapes all of its stakeholder relations in line with these principles. İşbank adopts the Principles of Banking Ethics of the Banks Association of Turkey. In addition, the Bank integrates the concept of business ethics into corporate processes through Sustainability, Human Rights and Human Resources, Environmental and Social Impacts, Anti-Bribery and Anti-Corruption Policy, Gifts and Hospitality, Information Safety, Occupational Health and Safety Policies. The Principles of the United Nations Global Compact, of which İşbank is a signatory, are also regarded in all of the Bank's business processes.

Implementation of the Anti-Bribery and Anti-Corruption Policy is carried out by the relevant Head Office Division under the supervision of the Corporate Governance Committee. The audit of compliance with the provisions of this policy is carried out within the scope of internal audit. The principles regarding the fulfillment of the action plans to eliminate the audit findings are determined by the Corporate Governance Committee.

Sanctions in case of non-compliance with İşbank Personnel Regulations are also among the articles of the Collective Labor Agreement signed between the Bank and the authorized union. In cases of non-compliance, disciplinary penalties, even the termination of the employment contract are applied within the framework of the relevant provisions of the Personnel Regulation and Collective Labor Agreement.

İşbank conducts many training and communication activities in order to increase awareness of ethical principles among its employees. Information on "Ethical Principles" and "Combating with Bribery and Corruption" is shared in the trainings given to the intern assistant inspectors who have recently joined the Board of Inspectors. Information on "Ethical Values" is also conveyed in the trainings given to the employees who started to work in the Internal Control Division. "Ethical Principles" are explained in the "Branch Managers Development Program", "My Management Career" and "As I

\*Within the scope of the II-17.1 Corporate Governance Communiqué published on 03.01.2014, the members of the board of directors assigned to be members of the audit committee within the board of directors of banks are considered as independent members of the board of directors.

### Risk Management

Number of the Risk Committee meetings in 2020: 12	Loss event data analysis conducted	Scenario analysis completed	Impact-likelihood analysis conducted	Top-Down Risk Assessment conducted
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### Stakeholder Dialogue

	2019	2020
Number of feedback communicated to the Customer Relations Program	466,708	824,456
Number of suggestions communicated by employees	6,292	4,260
Number of followers on social media (million)	2.6	2.7

### Compliance with Regulation

Audits carried out by the Board of Inspectors	2019	2020
Number of domestic branches	245	186
Number of overseas branches	2	4
Number of subsidiaries	7	10
Number of Head Office units	14	12

### Transparency and Reporting

Integrated report publishing	Carbon Disclosure Program (CDP) reporting	Fulfilling UNEP FI Principles on Responsible Banking commitments	Developing cooperation with national and international initiatives
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Rise in My Career" trainings given to managers and manager candidates. The "Policy for Combating Financial Crimes and Sanctions and Compliance Program" e-learning, assigned to all relevant employees as a compulsory training with content established by the Corporate Compliance Division, provides information on "Combating with Bribery and Corruption".

İşbank carries out communication activities in several channels to introduce its Anti-Bribery and Anti-Corruption Policy to its employees and all of its business partners. The Policy is shared with employees via the Bank's corporate Intranet site and all stakeholders via its website both in Turkish and English. Employees sign a document asserting their acceptance of compliance with the articles of the Anti-Bribery and Anti-Corruption Policy and consequences of any violation thereof. Any update to the Policy is shared with employees through announcements.

İşbank carefully evaluates all notices regarding ethical violations. The Bank has established confidential complaint mechanisms for different stakeholder groups. Customer complaints about the violation of ethical principles can be conveyed via digital channels, branches, Head Office units or to the Board of Inspectors via e-mail, petition or fax. Complaints submitted by customers to branches and Head Office units are transferred to the Customer Relations Platform and followed up on the relevant platform. Information need to be transferred by employees can be conveyed to the Board of Inspectors via telephone or e-mail. All kinds of notifications are directly transmitted to the Head Office through an application special for the use employees, and relevant notifications are directed by the Board of Inspectors.

Within the scope of the audits carried out by the Board of Inspectors, in case a situation against the Anti-Bribery and Anti-Corruption Policy is detected or a related notification is made to the Board, the relevant issue is carefully examined. The matter is reported to the Audit Committee urgently or within the scope of periodic reporting when necessary. The Audit Committee communicates the reported issues to the Board of Directors and ensures that non-compliance is eliminated without delay. The reports prepared by the Inspectors who carry out investigations in order to identify problems and suggest solutions and to make the necessary administrative decisions about the faulty employees within the framework of the Bank's collective bargaining agreement and legal legislation are forwarded to the relevant Head Office Divisions after the inspection of the Board of Inspectors.

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The Bank has established complaint mechanisms working with the principle of confidentiality for different stakeholder groups.  
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#### Trainings for Employees

	2019	2020
Number of participants in Anti-Bribery and Anti-Corruption trainings	7,577	7,830
Total hours of training in Anti-Bribery and Anti-Corruption	3,115	857
Number of participants in Ethical Principles trainings	664	438
Total hours of training in Ethical Principles	506	331
Number of participants in Human Rights trainings	260	128
Total hours of training in Human Rights	733	315



[İşbank's corporate policies are available on the Bank's website.](#)

## Risk Management

Risk management activities of İşbank are conducted by the Risk Management Division which reports to the Board of Directors. The risk management process in İşbank and the functions involved in this process are among the primary responsibilities of the Board of Directors. The Risk Committee, operating under the Board of Directors, has been established to reflect risk management principles within the decision making and implementation processes. The Risk Committee engages in the activities of preparing consolidated and unconsolidated risk management strategies and policies of the Bank, submitting such strategies and policies to the approval of the Board of Directors and following up relevant implementations. The Committee is a common communication platform with the Bank's executive systems in order to evaluate the exposed risks of the Bank, and to make suggestions regarding the measures to be taken and the methods to be followed. In addition, the Operational Risk Committee, established in April 2020, engage in an activity to improve the operational risk management framework and to strengthen the governance model regarding operational risks. Financial and non-financial risks are reported monthly to the Risk Committee and the Board of Directors through the Audit Committee.

Risk management in the İşbank prioritizes "good corporate governance". It is a structure where executive units and internal audit and surveillance units are independent from one another is assured, the risk is defined in accordance with international regulations, and measurement, analysis, monitoring, reporting and auditing activities are carried out within this framework.

Risk management practices of the Bank serve a purpose of the creation of a common risk management culture across the organization. In risk management efforts, regulations and best practice guidelines published by the Banking Regulation and Supervision Agency (BRSA) are taken as a basis. In addition to compliance with legal limits, the Bank also considers to maintain capital and liquidity adequacy against all risks undertaken by the Bank, within the scope of Internal Capital Adequacy Assessment Process (ICAAP).

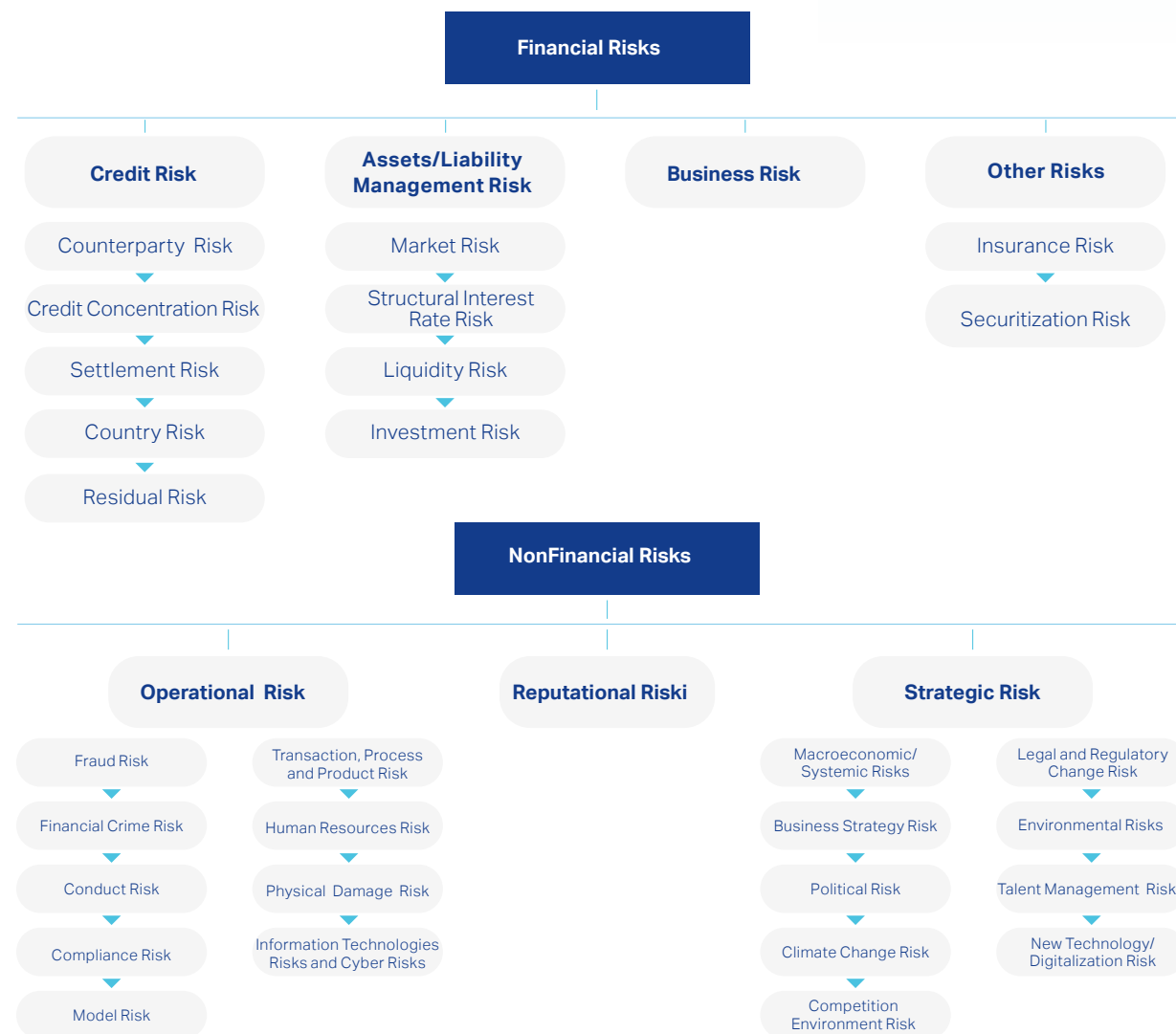
In parallel with international best practices, the Risk Management Division carries out internal and legal capital adequacy activities in line with Basel framework, and works

to develop and validate risk measurement methodologies, and optimize capital adequacy management process. The Bank's level of risk exposure is systematically monitored in accordance with the written risk policies and implementation procedures. The Bank runs the risk management process as per internal regulations approved by the Board of Directors, including Capital Adequacy, Credit Risk, Asset/Liability Management Risk, Operational Risk, Stress Testings, Reputational Risk, Consolidated Risk, Information Systems Management and Climate Change Risk Policies.

Potential risks which may be encountered during activities are defined and classified in the "Risk Catalogue" of the Bank. In the Risk Catalogue, risks are detailed in two main groups: financial and non-financial risks.

In order to determine the maturity level of the Bank's current risk, the Bank conducted a risk culture survey with approximately 5,500 employees in 2020. The maturity scores of each dimension were calculated using a questionnaire containing 7 different risk culture dimensions. After the survey, a Risk Culture Workshop was organized with the participation of İşbank Chairperson of the Board of Directors,

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Risk management in the  
İşbank prioritize “good  
corporate governance”.  
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Members of the Board of Directors, CEO, Deputy Chief Executives, Heads of Division and, Branch and Regional Managers who were elected as a representative. Within the scope of the workshop, many initiatives related to risk culture were identified and brainstorm was made on the prioritization of these initiatives. A minimum period of 3 years is needed for the implementation of all the identified initiatives.

### Operational Risk

Operational risk is managed with a three lines of defense model within the scope of the Operational Risk Policy and the Methodology and Implementation Principles for Operational Risk Management which are approved by the Board of Directors, and it is defined in the Bank Risk Catalogue as the probability of loss arising from inadequate or unsuccessful internal processes, people, systems or external events and including legal risk. It includes elements such as fraud, financial crime, conduct, legal compliance, transaction, process, product, human resources, physical damage and information technologies and cyber risk.

The Bank uses impact-probability analysis, loss event data analysis, scenario analysis, stress tests and risk indicators in addition to the prioritization of risk in the measurements made on operational risks. The risks which are defined in the Risk Catalogue and of which management principles' are explained in detail in the risk policies, are annually reviewed at least, and the relevant definitions and principles are kept up-to-date. The Operational Risk Committee, of which the executives of the Internal Systems Divisions as well as the members of the Executive Committee are members, operates with the aim of improving İşbank's operational risk management framework and strengthening the governance model regarding operational risks.

While establishing and maintaining a work environment that aims to effectively manage operational risks is one of the primary responsibilities of all İşbank employees, central risk management activities are carried out by the Operational Risk and Subsidiary Risk Unit, which operates under the Risk Management Division. The current status of operational risks is regularly monitored by the senior management and the Board of Directors through monthly risk reports.

### Reputational Risk

In İşbank, reputational risk is defined as the potential loss resulting from impairment of trust in the Bank or damage to the reputation of the Bank as a consequence of negative views of parties such as current or potential customers, partners, opponents or supervisory authorities about the Bank, or failure to act in accordance with applicable legal regulations. In monitoring the reputational risk, the Reputation Index, created by the Bank to serve as an early warning for elements which may potentially impact the Bank's reputation, is used. Assessments of reputational risk level are reported to the senior management at least quarterly. It is the senior management's responsibility to monitor compliance with the corporate governance concept which constitutes the basis of reputational risk, and take improvement efforts in this respect.



## Strategic Risk

Strategic risk is defined as the risk of the bank failing to achieve its strategic goals due to reasons such as taking inappropriate decisions while determining the strategies regarding its activities or not implementing the strategic decisions properly, inability of the management to be proactive in perceiving the banking sector trends or inability to make the right decisions based on these trends. The components of strategic risk are macroeconomic, systemic and political risks, the effects of changes in legal regulations, digitalization, competition environment, talent management, climate change and environmental management risk.

Via the performance system of Bank's strategy and with its application to business units, branches and Head Office units, Strategy and Corporate Performance Management Division ensures that all units work in coordination to achieve common targets.

İşbank carried out various studies in 2020 in order to integrate the climate change risk, which is regarded as an important component of strategic risk, into the general risk management framework of the Bank. The Bank created two documents; one is the "Climate Change Risk Policy", which regulates the principles, procedures and responsibilities for determining, defining, evaluating and / or measuring, monitoring, controlling, reporting and managing the climate change risks that may be exposed as a result of the Bank's activities, and the second one is the "Methodology and Implementation Principles Regarding Climate Change Risk Management", which sets

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**Various studies were carried out by İşbank in 2020 in order to integrate the climate change risk, which is an important component of strategic risk, into the general risk management framework of the Bank.**  
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out the principles and procedures for measuring the climate change risk. Climate Change Risk Policy covers all applications, processes or other practices in the Bank affected by transition risks such as legal regulation risk, technology risk, supply-demand risk, reputation risk, as well as physical risks such as acute and chronic physical risks under physical risks.

## Compliance

İşbank works with the aim of full compliance with laws and regulations in all geographies. Monitoring of İşbank's compliance-related activities is carried out by the Corporate Compliance Division, which operates under the Board of Directors through the Audit Committee. The Corporate Compliance Division operates to provide maximum contribution to ensure that the Bank's activities are continuously carried out and managed in accordance with the relevant legislation, regulations and standards in terms of structure and operation. The Corporate Compliance Division consists of three sub-units: Legal Compliance, Fiscal Offences and Sanctions and International Obligations. Under the Corporate Compliance Division, the necessary research, examination, monitoring, evaluation, information, guidance, coordination and reporting activities are carried out on compliance issues. The results of the activities related to compliance are also regularly monitored and evaluated by the senior management levels of the Bank.

Head of the Corporate Compliance Division acts as the legal "Compliance Officer" as well, and fulfills, under the Bank's Policy and Compliance Program, their duties and responsibilities arising from the Law on the Prevention of Laundering Proceeds of Crime and other applicable legislation.

Carrying out all banking activities in line with the Bank's goals and policies, legislation, regulations and standards is the fundamental duty and responsibility of all Bank employees. For this purpose, many training and information activities are carried out.

Information on financial crimes and international sanctions is given to newly recruited employees within the scope of "Starting My Career Training", to employees who are promoted to the management and to the Board of Inspectors, and in the "Policy For Combating Financial Crimes and Sanctions and Compliance Program" course within the scope of Internal Control Basic Trainings. Information on for Financial Crimes, Sanctions and International Obligations and Legal Compliance activities is presented to Senior Assistant Specialists within the scope of Career as a Specialist Program by the Corporate Compliance Division.

Employees are also able to receive different trainings, taking into account their terms of office, titles and duties, and the relevant employees are encouraged to receive training outside the Bank, participate in conferences, seminars and other events, and attend certification exams.

In 2020, information was provided on financial crimes at the management development conference on Prevention of Financial Crimes, organized by the Corporate Compliance Division.





For more information on İşbank's Compliance Risk Management Policy and the Policy For Combating Financial Crimes and Sanctions please visit İşbank's website.

## Internal Audit and Control

İşbank's Board of Inspectors carries out periodical and risk-based inspections to tackle bribery and corruption as part of routine auditing activities conducted as per the International Internal Audit Standards. Results of audits are reported to the authorized functions of the Bank as required by the current legislative provisions and results of reports are followed up. Existing and potential risks are identified and solutions are proposed for the elimination of risks. In the event of identification of any violation of anti-bribery and anti corruption policies during the audits, action is taken as per internal disciplinary provisions and legal regulations.

In 2020, the Board of Inspectors conducted inspection on the Sustainability Management System, the Compliance Program on Prevention of Laundering Proceeds of Crime and the Financing of Terrorism, within the scope of the Head Office audits.

Within the scope of 2020 activities, the Bank carried out development and maintenance studies of various applications aiming to provide fast and qualified data for risk assessments, which are the basis for determining personnel-related risks, and for in-house fraud detection and investigation studies. Through scanning and examining the transactions involving suspicion of misconduct throughout the Bank by the team formed within the Board of Inspectors; the Bank aimed to contribute to both early detection of fraudulent transactions throughout the Bank, and to increase in the efficiency and productivity of inspection activities.

In accordance with İşbank's Sustainability Policy, the Internal Control Division controls the activities carried out within the scope of the Sustainability Management System. In addition, "internal audit" activities defined within the scope of ISO 14001 - Environmental Management System are also carried out by the Internal Control Division.

## Stakeholder Dialogue

For İşbank, establishing regular, timely and two-way communication with stakeholders is a priority in all activities. For this purpose, the Bank develops dialog plans in many channels by taking into account different information needs. Aiming to reach stakeholder opinions by actively using social media platforms, the Bank has a total of 1,838,723 followers on Facebook, 424,082 on Twitter, 263,174 on Instagram, 98,196 on LinkedIn and 95,173 followers on YouTube through 34 corporate, product and project accounts. The Bank provides comprehensive and up-to-date information through its Annual Reports, Integrated Reports, regular Investor Presentations, Analyst and Investor Days, corporate website, General Assembly and Disclosures published according to need.

For the details of İşbank's stakeholder communication activities, Please refer to Stakeholder Expectations and İşbank's Response on page 38.

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For İşbank, establishing regular, timely and two-way dialogue with stakeholders is a priority in all activities.”

## Transparency and Reporting

In line with the principles of transparency and accountability principles, İşbank conducts reporting activities throughout the year in different channels for stakeholder groups.

In 2020, the Bank published its Annual Report to present a summary of its annual activities and the Integrated Report that provides information on the integration of the sustainability approach into business processes and sustainability performance. Since 2019 the Bank has been reporting within the scope of Carbon Disclosure Project (CDP) Climate Change Programme. İşbank signed the Responsible Banking Principles of the United Nations Environment Programme Finance Initiative (UNEP FI) in 2020 and started impact analysis studies within this scope. Performance in this area will be regularly reported to all stakeholders. The Bank also became a signatory of the UN Women's Empowerment Principles in 2020 and started reporting on its performance in this regard. İşbank also responds to the information requests from numerous rating agencies and assessment bodiesthroughout the year. In addition, the Bank has been involved in the rating of the Sustainalytics firm on ESG (Environmental-Social-Governance) issues in 2020.

A significant part of the data contained in İşbank Annual Report and Integrated Reports is subject to independent external audit (Please refer to. Independent Audit Report, page. 157).

İşbank's corporate website provides up-to-date information to its stakeholders about the developments in the Bank and the Bank's products and services. All stakeholders of İşbank can also access all reports of the Bank, Disclosures of Material Events, Investor Presentations and Credit Ratings on the corporate website.



FLAWLESS CUSTOMER EXPERIENCE



SEZGİN LÜLE

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#### *Technology of the Future*

In the digital world where technology is rapidly evolving, the ability to take actions quickly on issues that can create competitive advantage and to offer services that provide benefits for our customers with innovative solutions and make their lives easier will maintain its importance. In this period when digitalization and financial technologies are at the forefront, as İşbank, in line with our "Open Innovation" approach, we cooperate with FinTEchs, make investments in this field and procure products or services from this area. We constantly follow new technologies and initiatives through our innovation centers in the USA, China, TRNC and Turkey.

In order to transform the chances created by rapidly developing customer needs and technological opportunities into the best service, it is crucial that not only the products and services but also the working model move with the times. Agile working model supports a working environment where employees can see their own contributions within the big picture and manage their own tasks end-to-end. With this new management approach, which in a way is the organizational equivalent of digitalization, we aim to keep the customer satisfaction high at all times, by developing products and services which are personalized to the point of making our customers feel like they are the one and only customer of the Bank. We also aim to provide the best employee experience to our workforce, so that we will continue to attract employees with the best competencies to our Bank.

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YALÇIN SEZEN

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#### *Technology of the Future*

In addition to the rapidly increasing technological developments, the need for digital solutions is advancing also due to the impacts of the COVID-19 pandemic. During this period, we witnessed a change in behavior and an acceleration in the way of doing business towards digitalization. New legal regulations that enable an end-to-end experience in digital and provide speed and convenience continue to trigger the change.

Customer needs, which have changed in the direction of further digitalization with the pandemic, will continue to exist in the coming periods, as well. At this point, providing a flawless customer experience has become the key point for the banking of the future.

In addition to the digitalization and mobile delivery of banking services, it is more important than ever to tailor the solutions offered to customers. Applications that offer customers an instant, lean and uninterrupted experience without exiting the application they use, also outside the banking channels, will stand out in the competition. As İşbank, we will continue to offer a new generation and flawless customer experience not only in our Bank's service channels, but also in platforms where we will be integrated to with our business partners.

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# Flawless Customer Experience



İşbank works with the aim of providing a flawless banking experience to all of its customers. Offering accessible services 24/7 from everywhere through its digital banking activities, İşbank invests in the most reliable technologies to ensure the data security of its customers.

## Material Issues

Digital Banking  
Customer Centricity  
Information Security and Customer Privacy

## Relevant Capital Element

Intellectual Capital,  
Social-Relational Capital

## Risks

- ▶ Data security risks increasing with digitalization
- ▶ Managing the reduced workforce need as a result of digitalization efforts
- ▶ Customer losses that may occur due to not understanding customer needs correctly
- ▶ Inability to keep up with the economic and technological changes that are accelerating due to the large institutional structure
- ▶ To stay out of touch with developments such as platform business models and sharing economy, which are important components of the new economy

## Opportunities

- ▶ Providing personalized products to customers with digital products and services and 24/7 accessibility
- ▶ Opportunity to establish more effective communication with customers thanks to the digitalization of procedures
- ▶ Increasing customer satisfaction by developing products and services according to customer expectations and needs with regular customer communication
- ▶ To be a preferred institution in the eyes of stakeholders with the data security investments
- ▶ To be an important actor of the new economy with the support provided to entrepreneurs
- ▶ Strengthening business strategies with partnerships developed in the field of fintech
- ▶ Fast decision making and implementation with agile business models

Targets for 2020	Realization in 2020	Targets for 2021 and beyond
Maintaining leadership in Net Promoter Score in personal and commercial segments.	The Personal Net Promoter Score was increased compared to the previous year and the sector leadership was maintained. The Commercial Net Promoter Score was increased compared to the previous year, but ranked 2nd among private banks.	The goal of having a Net Promoter Score of at least 40 in personal and commercial segments and maintaining leadership among private banks in this area is also valid for 2021 and beyond.
Continuing investments in the field of digitalization without slowing down, carefully following new technologies in information security.	New technologies and trends in the field of information security have been closely followed. In the last 3 years, an investment of approximately TL 53.6 million has been made in the fields of information security and cyber security, and new tools have been purchased and the ability to intervene in security incidents has been developed. The rate of investments in the field of digitalization was 6.51%.	Investments in digitalization will continue in the upcoming period and developments in information security will be among the priority issues for İşbank in the future as it is now.
The share of digital channels in total sales to reach 60% in 3 years.	The share of digital channels in total sales was 57.5%.	It is aimed to increase the share of digital channels in total sales to above 63% by 2021 and 76% by 2023. In addition, it is aimed to increase the number of customers using digital banking channels to above 10 million by 2021 and to 11.5 million by 2023.

Key Performance Indicators			
	2018	2019	2020
Number of Bankamatik ATMs	6,560	6,506	6,521
Number of digital banking customers (million)	7.2	8.1	9.2
Number of mobile banking customers (million)	6.8	7.8	9.0
Share of digital channels in non-cash financial transactions (%)	81.8	84.6	92.1
Share of digital channels in sales (%)	30.9	40.1	57.5
Number of cardless transactions made from Bankamatik ATMs (million)	32.5	33.8	35.3
Amount of cardless transactions performed through Bankamatik ATMs (billion TL)	20.0	24.8	32.4
Paper consumption savings achieved by digitalization (million pages)	11.9	40.4	71.2
Increase in the number of digital banking customers compared to the previous year (%)	22.5	12.5	13.6
Share of non-branch channels (%)	88.5	92.2	95.7
Number of users reached by Maxi (million)	1.3	4.8	5.7
Number of questions answered by Maxi (million)	2.3	18.9	33.3
Volume of end-to-end digital commercial loan disbursement through Instant Loan (million TL)	6.9	143.98	506
Number of customers (million)	19.1	19.5	20
Personal Net Promoter Score	37	33	59.3
Personal Net Promoter Score Ranking (among private banks)	1	1	1
Commercial Net Promoter Score	56	43	45.9
Commercial Net Promoter Score Ranking (among private banks)	1	1	2
Customer satisfaction score (%)	84.5	81.2	86.2
Fines imposed due to data security breaches (TL)	30,000	0	350,000
Succesfull Transactions Index for IT Critical Services (6-Sigma)	4.78	4.83	4.81

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The number of İşbank's digital banking customers, increased by 13% to 9.2 million by the end of 2020, and the number of mobile banking users increased from 7.8 million to 9 million.  
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## Digital Banking

The banking and finance industry is one of the sectors where the increasing speed and transformative power of digitalization is felt the most. Digital transformation is one of the main axes of İşbank Banking and an important component of the Bank's business strategy. In 2020, a total of TL 71.7 million was allocated for the projects in the digital transformation program, and the number of branches renewed within the scope of digital transformation reached 391 during the year.

New technologies enable easily accessible, innovative financial products, revitalize the fintech ecosystem and create a new competitive field. With its digital transformation program, İşbank aims to benefit in many areas such as uninterrupted customer communication, personalized products and services, and efficient operations.

The number of İşbank's digital banking customers, which was 8.1 million as of the end of 2019, increased by 13% to 9.2 million by the end of 2020, and the number of mobile banking users increased from 7.8 million to 9 million. At the same period, the share of digital channels in sales increased from 40% to 57.5%. In 2020, 35.3 million cardless transactions were made from Bankamatik ATMs. The ratio of transactions made through non-branch channels to total transactions at İşbank exceeded 95%.

## Innovative Products and Services

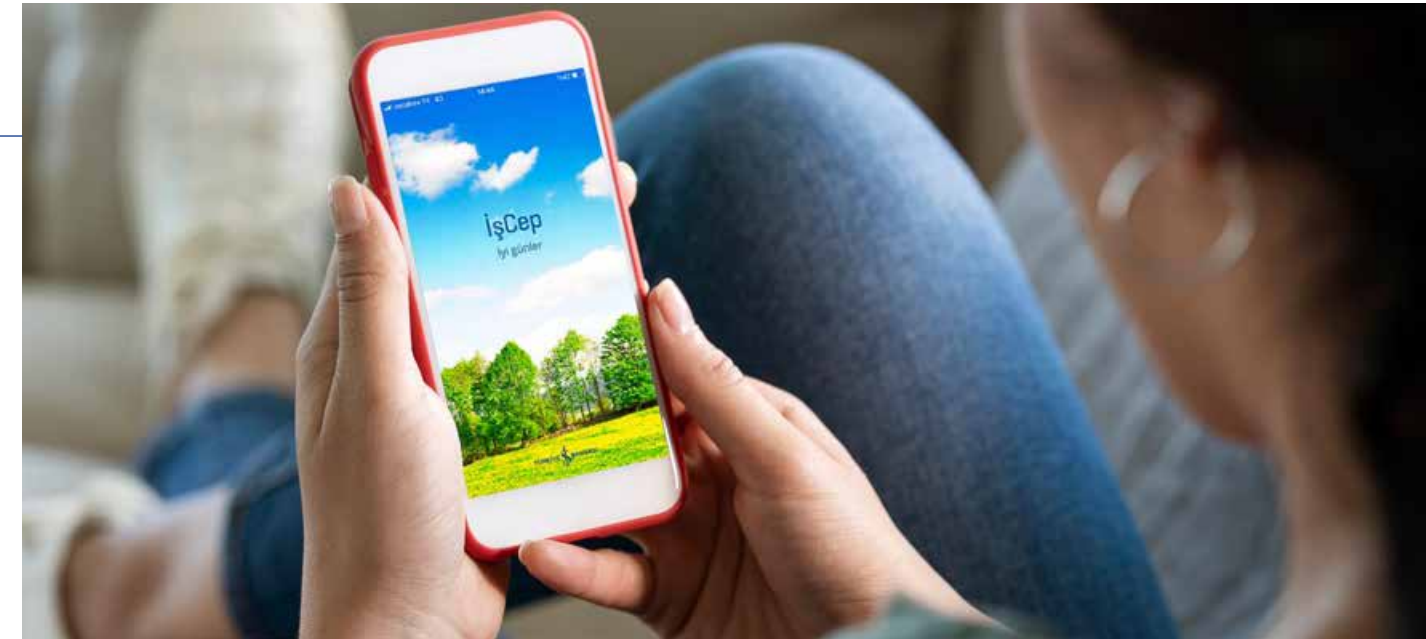
İşbank increases the number and scope of its products and services developed by using digital technologies year after year.

### Pay to the Future

In line with the Bank's strategy of standing by its customers at the right time by focusing on the customer need, Pay to the Future platform, through which small businesses can overcome the difficulties they face in digitalization, was created in May 2020 by the Bank's technology subsidiary Softtech.

Bringing an innovative perspective to the world of payment, Pay to the Future offers businesses that want to accelerate their cash flow with forward-looking discount sales, as well as offering businesses that want to deliver their products or services immediately but do not have online contact with their customers. With this structure, Pay to the Future sets a new way of shopping experience in the service sector, especially in restaurants and cafes, and under the new normal conditions in the culture and arts sector.

Through Pay to the Future, small businesses not only had the opportunity to solve their cash shortages during the pandemic period; but also they were able to deliver value to their customers in the online world. For this purpose, İşbank showed its support for the country's economy in an unprecedented way by mobilizing the required software resources, the marketing power and partners and contributed to both the survival of economic activity and protection of employment during the pandemic as Turkey's largest private bank.



### İşCep

In February 2020, Anadolu Sigorta mobile application, Sigortam Cepte, was accessed without a password from the Personal İşCep Insurance menu. By this means, customers can purchase insurance products that are offered for sale directly through İşCep, as well as products such as Home Insurance and Complementary Health Insurance available in Anadolu Sigorta application online via the agency of the Bank and can realize premium payment and claim notification procedures.

A video call feature has been added to the "I Want to Become a Customer" service, which offers the opportunity to become a bank customer via İşCep. The feature of digital approval of the Banking Services Agreement was made available in April 2020.

### Personal Banking Assistant Maxi

Maxi, İşbank's personal banking assistant working with artificial intelligence and natural language processing technologies and offering one-to-one dialogue experience at digital contact points, allows customers to carry out their transactions by talking or texting. Maxi interacted with 5.6 million customers and engaged in more than 33 million dialogues in 2020 with, an increase of 18% compared to the previous year. The total number of competencies of Maxi was increased to 420.

### Maximum Mobile

Maximum Mobile, which was implemented in July 2020 in order for the intensive use of customers Maximum Mobile as a digital contact point and to offer users a secure payment alternative, has been integrated to 56 companies within the scope of the "Gördüm Aldım" application. Also payment of more than 52 thousand products was mediated.

In 2020, the coverage area of the fuel purchase payment service without getting off the vehicle was expanded by the integration of more gas stations.

Digital MaxiPara Cards, which can be produced digitally and immediately during the application through the mobile app and can be used in payments or e-commerce transactions within Maximum Mobile, have been made available to Bank customers and non-Bank customers as of September 2019.



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In 2020, a total of TL 71.7 million was allocated for the projects in the digital transformation program, and the number of branches renewed within the scope of digital transformation reached 391 during the year.”

In addition to the Istanbul Card, with the integration made with Asis Cards being used for public transportation in many cities of Turkey, the coverage area of the convenience of loading money on the transportation cards via Maximum Mobile has been expanded.

With the expansion of transaction set, Maximum Mobile's number of customers reached 3.1 million by the end of 2020, with an increase of 29% compared to the end of 2019 and the number of active users per month increased by 34% to 1.3 million.

#### Maximum İşyerim

Thanks to the feature of making transactions in installments, which has been added to İşbank's QR POS service, it is ensured that member merchants can accept transactions in cash or upon the installment options defined in advance. It has also become possible to receive payments from China's most popular payment methods such as Alipay, WeChat Pay and Union Pay wallet applications via mobile phones. In addition to cash transactions, many features such as installment transactions, DCC support and Tips POS have been added to the “Linkle Tahsilat” (Pay by Link) service, which is another application that enables remote payments without a POS device.

Gördüm Aldım platform, where member merchants can display their products and payment, mediated by İşbank for the payments of product baskets of the application users, has also been implemented in the Maximum İşyerim.

With the menus at “İş'te Tahsilat” application, merchants that make periodic collections have the opportunity to store cards and define payment orders via the Internet Branch. Improvements were made to enable commercial customers to complete the application processes of their member merchants and commercial credit cards digitally through Maximum İşyerim from end-to-end.

Within the scope of increasing e-commerce requirements during the pandemic, Commercial Virtual Card and Dynamic Security Code applications for users who are sensitive about safe shopping have been put into use in the Maximum İşyerim application. With the expanding transaction set, Maximum İşyerim increased by 88.8% to 78,465 customers compared to the 2019 year-end, and the number of member businesses benefiting from the application reached 193,391.

#### Digital Loans

Within the scope of Instant Loan, one of our paperless banking applications, where customers can start and complete the entire process through digital channels, TL 7.1 billion loan was disbursed in 2020. Regardless of the channel in which the process has started, TL 28.7 billion of loan was extended within the scope of the Credit Ready application, which allows applications whose approval process is completed at the branch to be converted into loans through digital channels.

#### Digital Safe Box

Digital Safe Box is a service where İşbank customers and non-customers can store all their files and passwords in the digital environment, back up their contacts, record notes and log into other applications with their saved passwords. Digital Safe Box can be accessed from app stores as a mobile application or via dijitalkasa.com.tr by all users.

#### Commercial Virtual Card

The virtual card service, which has been offered to retail customers for years, is required more due to safe shopping in e-commerce transactions that increased with the pandemic and has been made available to commercial customers with the development made in this period.

#### Digital Debit Card

In order to respond to the Debit Card needs of customers who prefer cash in their financial needs and purchases in the pre-pandemic period, as well as customers whose cards are renewed, a digital Debit Card service has been provided, allowing them to use their cards digitally within the application without waiting for card press and delivery processes.

#### Digital Anatolia and Digital Transformation Center

İşbank sponsored the "Digital Transformation Center" project prepared by TURKONFED in order to meet the digitalization needs of SMEs and to provide them the guidance they need in this regard. In 2020, 150 SMEs from Istanbul were guided on their digitalization journey, digital scorecard was given and digital transformation coaching service started to be offered. While more than 300 companies have accessed their digital scorecards free of charge, 110 companies have benefited from online coaching services.

The Digital Anatolia Project, which was initiated in 2018 and met nearly 3000 SMEs in 9 provinces, reached SMEs via live broadcast on the digital platform in 2020 due to the coronavirus epidemic.

#### İşbank Future Hub Program

İşbank Future Hub Program, which has been carried out under the name of “İŞ'te YBL” in recent years, is a long-term development program organized in partnership with the Yenibirlider Association and the Bank, offering university students the opportunity to be a part of the digital-oriented leadership school of the future, to explore themselves and to build their careers with the perspective of digitalization and get to know the culture of innovation and entrepreneurship closely.

Participants are supported in many ways from implementing a digital and innovative idea with the help of mentors from the Digital Banking Division Innovation Unit and Yenibirlider Association ecosystem to educational, cultural and artistic activities. They have the chance to experience new generation project management approaches and agile working methods

**Payment Systems**

The importance of payment systems' role has increased with the COVID-19 pandemic and performance in these systems has become more important for the competition in the financial world. Parallel to its sustainable and profitable growth strategy, İşbank focuses on studies that will strengthen its position in this field and become a pioneering and leading institution with different business models and digital collaborations that will highlight the Bank's rich variety of payment systems products and services.

In order to develop products and services that will facilitate financial life and increase financial inclusiveness, the focus is on both increasing digital collaborations in the field of payment systems, with an ecosystem and banking perspective everywhere, and the rapid implementation of the decisions taken to offer innovative products, and the building and enlargement of the Bank's ecosystem. The aim of the activities in this field is the principle of perfect customer experience that will make instant services possible by designing experiences independent from time and place.

In 2020, Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş. was established to develop Gördüm Aldım application with the ecosystem perspective of Maximum Mobile and Maximum İşyerim apps. Moka Ödeme Kuruluşu A.Ş. joined the Bank's subsidiaries, in order to support İşbank's strong position in e-commerce.

While the importance of cross-border money transfers, payments and e-exports is increasing day by day; İşbank will maintain its leadership in cross-border e-commerce transactions, and will continue to support small and medium-sized enterprises in opening up to foreign markets.

**Artificial Intelligence**

At İşbank, artificial intelligence is managed within the framework of corporate vision and strategies, in an integrated manner with the corporate culture. İşbank aims to maximize customer experience with artificial intelligence applications; and direct employees to areas where they can create higher value with the automation of low value-added works.

"Agile working model" is applied in artificial intelligence, which is one of the priority areas of work in the Bank. The Artificial Intelligence Agile Field has been established.

In 2020, TL 10.8 million resources were transferred to the projects in the artificial intelligence program. The resource allocated to this area in the last 3 years is over TL 30.5 million. An artificial intelligence model that predicts the tendency of customers who do not use the Mobile Banking application İşÇep to use the channel was developed. Through İşbank's subsidiary Softtech, more than TL 13 million has been invested in artificial intelligence and innovation in 2020, and approximately TL 36 million has been invested since 2018.

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**Agile Atelier**

Agile Atelier is a customer-oriented, innovative working model of İşbank that aims to make quick decisions. The studies on the Agile Working Model, which the Bank defines as the "organizational equivalent of digitalization", were expanded in 2020 and the subjects discussed in the "Agile Atelier", which was the predecessor Agile Area, were transferred to the newly established Agile Areas.

Along with the new Agile Areas, 413 employees with different competencies are actively working in 7 Agile Areas and 54 teams. Agile Areas operate in Artificial Intelligence, Robotic Automation, Retail Banking, Commercial Banking, Agricultural Banking and Corporate Agility. In Agile Areas, new models have started to be implemented in harmony with both the agile working model and corporate processes related to Technology, Risk Management, Training and Competency Development activities.

**Achievements through the Agile Atelier in 2020:**

- The number of digital customers increased by 30% and reached 367 thousand between 2018-2020, thanks to the works carried out in the Agile Area focused on tradesmen and small businesses.
- Applications for credit, commercial credit cards and POS products can be made end-to-end through digital channels.
- With the addition of My Commercial Loan Ready and My Business Credit Card Ready transactions to the digital channel, the processes starting from the branch and terminated through the digital channels were implemented.
- The first open banking application "TekCep" was launched, so commercial customers can view their accounts in all banks from İşÇep.
- 74 new functions have been added to digital channels for tradesmen and small business customers.
- With the automatic lending tool, the amount of loan disbursement has increased from TL 60 million to TL 2.7 billion annually, approximately increased 45 times.
- As a result of the significant impact of İşim Card product efforts, the number of customers with the Corporate Credit Cards increased by 84%.
- With the innovations in customer acquisition practice, 42 thousand new commercial customers were acquired, 78 thousand commercial product sales and digital channel migration were achieved.
- The demand deposit balance of customers followed in the field has increased by 118%.
- In the first half of 2020, it was observed that the average of employee satisfaction in agile areas reached 85%.

In 2021, the Bank aims to establish new banking and platform areas that are concentrated with product development, technology and process management competencies with the focus of customer experience, and to continue to apply models related to corporate functions by developing them.

## Entrepreneurship and Innovation

İşbank carries out entrepreneurship activities with an inclusive and integrated strategy that contacts every stakeholder in the ecosystem with the vision of becoming the "Bank of Entrepreneurs and Entrepreneurship". Through innovation centers in the USA, China and Turkey, the Bank follows new technologies and continues its concept proofing efforts to transform digital technologies into new products and services. İşbank supports projects developed by startups, technology companies and universities with its open innovation approach. In 2020, the Bank conducted collaboration, campaign and effort of concept proofing with 22 initiatives.

Many workshops and events are held in order to popularize in-house innovation, and processes that create innovative value proposals are carried out within the scope of "İş'te Yeni Bir Lider Programı".

### Workup Entrepreneurship Program

İşbank is an institution that supports all economic activities and especially entrepreneurship in terms of its founding mission and aims to offer these supports in a sustainable and accessible manner. In this context, studies are carried out to support and sustain the ecosystem required by startups and other startups, which can be called technology-based initiatives, in order to flourish and grow. İşbank carries out studies to create its own ecosystem, as well as to support the entrepreneurship ecosystem of our country in a multidimensional way.

The Workup Entrepreneurship Program, which was created to support and accelerate early-stage startups with a technology-oriented, sustainable and scalable business model, has been continuing continoulsy since 2017. More than 12 thousand applications were received from the beginning of the program until the end of 2020. By the end of 2020, 60 startups graduated from the program, in which 98 initiatives were accepted in total. 22 of the initiatives supported under the program received a total investment of USD 3.75 million.

The Workup Entrepreneurship Program continues to work with the aim of becoming the reference point of the ecosystem by expanding the enterprise base it has reached in line with its sustainable development goals and increasing the value proposition of the program every term.

### Softtech Ventures

Softtech Ventures was established in order to implement and commercialize early-stage venture ideas internally and externally. With this structure, a strong ecosystem has been realized with an integrated strategy aimed at supporting initiatives that have the potential to scale in the global arena, especially in the strategic focus areas of the Bank.

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### Internal Entrepreneurship Program

İşbank initiated the Internal Entrepreneurship Program in order to strengthen its employees' entrepreneurship abilities and to encourage the emergence of innovative business ideas, and formed teams with 6 ideas selected among the ones conveyed by the employees.

### Turkish Entrepreneurship Foundation and Arya Women Investment Platform

In addition to the activities carried out within İşbank, extensive cooperation is also carried out with stakeholders who make significant contributions to the ecosystem. The Bank became the main sponsor of Turkish Entrepreneurship Foundation that plays a key role in meeting university students with the entrepreneurship ecosystem and touches their educational life with scholarships and other supports; and also became the main sponsor of Arya Women Investment Platform, which works to increase both investment and business development opportunities for women entrepreneurs.

### Technological Entrepreneur Tariff

İşbank continues to support entrepreneurs with the Technological Entrepreneurship Tariff, which was created to support technology-based initiatives in their establishment period. As of the end of 2020, this tariff was defined for approximately 500 entrepreneurs.

## Customer Centricity

İşbank continues its activities based on its commitment to be "the bank closest to its customers". Aiming to be a reliable business partner that is accessible 24 hours a day, 7 days a week, and offers tailor-made products, the Bank designs all its systems and processes by prioritizing customer experience.

### Customer Experience

İşbank, Turkey's most preferred bank, is working to provide a safe and flawless customer experience from all contact points to a total of 20 million customers in personal, commercial, corporate and private banking segments.

İşbank continuously improves its business processes and customer journey experience with its design-oriented thinking method. With the customer experience vision of İşbank, it is aimed to create a world where customer journeys are facilitated, all transactions become user-friendly, and personalized experiences are offered,

#### İşbank stands by its customers in difficult times

The individual installment loans of the customers, who were adversely affected by the earthquake disaster in Elazığ, Malatya provinces on January 24, 2020 were postponed for 3 months without interest. Customers who were adversely affected by the earthquake disaster in Izmir on October 30, 2020 were offered the opportunity to postpone their individual installment loan payments for 3 months with or without interest.

and to guide customers in this world at all times and to help them whenever they are in need. With this vision, efforts to enrich all contact points with user-oriented, personalized, effective, innovative, reliable and visual / intuitive designs to provide a perfect customer experience continued in 2020.

#### Customer Feedbacks

Working with the aim of open and fast communication in customer relations, İşbank collects customer feedback from many channels. Applications transmitted to the Bank by customers via the channels like the corporate website (www. isbank.com. tr), internet branch, İşCep, call center, branches, e-mail, fax, letter, official institutions and organizations, social media, etc. are recorded and evaluated in the Customer Relationship Customer Relations Program; and efforts are made to meet the customer demand or find solutions as quick as way possible.

In 2020, İşbank received 824,456 feedback from these channels, and after excluding duplicate and non-response applications and similar situations, 722,107 of these feedbacks were replied through the Customer Relations Program. Customers' demands and complaints are closely monitored on social media and platforms such as Şikayetvar.

19 million calls received by our call center in 2020 were answered by Erişim Customer Services A.Ş., which is the group company of our Bank and the ISO 18295 certificate holder.

İşbank works to improve its products and services as a result of customer feedback. During the pandemic, the kiosks, where feedback can be provided with the DataMatrix in the branches, were used as an important contact point. During this period, as a result of the feedbacks received from customers, the Bank took actions such as putting disinfectant in branches, making branch seats available for use by keeping the required distance, and indicating the waiting distance outside the branch, especially with a label in some branches.

In the feedback received from the branches and in the branch observations, it was observed that taking priority order regardless of the waiting period creates dissatisfaction among the customers. The current q-matic application has been changed in a way to give a queue to the branch according to the order of arrival to the branch and to obtain a queue number from İşCep, and started to be implemented as of February 2021.

As a result of the comprehensive İşCep update made in November 2020, there was a decrease in the NPS value monitored daily. With the improvements made by examining the customer comments, NPS started to rise again, and at the end of the year, NPS surpassed 60, which is a high performance indicator.

In 2020, many improvements were made in İşCep in line with user comments. The screens were renewed in order to improve the customer experience, preferences and functions were added to provide user convenience. The screens of the Bankamatik ATMs were renewed to improve the customer experience and to make the menus easy to use. Withdrawing money from Bankamatik ATMs via Western Union has been enabled.

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It is ensured that customers can access documents such as account statements containing sensitive data from the My Documents menu.

#### Customer Satisfaction

Working with the aim of unconditional customer satisfaction, İşbank monitors the customer satisfaction level throughout the year by numerous channels and different methods.

In 2020, customer satisfaction was 86.2, with a 5 point increase compared to 2019. İşbank's customer satisfaction and Net Promoter Score (NPS) are compared with peer banks through independent research companies. In 2020, İşbank ranked first in the Retail NTS among the private banks that were taken as a reference. İşbank's Retail Net Promoter score increased by 26 points in 2020 compared to the previous year, and its Commercial Net Promoter Score increased by 3 points.

In 2020, İşCep Net Promoter Score was 63, the Satisfaction Score of the Retail Internet Branch was 85%, the Commercial Internet Branch Satisfaction Score was 82.5%, and the Bankamatik ATMs was 77.5%. As a result of the measurement studies carried out over the kiosks in the branches and continuing for 3 years, it has been determined that branch satisfaction has increased. A total of more than 3 million feedback was received through these kiosks. The satisfaction score based on these feedbacks was measured as 73% in 2018, 74% in 2019 and 78% in 2020.

In order to increase customer satisfaction, tailor-made researches are carried out by using the internet branch exit survey, telephone survey and kiosk survey, and actions are taken to improve the customer experience based on the answers received from the surveys.

Over 1 million customer feedbacks have been obtained so far in digital measurement studies that started in March 2019. In approximately 35% of these feedbacks, open-ended comments shared by customers are used in efforts to improve the customer experience

## Information Security and Customer Privacy

İşbank works meticulously to ensure the security and confidentiality of the data it holds, follows technological developments in the field of security with regular investments and incorporates it in line with needs, and tries to keep the security culture of all its employees alive through training and awareness programs. Establishing the Bank's information security and personal data protection policies on behalf of the Board of Directors at İşbank is the duty and responsibility of the Information Security Committee. It is the responsibility of all organizational units to carry out activities in accordance with these policies and sub-regulations.

Widespread or target group-oriented awareness studies are carried out in the Bank in order to increase data privacy and security. It is aimed to raise awareness throughout the Bank through activities such as intranet announcements, online and classroom training, phishing tests, sharing critical developments within the scope of the Personal Data Protection Law (KVKK) with relevant parties and evaluating the actions that can be taken.



In 2020, 15,231 employees received 18,674 hours of training on cyber security, social engineering and information security.

With the data leakage prevention activities carried out, last user awareness is increased; and it is ensured that data outputs outside the organization are monitored on a risk-based basis and necessary actions are taken.

Within the framework of the security architecture, there are multiple layers created in communication network infrastructure of İşbank Anti-DDoS solutions are positioned to prevent the suspicious external DDoS (distributed denial of service) traffic targeting the Bank. In the outermost network, incoming and outgoing traffic is controlled by IPS (Intrusion Prevention Systems) and WAF (Web Application Firewall) systems. In order to increase the security on the communication network, different zones have been created on the network. Within each zone, there are different firewalls and access control lists (ACLs), and zones are protected by customized rules and security defense mechanisms. In addition, different switches and VLANs (Virtual local area network) have been established in different regions.

Outgoing internet traffic is analyzed by secure socket layer (SSL) monitoring tools and protected by sandbox APT (Advanced persistent threat) systems. All server and endpoint devices are protected by endpoint security solutions. Authorizations in the systems are made based on role and in accordance with the principle of separation of duties, and authorizations are regularly reviewed. The trace records created on the systems are transferred to SIEM products, security warnings occurring within the framework of predetermined rules are followed by the Security Intelligence and Defense Center and actions are taken regarding security incidents. In the last 3 years, an investment of approximately TL 53.6 million has been made in the fields of information security and cyber security.

Risky transactions made by the customers through digital banking channels are followed up. In addition, priority is given to efforts to raise awareness of customers against current risks and threats.

In the ordinary audit activities and investigations carried out by the Board of Inspectors, the effectiveness of the measures taken for the confidentiality of customer information is reviewed. In case of a customer complaint submitted to the Bank with the allegation of loss of customer information or breach of confidentiality through disclosure to third parties, the issue is meticulously handled in all aspects and the audit results are reported. Within the scope of the investigations, the data and audit trails in the Bank's systems are analyzed and the situations that indicate reasonable doubt are examined. In the event of a reasonable suspicion that such information is disclosed to third parties, investigations on the subject are deepened and if these doubts reflect the truth, the necessary measures and decisions within the scope of both internal regulations and legal legislation are taken without delay. In addition, customers are informed about the outcome of these complaints.

Risk-oriented controls are carried out by the Internal Control Division in the Head Office Divisions and branches of the Bank to evaluate the design and operational

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**Within the scope of audit studies for information technologies (IT), examinations are carried out to contribute to the achievement of basic goals for the healthy management of IT risks and the effective and efficient use of IT resources.**  
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effectiveness of the controls. Regular user authorization and security parameter checks are carried out by the Information Systems Team of the Internal Control Division in the databases where the Bank's critical and sensitive data are stored. In addition, regular access authorization checks are carried out for highly authorized user accounts at the server, operating system, database and application levels in the IT infrastructure.

Banking processes and information systems at İşbank are audited every year, based on risk, by the Board of Inspectors. The processes for ensuring information security are absolutely get covered in the audit studies for information systems. Accordingly, the compliance with the Law on Protection of Personal Data and the control objectives of the "DS5 - Ensuring System Security" process of the Cobit 4.1 framework is examined. Within the framework of the mentioned regulations; the existence, adequacy and effectiveness of a process that includes activities such as risk assessment, approval of the corporate information security policy by the Board of Directors and supervision of its implementation by the Senior Management, conducting studies to increase the awareness of the Bank personnel on information security, classifying all data according to their degree of security sensivity and conducting security controls at the appropriate level for each class, implementation of information security tests, prevention of data loss, update of existing controls and structures created according to technological developments are evaluated.

Within the scope of audit studies for information technologies (IT), examinations are carried out to contribute to the achievement of basic goals for the healthy management of IT risks and the effective and efficient use of IT resources. The scope of the said audit work is determined by a risk assessment prepared by taking into account the criticality of the applications and systems for the Bank and their sensitivity in terms of data security. These system-oriented technical reviews, which have priority of information security, are carried out on the basis of local legislation and international best practices.

Similar to the audit activities carried out within the Bank, the internal control environments regarding information security of the Bank's subsidiaries and affiliates and the organizations that receive support services are also evaluated within the framework of audit activities.

Penetration testing activities have been carried out by foreign companies at İşbank since 2012. Penetration test action plans prepared on a quarterly basis by the Information Security Coordinator regarding the findings of the penetration tests are reviewed by the audit team, and the "Penetration Test Finding Follow-up Report" for the current year is reported in the following year.

Reporting all examination results to the Board of Directors through the Audit Committee and monitoring the measures taken by the relevant unit managements within the framework of audit reports are also within the scope of internal audit activities.



## RESPONSIBLE BANKING



MURAT BİLGİÇ



### *Financing the Future*

Being an institution who is aware of the power of the financial sector in the management of climate risks and transition to a low carbon economy, we, aim to create a transformative effect on all the sectors and investments we finance by adopting the understanding and practices of sustainable finance. In addition to contributing to the clean energy transformation of the country, by increasing the share of renewable energy financing, we prioritize financing of activities and investments that will cater to the climate change adaptation, and the investments that will serve the circular economy, via bringing waste into the economy, as input. We obtain green and sustainable funding through various transactions and diversify our funding base to provide resources for the financing of these sustainability-themed investments.

We take evaluate the climate risks of the loans in our portfolio, besides the environmental, social and governance risks and opportunies of the investments we finance, and manage these risks and opportunities by integrating them into business processes and decision making mechanisms. We strive to minimize the risks arising from climate change, and prepare ourselves for the future by developing green, social and sustainability-related loan products to meet the financing needs of green and sustainable-themed activities.



İSMAIL ŞİMŞEK



### *Financing the Future*

While displaying a strong financial performance since since the first day it has been founded, İşbank has also made it a principle to support environmental and social development with its activities. It has overseenthe environmental and social impacts, in the scope of both its social responsibility undertakings and banking activities.Going forward, we will continue our efforts to contribute directly and indirectly to Sustainable Development Goals under developing and changing conditions.

In the coming period, our primary goal will be to introduce the concept of sustainability, which is given importance more at the large corporate scale predominantly, to smaller businesses and to raise awareness on a larger extent. We will support the sustainability transformation of SMEs with the sustainable financing products to be created in line with this approach.

In addition to responsible products and services, inclusive financing and gender equality stand out as important components of sustainability. Design of different financing opportunities for disadvantaged groups with limited access to finance and the regions affected from the immigration, practices aimed towards firms' support for women employment, and sustention of the financing and training activities for women entrepreneurs, will maintain their prority for in the coming period, as well. We will continue to increase our green economy and inclusive finance efforts with activities aimed at offering sustainable financial products, providing information and raising awareness.



# Responsible Banking



Considering the environmental, social and economic impacts of projects in lending activities, İşbank supports green and sustainable development within the scope of energy transformation by financing renewable energy, energy efficiency projects and circular economy within the context of resource efficiency. Adopting the principle of providing reliable, transparent and easy-to-understand banking services at all times, İşbank strives to increase financial inclusiveness with services accessible to everyone at any time through its extensive physical service network and digital service channels.

## Material Topics

- Combating Climate Change
- Responsible Finance Integrating ESG Criteria
- Responsible Product and Service Portfolio
- Responsible Marketing
- Financial Inclusion

## Relevant Capital Element

Financial Capital, Intellectual Capital, Social-Relational Capital, Natural Capital

## Risks

- ▶ The current financial solutions are inadequate as a result of the changes in the way of doing business and the risk matrix in many sectors due to global warming
- ▶ Inequalities arising due to the lack of financial resources available to disadvantaged segments
- ▶ Complex and non-transparent financial transactions and processes damage the industry's reputation

## Opportunities

- ▶ Contribution to green and sustainable economy and combating climate change through effective ESG risk management
- ▶ Increasing Bank penetration with products developed for disadvantaged segments
- ▶ Expanding the customer base by developing products and services that appeal to all segments of society
- ▶ Increasing customer satisfaction by informing customers about products and services in a correct and timely manner

2020 Goals	Realization in 2020	Targets for 2021 and beyond
Increasing the share of renewable energy projects in the energy generation projects portfolio	The share of renewable energy projects in the energy generation projects portfolio was 69.5%.	Efforts will continue to increase the share of renewable energy projects in the energy generation projects portfolio. It is anticipated that 100% of the loans to be provided within the scope of new generation facility investments in 2021 will be for renewable energy projects.
Increasing the rate of disabled-friendly Bankamatik ATMs above in order to increase financial inclusion. (2019: 67.8%)	The ratio of disabled-friendly Bankamatik ATMs to the total number of Bankamatik ATMs is 70.5%.	In 2022, it is aimed to increase the rate of disabled-friendly Bankamatik ATMs to over 80%.
Supporting approximately 500 female entrepreneurs with activities for women entrepreneurs every year.	448	It is aimed that the number of female entrepreneurs supported and the activities for female entrepreneurs will be over 500 every year.
Organizing more than 30 * events to support SMEs.	40	It is aimed that the number of events to be organized to support SMEs between 2021-2023 will be over40*.
The annual number of views of the İŞTE KOBİ (SME) website to reach (2019: 1,112,000)	The annual number of views of the İŞTE KOBİ website was 550,413 in 2020.	It is predicted that the number of views of İŞTE KOBİ website will reach 1,250,000 in 2023 with an annual increase of 250 thousand.
The number of technological entrepreneurs that will allow entry to the banking system in 2020 is 120.	80	The number of technological entrepreneurs who will enter the banking system by 2023 is aimed to be over 100 every year.

Key Performance Indicators			
	2018	2019	2020
Field visits made as part of environmental and social risk evaluation	18	22	1**
Number of financed projects subjected to environmental and social risk evaluation	15	13	7
Sum of financing provided for projects subjected to environmental and social risk evaluation (million USD)	915,3	395	365
Number of people reached through Farmer Meetings	4,325	4,485	1,500
Number of technological entrepreneurs with facilitated entry into the banking system	136	117	80
Number of campaigns organized for promoting products of technological entrepreneurs	6	7	4
Clean energy generated by financed renewable energy projects (million MWh)	16.9	21.9	24.9
Total installed power (MW) of renewable energy projects financed by İşbank	-	262	1,950
Share of renewable energy projects in the total energy projects portfolio (%)	-	67.3	69.5
Number of disabled-friendly Bankamatik ATMs	3,979	4,410	4,598
Number of women entrepreneurs placed in events for supporting women entrepreneurs	350	425	448
Number of events organized in support of SMEs	26	34	40
Number of İŞTE KOBİ SME website viewings	1,083,401	1,112,126	550,413

\*Including activities on digital platforms  
 \*\* Due to the COVID-19 Pandemic, travel restrictions were imposed for precautionary purposes, and site visits were minimized by our environmental and social risk management team; instead, meetings were held with the relevant parties via teleconference within the scope of remote work, and monitoring activities continued.

## Combating Climate Change

The restrictions imposed in many countries globally due to the coronavirus (COVID-19) pandemic caused a decrease in global greenhouse gas emissions in 2020. However, as the 2008-2009 financial crisis demonstrated, emissions are expected to return to pre-pandemic values in a short time after restrictions are over. Although the pandemic seems to have created an opportunity in the transition to a green economy, the cost of unactiveness continues to increase with each passing day. In 2021, the World Economic Forum identified "Climate action failure" as the most effective and second most likely long-term risk.

İşbank supports the transition to a low carbon economy. The Bank analyzes the risks and opportunities created by the transition economy and increases the number of products and services that support the green economy day by day.

İşbank takes into account all risks arising from climate change at the corporate level. These risks are prioritized based on a qualitative and quantitative assessment. Majority of the climate change risk to which the Bank is exposed arises from its customers in the commercial loan portfolio. In order to measure this risk, the commercial loan portfolio covering all sectors is taken into account and analyzed. A two-stage approach is followed to assess the exposure of the loan portfolio to climate change risks:

I. A sectoral climate change heat map is used to identify the sectors that should be handled primarily while assessing the climate change risk. A 5-level risk scale is used to determine the extent to which each sector is exposed to climate change risks.

II. As a result of the scenario analysis and heat map, an impact analysis is performed for risk events in sectors where the climate change risk level is determined as high and medium-high. The approach adopted within the scope of scenario analysis has been prepared in accordance with the climate change methodology followed by the United Nations Environment Program - Finance Initiative (UNEP-FI).

In terms of climate change risk management, the impact of a possible carbon tax or carbon trading system implementation on the Bank is measured within the scope of scenario analysis. With this method, the financial data of loan customers operating in sectors that are exposed to high transition risks and that are expected to be affected the most by the said regulations are subjected to stress, taking into account additional liabilities, and the possible effects of changes in the credit-worthiness of customers on the Bank's balance sheet are analyzed.

Within the scope of the Climate Change Risk Management Project carried out in 2020, the actions foreseen to be implemented by the end of 2022 for the opportunities arising from climate change have been defined. Efforts are underway to determine the responsibilities and roadmaps for these initiatives, which include actions such as enhancing product and financing opportunities that will support the transition to a low-carbon economy, and increasing access to sustainable fund resources.

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In addition to the studies carried out by the Risk Management Division to measure climate change risks, all new investment projects financed by İşbank with an investment amount of more than USD 10 million are evaluated using the Environmental and Social Risk Evaluation Tool (ERET). Projects within this scope are subject to environmental and social risk assessment and a risk score is created as a result of this assessment. If the risk of the project is found to be high, an environmental and social action plan is being prepared in cooperation with the customer for the elimination, limitation or removal of the detected impacts, and the follow-up of these actions is provided under the supervision of independent consultants, when necessary. (For detailed information, please refer to: Environmental and Social Risk Management in Loans, p. 87). The weight of products that support the green economy such as İşbank Green Bond, Solar Loan by İşbank and, TEMA Environmental Variable Fund is increasing day by day in the Bank's product portfolio (Please refer to: Products and Services Contributing to the Green Economy p. 94).

İşbank works to minimize the environmental impact of its operations as well. The Bank has been reporting since 2019 within the scope of the Carbon Disclosure Project (CDP) Climate Change Program which allows companies to report to investors how they manage their carbon emission processes, their activities to reduce carbon emissions and how they manage their risks in this area. The Bank raised its rating from the "(C) - Awareness" level it received in 2019 to the "A- Leadership" level in 2020. In 2021 and the following years, it is aimed to maintain the grade at the leadership level by maintaining efforts to manage climate change risks and to evaluate the opportunities. The details of İşbank's activities in this field are included in the "Responsible Operations" section of the report (Please refer to: Responsible Operations, p. 134).

İşbank contributes to the increase of environmental awareness and afforestation in our country with many projects and activities in the field of environment (Please refer to: Positive Value for Society p. 134).

## Environmental and Social Risk Management in Lending

Incorporation of environmental and social impacts into loan evaluation processes is among sustainability priorities of the banking industry. İşbank carefully monitors environmental, and social risks created by loan activities. In order to increase its performance in this area, the Bank also supports sectoral initiatives with multiple partners. İşbank is one of the first signatories of the Turkey's Declaration on Sustainable Finance published by Global Compact Turkey, guaranteeing assessment of environmental and social risks in credit processes. In 2020, İşbank signed the United Nations Environment Program Finance Initiative Responsible Banking Principles (UNEP FI PRB). In accordance with this commitment, the Bank started environmental, social and governance impact analysis studies of its portfolio.

İşbank evaluates the potential environmental and social risks of all new investment projects with a total investment amount of more than USD 10 million, through the



Environmental and Social Risk Evaluation Tool (ERET). By determining the "customer" and "project" risk categories of the loans, a road map is created for the limitation or removal of the possible negative environmental and social impacts of the investment. From 2013, when the environmental and social risk assessment system was established, to the end of 2020, 139 projects were subjected to ERET rating, 107 of which were financed.

Investment projects with ERET are evaluated within the framework of a total of 26 different criteria including the use of natural resources, solid waste, air, soil and water quality, noise, dust, occupational health safety, community health safety, involuntary resettlement and stakeholder participation. These factors are taken into account in the context of the impact on the firm's operations, its impact on the environment and/or the local population, and the response of the media, NGOs and the public, the manageability of risks, and the likelihood of their occurrence. Ultimately, the projects are classified into four categories according to their risk levels: high (Category A), medium high (Category B +), medium (Category B-), low (Category C).

The projects within the scope of the evaluation are assessed with reference to national legislation and best practices such as International Finance Corporation Performance Standards (IFC PSs), European Bank for Reconstruction and Development's Performance Requirements (EBRD PRs), Equator Principles (EPs); and an Environmental and Social Assessment Project Document is prepared for each investment which is attached to the loan allocation file submitted for the approval of the senior management.

A reputable independent Environmental Consultant is appointed to work on behalf of the Bank in all projects deemed appropriate as a result of the evaluations of İşbank's Sustainable Finance Team, without being limited to projects considered as high risk ("A" risk category). Site visits supported by literature studies are carried out by the Independent Environmental Consultant in order to determine the current situation and the possible environmental and social impacts of the investment within the scope of the project. As a result of this study, an Environmental and Social Due Diligence (ESDD), which includes the current status, appropriateness and consultant comments of any permit/approval process for environmental obligations, and an Environmental and Social Action Plan (ESAP) for limiting, eliminating and managing these impacts are prepared and presented to the Bank. In high-risk projects, apart from the EIA application file prepared in line with legal requirements, an additional Environmental Impact Assessment Report (EIAR) in international standards (IFS PSs, EBRD PRs and EPs) can be requested, include more detailed current status analysis. In addition, the project companies are requested to create an Environmental and Social Management System (ESMS) within the scope of the project regarding the healthy management of the risks and impacts of the project, and to prepare an Environmental and Social Management Plan (ESMP) and submit it to the Bank. Regarding the issues determined in the ESAP, with the participation of the Bank's Sustainable Finance Team, environmental and social monitoring activities are carried out with on-site visits by the Environmental Consultant.

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**Within the scope of the Climate Change Risk Management Project carried out in 2020, the actions foreseen to be implemented by the end of 2022 for the opportunities arising from climate change have been defined.**  
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Due to the COVID-19 Pandemic in 2020, travel restrictions were imposed for precautionary purposes, and monitoring activities continued by holding meetings with the relevant parties via teleconference.


In all projects, "Public Participation Meetings" are held as a minimum within the scope of local EIA, and additional stakeholder communication meetings and corporate social responsibility activities are carried out in all financing within the framework of international standards.

In 2020, 12 projects were subjected to ERET rating, 7 of which were financed. Among of these projects with a total financing amount of USD 365 million, 49% of were classified in B +, 50% in B- and 1% in C risk category on the basis of the financing amount.

**USD 179,934,244 within the scope of 3 risky "B +" projects,  
USD 181,566,192 within the scope of 3 risky "B-" projects,  
USD 3,944,127 within the scope of 1 "C" risk project**

#### Activities Not Financed

İşbank rejects any loan applications for activities on the İşbank Exclusion List, which the Bank names in the schedule to its Environmental and Social Impacts Policy, without even evaluating them. Among activities not financed by the Bank are investments involving forced labor and child employment, the production of weapons of mass destruction and landmines, the production and trading of internationally prohibited chemicals, drugs or substances that are harmful to the ozone-layer. In 2020, loans for financing greenfield investments of coal- and natural gas-fired thermal power plants to be established for electricity generation were added to the İşbank Exclusion List, and the relevant list was expanded.

 [The Exclusion List is in the annex of İşbank's Enviromental and Social Impacts Policy which is available at the website.](#)

## Products and Services Contributing to the Green Economy

### Financing Renewable Energy

The main requirements of the transition to a low carbon economy is, via energy transformation, increasing the energy obtained from renewable sources, reducing the use of fossil fuels and supporting the transition to energy-efficient systems. Renewable energy investments support not only reducing the negative effects of climate change, but also support social development with the new employment areas they create.

İşbank is one of the pioneering institutions in financing renewable energy projects in our country. All of the new project financing provided by the Bank for electricity generation investments after 2015 has been allocated to renewable energy projects.

For 2021 and beyond, it is planned to continue supporting the sector financially with all renewable energy projects, especially Wind Energy Power Plants (WPP) and Solar Power Plants (SPP) projects, that have limited environmental impact with advanced technologies within the scope of public support mechanisms (YEKDEM) related to renewable energy. In addition, it is planned to provide loans to "Mini YEKA SPP" projects via directing the loans envisaged to be provided for energy generation investments in 2021 especially to wind energy investments.

As of the end of 2020, the share of renewable energy financing in İşbank's total energy production projects portfolio was 69.5%, and the share of renewable energy financing in the total financing was 7.5%. With 45 projects financed by İşbank, the amount of clean energy produced in 2020 is 24.9 million MWh. The total installed power of renewable energy projects financed by İşbank in 2020 was 1,950 MW, the total installed power to date reached 9,170 MW. The amount of clean energy generated by the projects financed by the Bank was 63.7 million MWh in the last 3 years.

#### Distribution of Renewable Energy Financing Provided in 2020

Types	Number	Total Installed Capacity (MW)	Cash Risk (million USD)	Non-Cash Risk (million USD)	Total Risk (Cash + Non-cash) (million USD)
PPS	2	18	17	0	17
SPP	24	118	46	11	57
HEPP	12	1,351	91	0	91
WPP	5	412	47	50	97
GPP	2	51	94	0	94
<b>Total</b>	<b>45</b>	<b>1,950</b>	<b>295</b>	<b>61</b>	<b>356</b>

#### Renewable Energy Investments Financed by İşbank

Type	Number	Total Installed Capacity (MW)	Cash Risk (million USD)	Non-Cash Risk (million USD)	Total Risk (Cash + Non-cash) (USD)
PPS	21	199	100	10	110
SPP	602	800	433	39	472
HEPP	83	5,877	1,626	38	1,664
WPP	34	1,464	222	412	634
GPP	27	830	858	76	934
<b>Total</b>	<b>767</b>	<b>9,170</b>	<b>3,239</b>	<b>576</b>	<b>3,815</b>

#### Amount of Energy Obtained by Renewable Energy Investments Financed by İşbank

Type	Electricity Generation in 2020* (kWh)	The Amount of Electricity Generated in 2020** (Financing Share Ratio Provided)	Total Electricity Generated by 2020	Total Electricity Generated as of 2020 (Financing Share Ratio Provided)
PPS	79,494	79,494	1,021,847	942,112
SPP	60,051	35,925	1,209,368	1,102,745
HEPP	5,530,820	994,074	14,480,937	5,460,449
WPP	852,217	229,875	3,582,137	1,892,341
GPP	2,704,030	1,419,059	4,632,975	1,912,402
<b>Total</b>	<b>9,226,612</b>	<b>2,758,427</b>	<b>24,927,264</b>	<b>11,310,049</b>

#### Cooperation with International Financial Institutions for a Green Economy

İşbank has been obtaining medium-long-term, special-purpose financing from the international financial institutions such as the German Development Bank (KfW), European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), Proparco, US International Development Finance Corporation (DFC (formerly known as OPIC)) and the International Finance Corporation (IFC) in order to finance the sectors and activities that contribute to sustainability since 2008. With these resources, in addition to energy efficiency and renewable energy projects, female entrepreneurs, SMEs, agricultural enterprises, businesses located in priority development regions are financed.

The Bank also supports the economy by increasing awareness and efficiency in the use of resources through technical consultancy and training received from financial institutions.

Closely following developments in the field of sustainable finance, İşbank evaluates the new financing needs of its customers and continues to provide resources for projects that are feasible, that comply with lending principles and environmental and social standards.

With two agreements signed with international financial institutions in 2020, sustainability-themed funding of approximately USD 85 million has been obtained by the Bank.

You can find the list of fundings obtained by İşbank from international financial institutions and that were outstanding as of the end of 2020 in the “Annexes” section of the report.

#### İşbank Sustainability Bond Framework

İşbank has established its Sustainability Bond Framework in January 2020 to enable Eurobond issues, which have an important share in non-deposit funding sources, to be made also in the form of green, social or sustainability bonds.

Funds obtained from the bonds issued under the framework will be allocated to projects with positive environmental impact in the areas of renewable energy, energy

\* The total amount of energy generated by all renewable energy investments in the portfolio, based on energy type.  
 \*\*Calculation of the generated power capacity according to the proportional financing contribution made by İşbank

efficiency, recycling, organic agriculture, clean transportation, green buildings and circular economy, and loans with positive social impact, such as financing SMEs and women entrepreneurs in under developed regions.

Second party opinion was obtained for the Framework prepared in accordance with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines published by the International Capital Markets Association (ICMA).

İşbank made its first Green Bond issue on 21 August 2019. This issue is also the first 100% Green Eurobond transaction issued by Turkish banks. The issuance amount is USD 50 million and the maturity is 10 years. The issue in question is important in terms of reflecting the integrated nature of İşbank's sustainability approach, providing the opportunity to access to different investor groups and as well as a long-term funding.

#### **TEMA Environmental Variable Fund**

A first in Turkey, TEMA Environmental Variable Fund is a product developed to allow environmentally-friendly investors to use their savings to promote environmental efforts. With the resource allocated from the Fund to TEMA, sustainable financing is provided for environmental projects. The fund, allocating part of its portfolio to invest in businesses which have effective environmental management systems in place, emphasizes that businesses which pay regard to environmental impacts will achieve better financial results in the long term.

"Mini and Junior TEMA Programmes" were implemented in 2020 with the funding provided to the TEMA Foundation from the Fund. With the project, 7,000 teachers and 160,000 students were reached in 3,000 schools in 81 provinces.

#### **Solar Loan by İşbank**

Being one of the leading banks in financing renewable energy and energy efficiency projects, İşbank aims to finance environmentally friendly investments to directly support the reduction of the risks and impacts of climate change. Created for this purpose, Solar Loan by İşbank continued to be allocated in 2020.

Supporting environment-friendly investments, İşbank offers its customers Unlicensed Electricity Generation Loan and Energy Efficiency Loan in addition to Solar Loan.

#### **Urban Transformation Loan**

As of the end of 2020, İşbank provided loans worth TL 40.3 million to 278 people for real estate reconstructions with energy class B and A within the scope of urban transformation, thereby supporting the creation of greener cities.

İşbank also signed bilateral agreements with organizations such as Proparco, the European Investment Bank, the European Bank for Reconstruction and Development, the Clean Technology Fund, and the World Bank to finance the loans to be used for the purchase/construction of buildings with energy class above standard. The Bank has also participated in international programs to increase green energy awareness.

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#### **Maximum TEMA Card**

A first in the industry, Maximum TEMA Card enables the Bank to contribute to the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats (TEMA) by 0.02% of the amount of each transaction carried out by its customers with this card. With the project, approximately TL 1.4 million was transferred to TEMA Foundation in 2020. More than TL 3.7 million was transferred in the last 3 years.

Maximum TEMA Card is produced from nature friendly biodegradable card plastic. Raw materials obtained from FSC (Forest Stewardship Council) certified producers are used in the printed materials of the card.

#### **Yuvarla (Round it Up)**

Through the Yuvarla (Round it Up) application, of which İşbank is among main supporters, customers can round the fractions of their purchases up to the next full amount and donate the amount to the associations, foundations and non-governmental organizations they choose through the application.



#### **Üstü Kalsın (Keep the Change)**

Üstü Kalsın (Keep the Change) application transfers the difference created by the customers rounding their credit card debt to an upper amount of their choice (an upper 50 or 100 TL) to the investment account and thus encourages customers to gain a habit of saving ensures.. As of the end of December 2020, the number of investors using the application reached 125,000 and the total fund size reached TL 70 million.

## Responsible Products and Services

İşbank develops products and services that encompass all segments of society and the economy. Developing products that take into account the different life stages, economic needs and sectoral requirements of the customers, which are easy to understand and support saving awareness, are the basis of İşbank's understanding of providing responsible products and services.

### Products and Services for Increasing Awareness on Saving

İşbank increases the diversity of its financial products developed in line with the different needs and expectations of its customers, as well as changing lifestyles, in accordance with its mission to spread the awareness of saving to every layer of society.

İşbank maintained its position as the bank with the largest deposit base among private banks in 2020. Total deposits grew by 24.7% in 2020, reaching a total size of TL 368.9 billion at the end of the year.

#### Digital Moneybox

The classic İşbank moneybox was developed as a Digital Moneybox that allows those under the age of 18 to save money through digital channels, and was introduced to new generations. Money transfers are easily made to the Digital Money Box via İşCep and these amounts are saved in the Moneybox Time Deposit Account. The number of Digital Moneybox users approached 16,000 as of the end of December 2020; and the total balance of the Time Deposit Money Bank Account has exceeded TL 15 million.

#### Moneybox Hybrid Fund

The Moneybox Hybrid Fund, which aims to develop the habit of saving at a young age, is a fund with a "saving" purpose that enables making investment in the future of children from today. The Moneybox Hybrid Fund, the first investment fund developed for children, ranks first in the industry among similar funds in terms of number of investors. The number of investors of the Moneybox Hybrid Fund reached 170,000 as of the end of 2020.

#### Gold Banking

Through the Gold Account, which is in the form of demand deposit and can be accumulated in centigrams, it is easy to buy and sell gold from digital contact points 24 hours a day, 7 days a week. İşbank customers who wish to open a Gold Term Deposit Account over their gold savings can also earn interest income in grams of gold.

Gold Meetings are held at the branches aimed at transferring the so called "under the mattress savings" to the banking sector. Gold or jewelry items brought by customers are calculated by gold experts and deposited into the Demand Gold Account in grams of gold. Thus, customers secure their valuable jewelry against the risk of loss and theft.

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#### Investment Insurance for My Child

Investment Insurance for My Child, which is a product that can be used to cover the education expenses of your children or to support them better while starting life, provides savings in TL, USD or Euro, while offering benefits such as discounts in contracted health institutions and tax advantages.

#### Robofon

With İşbank Robofon Consultancy service, everyone who wants to save money is provided with fund consultancy that makes it easier to make investment decisions in line with their risk preferences. The Investor Profiling Module of the Robofon Consultant, offered by İşbank at İşCep and the Internet Branch, analyzes the investor's financial situation and needs with the help of an easily completed questionnaire and determines a profile and risk perception. Thanks to this service, which is offered to everyone who wants to save even with small amounts, it is easier for investors to make savings and investment decisions by finding the most suitable fund among the Robofon Family managed by İş Portfolio expertise.

#### İşCep Personal Finance Management

With İşCep Personal Finance Management service, which allows customers to regularly monitor the changes of their assets and debts, to see their assets in Anadolu Hayat Emeklilik and İş Yatırım as well as their assets in the Bank, to access the details of the transactions performed in their cards and accounts and to control their financial transactions easily, it becomes easier for customers to direct their savings while keeping their expenditures under control.

#### Maximum Term Deposit Account

With İşbank's Maximum Term Deposit Account, individual customers who want to invest their savings in the short term can secure their automatic payments and earn overnight interest on their deposits.

#### Accumulating Young Account

Accumulating Young Account, which encourages customers aged between 18 and 26 to make savings in order to achieve their goals, and provides an additional contribution to their savings with an award interest rate, was launched in December 2020.

In addition, with the Anadolu Hayat Emeklilik Young Pension Plan which is offered to young people in this age group, it is aimed to keep their savings in the private pension system with a long-term perspective by paying less contribution compared to other pension plans, without paying entrance fees.

#### Daily Earning Account

With Daily Earning Account product, which can be opened in İşCep or Internet Branch, customers are offered the opportunity to value their savings daily without the need to wait for long-term or having to have high amounts, at any time.



## Financial Inclusiveness

İşbank aims to increase social welfare by developing products and services for all segments of the society. Accordingly, the Bank develops financial products and services for SMEs and disadvantaged segments of the society. As a signatory of the United Nations Women's Empowerment Principles (WEPs), İşbank believes in the importance of women's enterprises' participation in the economy and increasing women's workforce in sustainable development. Therefore, the Bank supports women entrepreneurs.

### İŞ'TE KOBİ

İŞ'TE KOBİ website, [www.istekobi.com.tr](http://www.istekobi.com.tr), which provides SMEs with fast access to the sectoral information and news they need since 2009, was renewed in 2020. The user profile of the website has been expanded to include visitors from the tradesmen, entrepreneurs, farmers and women entrepreneurs in addition to SMEs.

With the renewed İŞ'TE KOBİ website, companies have been provided with digital access to trainings on many different subjects such as e-commerce, entrepreneurship and technology, and it is aimed to contribute to their digitalization by offering solutions that will contribute to their business through İŞ'TE KOBİ.

### TekPOS (Single POS)

TekPOS, which is the first open-banking application offered by a bank in Turkey, is developed to enable SMEs working with multiple banks follow their cash flow soundly. The "TekEkstre" (Single Statement) service, where companies can view their account movements in different banks, serves more than 1,500 active users.

### Cooperation with KOSGEB

İşbank contributes to support SMEs' access to financing through support programs carried out with the Small and Medium Enterprises Development Organization (KOSGEB) and supports tradesmen in regions affected by natural disasters.

In this context, the Bank signed an Emergency Support Loan Protocol for Elazığ, Malatya, Giresun, İzmir provinces, Istanbul's Esenyurt district and Rize's Çayeli district in 2020.

**In 2020, the total financing provided to SMEs in the form of cash and non-cash loans is TL 99.9 billion.**

### Exporter Card & Maximiles TIM Exporter Card

İşbank launched the "Exporter Card" in 2019, a first in the industry for exporter SMEs. With this card, exporting companies both benefit from all the features of the company's credit card and earn MaxiPoints from the export transactions they carry out through İşbank.

"Maximiles TIM Exporters Card" is a new commercial credit card developed in collaboration with Turkish Exporters Assembly (TIM) was offered to customers as of

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İşbank develops financial products and services for SMEs and disadvantaged segments of the society.  
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June 2020. The number of Exporter Cards, which was 1,651 as of the end of 2019, reached a total of 6,720 by the end of 2020, 4,221 of which were Maximiles TIM Exporter Card.

### Developments Made Through Digital Channels

My Commercial Loan Ready and My Commercial Credit Card Ready applications, which started at the branch and ended with customer approval in the digital channel with an inter-channel transaction perspective were put into use.

It is now possible to obtain an end-to-end digital and contactless experience with real person merchant customers applying for Maximum Business Card and İşim Card through Maximum İşyerim and İşCep applications and having their cards delivered to customers' addresses after the application.

### Agricultural Banking

The agriculture industry, which is one of the sectors gaining importance during the pandemic, is among the vital industries for sustainable development. İşbank supports the increase of productivity in agriculture with projects that reflect its digitalization strategy to the agricultural sector. Thanks to the data and recommendations obtained from 30 agricultural monitoring and forecast devices donated within the scope of the Digital Agriculture project, a decrease in the use of inputs including agricultural fertilizers, pesticides and water, an increase in productivity and a decrease in environmental waste are achieved. According to the initial results, an additional economic benefit of TL 15.4 million was obtained in the olive region where the implementation was made and TL 4.8 million in the strawberry region.

Thanks to the İmeceMobil application, which can be downloaded free of charge, financial literacy and income-expense tracking support is provided to farmers, and farmers can make İmece Card and agricultural loan applications without going to a branch. In addition, the application of İmeceMobil prevents excessive fertilization that pollutes the environment by offering fertilization suggestions, and also increases productivity. During pandemic, support loan campaigns that include ease of collateral were also organized. By organizing farmer meetings, financial literacy support was provided to approximately 1,500 farmers in 2020.

In 2020, support for sustainable agriculture continued. An agricultural entrepreneurship competition was organized, which encourages innovative and sustainability-oriented initiatives in the field of agricultural banking. Focusing on sustainability and energy efficiency, a loan campaign using Proparco sourced funds, Signify greenhouse lighting loan campaign, Cedetaş solar energy loan campaigns were organized.

Cash loans extended in the agricultural sector in 2020 exceeded TL 7 billion.

#### Life Stage Banking

In line with our main goal of maintaining a lifelong service relationship with customers, banking service packages are developed that include the products needed for every period, taking into account the expectations in different stages of life such as childhood, youth, working life and retirement.

In this context, a new banking program, "Maximum Genç" program targeting young people between the ages of 18-25, was launched in 2020. The Maximum Genç program features versatile services and privileges that focus on many different moments in the lives of young people, from financial services to campaigns that facilitate shopping, from entertainment to personal development, from personal finance management to easy savings.

As of 2020, we have approximately 185,000 young customers in Maximum Genç Program.

#### Enabled Banking

65.8% of İşbank Bankamatik ATMs are suitable for the use of visually impaired customers. Visually impaired customers can perform their transactions with the help of the audio menu feature and headphone jack in these Bankamatik ATMs. 607 Bankamatik ATMs in 74 cities in Turkey and TRNC are suitable for use of customers with orthopedic disabilities.

İşCep IOS application supports Voice Over, while Android application supports TalkBack features. With the Dynamic type feature, text sizes can be adjusted in harmony with İşCep. Internet Branch is compatible with Jaws. The "Enabled Banking" page on the corporate website isbank.com.tr provides necessary guidance for disabled

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434 branches are suitable  
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customers to perform their banking transactions smoothly. Also, content clicked on both "Enabled Banking" and "Help" pages with the barrier-free translation plug-in was translated into sign language through an avatar for hearing-impaired users.

A project is being carried out to get support for disabled customers by making video calls with employees who are specifically employed in the Call Center, and efforts are continuing to expand it in 2021.

In the branches, there are audible and light guidance perceptible surfaces, disabled ramps where possible, and Bankamatik ATMs suitable for disabled, for the visually and hearing impaired. 489 İşbank branches are suitable for the use of orthopedically impaired individuals, and 434 branches are suitable for the use of visually impaired individuals.

#### Supports for Female Entrepreneurs and Young Entrepreneurs

İşbank provided financial support of TL 11 million to exporter female and young entrepreneurs in 2020 with the "Female Entrepreneur Export Support Loan" and "Young Entrepreneur Export Support Loan" within the scope of the protocol signed with Türk Eximbank in order to ensure that female and young entrepreneurs take a greater role in exports. İşbank is the first bank to sign the "Young Entrepreneur Export Support Loan" protocol.

In 2020, the number of women customers who comply with İşbank's BRSA SME definition is 44,491. A financial support of TL 4.3 billion was provided to 16,211 of these customers.

#### Access to Inclusive Finance Project

Loan Agreement for the Access to Inclusive Finance Project was signed between TSKB (Industrial Development Bank of Turkey) and the International Bank for Reconstruction and Development, and within the scope of the agreement, approximately USD 14 million was provided to the regions adversely affected by the refugee influx and SMEs that support women's employment in 2020.

#### Support for Disadvantaged Groups

With the SME Financing Support Program carried out by KOSGEB, support is provided up to a maximum of TL 50,000 for entrepreneurial enterprises, and up to TL 70,000 for female entrepreneurs, young entrepreneurs, the disabled, veterans or relatives of first-degree martyrs.

In 2020, loan disbursements were made within the scope of Treasury Supported Economic Stability Shield KGF Loan Support (OPEX Support Package) and Check Payment KGF Support Loan. In addition, Alliance Support Packages were created to finance the needs and expectations of customers during the pandemic.



## Support to Female Entrepreneurs

### Collaboration with Arya Women Investment Platform

İşbank believes that sustainable development is to be achieved by increasing women's participation in the economy. Accordingly, the Bank increasingly uses both its own resources and the foreign funds to support female enterprises.

To this end, a sponsorship agreement with Turkey's only female-focused investment platform Arya Women Investment Platform is initiated to support female entrepreneurs.

With 2020 Arya Investment Preparation Program, 14 initiatives were provided with trainings, feedback and mentoring processes for 6 weeks. With the Arya Retreat final event held on the online platform, entrepreneurs were given the opportunity to share their projects with successful business people, investors and seek investment in their ventures. The winners of the contest organized were funded. In the Arya Business

Workshops organized together with Arya, female entrepreneurs were given trainings on financial literacy-balance sheet management, sales, brand and digital marketing, data management, human resources, grants and incentives and e-commerce.

The Bank's customers and managers were allowed to take part in the Arya Challenge Club, which was initiated in 2020 with the aim of creating female investors from female leaders, where female leaders in positions such as CEO, boss, second generation entrepreneur and manager benefit from each other's experiences and gain access to a wide network. In 2020, 448 female entrepreneurs participated in the activities to support female entrepreneurs.

## Financial Literacy

Blog posts and educational contents aimed at increasing the financial literacy levels of companies in the segments of tradesmen, SMEs, entrepreneurs and farmers are presented at the İŞ'TE KOBİ website, [www.istekobi.com.tr](http://www.istekobi.com.tr). Financial literacy training in Museums has been suspended as of March 2020 due to the COVID-19 pandemic.

### Economic Research

İşbank Economic Research Division prepares reports by following the developments in Turkey and in the world economy. In addition to daily, weekly and monthly periodicals in which the global and international economic developments are evaluated, important data related to Turkey's economy are analyzed and published on the website [ekonomi.isbank.com.tr](http://ekonomi.isbank.com.tr). The website, which provides free subscription services, [ekonomi.isbank.com.tr](http://ekonomi.isbank.com.tr) has approximately 15,500 domestic and international subscribers as of the end of 2020.

The Economic Research Division also prepares analysis reports on the manufacturing industry and service sectors. Nine comprehensive sector reports were prepared in 2020. The latest data on certain sectors, important legislative changes and current developments are summarized in the Bulletin of Current Developments in Sectors, which is prepared bimonthly.

## Responsible Marketing

One of the most important expectations of customers in the finance industry is that the institutions provide accurate information about their products and services. The fact that İşbank sees it as its responsibility to inform customers about products and services correctly, reliably, clearly and transparently plays an important role in putting İşbank in a prestigious position in the industry. With its approach driven by the focus on customers, the Bank provides its customers with information which is not misleading, which facilitates customer's decision-making processes, and which addresses customer needs.

The Bank takes it seriously to guide customers effectively in selecting the right products and services and ask the right questions. The Bank also invests in the development of the relevant capabilities of all employees who provide such information to customers directly or indirectly.







HAPPY AND PRODUCTIVE EMPLOYEES



OZAN GÜRSOY

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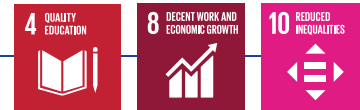
**Worklife of the Future**

With more than 23 thousand employees, İşbank is one of the institutions that provides the highest employment in its sector. Believing in the collective working culture and shared wisdom, and internalizing these values, the Bank defines its employees as its most valuable capital and creates its human resources strategies with always “human first” approach. Due to the COVID-19 pandemic, which has affected the entire world entire and our country, there have been essential changes in human resources practices since the first months of 2020. Even under these conditions, within the framework of the vision of being the pioneer in digitalization; as a dynamic and agile institution that will set the competition and banking standards of the future, İşbank has successfully supported its sustainable and value-added growth strategy with its human resources activities. While constructing a sustainable, competent, happy and productive human resources capital that is compatible with today's new generation business models and business culture. the deep-rooted corporate values of the İşbank family will always be protected.

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# Happy and Productive Employees



**İşbank considers its employees as its most valuable asset. Providing a safe and creative work environment that respects differences, contributes to fair, professional, and personal development is among the top priorities of İşbank. In line with its vision of “Being the Bank of the Future”, İşbank implements practices that equip its employees with the skills of the future.**

## Material Issues

Employee Rights and Satisfaction  
Equal Opportunity and Diversity  
Talent Management

## Relevant Capital Item

Human Capital

## Risks

- ▶ Loss of qualified employees
- ▶ Disruption of succession planning
- ▶ Not being preferred by successful new graduates who are the target audience
- ▶ Decrease in employee engagement due to the changing work habits of the new generation
- ▶ Loss of workforce and reputation due to lack of equal opportunity for potential and existing employees

## Opportunities

- ▶ Developing products and services suitable for the digital age by forming a creative team with regular trainings on digitalization
- ▶ To be a preferred employer for new graduates thanks to a reliable brand and employer image
- ▶ Keeping employee motivation high by prioritizing work-life balance
- ▶ To be a preferred institution for young employees thank to applications such as agile business models, artificial intelligence, data analytics and comprehensive training programs.
- ▶ Offering long-term career opportunities through İşbank's in-house promotion culture
- ▶ Being among the leading institutions of the sector in equality of opportunity and diversity, and being a bank preferred by employees.

Targets for 2020	Realization in 2020	Targets for 2021 and beyond
Carrying out talent management activities in order to meet the new competency needs that arise with digitalization and to support employees about the competencies of the future	<p>In order to continuously improve skills and gain competencies that will meet the needs of the future, personal and professional development of our employees, both in the field and in the head office, is constantly supported by various academic programs such as the Sales Academy, Innovation Academy, Marketing Academy, Data Analytics and Artificial Intelligence Academy.</p> <p>In order to increase the awareness and knowledge of all employees about digital concepts, Digital Culture videos explaining 20 concepts related to technology and digitalization that will affect the future of the banking sector are offered to employees through the Learning World.</p> <p>Role-based learning journeys were designed to support the adaptation and development of teams that started their activities within the scope of agile transformation efforts. In addition to technical trainings based on agile working principles, trainings extending to competence development programs tailored to the needs of the roles were gathered under the umbrella of the Agile Academy. In order to support their competencies, employees can benefit from the trainings on professional development, digitalization, personal development and leadership offered in the "Training Catalog" in line with their own needs and preferences, and they can attend seminars on different topics offered with the brands of "İş Tower Talks" and "TUTOM Talks".</p>	<p>In the following period, the Bank aims to increase its skill management activities in order to meet the competency needs of the employees and to support them about competencies of the future. In this context, competency development programs tailored to the needs of the roles based on agile working principles will continue under the umbrella of the Agile Academy in 2021.</p> <p>In addition, the Training Catalog, which was designed to increase the professional knowledge of employees, to develop competencies that will support their changing roles in the digitalizing world, and to support their personal development, will be available throughout the year and employees will be able to benefit from training in line with their own needs and preferences. In order to support talent transformation in analytical and digital roles, the "Data Analytics Development Program" will start with basic level trainings accessible to all employees and will gradually be offered in a structure where training journeys for advanced analytical roles are customized.</p>
Increasing digital training hours with innovative learning practices that offer continuous learning	<p>Due to the pandemic, all training activities were quickly adapted to the new conditions. As of the beginning of March, all classroom trainings have been canceled and all training programs were offered as live digital training.</p> <p>Activities are carried out within the Talent Management Division in order to offer innovative and modern training tools to employees at world standards. In this context, the second period of "İşGame Learning Game" was put into use in 2020. The virtual reality technology-based "İş Reality" application was another digital learning tool offered to our employees in the first quarter of 2020.</p>	<p>The Bank aims to implement the "New Digital Learning Infrastructure" project, which aims to increase digital training hours with innovative learning practices that offer continuous improvement, and with a learner-oriented approach, where employees can access trainings much more easily, and highly personalized content will be presented with an artificial intelligence-based suggestion system.</p>

### Key Performance Indicators

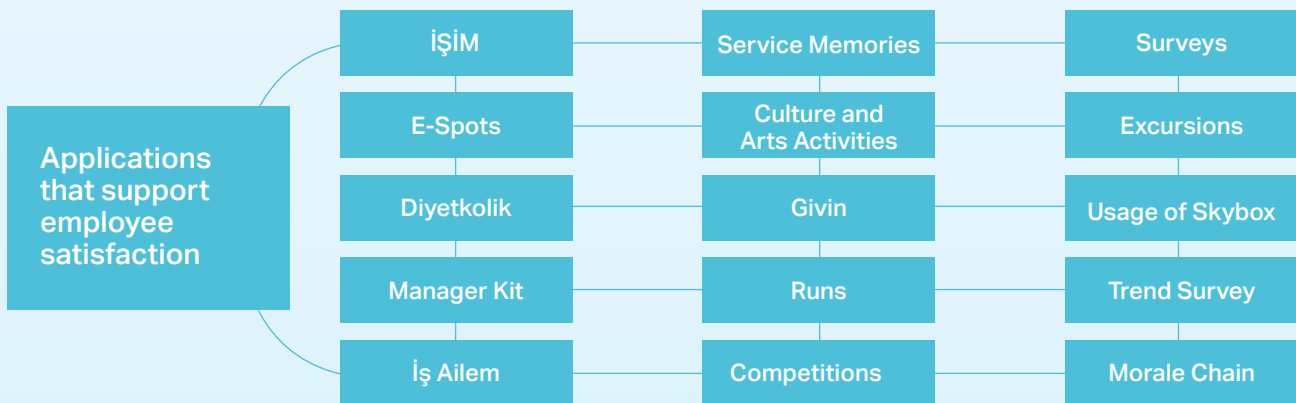
	2018	2019	2020
Employee turnover rate (%)	2.00	1.86	1.60
Number of practices that support employee satisfaction	16	18	15
Total number of ideas received from employees	7,168	6,292	4,260
Participation rate in employee satisfaction survey (%)	88	90	88
Unionization rate (%)	99	99	98
Satisfaction with the Human Resources Implementations score as part of the Working Life Evaluation Survey (WLES)	69	67	71
Ratio of female employees to the total number of employees (%)	56	55	55
Ratio of female employees in senior and middle management (%) (Submanager and above titles)	46	45	45
Average training hours per employee per year**	23.1	25.7	25.4
Share of digital trainings in total trainings (%)	35	30	51
Training hours per person for the management and leadership development programs	15.1	14.2	11.4
Training hours per person for IT competency development programs	23.1*	23.4*	17.6
Training hours per new hire in the first year of employment	156	164	145

\*2018 (27.6) and 2019 (27.1) report figures were revised retrospectively. Due to the update in the calculation method, it has been re-declared for 2018 and 2019.  
\*\* The number of training activities does not include those who participate in the private security renewal training, and the actual number of employees does not include the Private Security Guard and the Servant Staff.

## Employee Rights and Satisfaction

İşbank aims to be an attractive workplace for qualified and competent employees. Accordingly, it strengthens its position as the preferred employer with practices that ensure employee rights and satisfaction. İşbank believes that keeping employee satisfaction high is directly related to employee rights, as well as always supporting their professional and personal development in line with the needs of the era.

İşbank is a preferred employer for young talents with its distinct corporate culture. The vigilant protection of the rights of employees and the constant observance of their satisfaction provide a working environment that allows long-term employment.



## Employee Rights

İşbank respects its employees' freedom of association. Accordingly, 98% of the Bank employees are covered by collective bargaining agreement. Working conditions are determined within the framework of the Collective Bargaining Agreement (CBA) and internal regulations of the Bank, as well as the labor legislation. The Collective Bargaining Agreement signed with the Bank, Finance and Insurance Workers Union (BASİSEN) every two years is a guide in determining employee rights.

The Remuneration Policy, which defines the economic and social rights of the employees, is based on CBA and legal legislation. The Remuneration Policy, which covers the employees and managers of the Bank at all levels, is under the responsibility of the Remuneration Committee affiliated to the Board of Directors.

Remuneration is managed through transparent and measurable processes and systems, and there is no gender-based wage differentiation. In addition, regardless of roles and responsibilities, it is seen that the median wage paid to female employees by the end of 2020 was 13% (\*) above the median wage paid to male employees.

The salaries of senior executives are determined in accordance with the Bank's strategies, long-term goals and risk management structure and designed to prevent excessive risk taking. The wage package of the Bank consists of salary, bonus, meal, foreign language compensation, dividend payment determined by the the Articles of Incorporation, seniority and / or other fringe payments that may vary depending on the scope of the job. In addition, there are applications where payments such as high efficiency allowance, product-based sales premiums and manager bonuses are made in line with the individual performance of the employees. The Bank also contributes to the sportive lives of its employees with the various opportunities it offers. All Bank employees can benefit from the gym located in the İşbank TUTOM building.

In addition, CLA includes annual leave, maternity leave, excuse and unpaid leave arrangements, which can be used by the Bank employees to deal with matters related to their private lives, and these regulations grant rights in favor of employees beyond the legal regulations. In addition, there is also the practice of granting administrative leave by the managers to whom they are affiliated upon the request of employees for their private matters. With the pandemic process, the Bank has been implementing an alternating remote work practice for about a year, allowing employees to deal with their private matters while working remotely.

\* In the calculation, monthly regular payments made to employees working in Turkey as of the end of 2020, regardless of their performance, were taken into account. Payments such as overtime pay, cash compensation, shift compensation and other social benefits and non-guaranteed payments made once a year were not taken into account.

## Family Friendly Employer

As an employer that respects the family life of its employees, İşbank supports its employees in maintaining a work-life balance. There are practices that will facilitate the return of female employees to work after childbirth. Thanks to these practices, 99.7% of female employees who took maternity leave in 2020 returned to work.

The positions of female employees on maternity leave are preserved, and following the end of their leave, employees can continue their duties in the same position and in the same location. At the end of the paid maternity leave, 2 hours of breastfeeding break per day is used or part-time work can be used. However, unpaid maternity leave can also be requested before starting work. In addition, the right to work part-time can also be used. For employees who are mothers, breastfeeding rooms have been allocated to create a more comfortable working environment after maternity leave. In addition, employees using breastfeeding break can also benefit from service facilities. Mother and child benefit from the comprehensive health benefits offered by the Bank. All employees who have children are provided with maternity benefits and child allowances by the Bank. 5 working days maternity leave is also given to male employees whose spouses give birth at İşbank. In addition, women employees are given the opportunity to benefit from the kindergarten in the İşbank TUTOM building.

## Employee Satisfaction

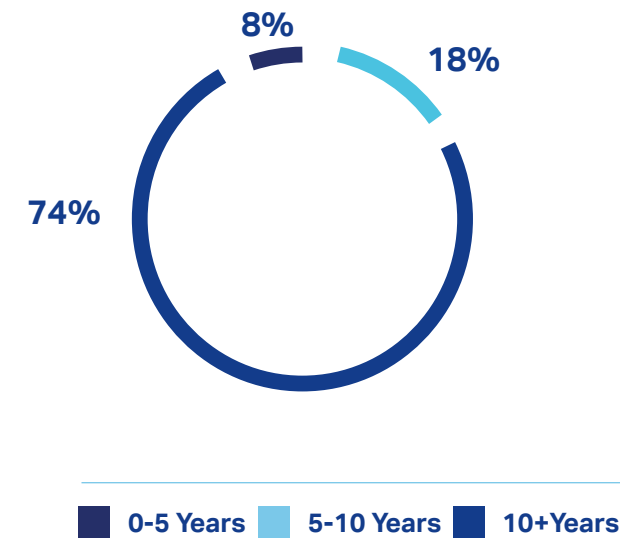
Employee loyalty and satisfaction are among the indicators that İşbank carefully monitors. Surveys are conducted in six areas: training activities, performance management, career management, recruitment process, remuneration and rewarding, which are elements that support employee loyalty and satisfaction. The results obtained from the surveys are shared with the Human Resources Function managers and provide guidance for making the necessary improvements.

Employee engagement is measured by employee engagement surveys held every three years. Employee loyalty is one of İşbank's strengths and constitutes the basis for business success. Loyalty surveys also reveal indicators that identify the potential for improving long-term business outcomes. İşbank has been conducting loyalty surveys, including its international operations, by an independent third party since 2010. The survey conducted throughout the bank was conducted with the participation of 88% of the employees in 2020.

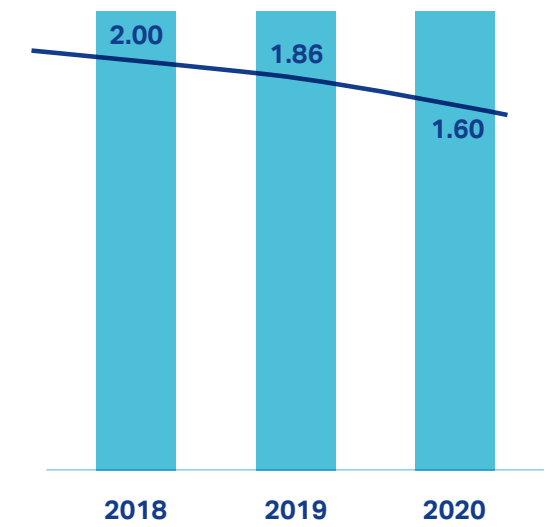
One of the indicators of employee satisfaction and loyalty is the seniority period of the employees. Employees' continuing to work at İşbank for many years is linked to their level of satisfaction with the work environment. 74% of İşbank employees have been working for İşbank for more than 10 years. Employee turnover rate is around 1.60 as of 2020.

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Employees by Seniority



Employee Turnover Rate (%)



## Internal Communication and Employee Participation

İşbank is attentive to be in constant communication with its employees, and to integrate employee ideas and suggestions to management and decision-making processes. A corporate culture in which employees have freedom of expression prevails. Employee participation is ensured by receiving feedback from employees through complaint and feedback mechanisms. Various platforms have been created in order to systematically ensure employee communication and participation in İşbank:

### Employee Communication Platforms and Programs (ÇİPP):

Communication channels have been diversified with ÇİPP, which adds a new dimension to employee communication. Innovations such as cultural trips, competitions and e-sports have been introduced, and the participation of employees in social responsibility activities has been increased. Employees contribute to the planning process of new events through a trend survey. In 2020, the ÇİPP team took part in charity races and collected donations for the benefit of Education Volunteers Foundation of Turkey (TEGV). Employees also supported various non-governmental organizations by participating in the Givin application, where the sale of new or second-hand products turned into donations. A tournament was organized in the field of e-sports, which is one of the most effective ways of contacting young employees whose expectations are changing in the digitalizing world. During the pandemic process, the children of the employees were also included in the tournament in which players from all over Turkey participated online. In the tournament where 312 players competed, the top 4 players were rewarded.

### I Have a Suggestion:

It is a system that aims to benefit from the knowledge and experience of employees in creation of new applications and solutions, and in improving the customer experience. In this way, while improving the creativity of the employees, their job satisfaction also increases. In 2020, 4,260 ideas were received through the "I Have a Suggestion" system. 2,815 of the suggestions were evaluated by the relevant divisions and 289 of them were implemented. The evaluation process of the other 1,445 suggestions is ongoing.

### HR Help Desk (İK – Maximo) and Negative News Line:

It is a practice where all kinds of opinions, evaluations, requests and complaints of the employees are received and forwarded to the relevant units. "Negative News Line" is an online communication application and notifications coming through this line can only be seen by CEO. Thus, employee privacy and confidentiality is protected at the highest level. All İşbank employees can make a report on this line. CEO responds to the employees who have reported. In 2020, 277 bank employees created 296 records on the Negative News Line and the records were resolved.

### About Me:

About Me screen was created to support the Bank's decision processes with accurate and more detailed information. On the screen, employees can communicate the issues that they consider useful to be known by the Human Resources Function. The registered information can only be viewed by authorized persons in the Human Resources Management Division and the employee himself, and the confidentiality of the shared information is essential.

## Occupational Health and Safety (OHS)

İşbank considers providing a healthy and safe working environment to its employees as a fundamental priority. The most authorized person in charge of OHS in İşbank is the Human Resources Management Division Manager, two reporting levels lower from the General Manager.

In line with the provisions of the Occupational Health and Safety Law, OHS Committees where employees are represented are established in the Bank buildings with more than 50 employees. As of the end of 2020, there are boards in 36 İşbank buildings. Due to the general extraordinary conditions caused by the pandemic during the year, the OHS Board was able to convene 59 times. 351 board members, including 117 employee representatives, attended these meetings.

İşbank provides trainings to raise awareness of its employees on occupational health and safety in order to internalize the OHS culture. In this context, in 2020, 16,231 employees were provided with 115,570 hours of OHS training.

The pandemic conditions experienced in 2020 made it necessary to take comprehensive measures regarding occupational health and safety. You can access İşbank's efforts to combat COVID-19 on page 18 of the report.

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**Gender equality has an important role in İşbank's understanding of equal opportunity. While women's participation in employment is supported, many supportive and facilitating mechanisms have been established in working life.**

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## Employer of Choice

İşbank aims to be the employer of choice by potential employee and university students. İşbank aims to reach qualified human resources and increase awareness.

İşbank focuses on communicating with potential employees in various ways. In this context, campus communication is carried out face-to-face and online. By cooperating with university student clubs and career centers, the culture and experience of the Bank's business units, in-house technology and innovation studies are communicated to the students.

Depending on the position, youth employment opportunities are offered throughout the country through online exams and recruitment processes. With the internship program created for the 3rd and 4th grades of the university, students are given the opportunity to familiarize with the Bank more closely. This application also enables current employees to observe the generations that will become their colleagues in the near future and to benefit from their perspective.

İşbank collaborates with non-governmental organizations as well as universities and implements development programs. Within the scope of development programs, university students are offered mentorship, the right to benefit from in-bank trainings, and the opportunity to participate in artistic events organized by the Bank and İş Sanat, and support is provided for young people both in their education and in their cultural and personal development.

## Equal Opportunity and Diversity

İşbank acts on the basis of equal opportunity in human resources processes in line with its understanding of social diversity. In accordance with this understanding, it does not allow any discrimination among employees based on factors such as race, origin, religion, language, sect or any belief, sexual orientation / preference, gender, mental or physical disability, age, cultural or social class and opinion. It expects its suppliers to adopt the same attitude. In the Supplier Code of Conduct, there is an article that makes sure no discrimination will be made according to race, gender, nationality, age, physical disability, association membership, pregnancy or marital status.

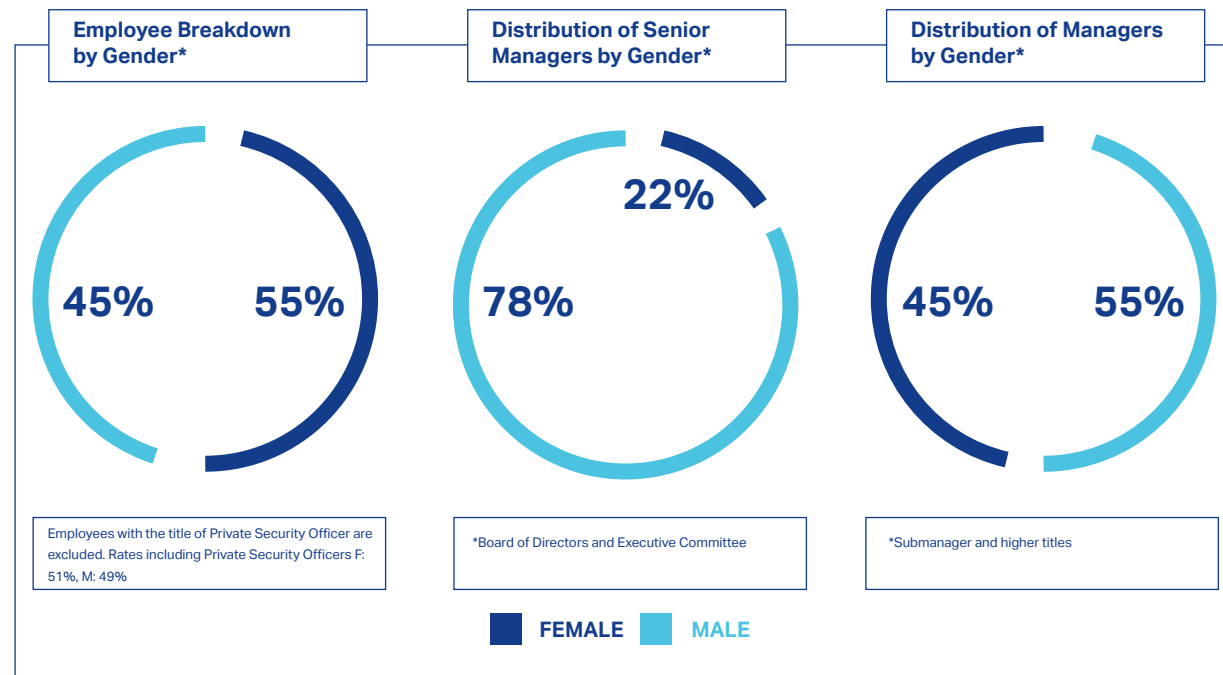
Gender equality has an important role in İşbank's understanding of equal opportunity. While women's participation in employment is supported, many supportive and facilitating mechanisms have been established in working life. 55% of the employees in İşbank are female. İşbank is among the institutions that employ the highest number of female employees in our country. Thanks to the equality of opportunity principle underlying human resources practices, there is a high rate of female employees in the managerial positions. 45% of managers employed in the top and middle management levels of the Bank are female.



The Bank has taken the Gender Equality Policy into effect with the decision of the Board of Directors in March 2021. This Policy lays out the basic principles and rules covering all employees and activities of the Bank regarding its practices that observe gender equality in line with the principles of equality of opportunity and diversity.



[You can reach the Gender Equality Policy both in Turkish and English on the website.](#)



The basic principles and rules adopted by İşbank on equality of opportunity and diversity are defined in the Human Rights and Human Resources Policy, and this Policy has been shared with the employees on the in-house portal and corporate website. The relevant Policy is carried out under the responsibility and supervision of the Deputy Chief Executive to whom the Human Resources Function is affiliated.

Necessary disciplinary penalties, up to the termination of the employment contract, are applied within the framework of the Personnel Regulation and Collective Labor Agreement regarding the behaviors that are found to be in violation of the Bank's policies. In case of legal conditions, a notification is made to the judicial authorities. The notifications conveyed to the Board of Inspection on violation of the principles included in the Human Rights and Human Resources Policy are handled sensitively by the Board.

Promotion exams organized by İşbank are conducted according to the principle of equal opportunity. In the Submanagement promotion exam, which is the transition process to the executive level, male and female positions are equally announced, based on the cultural and market information of the regions where the position is allocated. In 2020, the rate of female employees among employees promoted to management positions is 44%, and the rate of female employees among all promoted employees is 48%.

- ▶ The rate of female employees in Occupational Health and Safety Committees is 42%.
- ▶ 51% of the total training hours given to the employees consists of the trainings given to women employees.
- ▶ 51% of the job applicants were women and 52% of the applicants were invited for an interview.
- ▶ 38% of the managers who carry out the job interviews are women

In order for all employees to adopt the principles of equality of opportunity, diversity and inclusion, a "Diversity and Inclusion" course was added to career training in 2020, and seminars and trainings on diversity, inclusion and gender equality were organized.

236 people participated in the "Diversity and Inclusion" training within the scope of the career training programs organized for employees who are promoted to management. 13 people participated in the 2-hour Diversity and Inclusion training, which is offered in the Training Catalog. The course of diversity and inclusion will also be included in onboarding trainings in the upcoming periods.

Within the scope of Management and Leadership Development Programs, conferences on "Being a Woman in Professional Life", "Creating an Egalitarian Language" and "Patriarchal Errors" were held. "Diversity Management" training was organized for employees of Human Resources Management and Talent Management Divisions. 865 employees, 221 men and 644 women, attended the conferences and trainings, and a total of 1,757 person \* hour of training was provided. In the questionnaire prepared at the end of the trainings, the impact rate was determined as 92.96%.

İşbank participated in the "Combating Gender-Based Violence" campaign, which is organized by the United Nations Women's Unit every year between 25 November and 10 December, by illuminating İş Towers with orange light.

Gender equality is an element that is carefully followed within the scope of İşbank's communication activities. In this context, in communication activities,

- Attention is paid to the use of female voices.
- The role assigned to women is managed sensitively and images are used to reflect that women are one of the most important values of society.
- The male-female balance of the players used is observed.
- The texts used (such as scenario, social media sharing, etc.) are prepared by considering gender equality

## UN WEPs-Women's Empowerment Principles

İşbank believes that sustainable development will be achieved by increasing the participation of female enterprises in the economy and increasing the female workforce and strives in this direction. Since its establishment, İşbank has always displayed an egalitarian approach towards female employees, reinforcing this approach by becoming a WEPs signatory.

WEPs is a platform that is considered as one of the most important initiatives of the private sector in this field, which aims to empower women in all sectors and at all levels in order to ensure their participation in economic life. The WEPs, created in partnership with the UN Global Compact and the UN Gender Equality and Women's Empowerment Unit, serve as a roadmap for corporate companies.

As an institution that adopts the United Nations Women's Empowerment Principles, which encourages the private sector to strengthen its work on gender equality and to develop policies and programs to support women in business life, İşbank plays an important role in helping women earn the place they deserve in the workplace and in the business world.

## Talent Management

İşbank has an understanding that makes investment in human capital continuously. In this direction, it offers its employees opportunities to improve their skills throughout their career and prioritizes the development of future skills as a strategy. The talent management approach that supports the continuous development of employees contributes to İşbank's vision of "Being the Bank of the Future" that creates sustainable value. İşbank acts within the framework of the principle of equal opportunity while offering training and development programs to its employees.



İşbank executives are trained from within the Bank. All employees have the opportunity to be promoted to managerial positions in line with their performance. Thanks to this tradition, the Bank's investment in human resources is protected and passed on to future generations. As an institution that trains its managers within the organization, the Performance Management System has a wide scope. According to the performance results, it is possible to take actions about employees' career development, as well as to provide feedback or training support for their professional development. İşbank supports the exchange of knowledge and experience among employees through getting support from Subject Matter Expert Trainers and Training Volunteers. As a

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**45% of managers employed in the top and middle management levels of the Bank are female. The Bank has taken the Gender Equality Policy into effect with the decision of the Board of Directors in March 2021.**  
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result, employees who have technical knowledge and application knowledge in the field of banking are given the opportunity to share their knowledge, experience and skills with all employees. Employees in managerial roles such as branch managers share their experiences with experience sharing sessions. In 2020, nearly 300 İşbank employees worked as Subject Matter Expert Trainers and conveyed over 3,800 hours.

İşbank employees, in line with their needs and preferences, can take advantage of the various trainings offered in the Training Catalog, while attending seminars on different topics offered under the brands of "İş Tower Talks" and "TUTOM Talks". Within the scope of the Training Catalog, more than 2,300 employees participated in the trainings organized under a total of 33 titles in the fields of professional development, digitalization, personal development and leadership in 2020.

Employees are encouraged to participate in various trainings such as Capital Market Licensing Exam Preparation Training, First Aid Certificate Training for the certificates that are required by law, thereby contributing to their professional and personal development.



For employees who have just started their career at the Bank, as part of the onboarding program, "Starting My Career" Trainings are organized. In the continuation of "Starting My Career" Training organized for the Information Technologies business family, employees who will assume the role of data experts participate in the Data Specialist Training Program. The Data Specialist Training Program is a program aimed at supporting the knowledge and skills of employees, who started to work in the Data Management Division, regarding the tools and processes required in their efforts to transform data into meaningful information and value. Employees who rise to management positions are encouraged to participate in training programs designed to support the competence and knowledge needs required by new roles.

## Talent Management Programs

It is among the primary goals of İşbank to carry out talent management activities in order to meet the new competency needs that arise with digitalization and to provide employees with the skills of the future. Talent management programs are created to this end.

Personal and professional development of employees in different roles and levels is constantly supported by various academy programs such as Sales Academy, Innovation Academy, Marketing Academy, Data Analytics and Artificial Intelligence Academy.

### Agile Academy

Role-based learning journeys were designed to support the adaptation and development of teams that started their activities within the scope of agile transformation efforts. In addition to technical trainings based on agile working principles, trainings such as competence development programs tailored to the needs of roles are gathered under the umbrella of the Agile Academy.

### Data Analytics Academy

Data Analytics Academy supports employees in analyzing data correctly, transforming it into meaningful outputs and transferring it correctly.

### Artificial Intelligence Academy

Artificial Intelligence Academy is designed to complement the Data Analytics Academy. It is a program aimed at supporting the knowledge and skills of the Bank employees working in the field of customer analytics and artificial intelligence so that they can design artificial learning-supported solutions and decision support systems on big data.

### Innovation Academy

Parallel with the Bank's goal of value-creating technology and innovation leadership, Academy ensures that decision-makers, who are expected to manage the innovation process together, reach a similar level of knowledge.

### Marketing Academy

The Marketing Academy, which is organized for managers and candidates working in the marketing business family, aims to introduce modern marketing knowledge, techniques and methods as an important component of the Bank's strategy, and to refresh the marketing approach in the Bank's executive staff.

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## Executive Development Programs

Management and leadership development programs are carried out for managers at different levels in order to spread the development-oriented leadership culture that will support İşbank's vision of "Being the Bank of the Future" that creates sustainable value with an inclusive and participatory approach".

### Branch Managers Development Program

The Branch Managers Development Program, which has been carried out since 2010, consists of two sections titled "Audit and Management" and "Credit Allocation and Tracking", which will support the career development of new Branch Managers and prepare them for the jobs and processes required by new job descriptions. Within the scope of the program, there are also "Experience Sharing" sessions where participants come together with experienced Branch Managers to exchange ideas about the situations they may encounter in their new duties.

A Training Catalog for Branch Managers is prepared every year in order to increase the knowledge of Branch Managers who lead digital transformation in the field of banking, to support them in managing the changing customer experience process more effectively in the digitalizing world, and to reinforce their leadership skills. The catalog includes trainings focusing on digitalization, relationship management and team management, as well as training on technical banking.

### Branch Manager Successors Development Program

Branch Managers Successors Development Program, , is carried out in a modular structure that spans 18 months, in order to prepare employees who are promoted to the submanager role and serve as Branch Manager candidates for their managerial roles. In addition to instructor-led trainings on financial analysis and credit management, internships and coaching trainings are provided in sales, credits allocation and tracking within the scope of the program.

### Strategic Management Program

Strategic Management Program is carried out to support the managerial and strategic bank management competencies of employees working as Assistant Managers. The program includes management skills modules that include changing dynamics in management, effective tools to develop team performance, supporting trust and cooperation within the team, agile leadership and managing differences and uncertainties.

### Grow for the Future Program

It was designed as a modular development program that started with development center practices and feedback sessions to support the preparation of Submanager and Specialist employees who are working as executive candidates for the managerial roles they were nominated for.

The Development Center application within the scope of "Grow for the Future Program" and the Branch Management Learning Journey application starting from the Submanager Development Program and extending to the Branch Manager Development Program were deemed worthy of two gold awards at the Brandon Hall Human Capital Management (HCM) Excellence 2020 Awards.

## IT Development Program

With the IT Development Program, managers and manager candidates working in the Information Technologies and Data Management divisions are supported in managerial areas. Within the scope of the program, employees who play critical roles or candidates for these roles are identified and supported in technical and managerial areas.

## Leadership Development Program

Within the scope of the cooperation with European School of Management and Technology GmbH with the participation of Heads of Divisions, the program is specially designed for İşbank and carried out in a modular structure consists of two modules. In the first module, topics such as individual and team decision-making process, creating high-performing teams, benefiting from strategic networks, recognizing oneself as a leader and increasing individual awareness are discussed. The second module focuses on the themes of understanding and leading change, stakeholder management and motivation.

## Management Development Program

The program, which is carried out in a modular structure with the participation of Regional Managers, Branch Managers and Head Office Divisions, offers participants a personalized learning journey. The program, which started with the theme of the Principles of Leadership, focuses on Strategic Bank Management, Art of Persuasion, Digital Transformation of the Business World and Change Management Evolving Customer Experience in the Digitalized World, Future Trends and Technologies, Data Analytics for Managers, Digital Transformation, Innovation and In-House Entrepreneurship.

## GRF - Young Professionals Program

The Global Relations Forum (GRF) is an independent association that aims to bring its members and relevant people together on a platform where they can question and discuss international and global relations issues. GRF Young Professionals Program, on the other hand, is carried out with the participation of executives from different companies and organizations, and continues with agenda meetings and presentations, and is completed in about 2 years. A manager from İşbank participates in the program every year.

## Young Professionals Development Program

İşbank employees participate in the Young Professionals Development Program conducted by the Yenibirlider Association. Within the scope of the program, participants from different companies are given the opportunity to participate in classroom trainings on different topics prepared by Boğaziçi University academicians. Coaching and mentoring services are received from managers who contribute to the association voluntarily, and they can participate in network meetings.

## Trainings Organized within the Scope of Digital Transformation

More than 13,000 employees received more than 54,000 hours of training in 2020 within the scope of the trainings specially designed for roles working in mixed branches in order to develop the competencies required by the new working model implemented with the Digital Transformation Program. In addition to the branch employees, trainings on different topics were organized in order to support the sales competencies and technical subject information of direct sales teams, and more than 750 employees in individual, commercial and agricultural direct sales teams were provided with over 4,500 hours of training.

## Digital Learning Resources

Under the Talent Management Division, work is carried out to provide innovative and modern training tools to İşbank employees at world standards. İşbank aims to diversify the training opportunities, while increasing the hours of digital training with innovative learning practices that offer continuous development. Digital learning content have been prepared for the use of the Bank's managers and manager candidates in all areas and the development platform, which is accessible to all employees, is on the Learning World website.

## Branch Manager Handbook

It is a digital resource that brings together different legislative resources and regulations regarding the duties, and responsibilities of Branch Managers and provides access to information that may be needed in a short time.

## Strategic Branch Management Book

Another digital resource prepared to guide the execution of the duties of Branch Managers is the Strategic Branch Management Book. The book covers the banking strategy and the role of the branches in this strategy, the components that make up the profit, customer relations and employee management, and on-screen applications that can help with monitoring, evaluating and improving the performance of the branch.



## Banking Terms Dictionary

The Banking Terms Dictionary is a reference resource created with the aim of informing employees about concepts and terms related to banking and other related fields, and ensuring the use of a common language in in-house meetings.

## Learning World

İşbank employees can access various learning tools such as e-learning, video, and games through the digital learning platform "Learning World" whenever they wish. The Learning World includes trainings designed to support the effective use of new applications and products implemented within the scope of the Digital Transformation Program in the field. In order to increase employee awareness and knowledge of digital concepts, Digital Culture videos explaining 20 concepts that will affect the future of the banking sector are offered to employees through the Learning World.

In 2020, 133 different digital trainings were provided to employees and a total of 215,948 hours of e-learning was completed. The number of videos presented on the corporate video training platform İşTube has reached 272. In 2020, the training videos were watched 20,618 times.

The "Power of Communication in Customer Experience" e-learning, which focuses on the importance of communication in customer experience and enables employees to interact with video content and experience different scenarios by making different choices, was made available to employees as a new learning tool in 2020.

In the second period of the learning game İşGame, which received international awards, 2,251 employees entered the game a total of 669,317 times and a total of 5,498,778 questions were answered in the technical subjects and expertise areas within the game. Studies have been initiated for the third period of İşGame, and it is aimed to be available to our employees in 2021.

Virtual reality technology-based "İş Reality" application has been another digital learning tool offered to employees in 2020.

The "New Digital Learning Infrastructure" project, in which our employees can access trainings much more easily with a learner-oriented approach, and where highly personalized content will be presented with an artificial intelligence-based suggestion system, continued in 2020 as well. The project, which aims to take the continuous development opportunities offered to employees one step further, is planned to be implemented in 2021.

“İşbank employees can access various learning tools such as e-education, video, and games through the digital learning platform "Learning World" whenever they wish.”

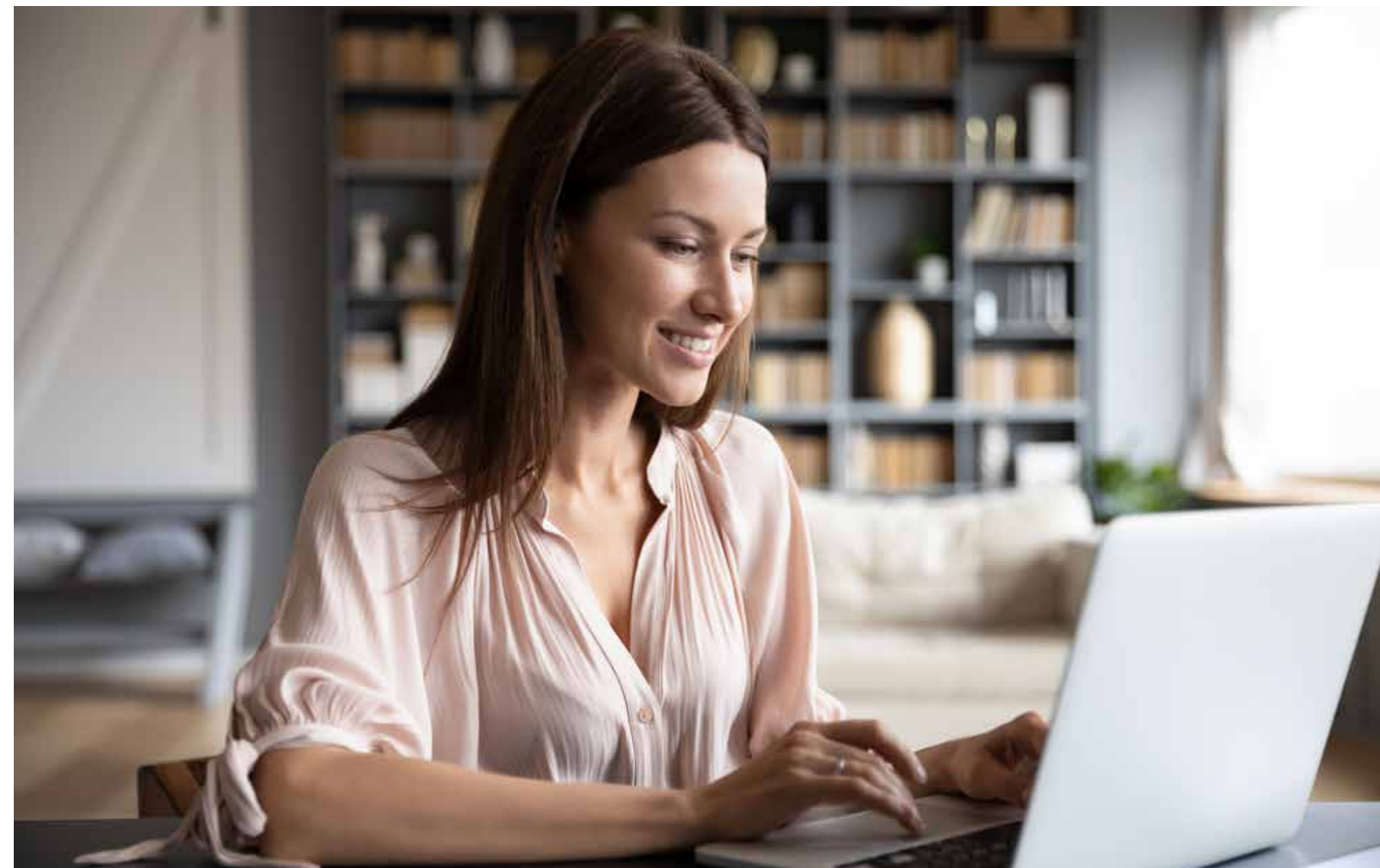
## International Executive Development Programs

### Harvard Business School - Advanced Management Program

Each year, one Branch Manager or Head of Division level participates in the Advanced Management Program, which is organized annually by Harvard Business School and referred to as the "flagship" program of the school. The program consists of trainings and online modules that are held at HBS Boston Campus for about 6 months.

### Institute of International Finance (IIF) - Future Leaders

IIF Future Leaders Group is a program that brings together young leaders from different parts of the world with different experience and backgrounds in the field of finance twice a year. The aim of the program is to enable the participants to think and discuss the future of the financial sector and to create an environment where participants with different experiences and from different cultures can learn from each other. An executive from İşbank attends the program every year.





## RESPONSIBLE OPERATIONS



SEZGİN YILMAZ

“

### *Operations of the Future*

Acting with an awareness of social responsibility, and assuming a mission of leaving behind a livable world to the future generations since its foundation, our Bank has endeavored to minimize negative environmental and social impacts and maximize positive effects. In this regard, we continue to support the responsible activities of our suppliers regarding environmental and social issues. We strive to take into account the sustainability criteria in our supplier selection, thus encouraging suppliers in the sustainability area and helping this issue internalized not only in our Bank's activities but also by our business partners. In the medium term, we aim to contribute to the Sustainability transformation of our business partners who strive to comply with the sustainability reporting criteria at a global level. In addition, as for our local/small-medium sized business partners, we procure products according to our approach that focuses on sustainability, and we plan to encourage our stakeholders to act responsibly on environmental and social issues.

With the responsible choices made during the procurement of products and services obtained from our business partners, by creating a domino effect in terms of sustainability, in the areas of responsibility, and especially in the processes of our supplier companies our bank will continue to create value for our customers, shortly for all stakeholders.

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# Responsible Operations



As İşbank gears up for its second century, it proceeds its projects and practices continuously in order to minimize the adverse effects of its operations and to deploy its working standards throughout the supply chain.

## Material Issues

Responsible Procurement  
Environmental Footprint of the Bank

## Relevant Capital Element

Environmental Capital,  
Social Relational Capital

## Risks

- ▶ Loss of reputation due to adverse events in the supply chain
- ▶ Operational risks that may occur due to disruptions in the supply chain
- ▶ Increase in operational expenses due to rising energy costs

## Opportunities

- ▶ Developing cooperation that will provide efficiency with effective supply chain management
- ▶ Reduced operational expenses through energy efficiency, reduction of water consumption and paperless banking practices

Targets for 2020	Realization in 2020	Targets for 2021 and beyond
Improving the supply chain by considering environmental and social criteria and reducing the environmental footprint resulting from its operations	The boxes purchased in 2020 are made of completely recyclable material. Within the scope of ISO 14001 Environmental Management System studies, waste bin units were purchased for 440 Branch / Regional Office Building and ATOM and Atlas Data Center in 2020. The office chairs, which were taken to the Head Office Buildings and branch managers in 2020, were made from 95% recycled material. Carpets purchased for Agile Offices have a carbon neutral feature.	Within the scope of İşbank's climate change mitigation practices, it is aimed to reduce the total Scope-1 and Scope-2 greenhouse gas emissions calculated in accordance with the international calculation standard GHG Protocol by 38% by 2025, 65% by 2030, and zero by 2035. In addition, the Bank aims to meet at least 50% of the eligible consumer electricity consumption by 2025 and 100% by 2030, in line with its greenhouse gas emission reduction targets. In line with these goals, renewable energy sources were preferred for the entire electricity consumption within the scope of the eligible consumer in 2021 (75% of the total consumption) with the tender held in 2020.
Maintaining the local supplier ratio at 98%	97%	It is aimed to maintain 98% of the local supplier ratio.
Obtaining ISO 14001 Environmental Management System certification to cover all locations of the Bank. In this context, the certification process of approximately 400 locations will be completed in 2020.	Completed	It is aimed to complete the certification process for approximately 400 more locations in 2021, and to obtain the ISO 14001 Environmental Management System certificate for all activities and service points of the Bank at the end of 2022. In the following years, efforts will continue to protect the certificate to cover all locations.
Thanks to digitalized processes, it is aimed that the decrease in the total paper consumption in the 2020-2022 period will exceed 500 million pages.	71.2 million	Thanks to the digitalized processes, the decrease in the total paper consumption in the period of 2021-2023 is predicted to be 185 million pages.
130 million pages reduction in paper consumption with digitalized processes in 2020	71.2 million	With the digitalizing processes in 2021, a 34,8 million-page decrease in paper consumption is aimed compared to 2020.
Continuing efforts to reduce negative environmental impact.	The modifications made in all operations of İşbank have been carried out by considering the reduction of the negative environmental impact.	In order to reduce negative environmental impacts in 2021 and beyond, the following targets are set: <ul style="list-style-type: none"> <li>• Reducing water consumption by installing water-saving aerator in all sink faucets of branches,</li> <li>• Saving energy by continuing to change the lighting fixtures into LEDs,</li> <li>• Continue to replace old type air conditioners with new generation air conditioners with higher efficiency.</li> </ul> <p>In 2021, it is aimed to reduce the greenhouse gas emission generated within the scope of the Bank's activities by 25% compared to the previous year, and this amount is planned to be preserved in the coming years.</p>

Key Performance Indicators

Environmental Impact

	2018	2019	2020	Change
Greenhouse Gas Emissions (ton CO2-equivalent)				
Scope 1	20,472	21,789	20,629	-5.3%
Scope 2	68,599	71,781	57,193	-20.3%
Scope 3	10,563	8,727	7,779	-10.9%
Total (Scope 1+ Scope 2)	89,071	93,570	77,822	-16.8%
Energy consumption				
Total Electricity Consumption (kWh)	127,989,080	132,501,362	119,911,679	
Total Natural Gas Consumption (m3)	4,126,643	3,879,943	4,178,163	
Fuel Consumption (lt)	8,000	6,400	14,710	
Coal Consumption (kg)	170,586	78,713	77,606	
Diesel Consumption (lt)	417,479	351,180	320,068	
Total Energy Consumption (Gj)	756,517	670,254	588,942	
Water Consumption (m³)				
Total Water Consumption	371,244	345,389	282,477	
Mains Water (Blue)	365,424	335,964	278,890	
Waste Water (Gray)	0	0	278,890	
Spring Water (Green)	5,820	9,425	3,588	
Recycled / Reused Water	5,820	9,425	3,588	
Vehicle Fuel Consumption (lt)				
Fuel Consumption of Company Vehicles (Diesel)	2,718,367	4,012,798	3,639,660	
Fuel Consumption by Company Vehicles (Gasoline)	15,335	11,982	7,592	
Fuel Consumption by Personnel Services (Diesel)	562,655	541,627	535,390	
Business Travels by Personal Vehicles (Diesel)	-	-	36,685	
Business Travels by Personal Vehicles (Gasoline)	-	-	42,740	
Business Travels by Personal Vehicles (LPG)	-	-	22,259	
Paper Consumption (ton)	808	679	643	
Amounts of Waste Recycled (tons)				
Recycled Hazardous Wastes	13	5	7	
Recycled Non-Hazardous Waste (glass, plastic, metal)	29	41	25	
Recycled Paper	200	129	94	
Electronic waste	16	30	37	
Emission Intensities				
Emission per employee (tCO <sub>2</sub> e / number of employees)	4.4	4.3	3.4	
Emission according to consolidated asset size (tCO <sub>2</sub> e / million TL)	0.2	0.2	0.1	
Consolidated emission by net profit (tCO <sub>2</sub> e / million TL)	14.94	17.02	10.0	

Responsible Procurement

	2019	2020
Total number of suppliers	2,604	2,744
Number of Local Suppliers	2,554	2,673
Local Supplier Ratio (%)	98.08	97.41
Local Supplier Procurement Rate	81	92

Responsible Procurement

İşbank aims to cooperate with its suppliers in order to be a pioneer in sustainability by benefiting from best practices and product samples. Accordingly, Bank strives to achieve sustainable business success with a financially strong, operationally environment-friendly, reliable supply chain in terms of production quality and continuity.

In line with İşbank's ethical banking approach, the Supplier Code of Conduct, based on the UN Global Compact and İşbank Human Rights and Human Resources Policy, determine the main principles and essentials in purchases of goods and services. The Supplier Code of Conduct, which is available on the Bank's corporate website, is also posted on the home page of the "İş'te Marketim" application, which is the main platform in purchasing processes and actively used by all of the suppliers of İşbank. All suppliers are expected to comply with the principles and policies within the scope of İşbank's Anti-Bribery and Anti-Corruption Policy, Gift and Hospitality Policy and Ethical Principles, which are accessible on the same platform and also available on the home page, and expected to refrain from acts that would violate these principles.



[You can access the Supplier Code of Conduct, at https://www.isbank.com.tr/en/about-us/Documents/sustainability/suppliercodeofconduct.pdf](https://www.isbank.com.tr/en/about-us/Documents/sustainability/suppliercodeofconduct.pdf)

In accordance with the Sustainability Policy, İşbank endeavors to minimize the negative environmental and social impacts caused by suppliers, and to raise the positive effects to maximum levels. In this context, the Bank respects environmental and social criteria in its supplier selection. In addition, environmental impacts are evaluated and necessary measures are taken as regulated within the scope of the Procurement Policy that the environmental impacts of the goods and / or services to be purchased should be taken into account. Criteria such as whether the supplier company has an active environmental management system, whether the legal requirements for thedisposal of wastes generated from the activities carried out for the Bank are met, whether recycled materials are used, and the frequency of environmental emergencies are evaluated. In procurements with high environmental impact, suppliers are expected to submit the required documents related to the subject. Regardless of the cost advantage, purchases are not made from suppliers who fail to submit the required documents.

İşbank respects assocation and collective bargaining rights, and sensitivity on this issue is taken into account in the selection of suppliers. Purchases of goods and services from suppliers that are found to be involved in bribery and corruption are suspended. Besides, a banned / approved supplier process is systematically operated for suppliers. The supplier is marked as banned in case of receiving a feedback regarding bribery and corruption. In the reporting period, there is no specific finding that has negative social impacts regarding suppliers.



In İşbank's supply chain management, it is expected from suppliers;

- ▶ to meet the Bank's expectations of quality-logistics performance
- ▶ to act in accordance with the environmental and ethical rules,
- ▶ to keep up with the developing and changing industry conditions,
- ▶ to make plans in cooperation with the Bank in order to reduce the negative impact of the production process on the environment,
- ▶ while purchasing the raw materials and materials required for production, to prefer raw materials and materials that cause the least harm to the environment, and to try to minimize the environmental impacts that may occur during the production and subsequent transportation of these raw materials,
- ▶ to prefer the packaging that causes the least harm to the environment in the packaging of the products and to prefer the ones that dissolve themselves in nature in less time and are environmentally friendly.

İşbank has adopted the principle of continuously improving its suppliers, ensuring organizational excellence and improving business processes consistently. In 2020, the Bank continued to increase its influence on the national economy by preferring local suppliers. In line with this understanding, local suppliers constituted 97.4% (\*) of the total suppliers during the reporting period, and procurements made from local suppliers constituted 92.4% (\*) of the total procurements.

(\*) While calculating the rates, companies registered in the trade registry and operating in our country are accepted as local companies.

## Environmental Impact

İşbank undertakes various efficiency and recovery projects to minimize the environmental impact of its operations. In this context, performance indicators of waste generation, water and energy consumption and carbon emission in the Head Office buildings and branches are monitored along with that paperless banking activities sustain continuously.

Climate change is one of the most important agenda items affecting the whole world. The impacts created by the organizations and the mitigating practices they implement to solve the problem are of great importance in minimizing this risk. With the awareness of its responsibility in combating climate change, İşbank has added the climate risk to its risk catalog, and formulated a strategy on climate change, which is one of the most important components of the environmental dimension of sustainability.

Carbon Disclosure Project

During the reporting period, İşbank focused on the improving its reporting practice within the scope of the Carbon Disclosure Project (CDP) , and raised the CDP Climate Change Program score from the "C" level to the "A-" level defined as the Leadership category.

İşbank has a target to reduce the total Scope-1 and Scope-2 greenhouse gas emissions calculated in accordance with the international calculation standard GHG Protocol by 38% until 2025, 65% until 2030, and become carbon-neutral until 2035. By 2035, the target of zeroing emissions and carrying out activities as a carbon-neutral is revealed in CDP Climate Change Programme Report. As one of the first steps in this direction, it is aimed to supply all of the electricity consumption for 2021 from renewable sources with the tender held in 2020. In addition, a commitment has been made to the Science Based Targets Initiative (SBTi) to validate the emission reduction targets on a science based basis. In the following period, it is aimed to evaluate Scope-3 emissions from lending activities and supply chain with a target-based approach.

In 2020, 264 employees, who are going to work as environmental officers, participated in the "Environmental Management System (ISO 14001) Training", and 45 Internal Control Division employees, who will carry out the internal audit of this system, participated in the "Environmental Management System (ISO 14001) Internal Auditor Training" within the scope of the ISO 14001 Environmental Management System Project carried out in order to reduce the environmental impact of the Bank. In this context, a total of 3,521 person\*hour of training was provided to employees during the reporting period. Besides the ISO 14001 efforts, new employees at İşbank are informed about the Environmental Management System (ISO 14001) in the "Getting to Know Our Bank" course within the scope of career training programs. At İşbank 627 employees have Environmental Management System (ISO 14001) certificates.

As a result of all the efficiency and recovery efforts works carried out, a decrease of 16,695 tCO<sub>2</sub> in emissions, 81,312 GJ in energy consumption and 62,912 m3 in water use has been realized compared to the previous reporting period. During the reporting period, there are no fines imposed for non-compliance with environmental laws and regulations.

In line with the responsible operation and reduction of environmental impact approach, the boxes purchased during the reporting period are completely made of recyclable materials. Within the scope of ISO 14001 Environmental Management System studies, waste bins were purchased for 440 branches / regional offices and ATOM and Atlas Data Center in 2020. The office chairs of Head Office buildings and branch managers in 2020, were made from 95% recycled material. The carpets we buy for Agile Offices are Carbon Neutral.

The Environmental Management System is subject to audits regularly every year by the Internal Control Division. In 2020, ISO 14001 - Environmental Management System audits were carried out at 210 locations, including 195 branches and Head Office Divisions and Regional Offices.

### Paperless Banking

During the reporting period İşbank continued its efforts to reduce the amount of paper used in operations through digitalization projects. The Banking Services Agreement (BSA) has been included within the scope of Digital Approval as of January 31, 2020. With the digitalization process, it was ensured that the approval of the banking services agreement made with 19 signatures was replaced with an approval step. The digital approval process carried out at branches in 2020 was 17.3 million. In 2020, with the approval of 70% of the BSA in the digital environment, 41.5 million pages (approximately 603 trees) were saved.

With the project launched by İşbank together with the TEMA Foundation in 2012, Bank delivers paper waste to the TEMA Foundation, and the Foundation plants a sapling for each 100 kg of paper donated. Between March 2020 - February 2021, 47,455 kg of waste paper was delivered to the Foundation. As part of this cooperation, 482 saplings will be planted in October - December based on the waste paper delivered on behalf of İşbank.

### Environment-Friendly Buildings

İşbank's big buildings such as the Head Office, operations center and data center were designed to minimize the environmental impacts. İşbank Head Office building in Levent, Istanbul has a BREEAM In-use Excellent certificate. Tuzla Technology and Operations Center (TUTOM) received the LEED Gold certificate in 2017. The Bank's Tuzla Data Center (Atlas) Building has been certified with LEED v4 Gold for Data Centers. Atlas is the first data center in these standards in Turkey.

**The energy consumed in 2020 in İşbank facilities was produced from conventional sources. By 2021, the Bank will consume 100% renewable energy and the IREC certification will be obtained.**

In the Head Office and TUTOM buildings, all wastes are separated and recycled within the scope of ISO14001 Environmental Management System Standard. In 2021, the water flow of TUTOM building was reduced by installing aerator. Further projects for water saving are currently under research phase. For the Head Office, ATOM and Atlas Data Center buildings efforts have been initiated to save water in washbasins by procuring aerators and process will be completed in 2021. The process of installing aerator for over 800 branches and units within the scope of ISO14001 was started in 2021 and it is aimed to be completed within the year. In 2022, the application will be expanded to all locations.

The procurement process for the automation renovation in the Head Office building has been completed and efforts have been started. With the renovation, changes will be made with LED lighting fixtures. All system will be integrated with the completion of the effort. The purchasing process for the building heating system pumps has been completed. According to the programme, the replacement of the heating system pumps will be made in May 2021 and cooling system pumps will be made in October 2021. The efforts are aimed to be finalized by the end of 2021.

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**The digital approval process carried out at branches in 2020 was 17.3 million. In 2020, with the approval of 70% of the BAS in the digital environment, 41.5 million pages (approximately 603 trees) were saved.**

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Energy consumption is reduced by using the energy, which is generated during cooling in the ATLAS Data Center building, for the heating of office areas. At the Atlas Data Center, the data halls where IT cabinets are are air-cooled, based on the principle of uninterrupted and redundancy, with packet type cooling devices. After the cabinets are cooled, the heated air is mixed with the outdoor air and used for heating the air conditioning systems; thus, energy is saved. In addition, rainwater coming from precipitation is collected and reused after purification.

### Efficient Branches

İşbank continues its environmental efficiency efforts in its service buildings with a perspective of continuous improvement. Efficient use of energy and resources was aimed by the efforts within the scope of minimizing operational environmental impacts.

High-energy class air conditioners are preferred for the air conditioning requirements of branches and Bankamatik ATMs. R32 refrigerant-powered models have also started to be used in air conditioner procurements. One of the most important advantages of using R32 gas air conditioners is that the air conditioners operate with much smaller amount of gas, thus reducing the consumption of refrigerant gas.

At the renovated branches lighting was switched to LED. Changes are made to LED lighting. in branches undergoing renovation. In this way By this means, approximately 50% savings per lighting are achieved in the amount of waste and energy consumption. Old generation air conditioners are replaced with high high-energy class air conditioners during renovations. Natural gas conversion is carried out in branches that are heated with diesel fuel.

During reporting period, the policy of using more efficient devices with renovations continued. By the communication of emission reduction targets to branches it is aimed to raise savings awareness. Reporting is made in all branches in accordance with the requirements of CDP reporting. As a result, a decrease of 16,695 tCO<sub>2</sub> has been achieved compared to 2019. The pandemic also has an effect on this decrease.

İşbank obtained the ISO 14001 Environmental Management System certification for a total of 433 branches, including İşbank Head Office and Tuzla Technology and Operations Center buildings, signaling that the Bank operates an environmental management system at international standards. It is aimed to receive the ISO 14001 Environmental Management System certificate to cover all locations of the Bank.



POSITIVE VALUE FOR SOCIETY



SUAT SÖZEN

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*Society of the Future*

Founded a year after the Republic as a symbol of our economic independence, our Bank has provided an important contribution not only to the economic development of our country but also to its social development throughout its history, and has become an institution that creates value with its sense of responsibility towards the world, environment and society that we live in.

In the field of social responsibility, we continue our projects which we have developed on the basis of being long-lasting and sustainability criteria, on the topics of education, environment and culture-arts.

Believing that investing in future generations is investing in the future of our country at the same time, we have always attached a special importance to education. With the projects we carry, in order to support the academic and scientific activities of our country, we contribute to the education of generations who read, has the ability to approach problems analytically, and develop strategies.

We provide long-term support for the protection of the environment and the development of nature consciousness.

We support many fields of culture and arts, such as performing arts, museum and gallery activities through İş Sanat, which is among the reputable art brands of our country, besides we contribute to the protection of the cultural heritage.

We observe that, preparing for it's second century, our Bank's social responsibility activities that have always have been carried out with a sense of responsibility towards our country and our society and the business culture which is sensitive to the human and environment are also appreciated by our society.

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## Positive Value For Society



İşbank as one of the prominent banks in Turkey, has played an important role in the economic history of the country since its establishment. In addition to the services and financing support it provides, İşbank also contributes to social welfare with long-term social responsibility projects.

### Material Issues

Social Investments  
Financial Literacy

### Risks

- Loss of reputation and brand awareness, especially among younger generations

### Relevant Capital Element

Social-Relational Capital

### Opportunities

- Being a reliable bank before stakeholders and society with projects developed in line with society's needs
- Projects aligned with UN Sustainable Development Goals
- Smooth communication with customers thanks to increased financial literacy
- Contribution to corporate reputation

Targets for 2020	Realization in 2020	Targets for 2021 and beyond
To give away over 1 million books every year within the scope of the "Show Your School Report and Get Your Book" Campaign.	Due to COVID-19, inviting students to our branches was considered risky and the project was transferred to the digital platform. 4 books have been given in e-book format.	Project will continue digitally due to COVID-19 pandemic, in 2021.
To continue the "81 Students from 81 Cities" project	With 87 students graduating in 2020, the number of students reached 231.	Project continues with current Darüşşafaka students and undergraduate bursaries
To ensure that the museums are visited by 116 thousand people in 2020	Due to COVID-19, our Museums were closed for certain periods. However, a total of 136,418 people visited both museums.	--

#### Key Performance Indicators

Contribution to equal opportunities in education	2018	2019	2020
81 Students from 81 Cities	Including the graduates, the number of students approached 700.	With 54 students who graduated in 2019, the number of students approached 750.	In 2020, the total number of graduates reached 231.
<b>Supporting the raising of generations that reads and questions, and the children's cognitive and cultural development</b>			
One Million Books, One Million Children	With the 11 <sup>th</sup> campaign, a total of 13 million books have been donated to primary school students to date.	With the 12 <sup>th</sup> campaign, a total of 14 million books have been donated to primary school students.	The campaign, which was held for the 13 <sup>th</sup> time, was transferred to digital within the framework of COVID-19 measures, and 4 electronic books were presented.
Book donations to schools	Over 52 thousand books were sent to 2,844 schools and libraries.	Over 58 thousand books were sent to 3,116 schools and libraries.	Due to COVID-19 pandemic, more than 22 thousand books were delivered to over 1,200 schools and libraries.
<b>Financial literacy</b>			
Improving financial literacy and the awareness of saving up	A total of 20,400 students attended the workshops held at the İşbank Museum.	Over 21 thousand students attended the workshops held at the İşbank Museum.	As of March 2020, within the framework of COVID-19 measures, museum workshops could not be held.

İşbank comes together with both internal and external stakeholders and establishes collaborations to implement comprehensive and long-term programs. Social projects organized with the understanding of corporate governance are carried out under the leadership of the Corporate Social Responsibility Committee working under the Board of Directors. Within the scope of COVID-19 measures, many projects were carried out on digital platforms in 2020.

### Projects in the Field of Education

İşbank believes that qualified and inclusive education reduces inequalities in society. In this context, it carries out inclusive and long-term educational projects that adopt Atatürk's principles, focus on science, and aim to raise modern generations. In addition, İşbank played a pioneering role in the establishment of two new application and research centers in order to contribute to scientific and academic activities during the reporting period.

#### Chess

İşbank contributes to chess education in order to promote chess and to make it an easily accessible sport especially among children. İşbank has been the main sponsor





of the Turkish Chess Federation (TSF – abbreviation in Turkish), which was established with the aim of transforming chess into a mass sport in the country for 15 years.

#### Turkish Chess Federation Main Sponsorship

Following İşbank's main sponsorship of the Turkish Chess Federation, following numbers have increased:

- Licensed athletes from 30,000 to 963,022
- Chess trainers from 7,000 to 86,959
- Chess tournaments from 400 to 11,400
- Chess clubs from 600 to 2,212
- Titled athletes from 39 to 199
- Arbitrators from 1,738 to 11,196.

The total number of medals won was 490. Total to date,

- 25 world Championships, 30 world Second Prizes, 39 world Third Prizes,
- 68 European Championships, 67 European Second Prizes, 58 European Third Prizes.



#### İşbank Chess Classes

Chess classes are set in primary and secondary schools to encourage children to play chess, to draw the attention of teachers and parents to this sport, and to eliminate the lack of equipment in schools with limited resources. As of 2020, the total number of chess classes opened in schools has exceeded 26,500.

#### Main Sponsorship of the Northern Cyprus Chess Federation

İşbank has also been a sponsor of the Northern Cyprus Chess Federation (KKSF – abbreviation in Turkish) since 2013, in line with the main sponsorship of TSF. After the sponsorship, chess sports started to take place as club activity once a week in primary schools in Turkish Republic of Northern Cyprus (TRNC). Thus, all schools in the TRNC have a chess class.

#### Turkish Juniors, Stars and Veterans Chess Championship

A total of 2,474 athletes from TRNC and 81 cities competed in the Turkish Junior (7-12 age range) Chess Championship and the Turkish Stars (13-18 age range) Chess Championship held simultaneously in Antalya in 2020.

Within the framework of the preventive measures implemented due to the coronavirus pandemic that has affected our country since March 2020, physical tournaments for the rest of the year have been canceled.

İşbank organized two online chess tournaments in order to contribute to the development of children who stay at home, continue their education remotely and whose social lives are restricted. 1.805 people registered for the "İşbank Online Chess Tournament", the first of which was held on the occasion of April 23 National Sovereignty and Children's Day, for athletes between the ages of 9 and 20, and 2.115 athletes applied to the second tournament held in December

#### 81 Students from 81 Cities

With the mission of "equal opportunity in education", Darüşşafaka offers children who have lost their mother and / or father and who have insufficient financial means, from fifth grade to the last year of high school, with full scholarship and boarding, with a quality education under modern conditions.

With the "81 Students from 81 Cities" project initiated in the 2008-2009 academic year in cooperation with the Darüşşafaka, İşbank implemented one of the most comprehensive and long-term projects in the field of education in the country. Education expenses of all students included in the program within the scope of the project are covered by İşbank. Within the scope of the project, at the end of the 2019-2020 academic year, 4th term students graduated from the school, and the total number of graduates reached 231.

İşbank continues to support its students that benefited from 81 Student from 81 Cities Project, who graduated from Darüşşafaka and succeeded the university entrance exam. In addition, within the scope of Koç University's "Anadolu Scholarship Holders" program, the education expenses of a certain number of students who graduate from Darüşşafaka every year are covered by İşbank. Including the graduates, the total number of students approached 750.

#### One Million Books, One Million Children

"One Million Books, One Million Children", one of the biggest book campaigns in Turkey carried out to date, was launched by İşbank at the end of the 2007-2008 academic year. Within the scope of the campaign, it was aimed to support the development of children's cognitive and cultural abilities, to support the formation of a generation that reads and questions, and to contribute to a warm communication between İşbank and children at an early age.

“ Within the scope of COVID-19 measures, many projects were carried out on digital platforms in 2020. ”

The campaign, which was held for the 13th time at the end of the 2019-2020 academic year, was transferred to the digital platform within the scope of coronavirus measures. 4 books were presented to children through Kumbara Magazine:

- Journey to the Center of the Earth
- Doctor Ox's Experiment
- Treasure Island
- Turkish Scientists' North Pole Expedition

In addition, a limited number of books were printed in Braille alphabet and sent to schools providing education for the visually impaired. For children in Regional Boarding Schools, Affection Houses (affiliated with Child Welfare Agency), Youth Closed Prisons and Juvenile Reformaties, a selection of the works presented within the scope of the campaign and other children's books were presented as gifts.

#### **Book Donation to Schools and Libraries**

As part of social responsibility efforts in the field of contribution to education, books published by İşbank Cultural Publications are sent to schools and public libraries in various places in Turkey. In 2020, more than 22 thousand books were delivered to over 1200 schools and libraries.

#### **Kumbara Magazine**

The magazines "Kumbara" and "Mini Kumbara", prepared with two different contents for 3-6 and 7-14 age groups, have been published digitally since 2016. The Kumbara Magazine portal, which was implemented with the aim of providing high quality, instructive and entertaining content to children, has become a media that has an increased importance due to the coronavirus pandemic in 2020. In the Kumbara Magazine, which is the main channel of the "One Million Books, One Million Children" campaign and chess tournaments, entertaining content prepared in cooperation with İş Sanat and many contents such a game called "Pigy Bank Adventure", "Science Heroes Series", "Fun Experiments" and "Arduino", have been published in order to teach financial literacy to children.

#### **Golden Youth Award**

Every year since 1971, students who are successful in the university entrance exam are rewarded with the "Golden Youth" award by İşbank. The number of students who have been awarded so far has exceeded 3,700.

#### **Artificial Intelligence Center**

The "Artificial Intelligence Center" was established in 2020 in cooperation with İşbank and Koç University in order to contribute to the scientific and academic activities of our country and to carry out advanced studies in the field of artificial intelligence, which is of great importance worldwide.

In the Artificial Intelligence Center established under the roof of Koç University Faculty of Engineering, Koç University faculty members train experts for industry and academia, as well as work to solve the problems of the business world.

#### **Infectious Diseases Center**

During coronavirus pandemic, which affected the world and our country, İşbank and Koç University signed an important cooperation and pioneered the establishment of the "Infectious Diseases Center" in order to contribute to the scientific and academic activities of our country in the field of public health.

At the center, which was established within Koç University with the support of İşbank, it is aimed to contribute to the scientific activities of our country in the field of public health, to conduct research on infectious diseases, to provide solutions to the diagnosis and treatment of diseases and to develop prevention methods. The center, which undertakes coordinated projects between the Faculty of Medicine, Engineering, Science, Economics and Administrative Sciences and Humanities Faculties within Koç University, carries out its activities at the Koç University Hospital in Topkapı.



## **Projects in the Field of Environment**

İşbank develops various projects in cooperation with TEMA Foundation to contribute to the protection of natural resources, combat deforestation and draw attention to related environmental problems. With Nature Education Programs, it aims to ensure the development of environmental awareness in the society, especially for children, and to create a more livable environment.

#### **81 Forests in 81 Cities**

"81 Forests in 81 Cities" is a project implemented in 2008 in cooperation with the TEMA Foundation and the Turkish Ministry of Agriculture and Forestry. Within the scope of the project carried out with the aim of protecting the environment and raising awareness of the public, especially children, about the environment, 2,205,000 saplings were planted on 1,500 hectares of land in all cities and 35,200 saplings on 22 hectares in the TRNC.

“  
Loss of reputation  
and brand awareness,  
especially among  
younger generations  
”

Within the scope of the project, maintenance work was carried out for five years following the plantings. With the maintenance works, nearly 1 million completion plantings have been made so far. Thus, the total number of saplings planted with completion plantings exceeded 3 million. As of the end of 2020, the success rate in forest areas is 84%.

#### Environmental Education Programmes

With the revenues obtained from İş Portföy TEMA Variable Fund, Turkey's first environmental fund offered by İşbank and its subsidiary İş Portföy, Environmental Education Programmes of TEMA Foundation are supported.

"Environmental Training Programs", which are defined as "Junior TEMA" for preschool children and "Mini TEMA" for elementary school-age children, are ecological literacy trainings prepared by the TEMA Foundation for children to spend time in nature, to observe, to discover nature by feeling, touching, smelling and hearing.

#### In the 2019-2020 Academic Year, in 81 cities;

- Within the scope of the Junior TEMA Environmental Education Program, with the support of 3,403 volunteer teachers, 66,397 children from 1,525 schools,
- Within the scope of the Mini TEMA Environmental Education Program, with the support of 4,039 volunteer teachers, 100,660 children from 1,488 schools, benefited from environmental education. Due to the coronavirus pandemic, in line with the decision taken by the Ministry of National Education, schools continued with a digital education model, in this context, the content prepared specifically for the program was published on social media platforms and the portal of Kumbara Magazine, as well as on EBA TV.

## Activities in the Field of Culture and Arts

İşbank contributes to the cultural development of the society with the culture and arts activities that it actively supports throughout the country. İşbank also makes investments in the field of archeology, ensuring that the local and universal heritage is passed on to future generations.

#### İş Kültür Yayınları

Established in 1956, İşbank İş Kültür Yayınları continues to offer rich content and high print quality works. Quality publishing, contribution to the development of Turkish language and gaining the habit of reading at an early age are the main principles of İş Kültür Yayınları. In this context, more than 15 million books were presented to readers in 2020.

#### İş Sanat

Since 2017, İşbank's arts and museum activities have been carried out under the roof of İş Sanat. İş Sanat is among the leading art brands of our country with its stage and music events, activities in the field of plastic arts, museum activities and its contribution to the protection of Turkey's cultural heritage.

#### Stage and Music Activities

İş Sanat, which celebrated its 20th concert season in 2020, planned 50 events at İş Towers, yet all events of the season were canceled as of March 13 due to the coronavirus pandemic. A total of 32 events have been held until this date, and a hall occupancy rate of 98% has been achieved. As of 19 March, to support art production, original content for social media started to be broadcasted under the title of "Art time at home". Over a period of 74 days, 416 content posted on İş Sanat's Instagram, Twitter, Facebook and YouTube accounts was watched over 17 million, received over 380 thousand likes and over 6 thousand comments, and shared over 8 thousand.

In its 21<sup>st</sup> season, İş Sanat prepared a program consisting of artists from our country, taking into account the importance of solidarity in combating the difficulties of the period. The new season, which includes many activities ranging from classical music concerts to local projects, story and poetry concerts, fairy tale theater, theater readings to virtual exhibitions, started with the İstanbul Ensemble concert on 5 November 2020. Within the scope of pandemic measures, all of the recordings made in İş Towers Hall without an audience can be watched free of charge until the end of the season on İş Sanat's social media accounts.

#### Kibele and Ankara Art Galleries

Kibele Art Gallery and Ankara Art Gallery host exhibitions of master artists in the field of plastic arts.

While Kibele's Memory, Tomur Atagök and Nevhiz Tanyeli exhibitions were held at the Kibele Art Gallery in the 2019-2020 season, the Beril Anılanmert exhibition planned for the season was postponed due to the pandemic. The gallery, which was closed to visitors on 15 March 2020 and was re-opened and closed from time to time due to the pandemic during the year, was visited by a total of 9,885 people in 2020 when it stayed open.

"A Journey to Nâzım" and Yalçın Gökçebağ exhibitions were held in the Ankara Art Gallery during the 2019-2020 season. The gallery, which was closed to visitors on March 15, 2020 and re-opened and closed from time to time due to the pandemic during the year, was visited by a total of 17,826 people throughout the year. No exhibition has been planned for the galleries within the scope of the 2020-2021 season.

#### Mimar Sinan Fine Arts University, Fine Art Conservation and Restoration Laboratory

In the "Fine Art Conservation and Restoration Laboratory", which was established in cooperation with Mimar Sinan Fine Arts University to support academic studies on the restoration and conservation of artworks and to contribute to the training of qualified workforce, maintenance and repair works are carried out on the works in İşbank Fine Art Collection. In addition, within the scope of the cooperation, an undergraduate program of Fine Art Conservation and Restoration was established within the university in the 2013-2014 academic year and the department continues its educational activities online under pandemic circumstances.

“  
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”



## Museology and History Studies

### ***İşbank Museum (Yenicami, Istanbul)***

Opened its doors in November 2007, İşbank Museum presents the long-established corporate history and economic development of Turkey through banking equipment, documents, communication tools, photographs, advertising-promotional materials and films.

Various workshops are organized for children at İşbank Museum such as Budgeting and Saving, Money of the Worl, Museum Memory, My Pocket Money in my Pocket. Financial Literacy Training is also provided for adults. More than 5,000 students attended the workshops held in the Museum in 2020 until the last workshop date, 12 March. The exhibition titled "Independence", which has attracted great attention since its opening in March 2019, continued to meet with visitors in 2020. The exhibition includes nearly 1,000 documents, photographs, films and objects from the period. The total number of visitors of the museum to date has exceeded 1.8 million. Türkiye İş Bankası Museum was closed to visitors at certain times of the year due to pandemic conditions. The museum team continued their exhibition preparation, collection maintenance-development, archive and history studies in 2020.

### ***İşbank Museum of Economic Independence (Ulus, Ankara)***

İşbank transformed its historical building in Ulus, Ankara, which has served for many years as the bank's third Head Office, into a museum, in order to share its experience, which is of great importance in terms of national economic history, with the public. The historical Ulus building, one of the capital's landmarks, was opened in 2019 as the "İşbank Museum of Economic Independence" to host documents and memories of the country's economic independence and development process.

While there are permanent exhibitions on the entrance, 1st and 2nd floors of the museum, there are İş Sanat Ankara Gallery on the 3rd floor, temporary exhibition halls on the 4th floor and an activity hall on the 5th floor. Temporary exhibition halls host the exhibition titled "Independence in the 100th Anniversary of the War of Independence", one pillar of which was opened in Istanbul.

In addition to guided exhibition tours for student groups, the museum hosted more than 2,000 students in workshops in 2020. The total number of visitors to the İşbank Economic Independence Museum has exceeded 80 thousand.

İşbank Museum and Economic Independence Museum, which were closed to visitors on March 16, 2020 due to the coronavirus pandemic, were reopened within the scope of the measures taken on June 16, 2020. Due to the worsening of pandemic conditions in the autumn, the Museums have been closed to visitors since 20 November 2020. The museum team continued their exhibition preparation, collection maintenance and development, archive and history studies.



### ***Preparation for the Art Museum***

The restoration of the historical building of the Beyoğlu Branch, which was allocated as a museum to host İşbank's painting collection, started on July 6, 2020.

### ***Activities in Archeology***

İşbank provides support for archaeological excavations carried out in various ancient cities in order to unearth the ancient archaeological existence of Anatolia, to reintroduce it to the world cultural heritage, to preserve it and to transfer it to future generations, to provide scientific research that will enlighten the past as well as the present and the future. In addition to the support provided to excavations, communication projects are also carried out to promote cultural heritage awareness and our archaeological values.

In this context, the contribution provided to the "House of Muses" excavations in Zeugma Ancient City in Nizip, Gaziantep started in 2012 and the works were completed as of October 2019. In 2020, the book titled "Zeugma Between Two Worlds: Houses and Tombs in Zeugma from Life to Eternity" prepared by Prof. Dr. Kutalmış Gökay, the head of the excavation about the ancient city of Zeugma, was published in Turkish and English.

İşbank has been contributing to the "Patara Ancient City" excavations in Kaş, Antalya, together with its subsidiaries Şişecam and Turkish Industrial Development Bank since 2016. Patara has been declared the tourism theme of 2020 by the Turkish Ministry of Culture and Tourism. A commercial film was shot by İşbank in cooperation with the Ministry. In addition, the documentary "Hidden Treasure in the Sands: Patara" was produced.

Since 2018, the excavations in Dionysos Temple in "Teos Ancient City" in Seferihisar, İzmir, and since 2019, the excavations in coloumn lined street in "Nysa Ancient City" excavations in Sultanhisar, Aydın have been supported. A monumental fountain was found during the excavations on coloumn lined street in Nysa in 2020.

### ***Istanbul Foundation for Culture and Arts - International Istanbul Music Festival Sponsorship***

İşbank sponsored the "Bilkent Symphony Orchestra and Gökhan Aybulus" concert, which was performed digitally by the Istanbul Foundation for Culture and Arts as part of the 48th Istanbul Music Festival.



# Annexes

## Corporate Memberships

Domestic	International
The Research Institute of Banking and Commercial Law	European Financial Management & Marketing Association- EFMA
Turkish Marine Environment Protection Association	EFMA Affluent & Private Banking Council
Foreign Economic Relations Board of Turkey (DEİK)	EFMA Digital Channels Council
DEİK Turkey - Bahrain Business Council	EFMA Insurance Council
DEİK Turkey - China Business Council	EFMA Operational Excellence Council
DEİK Turkey - Iraq Business Council	EFMA Physical Channels Council
DEİK Turkey - Kosovo Business Council	EFMA SME Council
DEİK Turkey - Egypt Business Council	European Association of Communication Directors-EACD
Integrated Reporting Türkiye (ERTA)	European Assosiation for Banking and Financial History (EABH)
Elginkan Community	Institut International d'Etudes Bancaires (IIEB)
Global Relations Forum	International Chamber of Commerce (ICC) Turkey Committee - Banking Techniques and Application Commission
Global Compact Turkey - Sustainable Banking and Finance Working Group	Mobile Marketing Association - MMA Turkey
İstanbul Foundation for Culture and Arts (IKSV)	The Institute of International Finance- IIF
Association of Corporate Communicators (KİD)	UN Global Compact Network Turkey
National Education Foundation	United Nations Environment Programme Finance Initiative - UNEP FI
The Advertisers Association (RVD)	
The Banks Association of Turkey (TBB)	
Turkish Historical Society	
Vehbi Koç Foundation	
Artificial Intelligence and Technology Association	

## Fundings Obtained from International Financial Institutions (as of 31.12.2020)

International Financial Institution	Date of Signature	Amount	Maturity (years)	Purpose of Extending Loans
European Investment Bank (EIB)	13.04.2009	€ 250.000.000	12	Financing SMEs
	09.12.2011	€ 150.000.000	10	Financing SMEs
	28.06.2012 <sup>(1)</sup>	€ 75.000.000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	04.12.2013	€ 150.000.000	8	Financing of SMEs and enterprises with 250 to 3,000 employees
	09.05.2014	€ 200.000.000	10	Financing the loans to be extended to residential buildings that fall under the scope of Law No. 6306 and conform to the EIB criteria, in order to improve earthquake safety and energy efficiency in residential buildings
	30.10.2015 <sup>(1)</sup>	\$221.200.000	10	Financing of SMEs and enterprises with 250 to 3,000 employees
	01.12.2016 <sup>(1)</sup>	\$111.200.000	13	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
		\$47.600.000	10	Financing of SMEs and enterprises with 250 to 3,000 employees
European Bank for Reconstruction and Development (EBRD)	27.10.2011	\$6.660.000	15	Financing of energy efficiency projects as part of the TurSEFF Program
	28.06.2012 <sup>(1)</sup>	€ 50.000.000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	18.12.2013 <sup>(1)</sup>	€ 50.000.000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	30.03.2015 <sup>(1)</sup>	\$60.000.000	7	Financing of energy efficiency in residences as part of the TurEEFF Program
		\$15.000.000	15	Financing of energy efficiency in residences as part of the TurEEFF Program
	21.10.2016 <sup>(1)</sup>	\$55.000.000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
	06.12.2017 <sup>(1)</sup>	\$55.000.000	7	TurSEFF Programı kapsamında yenilenebilir enerji ve kaynak verimliliği yatırımlarının finansmanı
	07.09.2020	\$54.000.000	1	Financing of renewable energy and resources efficiency investments as part of the TurSEFF Program
PROPARCO	09.12.2010	€ 50.000.000	12	Financing of renewable energy and energy efficiency projects
	01.03.2013	€ 50.000.000	10	Financing of loans extended to residential buildings conforming to domestic energy efficiency criteria in Turkey
	30.06.2020	€ 25.000.000	10	Financing agriculture and the energy and resource efficiency activities of small and medium-sized companies operating in the agriculture and agriculture industry sectors
OPIC	10.12.2014 <sup>(1)</sup>	\$220.000.000	14	Financing of SMEs, prioritized regions in development, and women entrepreneurs
IFC		\$105.000.000	9	Financing of housing loans, especially green mortgages conforming to IFC energy efficiency criteria
	28.12.2017 <sup>(1)</sup>	\$20.000.000		Provided for use in financing green mortgage loans ensuring energy efficiency, by the Clean Technology Fund through IFC

(1) Funding obtained through the transactions made within the scope of the diversified payment rights securitization program based on cash flows.

Awards Received in 2020

AWARD NAME	AWARDED PROJECT	AWARD
Brandon Hall Human Capital Management (HCM) Excellence 2020 Awards	Development Center applications	Two Golden Prize
Brand Finance Banking 500	İşBank	Turkish Bank with the Highest Brand Value
EFMA March 2020 Award of the Month	Linkle Tahsilat (Pay by Link)	Award of the Month
GOLDEN SPIDER-Website Banking & Finance	isbank.com.tr	Third Prize
GOLDEN SPIDER-Mobile Application Banking&Finance	İşCep	Second Prize
GOLDEN SPIDER-Mobile Application Banking&Finance	Maximum Mobil	Third Prize
FELIS - Digital – Internet Movie - DJ23. Financial Services	Fathers Day	Achievement Award
FELIS - Movie - FL08. Financial Services	Mothers Day	Achievement Award
Finance Derivative Magazine Awards	Turkey İşbank	Best API Provider Bank Turkey
Global Finance World's Best Digital Bank Awards	Turkey İşbank	Best Open Banking APIs
Global Finance World's Best Digital Bank Awards	Turkey İşbank	Best in Lending
IDC Turkey Digital Transformation Awards - DX Gamechanger	İşCep Market	Jury's Second Best
IDC Turkey Digital Transformation Awards - Operating Model Master	Dataroid Digital Analysis Platform	Jury's Second Best
Crystal Apple Awards - Corporate Image	Türkiye İş Bankası 96 Yaşında! (Turkey İşbank is 96 years-old!)	Silver Apple
Crystal Apple Awards - Special Days	Women's Day	Bronze Apple
MarTech 2020 - Best Chatbot Technology	Maxi	MarTech
MarTech 2020 - Best Use of MarTech Ecosystem	Maximum Mobil	MarTech
MMA Smarties Awards EMEA – Mobile App Categories	İmeceMobil	Gold Prize
MMA Smarties Awards EMEA - Business Unusual / Technology Innovation	Maxi - COVID-19 Integration	Gold Prize
MMA Smarties Awards EMEA - Business Unusual / Technology Innovation	Geleceğe Öde (Pay to the Future)	Silver Prize
MMA Smarties Awards EMEA - Marketing Objective Categories / Product /Services Launch	Maximum Gaming	Gold Prize
MMA Smarties Awards EMEA - Technology Categories / mCommerce	İşCep Market	Gold Prize
MMA Smarties Awards Turkey - Business Unusual / Technology Innovation	Maxi - Covid 19 Integration	Bronze Prize
MMA Smarties Awards Turkey - Marketing Objective Categories / Product / Services Launch	Maximum Gaming	Silver Prize
Martech Awards 2020	TekCep	The Best Use of Technology in the Finance Sector
MMA Smarties Awards Turkey - Technology Categories / mCommerce	İşCep Market	Bronze Prize
Özyeğin University Entrepreneurship 4.0 Platform and Fast Company Turkey's "Corporate & Startup Day 2020"	Project of cash withdrawal from ATMs with Borusan ETA Cards	Most Effective Institution & Initiative Collaboration Award
PSM Ödülleri 2020	İmeceMobil	Golden PSM at Digital Transformation category
SARDIS	Geleceğe Öde (Pay to the Future)	Great Prize
Sardis Ödülleri 2020	Linkle Tahsilat (Pay by Link)	Golden Sardis at Ecosystem Strategy category
Sardis Ödülleri 2020	İmeceMobil	Silver Sardis at Product and Service Innovation category
SARDIS - Innovation / Innovative Acceleration and Incubation Programs / Innovative Acceleration and Incubation Programs	Workup Entrepreneurship Program	Golden Sardis
SARDIS - Innovation / Ecosystem Strategy/ Banks	İşCep Market	Silver Sardis
SARDIS - Innovation / Customer Experience and Engagement / Banks	İşCep Market	Golden Sardis
SARDIS - Innovation / Product and Service Innovation/ Banks	Geleceğe Öde (Pay to the Future)	Golden Sardis
SARDIS - Creativity / Digital Marketing / Best Mobile App	İşCep	Golden Sardis
SARDIS - Creativity / Digital Marketing / Best Website / Microsite	İşBank Website	Golden Sardis
SARDIS - Best Innovative Financial Corporation of the Year	Turkey İşbank	Best Innovative Financial Corporation of the Year

Social Media Awards 2020 - Credit Cards	Maximum	Silver Prize
Social Media Awards 2020 - Online Banking	İşCep	Gold Prize
Social Media Awards 2020 - Private Banks	Turkey İşbank	Gold Prize
Stevie International Business Awards - Achievement- Achievement in Product Innovation	İşCep PFM	Silver Stevie
Stevie International Business Awards - Achievement- Achievement in Product Innovation	Maxi and Call Center Integration - Instant Refund	Bronze Stevie
Stevie International Business Awards - Achievement- Achievement in Product Innovation	Linkle Tahsilat (Pay by Link)	Silver Stevie
Stevie International Business Awards - COVID-19 Response Winners Most Valuable Product	İşbank Farmer Support Package	Bronze Stevie
Stevie International Business Awards - COVID-19 Response Winners Most Valuable Service	Geleceğe Öde (Pay to the Future)	Bronze Stevie
Stevie International Business Awards - COVID-19 Response Winners Most Valuable Service	DDM	Bronze Stevie
Stevie International Business Awards - Mobile Site & App Awards - Financial Services&Banking	Maximum Mobil	Bronze Stevie
Stevie International Business Awards - Mobile Site & App Awards - Financial Services&Banking	İmeceMobil	Bronz Stevie
Stevie International Business Awards - New Product Awards	MOİ	Silver Stevie
Stevie International Business Awards - New Product Awards	Maximum Gaming Card	Silver Stevie
Stevie International Business Awards - New Product Awards	TekCep	Bronz Stevie
Stevie International Business Awards - PR Awards - Communications or PR Campaign of the Year - Community Engagement	Maximum Gaming Platform	Bronz Stevie
Stevie International Business Awards - Website Awards - Best Blog	İşbank Blog	Bronz Stevie
Stevie International Business Awards- Marketing Awards -Marketing Campaign of the Year - Financial Cards	Maximum Gaming Card	Golden Stevie
Stevie International Business Awards- Marketing Awards -Marketing Campaign of the Year - Financial Products&Services	Bankamatik UEFA Local Campaign	Turkey's Most Technological Bank
Tech Brands Turkey	Turkey İşbank	Turkey's Most Technological Bank
Webrazzi Awards - Digital Banking App of the Year	İşCep	First Prize
Webrazzi Ödülleri - Best Technology User Bank of the Year	Turkey İşbank	First Prize
Şikayetvar.com ACE Awards / Customer Experience Index (Banking A segment)	İşbank Complaint Management	First Prize

## Human Resources Indicators

	2018		2019		2020	
<b>Total Number of Employees</b>	<b>24,570</b>		<b>24,053</b>		<b>23,518</b>	
	Female	Male	Female	Male	Female	Male
Number of Employees	12,583	11,987	12,252	11,801	11,907	11,611
Number of Employees Covered by Collective Bargaining Agreements	12,381	11,845	12,064	11,655	11,702	11,432

Number of Employees per Employment Type	2018		2019		2020	
Fulltime	24,443		23,923		23,381	
Partial Time	81		123		135	
Part Time	46		7		2	
<b>Total</b>	<b>24,570</b>		<b>24,053</b>		<b>23,518</b>	

Number of Employees per Region and Branch	2018		2019		2020	
Head Office	6,751		7,065		7,022	
Branch	17,204		16,244		15,733	
Region	795		744		763	
<b>Total</b>	<b>24,570</b>		<b>24,053</b>		<b>23,518</b>	

Number of Managers by Gender and Age	2018		2019		2020	
<b>Upper Management (Board of Directors and Executive Committee)</b>	Female	Male	Female	Male	Female	Male
Over 50	2	16	3	13	3	15
30-50	3	2	2	2	2	3
Under 30	0	0	0	0	0	0
<b>Employees in Management Position (Division Manager and above)</b>	Female	Male	Female	Male	Female	Male
Over 50	6	23	6	24	8	27
30-50	6	41	6	39	7	37
Under 30	0	0	0	0	0	0
<b>Total</b>	<b>99</b>		<b>95</b>		<b>102</b>	

Number of Employees by Age	2018		2019		2020	
Over 50	271		353		492	
30-50	21,596		21,510		21,417	
Under 30	2,703		2,190		1,609	
<b>Total</b>	<b>24,750</b>		<b>24,053</b>		<b>23,518</b>	

Number of Employees by Seniority	2018		2019		2020	
0-5 years	3,650		3,122		1,935	
5-10 years	5,615		4,451		4,146	
10+ years	15,305		16,480		17,437	
<b>Total</b>	<b>24,570</b>		<b>24,053</b>		<b>23,518</b>	

Employee Turnover Rate (%)	2018		2019		2020	
	<b>2.00</b>		<b>1.86</b>		<b>1.60</b>	

Number of Employees by Educational Background	2018		2019		2020	
Primary School	68		60		57	
High School	3,954		3,730		3,516	
Graduate School (2-3 year college)	548		538		534	
University (4 year college)	18,908		18,592		18,262	
Post Graduate	1,075		1,113		1127	
PhD Degree	17		20		22	
<b>Total</b>	<b>24,570</b>		<b>24,053</b>		<b>23,518</b>	

Number of Employees Benefiting from Parental Leave	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
	12,583	11,987	12,252	11,801	11,907	11,611

Number of Employees Benefiting from Maternity Leave and Returning After Maternity Leave	2018		2019		2020	
Benefiting from Maternity Leave	986		780		642	
Returning after Maternity Leave*	1,240		1,072		880	
Return to Work Rate after Maternity Leave	98.6%		99.5%		99.7%	
Retention Rate after Maternity Leave	96.9%		96.2%		96.5%	
Number of Male Employees whose spouses Use Maternity Leave	730		734		580	

\*The 2018 figure was updated retrospectively due to the definition change in the reporting guide.

Total Employment Created In Subsidiaries	2018		2019		2020	
Number of Subsidiaries	110		111		106	
Number of Employees in Subsidiaries	34,036		34,207		34,390	

Trainings Provided to Employees *	2018		2019		2020	
Average Annual Training Hours per Employee	23.1		25.7		25.4	
Average Annual Training Hours per Female Employees	20.8		22.3		23.2	
Average Annual Training Hours per Male Employees	26.1		29.9		28.1	

\*The number of training activities does not include those who participate in the private security renewal training, and the actual number of employees does not include the Private Security Guard and the Servant Staff.

Trainings Provided to Employees *	2019	2020
Anti-Corruption and Bribery		
Number of Trainees	7,577	7,830
Person*Hour	3,115	857
Ethical Principles		
Number of Trainees	664	438
Person*Hour	506	331
Human Rights		
Number of Trainees	260	128
Person*Hour	733	315
Sustainability		
Number of Trainees	538	1,552
Person*Hour	4,760	5,946

OHS Indicators	2019	2020
<b>Injury Rate</b>		
Direct Employment	0,131111243	0
Female	0,088817294	0
Male	0,042293949	0
Contractors	0	0
Female	0	0
Male	0	0
<b>Occupational Disease Rate (ODR)</b>		
Direct Employment	0	0
Female	0	0
Male	0	0
Contractors	0	0
Female	0	0
Male	0	0
<b>Number of occupational Disease</b>		
Direct Employment	0	0
Female	0	0
Male	0	0
Contractors	0	0
Female	0	0
Male	0	0
<b>Lost Day Rate (LDR)</b>		
Direct Employment	2,909823717	1,317447314
Female	1,463370648	1,077911439
Male	1,446453069	0,239535875
Contractors	0	0
Female	0	0
Male	0	0
<b>Injury-Related Absenteeism</b>		
Direct Employment	688	308
Female	346	252
Male	342	56
Contractors	0	0
Female	0	0
Male	0	0
<b>Absenteeism Rate (AR)</b>		
Direct Employment	-	0,000053
Female	-	0,000043
Male	-	0,0000096
Contractors	-	0
Female	-	0
Male	-	
<b>Number of Work Related Fatalities</b>		
Direct Employment	0	0
Female	0	0
Male	0	0
Contractors	0	0
Female	0	0
Male	0	0
<b>Number of Incidents</b>		
Direct Employment	94	50
Female	63	30
Male	31	20
Contractors	0	0
Female	0	0
Male	0	0

OHS Indicators	2019	2020
<b>Accident Frequency Rate *</b>		
Direct Employment	0,397609403	0,21388258838313000000
Female	0,266467479	0,12832955302987800000
Male	0,131118829	0,08555303535325190000
<b>Number of Employee Working with a High Risk of Occupational Diseases</b>		
Direct Employment	0	0
Contractors	0	0

\*Accident Frequency Rate (IR): Total number of injuries/(Total working hours-Lost hours) \* 200,000

UN Global Compact (UNGC) Communication on Progress

Principles	GRI Standards	Report Section
<b>Human Rights</b>		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	GRI 412-2, GRI 412-3, GRI 410-1, GRI 103-2, GRI 413-1, GRI 413-2	Happy and Productive Employees, Management Approach
Principle 2: Businesses should make sure that they are not complicit in human rights abuses	GRI 412-2, GRI 412-3, GRI 410-1, GRI 103-2, GRI 413-1, GRI 413-3	Happy and Productive Employees, Management Approach
<b>Labor</b>		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	102-41	Rights Granted to Employees
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor	409-1, 412-2, 412-3	Happy and Productive Employees
Principle 5: Businesses should uphold the effective abolition of child labor	408-1, 412-2, 412-3	Happy and Productive Employees
Principle 6: Businesses should uphold the elimination of discrimination in respect of	202-1, 405-1, 405-2, 406-1	Happy and Productive Employees
<b>Environment</b>		
Principle 7: Businesses should support a precautionary approach to environmental challenges	302-1, 302-2, 302-3, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2	Responsible Banking
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	102-12, 102-13	Corporate Memberships
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	103-1	Responsible Banking, Environmental Impact
<b>Anti-Corruption</b>		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	GRI 102-16, GRI 102-17, GRI 205-1, GRI 205-2, GRI 205-3	Management Approach

WEPs Communication on Progress

Principles	GRI Standards	Report Section
Principle 1 - Corporate Leadership Supporting Gender Equality	405-1, 405-2	Message from the General Manager, Supported Initiatives in the Field of Sustainability, Equal Opportunity and Diversity
Principle 2 - Equal Opportunity, Participation and Anti-Discrimination	202-1, 401-1, 401-3, 405-1, 405-2, 406-1	Equal Opportunity and Diversity, Employee Rights, Family Friendly Employer
Principle 3 - Health, Safety and Freedom against Violence	406-1	Business Ethics, Occupational Health and Safety, Equal Opportunity and Diversity
Principle 4 - Education and Training	404-1; 404-3	Equal Opportunity and Diversity, Talent Management
Principle 5 - Business Development, Supply Chain and Marketing Practices	204-1; 103-1; 103-2; 103-3	Equal Opportunity and Diversity, Responsible Procurement
Principle 6 - Community Leadership and Participation	413-1	Supported Initiatives in the Field of Sustainability, Equal Opportunity and Diversity
Principle 7 - Measurement and Transparent Reporting for Gender Equality	405-1; 405-2; 103-1; 103-2; 103-3	Equal Opportunity and Diversity



# Reporting Guidance

## Environmental Indicators

Total Energy Consumption (GJ)	<p>Total energy consumption including energy sources covers electricity, natural gas, fuel-oil, coal and diesel consumption figures. Electricity consumption was initially calculated in kWh and then converted to GJ. In this conversion, 1 kWh = 0.0036 GJ conversion factor was used.</p> <p>After calculating monthly natural gas consumption in m3, monthly coal consumption in kg, monthly fuel-oil and consumption in lt in 2020, it was converted to kWh by using the monthly-based lower heat values on the invoices. The annual total consumption is calculated by summing these monthly consumptions. Annual total consumption was converted to GJ using the conversion factor mentioned above and added to the total energy consumption.</p> <p>The reporting boundary for this KPI covers Turkey operations of İşbank.</p>
<p>Greenhouse Gas Emissions</p> <ul style="list-style-type: none"><li>● Scope 1 Emissions (tCO<sub>2</sub>e)</li><li>● Scope 2 Emissions (tCO<sub>2</sub>e)</li><li>● Scope 3 Emissions (tCO<sub>2</sub>e)</li></ul>	<p>Greenhouse gas emissions refer to carbon emissions from energy consumption during the reporting period.</p> <p>Greenhouse gas emissions resulting are calculated in accordance with The Greenhouse Gas Protocol: A Revised Corporate Accounting and Reporting Standard by S360 Sustainability Services Inc., a firm offering strategy, management and reporting services in the area of sustainability.</p> <p>Greenhouse gas emissions are calculated in 3 different scopes: Scope 1 (Direct Greenhouse Gas Emissions), Scope 2 (Indirect Greenhouse Gas Emissions) and Scope 3 (Other Indirect Greenhouse Gas Emissions).</p> <p>IPCC 5th Assessment Report factors were used for emission factors. Network Emission Factor has been calculated in accordance with the data provided by TEİAŞ. Direct greenhouse gas (GHG) emissions (Scope 1) and indirect energy greenhouse gas (GHG) emissions (Scope 2) were made according to the GHG Protocol – According to location-based criterion.</p> <p>Other indirect greenhouse gas (GHG) emissions (Scope 3) are reported according to the GHG Protocol. DEFRA emission factors were used for air travel emissions and Environmental Paper Network emission factors were used for paper consumption.</p> <p>While calculating greenhouse gas emissions, the following sources causing carbon emissions were considered:</p> <p>Scope 1 Emissions*:</p> <ul style="list-style-type: none"><li>● Natural gas, diesel, LPG, fuel oil and coal consumption for heating purposes,</li><li>● Fuels used in generators (Diesel),</li><li>● Fuel Consumption of Company Vehicles (Diesel and Gas)</li><li>● Company vehicles fuel Consumption (Diesel and Gasoline)</li></ul> <p>Refrigerants (Leaks reported during installation and maintenance phases are taken into account) 407 tonnes of CO2 equivalent emissions from R22 refrigerant gas is not included in Scope 1 emission calculation</p> <p>Scope 2 Emissions*:</p> <ul style="list-style-type: none"><li>● Electricity Consumption</li></ul> <p>Scope 3 Emissions*:</p> <ul style="list-style-type: none"><li>● Fuel consumption of Personnel Service Vehicles</li><li>● International Business Travels (Flight, Bus, Taxi)</li><li>● Local Business Travels (Flight, Bus, Taxi)</li><li>● Paper Consumption</li><li>● Fuel consumption of Private Car Used for Business Purposes</li></ul> <p>*Reporting boundary for this KPI covers Turkey operations of İşbank</p> <p>*The impact of remote working is not included in the resource consumption and emission calculations in the reporting period.</p>
<p>Fuel consumption of vehicles</p> <ul style="list-style-type: none"><li>● Fuel consumption by personnel service vehicles (lt)</li><li>● Fuel consumption by company vehicles (lt)</li><li>● Fuel consumption by private vehicles (lt)</li></ul>	<p>Personnel service vehicles include the vehicles transporting İşbank employees at İş Kuleleri Kule 1, ATOM, TUTOM and branches. Fuel consumption was calculated over total distance figures, provided by the supplier firm, transporting İşbank employees.</p> <p>Private usage of vehicles includes the vehicles used for business travels and business-related purposes for the transportation of İşbank's employees at İş Kuleleri Kule 1, ATOM, TUTOM and Atlas Data centre and employees at all branches.</p> <p>Company vehicles cover all vehicles in the Bank's fleet also including transportation vehicles. Fuel consumption data by those vehicles was provided by the supplier firm.</p>
<p>Total Water Consumption (m³)</p> <ul style="list-style-type: none"><li>● Total municipal (blue) water consumption (m³)</li><li>● Total waste (grey) water consumption (m³)</li><li>● Total spring (green) water consumption (m³)</li><li>● Total amount of recycled/reused water (m³)</li></ul>	<p>Water consumption was evaluated in 3 different categories: municipal water (blue), waste water (gray) and spring water (green).</p> <p>Municipal water (Blue) covers the amount of water purchased from utilities such as İSKİ. All of the municipal water consumption is considered as waste water. Surface and groundwater formed by natural methods are within the scope of spring water (Green). While calculating spring water (Green) meter readings made by the building management are taken into consideration. Spring water consumption also reflects the total amount of recycled/reused water.</p> <p>Reporting boundary for this KPI covers Turkey operations of İşbank.</p>

<p>Greenhouse Gas Emission Intensity</p> <ul style="list-style-type: none"><li>● Emission per employee (tCO<sub>2</sub>e/number of employees)</li><li>● Emission according to consolidated total assets (tCO<sub>2</sub>e/million TL)</li><li>● Emission according to consolidated net profit (tCO<sub>2</sub>e/million TL)</li></ul>	<p>Intensity of GHG emissions over consolidated net profit and consolidated assets calculated by dividing Scope 1, Scope 2 and Scope 3 greenhouse gas emissions with the consolidated total assets of İşbank and consolidated net profit values. Consolidated total assets and net profit values of the bank are taken from the 31 December 2020 financial statements which was approved by an independent auditor. Emissions intensity per employee is calculated via dividing Scope 1, 2 and 3 emissions with total number of employees of İşbank at Turkey operations.</p>
<p>Total Waste Produced</p> <ul style="list-style-type: none"><li>● Amount (tons) and types recycled hazardous waste</li><li>● Amount (tons) and types of recycled non-Hazardous Waste</li><li>● Amount of recycled paper (tons)</li></ul>	<ul style="list-style-type: none"><li>● Recycled non-hazardous waste includes plastic, metal and glass.</li><li>● Recycled hazardous waste includes florescent lamps, batteries, toner cartridges and car batteries</li><li>● Recycled paper waste includes paper, cardboard boxes, and similar waste paper.</li></ul> <p>Reporting limits on waste include ATOM, TUTOM, İş Kuleleri Kule-1.</p> <p>While calculating the amount of recycled waste, receipts and dispatch notes provided by authorized recycling firms were taken into account.</p>
<h3>Renewable Energy Portfolio of İşbank</h3>	
<ul style="list-style-type: none"><li>● Number of renewable energy projects financed in 2020, installed power size (MW) and loan amount provided to these projects (million USD)</li></ul>	<p>Renewable energy projects financed in 2020 included,</p> <ul style="list-style-type: none"><li>● Wind Power Plant (WPP),</li><li>● Biomass Power Plant (BES)</li><li>● Solar Power Plant (GES)</li><li>● Geothermal Power Plant (GPP)</li></ul> <p>The loan amount provided for the projects has been determined over the total limit information by taking the sum of cash and non-cash loans extended by the Corporate Loans Underwriting, Commercial Loans Underwriting, Retail Loans Underwriting and Project Finance Divisions of the Bank. In this process, the loan allocation files of the projects were taken as reference in determining the total loan amounts provided to the projects along with the information on installed power size. The number of renewable energy projects covers the number of power plants financed. When calculating Installed power capacity for projects financed by consortium structures, bank shares are not taken into consideration in calculating and total installed power information of the power plant/ plants is reported.</p>
<h3>Environmental and Social Risk Indicators</h3>	
<p>Number of financed projects subjected to environmental and social risk assessment and risk categories</p>	<p>As detailed under the Responsible Finance section of Responsible Banking, evaluations within the Environmental and Social Risk Evaluation Tool (ERET) included projects with an investment amount of 10 million USD and above, for which loans were allocated or contracted during the reporting year.</p> <p>Projects undergoing ERET evaluation process are evaluated with reference regulations such as national, environmental and international regulations, IFC (International Finance Corporation) Performance Standards, EBRD (European Bank for Reconstruction and Development) Performance Requirements, Equator Principles. A Project Environmental and Social Assessment Document is prepared for each project.</p>
<p>Field visits within the scope of Environmental and Social Risk Assessment</p>	<p>Definition of this indicator covers the number of field visits carried out within the scope of environmental and social risk assessment to monitor the projects financed in 2020 or before.</p> <p>Field visit notes, photographs and travel details were reviewed during the assurance audit procedures.</p>
<h3>Talent Management Indicators</h3>	
<ul style="list-style-type: none"><li>● Average annual training hours per employee</li><li>● Average training hours per female employee</li><li>● Average training hours per male employee</li></ul>	<p>Training hours are calculated considering all trainings, excluding private security renewal trainings given to employees during the year. In this context, the calculations are made by dividing the total hours of training given to the employees during the reporting period by the number of employees as of 31 December 2020 (private security and servant staff are not included in these calculations.).</p>
<ul style="list-style-type: none"><li>● Number of employees received "Anti-Bribery and Anti-Corruption" training and total training time</li><li>● Number of employees received "Ethical Principles / Business Ethics" training and total training time</li><li>● Number of employees received "Human Rights" training and total training time</li><li>● Number of employees received "Sustainability" training and total training time</li><li>● Number of employees received "Information Security" training and total training time</li></ul>	<p>"Anti-Bribery and Anti-Corruption", "Ethical Principles", "Human Rights" and "Sustainability" trainings are covered by the training modules including those subjects. Calculations for this indicator consider the number of employees participated in those trainings and the amount of time allocated to those issues within these trainings. There are no trainings directly devoted to "Anti-Bribery and Anti-Corruption", "Ethical Principles", "Human Rights" and "Sustainability" issues within the Bank. However, these issues have been addressed within certain training programs for certain periods of time. Therefore, when calculating the total hours of training and the number of participants, the time allocated for these titles is taken into account within the existing training programs. On the other hand, when calculating the training periods, the duration of the training given in these areas in the training programs organized by the Board of Inspectors for the Board Members are not included.</p> <p>The subject of human rights is also mentioned in the course of " Law on Private Security Services and Individual Rights", which is provided to private security personnel as part of the renewal trainings at certain time intervals. This subject was not included in calculations, since it is a subject mentioned within the 10-hour renewal trainings provided by different suppliers in different provinces.</p>
<p>Calculations for total hours of information security trainings, considered the number of employees participated in trainings covering information security related issues (cyber security, social engineering and information security etc.) and the number of hours devoted those subjects.</p>	

Talent Management Indicators

- Hours of training per newly recruited employees in the first year
- Hours of Management and Leadership Development Program training per person
- Hours of IT Competence Development Trainings per person
- Share of digital trainings in total trainings

Hours of training per newly recruited employees in the first year indicates the ratio of the total hours of training received by new employees during the reporting period to the number of newly recruited employees. In calculation of the relevant indicator, private security staff, members of the Board of Directors and servant staff were excluded.

Hours of management and leadership development programs per person is calculated by dividing the total hours of training management and leadership development programs by the number of managers (Submanager and above) who participated in management and leadership development programs during the reporting period as of 31 December 2020. Hours of IT competence development training per person is calculated by dividing the total hours of "IT Business Line Trainings" during the reporting period with the number of employees within the Information Technologies and Data Management Divisions (excluding private security and servant staff) as of 31 December 2020.

Digital trainings include trainings such as videos, e-trainings and e-games. The share of digital trainings in total trainings is calculated by dividing the total duration of Digital Trainings completed in the reporting period by the total hours calculated for all trainings.

Human Resources Indicators

Total number of employees

Total number of employees covers all employees of İşbank those are employed at Turkey and overseas operations as of 31<sup>st</sup> of December 2020. Interns; subcontractors; employees of Bank-Finance and Insurance Workers Union (BASİSEN) and İşbank Members' Supplementary Pension Fund and subsidiary employees at Turkey and overseas operations are excluded from the total number of employees.

Breakdown of employees by gender and type of employment

This indicator refers to breakdown of total number of employees by gender and employment type (Full Time / Part Time and Partial Time Status). Employment types include full time, part time and partial time status employees. Part time employees include those, for whom, a working day consists of 4 hours. Whereas partial time status employees include those, for whom a working day consists of 5 hours. Partial time status is provided to contract-based employees as well as permanent staff who had returned from maternity leave or their partners.

Employee turnover rate (%)

Covers the ratio of the total number of employees who resigned during the year to the average number of employees. The average number of employees is calculated by dividing the sum of number of Bank's employees determined at each month by 12.

Women ratio in management (%)

Covers the ratio of total number of female employees with the title of Submanager and above to the total number of employees working with the title of Submanager and above, as of 31 December 2020. (Submanager and above titles include Submanager, IT manager, managers and members of the Board of Directors.)

Unionization rate (%)

This indicator covers the ratio of employees who are members to BASİSEN to the total number of employees as of 31<sup>st</sup> of December 2020.

Number of employees benefited from maternity leave

Covers the number of employees who had left for paid or unpaid maternity leave during the reporting period.

Number of employees returned from maternity leave

Covers the number of employees who had returned from paid or unpaid maternity leave during the reporting period.

Rate of return from maternity leave

The ratio of return from maternity leave is defined as the ratio of female employees who had returned to work from (paid or unpaid) maternity leave during the reporting period to the total number of female employees whose date of return from (paid or unpaid) maternity leave was within the reporting period.

Retention rate after maternity leave

Retention rate after maternity leave covers the female employees those who continue to work at İşbank as of the end of reporting period. Reporting and calculations for those employees cover one year prior to the reporting period. The rate of retention reported for 2020 reflects the rate of female employees who had returned from (paid or unpaid) maternity leave in 2019 and continued to work at İşbank for 1 year to the number of female employees who had returned from (paid or unpaid) maternity leave in 2019.

Number of employees benefited from paternity leave

Number of employees benefited from paternity leave represents the number of male employees whom spouses are benefited from the maternity leave, whose leave start date is in the reporting period (01.01.2020/31.12.2020) and who are within the scope of apology leave due to their spouse giving birth.

OHS data on the basis of female and male employees

Number of incidents

Occupational Health and Safety related data covers İşbank employees within the borders of the Republic of Turkey.

It covers the definition of work accident within laws numbered 6331 and 5510. In this context, calculations are made by considering the statements of the employees who reported work accidents, the hospital reports, the workplace doctor or the institution doctor reports.

Injury rate

It is the ratio of the number of injuries resulting from occupational accidents to the total number of full-time employees.

Number of work related fatalities

It is the number of fatalities resulting from accidents. As a result of the incident, it is evaluated according to the result of the fatalities report submitted by the competent authorities together with the judicial authorities.

Number of occupational disease

It is the number of temporary or permanent diseases that are exposed due to a recurring reason caused by the nature of the work or related conditions of the work. These calculations are made in-line reports that have been prepared by the Health Boards authorized by the Turkish Ministry of Health.

Absence due to accident

Calculated by considering the days of absence due to work accidents. In this regard, calculations are made according to the periods as stated in the doctor/hospital reports of the employees those had reported work accidents to Human Resources Management Division.

Total injury frequency rate (IR - Injury Rate)

The ratio of accidents during the year to total working time is calculated. In this regard, calculations are made by the formula of "Total number of accidents\* 200.000/ (Total working hours - Lost hours)". The number of accidents in this formula is obtained from the accident report forms filled out by employees. While calculating total working hours, official holidays within the year are subtracted and 1 workday is accepted as 8 hours.

Lost hour data is reported by calculating total number of work hours lost by the number of daily absences due to accidents.

Lost day rate (LDR)

Covers the ratio of the number of days lost due to work accidents to total work hours. This calculation uses the following formula "(Total number of lost days \* 200.000)/Total work hours". The lost days in the formula covers absences due to accident.

Occupational disease rate (ODR)

It is calculated by taking into account the ratio of total working hours of employees who are exposed to temporary or permanent occupational diseases due to a recurring reason caused by the nature of the work or due to conditions of the work. In this calculation, the formula used was as the following: "(Number of Occupational Diseases \* 200.000) / Total Working Hours".

Absentee rate (AR)

Covers the ratio of lost work hours to total work hours. This calculation uses the formula "Lost work hours/Total human work hours".

Number of OHS Committees established and the total number of members and representatives working on the committees

The indicator covers the number of OHS committees established at İşbank buildings with an employee population of 50 or more, in accordance with the law number 6331 on OHS. In this context total number of members corresponds to the total number of members to OHS committees. Union representatives are considered as natural employee representatives.

# Independent Limited Assurance Report

## To the Board of Directors of T. İş Bankası A.Ş.

We were engaged by Türkiye İş Bankası A.Ş. (hereinafter “Company” or “İş Bankası”) to provide limited assurance on the “Selected Information” contained in the Reporting Guidance of the Environmental Indicators Report (hereinafter “the Report”) for the year ended 31 December 2020.

The scope of our assurance is limited to the Selected Information listed below which are defined in the Reporting Guidance section of the Report:

- Number of renewable energy projects financed during the year, installed power size (MW) and loan amount provided to these projects (million USD)
- Total amount of cash commercial loans extended in the agricultural sector (billion TL)
- Total amount of loan agreements signed with international financial institutions within the sustainable framework for the year of 2020
- Total financing provided to SMEs (billion TL)
- Number of projects and risk categories financed through environmental and social assessment
- Number of field visits within environmental and social risk management
- Number of saplings planted during the year within the scope of the project carried out with the TEMA Foundation
- Total number of employees
- Breakdown of employees by gender and type of employment
- Employee turnover (%)
- Women ratio in management (%)
- Unionization ratio (%)
- Number of employees benefited from maternity leave
- Number of employees returned from maternity leave
- Rate of return from maternity leave (%)
- Retention rate after maternity leave (%)
- Number of employees benefited from paternity leave
- OHS data on the basis of female and male employees
  - Number of accidents
  - Number of fatal cases
  - Number of occupational diseases
  - Absence due to accident
  - Accident frequency rate
  - Lost day rate
  - Ratio of occupational diseases
  - Absentee rate (AR)
  - Injury rate

- Number of work related fatalities
- Number of employees working in occupational disease risk related positions
- Number of OHS committees established and the total number of members and representatives working at the committees
- Average training hours per employee per year (with a gender breakdown)
- Number of training hours per newly recruited employees in the first year
- Number of employees who attended to training on “Fight against Corruption and Bribery”, “Principals of Ethics/ Business Ethics”, “Human Rights” and “Sustainability” and number of training hours
- Number of employees who attended to information security trainings and number of training hours
- Share of digital trainings in total trainings (%)
- Number of training hours per person for management and leadership programs
- Number of training hours per person for IT competency development trainings
- Greenhouse Gas Emissions
  - Scope 1 (tCO<sub>2</sub>e)
  - Scope 2 (tCO<sub>2</sub>)
  - Scope 3 (tCO<sub>2</sub>e)
- Electricity consumption (kWh)
- Natural gas consumption (m3)
- Total energy consumed (GJ)
- Fuel consumption of vehicles
  - Fuel consumption of company vehicles (lt)
  - Personnel service vehicles (lt)
  - Fuel consumption by private vehicles (lt)
- Total water consumption (m<sup>3</sup>)
  - Total mains water consumption - Blue (m<sup>3</sup>)
  - Total ground water consumption - Green (m<sup>3</sup>)
  - Total waste water consumption - Gray (m<sup>3</sup>)
- Amount of recycled water (m3)
- Paper consumption (tons)
- Amount of recycled paper (tons)
- Amount and types of recycled hazardous waste (tons)
- Amount and types of recycled non-hazardous waste (tons)
- Emission Intensities
  - Emission per employee (tCO<sub>2</sub>e/number of employees)
  - Emission according to consolidate total assets (tCO<sub>2</sub>e/TL)
  - Emission according to consolidate net profit (tCO<sub>2</sub>e/TL)
- Number of views for İŞTE KOBİ

## Other Indicators

Total amount of loan agreements signed with international financial institutions within the sustainable framework for the year of 2020	In 2020, the amount of loans obtained from international financial institutions such as KfW, EIB, EBRD, Proparco, OPIC and IFC to create environmental and social benefits through bilateral agreements or securitization transactions were controlled. A list of loan agreements that are in-line with the sustainable framework signed with international financial institutions was obtained from the Financial Institutions Division, and the relevant loan agreements and loan proceeds and related supporting documents were reviewed. Criteria such as signing date, official signatures, loan proceed and use of proceed date and principal amount, interest amount, original currency type in these contracts and loan proceed documents were analysed. The bank system screenshots of the relevant loans were obtained and compared with the screenshots of the amounts reported to the The Central Bank of the Republic of Turkey and the BRSA.
Number of customers	The indicator covers all İşbank clients (including real and legal persons) as of 31 December 2020 except for cancelled customers (customers whose accounts were closed) and customers with non-performing loans, also including clients and persons who had engaged with the Bank (those who made a credit application or a money transfer as well as those who possess a supplementary card and those who represent an İşbank client) hence seen as a potential client.
Number of digital banking customers	The number of customers who have successfully logged into any of the individual İşCep, commercial İşCep, Maximum Mobil, Maximum İşyerim, individual Internet Branch or Commercial Internet Branch channels with their customer number and password during the reporting period.
Number of mobile banking users	The number of customers who have successfully logged into any of the individual İşCep, commercial İşCep, Maximum İşyerim or Maximum Mobil channels with their customer number and password during the reporting period.
Customer Satisfaction Score Net Promoter Score	The indicator covers scores reflected in individual and commercial customer experience surveys conducted by independent research companies during the reporting period.
Total paper savings thanks to digitized processes	The indicator reflects the difference of the total number of pages printed in same brand printers in İşbank branches during the reporting period compared to the previous year. During the calculations number of print reports provided by the printers were taken into account.
Number of trees planted during the year within the scope of the project carried out with the TEMA Foundation	Includes the number of trees which will be planted in 2020 in exchange to the paper waste (papers belonging to the expired files collected from archives) donated by İşbank to TEMA in between February 1, 2019 - February 29, 2020. 1 tree is planted for every 100 kg of paper waste donated. In this context, receipts of collected paper waste from İşbank archives were examined.
Number of graduates from “81 Students from 81 Cities” Project conducted with Darüşşafaka	Includes the number of graduates during the reporting period from Darüşşafaka within the scope of the scholarship program, 81 Students from 81 Cities, conducted by İşbank with Darüşşafaka. An official letter provided by Darüşşafaka was taken into consideration.
Total amount of cash loans extended to the agricultural sector (billion TL)	Covers the total amount of retail and commercial cash loans extended to the agriculture and livestock sector during the reporting period and also includes loans covered by the NACE A code. The labelling and classification of loans on the system has been checked and tested.
Total amount of loans provided to SMEs (billion TL)	Definition of this indicator in previous years, covered individual and commercial cash loans extended to SMEs. During the reporting period of 2020, the definition was extended to cover individual and commercial cash and non-cash loans extended to SMEs.
Number of views of İŞTE KOBİ	Includes the number of users logged into İşbank’s www.istekobi.com.tr website which has been active since 2008, during the reporting period. Calculations within this indicator took into account Google Analytics data.
Number of Bankamatik ATMs	Includes the total number of ATMs belonging to İşbank in Turkey and Turkish Republic of Northern Cyprus (TRNC) as of the reporting period. In this context data provided by the Interbank Card Center for December 2020 has been taken into account.
Number of disabled friendly Bankamatik ATMs	Includes the total number of ATMs belonging to İşbank, located in Turkey and TRNC which are accessible to a wheelchair and/or includes a headphone jack as of the reporting period.
Total amount of cash loans extended to the women entrepreneurs	In the year of 2020, total amount of loans extended to the female customers whom definition is in-line with the BRSA’s SME loan definition in TL among the loans extended to SMEs was checked and tested.

- Total amount of cash loans extended to the women entrepreneurs
- Number of customers
- Net Promoter Score
- Customer Satisfaction Score
- Number of Bankamatik ATMs
- Number of disabled-friendly Bankamatik ATMs
- Number of digital banking customers
- Number of mobile banking users
- Total paper savings thanks to digitized processes (Number of pages printed)
- Number of graduates from "81 Students from 81 Cities" Project conducted with Darüşşafaka

#### Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Reporting Guidance section of the Report, and the information and assertions contained within it; for determining İş Bankası's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that İş Bankası complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

#### Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the

International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

The firm follows International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

#### Procedures performed

A limited assurance engagement on Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.
- Using the Reporting Guidance of the Report to evaluate and measure the Selected Information;
- Evaluating the design and implementation of key processes and controls over the Selected Information;
- Re-performing, on a sample basis, calculations used to prepare the Selected Information for the reporting period;
- Evaluating the disclosure and presentation of the Selected Information in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of İş Bankası.
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.

- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of İş Bankası.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and 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.

#### Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

#### Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information of the Report of İş Bankası for the year ended 31 December 2020 is not presented, in all material respects, in accordance with the Reporting Guidance of the Report.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for İş Bankası in connect with reporting to İş Bankası and for no other purpose or in any other context.

#### Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than İş Bankası, for any purpose or in any other context. Any party other than İş Bankası who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than İş Bankası for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of KPMG International Cooperative



**Şirin Soysal,**  
Partner  
İstanbul, 30 June 2021



# GRI CONTENT INDEX



Disclosure	Descriptions and Page Numbers	
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Corporate Profile		
	102-1	About the Report, Page: 5
	102-2	About İşbank, Page: 10 <a href="https://www.isbank.com.tr/en/about-us/who-we-are">https://www.isbank.com.tr/en/about-us/who-we-are</a>
	102-3	<a href="https://www.isbank.com.tr/en/contact-us">https://www.isbank.com.tr/en/contact-us</a>
	102-4	About İşbank, Page: 10
	102-5	About İşbank, Page: 10 <a href="https://www.isbank.com.tr/en/about-us/ownership-structure">https://www.isbank.com.tr/en/about-us/ownership-structure</a>
	102-6	<a href="https://www.isbank.com.tr/en/about-us/our-subsiidiaries">https://www.isbank.com.tr/en/about-us/our-subsiidiaries</a>
	102-7	About İşbank, Page: 10
	102-8	Equal Opportunity and Diversity, Page: 111; Human Resources Indicators, Page: 148-150
	102-9	Responsible Procurement, Page: 127-128; Supplier Code of Conduct, <a href="https://www.isbank.com.tr/en/about-us/our-policies">https://www.isbank.com.tr/en/about-us/our-policies</a>
	102-10	GRI Content Index: Anadolu Cam, Trakya Cam, Soda Sanayii, Denizli Cam and Paşabahçe Cam, which are the companies of Şişecam Group, were registered as Türkiye Şişe ve Cam Fabrikaları A.Ş. united under its roof on 30.09.2020. Our direct share rate, which was 67.54% before the merger, is currently 50.93% in Türkiye Şişe ve Cam Fabrikaları A.Ş.
	102-11	Risk Management, Page: 59-62
	102-12	Corporate Memberships, Page: 144-145; Supported Initiatives in the field of Sustainability, Page: 32-34
	102-13	Corporate Memberships, Page: 144-145
Strategy		
	102-14	Chairperson's Message, Page: 6-7; Message from the CEO, Page: 8-9
	102-15	Risk Management, Page: 59-62 ; Future Ahead: Risks, Opportunities & Future Insights, Page: 12-17
Ethics and Integrity		
	102-16	Business Ethics, Page: 57-58; Ethical Principles, <a href="https://www.isbank.com.tr/en/about-us/corporate-governance">https://www.isbank.com.tr/en/about-us/corporate-governance</a>
	102-17	Business Ethics, Page: 57-58; Ethical Principles, <a href="https://www.isbank.com.tr/en/about-us/corporate-governance">https://www.isbank.com.tr/en/about-us/corporate-governance</a>

Governance		
	102-18	2020 Annual Report, Page: 94-98 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-19	Sustainability Management, Page: 37
	102-20	Sustainability Management, Page: 37
	102-21	Sustainability at İşbank, Page: 28-45; Sustainability Priorities, Page: 35-36
	102-22	2020 Annual Report, Page: 94-106 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-23	GRI Content Index: The Chairperson of İşbank has no executive duty.
	102-24	2020 Annual Report, Page: 112-123 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-25	Corporate Governance, Page: 38; 2020 Annual Report, Page: 112-117 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-26	Corporate Governance, Page: 57-58; 2020 Annual Report, Page: 112-117 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-27	Corporate Governance, Page: 57-58; 2020 Annual Report, Page: 112-117 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-28	Corporate Governance, Page: 57-58; 2020 Annual Report, Page: 112-117 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-29	Sustainability Management, Page: 37; 2020 Annual Report, Page: 130-132, 134-136 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-30	Risk Management, Page: 38; 2020 Annual Report, Page: 130-132, 134-136 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-31	Sustainability Management at İşbank, Page: 38; 2020 Annual Report, Page: 130-132, 134-136 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-32	Sustainability Management, Page: 37
	102-33	Stakeholder Expectations and İşbank's Response, Page: 38-42
	102-34	Stakeholder Expectations and İşbank's Response, Page: 38-42
	102-35	Remuneration Policy, <a href="https://www.isbank.com.tr/en/about-us/corporate-governance">https://www.isbank.com.tr/en/about-us/corporate-governance</a> ; 2020 Annual Report, Page: 116 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-36	Remuneration Policy, <a href="https://www.isbank.com.tr/en/about-us/corporate-governance">https://www.isbank.com.tr/en/about-us/corporate-governance</a> ; 2020 Annual Report, Page: 116 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-37	Remuneration Policy, <a href="https://www.isbank.com.tr/en/about-us/corporate-governance">https://www.isbank.com.tr/en/about-us/corporate-governance</a> ; 2020 Annual Report, Page: 116 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-38	Remuneration Policy, <a href="https://www.isbank.com.tr/en/about-us/corporate-governance">https://www.isbank.com.tr/en/about-us/corporate-governance</a> ; 2020 Annual Report, Page: 116 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
	102-39	Remuneration Policy, <a href="https://www.isbank.com.tr/en/about-us/corporate-governance">https://www.isbank.com.tr/en/about-us/corporate-governance</a> ; 2020 Annual Report, Page: 116 <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
Stakeholder Engagement		
	102-40	Stakeholder Expectations and İşbank's Response, Page: 38-42
	102-41	Employee Rights, Page: 107
	102-42	Stakeholder Dialogue, Page: 64-65; Stakeholder Expectations and İşbank's Response, Page: 38-42
	102-43	Stakeholder Dialogue, Page: 64-65; Stakeholder Expectations and İşbank's Response, Page: 38-42
	102-44	Stakeholder Dialogue, Page: 64-65; Stakeholder Expectations and İşbank's Response, Page: 38-42

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. GRI STATEMENT: The service was performed on the Turkish language version of the report.

Reporting Practices		
	102-45	About the Report, Page: 5 https://www.isbank.com.tr/en/about-us/financial-statements
	102-46	About the Report, Page: 5
	102-47	Sustainability Priorities, Page: 35
	102-48	GRI Content Index: There are no restatements of information.
	102-49	GRI Content Index: There are no significant changes.
	102-50	About the Report, Page: 5
	102-51	GRI Content Index: This is the third Integrated Report of İşbank. The previous report was published as Integrated Report of İşbank 2019.
	102-52	About the Report, Page: 5
	102-53	sustainability@isbank.com.tr
	102-54	About the Report, Page: 5
	102-55	GRI Content Index, Page: 160
	102-56	Independent (Limited) Assurance Report, Page: 157

Priority Issues		
Standard	Disclosures	Descriptions and Page Numbers
Financial Performance and Profitability		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Financial Performance and Profitability, Page: 48-51
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Financial Performance and Profitability, Page: 48-51
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Financial Performance and Profitability, Page: 48-51
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Value Creation Model, Page: 28; Financial Performance and Profitability, Page: 48-51
	201-4	GRI Content Index: In the scope of the reduction in order-based R&D, innovation and design activities introduced by the Regulation on Implementation and Supervision of Support for Research, Development and Design Activities published in the Official Gazette dated 10.8.2016 and numbered 29797, an R&D discount of TRY 31,974 thousand has been achieved.

Business Ethics		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Management Approach, Page: 54-65
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Management Approach, Page: 54-65
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Management Approach, Page: 54-65
GRI 205: ANTI-CORRUPTION 2016	205-1	Business Ethics, Page: 57-58
	205-2	Business Ethics, Page: 57-58
	205-3	Business Ethics, Page: 57-58
GRI 408: CHILD LABOR 2016	408-1	GRI Content Index: Among the recruitment conditions in our Bank's Personnel Regulations, there is a regulation of 'being over the age of 18'.
GRI 409: FORCED and COMPULSORY LABOR 2016	409-1	GRI Content Index: The working conditions of employees at İşbank are determined within the framework of the provisions of the Collective Bargaining Agreement and the Bank's legislation, as well as national and international regulations. In this context, the principle of freedom of employment and contract as expressed in the Constitution is valid at İşbank. In addition, İşbank is among the organizations with the highest rate of unionized employees in the sector. Therefore, İşbank does not have any operations with the risk of forced / compulsory labor.
GRI 410: SECURITY PRACTICES 2016	410-1	GRI Content Index: 19% of security personnel attended the renovation training in 2020.
GRI 412:HUMAN RIGHTS ASSESSMENT 2016	412-2	Business Ethics, Page: 57-58
GRI 415: PUBLIC POLICY 2016	415-1	GRI Content Index: İşbank does not provide aids to political parties.

Risk Management		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page:35; Risk Management, Page:59-62
	103-2 The Management Approach and its Components	Sustainability Priorities, Page:35; Risk Management, Page:59-62
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page:35; Risk Management, Page:59-62
GRI 201: ECONOMIC PERFORMANCE 2016	201-2	Combating Climate Change, Page: 86-87; Future Ahead: Risks, Opportunities & Future Insights, Page: 12-17

Compliance with Regulation		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Compliance, Page: 63-64
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Compliance, Page: 63-64
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Compliance, Page: 63-64
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016	206-1	GRI Content Index: There are no cases of anti-trust and anti-competitive behavior in the reporting period.
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	GRI Content Index: There are no significant fines or sanctions in the reporting period.
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	419-1	2020 Annual Report, Page: 226, 227, 340

Stakeholder Dialogue		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Stakeholder Dialogue, Page: 64
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Stakeholder Dialogue, Page: 64
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Stakeholder Dialogue, Page: 64

Transparency and Reporting		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Transperency and Reporting, Page: 65
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Transperency and Reporting, Page: 65
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Transperency and Reporting, Page: 65

Digital Transformation		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Digital Banking, Page: 70-77
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Digital Banking, Page: 70-77
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Digital Banking, Page: 70-77

Customer Orientation		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Customer Centricity, Page: 77-79
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Customer Centricity, Page: 77-79
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Customer Centricity, Page: 77-79
GRI 417: MARKETING and LABELING 2016	417-1	İşbank Banking, Page: 28-29; Responsible Marketing, Page: 101; Finanacial Literacy, Page: 101
	417-2	GRI Content Index: No such case occurred during the reporting period.
	417-3	GRI Content Index: No such case occurred during the reporting period.

Data Safety and Customer Confidentiality		
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Information Security and Privacy, Page: 79-81
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Information Security and Privacy, Page: 79-81
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Information Security and Privacy, Page: 79-81
GRI 418: CUSTOMER PRIVACY 2016	418-1	GRI Content Index: Number of complaints is not disclosed due to data privacy.

#### Responsible Finance Integrating ESG Criteria

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Environmental and Social Risk Management in Lending, Page: 87-89
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Environmental and Social Risk Management in Lending, Page: 87-89
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Environmental and Social Risk Management in Lending, Page: 87-89
GRI 304: BIODIVERSITY 2016	304-2	Environmental and Social Risk Management in Lending, Page: 87-89
GRI 412:HUMAN RIGHTS ASSESSMENT 2016	412-3	Environmental and Social Risk Management in Lending, Page: 87-89
GRI 413: LOCAL COMMUNITIES 2016	413-2	Environmental and Social Risk Management in Lending, Page: 87-89

#### Responsible Products and Services Portfolio

103-1 Explanation of the Material Topic and its Boundary	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Responsible Products and Services, Page: 94-95
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Responsible Products and Services, Page: 94-95
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Responsible Products and Services, Page: 94-95

#### Responsible Marketing

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Responsible Marketing, Page: 101
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Responsible Marketing, Page: 101
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Responsible Marketing, Page: 101

#### Financial Inclusion

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Financial Inclusion, Page: 96-100
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Financial Inclusion, Page: 96-100
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Financial Inclusion, Page: 96-100

#### Employee Rights and Satisfaction

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Employee Rights and Satisfaction, Page: 106
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Employee Rights and Satisfaction, Page: 106
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Employee Rights and Satisfaction, Page: 106
GRI 202: MARKET PRESENCE 2016	202-1	Employee Rights, Page: 107; Remuneration Policy, <a href="https://www.isbank.com.tr/en/about-us/corporate-governance">https://www.isbank.com.tr/en/about-us/corporate-governance</a>
GRI 401: EMPLOYMENT 2016	401-1	Human Resources Indicators, Page: 148-150
	401-2	Human Resources Indicators, Page: 148-150
	401-3	Human Resources Indicators, Page: 148-150
GRI 402: LABOR/ MANAGEMENT RELATIONS 2016	402-1	GRI Content Index: In case of significant operational changes, legal notice periods are followed.
GRI 403: OCCUPATIONAL HEALTH and SAFETY 2018	403-1	Occupational Health and Safety, Page: 110
	403-2	Occupational Health and Safety, Page: 110
	403-3	Occupational Health and Safety, Page: 110
	403-4	Occupational Health and Safety, Page: 110
	403-5	Occupational Health and Safety, Page: 110
	403-6	Occupational Health and Safety, Page: 110; Combating the Coronavirus Pandemic (COVID-19), Precautions Taken for Employees, Page: 18-25
	403-8	Human Resources Indicators, Page: 148-150
	403-9	Human Resources Indicators, Page: 148-150
	403-10	Human Resources Indicators, Page: 148-150
GRI 407: FREEDOM of ASSOCIATION and COLLECTIVE BARGAINING 2016	407-1	Employee Rights, Page: 107

#### Equal Opportunity and Diversity

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Equal Opportunity and Diversity, Page: 111-114
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Equal Opportunity and Diversity, Page: 111-114
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Equal Opportunity and Diversity, Page: 111-114
GRI 201: ECONOMIC PERFORMANCE 2016	201-3	2020 Annual Report, Page: 162, 225-227, <a href="https://www.isbank.com.tr/en/about-us/financial-statements">https://www.isbank.com.tr/en/about-us/financial-statements</a>
GRI 405: DIVERSITY and EQUAL OPPORTUNITY 2016	405-1	Human Resources Indicators, Page: 148-150; Equal Opportunity and Diversity, Page: 111-114
	405-2	GRI Content Index: Remuneration is managed through transparent and measurable processes and systems, and there is no gender-based wage differentiation. This rate is 1 as there is no difference in wages based on gender. Employee Rights, Page: 107
GRI 406: NON-DISCRIMINATION 2016	406-1	GRI Content Index: İşbank takes all decisions about its employees independent of race, religion, language, sect or any belief, gender, mental or physical disability, age, cultural or social class differences; it refuses any discrimination against or among the employees and managers.

#### Talent Management

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Talent Management, Page: 114-121
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Talent Management, Page: 114-121
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Talent Management, Page: 114-121
GRI 404: TRAINING AND EDUCATION 2016	404-1	Talent Management, Page: 114-121; Human Resources Indicators, Page: 148-150
	404-2	Talent Management, Page: 114-121
	404-3	Talent Management, Page: 114-121

#### Responsible Procurement

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Responsible Procurement, Page: 127-128
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Responsible Procurement, Page: 127-128
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Responsible Procurement, Page: 127-128
GRI 204: PROCUREMENT PRACTICES 2016	204-1	Responsible Procurement, Page: 127-128
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	Responsible Procurement, Page: 127-128
	308-2	Responsible Procurement, Page: 127-128
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	Responsible Procurement, Page: 127-128
	414-2	GRI Content Index: No negative social impacts were observed in the supply chain.

#### Environmental Footprint of the Bank

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Environmental Impact, Page: 128-131; Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/en/about-us/Documents/sustainability/environment-and-social-impact-policy.pdf">https://www.isbank.com.tr/en/about-us/Documents/sustainability/environment-and-social-impact-policy.pdf</a>
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Environmental Impact, Page: 128-131; Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/en/about-us/Documents/sustainability/environment-and-social-impact-policy.pdf">https://www.isbank.com.tr/en/about-us/Documents/sustainability/environment-and-social-impact-policy.pdf</a>
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Environmental Impact, Page: 128-131; Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/en/about-us/Documents/sustainability/environment-and-social-impact-policy.pdf">https://www.isbank.com.tr/en/about-us/Documents/sustainability/environment-and-social-impact-policy.pdf</a>
GRI 302: ENERGY 2016	302-1	Responsible Operations, Key Performance Indicators, Page: 126
	302-2	Responsible Operations, Key Performance Indicators, Page: 126
	302-3	Responsible Operations, Key Performance Indicators, Page: 126
	302-4	Environmental Impact, Page: 128-131
	302-5	Environmental Impact, Page: 128-131
GRI 303: SU VE ATIKLAR 2018	303-3	Responsible Operations, Key Performance Indicators, Page: 126
	303-5	Responsible Operations, Key Performance Indicators, Page: 126
GRI 305: EMİSYONLAR 2016	305-1	Responsible Operations, Key Performance Indicators, Page: 126
	305-2	Responsible Operations, Key Performance Indicators, Page: 126
	305-3	Responsible Operations, Key Performance Indicators, Page: 126
	305-4	Responsible Operations, Key Performance Indicators, Page: 126
	305-5	Environmental Impact, Page: 128-131
GRI 306: ATIK SULAR VE ATIKLAR 2016	306-2	Responsible Operations, Key Performance Indicators, Page: 126
	306-3	GRI Content Index: No significant leakage / spillage incident occurred during the reporting period.
	306-5	GRI Content Index: There is no water resource that is significantly affected by İşbank's activities.

#### Social Investment Programs

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Positive Value for Society, Page: 134-143
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Positive Value for Society, Page: 134-143
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Positive Value for Society, Page: 134-143
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Financial Performance and Profitability, Page: 48-51
	203-2	Financial Performance and Profitability, Page: 48-51
GRI 413: LOCAL COMMUNITIES 2016	413-1	Environmental and Social Risk Management in Lending, Page: 87-89

#### Financial Literacy

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Positive Value for Society, Page: 134-143
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Positive Value for Society, Page: 134-143
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Positive Value for Society, Page: 134-143

#### Combating Climate Change

GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Priorities, Page: 35; Combating Climate Change, Page: 86-87
	103-2 The Management Approach and its Components	Sustainability Priorities, Page: 35; Combating Climate Change, Page: 86-87
	103-3 Evaluation of the Management Approach	Sustainability Priorities, Page: 35; Combating Climate Change, Page: 86-87





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