



TÜRKİYE HALK BANKASI A.Ş. CLIMATE TRANSITION PLAN

As one of the most established and respected members of the Turkish banking sector, Halkbank works to minimize its environmental impact with its holistic policy and strategies consisting of concrete commitments. These strategies were created with the awareness of the risks that threaten a sustainable future. Halkbank's motto is that "We are People First, Then the Bank", and with this mindset Halkbank has adopted the sustainability strategy of gaining a respected place in the banking sector by supporting ethical and safe banking principles, minimizing environmental risks, and offering innovative products and services that increase social welfare, with the awareness of its social responsibility and duty.

In this context, Halkbank Climate Transition Strategy was established with the most pressing issues as; reaching net zero by 2050, managing climate-related risks and providing funds to groups with limited access to financing in order to make our credit portfolio and operations more resilient to climate change.

With regard to reducing the environmental impact of its activities, Halkbank continues its waste reduction efforts with the principle of zero waste, in line with its responsible banking culture. With the Zero Waste Regulation taking effect in 2019, all service locations were integrated to the zero-waste regulation and became entitled to receive the Zero Waste Certificate. In line with our plastic-free banking approach, Halkbank has terminated the use of plastic water bottles in all service locations starting from the head office buildings. In place of plastic water bottles self-purifying water dispensers were introduced in all service locations.

To reduce its energy and natural resource consumption Halkbank develops innovative solutions to increase efficiency and reduce losses. Halkbank Data Center building has earned the title of being the first LEED green building certified Data Center in Turkey. By integrating ISO 14001 Environmental Management System and ISO 50001 Energy Management System into its business processes in 2016, Halkbank has determined its impacts on energy, emissions, water and waste management systematically and works on its efficiency to keep these impacts at a minimum level. Additionally, the Bank has been calculating its carbon footprint since 2013 and reporting its corporate carbon footprint in accordance with international legislations and standards.

In 2022, Halkbank joined the Net-Zero Banking Alliance (NZBA), a global collaboration established by the United Nations Environment Program Finance Initiative (UNEP FI), and committed to aligning its entire credit and investment portfolio with the net-zero emissions target by 2050. Halkbank has also become the first Turkish bank to commit to the Science Based Targets Initiative (SBTi) to become "Net Zero" for both its direct activities and portfolio emissions by 2023. In the upcoming period, Halkbank will consider carbon emission reduction targets within investments in electricity generation as well as corporate and commercial segment loans.

Furthermore, by addressing the risks and opportunities created by the climate crisis together, Halkbank encourages green transformation in the economy with the effect of its transformative power. The Bank works for electric vehicle transformation and energy efficiency within the scope of renewable energy sources, which play a major role in eliminating the negative effects of climate change on people and the environment.

By providing financial support to SMEs and vendors, which are among the most important components of our economy, Halkbank contributes to directing investments to more sustainable technologies and businesses. Halkbank believes that the participation of women and young entrepreneurs in the economy is the key to sustainable development and continues its work in this direction. In this context, Halkbank continues to increase the number of value-oriented products and services to support the participation of women and young people in the economy.

In order to evaluate the financed investment projects and companies from an environmental and social perspective, the Bank carries out environmental and social impact assessments and classifies the projects and companies it finances according to green and social criteria. Loan and investment projects financed by Halkbank are scored within the scope of "Sustainability Assessment" using the Company Rating Report (FDR) scoring methodology, and the scoring result affects the company's overall rating. Not only investments, but also the activities of companies applying for loans are evaluated on issues falling within the scope of sustainability.

The main headings included in the Sustainability Assessment are:

- Physical and Transition Risk Assessment Related to Climate Change,
- Assessment of National and International Memberships and Commitments Related to Sustainability,
- Carbon Emission Assessment with Local and Global Standards
- Strategy and Plans for Reducing Carbon Footprint
- Renewable Energy, Energy Efficiency and Water Saving Assessment
- Occupational Health and Safety Assessment
- Consumer Rights Sensitivity Assessment
- Employment Assessment for Disadvantaged Groups

Halkbank prioritizes sustainable development and works for a livable world where economic, social and environmental impacts are balanced and growth is achieved without disrupting this balance while considering the needs and expectations of all its stakeholders, thus aligning its activities with the UN Sustainable Development Goals. Based on national and international guidelines, the Bank has determined the cash credit risk associated with the Sustainable Development Goals with the participation of task groups consisting of relevant units. It has been calculated that approximately 88% of our cash credits are linked to the Sustainable Development Goals. In addition, a heat map study was completed in 2023 to analyze the vulnerability of the sectors in our portfolio to climate change in terms of both physical and transition risks.

Halkbank sees its stakeholders and solution partners as an integral part of the development of sustainability activities and expects its suppliers to reduce their negative environmental impacts, support the development of environmentally friendly products and technologies, take into consideration social issues such as respect for employee and human rights, business ethics, occupational health and safety, and adopt the Bank's sustainability-related policies while carrying out their activities.

Aware of its transformative power over sectors, Halkbank adopts a sustainability approach in its purchasing processes and evaluates its suppliers from whom it purchases over a certain amount, on issues such as environmental and energy management practices, employee and human rights, occupational health and safety, information security, ethical principles and the fight against corruption.

This Climate Transition Plan demonstrates Halkbank's commitment and responsibility to a sustainable future. The Bank is aware of its role in combating climate change and takes environmental impacts into account in its operations, investment decisions and supply chain. In line with this plan, it is resolutely moving towards the goal of leaving a more livable world for future generations by promoting sustainable financing and reducing its carbon footprint.