

# Statement of Compliance with Sustainability Principles

İstanbul, 02 March 2022

To the Board of Directors of İş Finansal Kiralama A.Ş.

İş Leasing acts with the target of surpassing the regulatory requirements, particularly the matters specified in the Sustainability Principles Compliance Framework of the Capital Markets Board of Türkiye (CMB).

Many of the activities İş Leasing undertakes in relation to sustainability coincide with the principles set forth in the "Sustainability Principles Compliance Framework" enforced by the CMB in 2020. In this scope, İş Leasing achieved compliance with part of the principles covered in the optional "Sustainability Principles Compliance Framework" developed by the CMB with the "comply or explain" approach. Full compliance could not be achieved with some of the principles yet due to various reasons such as the difficulties in practice, uncertainties in overall national and international arena, incompatibility of certain principles with the Company's existing structure, and the fact the compliance principles will be determined according to findings from studies that are currently in progress.

To contribute to our Company's goal to generate sustainable value, maximum compliance is targeted to be attained in the future with the principles with which full compliance has not yet been achieved. To this end, sustainability activities are carried on under the supervision of our Committee.

Accordingly, the Statement of Compliance with Sustainability Principles for 2021 operating period is presented in the Appendix, which incorporates the implemented and unimplemented aspects of the said principles and which has been prepared in line with our Company's priorities in this respect.

We have reviewed the Sustainability Principles Compliance Report that has been prepared for inclusion within the Company's annual report as per the Sustainability Principles. As a result of our assessment, the said Report has been found to be in conformity with our statement above, and presented for your information.

Sincerely,

İş Finansal Kiralama A.Ş.

Corporate Governance Committee

Neslihan Oruç  
Member

Doruk Yurtkuran  
Member

M. Coşkun Cangöz  
Member

Prof. Dr. Selim Yazıcı  
Chairman

# Sustainability Principles Compliance Report

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
<b>A. General</b>		
<b>A1. Strategy, Policy and Targets</b>		
The Board of Directors determines ESG material issues, risks and opportunities and puts forward ESG policies accordingly. As far as the effective implementation of these policies; In-partnership directives, business procedures etc. can be developed. The Board of Directors takes decisions regarding these policies and	Yes	<a href="https://www.isleasing.com.tr/surdurulebilirlik/">https://www.isleasing.com.tr/surdurulebilirlik/</a>
Designates the Partnership Strategy, appropriate to the ESG policies, risks and opportunities. Sets and discloses short and long-term targets in line with the partnership strategy and ESG policies.	Yes	2020 Sustainability Report, Page 30
<b>A2. Implementation / Monitoring</b>		
Determines and publicly discloses the committees / units responsible for the execution of ESG policies. The committee / unit in charge reports the activities carried out with respect to the policies to the Board of Directors at least once a year and in any case within the maximum periods specified for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Yes	<a href="https://www.isleasing.com.tr/surdurulebilirlik/">https://www.isleasing.com.tr/surdurulebilirlik/</a> 2020 Sustainability Report, Page 35-36
Belirlenen kısa ve uzun vadeli hedefler doğrultusunda uygulama ve eylem planlarını oluşturur ve kamuya açıklar.	Partially	2020 Sustainability Report, Page 42
Determines the Key Performance Indicators (KPI) of ESG and shares comparative data on a yearly basis. In the presence of verifiable qualified data, it presents KPIs with local and international industry comparisons.	Partially	Performance indicators are given comparatively on the basis of years in the sustainability report. However, there are no comparable and verifiable local or international sector comparisons in terms of indicators shared with the public. 2020 Sustainability Report, Page 61-62-63
Discloses innovation activities that improve the sustainability performance for business processes or products and services.	Yes	2020 Sustainability Report, Page 29
<b>A3. Reporting</b>		
Reports its sustainability performance, goals and actions at least once a year and shares with public. Explains the information regarding the sustainability activities within the annual report.	Yes	2020 Sustainability Report 30
It is essential to share information that is important for stakeholders in order to understand the position, performance and development of the partnership in a direct and concise manner. It can also explain comprehensive information and data on the corporate website, and arrange separate reports that directly meet the needs of other stakeholders.	Yes	2020 Sustainability Report
Takes maximum care in terms of transparency and reliability. Objectively explains all kinds of improvements on priority issues in the reports and disclosures on the basis of balanced approach.	Yes	2020 Sustainability Report, Page 21-22
Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals the activities are related to.	Yes	2020 Sustainability Report, Page 32
Provides information regarding the lawsuits filed and / or concluded on environmental, social and corporate governance issues.	Yes	There are no lawsuits filed and/or concluded against our Company on environmental, social and corporate governance issues.

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
<b>A4. Verification</b>		
If verified by independent third parties (independent assurance providers for sustainability), the sustainability performance measurements is shared with public and endeavors to increase the aforementioned verification processes.	Partially	Environmental and Social performance indicators have not yet been verified by an independent third party organization.
<b>B. Environmental Principles</b>		
Shares the policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	Partially	2020 Sustainability Report, Page 38
Complies with environmental laws and other relevant regulations and explains them.	Yes	2020 Sustainability Report Page 19-41
Explains the constraints regarding reporting period, reporting data, data collection period and reporting conditions of the environmental report to be prepared, under the Sustainability principles.	Yes	2020 Sustainability Report, Page 63-64-65
Explains the highest person responsible from the partnership regarding the environment and climate change issue, relevant committees and their duties.	Yes	2020 Sustainability Report, Page 35-36
Describes the incentives it offers for the management of environmental issues, including the achievement of targets	Yes	2020 Sustainability Report, Page 58
Explains how environmental challenges are integrated into business goals and strategies.	Yes	2020 Sustainability Report, Page 37-38-39
Explains the sustainability performances for business processes or products and services and the activities to help improve this performance.	Yes	2020 Sustainability Report, Page 56
Elucidates not just in terms of direct operations but also how environmental issues are managed along the value chain and how supplier and customers are integrated in its strategies.	Yes	2020 Sustainability Report, Page 60
Explains whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international), explains the cooperation with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties it has taken, if any, and the activities it supports.	No	It is targeted to be reported starting from 2021.
Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality.	No	It is targeted to be reported starting from 2021.
Gives a full environmental impact report regarding the effects of energy management, water and wastewater management, waste management, biodiversity impacts), periodically, in a comparable manner.	No	It is targeted to be reported starting from 2021.
Discloses the details of the standards, protocols, methodology and base year it uses to collect and calculate its data.	No	It will be evaluated in the forthcoming period.
Explains the status of the environmental indicators (increase or decrease) for the year it has been reported in comparison with previous years.	No	It will be evaluated in the forthcoming period.

# Sustainability Principles Compliance Report

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
Sets short- and longterm targets to reduce its environmental impact and discloses these targets It is recommended that these are Science-Based Targets as suggested in the United Nations Conference of the Parties on Climate Change. Provides information whether there is an actual progress in the reporting year according to the goals set before.	Partially	Our company has published the “ List of Unfinanced Activities” list, and investments for the activities included in this list are not financed. Actions to reduce greenhouse gas emissions of third parties will be evaluated in the forthcoming period.
Explains the strategies and actions it takes against the climate crises.	Partially	2020 Sustainability Report, Page 41-42-43 The environmental benefits and cost savings achieved will be measured and announced in the forthcoming period.
Describes the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers; explains the actions of third parties to reduce greenhouse gas emissions.	Yes	2020 Sustainability Report, Page 63
Explains the actions taken to reduce its environmental impacts, the total number of projects and enterprises carried out, and the environmental benefits/ gains and cost savings they provide.	Yes	2020 Sustainability Report, Page 63
Reports the data of total energy consumption (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Yes	2020 Sustainability Report, Page 25-28-29-30
Provides information regarding the electricity, heat, steam and cooling which are generated and consumed during the reported year.	Yes	2020 Sustainability Report, Page 43
Carries out and explain studies on increasing the use of renewable energy, transition to zero or low carbon electricity.	Partially	2020 Sustainability Report, Page 42 Emission reduction amounts resulting from operational activities will be measured and announced in the forthcoming period. Calculation of emission reduction arising from leasing activities will be evaluated in the forthcoming period.
Discloses renewable energy production and consumption data.	No	It will be evaluated in the forthcoming period.
Conducts energy efficiency projects and explains the amount of energy consumption and emission reduction with respect to these activities.	No	It will be evaluated in the forthcoming period.
Reports the amount of water withdrawn from surface and underground, water used, recycled and discharged, its sources and procedures (total withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	No	It will be evaluated in the forthcoming period.
Explains whether its operations and activities are included in any carbon pricing system (emission trading system, Cap & Trade or carbon tax).	No	It will be evaluated in the forthcoming period.
Explains information regarding the accumulated or purchased carbon credit during the reporting period.	Partially	2020 Sustainability Report, Page 63

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
<b>C. Social</b>		
<b>C1. Human Rights and Employee Rights</b>		
Formulates the corporate Human Rights and Employee Rights Policy, which is fully compliant with the Universal Declaration of Human Rights, the ILO Conventions that Turkey has confirmed, and the legal framework and regulations governing the human rights and working life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.	Partially	<a href="https://www.isleasing.com.tr/insan-kaynaklari/insan-kaynaklari-politikamiz/">https://www.isleasing.com.tr/insan-kaynaklari/insan-kaynaklari-politikamiz/</a> <a href="https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/menfaat-sahipleri-politikasi/">https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/menfaat-sahipleri-politikasi/</a> Roles and responsibilities regarding the implementation of the policy will be evaluated in the forthcoming period.
Ensures equal rights regarding recruitment process. Taking the supply and value chain effects into account, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Yes	<a href="https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/etik-ilkeler/">https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/etik-ilkeler/</a>
Explains the measures taken along the value chain to protect the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or measures taken for minority rights / equal opportunity.	Partially	It will be evaluated in the forthcoming period.
Reports developments on discrimination, inequality, human rights violations, and practices that prevent and correct forced labor. Explains the regulations which are against the employment child workers.	Partially	Regulations against child labor Sustainability Report, Page 38-39  Reporting of developments regarding preventive and corrective practices will be evaluated in the forthcoming period.
It determines the processes of conflict resolution by establishing mechanisms for employee investment (training, development policies), compensation, vested benefits, union rights, work / life balance solutions and talent management. Regularly explains the activities carried out to ensure employee satisfaction.	Yes	Sustainability Report, Page 53-54 <a href="https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/menfaat-sahipleri-politikasi/">https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/menfaat-sahipleri-politikasi/</a> <a href="https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/ucretlendirme-politikasi/">https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/ucretlendirme-politikasi/</a> <a href="https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/calisanlaryonelik-tazminat-politikasi/">https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/calisanlaryonelik-tazminat-politikasi/</a> <a href="https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/etik-ilkeler/">https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/etik-ilkeler/</a>
It develops occupational health and safety policies and makes them public. Explains the precautions taken for work accidents and health protection and accident statistics.	Partially	Sustainability Report, Page 52 Reporting of accident statistics will be evaluated in the forthcoming period..
Establishes the protection of personal data and data security policies and makes them public.	Yes	<a href="https://www.isleasing.com.tr/kisisel-verilerin-korunmasi/">https://www.isleasing.com.tr/kisisel-verilerin-korunmasi/</a>
Establishes a Code of Conduct (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and shares them with the public.	Yes	<a href="https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/etik-ilkeler/">https://www.isleasing.com.tr/yatirimciliskileri/kurumsal-yonetim/etik-ilkeler/</a>
Explains the works within the scope of social investment, social responsibility, financial inclusion and access to finance.	Yes	Sustainability Report, Page 57-58
Organizes informative meetings and training programs for employees on ESG policies and practices.	Yes	Training was given to all employees by Escarus on 18-19/11/2021.

# Sustainability Principles Compliance Report

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
<b>C2. Stakeholders, International Standards and Initiatives</b>		
Conducts activities in the field of sustainability, taking into account the needs and priorities of all stakeholders (employees, customers, suppliers, and service providers, public institutions, shareholders, community and non-governmental organizations, etc.).	Yes	Sustainability Report, Page 28
Puts in order a customer satisfaction policy regarding the management and resolution of customer complaints and makes public disclosure.	Yes	Sustainability Report, Page 22
Conducts a continuous and transparent communication with stakeholders; It evaluates which stakeholders, their purpose, the issue and frequency of the communication, and the progresses in sustainability activities.	Yes	Sustainability Report, Page 26
Discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), The Task Force on ClimateRelated Financial Disclosures (TCFD), etc.) to the public.	Yes	Sustainability Report, Page 64-65-66-67
Whether one is a signatory or a member, it provides disclosure of the international organizations or principles (Equator Principles, United Nations Environment Programme - Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC) Principles, United Nations Principles for Responsible Investment (UNPRI), etc.), and the international principles it has adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles) to the public.	Yes	Sustainability Report, Page 32
Shows concrete efforts to incorporate with Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	No	The Company aims to be included in the BIST Sustainability Index.
<b>D. Kurumsal Yönetim İlkeleri</b>		
Makes the maximum effort to comply with all Corporate Governance Principles as well as the Corporate Governance Principles that must be mandatorily applied according to the Capital Markets Board Corporate Governance Communiqué No II-17.1	Yes	Annual Report, Page 83-96
Takes the issue of sustainability, environmental impacts of its activities and principles in this regard into consideration while determining its corporate governance strategy.	Yes	Sustainability Report, Page 28-29
Takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders, as stated in the Corporate Governance Principles. Consults to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	Yes	Sustainability Report, Page 31-41-49-55
Operates on raising awareness on the issue of sustainability and its importance, through social responsibility projects, awareness activities and trainings.	Yes	Sustainability Report, Page 57-58
Strives to become a member of international standards and initiatives on sustainability and show contribution to studies.	Yes	Sustainability Report, Page 60
Explains anti-bribery and corruption policies and programs in line with the principle of honesty in terms of tax.	Yes	Sustainability Report, Page 23