

SUSTAINABILITY PRINCIPLES REPORT

Additional Notes

2023

İŞ REIC's (The Company's) Environmental, Social and Governance (ESG) related issues, risks and opportunities are determined in the "Sustainability Policy" and "Environmental and Social Impacts Policy", that have been approved by the Board of Directors and publicly disclosed, and in other applicable and publicly disclosed guidelines. The risks associated with these issues are regularly monitored and analyzed by the Committee for Early Detection of Risk. Furthermore, ESG processes and associated risks are assessed as part of the Company's risk management, internal control and audit activities.

ESG factors make the focal point of the Company's activities; combating climate change, employee and customer satisfaction, supplier relationship management, occupational health and safety, stakeholder communication, gender equality, compliance with the code of conduct and transparent corporate governance practices and so on take to the forefront.

Apart from this report, the sustainability report of the İŞ REIC, prepared in accordance with CMB (Capital Markets Board of Türkiye) principles, encompasses all of the Company's activities.

Corporate Governance Principles

Believing in the importance of Corporate Governance Principles and observing compliance with them, the Company espouses the four main elements of Corporate Governance Principles, which are equality, transparency, accountability and responsibility, in its activities.

Code of Ethics

The Company acts in line with the applicable regulations with respect to exercising of shareholding rights and public disclosure, makes sure that its relations with all stakeholders are carried out within the frame of publicly disclosed "Code of Ethics", and the Company's Board of Directors carries out its activities in compliance with the principles through the Committees and mechanisms were set up.

With regards to Company's Governance Principle on stakeholders, the Company takes necessary measures for respecting human rights and for protecting Company employees from any internal physical, psychological and emotional abuse. Employees refrain from any abuse, discrimination or abusive acts at the work place. Company employees abstain from any and all acts that might lead to abuse, discrimination or mobbing in the workplace. In such cases, employees are obliged to report the incident through the communication channels made available.

Conducting its activities in a manner to support UN SDG no. 16 "Peace, Justice and Strong Institutions", the Company set up a Whistleblowing Line for the so-called stakeholders consisting of shareholders, customers, creditors, suppliers and personnel to report any deeds they consider to be illegal or unethical to the Audit Committee composed of Independent Board Members. Whistleblowing Contact Form can be accessed on the Company Website.

This hotline enables the management of significant issues such as ethical violations, cases of corruption. Complaints received through the hotline are thoroughly investigated by Audit Committee and necessary actions are taken. The hotline, which was established to promote sustainable management functions and enable a more transparent and fair organization, provides solutions to all concerns and problems of relevant stakeholders who want to inform cases of non-compliance and ethical violations.

The Company also created a channel on the Human Resources Portal for the employees to convey their opinions, suggestions and satisfaction, and express themselves for the resolution of their complaints and disputes. In 2023, employees did not report any complaints regarding discrimination or abuse.

Executive Retention

The Company has devised its “Human Rights and Human Resources Policy” that incorporates the Universal Declaration of Human Rights, the International Labor Organization (ILO) covenants that Türkiye ratified, and other applicable legislation, which was approved by the Board of Directors, and the Assistant General Manager to whom the HR function reports is responsible for the implementation of the said Policy. The “Human Rights and Human Resources Policy” that is created in a complementary nature and an integral part of the Company’s Sustainability Policy

Adhering to the said Policy principles, İŞ REIC also aims to attract and retain highly qualified and experienced company executives to ensure the optimal and effective conduct of operations and to sustain continuous success.

Board of Directors Structure

The members of the Board of Directors are selected to complement each other in terms of their backgrounds, professional experiences, and expertise. This approach aims to harness diverse sources of experience, skills, and perspectives on corporate challenges for the benefit of effective leadership. The qualifications required when forming the Board of Directors shall be handled in compliance with the Capital Markets Board Communiqué on Principles Regarding Real Estate Investment Trusts, the Turkish Commercial Code and the other relevant capital markets legislation.

In accordance of the Capital Markets Board Communiqué on Principles Regarding Real Estate Investment Trusts, the members of the Board of Directors who shall take office in the partnerships are required to fulfill the conditions specified in subparagraphs other than subparagraph (e) of the first paragraph of Article 7. In addition, the majority of the members of the board of directors must be graduates of four-year higher education institutions and must have at least three years of experience in fields such as real estate, infrastructure, law, construction, banking and finance, which are closely related to the field of activity of the partnership.

Pursuant to the governing legislation, the Company attaches priority to selecting nominees possessing the necessary qualifications and experience associated with the field of activity when selecting the Board of Directors members, and also pursues diversity in the composition of the Board of Directors. The existing Board of Directors is composed of members having competence and experience in finance, banking, construction, architecture and accounting and finance.

İŞ REIC follows the principles of Company’s Articles of Association and Turkish Commercial Code for the election of Board of Directors. According to the Articles 11 and 21 of Company’s Articles of Association; Board of Directors are elected by the General Assembly and the quorum for General Assembly meeting and decisions are subject to the provisions of the Turkish Commercial Code and Capital Market Law. According to Turkish Commercial Code, Article 418 titled “Meeting and Quorum”; decisions are made by the majority of the votes at the General Assembly meeting.

İŞ REIC follows the Capital Markets Board regulations for merger transactions. There is a retirement right mechanism for shareholders who do not approve the merger. The retirement price is determined under the relevant legislation, allowing shareholders to sell their shares to the company at this price.

İŞ REIC follows the Turkish Commercial Code for the amendment of Articles of Association. According to the Article 421 of TCC; decisions to amend the articles of association are taken by the majority of votes present at the general assembly, where at least half of the company's capital is represented. If the required quorum is not achieved in the first meeting, a second meeting can be held within one month at the latest. The quorum for the second meeting is at least one third of the company's capital is

represented at the meeting. Additionally, according to the Article 454 of TCC, if the decision of the general assembly regarding the amendment of the articles of association would violate the rights of privileged shareholders, this decision cannot be implemented unless it is approved in a special meeting of the said shareholders. For this reason, Group A shareholders of the Company who has privilege to nominate candidates to Board, attend all the General Meetings and approve the amendments to the articles of association.

Minority shareholders constituting one-twentieth of the shares in publicly traded companies may request the board of directors, through a notary, in writing, stating the reasons and agenda, to call the general assembly to convene or if the general assembly is already convened, to include in the agenda the matters they wish to be resolved. The request to add an item to the agenda must be received by the board of directors before the date of payment of the announcement fee for the publication of the call announcement in the Turkish Trade Registry Gazette. (*Article 9, Paragraph 3 -Regulation On The Procedures And Principles Of General Assembly Meetings Of Joint Stock Companies And The Ministry Representatives To Be Present At These Meetings**). The Turkish Trade Registered Gazette shall be published at least three weeks before the meeting date not including the dates either of the announcement or of the meeting.

The Board of Company do not have unlimited authorized capital according to Article 7 in Articles of Association. In such article it is stated that the Board can issue shares up to TRY 7,000,000,000 preferred shares without shareholders approval. In such article it is also stated that the Board of Directors request for permission from the Capital Markets Board (CMB) for the previously authorized ceiling or for a new ceiling amount to obtain for a capital increase.

Once the permission request was granted by the CMB, the new authorization must also be given from the General Assembly for the extension of new period for capital increase. In the event that the said authorization is not obtained, the Company cannot increase its capital by a resolution of the Board of Directors.

Decision-Making Processes

The General Assembly convenes for Ordinary or Extraordinary General assembly meetings and takes decisions pursuant to the provisions of the Turkish Commercial Code and the capital market legislation. In Ordinary General Assembly meetings, which are held no later than 3 months as of the end of the Company's fiscal year, the issues included in the agenda to be prepared pursuant to article 409 of the Turkish Commercial Code are discussed and decided upon. Dismissal and replacement of Board of Directors members is considered to be related with the article concerning discussion of year- end financial statements. Extraordinary General Assembly is convened when the business of the Company requires or the reasons stipulated in article 410 et seq. arise pursuant to the provisions of Turkish Commercial Code, capital market legislation and this articles of association and takes required decisions. According to the articles of Turkish Commercial Code, for publicly traded companies, minority shareholders constituting at least 5% of the capital may request the Board of Directors to call the general assembly for a meeting by stating the reasons and agenda in writing, or, if the general assembly is to convene, to put on the agenda the issues they wish to be decided upon.

Issues that are not included in the agenda of GAM cannot be discussed and decided on, with the following exceptions:

- Dismissal and replacement of members of the Board of Directors are considered items related with discussion of financial statements and are directly discussed and decided on, upon request, regardless of the fact whether they are directly related with an agenda item or not.

- Even if it is not an agenda item, in the existence of justifiable grounds such as malpractice, inadequacy or breach of the obligation of loyalty, hardship in executing the duties in the company for having memberships in other companies, being a difficult person, or abuse of power, then issues regarding dismissing the members of the Board of Directors and choosing new people to replace them are taken into the agenda through the majority of votes of those who are present in the meeting. In accordance with these exceptions regulated in the Company's General Assembly Internal Directive, shareholders may demand the removal of directors.

Shareholders or other attendees, who wish to express their opinions on an agenda item that is being discussed, inform the chairman of the meeting committee that they want to take the floor. The names, surnames of those who have objected to decisions in the meetings and would like to have this written down in the meeting minutes, as well as reasons for their objection are recorded in the meeting minutes. If the reasons for objection are given in writing, this letter is attached to the meeting minutes. Also, the name and surname of the shareholder or his proxy opposing to the decision are recorded in the meeting minutes and it is indicated that there is an objection letter in attachment. The letter of objection attached to the meeting minutes is signed by the committee members and the Ministry representative, if he has attended. There is no cumulative voting practice in the Company. Each share of the Company has one voting right.

Board of Directors meetings are planned and held effectively and efficiently. According to Company's Articles of Association (Article 13) any member of the Board of Directors may ask the chairman of the board of directors to invite the board to convene. It is legally possible to take a decision on the proposal given by one of the members, with the written consents of the other members.

The advance notice period day is not specifically determined by the Company. The Company operates in compliance with current laws and regulations. According to current legal regulations, topics suggested by the minority within a specified period are considered by the board of directors to be included in the agenda. İŞ REIC's largest shareholder does not have veto power in terms of voting rights.

In accordance with the working principles of the Board of Directors, one member shall be selected from the candidates of Group B shareholders, while the rest shall be selected from the candidates of Group A shareholders. Nomination and election of independent members of the Board of Directors is carried out on the basis of Capital Markets Board adjustments relating to independent board members.

In accordance with the working principles of Committee for Audit, Corporate Governance Committee and Committee for Early Detection of Risks, the Committee may benefit from the opinions of the independent experts as may be needed on a subject related with its activities requiring specialization, subject to the approval of the Board of Directors.

Social Principles

Occupational Health and Safety

The Company diligently reports adopted measures, workplace accidents, accident statistics, and health protection initiatives to the Joint Health and Safety Unit (OSGB), the workplace physician, and relevant authorities. Notably, In 2023, no employees suffered a condition leading to a graver result such as death by reason of a workplace accident in terms of 1 million hours. On the other hand, 2 workdays were lost due to the injuries in workplace is carried out during the reporting period. The total injury rate is 7,09 (per 1,000,000 hours).

Health and Safety Training

The Company offers regular occupational health and safety training to employees, provides necessary information and raises awareness of the topic. Within this scope, refresher training on Occupational Health and Safety is given to employees once in every three years in accordance with the regulatory requirements. Since the refresher training date did not coincide with the reporting period, a refresher training was not organized. On the other hand, new employees hired during the reporting period received 64 hours of occupational health and safety training. The Company's Human Resources and Education Unit periodically sends awareness e-mails to employees in relation to occupational health and safety, emergencies, earthquake, first aid and so on.

Environmental Principles

Energy Efficiency

The Company takes care to use environment-friendly energy consuming systems for increased energy efficiency, and plans buildings with maximum energy efficiency by utilizing heat insulation systems that classify energy needs and consumption of buildings, and reduce GHG emission levels. For energy efficiency purposes, HVAC system in properties are set at a specific temperature from the central automation system, thus precluding unnecessary energy consumption due to overheating or overcooling of buildings. Necessary work is in progress for the target of gradually replacing the common area lighting in the properties in the portfolio with LED fixtures for energy efficiency purposes. Implementations securing energy efficiency are targeted to be spread across the entire portfolio. The Company obtains energy identification document for ensuring energy efficiency in the projects that are being developed and pursues reduced energy consumption. An energy identification document has been obtained for each project developed since 2011 for measurement and documentation of energy consumption in an effort to ensure efficient energy consumption.

With respect to planned projects, the Company designs buildings with maximum energy efficiency by utilizing heat insulation systems that classify energy needs and consumption of buildings, and reduce GHG emission levels for the purposes of reducing wasted energy and preserving the nature, correct and beneficial use of energy and energy resources. Achieving alignment with the criteria of globally-recognized green building certifications such as LEED, BREEAM takes place among the Company's existing targets. The Company devised a strategy for obtaining LEED certification during the development phase of its future property projects and in renovations of its existing properties or within the scope of additional investments.

During the execution of these certification processes, carbon footprint reduction, ensuring water and energy efficiency, waste management and recycling requirements are fulfilled. Card readers are used for printing out documents at the Company, which prevents unnecessary printing. Reduced quantity of print-outs and the Ysoft software on printers saved 851,4 liters of water, 132 KW/h of energy and 8,6 kg

CO2 in 2023. The number of physical servers existing at the Company was decreased from 20 to 3 within the scope of virtualization initiatives, and the annual energy consumption was reduced from 172,800 KW/h to 45,360 KW/H. Care is taken to align the properties in the portfolio with the criteria of worldwide-accepted green building certifications such as LEED and BREEAM, and necessary work is undertaken accordingly on the basis of each property. LEED-EBOM application process for İş Towers Complex Tower 2 where the Company is headquartered, is envisaged to be completed in 2024. For energy efficiency purposes, HVAC system in properties are set at a specific temperature from the central purposes. Implementations securing energy efficiency are targeted to be spread across the entire portfolio. Project design discussions are held for solar power generation for self-consumption at each property within the scope of renewable energy generation. automation system, thus precluding unnecessary energy consumption due to overheating or overcooling of buildings. Necessary work is in progress for the target of gradually replacing the common area lighting in the properties in the portfolio with LED fixtures for energy efficiency. Importance is attached to systems that ensure environment-friendly energy consumption for increasing energy efficiency and reducing air pollution and carbon emissions.

Accordingly, care is taken to using photovoltaic systems, a renewable energy source, for common area energy consumption. For instance, photovoltaic panels were used in Manzara Adalar Project. Kanyon Shopping Mall and TUTOM, two of the Company's major properties that represent approximately 45% of the leasable portfolio in terms of value, also consume I-REC certified green electricity. Supporting the UN SDG no. 7 "Affordable and Clean Energy", the Company aims to qualify for I-REC and eco-energy labelling to help with increasing its renewable energy consumption and its transition to zero- or low-carbon electricity. I-REC certification is being obtained at the Company Head Office since 2021. In this framework, the Company consumed 90.18 MW/h (324.66 GJ) of I-REC certified green electricity in 2023 at its Head Office.

I-REC certification is intended to be obtained also in 2024 for the electricity consumed at the Company's Head Office. In addition, some of the tenants in İş Towers Tower 2 & 3 also get I-REC certification. The number of physical servers existing at the Company was decreased from 20 to 3 within the scope of virtualization initiatives, and the annual energy consumption was reduced from 172,800 KW/h to 45,360 KW/H. The Company started taking steps to encourage its employees to delete largecapacity email that are not necessary to be kept on Outlook and online archives, with the aim of reducing the database disk dimension on its email server. The said digital cleaning is intended to eradicate the need for replacing the data storage devices and to limit the Company's energy consumption. In addition, elimination of a new purchase will also contribute to offsetting the energy items spent for the production of the relevant device.

In 2023, IS GYO invested significantly in environmental initiatives to reduce future risks and seize opportunities. The following measures are taken to reduce electricity consumption in developed projects:

- Equipment and devices in A energy class are envisaged to be used.
- Care is taken to select energy-saving LED bulbs for lighting and solarpowered luminaires for outdoor lighting.
- Care is taken to use energy-saving EC-class motors in HVAC equipment.
- Lighting automation and movement sensors are installed in buildings to contribute to reduced electricity consumption and preclude unnecessary lighting.
- Green building certification is targeted to be obtained in projects under development to devise and spread environmentally-sensitive design, implementation and operation standards. Importance is attached to systems that ensure environment-friendly energy consumption for increasing energy efficiency and reducing air pollution and carbon emissions. Accordingly, care is taken to using

photovoltaic systems, a renewable energy source, for common area energy consumption. For instance, photovoltaic panels were used in Manzara Adalar Project.

Biodiversity

İş REIC is committed to preserving biodiversity and sustainably managing natural resources. As part of the LEED certification, native and low-water-consuming plants are selected for landscaping, contributing to biodiversity through a variety of plant species.

The choice of drought-resistant plants for landscaping projects not only minimizes water consumption but also fosters diverse habitats for various species, thus enhancing local biodiversity. Additionally, by carefully selecting plant species that break solar radiation and develop greenery quickly, the Company promotes a thriving ecosystem where numerous flora and fauna species can thrive. The creation of rooftop gardens further amplifies this impact, providing additional habitats for insects, birds, and other wildlife, thus enriching urban biodiversity and mitigating the environmental footprint of the Company's operations. Through these concerted efforts, the Company demonstrates its commitment not only to environmental stewardship but also to the preservation and enhancement of biodiversity for future generations.

Waste

Zero Waste Management process work is initiated for the İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall) where the Company is headquartered; the Zero Waste Certification was obtained for the Shopping Mall as of the date of this writing. Zero Waste Certificate was obtained for Kule Çarşısı located in the İş Towers Complex (Tower 2, Tower 3 and Kule Çarşısı Shopping Mall) where the Company is headquartered. During the execution of these certification processes, carbon footprint reduction, ensuring water and energy efficiency, waste management and recycling requirements are fulfilled.

Company also encourage employees to delete large capacity email that are not necessary to be kept on Outlook and online archives, with the aim of reducing the database disk dimension on its email server. The said digital cleaning is intended to eradicate the need for replacing the data storage devices and to limit the Company's energy consumption. In addition, elimination of a new purchase will also contribute to offsetting the energy items spent for the production of the relevant device.