

STATEMENT OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

Environmental, Social and Governance (ESG) Policies and guidelines describing the Company's approach to sustainability have been established based on the Board of Directors decision and made available for the information of all stakeholders via the Company website. The Company's ESG issues, risks, opportunities and targets have been set out in respective policies and publicly disclosed.

The Corporate Governance Committee has been designated as the highest body responsible for ESG matters at the Company, and it oversees the implementation of sustainability policies. The Investor Relations and Sustainability Department, on the other hand, is responsible for the internal coordination of sustainability efforts and activities.

The Company's 2022 activities within the frame of ESG policies have been presented to the Board of Directors in a report drawn up by the Corporate Governance Committee as stipulated in the Committee's terms of reference. The Company presented intelligible, accurate and adequate information regarding the sustainability performance, goals and actions in its 2022 Annual Report.

From out of optional sustainability principles, the Company achieves partial compliance with the principles numbered B12, B13, B14, B15, B20, C1.10, D1, D2; however, the Company does not comply with the principles no. A2.3, and B4.

"Sustainability Report" describing the Company's compliance status

with optional sustainability principles is publicly disclosed via the Public Disclosure Platform – PDP (www.kap.org.tr). The said report provides detailed explanations about the principles that the Company achieves partial and no compliance with in the "Sustainability Principles Compliance Framework".

The "Sustainability Report" and "Sustainability Principles Compliance Framework" for 2022 are made available for the information of shareholders and all stakeholders in the Annual Report and under the "Corporate/Sustainability" tab on the Company website.

SUSTAINABILITY REPORT

	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
A. General Principles						
A1. Strategy, Policy and Goals						
A1.1		x			The Company's material ESG issues, risks and opportunities have been set out specifically in the "Sustainability Policies" and Environmental and Social Impact Policy" approved by the Board of Directors and publicly disclosed, and in other guidelines that are made public.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/ Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
		x			ESG policies (e.g., Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been prepared and disclosed to the public by the Corporation's Board of Directors.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
A1.2		x			The Company's ESG targets have been set out under the related Policies and publicly disclosed.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/ Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
		x			Corporation Strategy in compliance with ESG policies has been determined and publicly disclosed.	
A2. Implementation/ Monitoring						
A2.1		x			The Corporate Governance Committee has been designated as the highest body responsible for ESG matters at the Company, and it oversees the implementation of sustainability policies. The Investor Relations and Sustainability Department, on the other hand, is responsible for the internal coordination of sustainability efforts and activities. This point has been announced by way of a PDP (Public Disclosure Platform) disclosure.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/ Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
		x			Activities carried out under the policies by the responsible committee and/ or unit have been reported to the Board of Directors at least once a year.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/ Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

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	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
A2.2	x				The Company developed implementation and action plans in line with ESG targets and publicly disclosed the same.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
A2.3		x			The Company established its ESG policies in 2022. Determination of ESG key performance indicators will be considered in the future.	
A2.4	x				The Company publicly disclosed its efforts for improving its sustainability performance associated with its business processes or products and services.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
A3. Reporting						
A3.1	x				The Company provided intelligible, accurate and adequate information regarding its sustainability performance, goals and actions in its 2022 Annual Report.	https://www.isgyo.com.tr/is-gyo-gayrimenkul-yat%C4%B1r%C4%B1mci-iliskileri-is-GYO-guvenesiyle/raporlar-ve-sunumlar/yillik-faaliyet- raporlari/
A3.2	x				With the activities it undertakes, the Company supports the following UN 2030 Sustainable Development Goals: Good Health and Well-Being; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Decent Work and Economic Growth, Sustainable Cities and Communities, Responsible Production and Consumption; Climate Action; Peace, Justice and Strong Institutions.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
A3.3				x	There are no lawsuits in relation to ESG matters which are filed or concluded against the Company, or are material with respect to ESG policies or may have a material impact on operations.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
A4. Verification						

		Status of Compliance				Explanation	Link
		Yes	No	Partially	Irrelevant		
A4.1	The Corporation's ESG Key Performance metrics have been verified and publicly disclosed by an independent third party.				x	Verification service is not applicable since the Company's ESG Key Performance criteria are not yet determined.	
B. Environmental Principles							
B1	The Corporation has declared its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	x				Adhering to the principles set out in the "Environmental and Social Impacts Policy" and acting in an environmentally-sensitive manner in the conduct of its activities, the Company aims to achieve improvement in energy and water efficiency, GHG emissions, waste generation and recycling under the said Policy, and disclosed its existing and planned implementations in this respect.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B2	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared to provide information on environmental management.	x				These matters have been disclosed in the "GHG Report" for the period 1 January – 31 December 2022, and posted on the Company website.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
B3	The information is provided in A2.1.						
B4	Environmental goals included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.		x			Environmental targets are not included in rewarding criteria under the performance incentive systems.	
B5	The Corporation has disclosed to the public how the priority environmental issues are integrated into business objectives and strategies.	x				The Company reviews its business targets within the frame of the "Environmental and Social Impacts Policy" principles and environmental issues prioritized accordingly, and takes into account these matters when devising its investment strategies.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B6	The information is provided in A2.4.						

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		Status of Compliance				Explanation	Link
		Yes	No	Partially	Irrelevant		
B7	<p>The Corporation has publicly disclosed how environmental issues are managed and integrated into business objectives and strategies throughout the corporation value chain, including the operational process, including suppliers and customers.</p>	x				<p>Targeting to develop environment-friendly, sustainable projects that focus on customer satisfaction within the frame of its publicly disclosed strategic goals, the Company has developed the "Customer Satisfaction Policy" and "Supplier Management Principles" in relation to its customers and suppliers that make two of the most important stakeholders of its value chain based on the Board of Directors decision when developing its ESG policies, and made them available for the information of all stakeholders on its Company website. If/when deemed necessary, the Company will carry out initiatives to raise further awareness of environmental and social issues of its customers and suppliers, and thus make sure its customers and suppliers are involved in the Company's Environmental and Social Impacts Policy.</p>	<p>Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/.</p>
B8	<p>The Corporation has disclosed to the public whether the corporate is involved in the policy-making processes of organizations on the environment and non-governmental organizations and collaborations with these institutions and organizations.</p>	x				<p>In the reporting period, the Company was not involved in environment-related policy making processes of concerned organizations and NGOs engaged in environmental issues.</p>	<p>Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/.</p>
B9	<p>In the light of environmental indicators [Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)11), air quality, energy management, water and waste water management, waste management, biodiversity effects], information on environmental impacts has periodically disclosed to the public in a comparable manner.</p>	x				<p>The Company is aware of the impacts of climate change on our daily lives, takes responsibility in this respect, and reports its GHG inventory. 2022 GHG Report commissioned in this scope has been publicly disclosed, and presents GHG emissions in comparison with previous periods.</p>	<p>https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/</p>
B10	<p>Details of the standards, protocols, methodologies, and base year employed for collection and calculation of its data have been disclosed to the public.</p>	x				<p>2022 GHG Report incorporates such information as the standard, protocol, methodology and so on employed for collecting and calculating data. The report has been publicly disclosed.</p>	<p>https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/</p>

		Status of Compliance				Explanation	Link
		Yes	No	Partially	Irrelevant		
B11	The Corporation has disclosed to the public the increase or decrease in environmental indicators for the report year comparison with past years.	x				Environmental indicators have been disclosed comparatively for the years 2020, 2021 and 2022.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
B12	Short and long-term targets have been determined to reduce the corporate's environmental impacts, and the improvement of these targets and the targets determined in previous years has been disclosed to the public.			x		The Company has set its short- and long-term goals under the main targets defined in its policies to mitigate its environmental impact. The targets were first identified in 2022 reporting period, and progress achieved in relation to the goals will presumably be presented for the information of all stakeholders in the next reporting period.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B13	The Corporation has prepared its strategy and actions for fight against climate crisis and the planned actions have been disclosed to the public.			x		Within the scope of combating climate change, the Company considers risks and opportunities, works to minimize its impacts resulting from its operations, and determines the actions that need to be taken in this respect. The Company attaches the necessary importance to combating climate change, and carries out work for inclusion of climate crisis risk within the Company Risk Policy approved by the Board of Directors, and for its description in the Company Risk Catalogue. The Company spends efforts to regularly measure GHG emissions that act as the main cause of climate change and to conduct mitigation activities. The measures adopted for reducing carbon footprint, and the steps taken at the Head Office and existing properties and those under development have been defined together with the Company's environmental targets.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B14	Programs or procedures have been established and disclosed to the public aiming to prevent or minimize the potential negative effects of its products and/or services on the environment.	x				The Company has publicly disclosed the fundamental practices put in place or planned to avoid or minimize the potential negative effects of its property portfolio on the environment.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
	The Corporation has taken actions to reduce greenhouse gas emissions of third parties (e.g., suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.			x		The Company contributes to reduction of GHG emissions of its suppliers and customers that it services by way of its properties and its implementations for carbon footprint reduction and securing energy and water efficiency on the back of green building certification processes for its existing properties and those under development.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

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	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
B15			x		The Company publicly disclosed environmental benefits/gains and cost savings secured by the equipment used within the scope of IT employed for environmental impact mitigation purposes.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B16		x			The Corporation's energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data have been disclosed to the public as Scope-1 and Scope-2.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
B17				x	There was no such generation during the reporting period.	
B18		x			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 from 2021, and is intended to be obtained also in 2023 for the electricity consumed at the Company's Head Office.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B19		x			The Company's electricity consumption figures at the Head Office are as follows: 81,106 MW/h in 2022 at the Head Office; 77,189 MW/h I-REC-certified green electricity in 2021.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B20			x		The Corporation has conducted energy efficiency projects, and has disclosed the resulting reduction in energy consumption and emission due to its projects.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
B21	x				The Company's total water consumption in 2022 was 16,397 cubic meters and it was disclosed in the GHG Report. The Company uses the mains water supplied by local administrations for its water consumption. Water waste is discharged into treatment facilities and similar infrastructures as defined by local administrations.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
B22				x	The Company is not included in any carbon pricing system by reason of its operations or activities.	
B23				x	No carbon credits were saved or purchased in the reporting period.	
B24				x	The Company does not implement carbon pricing.	
B25	x				The Company discloses its environmental data in the Annual Reports and under the "Corporate/Sustainability" tab on its Company website. Additionally, in the case of EIA report or similar applications for the projects developed, the related reports are publicly disclosed by the relevant regulatory authorities.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

C. Social Principles

C1. Human Rights and Employee Rights

C1.1	x				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 and the people in charge of them are made available for the information of all stakeholders on the Company website.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
					The Corporate Human Rights and Employee Rights Policy has been established covering the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation, those responsible for the implementation of the aforesaid policy have been determined and the policy and those responsible have been disclosed to the public.	

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	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
C1.2	x				The Human Rights and Human Resources Policy covers various principles including non-discrimination between employees on any basis including race, religion, language, sect or any faith, gender, age, cultural or social class; respecting human rights, ensuring equal opportunities in all kinds of HR management processes, protecting employees from internal physical, mental and/or emotional abuse, implementation of a fair and competitive remuneration policy, establishment of necessary mechanisms for employee feedbacks and complaints; and the importance attached to training, development and talent management, as well as occupational health and safety.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
C1.3		x			Looking out for certain economically, environmentally and socially-vulnerable segments, the Company aims to include all segments of the society in business life with the aim of a fair, egalitarian and modern working environment; and adheres to the principle of "equal pay for equal work" without discriminating on the basis of race, religion, language, gender, disability, etc. The Company offers equal opportunities for increasing employment of economically, environmentally and socially-vulnerable segments through various implementations such as supporting the engagement of employees with disabilities, provision of equal promotion opportunities to women employees, etc.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
C1.4		x			Adhering to the principle of respecting human rights and employee rights in its operations, the Company takes necessary measures against any indecent violation of rights. Forced labor, child labor, hazardous labor, etc. are out of the question at İş REIC. The Company employs people above the age of 18 and the said age limit is also incorporated in the Company's internal guidelines as a criterion for hiring. Suppliers are also expected to act accordingly pursuant to the Company's Human Rights and Human Resources Policy.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

		Status of Compliance				Explanation	Link
		Yes	No	Partially	Irrelevant		
C1.5	The corporate has disclosed its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management in the employee rights policy.	x				The Company's Human Rights and Human Resources Policy covers investments in employees, their compensations, fringe benefits, right to unionization, work-life balance solutions and talent management.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
	The corporate has determined dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes.	x				The Company employs open, transparent and cordial communication channels for employees to convey their opinions, suggestions, complaints and feedbacks, and mechanisms for resolution of conflicts. Conflict resolution processes are addressed in the Company's implementations and employees have been informed on the same.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
	The corporation has disclosed to the public the activities aimed at employee satisfaction within the reporting period.	x				The Company aims to maintain long-lived cooperation with employees and strives to ensure employee satisfaction. The Company organizes annual motivational events intended for the participation of all employees, prior to which employees' opinions are sought. Pursuing employees' work-life balance, the Company makes its employees feel that it stands by them at all times with the employee support service offered to all employees, and through fringe benefits and supports provided for special occasions such as childbirth, marriage and special days. In addition, employees completing certain tenures with the Company receive a memento of service.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
C1.6	Occupational health and safety policies have been established and disclosed to the public.	x				The Company established its "Occupational Health and Safety Policy" which has been made available for the information of all stakeholders.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
	The corporation has disclosed actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	x				Measures adopted for preventing workplace accidents and protecting occupational health have been publicly disclosed. In 2022, no employees suffered an injury or a condition leading to a graver result such as death by reason of a workplace accident. On the other hand, 5 workdays were lost due to the activities carried out.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
C1.7	Personal data protection and data security policies are established and disclosed to the public.	x				The Company established its Personal Data Protection and Privacy Policy.	https://www.isgyo.com.tr/kurumsal/kisisel-verilerin-korunmasi/

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		Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant			
C1.8	Ethics policy is formulated and disclosed to the public.	x				The Company established and disclosed its Code of Ethics.	https://www.isgyo.com.tr/is-gyo-gayrimenkul-yat%C4%B1r%C4%B1mci-iliskileri-is-GYO-guvencesiyle/kurumsal-yonetim/etik-kurallar/
C1.9							
C1.10	Information meetings and training programs have been organized for employees on ESG policies and practices.		x			Established by the Corporate Governance Committee within the frame of ESG factors and enforced based on the Board of Directors decision, ESG policies were shared with the employees in writing; additionally, briefing meetings were held with the employees regarding ESG policies and practices. During the reporting period, some employees participated in ESG training programs. It is planned to get a higher number of employees participate in these programs in the coming year as a short-term target for supporting employees' development in relation to ESG matters.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
C2. Stakeholders, International Standards and Initiatives							
C2.1	A customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.	x				The Company established its "Customer Satisfaction Policy" for customer complaints handling and resolution, and made it available for the information of all stakeholders on the Company website.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
C2.2	Information about the communication with the Stakeholders (which stakeholder, subject and frequency) has been disclosed to the public.	x				The Company takes care to effectively maintain its communication with all stakeholders that are directly or indirectly affected by its activities in keeping with accountability and transparency concepts. The Company's main stakeholders that it is in contact with include employees, customers, suppliers and shareholders; the manner in which communication with these stakeholders is maintained has been publicly disclosed.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
C2.3	The corporation has disclosed the international reporting standards it has adopted.				x	There is not an international reporting standard that the Company espoused in relation to sustainability.	
C2.4	The corporation has disclosed to the public the principles adopted, international organizations it has signed or enrolled in, committees and principles regarding sustainability.				x	The Company did not embrace any principles, and is not a signatory or member of any international organization, committee and/or principle in relation to sustainability.	

	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
C2.5	x				Having established its guidelines in relation to ESG matters and sustainability practices during the reporting period, the Company targets to improve its ESG and sustainability performance and qualify for inclusion in Borsa İstanbul Sustainability Index. Accordingly, the Company works to take necessary actions in this respect.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
D. Corporate Governance Principles						
D1			x		The structure of the "Sustainability Working Group" set up for effective and inclusive execution of sustainability activities that represents customers and suppliers, e.g. other important stakeholders of the Company, as well as employees allows being informed about the stakeholders' opinions about the sustainability issues being discussed, and hence, stakeholders' opinions are taken into consideration in determining the sustainability measures and strategies. Furthermore, the Company pays regard to the rights and interests of customers, suppliers or business partners and the public interest when adopting medium- and long-term strategies, as set out also in its Sustainability Policy.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
D2			x		At present, the Company does not have an active social responsibility project running. The Company prioritizes creating stakeholder value while fulfilling its responsibility to our world, society and our people. Within the scope of the Company's publicly disclosed Corporate Social Responsibility Policy, education, environment and nature, culture & arts, and gender equality are the topics that are given priority. Briefing meetings and training programs for employees are organized for raising increased awareness of sustainability and its significance. Believing in the importance of increasing customers' and suppliers' awareness of environmental and social issues, the Company will be considering the potential actions that can be taken for raising increased awareness of stakeholders other than employees.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

A. GENERAL PRINCIPLES

The Company's priority Environmental, Social and Governance (ESG) issues, risks and opportunities are determined particularly 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. ESG policies and related guidelines that represent the Company's approach to sustainability are provided below:

- Sustainability Policy
- Environmental and Social Impact Policy
- Human Rights and Human Resources Policy
- Anti-Bribery and Anti-Corruption Policy
- Gifts and Entertainment Policy
- Supplier Management Principles
- Gender Equality Policy
- Occupational Health and Safety Policy
- Customer Satisfaction Policy

The said guidelines have been established based on Board of Directors decisions and made available for the information of all stakeholders via the Company website. The guidelines can be found on the company website,

under the tab Corporate/Sustainability/ Policies. The Company's ESG targets are determined within the scope of relevant policies and disclosed publicly.

The Corporate Governance Committee has been designated as the highest body responsible for ESG matters at the Company, and it oversees the implementation of sustainability policies. The Investor Relations and Sustainability Department, on the other hand, is responsible for the internal coordination of sustainability efforts and activities.

The Corporate Governance Committee is formed of four Board members two of whom are independent members, and the Assistant General Manager responsible for Investor Relations and Sustainability function; the Committee's terms of reference were updated to incorporate environmental, social and governance management and sustainability practices. The aforementioned have been made available to all stakeholders via the PDP and Company websites.

A "Sustainability Working Group" was set up which is led by the Assistant General Manager to whom Investor Relations and Sustainability Department reports and in which the Company's all key functions are represented for ensuring effective and inclusive execution of the Company's sustainability efforts.

Activities carried out under the Company's ESG policies are reported at least annually to the Board of Directors, as stated also in the terms of reference of the Corporate Governance Committee. The Corporate Governance Committee presented its 2022 activities in its report to the Board of Directors.

The Company has created implementation and action plans for the ESG targets it has set. Basic steps implemented or planned for preventing or minimizing potential negative impact of the Company's property portfolio on the environment are described in the "Environmental Principles" section, and its plans concerning other matters in the "Social Principles" section.

The Company established its ESG policies in 2022. Determination of ESG key performance indicators will be considered in the future.

The Company conducts activities for improving its sustainability performance associated with its business processes and products and services. During the reporting period, "Supplier Management Principles" and "Customer Satisfaction Policy" regulating relationships with customers and suppliers that are important stakeholders of the Company have been established. Implementations realized for preventing or minimizing potential negative impacts of the Company's property portfolio on the environment are described in the "Environmental Principles" section, and its HR practices in the "Social Principles" section.

The Company presented intelligible, accurate and adequate information regarding the sustainability performance, goals and actions in its 2022 Annual Report and under the "Corporate/Sustainability" tab on its Company website.

With the activities it undertakes, the Company supports the UN 2030 Sustainable Development Goals (SDGs). The SDGs that are associated with the Company activities are addressed in the "Environmental Principles" and "Social Principles" sections.

There are no lawsuits in relation to ESG matters which are filed or concluded against the Company, or are material with respect to ESG policies or may have a material impact on operations.

Verification service is not applicable since the Company's ESG Key Performance criteria are not yet determined.

B. ENVIRONMENTAL PRINCIPLES

Adhering to the principles set out in the "Environmental and Social Impacts Policy" and acting in an environmentally-sensitive manner in the conduct of its activities, the Company aims to achieve improvement in energy and

water efficiency, GHG emissions, waste generation and recycling under the said Policy, and disclosed its existing and planned actions in this respect.

In keeping with these goals and implementations, actions that can be taken in the short- and long-term both for the existing properties in the Company's portfolio and for projects that are being or will be developed by the Company are evaluated with respect to their qualifications for each property and project, and are implemented in view of the fitness of the property or development phases of projects.

Described below are the basic steps taken or planned for preventing or minimizing the potential negative environmental impact of the property portfolio of the Company that pursues -activities in a manner to support the UN SDGs titled "Sustainable Cities and Communities", "Responsible Consumption and Production", "Clean Water and Sanitation" and "Climate Action".

- 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 2023.
- The Company aims to qualify for International Renewable Energy Certificate (I-REC) and eco-energy labelling for its electricity consumption at the Company Head Office for offsetting or minimizing its carbon footprint.
- 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.

- 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.
- For instance, central automation system is employed in the İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall), Tuzla Technology and Operations Center (TUTOM), Ege Perla Shopping Mall and Ankara İş Tower.
- The water collected by the rainwater harvesting system is used across the İş Towers Complex and for irrigation of green areas in TUTOM.
- 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.
- Project design discussions are held for solar power generation for self-consumption at each property within the scope of renewable energy generation.

Below are examples of the Company's actions for assessing the environmental impact of the projects that are being developed.

- 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.

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 solar-powered 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.

In addition;

- 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.
- Care is taken to allocate indoor and outdoor spaces for as many electric vehicles and bicycles as possible, and specific access is provided in related spots in the project to encourage the residents of the project to use mass transportation.
- Care is taken to keep driving routes under the ground and to increase green spaces depending on the size of the projects. Çınarlı Bahçe Project

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<p>developed in Tuzla has such a design, and a similar course is followed for Litus İstanbul Residential Project in development phase.</p>	<p>resources, and increasing and improving the use of these solutions are promoted.</p>	<p>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.</p>
<ul style="list-style-type: none"> • EV charging stations are included in projects for reducing carbon emissions. For instance, such stations are included in the İstanbul Financial Center Project and Litus İstanbul Residential Project that are in development phase. 	<ul style="list-style-type: none"> • It is aimed to help conserve water resources by adding technologies that reduce water consumption such as water efficiency, wastewater treatment, water recycling and reuse technologies, and additionally, developing projects that embody these technologies. 	<p>The majority of the Company's property portfolio consist of properties that have received or applied for a certificate.</p>
<ul style="list-style-type: none"> • Rainwater harvesting system is employed in projects in development phase. Additionally, care is taken to using greywater treatment system that contribute significantly to environmental protection by reducing unnecessary depletion of natural water resources, and also supports reducing wastewater generation and mains water consumption. For instance, both systems were used in Litus İstanbul Residential Project. Thus, treated greywater and rainwater are used for garden irrigation and/or flush tanks. 	<ul style="list-style-type: none"> • Attention is paid to engaging management companies that adopt technologies and methods that reduce wastewater ratio by reducing pollution and increase the safety of recycling. 	<p><u>Certified properties:</u></p>
<ul style="list-style-type: none"> • Care is taken to using oil-water separator systems in projects to prevent water pollution. For instance, these systems were used in the Manzara Adalar Project and İstanbul Residential Project that were developed. 	<ul style="list-style-type: none"> • The Company reviews its business goals within the frame of "Environmental and Social Impacts Policy" principles and of environmental matters prioritized accordingly, and pays regard also to these points when formulating its investment strategies. 	<p>Tuzla Technology and Operation Center - LEED Gold</p>
<ul style="list-style-type: none"> • Attention is paid to selecting locally-sourced and natural and/or recyclable materials and care is taken to procure the materials from points of extraction/purchase that are near the project site. 	<p>Targeting to develop environment-friendly, sustainable projects that focus on customer satisfaction within the frame of its publicly disclosed strategic goals, the Company has developed the "Customer Satisfaction Policy" and "Supplier Management Principles" in relation to its customers and suppliers that make two of the most important stakeholders of its value chain based on the Board of Directors decision when developing its ESG policies, and made them available for the information of all stakeholders on its Company website.</p>	<p>Tuzla Mixed-Use Project - LEED Gold</p>
<ul style="list-style-type: none"> • Drought-resistant plants that require minimum watering are included in projects' landscaping; the ecosystem is supported by choosing species that break solar radiation and develop the green texture quickly, and whose leaves, flowers and seeds can be used. Rooftop gardens are created to minimize environmental impact. 	<p>If/when deemed necessary, the Company will carry out initiatives to raise further awareness of environmental and social issues of its customers and suppliers, and thus make sure its customers and suppliers are involved in the Company's Environmental and Social Impacts Policy.</p>	<p>Manzara Adalar (Residential) - LEED Gold</p>
<ul style="list-style-type: none"> • Solutions for reducing water consumption are preferred in the projects for conserving water 	<p>Achieving alignment with the criteria of globally-recognized green building certifications such as LEED, BREEAM</p>	<p>Kanyon Shopping Mall - BREEAM Outstanding</p>
		<p>Work in relation to LEED certification for TUTOM, an important property in the Company's portfolio, is detailed under the "Corporate/Sustainability" tab on the Company website.</p>
		<p><u>Properties for which approval process is in progress:</u></p>
		<p>İş Towers Tower -2 - LEED - EBOM</p>
		<p>İş Towers Tower -3 - LEED - CS</p>
		<p>Ankara İş Tower - LEED - CS</p>
		<p>About 45% of the Company's properties that generate rental income consist of investments possessing green building certification. This ratio will close in on 80% if all properties for which application process is ongoing earn certification.</p>
		<p>The Company is in application phase for LEED Gold certification for the İstanbul Financial Center Project in development phase.</p>
		<p>Furthermore, the Company targets to obtain a LEED certification for the office part of the Litus İstanbul Project that it</p>

is developing, Tuzla Residential Project and the project that will be developed on the plot of the Dikilitaş Building, and undertakes the necessary work and efforts along this line.

İş REIC is aware of the impacts of climate change on our daily lives, takes responsibility in this respect, and reports its GHG inventory. Accordingly, 2022 GHG Report was prepared and posted under the "Corporate/Sustainability" tab on the Company website.

The said report's scope covered the Company Head Office, Kanyon Yön. İşl. Ve Paz. A.Ş. (Kanyon A.Ş.) owned by 50%, and Kanyon Shopping Mall managed by Kanyon A.Ş. and Office Lamartine,

and the reporting scope, period, data, limitations and other information including the standard, protocol, methodology etc. employed in reporting are described within the GHG Report.

Covering the period from 1 January 2022 through 31 December 2022, the report includes energy and water consumption data and GHG emissions also for the years 2020 and 2021, and increases or decreases in these environmental indicators as compared to previous years are made available for the information of all stakeholders.

Total energy consumption of the Company from 2020 through 2022 covered in the report is shown in the

tables below in MWh and GJ units. According to these tables, the highest energy consumption in 2022, which is the baseline year, resulted from fuel oil and electricity consumption at buildings. Energy consumption in 2022 was down by nearly 73% as compared to 2020.

According to the table below, total energy consumption in 2022 is 1,391.5 MWh; energy consumption resulting from fuel oil and electricity consumption at buildings is 960.2 MWh, whereas that resulting from fuel oil used for vehicles is 431.3 MWh.

İş REIC Total Energy Consumption, MWh

	2020 MWh	2021 MWh	2022 MWh
Electricity Consumption			
Fuel oil & electricity at buildings	4,887.9	2,060.2	960.2
Purchased grid electricity	3,538.2	265.3	261.2
Natural Gas	1,349.7	1,792.6	698.5
Generator (diesel)	0.0	2.2	0.0
Fuel oil for vehicles	322.6	395.7	431.3
Diesel	191.0	202.3	178.0
Gas	131.6	193.5	253.3
Total	5,210.5	2,455.9	1,391.5

According to the table below, total energy consumption in 2022 is 5,009.4 GJ; energy consumption resulting from fuel oil and electricity consumption at buildings is 3,456.8 GJ, whereas that resulting from fuel oil used for vehicles is 1,552.5 GJ.

İş REIC Total Energy Consumption, GJ

	2020 GJ	2021 GJ	2022 GJ
Electricity Consumption			
Fuel oil & electricity at buildings	17,596.6	7,416.6	3,456.8
Purchased grid electricity	12,737.5	955.2	942.3
Natural Gas	4,859.1	6,453.3	2,514.5
Generator (diesel)	0.0	8.1	0.0
Fuel oil for vehicles	1,161.2	1,424.7	1,552.5
Diesel	687.5	728.2	640.8
Gas	473.8	696.5	911.7
Total	18,757.8	8,841.3	5,009.4

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The Company's GHG emissions by years are shown in the table below. According to the table, total GHG emissions in 2022 comprised of Scope 1 emissions by 63.4%, Scope 2 emissions by 31.7% and Scope 3 emissions by 4.7%.

GHG Emissions (tCO ₂ e)	2020	2021	2022
Scope 1	358.2	467.2	254.8
Scope 2	1,770.3	233.3	127.5
Scope 3*	18.1	25.5	20.0
Grand Total	2,146.2	726.0	402.3

* Solely the waste resulting from operations, mains water consumption and business air travel Scope 3 (GHG Protocol – Categories 5 and 6) were calculated.

As seen in the table, total annual GHG emissions were 2,146.6 tCO₂e in 2020, 726 tCO₂e in 2021, and 402.3 tCO₂e in 2022. GHG emissions in 2022 were down by nearly 81% as compared to 2020.

Scope 2 emissions calculation took into account I-REC renewable energy procurement certifications; I-REC certifications obtained in 2022 for the Company Head Office, Kanyon Shopping Mall and Kanyon A.Ş. certified that electricity consumption at these locations are totally supplied from renewables.

The Company's total water consumption in 2022 is 16,397 cubic meters, which is down by 44% as compared to 2021 and up by 20% as compared to 2020. The Company uses the mains water supplied by local administrations for its water consumption. Wastewater is discharged into treatment facilities and similar infrastructures as defined by local administrations.

İş REIC Total Water Consumption, m³

	2020	2021	2022
Total Water Consumption	16,652	29,124	16,397

For water efficiency purposes, tap aerators in all common area washrooms at İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall) were replaced with water-saving types. Solutions that serve to water efficiency are intended to be spread across the entire portfolio.

Maximum compliance with specifications, regulations, protocols and standards applicable in Türkiye and in the world is sought to be attained in projects in development phase and in existing properties. Accordingly, the aim is to conserve natural resources, establish structures and systems that support sustainability through reduced energy use and emissions, and create value for the end users of projects and for future generations.

The Company does not directly undertake the construction works in its development projects or existing properties, but procures the construction service from construction companies

that operate within certain quality standards and are capable of satisfying the Company's expectations in relation to quality standards. When selecting these companies, the Company takes into account the service criteria that will ensure qualification as a "green building" and/or similar quality in development projects and properties subject to renovation. In addition, the Company oversees the interaction of the companies that will offer construction service with all the stakeholders that might be potentially impacted by the project or property with the aim of avoiding or minimizing potential environmental impacts of existing projects or those in development phase. Relationships with all suppliers and particularly with companies offering construction service are handled in accordance with the publicly disclosed "Supplier Management Principles" and "Code of Ethics".

The Company targets to develop projects that will be eligible for "Environmental Impact Assessment (EIA) Not Required" certificate. The Company gets EIA introductory files prepared for assessing the environmental impacts of its planned projects of a specific scale as per the "Environmental Impact Assessment (EIA) Regulation" of the Ministry of Environment, Urbanization and Climate Change. In the EIA introductory files, the Company undertakes to abide by the applicable regulations in relation to the quantity of wastewater, solid waste, excavation waste, construction waste, packaging waste, hazardous waste, medical waste, gas waste generation quantity; waste batteries and accumulators, waste mineral oil, vegetable oil waste, exhaust emissions, noise generation quantity; environmental impacts of dust emissions from vegetal soil and excavation waste, and soil pollution, and the measures to be adopted therefor. Projects are

evaluated by the related Ministry within this context, and projects, which are concluded to not have significant impacts upon the environment as a result of this assessment, receive an "Environmental Impact Assessment Not Required" certificate.

The Company also follows up the policies and regulations (e.g. ISO 14001) that management companies abide by within the framework of sustainability principles during the operation of the buildings in its portfolio, and encourages management companies to align themselves with new standards. Hence, the tenants in the properties serviced by management companies are prompted with regard to fundamental environmental issues such as carbon footprint reduction, and ensuring energy and water efficiency.

Major properties in the Company's portfolio such as İş Towers Complex, TUTOM, Kanyon Shopping Mall and Marmara Park Shopping Mall are operated by management companies holding ISO 14001 certification, and related environmental management system standards are observed in matters such as energy and water management, waste management and so on. In this context, approximately 90% of the Company's properties generating rental income are operated by management companies possessing ISO 14001 certification.

Zero Waste Management process work was initiated for the İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall) where the Company is headquartered. Accordingly, waste collection spots were separated and waste sorting was ensured at the Complex in accordance with the Zero Waste Regulation, and necessary applications were filed for the management company to obtain a zero waste certificate; Zero Waste Certificate was received for Tower Shopping Mall as of the date of this writing. In addition, zero waste management system was

established at TUTOM, Kanyon Shopping Mall and Ege Perla Shopping Mall covered in the Company's portfolio and that fall under the scope of the "Zero Waste Regulation", and "Zero Waste Certificates" were obtained.

As part of its long-term goals, the Company will consider obtaining a Zero Waste Certificate and ISO 14001 Certification for the Company Head Office in the coming period.

As stated in its Sustainability Policy approved by the Board of Directors and publicly disclosed, the Company assesses risks and opportunities within the scope of the combat against climate change, strives to minimize its impacts resulting from its operations, and determines the actions that need to be taken therefor. The Company attaches the necessary importance to combating climate change, and carries out work for inclusion of climate crisis risk within the Company Risk Policy approved by the Board of Directors, and for its description in the Company Risk Catalogue.

The Company spends efforts to regularly measure GHG emissions that act as the main cause of climate change and to conduct mitigation activities. The measures adopted for reducing carbon footprint, and the steps taken at the Head Office and existing properties and those under development have been defined together with the Company's environmental targets. Furthermore, the target of obtaining green building certification for existing projects and those under development takes place among the actions for reduction of GHG emissions. The Company contributes to reduction of GHG emissions of its suppliers and customers that it services by way of its properties and its implementations for carbon footprint reduction and securing energy and water efficiency as well as green building certification processes. In 2022, the Company started reporting on environmental factors including

carbon footprint, water and energy consumption, and publicly disclosed its practices and plans for reduction of those factors. The Company plans to continue measuring the said environmental indicators and to set and disclose numeric targets for the reduction of measurement results in the future. The Company also targets to gradually replace the vehicles in its fleet with hybrid vehicles.

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 81,106 MW/h of I-REC certified green electricity in 2022 and 77,189 MW/h of the same in 2021 at its Head Office. I-REC certification is intended to be obtained also in 2023 for the electricity consumed at the Company's Head Office.

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. In addition, some of the tenants in İş Towers Tower 2 & 3 also get I-REC certification.

The Company promotes environment-friendly technologies, and strives to minimize the harmful effects any IT equipment has on the environment throughout their lifecycles. The work undertaken in this respect is described below:

- 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.

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- Conference rooms were set up in each construction site and sales office to enable online meetings instead of physical ones in view of the fact that the Company's construction sites and sales offices can be located in different places. Thus, 404 gram CO₂ emission per kilometer was avoided, enabled by the elimination of vehicle use for transportation.
- Paper consumption was minimized thanks to "Incoming and Outgoing Invoices" and "Incoming Documents" processes developed within the scope of digital transformation.
- 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 2,616 liters of water, 405 KW/h of energy and 26KG CO₂ in 2022.
- All scrap electrical devices are dispatched for being melted on condition of planting trees on behalf of the Company via TEMA Foundation (Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats), thus supporting the protection of land ecosystem.

The Company started taking steps to encourage its 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.

The Company has set its short- and long-term goals under the main targets defined in its policies to mitigate its

environmental impact. The targets were first identified in 2022 reporting period, and progress achieved in relation to the goals will presumably be presented for the information of all stakeholders in the next reporting period.

The Company is not included in any carbon pricing system by reason of its operations or activities, and does not implement carbon pricing. Additionally, the Company is not currently using carbon credits; the Company firstly targets to reduce its direct and indirect emissions (Scope 1 and Scope 2) and carbon credit purchasing might be considered in the future.

The Company takes pains to follow-up the latest developments in Türkiye and in the world in contact and cooperation with various stakeholders, particularly NGOs, universities and public agencies. In the reporting period, the Company was not involved in environment-related policy making processes of concerned organizations and NGOs engaged in environmental issues, nor engaged in any cooperation with such organizations and agencies.

The Company discloses its environmental data in the Annual Reports and under the "Corporate/ Sustainability" tab on its Company website. Additionally, in the case of EIA report or similar applications for the projects developed, the related reports are publicly disclosed by the relevant regulatory authorities

C. SOCIAL PRINCIPLES

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 and the people in charge of them are made available for the information of all stakeholders on the Company website.

The "Human Rights and Human Resources Policy" that is created in a complementary nature and an integral part of the Company's Sustainability Policy are regularly reviewed by the Corporate Governance Committee in line with the necessities and the changes in operating conditions, and updated and revised as necessary upon the suggestion of the Committee, which are enforced following the approval of the Board of Directors. The Internal Systems Unit audits compliance with the provisions of the Human Rights and Human Resources Policy.

Erected on various principles including non-discrimination between employees on any basis including race, religion, language, sect or any faith, gender, age, cultural or social class; respecting human rights, ensuring equal opportunities in all HR management processes, protecting employees from internal physical, mental and/or emotional abuse, implementation of a fair and competitive remuneration policy, establishment of necessary mechanisms for employee feedbacks and complaints; and the importance attached to training, development and talent management, as well as occupational health and safety, the Human Rights and Human Resources Policy can be accessed on the Company website under the "Corporate/ Sustainability/Policies" tab. Suppliers from which the Company purchases goods or services are also anticipated to abide by the Policy principles in their business dealings.

Adhering to the said Policy principles in HR management, the Company strives to provide the necessary support to keep employees motivated, to constantly

improve financial and social rights offered to employees, to create a fair, egalitarian and modern working environment, and to identify and satisfy training needs of employees in a bid to recruit the qualified human resource that will enable maximum efficiency in the conduct of the Company's activities and to maintain its success. Human Resources management activities are described in the "Human Resources Section" of the Annual Report.

Looking out for certain economically, environmentally and socially-vulnerable segments or minority rights, the Company aims to include all segments of the society in business life with the aim of a fair, egalitarian and modern working environment; and adheres to the principle of "equal pay for equal work" without discriminating on the basis of race, religion, language, gender, disability, etc. The Company offers equal opportunities for increasing employment of economically, environmentally and socially-vulnerable segments through various implementations such as supporting the participation of employees with disabilities, provision of equal promotion opportunities to women employees, and so on.

The Company established and disclosed its "Gender Equality Policy", which supports the UN SDG no. 5 "Gender Equality" in line with the principles of equal opportunity and diversity set out in its Human Rights and Human Resources Policy. In the coming period, the Company aims to become a signatory to the statements of initiatives championing gender equality on national and international platforms, that are aligned with the Company's purpose and strategies, have a large sphere of influence and offer opportunities for development. The Company also plans to organize gender equality awareness training for its employees.

Relying on a female labor-intensive workforce since its inception, the Company assigns women to managerial positions. The ratio of women employees is 47% at the Company that has 72 employees on its payroll as of 2022 year-end. While the ratio of women in senior executive positions is 50% and in middle-level managers is 40%, the ratio of women in all the managers of the Company is 44%. The distribution of employees by gender, age and educational background is provided in the "Human Resources" section of the Annual Report.

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. The Company accords importance to making sure that individuals with the necessary competencies take place in the execution and on the Board of Directors of the Company, without discriminating on the basis of gender; accordingly, maximum care is taken to ensure that women actively take place on the Board of Directors. There is one woman member on the Board of Directors.

The ratio of women in new hires in 2022 is 42%, and the average age of new recruits is 32. The turnover rate, on the other hand, is 8%¹ in 2022. 60% of the employees who left the Company are women with an average age of 36.

Offering equal promotion opportunities to women employees, the Company promoted a woman employee on

maternity leave to managerial level in the reporting period. The Company also briefs women employees about all their rights available under the law prior to and after childbirth and looks out for employees' rights. There is a nursery room at the Company Head Office which can be used by women employees returning to active work after childbirth. Return-to-work and retention ratio after childbirth among women employees is 100%.

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, including the Whistleblowing Line. In 2022, employees did not report any complaints regarding discrimination or abuse.

Adhering to the principle of respecting human rights and employee rights in its activities, the Company takes necessary measures against any indecent violation of rights. Forced labor, child labor, hazardous labor, etc. are out of the question at İş REIC in support of the UN SDG no. 8 "Decent Work and Economic Growth". The Company employs people above the age of 18 and the said age limit is also incorporated in the Company's internal guidelines as a criterion for hiring. Suppliers are also expected to act accordingly pursuant to the Company's Human Rights and Human Resources Policy.

The Company employs open, transparent and cordial communication channels for employees to convey their opinions, suggestions, complaints and feedbacks,

¹ Turnover rate: (Total number of employees who left the Company/Average number of employees)*100

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and mechanisms for resolution of conflicts. Conflict resolution processes are addressed in the Company's implementations and employees have been informed on the same.

All employees can convey their opinions, suggestions, complaints and feedbacks either via their line managers or the Human Resources and Education Unit. Also, the Company 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 addition, methods including questionnaires/consultation are employed regarding decisions that produce a result affecting the Company employees.

Fundamental HR processes such as recruitment, career planning, salary and fringe benefits management, performance management and rewarding, resignation and compensation, etc. are shared with all employees; briefing meetings are held upon demand by the employee or as and when the need arises.

Targeting increased productivity in the Company's activities and enhancing the quality of work life, the human resources management conducts recruitment and placement activities informed by the principle of "placing the right individual in the right position" from among candidates who are compatible with İŞ REIC's corporate culture and values, are professionally competent, are open to development, and have strong potential without discriminating on whatsoever basis including race, religion, language, gender, disability etc. Conducting a fair recruitment process offering equal opportunities, the stages of recruitment and all the tools used in talent acquisition are made known to candidates.

İŞ REIC adopts the principle of offering equal opportunities for training and development of the qualified workforce needed for all managerial and specialist positions in different levels. In case of a vacant position at the Company, such position is firstly attempted to be filled from internal sources depending on the relevant position, by pursuing equal opportunities.

İŞ REIC adopts a fair and competitive remuneration and rewarding concept aligned with its ethical values and strategic goals, and embraces the principle of "equal pay for equal work" without any discrimination. The Company employs a salary cascade system based on employees' job and position-based weight in determining the remunerations. Job descriptions for the position and title, and implementation principles for the performance have been documented and announced to employees.

The Remuneration Policy in place was approved by the Board of Directors and presented for the information of shareholders in the first General Assembly convened. Refusing all sorts of discrimination in processes and practices encompassing its employees within the frame of the Human Rights and Human Resources Policy, İŞ REIC compensates all employees in accordance with the principles of the Remuneration Policy, Human Rights and Human Resources Policy, and Human Resources Bylaws.

The Company's publicly disclosed Remuneration Policy applies to managers and employees working at any level; the basic principle is to ensure alignment of the remuneration to be paid to managers and employees at any level are in harmony with the Company's ethical values, internal balances and strategic goals, and not linked solely to the Company's short-term performance. Performance-based incentive payments are determined depending on objective conditions and in a manner

to positively influence the Company's corporate values, taking into account the maturity of the risks taken and without guaranteeing the amounts in advance. Performance-based incentive payments criteria are determined and communicated to employees; the set criteria are regularly reviewed. Full wording of the Company Remuneration Policy can be accessed on the website, under the "Investor Relations/Corporate Governance/Policies" tab.

The Corporate Governance Committee is charged with and responsible for determining the principles, criteria and practices to be employed in the remuneration of executives with administrative responsibility and to present suggestions to the Board of Directors on these matters.

Fringe benefits and/or rights the Company provides to employees are determined in internal regulations; employees are familiar with salary and fringe benefits management. The Company's Compensation Policy is publicly disclosed and can be accessed on the Company website, under the "Investor Relations/Corporate Governance/Policies" tab.

Company health insurance is provided to company employees and their dependent spouses and children in a manner that supports UN SDG no. 3 "Good Health and Well-Being"; all employees have life insurance, and employer contribution is granted for employees participating in the private pension system. The Company offers "Employee Support Program" that can be used by employees and family members residing in the same household with the purpose of helping them establish the work-life balance and enhancing employee satisfaction.

In addition, practices providing income support for a fixed period of time were introduced in 2022 with the aim of supporting employees' purchasing power.

The Company aims to maintain long-lived cooperation with employees and strives to ensure employee satisfaction. The Company organizes annual motivational events intended for the participation of all employees, prior to which employees' opinions are sought. Pursuing employees' work-life balance, the Company makes its employees feel that it stands by them at all times with the employee support service offered to all employees, and fringe benefits and supports provided for special occasions such as childbirth, marriage and special days. In addition, employees completing certain tenures with the Company receive a memento of service.

The Company bases employee training and development on "Performance and Competence Building System". This competence-based system clarifies the attitudes and behaviors expected of employees for achievement of targets in their respective areas of responsibility, lets them see their contribution to the Company as a whole, and aims to reinforce job satisfaction and motivation. The outputs of this system in which all employees actively take part and which is regarded as kind of a development journey for employees are used as an instrument in revealing employee potential. Furthermore, training programs supporting employees' improvement areas are organized based on the system's outputs.

Within the scope of learning and development activities carried out based on lifelong learning notion, it is aimed to align training programs planned according to employee needs with the Company goals and to let employees reflect the outcomes of the training in their business and personal lives. The Company strives to ensure that all employees participate in training within the frame of equal opportunities.

In keeping with this approach, the Company continued to facilitate employee participation in training

programs in parallel with its governance strategies. Training activities in the reporting period were in the form of technical and professional training programs, extramural training for individual participation, seminars, e-learning platform and compulsory protective training sessions. In 2022, 16 hours of training per employee were provided on average.

Having a proactive and innovative perspective to HR management, İŞ REIC adopts a fair working manner erected on employee participation and entailing cooperation with all units. The Company promotes innovation and creativity in all HR processes.

Giving importance to digital transformation, İŞ REIC uses an HR portal which all HR functions can be run on, provides ease of use to employees, and is flexible and adaptable to needs. Through this portal, employees can transparently reach HR processes, and access the cloud-based application from anywhere with an Internet connection. Furthermore, it is aimed to execute existing HR practices in a manner to leave as much digital trail as possible and conservation of nature is pursued by reducing the number of hard-copies.

Employees are informed of the decisions made in relation to them or of developments that concern them. There is not an employee representative, nor is there a trade union due to the scale of the Company; the employees did not so far submit such a demand to the Company management. On the other hand, the Company respects the right to unionization and collective bargaining. All employees are free to unionize and act of their own free will.

Similarly, collective bargaining agreement is not needed, given the Company's scale. On the other hand, the Company does not have any regulations prohibiting the freedom of association and the right to collective bargaining.

Pursuing a healthy and peaceful working environment for employees, the Company took the necessary measures against the Covid-19 pandemic, and did not make any deductions from employees' financial and social rights in the process. Furthermore, İŞ Towers Complex where the Company Head Office is located, there are physicians and healthcare personnel that employees can refer to for a medical examination when they need it.

Occupational health and safety is an important element of HR policies and practices.

Under the applicable legislation and practices associated with occupational health and safety, the Company provides a healthy and safe working environment to its employees and constantly improves its related processes with preventive, corrective and protective approaches. The Company offers regular occupational health and safety training to employees, provides necessary information and raises awareness of the topic. In this framework, 368 hours of Occupational Health and Safety training were provided in total during the reporting period.

The Company devised its "Occupational Health and Safety Policy" and made it available for the information of all stakeholders. The said Policy can be accessed on the Company website, under the "Corporate/Sustainability/Policies" tab.

Encompassing all employees, customers, visitors and service providers of İŞ REIC, the Policy has been created to establish a safe and healthy working environment and to promote protective healthcare practices. The Policy sets out the Company's implementation principles, structuring and obligations on the basis of each responsible party in relation to occupational health and safety.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

The Policy is implemented by the Occupational Health and Safety Board in charge of coordinating internal occupational health and safety practices under the supervision of the Corporate Governance Committee. The Occupational Health and Safety Board comprises of the Company's various employees, workplace physician and OHS expert and regularly holds quarterly meetings.

The Policy is reviewed in view of needs, changes in operating conditions and legal regulations at least once a year. It is updated and modified as necessary upon the suggestion of the Corporate Governance Committee and enforced following the approval of the Board of Directors.

To prevent workplace accidents and to protect health:

- Employee training and briefing activities are carried out;
- Workplace physicians perform initiation and periodic health examinations of employees as part of health supervision; risk analyses and field observation are regularly conducted and renewed, led by the occupational safety expert and workplace physician at the workplace;
- Emergency action plans are created;
- Occupational Health and Safety Board meetings are held regularly;
- Accident analysis is performed in case of incidents such as workplace accidents and professional diseases, and related improvement procedures are devised;

Regulatory and preventive activities are organized with the relevant business units in line with the data and findings from field observations, near-misses and accident analyses at the Company.

The Company reports the measures adopted for workplace accidents and for protecting health, workplace accidents, and accident statistics to the Joint Health and Safety Unit (OSGB) from which service is provided, workplace physician and related authorities. In 2022, no employees suffered an injury or a condition leading to a graver result such as death by reason of a workplace accident. On the other hand, 5 workdays were lost due to the activities carried out.

The Company established its Personal Data Protection and Privacy Policy, which can be accessed on the Company website under the "Corporate/Personal Data Protection" tab. The Company also established and disclosed its Code of Ethics, which can be accessed on the Company website under the "Investor Relations/Corporate Governance/Code of Ethics" tab.

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.

Furthermore, employees acting within the frame of integrity and transparency principles and reporting in good faith deeds or attempts in violation of the Anti-Bribery and Anti-Corruption Policy posted on the Company website do not face a penalty and/or retribution for doing so. The Company's Anti-Bribery and Anti-Corruption Policy can be accessed on the Company website, under the "Corporate/Sustainability/Policies" tab.

Established by the Corporate Governance Committee within the frame of ESG factors and enforced based on the Board of Directors decision, ESG Policies were shared with the employees in writing; additionally, briefing meetings were held with the employees regarding ESG policies and practices. During the reporting period, some employees participated in ESG training programs. It is planned to get a higher number of employees participate in these programs in the coming year as a short-term target for supporting employees' development in relation to ESG matters.

The Company established its "Customer Satisfaction Policy" for customer complaints handling and resolution, and made it available for the information of all stakeholders on the Company website. The said Policy can be accessed on the Company website, under the "Corporate/Sustainability/Policies" tab.

The Company takes care to effectively maintain its communication with all stakeholders that are directly or indirectly affected by its activities in keeping with accountability and transparency concepts. The Company's main stakeholders that it is in contact with include employees, customers, suppliers and shareholders.

The Company maintains a communication that employs open, transparent and cordial communication channels with its employees that represent its most important stakeholder group. Furthermore, various socialization opportunities are taken advantage of to get together with the employees including annual performance feedback assessments and motivational events, mementos of service and monthly birthday celebrations.

The Company is in contact with tenants, home buyers and real estate agents within the scope of its rental and sales activities. Regular contact is maintained with these stakeholders in the form of face-to-face contacts, emails, telephone and video calls and digital platforms (website, social network accounts, complaint websites etc.).

The Company is in constant communication with suppliers within the frame of its project development activity; although it varies on project basis, regular supplier contacts happen mostly in the form of face-to-face contacts, as well as by email, telephone and video calls.

Oral and written contact is established with stakeholders requesting information about the Company's operations such as shareholders, analysts, portfolio managers etc., and sometimes meetings are organized with the said parties upon demand. These stakeholders can contact the Company's Investor Relations and Sustainability Department any time. Stakeholder queries increase at times that coincide with the general assembly meetings, announcement of financial results and so on.

Also in contact with stakeholders such as public and private sector institutions due to its operations or in response to the requests from the related parties, the Company provides feedbacks on draft regulations concerning capital markets and the sector, and extends support to questionnaires and academic studies to the extent possible.

The Company did not embrace any sustainability reporting standard or principles, nor is it a signatory or member of any international organization, committee and/or principle in relation to sustainability.

The Company will consider in the future to discuss adoption of international reporting standards and/or affiliation to international principles or organizations.

Having established its guidelines in relation to ESG matters and sustainability practices during the reporting period, the Company targets to improve its ESG and sustainability performance and qualify for inclusion in Borsa İstanbul Sustainability Index. Accordingly, the Company works to take necessary actions in this respect.

D. Corporate Governance Principles

Set up in a manner to encompass all key functions in the Company so that sustainability activities can be carried out effectively and inclusively, the "Sustainability Working Group" represents mainly employees, and customers and suppliers that make up two other important stakeholder groups of the Company. Its structure enabling representation of different types of stakeholder groups allows being informed about the stakeholders' opinions about the sustainability issues being discussed, and hence, stakeholders' opinions are taken into consideration in determining the sustainability measures and strategies. Furthermore, the Company pays regard to the rights and interests of customers, suppliers or business partners and the public interest when adopting medium- and long-term strategies, as set out also in its Sustainability Policy.

At present, the Company does not have an active social responsibility project running. However, the Company prioritizes creating stakeholder value while fulfilling its responsibility to our world, society and our people. Within the scope of the Company's publicly disclosed Corporate Social Responsibility Policy, education,

environment and nature, culture & arts, and gender equality are the topics that are given priority. The Company's Corporate Social Responsibility Policy can be accessed on the Company website, under the "Corporate/Corporate Social Responsibility and Donations Policy" tab.

Briefing meetings and training programs for employees are organized for raising increased awareness of sustainability and its significance. Believing in the vitality of increasing the awareness of customers and suppliers in relation to environmental and social issues, the Company will be considering the potential actions to be taken for raising increased awareness of stakeholders other than employees.