

HALK GYO A.Ş.

2020 Sustainability Principles Compliance Framework Report

A. General Principles

Halk GYO, in the sector it operates, is aware that correct corporate governance practices can only be possible with practices such as setting forth the management strategy, establishing an effective risk management and internal control mechanism, setting forth the ethical rules, fulfilling the investor relations activities and the public disclosure obligation with the required quality and executing the Board of Directors activities transparently.

Our company carries out all its activities by adopting the concepts of "Equality, Transparency, Accountability and Responsibility", which are the four main elements of the Corporate Governance Principles, and observing compliance with these principles.

Within the scope of the Sustainability Principles, Halk GYO realizes sustainable projects attaching importance to energy efficiency and sustainability, increasing use of green spaces with the materials used and targeting low CO2 emission by prioritizing gender equality, decent work, economic growth and the matters of reducing inequalities and the efficient use of all resources in all its activities.

"Information Policy" of our company, in line with the transparency and equality principles of corporate governance, adopts to disclose information that does not hinder trade secrets or the competitive power of the Company in a timely, complete, understandable and easily accessible way to the shareholders and stakeholders, while also taking the rights and benefits of the Company into account. The Board of Directors is responsible for the follow-up, supervision and development of the Information Policy. Investor Relations, on the other hand, are obliged to observe and follow the Disclosure Policy.

Company's operational and financial status, position in the sector, performance and development are disclosed through financial reports and investor presentations prepared quarterly and published also on our website within the framework of legal regulations and disclosure policy. In addition, our website is an information tool that provides to all stakeholders all kinds of information of general nature, from corporate policies to general assembly information. Both our website and our reports directly meet the needs of different stakeholders. Halk GYO, aiming to comply with the Corporate Governance Principles at a high level, within the framework of the importance it attaches to the issue of transparency, discloses all important developments in a timely, complete, accurate and simultaneously accessible manner to all stakeholders through the relevant reports, the company website and the Public Disclosure Platform.

Our company has not been subjected to any legal sanctions on environmental, social and corporate governance issues during its activities and did not cause any conflict of interest that arose due to its practices.

B. Environmental Principles

In the vision of our company, it is important not only to make the most of its investments but also to avail benefit in the field of modern urban planning, to build environment-friendly structures and to be a pioneer and take part in activities that will support the sector.

The real estate projects of our company are produced with environmentally compatible, carbon-free materials, and it has the LEED certificate, which is an internationally developed green building rating system for all building types from hospitals to data centers, from historical buildings to schools.

Halk GYO is a corporate member of USGBC (U.S. Green Building Council), which has been conducting the LEED certification since 2013. 3 of the 6 projects completed have received LEED certification, and the certification process continues for one of the ongoing projects.

Halk GYO Leed Certification Completed Projects;

- ✓ Eskişehir Panorama Plus Project (Leed Silver)
- ✓ Levent Hotel Project (Leed Gold)
- ✓ Şekerpınar Banking Centre Project (Leed Gold)

Halk GYO LEED Certification Ongoing Projects;

- ✓ İstanbul International Finance Centre 'Halk Office Towers' (Leed Platinum Planned)

Within the scope of Eskişehir Panorama + Residence Project LEED certification;

37% saving in water use and 34% saving in electricity use is achieved. The amount of wastewater has been reduced by 54% by using wet area equipment that consumes less water. During the construction phase, 77% of construction waste was recycled. There is 33% recycled material in the contents of the materials used.

Within the scope of Levent Otel Project LEED certification;

31% saving in water use and 24% saving in electricity use is achieved. All of the landscape irrigation in the project has been provided by the use of gray water. A 44% reduction was achieved in reservoirs and urinals with the selection of high efficiency wet area armatures and the use of treated water. In areas with intense usage, measuring the indoor air quality with CO2 sensors and providing the necessary fresh air is done through the automation system.

Within the scope of Şekerpınar Banking Centre Project LEED certification;

49% saving in water use and 46% saving in electricity use is achieved.

Within the scope of Istanbul International Finance Centre ‘Halk Office Towers’ Leed certification;

A Gold level LEED certificate has been made mandatory for all stakeholders for the Istanbul Financial Center Project within the framework of the design handbook and master booklet published by the Ministry of Environment and Urban Planning. However, Leed Platinum, which is the highest level of Leed certification, was targeted in this project due to the competitive environment stemming from the multi-stakeholder structure of the project, and the works are carried out in this direction. The application in the Halk Office Towers has been made according to the LEED certificate being LEED BD + C (Building Design + Construction), in other words, the Shell & Core (shell core) principle. In addition, the application for LEED ND (Neighborhood Development) certificate across IFM is targeted by Emlak Konut and the Republic of Turkey the Ministry of Environment and Urban Planning, and works have been initiated in this direction with the necessary consultants.

40% savings in water use and 30% savings in electricity use are projected. In addition, within the scope of efficient energy use, it is planned to build an ice storage system, which is an innovative development. During the current construction phase, 50% of construction wastes are recycled, and it is targeted to increase this rate to 75% by regular monitoring and to get additional points. Indoor air quality can be monitored with CO2 sensors.

There were no lawsuits filed against our Company for damages to the environment during the period.

C. Social Principles

Halk GYO prioritizes the requirement of full compliance with the legal framework and legislation governing human rights and business life while performing all of its activities.

Our company maintains its relations with all stakeholders interacted within the framework of ethical rules in addition to legal regulations. The Code of Ethics has been published under the heading "Ethical Principles" in the "Corporate" section of the Company website. "Ethical Principles" contain detailed explanations and regulations under the main headings of conflicts of interest, rules regulating information flow, relations with stakeholders, customers, suppliers and human resources. The purpose of these principles is to prevent any dispute and conflict of interest that may arise between employees, shareholders, customers and the corporation.

Our company's human resources policy is based on the acquisition of human resources with the necessary qualifications and the ability to develop, and the continuous development and motivation of its qualified personnel in achieving the company's mission, vision and goals. Matters such as recruitment conditions, career orientation and promotion conditions, monetary regulations and social assistance are presented to the employees in detail and clearly in the Company's Human Resources Regulation. All decisions taken with respect to employees are carried out within Human Resources within the framework of the aforementioned regulation.

The individual dignity of each employee and all rights recognized by laws are protected within the framework of legal practices and Code of Ethics, and all kinds of groundwork have been prepared for our human resources to work in a safe and healthy environment. Our personnel's social rights are provided regularly and periodically within the scope of legal legislation. Halk GYO prioritizes equal opportunity in recruitment processes and employee training. There were no complaints about discrimination reaching Human Resources during the year.

The sector in which our company operates, the quality of its personnel and the number of personnel are at a level where functions such as forming an association or collective bargaining agreement are not required, and it does not require such formations. Therefore, although our company does not have a collective bargaining agreement, there is no prohibitive regulation or practice in our company on these issues.

Occupational Health and Safety is one of the important elements of our Human Rights and Human Resources Policy. Trainings on these issues are regularly offered to employees, and necessary information is provided by raising awareness in these areas.

Halk GYO also ensures a high level of compliance with regulations on the protection of personal data, and our Clarification Text for the Protection of Personal Data has been prepared in writing and disclosed to the public on our website. In addition, necessary written and verbal information on the protection of personal data is provided to employees.

Halk GYO conducts its rights and responsibilities with all its stakeholders with an understanding of accountability, equality, transparency, fairness and responsibility. All stakeholders and stakeholders are fully and timely informed by the Company through public disclosures, press releases, financial reports, website and in-house announcements. Except for trade secrets and/or undisclosed information, the stakeholders' requests and questions about company activities are conveyed to the Investor Relations Department via the contact information available on the website. At the same time, it is possible for the stakeholders to convey their questions about the transactions they deem contrary to the legislation and ethical rules to the Corporate Governance Committee of our Company or the Committee Responsible for Audit.

Although the company management avoids any action that makes it difficult to conduct a special audit within the scope of the shareholders' right to obtain and review information, the request for the appointment of a special auditor has not been governed as an individual right in the articles of association of the company.

Although there is no provision in the Articles of Association for granting minority rights to shareholders who have a share less than one-twentieth of the capital, care is taken to exercise minority rights within the scope of TCC and CMB regulations.

Although there are no female members in our Board of Directors as of the report date, there is no regulation preventing the election of female members to the Board of Directors of our company. 33% of the total human resources are female employees.

Our company conducts the relations with non-governmental organizations and sectoral associations on a balanced and continuous basis. Our company supports the development of the sector by sponsoring many sectoral organizations and conferences.

International reporting standards such as the Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) or the Sustainability Accounting Standards Board (SASB) have not yet been adopted by our company. On the other hand, we do not have a membership or signature in international organizations or principles such as the Equator Principles, the United Nations Environment Program Finance Initiative (UNEP-FI), the United Nations Global Compact (UNGC) or the United Nations Principles for Responsible Investment (UNPRI).

Our company will evaluate the case of being included in the said principles/organizations by improving sustainability studies, especially in terms of environmental and social impacts. The issue of being included in the sustainability indices in the upcoming periods can also be considered within the framework of our Sustainability Policies and practices that are planned to be developed.

D. Corporate Governance Principles

There are detailed explanations in the "A. General Principles" heading of this section and in the "Corporate Governance Principles Compliance Report" section of the Annual Report regarding the subjects included in this heading of the Sustainability Principles.