

HALK GYO A.Ş.

2021 Sustainability Principles Compliance Framework Report

A. General Principles

Halk GYO is aware that correct corporate governance practices in the sector in which it operates may be possible with practices such as determining the management strategy, establishing an effective risk management and internal control mechanism, determining ethical rules, fulfilling the investor relations activities and the obligation to inform the public in the necessary quality and carrying out the works of the Board of Directors 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 by observing the compliance with these principles.

Within the scope of Sustainability Principles, Halk GYO implements sustainable projects that prioritize gender equality, decent work, economic growth and reduction of inequalities and efficient use of all resources in all its activities, care about energy efficiency and sustainability, increase the use of green space with the materials used, and aim low CO2 emission.

Our Company's "Disclosure Policy" adopts disclosure to shareholders and stakeholders in line with the transparency and equality principles of corporate governance, taking into account the Company's rights and benefits. It adopts to disclose trade secrets or information that does not hinder the Company's competitiveness in a timely, complete, understandable and easily accessible manner. The Board of Directors is responsible for the follow-up, supervision and development of the Information Policy. Investor Relations are obliged to observe and follow the Information Policy.

The operational and financial situation of the company is explained through financial reports and investor presentations prepared every quarter and published on our website within the framework of its position, performance and development in the sector, legal regulations and information policy. In addition, our website is an information tool that offers all kinds of qualified information to all stakeholders in general, from corporate policies to general assembly information. Both our website and our reporting directly meet the needs of different stakeholders. Aiming to ensure a high level of compliance with the Corporate Governance Principles, Halk GYO discloses all kinds of important developments to the public in a timely, complete, accurate and accessible manner for each stakeholder through the relevant reports, the company website and the Public Disclosure Platform within the framework of the importance it attaches to transparency.

Our company has not been subjected to any legal sanctions on environmental, social and corporate governance issues during its activities and has not caused any conflict of interest arising from its applications.

B. Environmental Principles

In our company's vision, it is important to evaluate its investments in the best way, as well as to provide benefits in the field of modern urbanization, to build environmentally friendly structures and to take part in studies to support the sector and to be a pioneer.

Our company real estate projects are produced with environmentally compatible, carbon-free materials and are LEED-certified, an internationally developed green building rating system for all building types from hospitals, data centers, historical buildings to schools.

Halk GYO is an institutional member of the USGBC (U.S. Green Building Council), which has been carrying out LEED certification since 2013. 3 of the 6 completed projects are LEED-certified, and the certification process is ongoing for one of the ongoing projects.

Completed Projects with Halk GYO Leed Certification;

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

Halk GYO Leed Certification Process On-Going Projects;

- ✓ İstanbul International Finance Center 'Halk Ofis Kuleleri' (Planned Leed Platinum)

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

37% savings have been achieved in water use and 34% savings in electricity use. The amount of wastewater has been reduced by 54% by using low-water consuming wet volume equipment. 77% of construction wastes were recycled during the construction phase. The materials used contain 33% recycled materials.

Within the scope of Levent Hotel Project LEED certification;

37% savings have been achieved in water use and 34% savings in electricity use. All of the landscape irrigation in the project was provided by the use of gray water. 44% reduction has been achieved with the selection of high-efficiency wet volume armature and the use of treatment water in reservoirs and urinals. In areas with high-density use, measurement of indoor air quality with CO2 sensors and providing the necessary fresh air are carried out through the automation system.

Within the scope of Şekerpınar Banking Center Project LEED certification;

37% savings have been achieved in water use and 34% savings in electricity use.

Within the scope of İstanbul International Finance Center ‘Halk Ofis Kuleleri’ Leed certification;

For the İstanbul Financial Center Project, the LEED certificate at the gold level is mandatory for all stakeholders within the framework of the design manual and master booklet requirements published by the Ministry of Environment and City. However, due to the competitive environment arising from the multi-stakeholder structure of the project, Leed Platinum, which is the highest level of the Leed certificate, is targeted in this project and studies are carried out in this direction. The application was made according to the principle that the Leed certificate in the Halk Ofis Kuleleri is LEED BD+C (Building Design + Construction), in other words, it is shell core. In addition, the application of LEED-ND (Neighborhood Development) certificate throughout IFM is targeted by Emlak Konut and the Ministry of Environment and Urbanization of the Republic of Turkey, and studies have been initiated with the necessary consultants in this direction.

40% savings are foreseen in water use and 30% savings in electricity use. In addition, it is planned to build an innovative ice storage system within the scope of efficient energy use. 50% of construction wastes are recycled during the construction phase we are in, and it is aimed to increase this rate to 75% and to get additional points by following up regularly. Indoor air quality monitoring can be performed with CO₂ sensors.

There is no lawsuit filed against the Company for damages to the environment during the period.

Within the scope of Dilovası Küçük Sanayi Sitesi;

It is planned to provide 100% of the energy consumption of the common area from the photovoltaic solar panels placed on the roof area.

It is aimed to collect rainwater and use it in landscape irrigation.

The use of low-water consuming plants has been given importance for landscape areas and bicycle parking areas have been created.

It is planned to establish vehicle charging stations.

C. Social Principles

Halk GYO prioritizes the condition of fully complying with the legal framework and legislation regulating human rights and working life while carrying out all its activities.

Our company carries out its relations with all stakeholders that it has a relationship with within the framework of ethical rules in addition to legal regulations. Ethical Rules have been published under the title of "Ethical Principles" in the "Corporate" section of the Company's website. "Ethical Principles" includes detailed explanations and regulations under the main headings of conflicts of interest, rules regulating the flow of information, relations with stakeholders, customers, suppliers and human resources. The purpose of these principles is to prevent any conflict and conflict of interest that may arise between employees, shareholders, customers and the institution.

Our company's human resources policy is based on bringing in human resources with the necessary qualifications and ability to develop to reach the company's mission, vision and goals, and ensuring the continuous development and motivation of its qualified personnel. Issues such as recruitment conditions, career orientation and promotion conditions, financial regulations and social benefits are presented to employees in detail and clearly in the Company Human Resources Regulation. All decisions taken regarding the employees are carried out within the Human Resources within the framework of the said regulation.

Each of the employees' personality dignity and all rights recognized by law is protected within the framework of legal practices and Code of Ethics and all kinds of grounds are prepared for our human resources to work in a safe and healthy environment. Social rights are provided to our personnel regularly and periodically within the scope of legal legislation. Halk GYO prioritizes equal opportunities in recruitment processes and employee training. During the year, there are no complaints to Human Resources about discrimination.

The sector in which our company operates is at a level where there is no need for functions such as personnel qualification and number of personnel, formation of an association or collective labor contract and does not necessitate such formations. For this reason, although there is no collective bargaining agreement in our company, there is no regulation or application that prevents these issues in our company.

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

A high level of compliance with Halk GYO personal data protection regulations is also ensured, and our Disclosure Notice on Protection of Personal Data has been prepared in writing and made public on our website. In addition, written and verbal necessary information was provided to employees about the protection of personal data.

Halk GYO carries out its rights and responsibilities with all its stakeholders with the understanding of accountability, equality, transparency, fairness and responsibility. All stakeholders and stakeholders are fully and timely informed by the Company through special case

statements made to the public, press releases, financial reports, website and internal announcements. Apart from being in the nature of trade secrets and/or information not disclosed to the public, the requests and questions of the stakeholders about the company activities are sent to the Investor Relations Department within the contact information on the website. At the same time, the stakeholders can convey their questions about the transactions that they consider contrary to the legislation and ethical rules to the Corporate Governance Committee of our Company or the Audit Committee.

The management of the company, within the scope of the shareholders' rights to information and examination, refrained from taking actions that make it difficult to carry out special audits, but the request for the appointment of a special auditor in the company's articles of association has not been regulated as an individual right.

Although there is no provision in the Articles of Association for granting minority rights to shareholders who have a rate lower than one-twentieth of the capital, care is taken to use minority rights within the scope of TTK and SPK regulations.

As of the date of the report, although there are no female members in our Board of Directors, our Company does not have any regulation that prevents the election of female members to the Board of Directors. Of the total human resources, 33% are female employees.

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

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

Our company will evaluate the involvement in these principles/organizations by improving sustainability studies, especially in terms of environmental and social impacts. Within the framework of our Sustainability Policies and practices planned to be developed, the issue of inclusion in sustainability indices in the coming periods can also be evaluated.

D. Principles of Corporate Governance

Regarding the issues in this title of the Sustainability Principles, there are detailed explanations in the "General Principles" section of this section and in the "Corporate Governance Principles Compliance Report" section of the Activity Report.