

Sustainable Finance Framework

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1. About Ziraat Bank

Ziraat Bank, (“Ziraat”, or the “Bank”) is a 100% state-owned, full service commercial and retail banking group and provides a broad range of products and services to more than 46 million corporate, SME, and retail customers across Türkiye and select international markets. Ever since its incorporation in 1863, the Bank has secured itself a select position among the greatest supporters of all actors taking place within the economic cycle in Türkiye. Always standing by, first and foremost, the farmers and then by merchants, businessmen, entrepreneurs, retirees and employees, the Bank constantly produces value and acts as the driver of economic development thanks to its activities. The Bank’s strategy is to become a global player by efficiently providing a broad spectrum of high quality, accessible financial services to every customer segment in line with its “More than a Bank” motto.

The Bank has a well-established nationwide franchise, including in under-banked areas, in a growing Turkish market and has been a consistent source of financial support for agriculture in Türkiye throughout its history and has played a substantial role in both the development and the modernisation of the Turkish agricultural sector.

After 2011, the Bank transformed its business model with an aim of changing the Bank from an operational banking perspective to a marketing and customer-oriented bank. The Change and Transformation Project involved a new business model and financial management to achieve sustainable growth while enhancing efficiency. Currently the Bank has a high market penetration and is the market leader in total assets, loans, deposits and a number of other key performance indicators.

Ziraat commands an extensive portfolio of domestic and international subsidiaries engaged in the areas of banking, , investment services, portfolio management, venture capital, real estate investment trust and financial technologies. In line with its strategy, Ziraat is in the process of establishing digital bank subsidiary. This solid structure consolidates the Bank’s integrated financial services delivery capability.

Providing financial services as the sole bank in 363 districts and sub-districts in Türkiye and having the most extensive service network in the country, Ziraat Finance Group is a regional power and a major global actor with its presence across 17 foreign countries.

In an intensively competitive sector with a significant international capital presence, Ziraat advances its stature as the largest and strongest bank year after year. The Bank continues to shape the Turkish banking sector with its rich variety of products and services, unrivalled market knowledge and experience, the synergy created with its subsidiaries, skilled human resources and robust financial structure.

Ziraat offers its customers superior and high-quality services in the fields of corporate, commercial (including SME) and retail banking with its (as of year-end 2023):

- 1,744 domestic and 25 foreign branches
- 25,904 employees
- 7,491 ATMs in Türkiye and abroad
- Internet Banking (Retail and Commercial Internet Banking)
- Mobile Banking (Ziraat Mobile, Ziraat Tablet)
- Ziraat Super Branch

The financial and operational performance the Bank recorded in 2023, on the back of its intensive efforts carried out in line with its efficient and sustainable growth target, once again exhibited the Bank’s capability to generate added value. The Bank’s total assets increased 64.4% YoY in 2023 to reach TL 3,800 billion. Thanks to its robust balance sheet structure, prudent operational perspective and efficient use of technology, Ziraat has consistently been able to sufficiently support the country’s households and real sector, meeting all kinds of its customers’ financing needs with the most effective solutions and operates at every stage of the economic cycle, and provides digital solutions to its customers with advanced technological infrastructures. The Bank intends to enhance the employee experience and organizational efficiency by constantly improving business practices and investing in the professional development of employees while maximizing customer satisfaction by producing integrated financial solutions in all countries where it operates as Ziraat Finance Group. The Bank provides services to its

customers, available at any time and on every platform, within the framework of the service models of the future, contributing to the development of the Turkish economy and the banking sector, remaining on course towards the corporate goals it has defined in its strategic roadmap.

Ziraat acknowledges the critical importance of the role that the finance sector plays in sustainable economic development and conducts its operations towards efficient mobilization of domestic and international funds by supporting economic actors with its selective credit policy, high quality product and service offerings and extensive awareness and sense of responsibility. Ziraat not only operates as a profitable commercial bank but also as an entity that facilitates the country's economic development and resilience efforts. In that respect, Ziraat continues to support the development of the agricultural sector in Türkiye with its "Financing the Agricultural Ecosystem" strategy and acts as the sole deposit bank for the efficient intermediation and distribution of government subsidies for agriculture.

The Bank is also heavily involved in social responsibility projects to promote and protect the country's cultural heritage. Ziraat operates Türkiye's first banking museum in Ankara and art galleries in both İstanbul and Ankara that has a vast collection of more than 2,500 pieces and acts as an important medium for Türkiye's prominent and prospective artists with art exhibitions conducted throughout the year. Ziraat Bank Library at İstanbul Medeniyet University, which is the largest university library in our country, was completed with the support of Ziraat and opened in August 2022. Established in 1926, Ziraat's Banking School has trained qualified staff for both Ziraat Bank and the entire Turkish Finance Sector providing both in class education programs and continuous training through online material. The School recently partnered with Ankara University for a Master's degree in Banking.

In 2023, Ziraat HQ Towers located in İstanbul International Finance Center achieved the "Excellence in Construction" award from CTBUH (Council on Tall Buildings and Urban Habitat), which is a non-profit global organization helping to create more sustainable and healthy cities. Additionally the project received a LEED platinum certificate making the building the first and only in the financial center to achieve this.

In 2023, Ziraat Bank achieved a significant success by receiving an A- grading in the Water Security category and a B grading in the Climate Change category, by completing its first reporting to the Carbon Disclosure Project (CDP) with sustainability scores announced in January 2024.

The bank has also procured 50 Thousand MWh of renewable energy in 2022, and this amount was increased to 75,000 MWh in 2023. This renewable energy consumption is documented through International Renewable Energy Certificates (I-REC).

Additionally, the Bank strongly supports sports initiatives in Türkiye. Along with sponsoring the Turkish Cup for the last 13 years to support Turkish football, the Bank owns one of the strongest volleyball teams in the Turkish Volleyball League. The team has become a principled, striking and successful club in Turkish Volleyball, in line with the aim of training athletes for the top teams by placing importance on infrastructure and by prioritizing responsibility and ethics in sports.

Sustainability at Ziraat

Ziraat has established its sustainability strategy on the pillars of multifaceted efficiency and effectiveness, and it has been gradually building on the added value it offers to the Turkish economy with its business practices, the scale of its services and the diversity of its products. In line with its Sustainability Policy updated in 2023 the Bank carries out coordinated financial, operational, environmental and social efforts to boost productivity and to take its corporate structure forward into the future.

Aware of the responsibility of being "More Than a Bank," Ziraat assumes key roles in the country's sustainable development process. Ziraat prioritizes responsible banking and integrates environmental and social risk governance principles into their business model. As a complementary to its Sustainability Policy, Ziraat has established an Environmental and Social Impact Management Policy with the aim of integrating the universally accepted principles of sustainability into its business model. With this policy, which determines the environmental and social impact management principles, Ziraat prioritizes that the projects it finances include a high environmental and social contribution.

The Bank subjects new/capacity increasing investment loans which are linked to a project above an amount of certain level and are not included in this list, and the related customer, to the Environmental and Social Risk

Assessment Model established within the scope of the Environmental and Social Impact Management System. The assessment is carried out using the Environmental and Social Risk Assessment Model (ESRD). Projects within the scope of the ESRD model are classified in 3 categories as high (A), medium (B) and low (C) risk.

- **Category A projects** are potentially irreversible or have not been encountered before, with serious adverse social and environmental impacts.
- **Category B projects** are potentially few, only localized, largely irreversible projects with limited adverse environmental and social impacts for which measures have already been taken to mitigate their impact.
- **Category C projects** are projects with minimal or no social or environmental impact.

Actions and monitoring studies taken by Ziraat Bank for projects in high (A) and medium (B) risk categories:

- The investor must complete the project's documentation (EIA Report, Project Description File, opinion letters, decisions, etc.) within the scope of the Environmental Impact Assessment Regulation (EIA) and must have obtained all environmental and social temporary permits.
- During the investment, the investor will ensure that environmental and social measures are successfully implemented, as specified and approved in the EIA Report or Project Introduction File, and will demonstrate with supporting documents that these practices are carried out regularly.
- In high (A) and when deemed necessary in medium (B) risk categories, an Environmental and Social Due Diligence/ Action and Monitoring Plan will be prepared by an independent Environmental and Social Consultant/ Expert in accordance with the Performance Standards of the International Finance Corporation (IFC) in order to monitor and regularly report all environmental and social aspects of the investment.
- The investment will be monitored by an independent Environmental and Social Consultant/Expert at least once a year with a site visit. After the investment is completed, the site will be visited once during the operation period and the investment will be monitored. A contract clause requiring the investor to comply with the Action and Monitoring Plans will be included in the loan agreement.
- Since there is no additional action to be taken to eliminate potential environmental-social risks in low-risk projects, monitoring is carried out within the framework of the Bank's procedures and principles for monitoring investment loans.
- The annual application results and annual monitoring results of the environmental and social risk assessment are presented to the Corporate Governance Committee at the annual environmental and social management system evaluation meeting, within the scope of the Bank's Sustainability Policy.

Sustainability Vision

To use the unrivalled experience and knowledge that we have built up in 160 years and to utilize our resources efficiently within the framework of responsible banking principles, for the benefit of the economy, the environment, and the community; to produce enduring value for our stakeholders; to be a bank which embraces all parts of the society by improving our customer-oriented business model.

Sustainability Goals

To further develop both the Bank's strong position in the domestic market and its global competitive strength with corporate, environmental and social sustainability practices to be implemented within the scope of this policy.

Sustainability Approach

Ziraat's sustainability approach is shaped in the light of its responsibilities as a financial services provider, its obligations to the environment and the society, and its duties as an employer.

- Determines and implements its targets in the field of economic sustainability from a short, medium and long-term corporate, environmental and social sustainability perspective;
- Manages its resources and service infrastructure by carefully considering environmental and social issues as well as potential risks and opportunities;
- Considers environmental sustainability as a priority issue, including efforts to tackle the climate crisis and the transition to a zero-carbon economy;

- Develops its service processes with a focus on sustainability and offers banking products and services to all customers in practical, understandable, accessible and digitally focused formats;
- Contributes to the implementation of investments to eliminate the pressures and negative impacts that the efforts to tackle the climate crisis and transition to a zero carbon economy will have on the value chains of productive sectors, while also deploying its resource structure to turn technological developments in the fields of energy efficiency, renewable energy, efficient mobility and the circular economy into opportunities;
- Develops and implements projects with the aim of integrating universally accepted principles of sustainability into the business model and processes. In this context, focusing on areas where it contributes to the UN Sustainable Development Goals (SDGs); and
- Aims to take part and play an active role in multilateral sustainability initiatives and cooperation platforms on a national and international scale.

The Bank attaches importance to having a presence and playing an active role in multilateral sustainability initiatives and collaboration platforms at both the national and international levels. Building upon these core considerations, Ziraat is focused on promoting, developing and maintaining sustainability throughout the entire value chain.

Sustainability Governance

In 2023 Ziraat has established its Sustainability Committee in order to determine the actions to be taken within the scope of the Bank's sustainability strategy, vision and goals; to ensure sustainability is integrated into Bank's products and processes in order to create long-term value, and to ensure the coordination of the duties to be carried out under the responsibility of Project Finance and Sustainability Department. Duties of the Sustainability Committee:

- Creates/reviews the Sustainability Policy, revises it when necessary and submits it to the approval of the Board of Directors;
- Follows and evaluates national/international developments, legal regulations and trends;
- Determines and coordinates the duties to be carried out regarding the integration of sustainability into banking products and processes;
- Coordinates activities related to certification in national/international standards;
- Evaluates and follows Environmental and Social Risk Assessment System results;
- Determines the sustainability related national/international initiatives which the Bank will become a member/support;
- Determines the necessary actions and measures to be taken in order to comply with plans and road maps prepared by authorities,

The Chairman of the Sustainability Committee is appointed from among the Members of the Board of Directors; meetings are to be held at least twice a year and the Committee reports its work to the Board of Directors once a year.

Other members of Sustainability Committee are listed below:

- Deputy General Manager of Financial Coordination;
- Project Finance and Structuring Group Head;
- International Banking Group Head;
- Internal Operations Group Head;
- Head of Project Finance and Sustainability Department;
- Head of Financial Institutions and Investor Relations Department;
- Head of Project and Company Analysis Department.

Representatives of related departments may be invited to the committee meetings when deemed necessary.

The Sustainable Development Goals and Ziraat Bank

Ziraat Bank defines the SDGs that it has deployed throughout the value chain with an integrated approach, according to its business model, priorities and stakeholder expectations.

The UN Sustainable Development Goals (SDGs) create a broad sustainability agenda and determine universal criteria for sustainability. Structured to respond to global needs for a sustainable life and ensure long-term growth, SDGs aim to provide institutions and organizations with a new vision in transforming problems into solutions and help them develop more solid strategies.

By integrating the SDGs into its business processes, Ziraat Bank strengthens its strategies for both identifying and managing risks and opportunities and creating efficient business models that include innovative products and services. Thus, the Bank; It harmonizes the expectations of its employees, customers and the society in which it operates with its strategies.

Ziraat Bank also attaches great importance to internal communication to ensure the successful integration of the SDGs into its strategies. The Bank supports this process through relevant training to encourage employee participation and decision-makers' ownership of the issue.

Considering the effects of its activities on the environment and society as one of its main duties, Ziraat Bank contributes directly to 9 SDGs and indirectly to 5 SDGs with the value it produces and shares within its service cycle.

Strategies	Related Capitals	Related Stakeholders	Associated SDGs*	GRI	SASB
Stable Growth	Financial Capital	Shareholder Customers		3-3, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2	●
The Business Model of Future	Financial Capital Manufactured Capital Intellectual Capital	Customers		3-3	
Advanced Technological Infrastructure	Financial Capital Intellectual Capital Human Capital	Customers Employees		3-3, 410-1, 418-1	●
Efficient and Lean Processes	Financial Capital Intellectual Capital Human Capital	Customers Employees		3-3, 410-1, 418-1	●
Developing Organization and Satisfied Employees	Human Capital	Employees		3-3, 401-1, 401-2, 401-3, 402-1, 403-1, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 404-1, 404-2, 404-3	
Platform Banking	Financial Capital Manufactured Capital Intellectual Capital Social and Relationship Capital	Customers		3-3, 416-2, 417-1, 417-2, 417-3	●
A Global Bank	Financial Capital Manufactured Capital Intellectual Capital Human Capital Social and Relationship Capital Natural Capital	Customers Employees Suppliers Shareholder		3-3, 411-1, 414-1, 415-1	
Responsible Banking	Financial Capital Manufactured Capital Intellectual Capital Human Capital Social and Relationship Capital Natural Capital	Regulatory bodies International financial institution and investors Credit rating agencies Sectoral associations and organizations		3-3, 205-1, 205-2, 205-3, 206-1, 207-1, 207-4, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5, 308-2, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1	●

2. Ziraat Bank Sustainable Finance Framework

Ziraat has developed this Sustainable Finance Framework (this “Framework”) with the aim to attract dedicated funding for Eligible Loans that bring a positive environmental and / or social impact. The Framework provides a clear and transparent set of criteria (“Green and Social Eligibility Criteria”) to enable investments that support the transition to a low-carbon economy and create long-term value for stakeholders and the society as a whole.

In line with its commitment to contributing to promoting sustainable development, Ziraat has established this Sustainable Finance Framework under which to issue green, social or sustainability bonds (including private placements), sukuk, commercial papers, and any other debt instruments (collectively “Sustainable Finance Instruments”), to finance and / or refinance Eligible Loans, identified via compliance with the Green and Social Eligibility Criteria outlined in the Use of Proceeds section of this Framework.

The Sustainable Finance Instruments that can be issued under this Framework are defined below:

- **Green Finance Instruments:** to finance and / or refinance **Eligible Green Loans** (as defined in the Use of Proceeds section under Green Eligibility Criteria);
- **Social Finance Instruments:** to finance and / or refinance **Eligible Social Loans** (as defined in the Use of Proceeds section under Social Eligibility Criteria);
- **Sustainability Finance Instruments:** to finance and / or refinance a mix of **Eligible Green Loans** and / or **Eligible Social Loans**

The Ziraat Sustainable Finance Framework is aligned with the ICMA Green Bond Principles (“GBP”) 2021 (with June 2022 Appendix I)¹, Social Bond Principles (“SBP”) 2023², Sustainability Bond Guidelines (“SBG”) 2021³ as well as the LMA Green Loan Principles (“GLP”) 2023⁴ and Social Loan Principles (“SLP”) 2023 version, which provide guidelines in the form of four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

For each Sustainable Finance Instrument, Ziraat asserts that it will adopt (1) Use of Proceeds; (2) Process for Project Evaluation and Selection; (3) Management of Proceeds; and (4) Reporting, as set out in this Framework. The Ziraat Sustainable Finance Framework also follows the recommendations of the GBP 2021, SBP 2023 and SBG 2023 regarding External Review.

This Framework may, from time to time, be updated, for instance to reflect evolving market standards (e.g. the Green Bond Principles), regulations and/or Ziraat Bank’s strategy. It is Ziraat Bank’s ambition that any future version of this Framework will include transparency and reporting disclosures that will be aligned with best market practice. For the avoidance of doubt, any future changes to the Eligibility Criteria may not apply to Sustainable Finance Instruments issued under previous versions of the framework.

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁴ <https://www.lsta.org/content/green-loan-principles/>

3. Use of Proceeds

Ziraat will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under this Framework towards financing and / or refinancing, in whole or in part, new and / or existing Eligible Loans as described below.

Eligible Green and Social Loans are defined as loans that meet, respectively, the Green and Social Eligibility Criteria defined below, which has been prepared in accordance with the ICMA and LMA Green and Social Bond and Green Loan documentation. Under this Framework, loans may be for specific assets and projects or to 'pure play' companies, defined as enterprises that are expected to derive $\geq 90\%$ of their turnover from assets aligned with defined eligibility criteria. For such enterprises, the entire loan by Ziraat to such a borrower is 100% eligible as a use of proceeds for a Sustainability Finance Instrument.

Eligible Loans are limited to those that are refinanced up to 36 months prior to the issuance of the Sustainable Finance Instruments.

Green Eligibility Criteria

ICMA / LMA Green Eligible Category	Definition of Green Eligible Category	Description of Green Eligibility Criteria	Contribution to UN SDGs	UN SDG specific target(s) ⁵
Renewable Energy	Loans aimed at (re)financing the equipment, development, manufacturing (including manufacturing of components⁶), construction, operation and maintenance of energy generation assets from renewable energy sources	- Wind power: Onshore and offshore - Solar power: Photovoltaics (PV), Concentrated Solar Power (CSP) and solar thermal facilities⁷ - Hydro power: Small hydro-power facilities (25MW) with life cycle emissions of less than 100gCO₂/kWh - Geothermal power: Limited to facilities with life cycle emissions of less than 100gCO₂/kWh - Construction, renovation or refurbishment of electricity grids that partly transmit renewable energy. Only assets aimed at increasing the share of renewables in the Turkish electricity grid are eligible⁸ - Electricity generation from biogas and/or biomass with lifecycle emissions less than 100gCO₂/kWh	 	Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix Target 3.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

⁵ The mapping is line with the ICMA document "Green, Social & Sustainability Bonds: A High-Level Mapping To The Sustainable Development Goals". Link to the document: [Green-Social-and-Sustainability-Bonds-A-High-Level-Mapping-to-the-Sustainable-Development-Goals-June-2023-220623.pdf](https://www.icmagroup.org/standards/other-standards/green-social-sustainability-bonds-a-high-level-mapping-to-the-sustainable-development-goals-june-2023-220623.pdf) (icmagroup.org)

⁶ In the case of the manufacture of components or supply chain for solar / wind power, marine renewables, hydropower and geothermal power, facilities should be "wholly dedicated" to components for renewable energy assets ("pure play companies"). If this is not the case, Ziraat intends to allocate the net proceeds of the Sustainable Finance Instruments on a pro rata basis to companies manufacturing components for renewable energy assets (based on the % of revenue generated from renewable energy assets components).

⁷ Ziraat intends to focus on Concentrated Solar Power (CSP) and solar thermal facilities where 85% of the electricity generated has been sourced from solar energy.

⁸ Ziraat intends to use a pro rata approach to determine the eligible value of the loans by applying the renewable power generation capacity ratio in the Turkish electricity grid.

ICMA / LMA Green Eligible Category	Definition of Green Eligible Category	Description of Green Eligibility Criteria	Contribution to UN SDGs	UN SDG specific target(s) ⁵
Green buildings	Loans aimed at (re)financing low-carbon new, existing or refurbished <i>public, commercial</i> and <i>residential</i> buildings in the local context	- New or existing <i>public, commercial</i> and <i>residential</i> buildings that meet the following criteria: - Buildings rated B or above in terms of energy performance in the local context, as determined via Energy Performance Certificate (BEP-TR) issued in accordance with Turkish regulation and / or via the Turkish Building Code - Buildings with the following level of environmental certifications: - LEED ("Gold" or above) - BREAAM ("Very Good" or above) - DNGB ("Gold" or above) - ÇEDBİK Green Building certification ("Very Good" or above) - Refurbished <i>public, commercial</i> and <i>residential</i> buildings that achieved at least 30% energy improvement	 	Target 7.3: By 2030, double the global rate of improvement in energy efficiency Target 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Clean transportation	Loans aimed at (re)financing production, establishment, acquisition, expansion, upgrades, maintenance and operation of low-carbon vehicles and related private or public infrastructure	- Low-carbon transport vehicles and infrastructure including: - Fully electrified or other low carbon (with direct emissions below 50 gCO₂e/p-km until 31 December 2025 and 0 gCO₂e/p-km after) public transportation, such as buses, trains, trams or ferries - Fully electrified, plug-in hybrid electric or hydrogen (with direct emissions below 50 gCO₂e/p-km until 31 December 2025 and 0 gCO₂e/p-km after) passenger and freight vehicles, such as cars, trucks or vessels - Infrastructure related to electric transportation of passengers and freight, such as electrified railways, charging stations for electric vehicles and bicycle paths		Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Energy efficiency ^{9,10}	Loans aimed at (re)financing the establishment, acquisition, expansion and upgrade of	Refurbishment, rehabilitation and renovation investments in non-fossil fuel-based technologies, that are improving the efficiency of energy consumption at least by 20% and / or reducing greenhouse gas emissions		Target 7.3: By 2030, double the global rate of improvement in energy efficiency Target 9.4: By

⁹ Loans that result in the lock in of fossil fuel technologies are excluded.

¹⁰ Loans associated with hard-to-abate and carbon intensive sectors are excluded.

ICMA / LMA Green Eligible Category	Definition of Green Eligible Category	Description of Green Eligibility Criteria	Contribution to UN SDGs	UN SDG specific target(s) ⁵
	transmission lines and energy storage facilities, smart technologies and / or the associated infrastructure	at least by 20% - Energy efficiency improvements and replacements in the grid including investments and / or expenditures to increase the flexibility and technical availability of the grid and investments aimed at reducing / minimizing energy losses - Smart grids, energy storage facilities¹¹, metering systems, and other intelligent electricity systems increasing the intermittency of renewable energy's share in total energy usage		2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Environmentally sustainable management of living natural resources and land use	Loans aimed at (re)financing environmentally responsible, economically viable and socially beneficial agriculture, land restoration, forest management and urban greening	- Certified agricultural practices under sustainable certification schemes, such as EU Organic, Global G.A.P.¹², and / or equivalent national or international certification - Sustainable agriculture, including the improvement and recovery of agricultural lands and local farming - Support the adoption, promotion and implementation of conservation agriculture techniques / practices, such as: no-till farming systems, soil recovery and restoration of degraded pasture, biological nitrogen fixation¹³, minimal or no use of synthetic fertilizers and pesticides, biogas production, crop rotation for carbon sequestration and nitrogen accumulation purpose - Applicable forestry activities to be certified to FSC, PEFC or an equivalent standard - Urban greening projects, such as park and green areas development and restoration	 	Target 11.a: Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning Target 15.a: Increase financial resources to conserve and sustainably use ecosystem and biodiversity
Sustainable water and wastewater management	Loans aimed at (re)financing development, construction, operation and maintenance of sustainable water	- Water treatment facilities, activities and technologies that increase water quality, sanitation facilities - Upgrades to wastewater treatment plants to remove nutrients, wastewater discharge infrastructure		Target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially

¹¹ Power-to-hydrogen is excluded at this point of time.

¹² Livestock / poultry production is not eligible under this category.

¹³ Processes that transform atmospheric nitrogen in assimilable forms by leguminous perennial grasses (alfalfa, clover etc.) with the help of symbiotic bacteria within nodules of their root systems.

ICMA / LMA Green Eligible Category	Definition of Green Eligible Category	Description of Green Eligibility Criteria	Contribution to UN SDGs	UN SDG specific target(s) ⁵
	and waste-water management projects and facilities	Technologies that increase water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering	 	decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters
Pollution prevention and control	Loans aimed at (re)financing development, construction, operation and maintenance of sustainable waste management and recycling projects, activities and operations	- Waste prevention, waste reduction and waste recycling. This includes the development, operation and upgrade of recycling plants and recycling activities such as for metals, plastic and paper - Waste to energy¹⁴	 	Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Eco-efficient and / or circular economy adapted products, production technologies and processes¹⁵¹⁶	Loans aimed at (re)financing resource use efficiency and circular and / or recyclable products	- Solutions that extend the product life cycle, such as applying modular design or design for disassembly, take-back schemes and redeploying products (reverse logistic), reuse, repair and / or products regeneration / refurbishment - Production that uses renewable or recycled resources, such as products that substitute critical materials with biological or bio-based materials, processes fuelled by energy from solar, wind or other renewable energy sources - Products that can be recycled or composted, where the input feedstock derives from recycled / reused waste¹⁷		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

¹⁴ The carbon footprint of the energy produced is lower than 100gCO₂e/kWh (lifecycle emissions), waste used as a source does not compete with food production and is sourced from sustainable sources, and the waste is managed in accordance with the waste hierarchy.

¹⁵ Virgin plastic-based solutions are excluded.

¹⁶ Loans associated with hard-to-abate and carbon intensive sectors are excluded.

¹⁷ Recyclable or compostable products where the input feedstock is represented by virgin raw material are excluded.

Social Eligibility Criteria

ICMA Social Eligible Category	Definition of Social Eligible Category	Definition of Social Eligibility Criteria	Contribution to UN SDG	UN SDG specific target(s)
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of MSME financing and microfinance	Loans aimed at (re)financing MSMEs located in economically underperforming regions of Türkiye, and / or operated by women or vulnerable groups and facing the effects of natural disasters and/or health pandemics	- Employment generation through Micro-, Small-and Medium-Enterprise (MSME) financing¹⁸ meeting any of the following criteria: - MSMEs located in areas that have lower income than the country GDP per capita average - MSMEs where (a) more than 50% of shares belong to women, (b) the company has at least 20% female ownership and women occupy at least one managerial role or (c) the overall operational management responsibility is held by a woman (or women) - MSMEs and micro-enterprises owned and / or operated by migrants, youth (up to 30 years old) and / or any other vulnerable groups - Loans to MSMEs and start-ups facing the effects of natural disasters (such as earthquakes, floods, etc.), for the construction, development, maintenance or renovation of buildings and to prevent / alleviate potential consequent unemployment; or health pandemics (such as, but not limited to, COVID-19 outbreak). Loans granted via dedicated governmental-guaranteed schemes are eligible	   	Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty according to national definitions Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets Target 10.1: By 2030, progressively achieve and sustain income growth of the

¹⁸ KOSGEB definition to be found [here](#)

ICMA Social Eligible Category	Definition of Social Eligible Category	Definition of Social Eligibility Criteria	Contribution to UN SDG	UN SDG specific target(s)
				bottom 40 per cent of the population at a rate higher than the national average
Access to essential services	- Loans aimed at (re)financing developments, construction, maintenance and operation of healthcare, education and vocational training infrastructures and services - Loans aimed at (re)financing access to basic needs, services and infrastructure in the impacted cities or provinces during emergency relief	Healthcare - Construction, maintenance, modernization, equipment, operation of public and subsidized hospitals and healthcare services - Construction, maintenance, modernization, equipment, operation of specialized treatment centers, nursing homes, rehabilitation centers, elderly care and child care facilities¹⁹ - Production of medical supplies and equipment needed for the prevention and / or treatment of health pandemics - R&D in the healthcare / pharmaceutical industry aimed at addressing health pandemics Education - Construction, rehabilitation, maintenance and operation of public and subsidized schools, universities and technical / vocational training centers - Development of technologies and programs to improve public education and training Emergency relief - Reconstruction of basic infrastructure (e.g. housing, electricity transmission network, water distribution network) - Financial support for retail and commercial activities disrupted by the disaster - Financial support or programs to support persons who are unemployed because of the disaster - Temporary housing and financial support for persons who are displaced because of the disaster	  	Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all Target 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

¹⁹ Accessible by the general public.

ICMA Social Eligible Category	Definition of Social Eligible Category	Definition of Social Eligibility Criteria	Contribution to UN SDG	UN SDG specific target(s)
Affordable housing	Loans aimed at (re)financing social housing mortgages to disadvantaged groups	Provide social housing mortgages to disadvantaged groups and to social housing organizations. Social housing eligibility requirements are set by the Turkish government²⁰ and can include criteria such as income level and number of family members		Target 11.1 :By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Exclusionary Criteria

Ziraat Bank rejects financing the activities which are included in the “List of Unfunded Activities”²¹ annexed to its Environmental and Social Impact Management Policy, and which are prohibited/restricted by national legislation and international agreements to which Türkiye is a party, regardless of the amount and without subjecting them any financial, technical, environmental and social impact evaluation.

Sustainable Finance Instruments under this Framework will not be used to finance loans linked to fossil energy generation, nuclear energy generation, weapons and defence, mining, gambling, alcohol²² or tobacco.

4. Process for Loans Evaluation and Selection

A dedicated Sustainable Finance Working Group (the “Group”) has been established to create this Sustainable Finance Framework. The Group is formed by members of Financial Institutions and Investor Relations, Treasury, Enterprise Architecture, Corporate Communications, Retail, Commercial, Corporate Banking and Allocation, Agricultural Banking, Product and Customer Experience Management, Financial Reporting and Coordination, Data Analytics, Project Finance and Sustainability, Lending Policies and Procedures and other parties depending on the necessity of the relative matter, thanks to the fact that the Bank nominates at least one officer being sustainability representative from each. The coordination of the Group is executed by the Financial Institutions and Investor Relations Department. The Group will manage any future updates to the Framework, including expansions to the list of Eligible Green and Social Categories, and oversee its implementation. Reviewed and selected Eligible Green and Social Loans must comply with the Green and Social Eligibility Criteria defined above.

Ziraat takes care that all selected Eligible Green and Social Loans comply with the official standards and national regulations on a best effort basis. It is part of the general transaction process to ensure that all selected loans comply with minimum environmental and social requirements based on Ziraat’s internal policy framework. The establishment and careful implementation of Ziraat’s sustainable lending policies and guidelines helps to mitigate any environmental and social risk potentially associated to the Eligible Green and Social Loans.

²⁰ Including loans to [TOKİ](#) (Toplu Konut İdaresi Başkanlığı), which is in charge of providing social housing to the low and middle income groups in Türkiye and provides loans in line with the production area and activity targets defined by the Mass Housing Law and government programs.

²¹ <https://www.ziraatbank.com.tr/en/investor-relations/sustainability/our-policies/environmental-and-social-impact-management-policy-in-lending-activities>

²² In accordance with the IFC Exclusion List, production or trade in alcoholic beverages (except for beer and wine) is excluded. Link to IFC Exclusion List: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

5. Management of Proceeds

The net proceeds of the Sustainable Finance Instruments under this Framework will be managed by Ziraat in a portfolio approach. Ziraat intends to allocate the proceeds from the Sustainable Finance Instruments to the Eligible Sustainable Finance Loan Portfolio, a portfolio of loans that meet the Green and Social Eligibility Criteria and in accordance with the evaluation and selection process presented above.

Ziraat will strive, over time, to achieve a level of allocation for the Eligible Sustainable Finance Loan Portfolio that matches or exceeds the balance of net proceeds from its outstanding Sustainable Finance Instruments. Additional Eligible Loans will be added to the Eligible Sustainable Finance Loan Portfolio over time and to the extent required to ensure that the net proceeds from outstanding Sustainable Finance Instruments will be allocated to Green and / or Social Eligible Loans.

Ziraat intends to fully allocate the net proceeds of the Sustainable Finance Instruments within 24 months after the issuance date of the Sustainable Finance Instruments.

Whilst any Sustainable Finance Instruments' net proceeds remain unallocated, Ziraat will hold and / or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short-term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Sustainable Finance Loan Portfolio.

6. Reporting

Reporting with respect to each Sustainable Financing Instrument will take place on a portfolio basis: (a) within 12 months following the funding date of such Sustainable Financing Instrument and (b) if the net proceeds thereof have not been allocated by the time of such first report, for each following 12 month period until the full initial allocation of the net proceeds of such bonds or loans (with a final such report being published after such initial allocation has been completed). Furthermore, additional reports are intended to be published on a timely basis in case of material developments.

Ziraat intends to align its impact reporting with the portfolio approach described in the *"Handbook - Harmonized Framework for Impact Reporting (June 2023)"*²³ for Green Finance Instruments and *"Harmonized Framework for Impact Reporting for Social Bonds (June 2023)"*²⁴ for Social Finance Instruments.

Ziraat may report in an aggregated manner for all the Sustainable Finance Instruments (respectively Green, Social and Sustainable Finance Instruments).

Ziraat will report on the allocation and impact of the Sustainable Finance Instruments within its Annual Report and / or via a separate Sustainable Finance Reporting document that will be made available to investors at the Investor Relations section of the Bank's website²⁵ and the Sustainability Section of the Bank's website.

Allocation reporting

Within its allocation report, Ziraat intends to provide the following information, on an aggregated basis:

- the size of the identified Eligible Sustainable Finance Loan Portfolio;
- the total amount of proceeds allocated to the Eligible Sustainable Finance Loan Portfolio;
- the balance (if any) of unallocated proceeds;
- the amount or the percentage of new financing and refinancing;
- the geographic location of the assets, at country level

²³ [Impact Reporting > ICMA \(icmagroup.org\)](https://www.icmagroup.org/impact-reporting/)

²⁴ [Impact Reporting > ICMA \(icmagroup.org\)](https://www.icmagroup.org/impact-reporting/)

²⁵ At: <https://www.ziraatbank.com.tr/en/investor-relations>

Impact reporting

Where feasible, Ziraat intends to report on the environmental and / or social outputs and impacts of the Eligible Loans funded with the Sustainable Finance Instruments' proceeds. A list of potential output and impact reporting indicators is presented below. Ziraat intends to include the contribution of each Eligible Category to the UN SDGs within the impact report.

ICMA / LMA Green Eligible Category	Potential output and impact reporting indicators at category level
Renewable energy	- Installed renewable energy capacity (in MW) - Estimated reduced and / or avoided GHG emissions (in TCO₂eq.)
Green buildings	- Level of certification, if applicable - Level of Energy Performance Certificate (EPC), if applicable - Estimated annual reduced and / or avoided GHG emissions (in TCO₂eq.) - Estimated annual energy consumption (in KWh/m²)
Clean transportation	- Estimated annual reduced and / or avoided GHG emissions (in TCO₂eq.) - Number of vehicles / vessels financed
Energy efficiency	- Estimated annual reduced and / or avoided GHG emissions (in TCO₂eq.) - Estimated annual energy savings (in KWh/m²)
Environmentally sustainable management of living natural resources and land	- Sustainable agriculture land area (hectares) - Sustainable agriculture / farming certification scheme, if available - Type of crop and its proportion, if available - Conservation agriculture techniques / practices and relative output figure, if available - Land restored (hectares)
Sustainable water management	- Annual absolute (gross) water savings (in m³ or in %) - Annual absolute (gross) amount of wastewater treated, reused or avoided (in m³ or in %) - Number of people with access to improved sanitation facilities
Pollution prevention and control	- Type and annual amount of recycled waste (tonnes) - Energy generation (MWh per year)
Eco-efficient and/or circular economy adapted products, production technologies and processes	- Annual savings of relevant resources (e.g., tonnes raw material/year) - Estimated annual reduced and / or avoided GHG emissions (in TCO₂eq.)

ICMA Social Eligible Category	Potential output and impact reporting indicators at category level
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of	- Number of MSMEs financed - Number of jobs created / retained - Number of beneficiaries

MSME financing and microfinance	
Access to essential services	• Number of hospitals / healthcare centers financed • Number of beneficiaries, patients • Amount spent on emergency medical supplies • Number of enrolled students • Number of training program graduates successfully employed • Number of loans provided to support persons impacted by the natural disaster • Number of loans provided to reconstruct basic infrastructure due to the natural disaster
Affordable housing	• Number of social housing mortgages provided • Number of disadvantaged families housed in social housing

7. External Review

Pre-issuance verification: Second Party Opinion

This Framework has been reviewed by an expert ESG firm that has issued a Second Party Opinion (SPO). The Second Party Opinion and this Framework will be made available to Green / Social / Sustainable Finance Instruments investors on the Investors Relations section of the Bank's website at: <https://www.ziraatbank.com.tr/en/investor-relations>

Post-issuance verification: Verification on the allocation of proceeds

Ziraat may request, on an annual basis, starting one year after funding and until full allocation of a Sustainable Finance Instrument's proceeds, a limited assurance report of the allocation of such Sustainable Finance Instrument's proceeds to Green and Social Eligible Loans, provided by its external auditor or any other qualified party.

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