

Sustainability Strategy
&
Green, Social and Sustainable Finance Framework



Ziraat Bank

More than a bank

Sustainability Strategy

SUSTAINABILITY STRATEGY

Ziraat adopted its Sustainability Policy in 2014 and has a sustainability structure in place to guide the Policy's implementation.

The policy is focused on providing environmentally and socially impactful financing based on the following four pillars:

- (1) long-term environmental and social perspectives;
- (2) financing climate change action and the transition to a low carbon economy;
- (3) approach decision-making considering environmental and social issues and associated potential risks; and
- (4) continuous development and integration of universally-accepted sustainability principles into the Bank's business model.

RESPONSIBLE BANKING STRATEGY

Responsible Banking is approved and announced as a main strategy of Ziraat Bank.

The main strategy is integrating environmental and social risk governance principles into the Bank's business model.

In line with Ziraat Bank's Sustainability Policy, it aims to create added value with the banking principles which respect people and the environment.

SUSTAINABILITY VISION

To use our unrivalled experience and know-how we built in more than 150 years for the benefit of the economy, the environment and society; to produce enduring values for our stakeholders and to be a Bank that embraces whole society by improving its customer oriented business model

SUSTAINABILITY TARGET

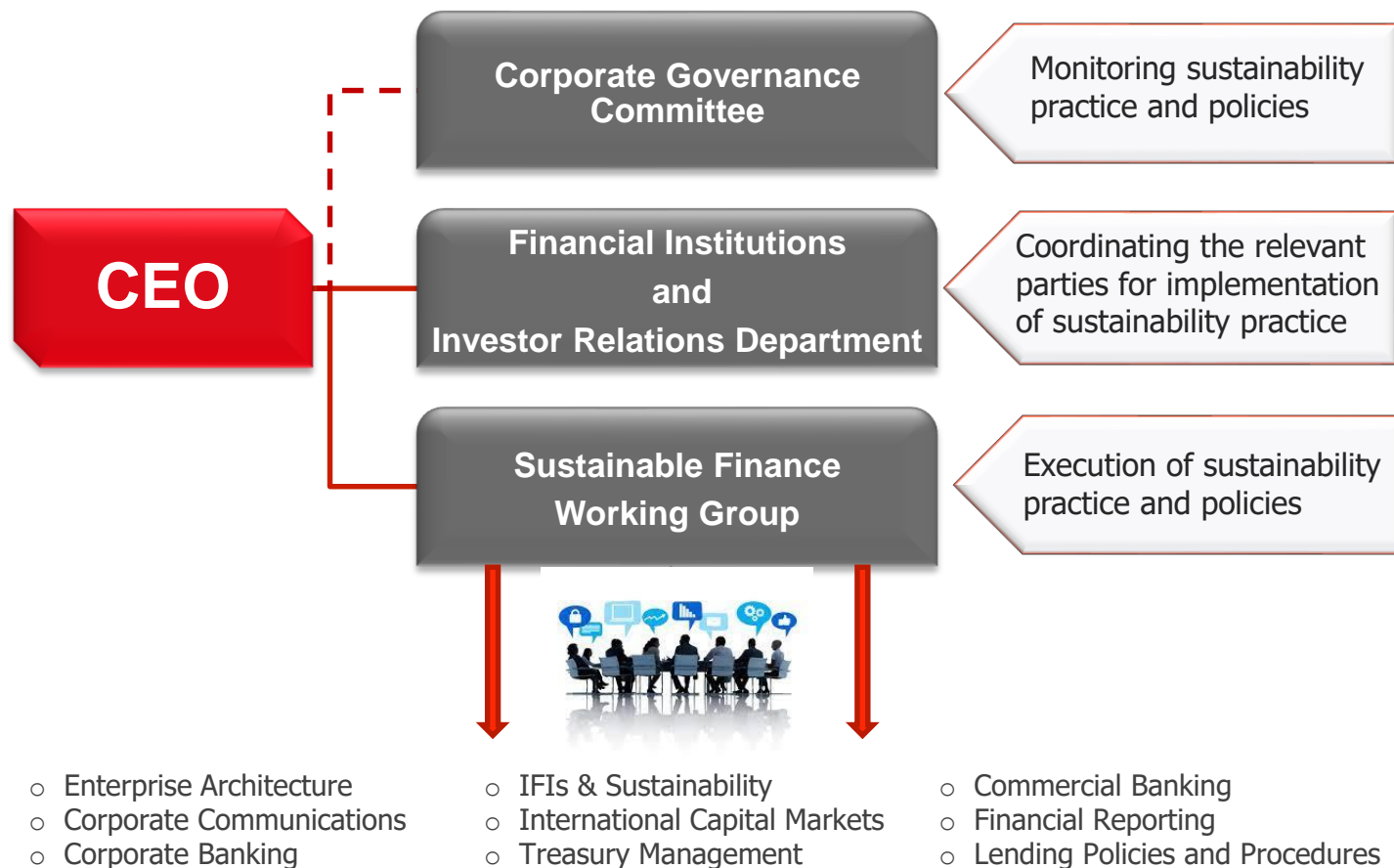
To further develop both the Bank's strong position in the domestic market and its global competitive strength by the corporate, environmental and social sustainability practices that will be adopted by this policy

ZIRAAT BANK'S POLICIES






- **Sustainability Policy**
- **Disclosure Policy**
- **Prevention of Money Laundering and Combating Terrorism Financing Compliance Policy (AML Policy)**
- **Environmental And Social Impact Management Policy in Lending Activities**



Established under the auspices of the Ziraat Bank Board of Directors, **sustainability plans** have been enforced within a lean and efficient organizational structure



Ziraat's strong capacity in sustainability accumulated over the years has enabled it to secure sustainability themed funds from international financing institutions (IFIs). Since 2010, Ziraat has been implementing many sustainability themed projects making a total amount of around 1.7 billion USD with the cooperation of several IFIs for the financing of working capital and investment loan needs of micro enterprises, SMEs and MIDCAP companies in order to make contribution to sustainable agriculture, energy efficiency, rural development and preservation & increasing employment.

IFI	Project Topics	Total Amount
 THE WORLD BANK <small>IBRD • IDA</small>	Financing for SMEs Financing for SMEs through leasing companies as an APEX loan Financing energy efficiency projects of SMEs	USD 567 million
 European Investment Bank	SME and MIDCAP financing (6 projects) Financing IPARD investments approved by the Agricultural and Rural Development Support Institution	EUR 700 million
 AFD <small>AGENCE FRANÇAISE DE DÉVELOPPEMENT</small>	Financing for SMEs which process agricultural products and food of animal origin	EUR 100 million
 KfW	Financing SMEs operating in the agricultural sector or rural areas	EUR 150 million
 CEB <small>COUNCIL OF EUROPE DEVELOPMENT BANK BANQUE DE DÉVELOPPEMENT DU CONSEIL DE L'EUROPE</small>	Micro and SME business loan (to create employment or protect existing jobs)	EUR 100 million

Ziraat Towers
LEED Certificate target

Ziraat Bank aims to obtain LEED Certification by designing new headquarter buildings in IFC/Atasehir in accordance with international environmental standards



Electric tractor

By production and use of electric tractors, carbon emissions will be lowered in agriculture.



Largest solar panel factory in Europe

The investment has started in 2021



Sustainability Policy

On 30 September 2014, the Board of Directors approved and announced the Sustainability Policy which summarizes Ziraat Bank’s sustainability vision, goals and approach and defines the Bank’s stance on the pillars of the environment, society and products and services.

Sustainability Policy for Subsidiaries

Sustainability policy for each subsidiary of the Bank was announced.

GSS Finance Framework

In August 2020 GSS finance framework was prepared and a second party opinion was obtained from Sustainalytics. Both the framework and SPO are published on the Bank’s website.

The first sustainability bond issuance in February 2021

Awards



In the competition organized by the Global Council of Corporate Universities, Ziraat Bank received Environmental and Social Responsibility Award for its internship program prepared for university students

All Awards of Ziraat Bank

Sustainability Report and website

In 2014 Ziraat Bank published its first sustainability report, which was GRI rated at A+ standards.

A dedicated Sustainability section published on the Bank’s website.

Integrated Report

First integrated annual report was published in 2020 Content of the report is compiled in accordance with the content determination methods described in Global Reporting Initiative (GRI) standards,

The Integrated Report 2020 has won 7 awards at national and international platforms

Responsible Banking

The Bank officially recognized Responsible Banking as one of its main business strategies in 2020.

It aims to integrate the environmental and social risk governance principles to the business model.

The largest Sustainability Themed single tranche syndicated loan* received by a financial institution in Turkey in 2022

GHG Emissions intensity
(tCO₂e/TL million turnover)

0.05

Waste IT* sent for recycling
(kg)

23,180

*including electronic parts, metals, batteries, toners

Waste paper sent for recycling
(tons)

1,125

14% savings of paper compared to previous year

Ongoing studies to establish zero waste management system

Financing of renewable energy and energy efficiency projects

In loan agreements with IFC or EBRD consortiums

Commitments to comply with IFC Performance Standard, EBRD Performance Requirements and Equador Principles



2021 GlobalCCU Awards

Special prize for Environment & Society Governance presented to Ziraat Bank

Ziraat Bank conducts enduring social responsibility projects whose aims are to protect cultural values, to contribute to the communal heritage, and to uphold traditions and customs.

Ziraat Bank Banking Museum

Established in 1981. Turkey's first museum devoted to banking. Occupying the ceremonial hall of the Bank's original headquarters building in Ankara, the museum provides a look at the Bank's 158-year history.



Ziraat Bank Young Farmers Academy

Launched in 2018. To increase interest in agriculture among youth, teach agricultural production and investment, train educated and conscious young farmers, give young people an entrepreneurial awareness in the field of agriculture

Ziraat Bank the Turkish Cup name sponsor The Ziraat Bank Art Collection

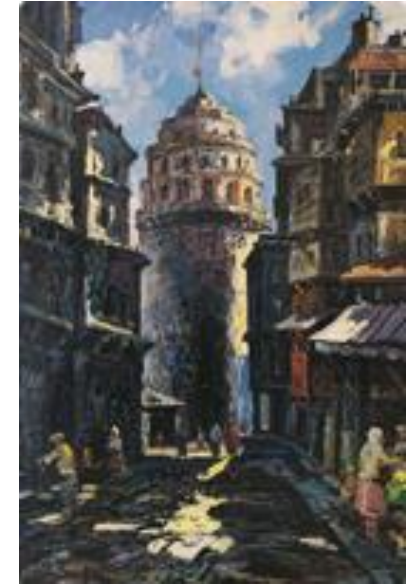
Both in keeping with its efforts to support sports in general and in recognition of their contributions both to social wellbeing and the Bank's public face, Ziraat Bank served as the Turkish Cup name sponsor.



Ziraat Bank Sports Club

Ziraat Bank has been supporting volleyball through the Ziraat Bank Sports Club established in 1981.

The Ziraat Bank art collection consists of more than 2,500 works, the majority of which are oil paintings but which also include watercolors, gouaches, pastels, prints, ceramics, and sculptures.



Green, Social and Sustainable Finance Framework



Support the Decarbonisation of the economy



Ziraat Bank
Sustainable Finance

Consistent with Ziraat's goal of contributing to the achievement of **UN's SDGs**










Diversify Ziraat's investor base



Further the development of the Sustainable Bond market

Align funding strategy with mission, sustainability strategy and objectives



SDG	ZIRAAT BANK'S OPERATIONS WHICH DIRECTLY/INDIRECTLY CONTRIBUTE TO THE SDGs
	<p>SME financing and credit-guarantee products, inclusive banking services, retail and corporate loan solutions specific to the pandemic, sustainable agriculture financing</p>
	<p>Measures to protect employee and customer health during the pandemic period</p>
	<p>Training and development programs offered to Ziraat Bank's human resources, supporting training projects which raise enterprise awareness for customers, financial literacy training programs</p>
	<p>Financing provided to renewable energy and energy efficiency projects, efficiency investments in the service building</p>
	<p>Financing to infrastructure, SME and industrial investments, digital banking products and solutions, consumer-friendly financing and savings products, barrier-free banking</p>
	<p>Corporate governance practices, human resources management, remuneration policies, equality of opportunity implemented in Ziraat Bank</p>
	<p>Financing provided to development and investment projects of a national-scale and to the housing sector, support for the green economy, contribution to cultural heritage</p>
	<p>Financing provided to diverse sectors on the basis of thematic funds, bilateral and multilateral cooperation initiatives, operational activities, corporate governance practices and reporting</p>
	<p>Loan projects special to priority regions for development</p>
	<p>Carbon footprint measurement activities, waste management practices, efforts to establish an environmental and social impact management system</p>

Alignment with best market practices

Ziraat Bank Green, Social and Sustainable Finance Framework is aligned with:

- ICMA Green Bond Principles 2018
- ICMA Sustainability Bond Guidelines 2018
- ICMA Social Bond Principles 2020
- LMA Green Loan Principles 2020

When drafting the Framework, Ziraat Bank has taken into consideration the recommendation of the final Technical Expert Group (TEG) report on the EU Taxonomy [https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en]



Use of Proceeds: Financing and / or refinancing, in whole or in part, new and / or existing eligible loans. Exclusionary criteria are related to loans that are linked to fossil energy generation, nuclear energy generation, weapons and defense, mining, gambling, alcohol or tobacco



Project Evaluation and Selection: A dedicated Sustainable Finance Working Group (the "Group") has been established to create this Green, Social and Sustainable Finance Framework. The Group will manage any future updates to the Framework and oversee its implementation.



Management of Proceeds: The net proceeds of the Sustainable Finance Instruments under this Framework will be managed by Ziraat in a portfolio approach



Reporting: Ziraat Bank 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 which will be made available to investors at Ziraat Bank's website



External Review: Sustainalytics issued a Second Party Opinion for Ziraat Bank's Green, Social and Sustainable Finance Framework. Ziraat Bank may request a limited assurance report of the allocation of the Sustainable Finance Instruments proceeds to Green and Social Eligible Loans

Green Use of Proceeds

- Renewable Energy
- Green Buildings
- Clean Transportation
- Energy Efficiency
- Environmentally Sustainable Management of Living Natural Resources and Land
- Sustainable Water and Wastewater Management
- Pollution Prevention and Control
- Eco-efficient and / or Circular Economy Adapted Products, Production Technologies and Processes

Social Use of Proceeds

- Employment Generation Including Through The Potential Effect of SME Financing and Microfinance
- Access to Essential Services
- Affordable Housing



Contribute to United Nations Sustainable Development Goals (“UN SDGs”) and EU environmental Objectives

Contribution to UN SDG’s



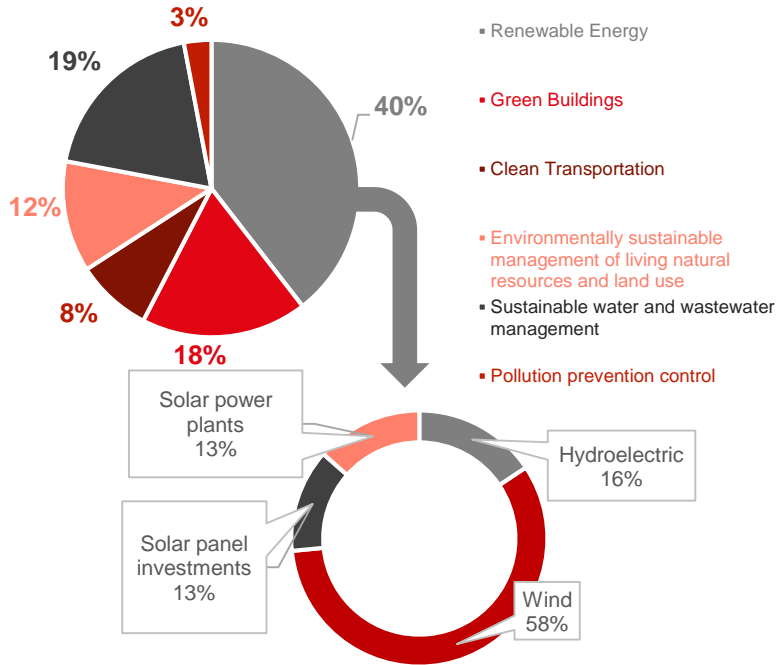
Contribution to 6 EU Environmental Objectives

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy, waste prevention and recycling;
- pollution prevention and control;
- protection of healthy ecosystems.

Ziraat Bank – Eligible Green and Social Loan Portfolio Info

\$ 2.7 billion* Sustainable Portfolio

\$ 1.3 bn eligible green loans



\$ 1.4 bn eligible social loans

Ziraat supported real sector through employment focused loans and business continuity loan packages

Employment focused loans are offered to support sectors that have the potential to contribute to the creation of additional employment.

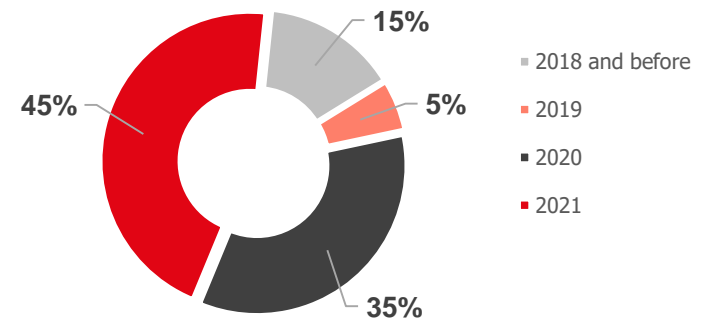
Business continuity loan packages have been introduced to support businesses suffering from the negative impact of Covid 19 epidemic



85% of eligible green portfolio has a look back period of 3 years.

100% of social loans were originated in 2020.

Distribution of Green Eligible Loans by Year of Origination



\$ 238 mn mortgage loans 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

\$ 251 mn Ziraat issues long-term loans for modern pressurized irrigation systems in order to prevent waste and soil erosion due to traditional irrigation, and to provide water savings

\$ 160 mn Ziraat supports organic agriculture and good agricultural practices certified with Global G.A.P.15 or equivalent national certification

Sustainable Finance Working Group (the “Group”)

Members of IFIs & Sustainability, International Capital Markets, Treasury, Enterprise Architecture, Corporate Communications, Commercial Banking and Corporate Banking, Financial Reporting, Lending Policies and Procedures and other parties to be nominated as subject matter experts from the various sectors of allocated assets

Internal policies and external regulations mitigate risks associated with Eligible Projects



Exclusionary Criteria

Sustainable Finance Instruments will not be used to finance loans linked to:

- Fossil energy generation,
- Nuclear energy generation,
- Weapons and defense,
- Mining,
- Gambling,
- Alcohol¹, or
- Tobacco.

Eligible Green or Social Loans



Sustainable Finance Instruments

Ziraat Bank Sustainability Policy

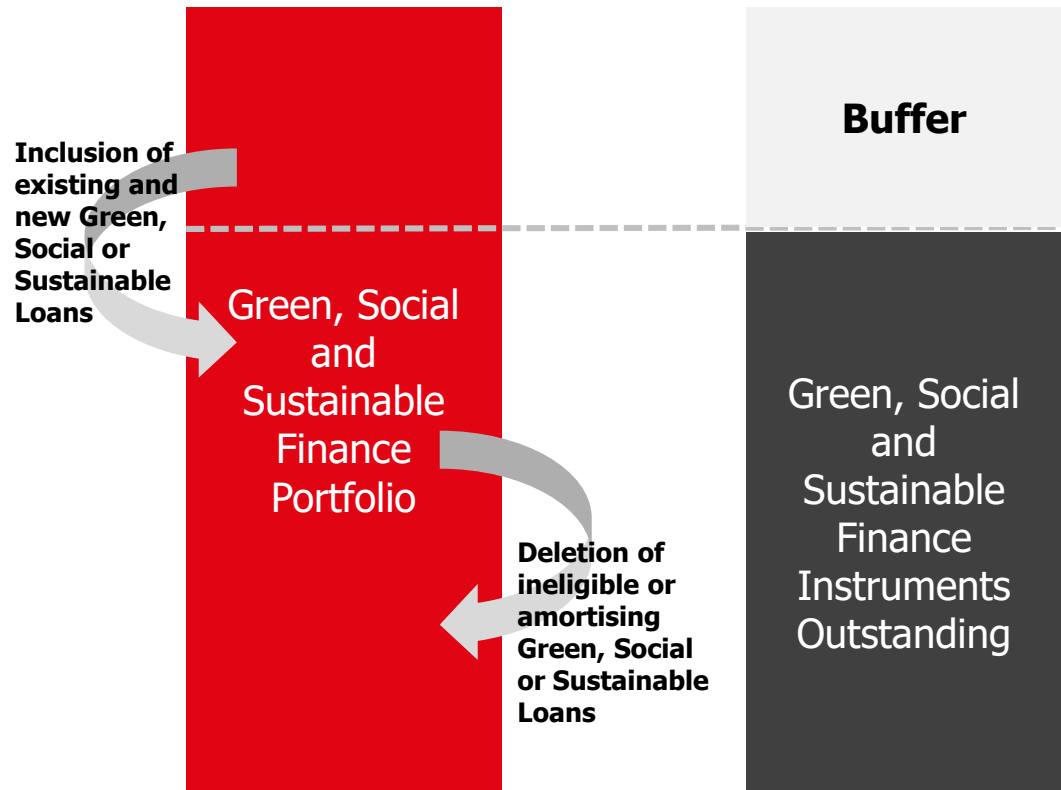


National and International Standards



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
- **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
- 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**



The first Sustainability bond issuance was successfully completed in February 2021.

ISIN	XS2274089288
Type/Format	Senior Unsecured /RegS/144A
Issue size	USD 600,000,000
Tenor	5-year
Issue Date	2 nd February 2021
Coupon	5.375% annual fixed
Maturity date	2 nd March 2026
Listing	Euronext Dublin
Ratings	B2 (Moody's) /B+ (Fitch)
Use of Proceeds	To be utilised for eligible loans in accordance with the Issuer's Green, Social and Sustainable Finance Framework

The proceeds from the Bank's Sustainable bond issued in February 2021 is fully allocated to the eligible identified portfolio. The Allocation Report is published on the Bank's website.

The allocation report provides, on indicators such as:



The size of the identified Eligible Sustainable Finance Framework



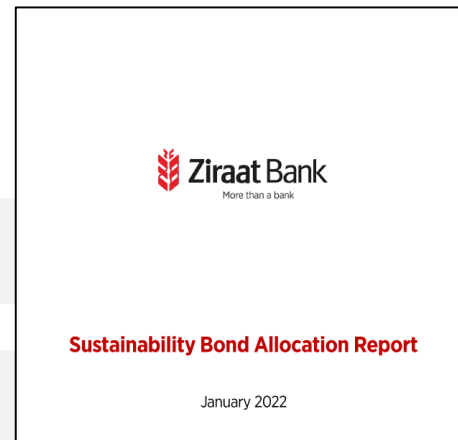
The total amount of proceeds allocated to Eligible Green / Social loans



The balance (if any) of unallocated proceeds



The amount or the percentage of new financing and refinancing



5. Allocation of Proceeds

Identified Eligible Portfolio	Sustainable Finance Instrument				
	(USD million) Amount	ISIN	Issue Date	Maturity	Issue Amount (USD million)
Renewable Energy	521	XS2274089288	02.02.2021	02.03.2026	600
Hydroelectric	82				
Wind	301				
Solar panel investments	68				
Solar power plants	70				
Green buildings	238				
Clean transportation	109				
Environmentally sustainable management of living natural resources and land use	160				
Organic agriculture practices	160				
Sustainable Water and Wastewater Management	251				
Modern pressurized irrigation systems	251				
Pollution prevention and control	39				
Green Use of Proceeds	1,319				
Employment generation and programs designated to prevent and/or alleviate unemployment stemming from socioeconomic crisis, including through the potential effect of SME financing and microfinance	1,394				
Social Use of Proceeds	1,394				
Sustainability Total	2,715	Total Sustainable Finance Instruments Outstanding			600

	(%)
Eligible Sustainable Loan Portfolio allocated to net proceeds of Sustainable Funding	22
Net proceeds of Sustainable Finance Instruments allocated to Eligible Sustainable Loan Portfolio	100
New financing of green eligible loans	45
New financing of eligible loans	22
Refinancing of existing eligible loans	78

Ziraat Bank published an impact report aligned with:

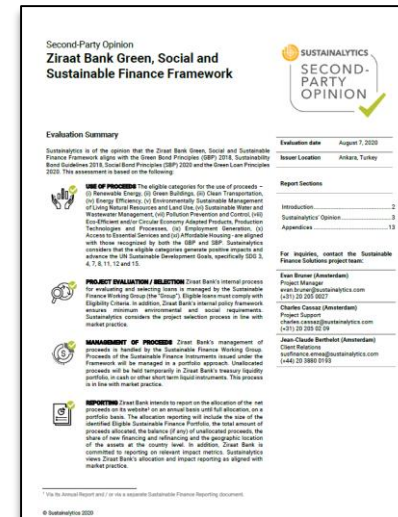
- ✓ Handbook - Harmonized Framework for Impact Reporting (April 2020)
- ✓ Working Towards a Harmonized Framework for Impact Reporting for Social Bonds (June 2020)

Ziraat Bank has received advisory services from Escarus (TSKB Sustainability Consultancy) for the calculation of impact KPIs and the preparation of the impact report.

Renewable Energy	Green Buildings	Clean Transportation	Pollution Prevention and Control
<ul style="list-style-type: none"> • Capacity of renewable energy (in MW) • Estimated annual CO2 emissions avoided (in TCO2eq.) 	<ul style="list-style-type: none"> • Level of certification • Gross Building Area 	<p>Low carbon public transportation and vehicles:</p> <ul style="list-style-type: none"> • Number of vehicles 	<ul style="list-style-type: none"> • Energy generation (MW / year)
Sustainable Water Management	Environmentally Sustainable Management of Living Natural Resources and Land	Employment Generation, and Programs Designed to Prevent and / or Alleviate Unemployment Stemming From Socioeconomic Crises, Including Through the Potential Effect of SME Financing and Microfinance	
<ul style="list-style-type: none"> • Annual absolute (gross) water savings (in m3 or in %) 	<ul style="list-style-type: none"> • Sustainable and / or organic farming certification scheme (if available) 	<ul style="list-style-type: none"> • Number of loans to companies and SMEs facing natural and or pandemic disasters 	

Pre-issuance verification: Second party opinion by Sustainalytics

Sustainalytics is of the opinion that the Ziraat Bank Green, Social and Sustainable Finance Framework aligns with the Green Bond Principles (GBP) 2018, Sustainability Bond Guidelines 2018, Social Bond Principles (SBP) 2020 and the Green Loan Principles 2020.



Second-Party Opinion
Ziraat Bank Green, Social and Sustainable Finance Framework

Evaluation Summary
Sustainalytics is of the opinion that the Ziraat Bank Green, Social and Sustainable Finance Framework aligns with the Green Bond Principles (GBP) 2018, Sustainability Bond Guidelines 2018, Social Bond Principles (SBP) 2020 and the Green Loan Principles 2020. This assessment is based on the following:

- USE OF PROCEEDS:** The eligible categories for the use of proceeds - (i) Renewable Energy, (ii) Green Buildings, (iii) Clean Transportation, (iv) Energy Efficiency, (v) Environmentally Sustainable Management of Land, Natural Resources and Land Use, (vi) Sustainable Water and Wastewater Management, (vii) Pollution Prevention and Control, (viii) Zero Emission and/or Circular Economy Adopted Products, Production Technologies and Processes, (ix) Employment Generation, (x) Access to Essential Services and (xi) Affordable Housing, are aligned with those recognized by both the GBP and SBP. Sustainalytics considers that the eligible categories generate positive impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 7, 8, 11, 12 and 15.
- PROJECT EVALUATION / SELECTION:** Ziraat Bank's internal process for evaluating and selecting assets to manage in the Sustainable Finance Working Group (the "Group") English loan must comply with Eligible Criteria. In addition, Ziraat Bank's internal policy framework ensures minimum environmental and social requirements. Sustainalytics approves the project selection process in line with market practice.
- MANAGEMENT OF PROCEEDS:** Ziraat Bank's management of proceeds is handled by the Sustainable Finance Working Group. Proceeds of the Sustainable Finance Instruments issued under the Framework will be managed in a portfolio approach. Underneath, Sustainalytics approves the use of proceeds in Ziraat Bank's relevant liquidity portfolio, in each of other short-term liquid instruments. This process is in line with market practice.
- REPORTING:** Ziraat Bank intends to report on the allocation of the net proceeds on its website on an annual basis until full allocation, on a quarterly basis. The allocation reporting will include the size of the Issuer's Eligible Sustainable Finance Portfolio, the total amount of proceeds allocated, the balance of unallocated proceeds, the share of new financing and refinancing and the geographic location of the assets at the country level. In addition, Ziraat Bank is committed to reporting on relevant impact metrics. Sustainalytics views Ziraat Bank's allocation and impact reporting as aligned with market practice.

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For inquiries, contact the Sustainable Finance Solutions project team:

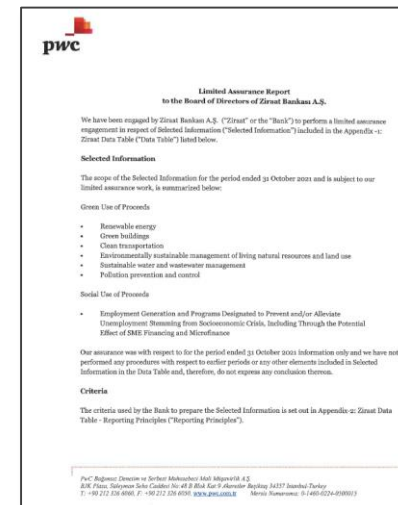
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Post-issuance verification: Verification on the allocation of proceeds

A Limited assurance on the allocation of proceeds from the outstanding sustainable finance instrument is provided by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.



pwC

Limited Assurance Report
to the Board of Directors of Ziraat Bankası A.Ş.

We have been engaged by Ziraat Bankası A.Ş. ("Ziraat" or the "Bank") to perform a limited assurance engagement in respect of Selected Information ("Selected Information") included in the Appendix -1: Ziraat Data Table ("Data Table") listed below.

Selected Information
The scope of the Selected Information for the period ended 30 October 2023 and is subject to our limited assurance work, is summarized below:

Green Use of Proceeds

- Renewable energy
- Green buildings
- Clean transportation
- Environmentally sustainable management of living natural resources and land use
- Sustainable water and wastewater management
- Pollution prevention and control

Social Use of Proceeds

- Employment Generation and Programs Designated to Prevent and/or Alleviate Unemployment Resulting from Socioeconomic Crisis, Including through the Potential Effect of SME Financing and Microfinance.

Our assurance was with respect to for the period ended 31 October 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in Selected Information in the Data Table and, therefore, do not express any conclusion thereon.

Criteria
The criteria used by the Bank to prepare the Selected Information is set out in Appendix 2: Ziraat Data Table - Reporting Principles ("Reporting Principles").

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WE'VE WON THE AWARD OF
TURKEY'S MOST BELOVED BANK

FOR 6 CONSECUTIVE YEARS!



Ziraat Bank

More than a bank

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