

Green, Social & 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 36 million corporate, SME, and retail customers across Turkey 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 Turkey. 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 Turkey 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 affiliates engaged in the areas of banking, private pension, investment services, portfolio management, venture capital, real estate investment trust and financial technologies. This solid structure consolidates the Bank’s integrated financial services delivery capability.

Providing financial services as the one and only bank in almost 400 districts and sub-districts in Turkey 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 in 111 locations across 18 foreign countries.

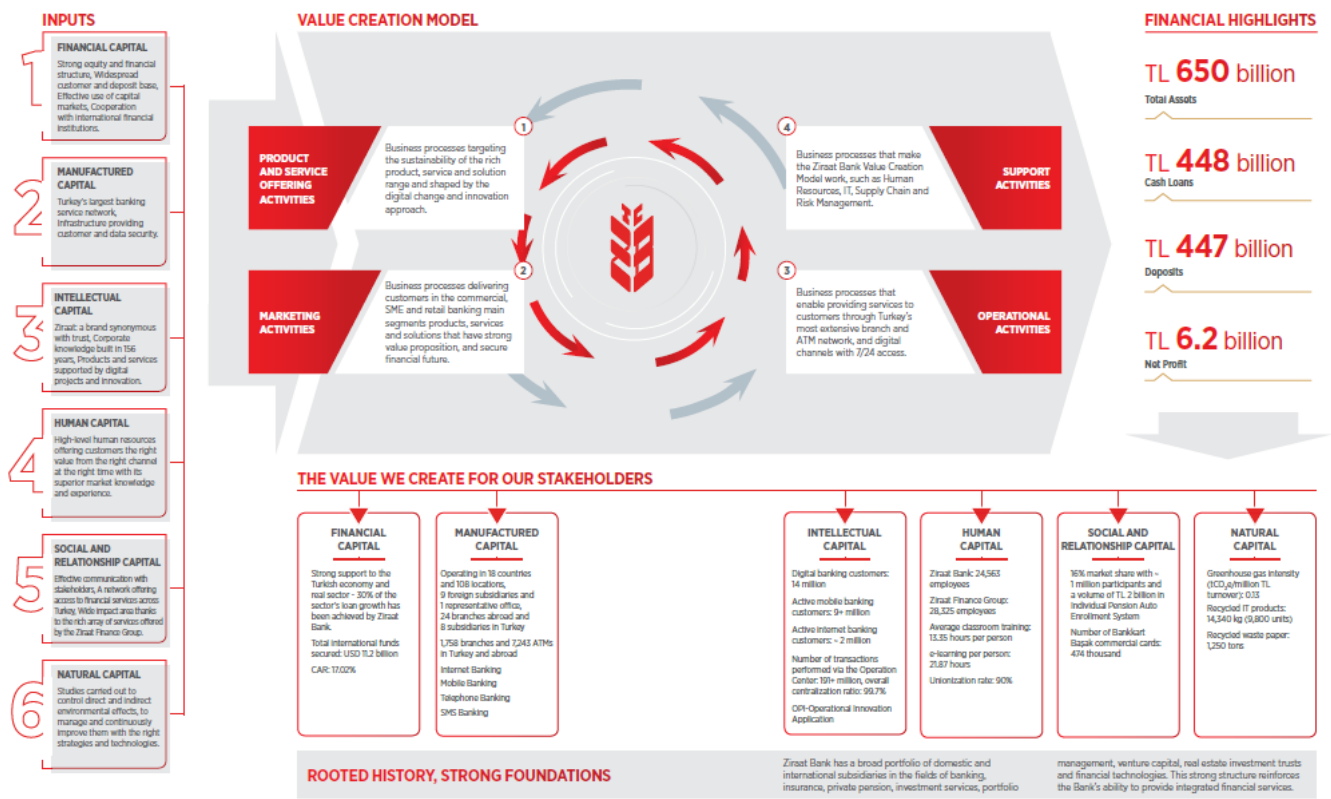
In an intensively competitive sector with a significant international capital presence, Ziraat advances its stature as the biggest and strongest bank year after year. The Bank continues to shape the Turkish banking sector with its rich variety of products and services, unrivaled market knowledge and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

Ziraat offers its customers superior and high quality services in the fields of commercial, SME and retail banking with its (as of March 2020):

- 1,757 branches in Turkey and abroad
- 24,642 employees
- 7,257 ATMs in Turkey and abroad
- Internet Banking (Retail and Commercial Internet Banking)
- Mobile Banking (Ziraat Mobile, Ziraat Tablet)
- Telephone Banking
- SMS Banking

The financial and operational performance the Bank recorded in 2019, 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 by 21% YoY in 2019 to reach TL 650 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, which has also been the case during the social and economic turmoil caused by the global COVID-19 outbreak.

The Bank intends to continue to generate more for its customers and employees and contribute 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 national resources by supporting economic actors with a high degree of 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 acts as an intermediary for the efficient distribution of government subsidies for agriculture, natural disaster relief and affordable housing (TOKI, Toplu Konut İdaresi Başkanlığı), among other areas.

The Bank is also heavily involved in social responsibility projects to promote and protect the country's cultural heritage. Ziraat operates Turkey's first banking museum in Ankara and an extensive art gallery in İstanbul that has a vast collection of more than 2,500 pieces and acts as an important medium for Turkey's prominent and prospective artists with art exhibitions conducted throughout the year.

Additionally, the Bank strongly supports sports initiatives in Turkey. Along with sponsoring the Turkish Cup to support Turkish football, the Bank owns one of the strongest volleyball teams in the Turkish Volleyball League. In line with this perspective, Ziraat has launched a campaign to increase the appeal of sports for children and started free-of-charge volleyball schools in ten provinces of Turkey, which then evolved into the "Ten National Athletes in Ten Provinces" project that aims to nurture and support talented young athletes.

Sustainability at Ziraat

In line with its Sustainability Policy adopted and announced by the Bank's Board of Directors on September 30, 2014, the Bank carries out coordinated financial, operational, environmental and social efforts to boost productivity and to take its corporate structure forward into the future.

Ziraat's strategic priority is to create value for stakeholders via operations centered on sustainable profitability and productivity. Aware of the responsibility of being "More Than a Bank," Ziraat assumes key roles in the country's sustainable development process.

Ziraat is currently developing a Bank-wide Environmental and Social Risk Management System in collaboration with an independent advisory firm. This system will incorporate the Bank's sustainability approach into its operations and lending policies. The system's contents, which are not yet final, are planned to include a number of modules dealing with different aspects of environmental and social risk management, as follows:

- **Module 1 - Assessment of internal / external environmental and social impact**
Evaluation, mitigation and monitoring of environmental and social risks associated with the Bank's internal operations and general business decisions
- **Module 2 – Designation of Goals and Strategy**
Designating long-term, achievable, measurable sustainability goals in line with the Bank's continuous improvement perspective and determining the necessary strategy
- **Module 3 – Communications**
Formulating and implementing the necessary processes for the optimal management of the Bank's external and internal communications strategy concerning environmental and social topics
- **Module 4 – Education**
All processes related to the Bank's internal and external awareness raising and technical and non-technical training activities in line with the Bank's overall sustainability strategy
- **Module 5 – Environmental & Social Regulations**
Continuous monitoring of current national and international regulations by appointed legal specialists within the Bank
- **Module 6 – ESRMS Monitoring and Evaluation**
Overall control and optimal classification of system-wide documentation
- **Module 7 – Internal Audit**
Determining and implementing necessary internal audit procedures in order to prevent any deviations from the Bank's sustainability goals and commitments
- **Module 8 – Senior Management Evaluation**
Annual performance evaluation, determination of next year's goals and strategies and ensuring continuous development of the system with senior management sponsorship in line with the Bank's sustainability strategy

Sustainability Vision

To use the unrivalled experience and know-how the Bank has built in more than 150 years for the benefit of the economy, the environment, and society; to produce enduring values for the Bank's stakeholders and become a globally-competitive bank through the principles of sustainable profitability and efficiency.

Sustainability Target

To further develop both the Bank's strong position in the domestic market and its global competitive strength by increasing the medium- and long-term leverage effect of the Change and Transformation Project through corporate sustainability practices to be implemented under the Sustainability 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.

- Ziraat is a strong, leading and trusted bank. The Bank desires to perpetuate its existing success in economic sustainability into the future by supporting it with long-term environmental and social sustainability perspectives;
- In decision-making processes, the Bank takes a careful and meticulous approach when dealing with environmental and social issues and the potential risks associated with them in the management of resources and the service infrastructure;
- The Bank considers environmental sustainability, including climate change and the transition period to a low carbon economy, an important item on its agenda;
- As an employer, the Bank believes in the importance of maintaining an employee-oriented work environment. In its business model, the Bank gives special importance to equality of opportunity among all of its employees and regards diversity as a critical component of its success in achieving its strategic goals;
- As a service provider, the Bank regards customer focus and customer satisfaction as being fundamental to everything. The Bank's goal is to offer banking products and services to all of its customers in formats that are practical, intelligible and accessible along with enriching the banking industry through innovative and exemplary practices;
- The Bank is determined to develop its relationship with suppliers on the grounds of the principles of mutual respect, responsibility, and fairness, and supports the success of its suppliers with the projects it delivers as a business partner; and
- The Bank integrates universally recognized principles of sustainability in its business model and develops and implements projects accordingly.

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.

2. Ziraat Bank Green, Social and Sustainable Finance Framework

Ziraat has developed this Green, Social and 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 Green, Social and Sustainable Finance Framework under which it intends to issue Sustainable Finance Instruments (which include Green / Social / Sustainability 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 Instruments¹ that can be issued under this Framework are defined below:

- **Green Finance Instruments:** which may include, but are not limited to, bonds, including private placements, and loans in order to finance and / or refinance **Eligible Green Loans** (as defined in the Use of Proceeds section under Green Eligibility Criteria);
- **Social Finance Instruments:** which may include, but are not limited to, bonds, including private placements, and loans to finance and / or refinance **Eligible Social Loans** (as defined in the Use of Proceeds section under Social Eligibility Criteria);
- **Sustainability Finance Instruments:** which may include, but are not limited to, bonds, including private placements, and loans to finance and / or refinance a mix of **Eligible Green Loans** (as defined in the Use of Proceeds section under Green Eligibility Criteria) and / or **Eligible Social Loans** (as defined in the Use of Proceeds section under Social Eligibility Criteria)

The Ziraat Green, Social and Sustainable Finance Framework is aligned with the ICMA Green Bond Principles (GBP) 2018² edition, Social Bond Principles (SBP) 2020³ edition, Sustainability Bond Guidelines (SBG) 2018⁴ edition and the LMA Green Loan Principles (GLP) 2020⁵ edition, 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 Green, Social and Sustainable Finance Framework also follows the recommendations of the GBP 2018, SBP 2020 and SBG 2018 regarding External Review.

The Framework will apply to any Sustainable Finance Instrument and will be in force as long as any Sustainable Finance Instrument is outstanding. Any future changes in the Green, Social And Sustainability Bond Standards⁶ may be implemented in future versions of this Framework and apply to Sustainable Finance Instruments funded thereafter.

¹ The “Sustainable Finance Instruments” definition also includes “Theme bonds”, whose proceeds will be used to (re)finance loans / projects falling within one or more Green and Social Eligible Categories as set out in this Framework, focused on specific green, social or sustainable themes. This definition is in accordance with the definition of “Theme Bonds” included in the recently published ICMA Guidance Handbook (published in June 2020), available at:

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Guidance-Handbook-April-2020-050620.pdf>

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

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

⁴ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁵ <https://www.lsta.org/content/green-loan-principles/>

⁶ Standards related, but not limited to: Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, EU Green Bond Standards and green, social and sustainability market practices in general



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.

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) ⁷
Renewable Energy	<ul style="list-style-type: none"> Loans aimed at (re)financing the equipment, development, manufacturing (including manufacturing of components⁸), construction, operation and maintenance of energy generation assets from renewable energy sources 	<ul style="list-style-type: none"> Wind power: Onshore and offshore Solar power: Photovoltaics (PV), Concentrated Solar Power (CSP) and solar thermal facilities⁹ Hydro power: Small hydro-power facilities (25MW) with life cycle assessment emissions of less than 100gCO₂/kWh Geothermal power: Limited to facilities with life cycle assessment 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 eligible¹⁰ 	 	<ul style="list-style-type: none"> 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

⁷ 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: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds06-2019-100619.pdf>

⁸ 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).

⁹ 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.





¹⁰ 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.

<p>Green buildings</p>	<ul style="list-style-type: none"> Loans aimed at (re)financing low-carbon new, existing or refurbished <i>public, commercial</i> and <i>residential</i> buildings in the local context 	<ul style="list-style-type: none"> New or existing <i>public, commercial</i> and <i>residential</i> buildings that meet the following criteria: <ul style="list-style-type: none"> Buildings rated B¹¹ 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: <ul style="list-style-type: none"> LEED (min. "Gold") BREAAM (min. "Very Good") DNGB (min. "Gold") ÇEDBİK Green Building certification Refurbished <i>public, commercial</i> and <i>residential</i> buildings that achieved at least 30% energy improvement 	 	<ul style="list-style-type: none"> 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
<p>Clean transportation</p>	<ul style="list-style-type: none"> Loans aimed at (re)financing production, establishment, acquisition, expansion, upgrades, maintenance and operation of low-carbon vehicles and related private or public infrastructure 	<ul style="list-style-type: none"> Low-carbon transport vehicles and infrastructure including: <ul style="list-style-type: none"> Fully electrified or other low carbon (with direct emissions below 50 gCO₂e/p-km¹²) public transportation, such as buses, trains, trams or ferries Fully electrified, plug-in hybrid electric or hydrogen (with direct emissions below 50 gCO₂e/p-km¹³) 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 		<ul style="list-style-type: none"> 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

¹¹ At this point in time, an official CBI (Climate Bond Initiative) baseline for the top 15% low-carbon residential and commercial buildings has not yet been established in Turkey. Only 10% to 15% of the total Turkish building stock is rated in accordance with the Energy Performance Certificate labels system. It is very likely to assume that buildings with EPC label "B" belong to the top 15% low-carbon buildings in Turkey.

¹² In line with the recommendation of the Technical Expert Group (TEG) report on the EU Taxonomy, March 2020.

¹³ In line with the recommendation of the Technical Expert Group (TEG) report on the EU Taxonomy, March 2020.






<p style="text-align: center;">Energy Efficiency</p>	<ul style="list-style-type: none"> Loans aimed at (re)financing the establishment, acquisition, expansion and upgrade of transmission lines and energy storage facilities, smart technologies and / or the associated infrastructure 	<ul style="list-style-type: none"> Refurbishment, rehabilitation and renovation investments in non-fossil fuel-based technologies, that are improving the efficiency of energy consumption at least by 15% and / or reducing greenhouse gas emissions at least by 15% 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 facilities¹⁴, metering systems, and other intelligent electricity systems increasing the intermittency of renewable energy's share in total energy usage 	 	<ul style="list-style-type: none"> Target 7.3: By 2030, double the global rate of improvement in energy efficiency Target 9.4: By 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
<p style="text-align: center;">Environmentally sustainable management of living natural resources and land use</p>	<ul style="list-style-type: none"> Loans aimed at (re)financing environmentally responsible, economically viable and socially beneficial agriculture, land restoration, forest management and urban greening 	<ul style="list-style-type: none"> Certified agricultural practices under sustainable certification schemes, such as EU Organic, Global G.A.P.¹⁵, 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 fixation¹⁶, 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 areas¹⁷ development and restoration 	 	<ul style="list-style-type: none"> 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

¹⁴ Power-to-hydrogen is excluded at this point of time.

¹⁵ Livestock / poultry production is not eligible under this category.

¹⁶ 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.


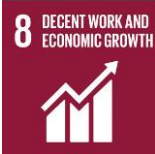


¹⁷ Within the Turkish cities.

<p>Sustainable Water and Wastewater Management</p>	<ul style="list-style-type: none"> Loans aimed at (re)financing development, construction, operation and maintenance of sustainable water and waste-water management projects and facilities 	<ul style="list-style-type: none"> Water treatment facilities, activities and technologies that increase water quality, sanitation facilities Upgrades to wastewater treatment plants to remove nutrients, wastewater discharge infrastructure Technologies that increase water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering 	 	<ul style="list-style-type: none"> Target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters
<p>Pollution prevention and control</p>	<ul style="list-style-type: none"> Loans aimed at (re)financing development, construction, operation and maintenance of sustainable waste management and recycling projects, activities and operations 	<ul style="list-style-type: none"> 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 	 	<ul style="list-style-type: none"> 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
<p>Eco-efficient and / or circular economy adapted products, production technologies and processes¹⁸</p>	<ul style="list-style-type: none"> Loans aimed at (re)financing resource use efficiency and circular and / or recyclable products 	<ul style="list-style-type: none"> Solutions that extend the product life cycle, such as applying modular design or design for disassembly, take-back schemes and redeploing 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 fueled 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 waste¹⁹ 		<ul style="list-style-type: none"> 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse




¹⁸ Virgin plastic-based solutions are excluded.

¹⁹ 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)
<p>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</p>	<ul style="list-style-type: none"> Loans aimed at (re)financing SMEs located in economically underperforming regions of Turkey, and / or operated by women or vulnerable groups and facing the effects of natural disasters and/or health pandemics 	<ul style="list-style-type: none"> Employment generation through Small-and Medium-Enterprise (SME) financing. To be identified as an SME, the end client must have fewer than 250 employees and a turnover or total assets below TL 125m. To be eligible for this category one of the following criteria must be met: <ul style="list-style-type: none"> SMEs located in areas that have lower income than the country GDP average SMEs 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) SMEs and micro-enterprises owned and / or operated by migrants, youth²⁰ and / or any other vulnerable groups Loans to SMEs, micro-enterprises 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 only, COVID-19 outbreak). Loans granted via dedicated governmental-guaranteed schemes are eligible 	   	<ul style="list-style-type: none"> 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

²⁰ This applies only to small and micro enterprises (no medium enterprises). Entrepreneurs up to 35 years old are considered to be included in the 'youth' eligible group. In accordance with a research paper focused on Turkish SMEs and micro enterprises, the average age of Turkish micro and small enterprises entrepreneurs has been found to be 36.8 years old. Therefore, 35 year old is below the average age. Link to the research paper: <https://erf.org.eg/wp-content/uploads/2016/04/PRR0420.pdf>

				sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average
Access to essential services	<ul style="list-style-type: none"> Loans aimed at (re)financing developments, construction, maintenance and operation of healthcare, education and vocational training infrastructures and services 	<ul style="list-style-type: none"> 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 and elderly care facilities²¹ 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 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 	 	<ul style="list-style-type: none"> 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
Affordable Housing	<ul style="list-style-type: none"> Loans aimed at (re)financing social housing mortgages to disadvantaged groups 	<ul style="list-style-type: none"> Provide social housing mortgages to disadvantaged groups and to social housing organizations. Social housing eligibility requirements are set by the Turkish government²² and can include criteria such as income level and number of family members 		<ul style="list-style-type: none"> Target 11.1 :By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Exclusionary Criteria

Sustainable Finance Instruments under this Framework will not be used to finance loans linked to fossil energy generation, nuclear energy generation, weapons and defense, mining, gambling, alcohol²³ or tobacco.

²¹ Accessible by the general public.

²² Including loans to TOKİ (Toplu Konut İdaresi Başkanlığı), which is in charge of providing social housing to the low and middle income groups in Turkey and provides loans in line with the production area and activity targets defined by the Mass Housing Law and government programs.

²³ 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

4. Process for Loans 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 is formed by members of Investor Relations, Treasury, Enterprise Architecture, Corporate Communications, SME 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. The coordination of the Group is executed by the 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.

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 (April 2020)*"²⁴ for Green Finance Instruments and "*Working Towards a Harmonized Framework for Impact Reporting for Social Bonds (June 2020)*"²⁵ 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 website²⁶ 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

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.

²⁴ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-220520.pdf>

²⁵ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Harmonized-Framework-for-Impact-Reporting-for-Social-BondsJune-2020-090620.pdf>

²⁶ At: <https://www.ziraatbank.com.tr/en/investor-relations>

ICMA / LMA Green Eligible Category	Potential output and impact reporting indicators at category level
Renewable Energy	<ul style="list-style-type: none"> • Installed renewable energy capacity (in MW) • Estimated annual CO2 emissions avoided (in TCO2eq.)
Green buildings	<ul style="list-style-type: none"> • Level of certification, if applicable • Level of Energy Performance Certificate (EPC), if applicable • Estimated annual reduced and / or avoided emissions (in TCO2eq.) • Estimated annual energy consumption (in KWh/m2)
Clean Transportation	<p>Low carbon public transportation and vehicles</p> <ul style="list-style-type: none"> • Number of vehicles • Greenhouse gas ("GHG") savings (in TCO2eq.) <p>Low carbon transportation infrastructure</p> <ul style="list-style-type: none"> • GHG savings (tonnes per year) due to the installed technology (direct), by transferring freight or passenger transport from road to, for example, railway (indirect) or both (as applicable) • Number of EV charging stations units installed, if applicable
Energy Efficiency	<ul style="list-style-type: none"> • Distance of transmission (Km) • Energy transmitted (MWh per year) • Energy savings (MWh per year), if applicable • GHG savings (tonnes per year) • Number of smart meters installed, if applicable
Environmentally sustainable management of living natural resources and land	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Annual absolute (gross) water savings (in m3 or in %) • Annual absolute (gross) amount of wastewater treated, reused or avoided (in m3 or in %) • No. of people with access to improved sanitation facilities
Pollution prevention and control	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Annual savings of relevant resources (e.g., tonnes raw material/year) • Estimated annual GHG emission avoided or reduced (tCO2e) and/or energy savings (MWh per year), if applicable

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 SME financing and microfinance	<ul style="list-style-type: none"> • Number of loans granted to SMEs located in underperforming areas in Turkey • Split of loans per district's deprivation rate, if possible • Number of loans granted to SMEs owned and / or operated by women, youth, migrants and other vulnerable groups • Number of jobs created / preserved at SMEs, if possible • Number of loans to SMEs, micro-enterprises and start-ups facing the effects of natural disasters and / or health pandemics
Access to essential services	<ul style="list-style-type: none"> • Number of structures financed • Number of beneficiaries, patients • Number of enrolled students • Number of training program graduates successfully employed
Affordable Housing	<ul style="list-style-type: none"> • 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.