



Climate Transition Roadmap 2026



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Abbreviations

Abbreviations used in the document

AWD	Alternate Wetting and Drying (Water management System - Agriculture)	ISO	International Organization for Standardization
BOF	Basic Oxygen Furnace	ISSB	International Sustainability Standards Board
CBAM	Carbon Border Adjustment Mechanism	ITPN	International Transition Plan Network
CCUS	Carbon Capture, Utilization and Storage	MRV	Monitoring, Reporting, Verification
CDP	Carbon Disclosure Project	NDC	Nationally Determined Contribution
ÇKS	Çiftçi Kayıt Sistemi (Farmer Registration System)	NGFS	Network for Greening the Financial System
COP	Conference of the Parties	PCAF	Partnership for Carbon Accounting Financials
DRI	Direct Reduced Iron	RCP	Representative Concentration Pathways
EAF	Electric Arc Furnace	SBTi	Science Based Targets initiative
ECL	Expected Credit Loss	TARSİM	Tarım Sigortaları Havuzu (Agricultural Insurance Pool)
ETS	Emissions Trading System	TFRS	Turkish Financial Reporting Standards
FLAG	Forest, Land and Agriculture	TPT	Transition Plan Taskforce
GHG	Greenhouse Gas	TSRS	Turkish Sustainability Reporting Standards
I-REC	International Renewable Energy Certificate	UNEP FI	United Nations Environment Program – Finance Initiative
ICVCM	Integrity Council for the Voluntary Carbon Market	WHR	Waste Heat Recovery
IEA	International Energy Agency		
IFRS	International Financial Reporting Standards		



Climate change is a broadscale journey that transcends environmental boundaries, reaching every single stop from the economy to all areas of life. Moreover, this journey does not offer a fixed route; it is continuously reshaped by changing conditions and uncertainties.

As Türkiye's largest and most deep-rooted bank, we steer the climate transition journey with our ability to find the right course, no matter which way the wind blows. Driven by this mindset, we set out on this path with our own footprint; yet this journey is more than just about our own. We are expanding our sphere of influence by prioritizing the transition of the sectors we finance. Accordingly, we have crafted a science-based Climate Transition Roadmap, focusing on the electricity generation, iron and steel, cement, and agriculture (crop production) sectors.

We have approached our Climate Transition Roadmap as a holistic guide that encompasses all stops of the economy. Through our science-based and intensity-based targeting approach, we harmonize economic growth with carbon reduction as we shape this process together with our clients by financing their investments in modernization, efficiency, renewable energy, and digital transformation.

For we are deeply aware of the importance of finding the right path regardless of how the road changes, staying the course with resolve, and advancing together for our country.





The Path to Green Transition in Electricity Generation

The electricity generation sector is one of the most crucial stops on the climate transition journey. In this journey, we support the sector's transition with a robust financing approach.

We aim to reduce our emissions intensity in the electricity generation sector by 69% by 2030. Correspondingly, we pave the way for renewable energy investments, and strengthen the infrastructure through hybrid facilities, modern grids, and storage solutions. We accelerate the sector's transition by incentivizing the financing of investments in innovative and emerging technologies that enable low-carbon production.

Electricity Generation Emission Reduction Target

↘ 69%

Electricity generation sector emission intensity (tCO₂e/MWh)

Scope:
Scope 1 and 2 emissions

Reference Roadmap:
International Energy Agency
(2050 Net Zero)

PCAF Score: 3.34

0.58

0.18

2024

2030



The Path to Decarbonization in Iron and Steel Production

We are steering the iron and steel sector, a cornerstone of our economic development, toward the competitive and low-carbon world of the future. We stand as the primary supporter of innovative investments transforming conventional blast furnaces into eco-friendly, modern electric arc furnaces (EAF) and direct reduced iron (DRI) technologies. Through incentivizing renewable energy integration across this ecosystem, we target a 19.8% reduction in emission intensity by 2030. By harmonizing the strength of steel with ecological balance, we are breathing new life into our industry.



Iron And Steel Production Emission Reduction Target

↓ **19.8%**

Iron and steel sector emission intensity
(tCO₂e/ton steel)

Scope:
Scope 1 and 2 emissions

Reference Roadmap:
International Energy Agency
(2050 Net Zero)

PCAF Score: 2,89

0.79

0.64

2024

2030



The Path to a Clean Future in Cement Production

The cement sector is one of the most strategic stops on the climate transition journey. Emissions inherent to the production process set this sector apart from other industries, launching the transformation at the very core of production.

We aim to reduce our emission intensity in the cement sector by 19.8% by 2030. We are increasing the use of alternative materials that reduce the clinker ratio, and implementing a structural transformation in production processes through waste-derived fuels and biomass. While increasing efficiency through practices such as kiln modernization and waste heat recovery, we pave the way toward the sector's carbon-neutral future with Carbon Capture, Utilization, and Storage (CCUS) technologies.

Cement Production Emission Reduction Target

↓ 19.8%

Cement sector emission intensity
(tCO₂e/ton cement)

Scope:
Scope 1 and 2 emissions

Reference Roadmap:
International Energy Agency
(2050 Net Zero)

PCAF Scope: 2.83

0.84

0.67

2024

2030



The Path to Efficiency in the Agriculture (Crop Production) Sector

The agriculture (crop production) sector is one of the most sensitive and impactful stops on the climate transition journey. Because in this journey, every crop, production method, and geography charts its own unique course.

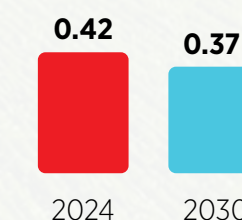
We manage the transformation in agriculture through a crop-specific approach, taking sectoral dynamics into account. We aim to reduce our emissions intensity by 11.6% in wheat, 14% in maize, and 11.1% in rice by 2030. We strengthen the sustainable production infrastructure through investments in modern irrigation solutions which enhance water efficiency, renewable energy utilization, and efficient mechanization. We address agricultural productivity growth and emissions reduction simultaneously, contributing to the strengthening of food supply security by supporting a climate-resilient production framework.

Reference Roadmap: Science-Based Targets initiative Forest, Land, and Agriculture (SBTi FLAG) 1.5°C
Scope: Scope 1 and 2 emissions

Wheat Production Emission Reduction Target

↓ **11.6%**

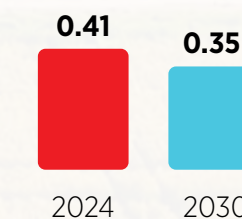
Wheat (agriculture) sector emission intensity (tCO₂e/ton product)



Maize Production Emission Reduction Target

↓ **14%**

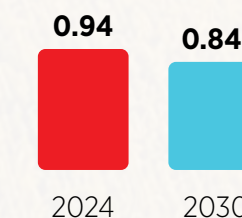
Maize (agriculture) sector emission intensity (tCO₂e/ton product)



Rice Production Emission Reduction Target

↓ **11.1%**

Rice (agriculture) sector emission intensity (tCO₂e/ton product)





About the Document

A strategic approach to climate transition finance

This study reflects Ziraat Bank's strategic approach to driving customer transition through financing, aligned with its pivotal role in the national economy.

Strategic framework and purpose of the report

This document sets out the methodological framework and strategic approach of Ziraat Bank's Climate Transition Roadmap, which has been developed to measure, manage, and transform the climate impact of the sectors financed by the Bank in line with its decarbonization target. The main purpose of the document is to address, from a holistic perspective, the climate-related risks and opportunities arising from the Bank's financed emissions, to define intensity-based targets that support portfolio transformation, and to systematically present sectoral transition plans that will ensure the achievement of these targets.

This study reflects Ziraat Bank's strategic approach, which is based on supporting customer transition through financing, in line with its systemic role in the national economy.

Reporting standards and alignment

The Climate Transition Roadmap has been prepared using internationally recognized, science-based and financial sector-focused methodological frameworks as references. The document has been designed to be aligned with global references published by, in particular, the International Transition Plan Network (ITPN) and the Transition Plan Taskforce (TPT), as well as the International Financial Reporting Standards (IFRS), the International Sustainability Standards Board (ISSB), and the Carbon Disclosure Project (CDP).

Scope and limitations of the report

This document covers the period from 1 January to 31 December 2024, and all analyses have been carried out based on year-end 2024 data. The base emissions, portfolio emissions intensities, and target-setting activities presented in the document have been developed based on this base year.

The scope of the report is limited solely to T.C. Ziraat Bankası A.Ş. (standalone). The Bank's domestic and international affiliates and subsidiaries are not included within the scope of this document.

Reporting measurement approach

The financed emissions calculations and portfolio emissions intensity analyses included in the document have been carried out based on the Scope 3 – Category 15 (Financed Emissions) approach as defined under the GHG Protocol. In the calculations, the PCAF methodology, which is widely used internationally for financial institutions, has been taken as the primary reference.

Contact

For your questions, comments, and suggestions regarding this document, you may contact Ziraat Bank at surdurulebilirlik@ziraatbank.com.tr.



Supporting Economic Growth through Intensity-Based Targeting

Ziraat Bank simultaneously drives portfolio growth and decarbonization by utilizing sectoral emission intensity metrics. This intensity-based framework aims to steadily reduce greenhouse gas emissions per unit of output while ensuring the continuity of economic production.



As Ziraat Bank, we view the climate transition as a strategic opportunity area that supports sustainable development and increases the global competitiveness of our real sector.

Alpaslan Çakar
CEO





Our CEO's Remarks

We build the future together

Backed by our deeply rooted heritage of over 162 years, we have always been at the forefront of every aspect of the Turkish economy, driven by our strong balance sheet, and a broad footprint extending from agriculture to industry, energy, and trade. Today, with the same determination, we stand behind the low-carbon future of our economy.

The climate crisis is no longer a future scenario, but an urgent reality of today. It is a global process that forces the entire economy from manufacturing to trade, energy to finance into a structural transformation. Every strategic step taken in this field today is a fundamental element that will directly determine medium and long-term competitiveness, financial resilience, and sustainable development performance.

Ziraat Bank is a pivotal actor in this transformation, aligned with Türkiye's 2053 Net Zero Emission vision. With our deep-rooted history spanning over 162 years, we guide sustainable development by financing sectoral transition across our wide sphere of influence, stretching from agriculture to industry, and energy to trade. While mobilizing our financial strength for a green future, our focus is not only on our own operations but also on accelerating the transition of all the sectors we finance. We believe that permanent and meaningful change is only possible through the collective action of the real sector, the financial sector, public authorities, and other stakeholders.

Grounded in this conviction, the Climate Transition Roadmap we have crafted is more than just a written strategy; it is a dynamic process based on scientific foundations that we will continuously refine in response to evolving circumstances of today. As Ziraat Bank, our goal is both to measure our emissions and to manage and transform this impact in line with our responsible banking principles. In this context, we prioritize the electricity generation, iron and steel, cement, and agriculture sectors due to their emission intensities and strategic transition potentials.

Environmental, social, and governance (ESG) criteria have now become one of the most critical aspects of conducting business across global value and supply chains. This reality turns climate and ESG performance directly into a competitive advantage, especially for our customers who export and are integrated into international supply chains. Within this framework, we position our Bank as a strategic partner standing by our customers during their ESG transition process. By further developing our products and services with this perspective, we aim to enhance their access to finance as well as to secure their foothold in global supply chains.

As Ziraat Bank, we view the climate transition as a strategic opportunity area that supports sustainable development and increases the global competitiveness of our real sector. We manage this process with determination through our strong corporate structure and our continuously developing capacity. Our primary priority is to make the highest contribution to our country's transition to a low-carbon economy by bolstering our customers' access to finance.

As we advance on this journey with our guiding vision of being "More Than a Bank" in climate transition, too, we will continue to refine our transition roadmap by closely monitoring national and international developments, ensuring we remain an active driver of this transition together with our customers and all stakeholders.

I would like to thank all our stakeholders who have embarked on this transition journey together with our Bank for the sustainable future of our country in this roadmap.

We don't just finance the future; we build it together.

Alpaslan Çakar
CEO



Dynamic and Flexible Governance

Ziraat Bank's climate transition roadmap is not a static document, but a dynamic and flexible management tool designed to adapt rapidly to evolving circumstances.

With portfolio performance monitored on an annual basis, targets are systematically updated under the supervision of the Sustainability Committee to align with macroeconomic conditions, technological progress, and national policy changes.



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Sustainability at Ziraat Bank



Executive Summary

Ziraat's journey to decarbonization

Designed to manage the climate transition in financed sectors through an analytical and customer-oriented strategy, Ziraat Bank's Climate Transition Roadmap offers a comprehensive framework.



Sustainable finance
and climate vision

The Ziraat Bank Climate Transition Roadmap outlines the strategic framework through which the Bank measures, manages, and reduces the climate impact of the sectors it finances, in line with its decarbonization goals. In line with Ziraat Bank's position as Türkiye's leading bank, its scale in financing critical sectors, and its systemic role in the national economy, the document holistically reflects the Bank's approach, which addresses the climate transition with a focus on supporting customer transition through financing.

The methodological focus of the document is Scope 3 – Category 15 financed emissions, which constitute the largest component of the Bank's overall climate impact. Within this scope, emissions arising from the activities of customers in Ziraat Bank's loan portfolio have been calculated based on the PCAF (Partnership for Carbon Accounting Financials) methodology; the portion of emissions attributed to the Bank has been determined through a financial attribution factor. This approach both ensures alignment with international reporting standards and enables the Bank to monitor its portfolio-related climate impact in a consistent and comparable manner.

Within the scope of the transition plan study, the electricity generation, iron and steel, cement, and agriculture (crop production) sectors have been prioritized. These sectors were selected due to both their high share of Türkiye's total greenhouse gas emissions and their material magnitude in terms of Ziraat Bank's financed emissions. Electricity generation, iron and steel, and cement are also strategically important sectors that fall under the European Union Carbon Border Adjustment Mechanism (CBAM), given their high carbon intensity and the need for transition.



Four Key Prioritized Sectors

Within the scope of the transition roadmap, the electricity generation, **iron-steel, cement, and agriculture (crop production)** sectors, which account for a major share of Türkiye's emissions, have been prioritized. These four core sectors represent a significant volume of Ziraat Bank's financed emissions and possess high carbon intensity.



Strategic Foundation and Decarbonization Approach

[Our CEO's Remarks](#)

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Ziraat Bank Sustainability Approach



Risk Management

Decarbonization

Other Topics

Sustainability Governance

Sustainability Strategy

Sustainability Infrastructure

Environmental and Social Impact Management System

Technology and Data Management

Identification of Risks

Financed Emissions and Baseline Calculation

Waste Management

Committees

Compliance with Regulations

Quantification of Risk

Assessment of Financial Impacts and Opportunities

Water Management

Roles and Responsibilities

Risk Management

Taking Mitigation/Avoidance Actions

Target Tracking

Biodiversity

Corporate Capability Development

Opportunity Management

Process Monitoring

Decarbonization Targets Provision

Air Quality

Reporting

Marine and Ocean Cleanup

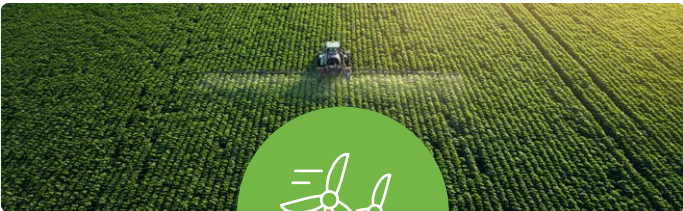
Social Issues



Strategic Foundation and Decarbonization Approach

Science-based reduction targets

In the area of decarbonization, Ziraat Bank systematically manages portfolio transformation by measuring financed emissions, conducting base year calculations, setting science-based intensity targets, and regularly monitoring progress toward these targets.



Strong Governance Based on the Three Lines of Defense

Managed through a robust governance mechanism led by the Board of Directors and the Sustainability Committee, the climate transition process is built upon the three lines of defense model. **Business units** constitute the first line, while **risk and compliance departments** form the second line. The **Board of Auditors** serves as the third line, auditing compliance with policies and standards to ensure the achievement of corporate objectives.

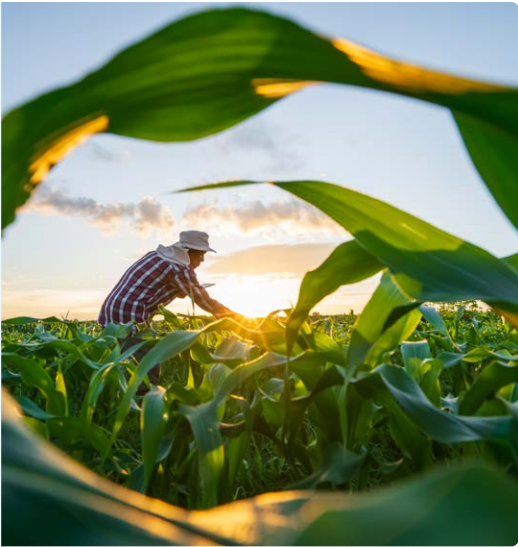
Ziraat Bank’s sustainability approach is built on a holistic sustainability strategy, under which risks are effectively managed and new financial opportunities are evaluated, in alignment with relevant national and international regulations. Integrated with the Bank’s core business model, this strategy aims to create long-term value and support the sustainable transformation of the national economy.

The institutional foundation of this approach is supported by a strong sustainability governance structure, including committees operating under the oversight of the Board of Directors, clearly defined roles and responsibilities, training and certifications, internal capacity-building efforts, and regular internal and external reporting mechanisms. The governance structure ensures that a consistent and traceable link is established between strategic objectives and operational practices.

Risk management is one of the key components of Ziraat Bank’s sustainability approach, and climate-related risks are addressed in an integrated manner within the Bank’s existing corporate risk management framework. The identification, measurement,

Data Quality Enhancement and the Impact of the National ETS

Aiming to increase the precision of its portfolio emission assessments, Ziraat Bank places a strong emphasis on high-fidelity data and prioritizes verified emission disclosures. In addition, the National Emission Trading System piloted in 2026, combined with the compulsory Monitoring, Reporting, and Verification (MRV) framework, is anticipated to drive a substantial improvement in data quality, especially across the industrial and energy sectors.



monitoring, and implementation of necessary actions regarding climate risks are carried out as an integral part of decision-making processes.

In the area of decarbonization, Ziraat Bank systematically manages portfolio transformation by measuring financed emissions, conducting base year calculations, setting science-based intensity targets, and regularly monitoring progress toward these targets. This approach is based on supporting customer transition through financing and is operationalized through sector-specific transition plans.

The sustainability infrastructure that supports all these areas is built on technology and data management capacity, as well as environmental and social impact management systems. This infrastructure enables processes ranging from emissions calculations to risk analyses, from reporting to customer engagement, to be carried out consistently and efficiently.

In addition, other sustainability topics such as waste management, water efficiency, biodiversity, and social issues are also addressed within Ziraat Bank’s holistic

approach; they are monitored and improved within the framework of environmental and social impact management.

In the document, as of the 2024 base year, base emissions and portfolio emissions intensities have been calculated for the four sectors in question; these values have been used as reference points in determining 2030 emissions reduction targets. The target-setting approach is built on an emissions intensity-based framework. This method is based on reducing financed emissions per unit of output even as the Bank’s lending volume grows; thus, it makes it possible for economic growth and decarbonization targets to progress in a harmonized manner.

Within this framework, the base-year emissions intensities, reference scenarios, and 2030 reduction targets determined for the sectors prioritized under Ziraat Bank’s Decarbonization Transition Plan are presented in a consolidated view in the summary table below. The table shows, for each sector, the intensity metric used, the international reference scenario on which the targets are based, and the projected emissions intensity reduction rates through 2030 compared to the 2024 base year.



Strategic Foundation and Decarbonization Approach

Table 2 – Summary Overview of Ziraat Bank’s Sectoral Emissions Intensities and Targets

Sector	Metric	Reference Scenario	Emission Scope	Emission Intensity 2024 (base year)	2030 Reduction Target
 Electricity Generation	tCO ₂ e/MWh	International Energy Agency (2050 Net Zero)	Scope 1 and 2	0.58	69%
 Iron and Steel	tCO ₂ e/ton steel	International Energy Agency (2050 Net Zero)		0.79	19.8%
 Cement	tCO ₂ e/ton cement	International Energy Agency (2050 Net Zero)		0.84	19.8%
 Agriculture (Wheat)	tCO ₂ e/ton product	Science-Based Targets Initiative Forest, Land, and Agriculture (SBTi FLAG) 1.5°C		0.42	11.6%
 Agriculture (Maize)				0.41	14.0%
 Agriculture (Rice)				0.94	11.1%



Strategic Foundation and Decarbonization Approach

Climate transition plan aligned with Türkiye's 2053 Net Zero target

Ziraat Bank's Transition Plan is not a static statement of commitment; it is a dynamic management tool supported by an annual monitoring, reporting, and update cycle.



Sectoral targets have been developed based on science-based scenarios aligned with 1.5°C. The IEA Net Zero Emissions by 2050 scenarios have been taken as the reference for the electricity generation, iron and steel, and cement sectors, while the SBTi (Science Based Targets initiative) FLAG (Forest, Land and Agriculture) scenarios have been referenced for the agriculture sector. The international scenarios have been assessed, in a way aligned with Türkiye's national policy framework, together with the National Energy Plan, the Renewable Energy 2035 Roadmap, and the low-carbon sector roadmaps of the Ministry of Industry and Technology, as well as the transition plans of major players in the sectors. By this means, the targets have been placed on a solid foundation in terms of scientific robustness and national feasibility.

The document demonstrates that Ziraat Bank addresses the climate transition not only at the level of target-setting, but also in an integrated manner through governance, risk management, customer engagement, and monitoring mechanisms. Board oversight, coordination by the Sustainability Committee, and an internal control architecture based on the three lines of defense strengthen institutional ownership of the transition plan. Climate risks have

been integrated into the Bank's risk management processes in line with different climate scenarios and the TSRS framework.

Ziraat Bank's Transition Plan is not a static statement of commitment; it is a dynamic management tool supported by an annual monitoring, reporting, and update cycle. Portfolio emissions intensities, customer transition levels, data quality indicators, and the financing composition are updated each year; targets and assumptions are reviewed in response to national policy changes, technological developments, and market conditions. This approach enables the Bank to manage the climate transition within a long-term, flexible, and practicable framework.

This document holistically sets out a climate transition approach that is aligned with Türkiye's 2053 Net Zero target, consistent with international good practices, and shaped by the responsibility of being Türkiye's leading bank. Through this transition plan, Ziraat Bank positions the decarbonization of its portfolio not only as a matter of risk management, but also as a strategic opportunity area that accelerates real-sector transition, supports sustainable development, and is aligned with financial stability.



Strategic Foundation and Decarbonization Approach

Ziraat Bank's Sustainability Journey



2013

- Bank's first Sustainability Report published.

2014

- Bank's "Sustainability Policy" published.

2019

- Bank's first Integrated Annual Report published.
- The Zero Waste Certificate received for the first time.
- In 2025, Zero Waste Certificate was received for a total of 1.668 service buildings.

2020

- Green, Social, Sustainable (GSS) Finance Framework
- Second Party Opinion
- Bank's "Environmental and Social Impact Management Policy in Lending Activities" published.
- The Responsible Banking principle officially adopted.

2021

- The First Sustainability Bond issuance (600 mio USD, 5 years maturity)

2022

- I-REC Certificate received
- First Sustainability-Linked Syndicated Loan (April 22, 367 days, USD 1,2 billion)
- "Environmental and Social Impact Management Policy in Lending Activities" became fully operational.

2023

- Bank's Sustainability Committee established.
- LEED Green Building Certification (Platinum)
- Bank's first CDP Report published.
- PCAF-aligned financed emissions calculated for the first time.

2024

- Within the scope of the LACP Vision Awards, our 2023 Integrated Activity Report received a total of 10 awards, including gold in the Commercial Banks and Financial Services Institutions category.

2025

- Second Sustainability Bond was issued (500 mio USD, 5 years maturity)
- Carbon Reduction Loan launched.
- As part of the project that started in 2024, efforts to collect and recycle coffee waste have begun.
- Bank's first Turkish Sustainable Reporting Standards (TSRS) report published.
- Sustainability Management System actively implemented.
- For the first time, a second Sustainability-Themed Syndicated Loan was secured in the same year in October 2025. (988 mio USD)
- In the 2025 CDP Reporting, Ziraat Bank achieved B grade in the CDP Climate Change category while also successfully maintaining its A grade in the CDP Water Security category.
- Largest Sustainability Themed Single Tranche Syndicated Loan (April 2025, USD 1.75 bn) received by a financial institution in Türkiye.
- Self-consumption solar power plant in Kayseri Pınarbaşı, which has an installed capacity of 64 MWp and aims to meet electricity needs of Istanbul Financial Center, including all branches and ATMs. In 2025, approximately 93% of the Bank's total electricity needs are met by renewable energy sources.



Strategic Foundation and Decarbonization Approach

A new phase in combatting climate change

In the new phase in combating climate change, Türkiye is driving its green transition forward with definitive targets established in its updated Nationally Determined Contribution (NDC).

Türkiye's Policy Framework and Ziraat Bank's Role

Türkiye ratified the Paris Agreement in 2021 and, in the same year, officially announced a Net Zero Emissions target for 2053. In order to make this target feasible the national policy framework has been significantly strengthened in recent years, and both legal regulations and sector-based roadmaps have been updated. The core components of this framework constitute the main reference points that shape the direction of Ziraat Bank's transition finance strategy.

Following the ratification of the Paris Agreement, Türkiye's climate policy framework has evolved beyond long-term target declarations and has gained an integrated structure aligned with medium- and long-term development plans. The 2053 Long-Term Climate Strategy announced at COP29 in 2024 aims to establish structural continuity between short-term actions and long-term net zero targets, in alignment with the Twelfth Development Plan and the Medium-Term Program. This strategy sets out a comprehensive roadmap that particularly covers energy, industry, agriculture, and infrastructure—sectors encompassing

a large part of the Turkish economy—along with mitigation and adaptation policies, as well as cross-cutting areas such as climate finance, technology development, capacity building, and just transition.

Türkiye's legal framework on climate policies was defined by the Climate Law, which entered into force upon its publication in the Official Gazette on 9 July 2025. The Climate Law defined duties and responsibilities in the areas of greenhouse gas mitigation and climate change adaptation and brought the 2053 Net Zero target into the legal framework. Through the Law, annual emissions monitoring at the national level, reporting obligations, climate governance, and sectoral responsibilities have been systematized. In addition, the Law defined the competent authorities and operating principles for the national Emissions Trading System (ETS), which will be the primary instrument of carbon pricing in Türkiye and stated that the carbon market will be phased in in a manner aligned with European Union (EU) regulations. The national ETS is expected to be launched as a pilot in 2026. This system will encourage emissions reductions in the energy and industry sectors through economic instruments and accelerate technology transformation in carbon-intensive sectors.

Türkiye's climate policy framework gained a more concrete and implementation-oriented character with the Second Nationally Determined Contribution (NDC), updated and submitted during the COP30 process. Under the NDC, Türkiye set a target to reduce greenhouse gas emissions by 466 million tons of CO₂ equivalent compared to the Business-as-Usual (BAU) scenario by 2035 and to cap total emissions at 643 million tons of CO₂ equivalent. In the NDC, the needs for finance, technology transfer, and capacity building were addressed under separate headings, and the responsibilities of the financial sector in these areas were defined.

Following the Türkiye National Energy Plan, one of the key policy documents shaping the energy transition, the "Renewable Energy 2035 Roadmap" has also set out the new framework that determines the direction of the country's energy strategy. Under the 2035 targets, Türkiye aims to reach a total installed capacity of 120 GW in wind and solar, representing an approximately fourfold increase over current capacity.



Ziraat Bank, a Key Operational Actor in the National Climate Strategy

Ziraat Bank's financial capacity, sectoral expertise, and broad customer base play an important role, particularly in scaling transition investments in the energy, industry, and agriculture sectors. As a result, the Bank emerges as a key operational actor in the national climate strategy.



Strategic Foundation and Decarbonization Approach

Ziraat Bank, one of the most important financial actors of the transformation process

Within Türkiye's climate policy framework, Ziraat Bank is among the financial institutions with a significant share in the transition process, thanks to its scale, customer base, and nationwide reach.



The macroeconomic framework for these long-term targets is supported by the Medium-Term Program (2026–2028) published by the Presidency of Strategy and Budget of Türkiye. In the Program, green transformation and climate targets are addressed together with industrial policies, energy investments, agricultural production, and financial stability objectives, and climate-aligned investments are defined as an integral element of economic growth. The Medium-Term Program envisages accelerating public and private sector investments, particularly in areas such as energy efficiency, renewable energy capacity expansion, transition to low-carbon technologies in industry, and productivity increases in agriculture, and assigns a significant leverage role to the banking sector in financing these investments.

These targets both reinforce Türkiye's energy supply security and give rise to considerable financing demands for the financial sector to facilitate investments in renewable energy, storage, and energy efficiency.

Sectoral low-carbon roadmaps for Türkiye's high carbon-intensity sectors, such as iron and steel and cement, have been prepared under the guidance of the Ministry of Industry and Technology. These roadmaps illustrate the financial requirements for transitioning Türkiye's carbon-intensive sectors through 2030, 2040, and 2050, while identifying the financial sector's priority investment opportunities.

Assessments conducted during the COP30 process revealed that the current NDCs announced globally carry a significant risk of deviating from an emissions reduction pathway aligned with the 1.5°C target. In this context, implementation capacity and access to finance stand out as decisive factors in the success of climate policies.

Within Türkiye's climate policy framework, Ziraat Bank is among the financial institutions with a significant share in the transition process, thanks to its scale, customer base, and nationwide reach. In particular, drawing on its historical leadership in the agriculture sector, it plays a key role in enhancing the resilience of the production system to climate change and in promoting the wider adoption of sustainable agricultural practices. In electricity generation, industry, and other carbon-intensive sectors, Ziraat Bank is an important stakeholder in financing sectoral transformation and supporting customers' access to investments in modernization, efficiency, and low-carbon production. In this context, the Bank's activities are focused not only on reducing portfolio emissions but also on supporting the financing of necessary transition investments and enhancing the climate resilience of the real economy.

When considered collectively, these factors highlight Ziraat Bank's role as one of the institutions contributing, via financing, to the achievement of the targets set forth in the climate policy framework. The Bank's financial capacity, sectoral expertise, and broad customer base play an important role, particularly in scaling transition investments in the energy, industry, and agriculture sectors. As a result, Ziraat Bank emerges as a key operational actor in the national climate strategy, supporting the advancement of decarbonization targets in alignment with economic sustainability.



Strategic Foundation and Decarbonization Approach

Reduction in portfolio emissions

While the Bank continues to systematically reduce Scope 1 and 2 emissions arising from its direct operations, it also prioritizes intensity reduction targets for financed emissions, which constitute the most significant component of its overall climate impact.

Scope of the Decarbonization Target and Overall Approach

In alignment with Türkiye's 2053 Net Zero commitment, Ziraat Bank has adopted a comprehensive Transition Plan designed to accelerate the shift toward low-carbon production in the sectors it finances. The Bank's approach is built not only on reducing portfolio emissions, but also on contributing to Türkiye's climate targets by supporting the transition of its real-sector customers.

Ziraat Bank's decarbonization strategy is grounded in the emissions financed through its loan portfolio. For this reason, the plan focuses on emissions calculated under the Greenhouse Gas Protocol's Scope 3 – Category 15 (financed emissions). While the Bank continues to systematically reduce Scope 1 and 2 emissions arising from its direct operations, it also prioritizes intensity reduction targets for financed

emissions, which constitute the most significant component of its overall climate impact. In this respect, the plan defines separate transition plans for four sectors that have a material weight in the portfolio and high emissions intensity—electricity generation, iron and steel, cement, and agriculture (crop production).

Furthermore, analysis and modelling efforts for additional high carbon-intensity sectors are underway, and the scope is intended to broaden over time by closely tracking developments in national and international regulations, standard-setting bodies, and sector practices.

As Türkiye's largest bank in terms of total assets and lending volume, Ziraat Bank plays a critical role in the country's economic development and the sustainability of its production capacity. For this reason, the Bank does not intend to halt lending to any sector due to climate considerations; instead, it seeks to support the financing of transitions in high-emission segments of its portfolio.

Our Core Decarbonization Principles

In decarbonizing its own portfolio, Ziraat Bank adopts four core principles:

- **Supporting customers' transition**
 - Ziraat Bank encourages customers operating in high-emission sectors to undertake investments in modernization, efficiency, renewable energy, and emissions reduction technologies, and plays an active role in their transition processes through financing these investments.
- **Green transformation of the portfolio**
 - By increasing the volume of financing for customers with relatively low emission profiles and prioritizing low-carbon production technologies in new lending, it ensures that the portfolio composition evolves over time toward a more sustainable structure.
- **A prudent approach to high-emission and low-profit segments**
 - The Bank adopts a more cautious approach in credit assessments for customer segments with high climate risk, limited transition capacity, or low profitability, and incorporates climate risk into the assessment process, particularly for long-term loans.
- **Use of carbon offsetting as a last resort**
 - Following greening and transition steps in the portfolio, in narrow areas where emissions reduction is not technically feasible, it considers carbon credits—albeit limitedly and as a final step—in accordance with international standards.

In line with this approach, detailed transition plans have been prepared for the electricity generation, iron and steel, cement, and agriculture sectors; while analysis and modelling efforts continue for other high carbon-intensive sectors, all national and international regulations and market practices are being closely monitored.



Financing Support for the Transformation of Carbon-Intensive Production

As Türkiye's largest bank in terms of total assets and lending volume, Ziraat Bank plays a critical role in the country's economic development and the sustainability of its production capacity; and seeks to support the financing of transitions in high-emission segments of its portfolio.



Strategic Foundation and Decarbonization Approach

Holistic value creation cycle of Ziraat

Guided by the responsibilities associated with its position as Türkiye's largest and leading bank, Ziraat Bank has built its business model on a holistic value creation cycle that supports the country's sustainable development, understands the financial needs of all segments of society, and delivers the most effective solutions to these needs through the most extensive distribution channels.



An important element of the Bank's approach is the intensity-based target-setting methodology. Since this method prevents total emissions from being directly affected by the Bank's sectoral lending volume, it enables decarbonization without imposing quotas or exit strategies on any sector. Lending volume growth and decarbonization targets therefore progress in a mutually aligned manner. The targets are based on gradually reducing emissions per unit of output while preserving the sustainability of sectors' production activities. In this way, Ziraat Bank defines a reduction roadmap that is aligned with the pace of sectors' internal transformation and is financially practicable.

The decarbonization plan covers not only the target-setting process, but also the financing strategy required to achieve the targets, customer engagement mechanisms, and the monitoring structure. For this reason, Ziraat Bank defines transition finance as a strategic area and supports renewable energy, energy efficiency, low-carbon industrial technologies, and climate-resilient agricultural practices through financial products and programs. Sustainability-themed external funding sources and ongoing engagement with international development institutions are among the key components of this strategy.

In preparing the transition plan, globally recognized methodological frameworks and reporting standards have been used, primarily the guidance published by ITPN, TPT, IFRS, ISSB, and SBTi. Ziraat Bank aims to expand the scope of its transition plan in alignment with international good practices and to update it over time in line with new regulations, standards, and sectoral methodologies.

Alignment with the Business Model and Strategy

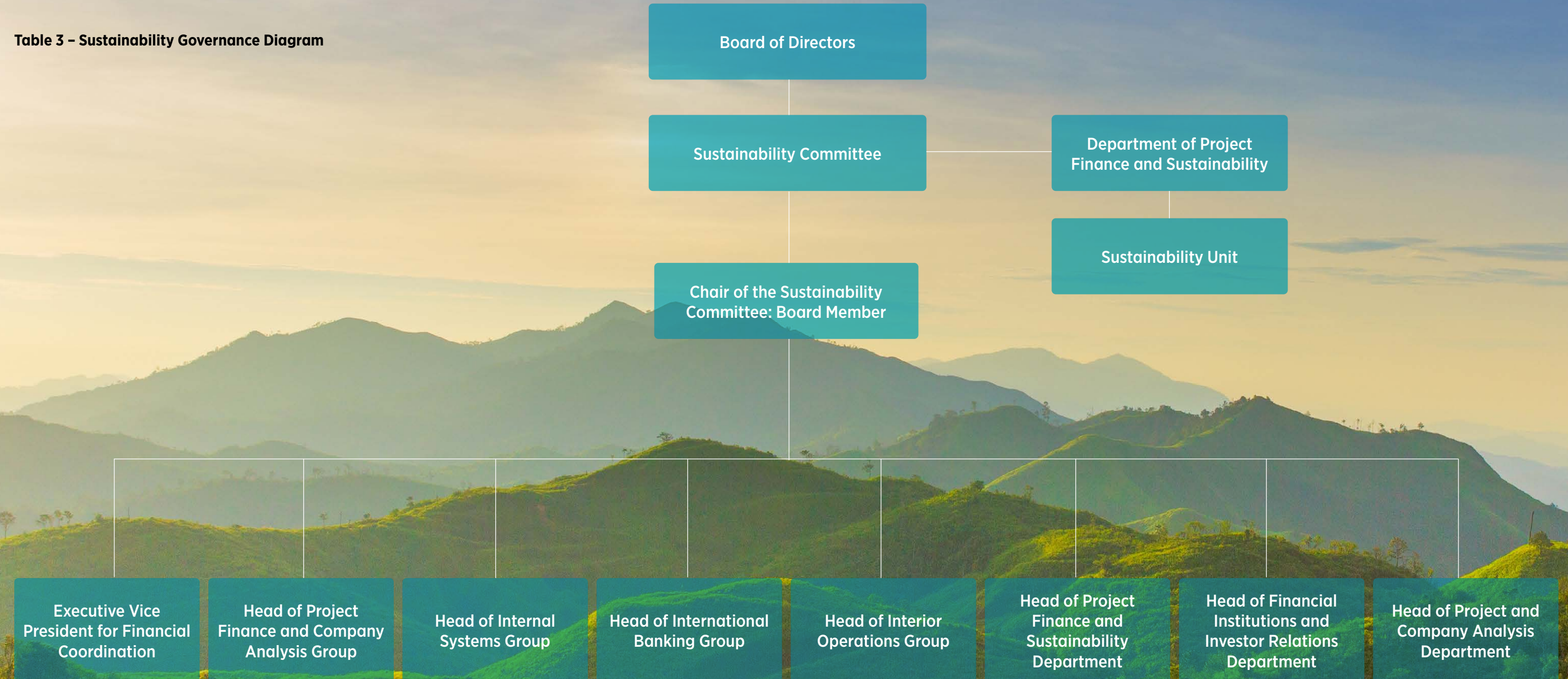
Guided by the responsibilities associated with its position as Türkiye's largest and leading bank, Ziraat Bank has built its business model on a holistic value creation cycle that supports the country's sustainable development, understands the financial needs of all segments of society, and delivers the most effective solutions to these needs through the most extensive distribution channels. With its extensive customer base and strong balance sheet, the Bank's established ties with the real sector position it as a systemic actor in supporting economic continuity and facilitating the financing of the low-carbon transition.

Within the framework of Türkiye's 2053 Net Zero target, the extensive investment needs that will arise in sectors such as energy, industry, and agriculture are highly aligned with Ziraat Bank's strategic direction. The growing need for transition finance and the expanding international funding opportunities linked to sustainability performance, in turn, steer Ziraat Bank toward adopting a holistic business model that supports low-carbon production and green transformation. In this context, Ziraat Bank is scaling the climate-aligned transformation of its portfolio—and at the same time increasing its access to new financing opportunities—by making strategic priorities of areas such as renewable energy investments, energy efficiency practices, productivity-enhancing R&D activities, advanced technology solutions and strengthening digital transformation capacity, sustainable agricultural practices, and the effective use of sustainability-themed external funding sources.



Governance and Organizational Structure

Table 3 – Sustainability Governance Diagram





Governance and Organizational Structure

Board of Directors and Committee Structure

At Ziraat Bank, the Board of Directors holds ultimate responsibility for managing all risks and opportunities related to sustainability and climate. In determining the Bank's strategic direction, the Board positions environmental and social sustainability as a core component of the business model and directly oversees the processes of setting long-term targets, approving the policy framework, and monitoring performance. The sustainability strategy and targets are shaped in line with the high-level framework set by the Board of Directors and the Sustainability Committee chaired by a Board member.

Operational coordination of sustainability management and integration across boards is carried out by the Sustainability Committee reporting to the Board of Directors. The Committee is responsible for developing sustainability policies, evaluating implementation outcomes, coordinating relevant business units, tracking annual targets, monitoring climate-related opportunities, and integrating climate risks into corporate risk management processes. Thanks to this structure, sustainability and climate considerations are integrated across the Bank, rather than limited to particular functions, and can, when required, encompass all departments. The integrated reports published by Ziraat Bank within the scope of stakeholder transparency also emphasize that sustainability activities are positioned among the core elements supporting the Bank's long-term competitiveness and that the governance structure has been designed to provide both strategic steering and execution coordination.

The Sustainability Committee has a multidisciplinary structure comprising senior executives representing the Bank's different areas of activity. The Committee includes the Executive Vice President for Financial Coordination, the Head of Project Finance and Company Analysis Group, the Head of Internal Systems Group, the Head of International Banking Group, the Head of Interior Operations Group, the Head of Project Finance and Sustainability Department, the Head of Financial Institutions and Investor Relations Department, and the Head of Project and Company Analysis Department. This composition ensures that sustainability and climate topics are addressed in an integrated manner across all the Bank's core functions, such as financing, risk management, internal systems, international funding, operational processes, and investment analysis.

At the core of Ziraat Bank's governance approach is the three lines of defense model. Business units, as the first line of defense, apply sustainability requirements to lending allocation and portfolio management processes. The Risk Management, Compliance, and Internal Control departments form the second line of defense, overseeing the management of environmental and social risks in accordance with the policy framework. The Board of Auditors, as the third line of defense, provides assurance to the Board of Directors and the Audit Committee by independently auditing the effectiveness of processes. This structure ensures that Ziraat Bank's progress toward its sustainability targets is structured, measurable, and aligned with the internal control framework.

A key component of committee governance is the regular reporting cycle. Performance, risk, and target alignment reports prepared by the Project Finance and Sustainability Department are submitted to the Sustainability Committee and the Board of Directors. These reports are structured to include indicators focusing on key areas such as the environmental and social impacts of financed projects, green finance growth, and climate risk indicators. Sustainability targets are periodically reviewed and, where necessary, updated in line with changes in national policies or market conditions.

Ziraat Bank's governance and committee structure provides an architecture that strengthens institutional ownership of the sustainability strategy, accelerates decision-making processes, and ensures holistic coordination in line with the Bank's targets. Board oversight, an inclusive committee structure, and the three lines of defense approach enable the Bank to manage portfolio transformation in a reliable, transparent, and performance-oriented manner.

Successfully managing the climate transition depends not only on setting targets and policies, but also on building the institutional capabilities needed to achieve them. As highlighted in the TSRS report, Ziraat Bank regards sustainability and climate topics as an important component of human resource development. In this context, the Bank organizes structured training and certification programs for relevant teams in order to continuously develop competencies in sustainability and climate topics. In this scope, in 2024, a total of 31.5 hours of sustainability training was provided to 42 executives in the Bank's senior management.

This capability development approach aims to strengthen the institutional capacity that supports the implementation of the Bank's transition plan. Ziraat Bank considers the dissemination of knowledge and skills related to the climate transition across the institution to be a critical factor for the sustainability of the transition plan and aims to gradually deepen its efforts in this area.

Senior Management Responsibilities and Business Unit Roles

At Ziraat Bank, the strategic direction of sustainability and climate-related work is led by senior management in line with the framework set by the Board of Directors. Senior management ensures that sustainability targets are aligned with the Bank's lending strategy, risk appetite, and resource allocation; thus, an uninterrupted link is established between strategic direction and operational implementation. Ziraat Bank's climate strategy and targets are developed through a two-way governance process shaped under the framework of the Board of Directors and the Sustainability Committee, together with the analyses and recommendations of business units.

Senior management's responsibilities extend beyond setting targets to include coordinating the operational units responsible for implementing them, monitoring performance, and managing policy updates. In this context, the CEO and the relevant Executive Vice Presidents assume ownership of the operational implementation of the sustainability strategy and ensure that the relevant functions are fully integrated into decision-making processes. As highlighted in the Bank's integrated annual report, the sustainability approach is embedded across the entire business model, with corporate, environmental, and social responsibility practices developed under the oversight of senior management.



Governance and Organizational Structure

Project Finance and Sustainability Department assumes the coordination and technical guidance role in implementing sustainability targets. In this framework, the areas of activity of the Sustainability Unit are, in summary, grouped under the headings below:

- Contributing to the development of the methodological framework and technical infrastructure in line with the Bank's sustainability strategy and targets
- Establishing sector-based approaches, identifying the need for data, and coordinating relevant analytical studies
- Overseeing the calculation, monitoring, and periodic updating of financed emissions in collaboration with the relevant units Conveying critical developments emerging in the sustainability and climate field to the Sustainability Committee and senior management in a manner that will serve as critical inputs in decision-making processes
- Ensuring coordination with relevant units and group companies to implement the sustainability approach consistently across Ziraat Finance Group
- Providing methodological and content wise support, together with the relevant departments, to reporting processes conducted under the integrated annual report and the Turkish Sustainability Reporting Standards (TSRS)
- Monitoring national and international regulations and good practices in the Environmental, Social and Governance (ESG) field; contributing to the development of practices aligned with the Bank's business model and strategic priorities

- Coordinating efforts carried out with the participation of relevant units to support the integration of the Environmental and Social Impact Management approach into the Bank's processes

As highlighted in the TSRS report, the Sustainability Unit is positioned as a central coordination and expertise function in the processes of establishing target sets, conducting sector analyses, and implementing the green finance strategy. The Unit supports the Bank's progress toward its sustainability targets in coordination with the other relevant business units.

The Risk Management Department is responsible for integrating climate risk into the corporate risk management framework. This unit is the one responsible for conducting stress tests under different climate scenarios, analyzing the exposure of credit clients to climate risks, and evaluating the potential impacts on expected credit losses (ECL). Risk Management regularly reports the financial impacts of climate risks for the sectors it has identified and feeds decision-making processes by conveying its findings to both the Sustainability Committee and the Audit Committee.

The Corporate, Commercial, Agricultural, and Retail Banking units function as the operational arms that translate sustainability targets into on-the-ground implementation. Main responsibilities include:

- Applying sustainability criteria in customer relationships,
- Ensuring data flows from customers,
- Developing green finance opportunities, and
- Managing the portfolio in alignment with climate targets.

In particular, the Agricultural Banking unit plays a leading role in supporting green agricultural practices under the strategy of "financing the sustainable agriculture ecosystem." The fact that, in the 2025 syndication, one of the sustainability performance criteria was defined through agricultural finance reinforces this approach.

The Financial Institutions and Investor Relations Department is responsible for securing sustainability-themed funds and diversifying international funding channels. As highlighted in the Integrated Annual Report, access to sustainability-themed funding in global markets is critical in expanding the investor base; therefore, the unit closely monitors compliance with sustainability indicators.

The Bank's internal systems—Compliance and Internal Control Departments and the Board of Auditors—ensure that sustainability processes are carried out in accordance with the policy framework. As the third line of defense, the Board of Auditors independently evaluates the effectiveness of practices related to sustainability and climate risk and provides regular reporting to the Board of Directors.

In conclusion, Ziraat Bank's senior management structure and business unit roles provide an integrated organizational model for setting, implementing, and monitoring sustainability targets. The strategic ownership exercised by senior management, combined with the technical implementation responsibilities of the relevant business units, enables the Bank to execute its transition plan within a consistent, practicable, and institutionally aligned framework.

Three Lines of Defense and Internal Control Architecture

The structure governing the management of sustainability and climate-related risks at Ziraat Bank is based on the three lines of defense model, as described in the Bank's TSRS-compliant Sustainability Report.

The First Line of Defense consists of the departments and business units that are responsible for direct operational implementation of the process and are the primary owners of risks. The Project Finance and Corporate Analysis Group, the Executive Vice Presidency for Financial Coordination, the Executive Vice Presidency for Loan Allocation and Management, and the Executive Vice Presidencies for Corporate and Retail Banking are required to directly integrate sustainability and climate-related policies and procedures into their day-to-day operations. This line represents the first level of implementation where the defined strategies are put into practice on the ground.

The Second Line of Defense consists of specialized management functions responsible for policy-setting and oversight. The Internal Control Department, the Compliance Department, and the Risk Management Department play a key role in this line.

The Third Line of Defense is formed by the Board of Auditors (Internal Audit). The Board of Auditors provides the Board of Directors and the Audit Committee with independent and objective assurance regarding the adequacy of the design and the effectiveness of the operation of governance processes, controls, and procedures established by the first and second lines of defense. The Board of Auditors conducts audits to assess the alignment of sustainability and climate-related risk management processes with the Bank's policies and international standards and proposes corrective actions where gaps are identified. This multi-layered structure enables management to effectively manage sustainability and climate-related matters across all levels of the Bank.

The sustainability and climate-related controls and procedures employed by Ziraat Bank's management operate in an integrated structure with the Bank's other core internal functions. This integration ensures that sustainability and climate-related matters are addressed not as separate silos, but as a natural part of the Bank's core operations and decision-making mechanisms.



Emissions Scope and Measurement Approach

Balance and transparency in emissions management

In 2025, Ziraat Bank completely neutralized its emissions arising from electricity consumption through renewable energy certificates, primarily driven by the Ziraat SPP (Solar Power Plant) project.

Scope 1–2–3 Framework and Ziraat Bank's Operational Emissions

Ziraat Bank's emissions reporting is based on the Greenhouse Gas (GHG) Protocol and the ISO 14064 framework, both of which are internationally recognized. The GHG Protocol classifies emissions under three scopes so that organizations can measure their climate impact accurately and comparably. These scopes serve as the key reference for defining both the Bank's operational carbon footprint and the emissions it finances.

Scope 1 emissions refer to direct emissions occurring at facilities owned by Ziraat Bank or under its financial control. These emissions arise from sources such as natural gas used for heating in the Bank's buildings, fuel consumed by its vehicle fleet, and refrigerant gas leaks. To reduce its operational carbon footprint, Ziraat Bank implements energy efficiency and renewable energy practices and monitors and reports these emissions annually.

Scope 2 emissions cover indirect energy emissions resulting from the generation of electricity, heating, or cooling services purchased by Ziraat Bank. In 2025, T.C. Ziraat Bankası A.Ş. used electricity generated from its own self-consumption power plants and sourced all remaining purchased electricity from I-REC certified renewable sources, thereby neutralizing its emissions within this scope.

Scope 3 emissions include all other value chain emissions outside Ziraat Bank's direct control, associated with its economic activities. For banks, the most significant component of this scope is Category 15 – Financed Emissions. Category 15 represents the greenhouse gas emissions indirectly caused through the Bank's loan and investment portfolio. The vast majority of Ziraat Bank's climate impact arises from the Scope 1 and 2 emissions of customers operating in the real sector; therefore, the primary focus of the Transition Plan is the reduction of financed emissions.

The organizational boundaries used in emissions reporting are determined according to the financial control approach, one of the three approaches recommended by the GHG Protocol. Under the

financial control approach, all direct and indirect units over which an organization has the authority to determine financial and operational policies are included within the reporting boundary. Since this approach is aligned with Ziraat Bank's financial consolidation boundaries, it provides a consistent framework for both accounting and sustainability reporting. While Scope 1 and 2 emissions arising from operations are addressed within this boundary, the emissions of customers outside Ziraat Bank's control are not included within the financial control boundary; instead, they are calculated as financed emissions under Scope 3 – Category 15. This distinction both prevents double counting and enables a clear analytical separation between the Bank's operational emissions and portfolio-related emissions.

Ziraat Bank calculates its operational emissions arising from its own activities in accordance with the GHG Protocol and the ISO 14064 standard and has them verified annually. As of 2025, the Bank's operational emissions amounted to a total of 98,505.06 tons of CO₂e, consisting of 36,425.56 tons of CO₂e for Scope 1 and 62,079.50 tons of CO₂e for Scope 2 (location-based). Market-based Scope 2 emissions have been offset through the Ziraat solar power plants (SPPs).



Financed Emissions (Scope 3 - Category 15)

At the core of Ziraat Bank's decarbonization strategy lies its financed emissions, which fall under Scope 3 - Category 15 and originate from its loan portfolio, rather than its own operational emissions. Utilizing the PCAF methodology, the total indirect emissions induced by the Bank's portfolio in the 2024 base year were measured and verified as 16,320,523.68 tCO₂e.



Emissions Scope and Measurement Approach

Financed emissions calculated in accordance with international standards

Ziraat Bank's data sourcing and data quality classification methodology are determined in compliance with global standards.



To reduce its operational footprint, Ziraat Bank places a strong emphasis on energy efficiency and renewable energy investments. At the Ziraat Towers in the Istanbul Finance Center, energy performance has been improved through automation systems, LED lighting, inverter technologies, and water-saving practices; in addition, the Bank has completed the construction of three solar power plants (SPPs) with a total installed capacity of 64 MWp, which became fully operational as of 2025. These plants will generate 126 million kWh of renewable electricity annually, further reducing Ziraat Bank's operational emissions. The Bank has also designed waste and water management processes in line with the Zero Waste Regulation; in 2025, it ensured the recycling of approximately 1,115 tons of paper and comprehensively reported water consumption data under the ISO 14046 Water Footprint Standard.

In conclusion, Ziraat Bank's emissions scope and measurement approach are grounded on a basis that is fully aligned with the scientific framework of the GHG Protocol, financial control-based organizational boundaries, and sustainability reporting requirements in Türkiye. This approach enables the Bank to assess both its operational and portfolio-related climate impact in a consistent, comparable, and internationally aligned manner.

Financed Emissions Calculation Methodology

Within the scope of Ziraat Bank's Transition Plan, portfolio-level emissions calculations are based on the PCAF – Partnership for Carbon Accounting Financials methodology, the most widely used framework in the international financial sector. PCAF is a set of methodologies and guidance that enables financial institutions to calculate greenhouse gas emissions arising from their loan and investment portfolios (Scope 3 – Category 15) in a standardized, transparent, and comparable manner.

As of 2024, portfolio-level emissions were measured at **16,320,523.68 tons of CO₂ equivalent (tCO₂e)** and were verified by an accredited organization.

The PCAF methodology is essentially built on two components:

- Determining the total emissions of the financed customer or project,
- Calculating the portion of those emissions to be attributed to the financial institution.



Within this scope, the first step is to obtain Scope 1 and Scope 2 emissions data for each customer in the portfolio. Whenever possible, Ziraat Bank collects data from customers' verified carbon footprint reports; where data are not available, it utilizes estimated emissions values calculated based on sector-specific emission factors, production volumes, and energy use data.

The accuracy of the emissions calculations carried out under Ziraat Bank's Transition Plan depends on the reliability of the data sources used and the consistent classification of these data. For this reason, in financed emissions calculations, the Bank applies a PCAF-aligned data quality classification system in order to ensure that portfolio emissions are calculated over the years in a comparable, transparent, and methodologically consistent manner. Ziraat Bank aims to use the highest possible quality data in its calculations and plans steps to increase data availability through customer engagement processes for customers with lower data quality.



Data Quality Improvement

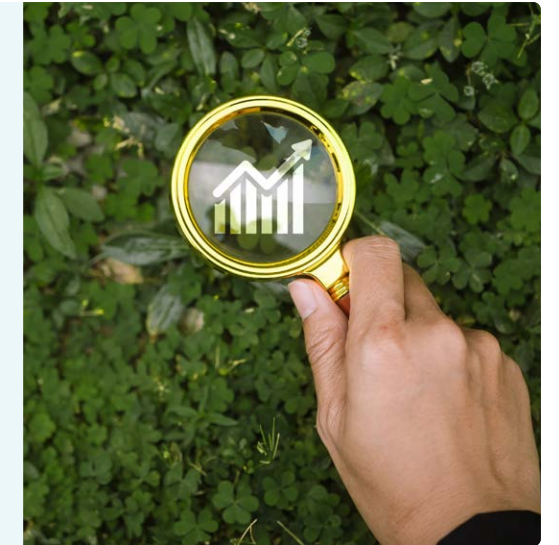
Transparency and methodological alignment in reporting

Regulatory requirements and evolving data standards enable banks to manage their portfolio emissions more effectively.



Structural Improvement in Data Quality Across the Financial Sector

As the scope of TSRS expands, companies' capacity to measure both operational and value chain emissions will be strengthened; this will create a structural improvement in data quality for the financial sector.



The mandatory MRV (monitoring-reporting-verification) mechanism to be implemented under Türkiye's Emissions Trading System (ETS) covers all facilities that exceed the emissions threshold across a broad range of sectors, including electricity generation, cement, iron and steel, refineries, chemicals, basic metals, glass/ceramics, and paper/pulp. This regulation will make annual emissions measurement, reporting, and independent verification processes mandatory for companies operating in these sectors; thus, from the perspective of financial institutions, it will gradually increase access to verified and comparable emissions data.

In addition to this development, the TSRS (Turkish Sustainability Reporting Standards) regulate the disclosure of Scope 1-2-3 emissions for financial institutions and require greater transparency and methodological alignment in companies' emissions reporting practices. As the scope of TSRS expands, companies' capacity to measure both operational and value chain emissions will be strengthened; this will create a structural improvement in data quality for the financial sector.

Ziraat Bank's data sources and data quality classification approach ensure that financed emissions are calculated in a manner that is aligned with international standards, methodologically consistent, comparable over the years, and independently verifiable. This robust data infrastructure is an important element for the Bank to monitor its decarbonization targets, manage portfolio transition, and support transformation across sectors.



Climate Profile of the Existing Portfolio and Base Emissions

Climate performance of the loan portfolio

Ziraat Bank tracks its portfolio's climate performance over time by measuring the amount of financed emissions per unit of output in the portfolio.

Base Emissions by Sector Breakdown

The base emissions calculation that forms the foundation of Ziraat Bank's Transition Plan was carried out by measuring, in a comprehensive and methodologically consistent manner, the emissions financed by the Bank in four priority sectors (electricity generation, iron and steel, cement, and agriculture) as of 2024 year-end. This work establishes the reference point for the 2030 emissions reduction targets by revealing the portfolio's current carbon intensity.

Table 5 summarizes, as of the 2024 base year, the magnitude of emissions intensity for the four priority sectors and provides an overall view of the data quality classes used. Sector-specific emissions intensity metrics are also presented for reference, and these metrics are used in later sections to determine the target roadmaps.

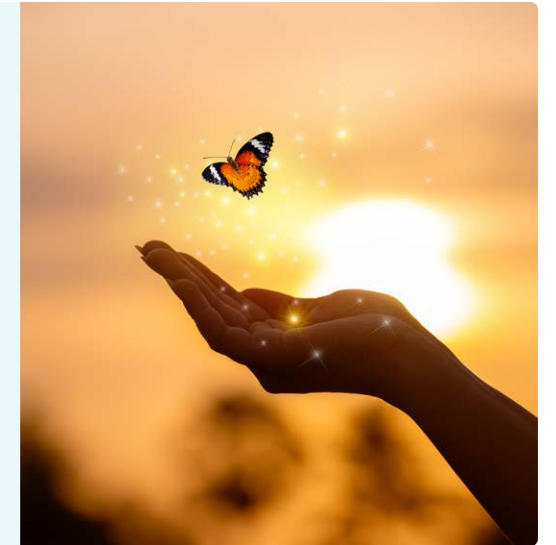
One of the key performance indicators for Ziraat Bank's financed emissions calculations is the portfolio's carbon intensity (emissions intensity) value. Carbon intensity makes it possible to track the portfolio's climate performance over time by measuring the

amount of financed emissions per unit of output in the Bank's portfolio. This metric is calculated annually both on a sector-specific and consolidated portfolio basis; thus, enabling the Bank to assess emissions reduction performance independently of its loan growth.

In carbon intensity calculations, metrics tailored to the operational structure of each sector are utilized. These benchmark metrics include tCO₂e/MWh for electricity generation, tCO₂e/ton of steel for iron and steel, tCO₂e/ton of cement for the cement sector, and tCO₂e/ton of product for the agricultural sector, in alignment with FLAG standards. Since these metrics accurately reflect sector-specific production dynamics, they provide a comparable and methodologically robust measure of intensity. The emissions profile in these sectors is directly linked to the energy and fuel mix in customers' production processes, and is recalculated each year by updating customer emissions reports, production levels, and the financial attribution factor.

Metrics Tailored to the Operational Structure of Each Sector

In carbon intensity calculations, metrics tailored to the operational structure of each sector are utilized. These benchmark metrics include tCO₂e/MWh for electricity generation, tCO₂e/ton of steel for iron and steel, tCO₂e/ton of cement for the cement sector, and tCO₂e/ton of product for the agricultural sector, in alignment with FLAG standards.



Overall, Ziraat Bank's 2024 base-year portfolio carbon intensity and data quality outlook clearly demonstrate the portfolio's sensitivity to climate risks and the transformation requirements toward sustainability targets. These indicators constitute the core analytical infrastructure for the Bank's target-setting, customer engagement, and annual monitoring processes.

Table 5 – Base emissions intensities by sector and PCAF scores

Sector	Base Emissions Intensity	PCAF Data Quality Score (Weighted)
Electricity Generation	0.58 tCO ₂ e/MWh	3.34
Iron and Steel	0.79 ¹ tCO ₂ e/ton steel	2.89
Cement	0.84 tCO ₂ e/ton cement	2.83
Agriculture (wheat)	0.42 tCO ₂ e/ton product	3.50
Agriculture (maize)	0.41 tCO ₂ e/ton product	
Agriculture (rice)	0.94 tCO ₂ e/ton product	

¹ The emissions intensity calculation covers only crude steel producers and casting.



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Climate Transition Roadmap



Sectoral Decarbonization Targets and Methodology

An intensity-based framework for emissions reduction

Ziraat Bank's sectoral targets have been developed within an intensity-based framework that focuses on reducing financed emissions per unit of output, independently of the portfolio's absolute size.

Scenarios and Datasets Used

Ziraat Bank's sectoral decarbonization targets are based on international scientific reference scenarios aligned with 1.5°C. The Bank's primary roadmap is based on the IEA (International Energy Agency) Net Zero by 2050 scenario. The reduction pathways used for sectors such as electricity generation, iron and steel, and cement are aligned with the technology and emissions intensity projections in the relevant sector pathways of the IEA Net Zero by 2050 scenario. For the agriculture sector, the SBTi FLAG (Science Based Targets initiative Forest, Land and Agriculture) standard has been taken as reference.

In addition to international scenarios, the methodology has been designed to be aligned with the national policy framework. In this respect, the low-carbon transition documents published by the Ministry of Industry and Technology, as well as Türkiye's National Energy Plan and its 2035 Renewable Energy targets, constitute the national references of the methodology. Furthermore, major players in each sector and their respective decarbonization actions have also been incorporated into the assumptions.

The scenarios and datasets utilized provide a robust methodological foundation that ensures Ziraat Bank's sectoral targets simultaneously align with scientific robustness, national policy alignment, and portfolio realities. This structure ensures the practicability of the Bank's 2030 targets and provides a consistent reference point for annual monitoring.

Main Calculation Structure for Emissions Intensity Targets

Ziraat Bank bases emissions intensity calculations on metrics that reflect the operational structure of each sector. In the electricity generation portfolio, the emission intensity metrics used are tCO₂e/MWh, while tCO₂e/ton of steel is applied for iron and steel, tCO₂e/ton of cement for the cement industry, and tCO₂e/ton of product (wheat, maize, rice) for the agricultural sector.

Ziraat Bank's sectoral targets have been developed within an intensity-based framework that focuses

on reducing financed emissions per unit of output, independently of the portfolio's absolute size. This approach ensures that portfolio transformation is driven by changes in customers' emissions profiles and changes in the portfolio composition.

Within this framework, the analysis is carried out for each sector through the following three steps:

Calculation and Attribution of Customer Emissions

Portion of emissions for each customer that is linked with Ziraat Bank, is calculated based on the attribution factor assigned to Ziraat Bank in line with the PCAF methodology. This step serves as the starting point used to determine the Bank's carbon impact within the existing portfolio.

Intensity Projections and Target-setting Methodology

Ziraat Bank's sectoral intensity targets are developed through an analytical modelling approach that integrates emissions reduction pathways aligned with science-based scenarios compared to the portfolio's future structure. This approach assesses, within the same framework, both the 2030–2050 transition pace of the sectors and the Bank's customer and portfolio dynamics.

In the modelling process, certain elements are considered together in order to calculate intensity projections accurately:

- Projected and customer-level changes within the portfolio
- Impact of new financing on portfolio intensity
- Annual emissions reduction impact of sector-specific technology transitions (e.g., expansion of renewable energy, efficiency improvements, EAF/DRI conversion, clinker ratio reduction, and methane and fertilizer management)
- Long-term sectoral production projections



Compliance with International Standards and Scientific Scenarios

Sectoral decarbonization targets are entirely science-based, referencing the IEA 2050 Net Zero scenarios for the electricity generation, iron-steel, and cement sectors. For the agriculture (crop production) sector, pathways aligned with the SBTi FLAG 1.5°C are followed, while target-setting processes are backed by premier global reporting frameworks such as IFRS, ITPN, and PCAF.



Sectoral Decarbonization Targets and Methodology

Four sectors have been prioritized in climate transition

Electricity generation, iron and steel, cement, and agriculture (crop production) sectors have been prioritized within the scope of this plan.

Simultaneous assessment of such components ensures that intensity curves reflect not only science-based decarbonization rates, but also Ziraat Bank's portfolio dynamics.

In the defined methodology, scenario analysis plays a central role. The Bank develops multiple scenarios that test different transition speeds, technology diffusion rates, new loan growth, and customers' emissions reduction capacities. These scenarios are used to evaluate both the behavior of the intensity curves and the financial sustainability of the transitions.

Based on the outcomes of the scenario analysis, key transformation actions that determine intensity for each sector are modeled to generate sector-specific emission intensity pathways. Ziraat Bank then defines its 2030 emissions intensity targets by referencing these intensity curves. Consequently, the targets are established to be aligned with both international mitigation pathways and the actual transition capacity of the portfolio.

Sector Selection

Electricity generation, iron and steel, cement, and agriculture (crop production) sectors have been prioritized within the scope of this plan, for these sectors make up a substantial share of Türkiye's total greenhouse gas emissions, as well as a significant concentration within Ziraat Bank's cash balance portfolio and financed emissions. It is estimated that the total emissions of the four selected sectors correspond to approximately half of Türkiye's emissions. The percentages in Ziraat Bank's portfolio closely mirror that of Türkiye.

As of 2023, Türkiye's total annual greenhouse gas emissions amount to 552.2 million tons of CO₂e². Electricity generation, iron and steel, and cement hold a significant share of national emissions due to both energy/fuel consumption and process emissions (particularly in cement). The electricity generation, iron and steel, and cement sectors are also among the priority sectors under the European Union Carbon Border Adjustment Mechanism (CBAM), given their high carbon intensity and the resulting need for transition.

² Turkish Statistical Institute (TURKSTAT), Greenhouse Gas Emissions Statistics

Agriculture is among the prioritized sectors mainly due to Ziraat Bank's leading position and the sector's high level of emissions (71.8 million tons of CO₂e in Türkiye as of 2023). However, because methodologies have not yet reached a sufficient level of maturity and the sector includes highly diverse sub-activity areas, target-setting could only be extended to three products (wheat, maize, and rice) under crop production.

Going forward, the Bank plans to continue its work on establishing carbon reduction targets for other critical sectors.



552.2 Million Tons of CO₂e Greenhouse Gas Emissions

As of 2023, Türkiye's total annual greenhouse gas emissions amount to 552.2 million tons of CO₂e. Electricity generation, iron and steel, and cement hold a significant share of national emissions due to both energy/fuel consumption and process emissions (particularly in cement).



Sectoral Decarbonization Targets and Methodology

Green transition in electricity generation

In its electricity generation portfolio, Ziraat Bank supports the transition by employing a multifaceted strategy that integrates renewable energy investments, energy efficiency, and transition technologies.

The electricity generation sector holds large share in Ziraat Bank's financed emissions portfolio and is among the sectors with the highest transition potential in line with Türkiye's 2053 Net Zero target. For this reason, the roadmap developed for the electricity generation portfolio is based on a holistic framework that addresses both customers' technology transition and Ziraat Bank's strategy to increase the share of low-carbon assets in its portfolio composition.

In electricity generation portfolio, the two most important principles for Ziraat Bank are the green transformation of the portfolio and a prudential approach toward high-emission segments. The Bank adopts a core strategy of directing new and existing financing predominantly toward renewable energy capacity, grid modernization, storage solutions, and energy efficiency investments. In this context, wind, solar, hybrid plants, and renewable-based generation technologies are the main tools for reducing portfolio intensity. Simultaneously, for high-emitters with limited transition capacity or carbon-intensive technologies, financing decisions are subject to a more cautious assessment in light of climate risk.

Aligned with Türkiye's National Energy Plan and the Renewable Energy 2035 Roadmap, Ziraat Bank's approach to the transformation of the electricity generation portfolio is built on three key actions that support sectoral technology transition. The first and vigorous action is financing renewable energy investments.

The second action is supporting efficiency improvements and green gas blends in natural gas power plants. Methane leak reduction, equipment modernization, waste heat recovery, and the gradual introduction of biomethane/green hydrogen blends are within the scope of transition-qualifying investments that Ziraat Bank aims to finance. Such investments, together with the increase in renewable capacity, create an intensity reduction effect specific to the transition period in fossil-based generation units.

The third action is readiness for carbon capture, utilization and storage (CCUS) technologies. In the long-term decarbonization of Türkiye's electricity generation portfolio, carbon capture, utilizations

and storage applications—particularly in large-scale natural gas power plants—are expected to play a role. Accordingly, the financing of feasibility studies, pilot projects, and pre-project engineering processes constitutes an integral component of Ziraat Bank's long-term technology transition approach.

Accordingly, Ziraat Bank anticipates a 69% reduction in portfolio emissions intensity by 2030 relative to the 2024 base year, progressing toward low-carbon intensity levels consistent with a 1.5°C pathway by 2050. To ensure effective annual monitoring, the Bank will report systematically on the portfolio emissions intensity curve, the allocation of new disbursements, risk mitigation measures for high-emission assets, and the growth rate weighted by renewable investments. When deemed necessary target parameters may be adjusted to better reflect market conditions, national policy changes, or sector developments.



Electricity Generation Emission Reduction Target

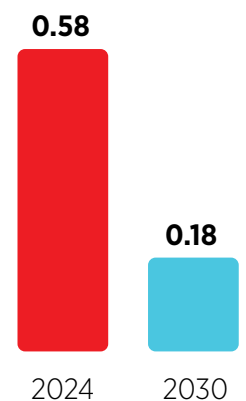
↓ 69%

Electricity generation sector emissions intensity (tCO₂e/MWh)

Scope:
Scope 1 and 2 emissions

Reference Roadmap:
International Energy Agency
(2050 Net Zero)

PCAF score: 3.34





Sectoral Decarbonization Targets and Methodology

Green steel investments in the iron and steel sector

Ziraat Bank establishes a robust foundation for transition that reduces emission intensity in the iron and steel sector.

The iron and steel sector carries significant weight in Ziraat Bank's financed emissions due to its high process emissions and energy-intensive production structure. In line with Türkiye's 2053 Net Zero target, the sector's transition requires a multidimensional transformation, including structural changes in production technologies, increasing share of renewable energy usage, efficiency practices, and, in the long term, a shift to hydrogen-based production processes. To reflect both sector dynamics and customer specific dynamics, Ziraat Bank's sectoral roadmap has been built on a holistic approach that covers both customer-level technology and process transformation and long-term improvement in portfolio intensity.

In the iron and steel sector, the priority principle is supporting customers' transition. Ziraat Bank considers the financing of modernization and technology investments that enable the shift from the blast furnace-BOF route to lower-carbon-intensive processes such as electric arc furnace (EAF) and DRI to be a fundamental element of sectoral transformation. Increasing renewable energy use, efficiency practices, and hydrogen-readiness investments are key investment areas in this approach.

The sector's transition strategy is shaped within the framework of three main actions. The first action is transformation in production technologies. In particular, the transition of companies producing via the blast furnace-BOF route to electric arc furnaces (EAF) and the deployment of direct reduced iron (DRI) technologies constitute the strongest source of long-term intensity reduction. In DRI processes, the gradual shift over time from natural gas use to green hydrogen will be a determining factor in the sector's post-2040 net zero balance, as also defined in Türkiye's industrial transition plans. Ziraat Bank considers such plant modernization as transition areas that can be supported through project finance and long-term investment loans.

The second action is augmenting the use of renewable energy. Due to high electricity consumption associated with the EAF route, increasing the supply of renewable sources is critical in reducing Scope 2 emissions per unit of production. In this direction, renewable energy investments for self-consumption, green power supply agreements, and electricity efficiency practices are among the critical areas that Ziraat Bank will support.

The third action is financing carbon capture, utilization and storage (CCUS) technologies. A significant portion of process-related emissions arising in BOF processes cannot be reduced through efficiency or fuel switching. For this reason, CCUS technologies are expected to play an important long-term role in enabling the sector to reach its net zero target. As CCUS technologies mature, Ziraat Bank will include feasibility studies, pilot implementations, and pre-engineering work within its financing assessment scope.

Ziraat Bank defined targets aligned with the IEA Net Zero by 2050 reference roadmap, incorporating transition plans of major players in the sector and Bank portfolio. Based on the existing portfolio, maturity profiles, and working capital cycles, the forward-looking portfolio structure has been modelled. Furthermore, credit strategies aimed at increasing the share of low-emission production technologies in new investments have been developed through comprehensive scenario analysis.

Accordingly, Ziraat Bank projects a 19.8% reduction in portfolio emissions intensity by 2030 compared to the 2024 base year.



Iron and Steel Production Emission Reduction Target

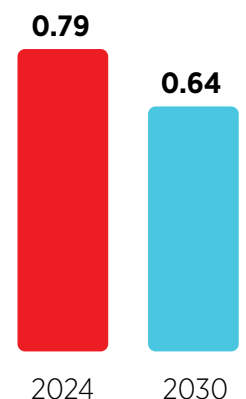
↓ 19.8%

Iron and steel sector emissions intensity (tCO₂e/ton steel)

Scope:
Scope 1 and 2 emissions

Reference Roadmap:
International Energy Agency (2050 Net Zero)

PCAF score: 2.89





Sectoral Decarbonization Targets and Methodology

Decarbonization investments supporting the transformation of the cement industry

Ziraat Bank prioritizes financing high-impact transition steps such as reducing the clinker ratio, increasing the use of alternative fuels, energy efficiency investments, and, in the long term, carbon capture technologies.

Cement is another strategically important sector within Ziraat Bank's financed emissions. The calcination process arising from clinker production constitutes the majority of the sector's total emissions; therefore, the transformation of the cement sector requires structural changes to the production process rather than energy efficiency or fuel switching alone. In this context, Ziraat Bank's cement sector roadmap is built upon based on a multi-layer model that prioritizes improvements in fuel and raw material composition in the short and medium term, and the deployment of carbon capture technologies in the long term to capture emissions that cannot be eliminated with current technologies.

Decarbonization in the cement sector largely relies on supporting customers' transition. Ziraat Bank prioritizes financing high-impact transition steps such as reducing the clinker ratio, increasing the use of alternative fuels, energy efficiency investments, and, in the long term, carbon capture technologies.

Ziraat Bank's transition approach for the sector is shaped around four main actions. The first action is reducing the clinker ratio. Reducing clinker's share in the binder through the use of supplementary cementitious materials (SCMs) such as fly ash, blast furnace slag, and calcined clay delivers a direct improvement in process-related emissions. As also emphasized in the national cement roadmap, the scale of this improvement depends on both technical suitability and supply chain conditions. Ziraat Bank considers, within its financing scope, investments in raw material preparation, grinding equipment modernization, and SCM supply infrastructure that enable the gradual reduction of the clinker ratio.

The second action is increasing the use of alternative fuels. Substituting fossil fuels with biomass and waste-derived fuels both reduces Scope 1 combustion emissions and contributes to circular economy principles in terms of waste management. Kiln modernization, waste heat recovery systems, and thermal efficiency investments create a direct intensity reduction effect within the scope of this action. Ziraat Bank views investments to develop alternative fuel infrastructure as among the priority financing areas for the transition period.

The third action is renewable energy-based self-consumption investments. Although the share of Scope 2 emissions in total cement production emissions is relatively low compared to steel, rooftop solar power plant (SPP) applications, waste heat recovery (WHR) systems, and renewable electricity supply agreements provide improvements in portfolio intensity by reducing facilities' energy costs and cutting electricity-related emissions.

The fourth and longest-term action is carbon capture, utilization and storage (CCUS) technologies. Due to the nature of process emissions, progress toward net zero in the cement sector beyond a certain point will only be possible through the deployment of high-impact technologies such as carbon capture. Ziraat Bank includes feasibility studies, pilot implementations, and pre-project engineering processes for technologies expected to mature in the coming years within its financing assessment scope.

In this regard, Ziraat Bank projects a 19.8% reduction in cement portfolio emissions intensity by 2030 compared to the 2024 base year and aims to reach low-carbon intensity levels toward 2050 where process and energy related emissions have been significantly reduced, and carbon capture technologies have been deployed.



Cement Production Emission Reduction Target

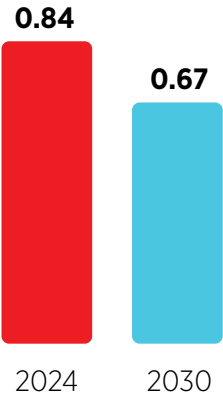
19.8%

Cement sector emissions intensity (tCO₂e/ton cement)

Scope: Scope 1 and 2 emissions

Reference Roadmap: International Energy Agency (2050 Net Zero)

PCAF score: 2.83





Sectoral Decarbonization Targets and Methodology

A low-carbon future in agriculture

Ziraat Bank's roadmap is based on an integrated transformation model that prioritizes energy use, water efficiency, fertilizer management, mechanization infrastructure, and soil health.

While agriculture and livestock activities are often assessed within the same ecosystem, Ziraat Bank decarbonization targets are primarily focused on the agriculture sector. Due to the significant variations in emissions across different agricultural products, the methodology has been structured around the core commodities—wheat, maize, and rice—as defined within the SBTi FLAG framework, with sectoral analysis prioritized for these specific product groups. Reference pathways for Ziraat Bank's prioritized crop groups wheat, maize, and rice are studied and published under SBTi FLAG.

The agricultural sector represents one of the largest customer groups financed within Ziraat Bank's portfolio and possesses a distinct emission profile compared to other industries. A significant portion of emissions arises from N₂O emissions related to nitrogenous fertilizers, crop residues, fuel consumption, and electricity usage; however, methane emissions—particularly from rice production—remain one of the most critical factors determining sectoral intensity. Consequently, Ziraat Bank's agriculture sector roadmap is built upon a product-based intensity approach, meticulously addressing emission sources that vary according to the actual production structures within the sector.

Ziraat Bank's agricultural portfolio is defined based on corporate customers with NACE code A and producers with cultivated land data in the ÇKS (Farmer Registration System). Within the segmentation process, customers engaged in crop production are classified on a crop-specific basis. Within this framework, wheat, maize, and rice producers—crop groups for which emissions intensity can be calculated and which are aligned with the target-setting methodology—have been identified as the priority target group for the agriculture sector.

In the crop-based intensity analysis, initial intensity levels for three key crops have been determined based on production and consumption data obtained from Ziraat Bank's customers:

- Wheat: 0.42 tCO₂e/ton
- Maize: 0.41 tCO₂e/ton
- Rice: 0.94 tCO₂e/ton

These values indicate that the emissions intensities of producers in Ziraat Bank's portfolio are quite close to general FLAG levels.

In the agriculture sector, the most important action for Ziraat Bank is supporting customers' transition. The installation of self-consumption renewable energy plants, pressurized irrigation systems, the use of organic fertilizers, precision agriculture practices, renewal of the tractor fleet, and regenerative agriculture activities are key actions both for stabilizing farmers' incomes and for reducing crop-based emissions intensity.

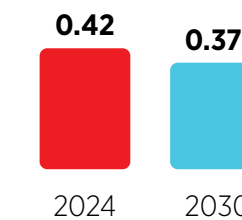
Increasing emissions reduction potential requires addressing a set of practices together due to the multi-actor and biophysical nature of production activities. Ziraat Bank's roadmap is based on an integrated transformation model that prioritizes energy use, water efficiency, fertilizer management, mechanization infrastructure, and soil health. This transformation aims both to reduce emissions intensity and to sustainably improve soil quality.

Reference Roadmap: Science-Based Targets initiative Forest, Land, and Agriculture (SBTi FLAG) 1.5°C
Scope: Scope 1 and 2 emissions

Wheat Production Emission Reduction Target

↓ 11.6%

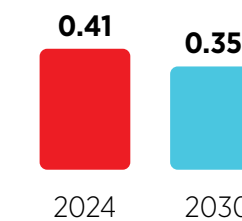
Wheat (agriculture) sector emissions intensity (tCO₂e/ton product)



Maize Production Emission Reduction Target

↓ 14.0%

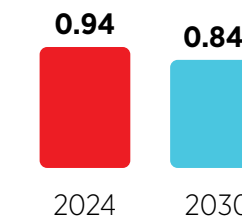
Maize (agriculture) sector emissions intensity (tCO₂e/ton product)



Rice Production Emission Reduction Target

↓ 11.1%

Rice (agriculture) sector emissions intensity (tCO₂e/ton product)





Sectoral Decarbonization Targets and Methodology

Supporting best practices in agriculture

Renewable energy investments, the use of organic fertilizers, and mechanical modernization form the foundation of the roadmap prepared by Ziraat Bank for the agricultural sector.

Self-consumption renewable energy investments play an important role both in reducing Scope 2 emissions and in lowering farmers' energy costs. Agricultural activities such as irrigation, storage, and heating have high electricity demands; therefore, the integration of Solar Power Plants (SPP), biogas facilities, or the procurement of I-REC certified renewable electricity directly reduces production-based emissions. Investments in this field by major food and agriculture companies within Ziraat Bank's customer portfolio have contributed to both carbon reduction and cost-effectiveness by generating millions of kWh of clean energy annually. Furthermore, when self-consumption models are scaled up and expanded to small and medium-sized enterprises (SMEs), a significant improvement in emission intensity can be achieved across the entire sector.

Adopting modern irrigation systems is one of the most effective areas for emissions reduction in the agriculture sector. Flood irrigation methods, that continue to remain prevalent in Türkiye, increase emissions due to both low efficiency and high energy consumption. Pressurized irrigation methods such as drip and sprinkler irrigation increase irrigation efficiency to 80%–90%, delivering savings in energy and water consumption. The AWD (Alternate Wetting and Drying) technique peculiar to rice production has the potential to reduce water consumption by approximately 30% and methane emissions by approximately 50% through controlled lowering of water levels. This transition is particularly useful in accelerating intensity reduction among rice producers.

Increasing the use of organic fertilizers both reduces N₂O emissions originating from nitrogen-based chemical fertilizers and contributes to the long-term sequestration of soil carbon. Given that approximately 91% of soils in Türkiye are deficient in organic matter, organic fertilization is a practice that offers long-term benefits to farmers in terms of both productivity and carbon management. Moreover, when integrated with

compost and organomineral products derived from biogas facilities, this practice provides a framework that supports the circular economy.

Precision agriculture practices deliver broad-based improvements in emissions intensity by increasing input efficiency. Technologies such as satellite imagery, sensors, yield mapping, and drone-based spraying enable inputs such as water, fertilizer, and fuel to be used only when needed and at correct amounts. While reducing chemical consumption, these practices increase operational efficiency and directly contribute to keeping nitrogen-related emissions under control. Ziraat Bank's farmer platforms and digital agriculture solutions are positioned to support faster dissemination of these technologies among producers.

Renewal of the tractor fleet plays a key role in reducing emissions from agricultural mechanization. In Türkiye, nearly half of the tractor fleet is older than 25 years³, and the fuel efficiency of new tractors is higher than that of older tractors. Transitioning to next-generation tractors reduces fuel consumption and emissions, while also lowering operating costs and creating a positive impact on farmers' incomes.

Regenerative agriculture practices are an integrated production approach that improves soil health, increases carbon sequestration capacity, and delivers sustainable outcomes for both climate and productivity in the long term. Practices such as cover cropping no-till farming, crop rotation, biochar use, and agroforestry can increase soil organic matter content and, in addition to net emissions reductions, can also create negative emissions potential. The scaling of these practices will contribute significantly to reducing product-based intensities within long-term strategic targets.

This set of actions forms the technical foundation of the agricultural roadmap developed by Ziraat Bank. Based on the results of the modeling studies, Ziraat Bank is targeting emissions intensity reductions of approximately 11.6% for wheat, 14.0% for maize, and 11.1% for rice relative to the 2024 base year by 2030.

³ *Agricultural Economic and Policy Development Institute, Agricultural Mechanization Level, Problems and Solutions in Türkiye*





Monitoring, Reporting, and Update Mechanism

Management of portfolio transition

Ziraat Bank's transition plan relies on an active systematic management of customer transition.

Annual Monitoring and Management Cycle

Ziraat Bank's Transition Plan adapts a dynamic governance structure supported by annually recurring measurement, assessment, and decision-making processes. To ensure that climate targets advance in alignment with portfolio performance, the Bank annually updates its financed emissions, emission intensity indicators, customer transformation levels, and the implementation status of selected actions. This cycle is carried out within the sustainability governance structure under the coordination of the Sustainability Committee, with technical inputs from Project Finance and Sustainability, Risk Management, and other relevant business units.

Annual monitoring process begins with updating PCAF-aligned financed emissions data for all customers in the portfolio as of year-end. The portfolio's current emissions intensity is calculated based on customers' Scope 1-2 emissions reports, production and activity data, financial statements, and Ziraat Bank's loan balances. Verified reports are prioritized in data collection; where data are not

available, sectoral emission factors and technical estimation methods are used. Mandatory MRV practices to be introduced under Türkiye's ETS, particularly for the electricity, cement, and iron and steel sectors, will improve data quality; this will in turn contribute to the accuracy and consistency of Ziraat Bank's monitoring process.

The second stage of the monitoring process involves assessing the level of alignment between the sector-based intensity targets and annual actuals. At this stage, the primary point of validation is obtaining the emissions outcome for the relevant sector and comparing it with the target roadmap. Indicators related to technology transition rates, changes in the production structure, or sector dynamics are addressed not as annual operational tracking items, but as complementary signals that help assess target alignment over the long term. This approach ensures that the Bank's annual monitoring cycle remains streamlined and sustainable, while enabling the systematic identification of risks related to target deviations over time.

Once annual results are prepared, a comprehensive assessment report is prepared by the Project Finance and Sustainability Department and submitted to the Sustainability Committee. This report analyses the gap between targets and actuals, deviations along the intensity curve, progress or delays in the pace of customer transition, data quality improvements, and the distribution of the financing portfolio across sectors.

The final stage of the monitoring cycle is assessing the need adjustment in targets. Should a necessity for updating the target roadmap arise due to macroeconomic conditions, sectoral transformation dynamics, changes in national policies, or technological advancements, Ziraat Bank may revise the relevant parameters. This approach demonstrates that the Bank's transition plan is not static, but rather designed as a flexible management document capable of adapting to evolving market and industry conditions.

Ziraat Bank's transition plan relies on both analytical monitoring of the portfolio and an active systematic management of customer transition. The customer integration cycle established in this direction links engagements with customers in the target sectors to a regular timetable. Sector-based transition meetings are held at least once a year with large-scale electricity, cement, and iron and steel customers; meetings are designed to assess emissions data, technology transition plans, energy use profile, renewable energy potential, and financing needs. The progress recorded in customers' transition plans is cross-referenced with Ziraat Bank's annual monitoring results to provide feedback for lending policies and product designs.



Portfolio Performance Progressing in Alignment with Climate Targets

To ensure that climate targets advance in alignment with portfolio performance, Ziraat Bank annually updates its financed emissions, emission intensity indicators, customer transformation levels, and the implementation status of selected actions.



Customer Engagement

Methodological approach to monitoring emissions data

Through the Sustainability Management System deployed in 2025, Ziraat Bank initiated the methodical collection of both its operational and portfolio emissions data.

Customers' Green Transition

Ziraat Bank's transition plan is founded on the principle that reducing portfolio emissions requires both strategic financial choices and support for customers' sector-specific transition processes. The Bank's customer engagement approach is a multi-layer model that combines regular data sharing, assessment of sector-specific transition plans, technical capacity building, and appropriate financing solutions together. As highlighted in the TSRS report, Ziraat Bank's sustainability targets are developed through a two-way process shaped by the analyses of the relevant business units and customer engagement.

The first step in customers' transition journey is understanding their emissions profile, technology infrastructure, and energy use characteristics. In this direction, Ziraat Bank expects regular data provision from customers; verified emissions reports, production data, energy consumption information, and documents constituting transition plans are included in the annual assessment process. This approach is aligned with customer-focused transition plan assessment models used by other global banks and directly contributes to the Bank's PCAF-aligned measurement system. With the Sustainability Management System implemented

in 2025, customers' emissions data is being collected systematically. Enhancements to emissions calculations in the agriculture sector are ongoing, industry and energy sectors are more advanced in data collection and reporting processes due to their inclusion within the MRV (Monitoring, Reporting, Verification) scope.

Customer engagement also covers capacity building and technical guidance processes. Ziraat Bank provides regular information to educate customers in developing climate-aligned transition plans, emerging technologies, regulatory developments, and the steps required for sustainability investments. In line with its TSRS-compliant sustainability approach, the Bank aims to raise awareness on climate risks, emissions management, energy efficiency, and sustainable production practices by providing customers with trainings, information sessions, and guidance documents. These capacity-building efforts are positioned as an important tool that supports improving customers' data collection capabilities, structuring transition investments more accurately, and facilitating access to finance.

Ziraat Bank strengthens customer engagement processes not only through individual interactions, but also through collective platforms that enable sector-wide knowledge sharing and the development of common practices. By regularly contributing to sustainable finance and climate change work carried out under the Banks Association of Türkiye, the Bank supports the development of shared methodologies, data standards, and reporting practices across the sector. These efforts contribute in particular to the banking sector's ability to develop more consistent and comparable approaches to climate-related risks.

Ziraat Bank closely monitors good practices, regulatory developments, and market standards published at national and international levels, and keeps its customer engagement framework up to date by drawing on the technical outputs of knowledge-sharing platforms such as UNEP FI, the UN Global Compact, and similar initiatives. Engagement with external stakeholder strengthens the Bank's capacity to provide financial and technical guidance to its customers and supports implementation of broadly accepted transition approaches into practical across the sector.



Financing the Transition

Ziraat Bank plays an active role in sectoral transition by financing technology modernization and renewable energy investments across all sectors. The Bank intends to pivot its portfolio composition toward a more sustainable, resource-efficient, and green configuration by steering its risk appetite toward low-carbon technologies.



Customer Engagement

A structure aligned with international good practices

Ziraat Bank's customer engagement approach provides a structure aligned with international good practices, integrating data provision, technical guidance, financing support, and annual assessment processes.

Periodic assessment mechanisms are operated to understand customers' transition levels. These assessments analyze customers' emissions intensity trends, evaluate progress in transition investments, monitor data quality scores, and compare level of alignment with sector roadmap. While customer assessment is not positioned as an exclusionary policy in lending allocation processes, it is used to develop tailored financing recommendations to enhance customers' transition capacity. In this way, while continuing to support all sectors, Ziraat Bank is also able to actively reduce portfolio emissions intensity together with its customers.

In conclusion, Ziraat Bank's customer engagement approach provides a structure aligned with international good practices, integrating data provision, technical guidance, financing support, and annual assessment processes. Through this approach, Ziraat Bank steers the achievement of portfolio intensity targets not only through financial positions, but through the realization of tangible transition at the customer level.

Within the scope of its transition plan, Ziraat Bank positions itself not only as an observer of customers' green transition, but as an actor that proactively accelerates realization of such transition. Improving customers' organizational readiness to drive decarbonization efforts is one of the core components of the Bank's transition plan.





Climate Risk and Financial Impact Analysis

A strategic framework for climate risk management

To identify climate risks, Ziraat Bank utilizes both internal and external factors to assess two main categories: physical risks and transition risks.

Risk Framework

Ziraat Bank treats climate-related risks as an integral part of the Bank's established corporate risk management architecture and manages these risks as a cross-cutting risk factor that spans credit, market, operational, and liquidity risks. As highlighted in the TSRS report, the Bank assesses climate risks within a structured cycle consisting of identification-measurement-prioritization-monitoring steps and conducts this process in full alignment with the overall Risk Management Policies.

To identify climate risks, Ziraat Bank utilizes both internal and external factors to assess two main categories: physical risks and transition risks. Physical risks, as defined in the TSRS report, are categorized as either acute (flood, frost, storm, etc.) or chronic (drought, temperature increase, water stress, etc.) risks. For the Bank, the most important source of physical risks is climate-driven yield losses and income volatility observed in Türkiye's agricultural production. The agricultural portfolio is exposed to high physical risk due to its size within the Bank's loan portfolio and the climate sensitivity of national agriculture.

The TSRS report explicitly states that the subsidy rate provided in agricultural loans and the coverage of TARSİM (Agricultural Insurance Pool) policies constitute an important risk transfer mechanism, but there is always a possibility that mechanism may be strained, as it is covered under the RCP 8.5 scenario.

The physical risk framework is not solely limited to agriculture. The Bank evaluates the effects of rising temperatures, heavy precipitation, and extreme weather events on both its own operational continuity and its credit exposures in sectors such as energy, mining, transportation, and manufacturing. The Climate Risk Heat Map included in the TSRS report illustrates the vulnerability of sectors based on their short, medium, and long-term physical and transition risks; it states that while agriculture falls into the highest risk categories for physical risk, electricity generation and iron-steel are categorized under the highest transition risk classes. This classification serves as a fundamental reference for the Bank in risk prioritization, determining the scope of stress tests, and structuring the intensity of sector-based client engagement.

Transition risks stem from the costs brought by the regulatory framework progressing toward a low-carbon economy, policy changes such as the CBAM and the ETS, shifts in market demand, and technology transitions. The TSRS report notes that the electricity generation, iron and steel, cement, aluminum, and fertilizer sectors have the highest exposure to transition risk, and therefore these sectors take priority in stress tests within the Bank. Utilizing Orderly Transition, Disorderly Transition, and Hot House World scenarios, the Bank models carbon costs, volume losses, and financial shocks that impact customers' revenues, costs, and probability of default (PD). These analyses are integrated into an IFRS 9-compliant framework to measure the potential impact on ECL. According to the results shared in the TSRS report, while the calculated discounted ECL impact for the five carbon-intensive sectors remains below the financial materiality threshold, the risk has the potential to increase should policy changes accelerate.



A Four-Stage Integrated Management Approach

Ziraat Bank assesses climate risks within a structured cycle consisting of identification-measurement-prioritization-monitoring steps and conducts this process in full alignment with the overall Risk Management Policies.



Climate Risk and Financial Impact Analysis

Ziraat Bank Climate Risk Heatmap





Climate Risk and Financial Impact Analysis

Stress tests aligned with climate transition scenarios

Ziraat Bank conducts multidimensional stress tests using the Orderly Transition, Disorderly Transition, and Hot House World scenarios, incorporating carbon prices, energy costs, demand changes, and policy shocks.

In assessing climate-related risks, Ziraat Bank utilizes both qualitative and quantitative analysis, in line with the framework defined in the TSRS report. In qualitative assessments, sectors' climate sensitivity, vulnerability to policy and market changes, technology transition requirements, and operational functioning are addressed. Quantitative assessments, on the other hand, evaluate financial impacts. Potential effects of climate risks on repayment capacity, collateral values, revenue projections, and ECL are examined through model-based calculations. As stated before in TSRS, the Bank integrates these two approaches to assess both the strategic and financial impacts of climate risks within a consistent structure.

Climate scenario analyses and stress tests are at the center of Ziraat Bank's quantitative risk assessment tools. According to the TSRS report, the Bank conducts multidimensional stress tests using the Orderly Transition, Disorderly Transition, and Hot House World scenarios, incorporating carbon prices, energy costs, demand changes, and policy shocks. In these studies, the most vulnerable sectors in the Bank's portfolio are first identified through the heatmap; then, sector-based assumptions are applied to customer-level financial statements to estimate potential deterioration in revenues, costs, cash flows, and probability of default. Stressed financial results are incorporated into the ECL models under the TFRS 9 framework to generate sectoral and portfolio-level incremental credit loss impacts; thus, the effects of different climate scenarios on the Bank's risk appetite, capital adequacy, and strategic planning processes are assessed holistically. The TSRS report emphasizes that these stress tests are a structural assessment tools that considers not only financial outputs, but also factors such as data reliability, policy alignment, and sectors' transition capacity.

Climate risk management is not limited to analysis and monitoring. As stated in TSRS, Ziraat Bank integrates these risks into managerial decision-making processes by linking climate risk to credit policies, collateral strategies, limit allocation processes, and customer engagement plans. In this context, risk appetite parameters updated annually, signal and limit values for high-risk sectors, stress test results, and portfolio vulnerability analyses are reviewed by both senior management and the relevant committees and translated into action plans. This governance structure ensures that the financial impacts of climate risk are managed in an integrated manner with the Bank's business model, capital planning, and transition finance strategy.

The outcomes of these processes are reported each year to the Sustainability Committee and the Board of Directors; where necessary, risk mitigation actions, data quality improvement steps, and customer engagement plans are updated. This ensures that the potential financial implications of climate risk are considered comprehensively across Ziraat Bank's business model, credit allocation processes, and strategic governance cycle.



An aerial photograph of a vast vineyard at sunset. The sun is low on the horizon, creating a warm, golden glow and long shadows. The vineyard rows are meticulously aligned, and the central portion of the image shows the vineyard shaped into the Ziraat Bank logo. In the background, there are some farm buildings and more fields under the twilight sky.

Next Steps



Improvement Areas for the Climate Transition Strategy

Diversifying transition finance products

Through the diversification of its sustainable finance offerings and the integration of transition finance into core operations, Ziraat Bank intends to strengthen its institutional capacity to execute its climate strategy.

Improvement Areas for the Climate Transition Strategy

While Ziraat Bank's climate transition strategy provides a strong framework around sector-specific roadmaps, financed emissions calculations, and customer transition, there are certain development areas to increase the strategy's impact. Ziraat Bank's focal areas for the upcoming period include enhancing data quality, deepening sector-specific strategies, ensuring a more systematic integration of climate risks into decision-making processes, and developing sustainable finance products.

The first improvement area is to expand the scope of customer and portfolio data and increase the share of verified data. In particular, achieving higher data quality in the industry and energy sectors through the introduction of MRV data under the ETS will strengthen the accuracy of financed emissions calculations. In the agriculture sector, standardizing production, irrigation method, fertilization, and mechanization data will increase the effectiveness of the crop-based intensity monitoring approach.

Improving data collection and quality in agriculture sector will certainly be an area of focus. High-precision measurement of core parameters such as production volume, irrigation method, fertilization practices, and fuel consumption will increase the accuracy of the crop-based intensity monitoring. Ziraat Bank aims to make digital platforms and advisory mechanisms for farmers an effective tool in this process, enabling more systematic measurement and reporting of agriculture-related data in the period ahead. In this context, the data quality improvement framework is positioned as an important component of the Bank's development plans for the coming years.

Dynamically updating sector-based transition strategies is another important development area. Rapidly changing technology costs, national energy policies, ETS pricing, and supply chain dynamics are factors that need to be regularly updated in the roadmaps for sectors such as electricity generation, cement, and iron and steel. Ziraat Bank plans to periodically review sector strategies under TSRS and to add new indicators in areas where needed.

A more systematic integration of climate risks into managerial processes is among the priorities for the upcoming period. Ziraat Bank currently monitors climate risks through credit risk management, stress tests, and heat maps; however, the goal is to establish a stronger link between this framework and decision-making mechanisms. In particular, correlating risk appetite parameters with climate risks, conducting regular assessments at the committee level, and integrating performance indicators for measuring climate risks such as data quality metrics, sector-based risk coverage ratios, and client transition progress indicators into governance processes will further strengthen the Bank's capacity to anticipate and manage climate risk.



Integrating Climate Risk into Financial Decision-Making

Climate-related risks are systematically embedded into Ziraat Bank's corporate risk management framework and risk heat maps. The financial implications of these risks on Expected Credit Losses (ECL) under TFRS 9 models are quantified through comprehensive stress tests conducted under Orderly, Disorderly, and Hot House World scenarios.



Improvement Areas for the Climate Transition Strategy

Financing the future in climate transition

Ziraat Bank creates sustainable value within its portfolio by supporting the transition to a low-carbon economy through its strong risk management infrastructure and transformation-oriented financing instruments.



Finally, diversifying sustainable finance products and integrating transition finance into operational processes will increase Ziraat Bank's implementation capacity for its climate strategy. New products and incentive mechanisms designed for renewable energy investments, energy efficiency projects, clean production technologies, and productivity-enhancing solutions in agriculture will both accelerate customer transition and support Ziraat Bank in achieving its portfolio intensity targets. These improvement areas will increase both the scope and the impact of Ziraat Bank's climate transition strategy and will enable the Bank to support its 2030 targets with a stronger data infrastructure, clearer risk indicators, and more effective financing tools.

In addition, although the topics written in this report have been prepared for T.C. Ziraat Bankası A.Ş., sustainability and climate transition topics are addressed separately as a strategic matter for the entire Ziraat Finance Group and its affiliates. Work in this area will be reported to the public separately in the future.

Carbon Credits

With the publication of Draft Regulation on the Emissions Trading System and the rapid maturation of voluntary carbon markets, carbon credits are becoming increasingly significant for facilitating the climate transition. The Draft Regulation on the Emissions Trading System and the Draft Regulation on Carbon Crediting and Offsetting published in 2025 provide companies with the opportunity to use verified emissions reductions as credits; in particular, the offsetting right envisaged in the draft ETS increases the importance of practices in this field.

Carbon credits are units that represent emissions avoidance or removals verified under international standards. Organizations such as Verra, Gold Standard, and ICVCM establish frameworks that define the integrity, additionality, and verifiability criteria for these credits. For this reason, carbon credits are not only a mitigation tool, but also a market instrument that requires quality standards and robust verification processes.

As highlighted in the TSRS report, Ziraat Bank's emissions reduction strategy is founded primarily on the principle of reducing emissions at their source. The Bank prioritizes activities that deliver direct reductions—such as energy efficiency practices, on-site renewable energy generation, and green energy procurement—in order to reduce its operational emissions leaving carbon offset mechanisms as the last resort.

In line with the Bank's approach, carbon credits are positioned as a complementary mechanism to be considered only in narrow areas where reductions are technically not feasible and only as a last step; the priority is always to support transition investments that deliver real emissions reductions for customers and sectors.

In the upcoming period, as the National ETS comes into effect, Ziraat Bank will continue to closely monitor the emerging national carbon market structure, credit offsetting rules, sector-based methodologies, and regulations regarding the integration of voluntary and compliance markets. The Bank will also continue to evaluate financing opportunities and market access mechanisms to support customers in developing projects that can generate potential carbon credits.



Ziraat Bank

More than a bank