

Sustainalytics Second Party Opinion

Ülker Sustainability-Linked Financing Framework

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Framework owner and location:
 Ülker
 Istanbul, Türkiye

Sector:
 Food Products

Contribution to SDGs



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Overall Assessment

Sustainability Linked KPI & SPT Assessment

KPI 1	Very Strong	SPT 1A, 1B, 1C, 1D, 1E, 1F	Highly Ambitious
KPI 2	Strong	SPT 2A, 2B, 2C, 2D, 2E	Moderately Ambitious
		SPT 2F	Ambitious

Principles Alignment

Aligned

Sustainability-Linked Loan Principles 2025

Assessment Summary

Ülker has developed the Ülker Sustainability-Linked Financing Framework, dated August 2025, under which it intends to obtain sustainability-linked loans. The financial characteristics of the sustainability-linked loans will be tied to the achievement of sustainability performance targets (SPTs) for two key performance indicators (KPIs): i) absolute scope 1 and 2 GHG emissions (tCO_{2e}); and ii) absolute scope 3 FLAG and non-FLAG GHG emissions (tCO_{2e}). The Framework, initially published in 2024, has been updated due to baseline restatement, change in the scope of financing instruments and expanded scope of the KPIs to cover 100% of the Company's scope 3 emissions.

We have assessed the KPIs as follows: KPI 1 as **Very Strong**, given that it: i) is a direct measure of Ülker's performance on a material environmental issue; ii) has a high scope of applicability jointly with KPI 2; iii) follows a clear methodology that is externally defined; and iv) supports benchmarking against external contextual benchmarks. KPI 2 is **Strong**, given that it: i) is a direct measure of Ülker's performance on a material environmental issue; ii) has a high scope of applicability together with KPI 1; iii) follows a clear methodology that is externally defined; and iv) does not support benchmarking against external contextual benchmarks, which are specific to FLAG and non-FLAG emissions.

In addition, all SPTs align with the Company's sustainability strategy. We have assessed the SPTs as follows: SPTs 1A, 1B, 1C, 1D, 1E and 1F are **Highly Ambitious** given that these are: i) below historical performance but represents a continuous improvement from the baseline; ii) above similar targets set by peers; and iii) validated by the Science Based Targets initiative (SBTi) as aligned with the 1.5°C decarbonization trajectory. SPTs 2A, 2B, 2C, 2D and 2E are **Moderately Ambitious** given that these are: i) below historical performance; ii) above similar targets set by peers; and iii) not aligned with science-based decarbonization trajectories. SPT 2F is **Ambitious** given that it is: i) above historical performance; ii) above peer performance; and iii) aligned with the SBTi's well below 2° C trajectory.

We have assessed the Framework as **Aligned** with the Sustainability-Linked Loan Principles 2025.

Issuer Overview & Sustainability Strategy

Ülker Bisküvi Sanayi AS is a food production company that specializes in the production of biscuits, crackers, chocolate and cakes. The Company was established in 1944 and is headquartered in Istanbul, Türkiye. The Company exports to more than 100 countries and has 13 production factories (9 in Türkiye and 4 overseas) with 10,254 employees as of 2024.

In 2014, Ülker developed an approach to sustainable business practices by introducing the following core pillars: i) planet; ii) value chain; iii) employees; and iv) community. In 2023, Ülker updated its materiality analysis and identified the following priority topics that form the foundation of its sustainability strategy: i) climate crisis; ii) raw material supply; iii) water; iv) responsible procurement; v) packaging; vi) balanced diet; vii) food quality and safety; and viii) research, development and innovation.¹

Ülker aims to become a net zero company by 2050. To achieve this, the Company has set the following targets: i) reduce scope 1 and 2 emissions by 42% and scope 3 emissions by 30% by 2030 compared to the 2023 baseline; ii) power its factories and warehouses with 100% renewable energy by 2030; iii) reduce logistics-related carbon emissions by 30% by 2030 compared to the 2019 baseline; iv) use 100% recyclable, reusable or compostable packaging by 2025; v) recycle 250,000 m³ water and wastewater reclamation by 2030; vi) reduce water consumption per tonne of product to 1.32 m³ by 2025; vii) reduce net losses in food to below 0.5% by 2030; viii) sustainably source 100% of the main raw materials (such as cocoa and palm oil) by 2030; ix) increase domestic agricultural raw material use (except cocoa and palm oil) to over 90% by 2030; and x) ensure the implementation of regenerative agricultural practices on 10,000 decares of land where production operations are carried out.²

As part of its social objectives, Ülker aims to increase its female employees to 35% and female executives to 40% by 2030. Additionally, in 2023, Ülker held 9,642 training sessions covering topics such as sustainability, occupational health and safety and nutrition, delivering 1,330,871.9 total training hours to its employees, with training expenses of nearly TRY 9.2 million (USD 226,036).³

Ülker's board of directors oversees its sustainability governance and approves the Company's sustainability strategies, policies and targets, including its climate strategy. The CEO directs sustainability efforts and regularly monitors climate-related strategies, targets, key action plans and related processes. In addition, Ülker publishes an annual Sustainability Report, outlining the Company's targets and performance on its key ESG topics. It also details the Company's sustainability governance structure and risk management practices.⁴

¹ Yildiz Holding, "Ülker Sustainability Report", (2023), at: <https://www.yildizholding.com.tr/documents/rapor/ulkersustainabilityreport2023.pdf>.

² Ibid.

³ Ibid.

⁴ Ibid.

Sustainability Linked Loan Assessment

Ülker intends to link the financial considerations of the loans to the achievement of the SPTs for two KPIs: i) absolute scope 1 and 2 GHG emissions (tCO₂e); and ii) absolute scope 3 GHG emissions (tCO₂e). KPIs 1 and 2 will be used jointly in all sustainability-linked loan transactions.

Ülker published the Ülker Sustainability-Linked Financing Framework in Sep May 2024,⁵ for which we provided a Second-Party Opinion.⁶ The Ülker Sustainability-Linked Loan Framework of August 2025 (under review in the current Second-Party Opinion) updates the 2024 Framework as follows: i) limits the scope of financing instruments to include only loans; ii) expands the reporting boundary for KPI 1 and KPI 2 to include 100% of scope 1, 2 and 3 GHG emissions from Ülker's 13 production facilities in Türkiye (Gebze, Ankara, Topkapı, Karaman and Silivri), Önem Gıda (Ankara, Topkapı, Giresun and Karaman), and overseas (Saudi Arabia, Egypt and Kazakhstan); and iii) updates the baselines for KPIs 1 and 2. In June 2025, Ülker received SBTi validation for its FLAG emission reduction targets which have not been included under the Framework. Instead, Ülker has included KPI 2, which combines both FLAG and non-FLAG emissions, and represents 100% of Ülker's scope 3 emissions.

KPI	Baseline KPI Strength	SPT Ambitiousness			
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO ₂ e)	2023	Very Strong	Reduce absolute scope 1 and 2 GHG emissions	SPT 1A: 17.34% by 2025	Highly Ambitious
				SPT 1B: 20.65% by 2026	Highly Ambitious
				SPT 1C: 23.82% by 2027	Highly Ambitious
				SPT 1D: 26.87% by 2028	Highly Ambitious
				SPT 1E: 29.79% by 2029	Highly Ambitious
				SPT 1F: 42% by 2030	Highly Ambitious
KPI 2: Absolute scope 3 GHG emissions (tCO ₂ e)	2023	Strong	Reduce absolute scope 3 GHG emissions	SPT 2A: 4.94% by 2025	Moderately Ambitious
				SPT 2B: 7.79% by 2026	Moderately Ambitious
				SPT 2C: 10.56% by 2027	Moderately Ambitious
				SPT 2D: 13.24% by 2028	Moderately Ambitious
				SPT 2E: 15.84% by 2029	Moderately Ambitious
				SPT 2F: 30% by 2030	Ambitious

⁵ Ülker, "Sustainability-Linked Financing Framework", (2024), at: <https://ulkerbiskuviyatirimciiliskileri.com/wp-content/uploads/2024/08/Ulker-Sustainability-Linked-Financing-Framework.pdf>.

⁶ Sustainability, "Ülker Sustainability-Linked Financing Framework", (2024), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/%C3%BClker-sustainability-linked-financing-framework-second-party-opinion-\(2024\).pdf?sfvrsn=7b2b9b09_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/%C3%BClker-sustainability-linked-financing-framework-second-party-opinion-(2024).pdf?sfvrsn=7b2b9b09_1).

Selection of Key Performance Indicators

Overall KPI Assessment

KPI	KPI Strength			
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO ₂ e)	Not Aligned	Adequate	Strong	Very Strong
KPI 2: Absolute scope 3 GHG emissions (tCO ₂ e)	Not Aligned	Adequate	Strong	Very Strong

KPI Definitions

Ülker defines the KPIs as follows:

Table 1: KPI Definitions

KPI	Description
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO ₂ e)	KPI 1 is defined as the absolute amount of scope 1 and 2 GHG emissions measured in tonnes of carbon dioxide equivalent (tCO ₂ e). Scope 1 GHG emissions are direct emissions from production facilities and comprise emissions from fuels used in factories and buildings, including emergency generators using diesel fuels, company vehicles and refrigerant gases. Scope 2 GHG emissions are indirect emissions stemming from electricity consumption in Ülker's production facilities. The Company calculates its scope 1 and 2 GHG emissions in accordance with the GHG Protocol Standard. ⁷
KPI 2: Absolute scope 3 GHG emissions (tCO ₂ e)	KPI 2 is defined as the absolute amount of scope 3 GHG emissions measured in tonnes of carbon dioxide equivalent (tCO ₂ e). Scope 3 emissions cover those produced from purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products (indirect), and end-of-life treatment of sold products. The KPI covers CO ₂ , CH ₄ and N ₂ O emissions. The Company calculates its scope 3 GHG emissions in accordance with the GHG Protocol Standard. ⁸

KPI 1: Absolute scope 1 and 2 GHG emissions (tCO₂e)



We have assessed KPI 1 as **Very Strong** because it: i) is a direct measure of Ülker's performance on a material environmental issue; ii) has a high scope of applicability jointly with KPI 2; iii) follows a clear methodology that is externally defined; and iv) supports comparison against external contextual benchmarks.

Materiality and Relevance

Sustainability's ESG Risk Rating identifies Carbon – Own Operations as a Material ESG Issue (MEI) for the food products industry and identifies emissions from global food operations as a climate change risk.⁹ In addition, the Sustainability Accounting Standards Board (SASB) identifies energy management, including the management of energy efficiency and intensity, energy mix and grid reliance, as a relevant and material topic for Ülker and the processed food sector in the food and beverages industry.^{10,11}

In terms of applicability, KPI 1 addresses scope 1 and 2 GHG emissions from Ülker's own operations and KPI 2 addresses Ülker's scope 3 emissions from purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products (indirect), and end-of-life treatment of sold products. Scope 1 and 2 emissions accounted for 5% of the Company's total

⁷ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>.

⁸ Ibid.

⁹ Sustainability's Industry Report on Food Products (2023)

¹⁰ SASB, "Materiality Finder: " Ülker Bisküvi Sanayi AS", at: [https://sasb.ifrs.org/standards/materiality-finder/find/?company\[0\]=TRELKRO0015](https://sasb.ifrs.org/standards/materiality-finder/find/?company[0]=TRELKRO0015).

¹¹ SASB, "Materiality Finder: "Processed Foods", at: <https://sasb.ifrs.org/standards/materiality-finder/find/?industry%5B0%5D=FB-PF>.

emissions in 2024, and scope 3 emissions associated with the categories covered represented 95% of the total emissions in the same year. Together, KPIs 1 and 2 represented 100% of Ülker's total GHG emissions in 2024. Therefore, we consider KPIs 1 and 2 to jointly have a high scope of applicability.

Methodology and Comparability with Benchmark

Ülker's definition and methodology to calculate KPI performance is clear based on the Company's historical disclosures on scope 1 and 2 GHG emissions since 2018.¹² Ülker's reporting boundary for KPI 1 covers 13 production facilities in Türkiye (Gebze, Ankara, Topkapı, Karaman and Silivri), Önem Gıda (Ankara, Topkapı, Giresun and Karaman), and overseas (Saudi Arabia, Egypt and Kazakhstan) factories, and encompasses 100% of Ülker's scope 1 and 2 emissions. Ülker calculates its GHG emissions according to the GHG Protocol Standard.¹³ As the KPI measures absolute GHG emissions (tCO₂e), it supports comparison against external science-based decarbonization pathways, such as the SBTi's cross-sector absolute contraction approach.¹⁴ Further, KPI 1 is directly linked to the Company's environmental performance on the material issue of GHG emissions.

KPI 2: Absolute scope 3 GHG emissions (tCO₂e)



We have assessed KPI 2 as **Strong** because it: i) is a direct measure of Ülker's performance on a material environmental issue; ii) has a high scope of applicability jointly with KPI 1; iii) follows a clear methodology that is externally defined; and iv) does not support comparison against external contextual benchmarks.

Materiality and Relevance

According to the World Economic Forum, the food and beverage industry's scope 3 emissions account for approximately 90% of its total emissions, with 74% and 16% from upstream and downstream scope 3 emissions, respectively.¹⁵ In addition, the SASB identifies supply chain management and materials sourcing and efficiency as relevant and material topics for Ülker.¹⁶

In terms of applicability, KPI 1 addresses scope 1 and 2 GHG emissions from Ülker's own operations and KPI 2 addresses Ülker's scope 3 emissions from purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products (indirect), and end-of-life treatment of sold products. Scope 1 and 2 emissions accounted for 5% of the Company's total emissions in 2024, while scope 3 emissions associated with the categories covered represented 95% of total emissions in the same year. Together, KPIs 1 and 2 represented 100% of Ülker's total GHG emissions in 2024, including FLAG and non-FLAG emissions. Therefore, we consider KPIs 1 and 2 to jointly have a high scope of applicability.

Methodology and Comparability with Benchmark

Ülker's definition and methodology to calculate KPI performance is clear based on the Company's historical disclosures on scope 3 GHG emissions since 2021. The reporting boundary for KPI 2 covers 13 production facilities in Türkiye (Gebze, Ankara, Topkapı, Karaman and Silivri), Önem Gıda (Ankara, Topkapı, Giresun and Karaman), and overseas (Saudi Arabia, Egypt and Kazakhstan) factories. Scope 3 emissions cover those produced from purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, business travel, employee

¹² We note that Ülker has been reporting on its scope 1 and 2 GHG emissions since 2018 and scope 3 GHG emissions since 2021.

¹³ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>.

¹⁴ SBTi, "SBTi Corporate Net-zero Standard", at: <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>.

¹⁵ World Economic Forum, "Scope 3 emissions are key to decarbonization - but what are they and how do we tackle them?", (2023), at:

<https://www.weforum.org/agenda/2023/09/scope-3-emissions-are-key-to-decarbonization-but-what-are-they-and-how-do-we-tackle-them/>.

¹⁶ SASB, "Materiality Finder: " Ülker Bisküvi Sanayi AS", at: [https://sasb.ifrs.org/standards/materiality-finder/find/?company\[0\]=TRELKRO0015](https://sasb.ifrs.org/standards/materiality-finder/find/?company[0]=TRELKRO0015).

commuting, downstream transportation and distribution, use of sold products (indirect), and end-of-life treatment of sold products. The KPI covers CO₂, CH₄ and N₂O emissions.

Ülker calculates its GHG emissions according to the GHG Protocol Standard.¹⁷ Although KPI 2 measures absolute GHG emissions (tCO₂e) and includes both FLAG and non-FLAG emissions, it does not support comparison against relevant external science-based decarbonization pathways, such as the SBTi FLAG sector-specific absolute contraction approach and the SBTi cross-sector absolute contraction approach.^{18,19} As per SBTi's FLAG Guidance: i) companies from FLAG-designated sectors, including the food and beverage industry; and ii) companies where FLAG-related emissions make up 20% or more of their total scope 1, 2 and 3 emissions, are required to set distinct targets for reduction in FLAG and non-FLAG emissions beginning April 2023. As the KPI combines both categories of scope 3 emissions, it does not facilitate comparison against external decarbonization benchmarks which are specific to FLAG and non-FLAG emissions. Lastly, we consider KPI 2 to be directly linked to the Company's environmental performance on the material issue of GHG emissions.

Calibration of Sustainability Performance Targets

Overall SPT Assessment

SPT		SPT Ambitiousness			
SPT 1: Reduce absolute scope 1 and 2 GHG emissions from 2023 baseline by:	SPT 1A: 17.34% by 2025	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 1B: 20.65% by 2026	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 1C: 23.82% by 2027	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 1D: 26.87% by 2028	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 1E: 29.79% by 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 1F: 42% by 2030	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Reduce absolute scope 3 GHG emissions from 2023 baseline by:	SPT 2A: 4.94% by 2025	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 2B: 7.79% by 2026	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 2C: 10.56% by 2027	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 2D: 13.24% by 2028	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 2E: 15.84% by 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 2F: 30% by 2030	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious

¹⁷ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>.

¹⁸ SBTi, "SBTi FLAG Guidance", (2023), at: <https://sciencebasedtargets.org/sectors/forest-land-and-agriculture>.

¹⁹ SBTi, "SBTi Corporate Net-zero Standard", at: <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>.

Past Performance and SPTs

Ülker's past performance and SPTs are as follows:

Table 2: Past Performance and SPTs

KPI	2023 (baseline)	2024	SPT 2025	SPT 2026	SPT 2027	SPT 2028	SPT 2029	SPT 2030
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO _{2e})	157,841	135,908	130,472	125,253	120,243	115,433	110,816	91,548
KPI 2: Absolute scope 3 GHG emissions (tCO _{2e})	2,375,606	2,321,548	2,258,251	2,190,503	2,124,788	2,061,045	1,999,213	1,662,924

Alignment with Issuer Sustainability Strategy

We have assessed the SPTs to be aligned with Ülker's overall sustainability strategy. Ülker has identified climate change, raw material supply chain, and packaging as some of its focus areas and has set targets to address emissions from its operations, transport and supply chain management. The Company aims to achieve net zero GHG emissions across its value chain by 2050 and has undertaken several initiatives including: i) efficient use of resources through implementation of digital monitoring systems to track parameters; ii) reduce waste generation through elimination, reduction, recycling and reuse; and iii) increase renewable energy use; iv) increase sustainable sourcing and the use of raw material from domestic agriculture; and v) advance sustainable practices in wheat and hazelnut production in Türkiye.²⁰ Please refer to the Issuer Overview and Strategy Section for more details.

SPT 1: Reduce absolute scope 1 and 2 GHG emissions from 2023 baseline by:

SPT 1A: 17.34% by 2025

SPT 1B: 20.65% by 2026

SPT 1C: 23.82% by 2027

SPT 1D: 26.87% by 2028

SPT 1E: 29.79% by 2029

SPT 1F: 42% by 2030

We have assessed SPTs 1A, 1B, 1C, 1D, 1E and 1F as **Highly Ambitious** given that these are: i) below historical performance but represent a continuous material improvement from the baseline; ii) above peer performance; and iii) validated by the SBTi as aligned with the 1.5°C decarbonization trajectory.

Baseline

Ülker has set 2023 as the baseline year for the SPTs to align with the baseline of its SBTi validated targets. Scope 1 and 2 emissions in 2023 were 157,841 tCO_{2e}.

Strategy to Achieve the SPT 1

Ülker intends to achieve SPT 1 through the following strategies:

- × Ülker aims to source 100% of the electricity used in its factories and warehouses from renewable sources by 2025 and 2030, respectively. In addition, Ülker intends to expand its on-site solar generation capacity through the installation of solar panels in its facilities.
- × Ülker plans to replace selected natural gas-powered equipment with those powered by solar energy and other renewable energy sources.
- × Ülker intends to install energy monitoring systems in all its factories, conduct monthly energy performance evaluations and improve the energy efficiency of ovens, pumps, motors and other industrial facilities. In addition, to advance projects focused on improving energy efficiency measures in its factories, the Company plans to establish annually dedicated budgets for energy efficiency projects and collaborate with the Turkish Ministry of Energy and Natural Resources to receive support for "Efficiency Booster Projects".

²⁰ Yildiz Holding, "Ülker Sustainability Report", (2023), at: <https://www.yildizholding.com.tr/documents/rapor/ulkersustainabilityreport2023.pdf>.

Ambitiousness

Ülker's scope 1 and 2 GHG emissions reduced from 157,841 tCO₂e in 2023 to 135,908 tCO₂e in 2024, representing an average linear annual reduction of 13.90%. This reduction was mainly due to an increase in renewable energy usage (81% of the total electricity supply from renewable energy sources), reducing fuel consumption through energy efficiency projects such as heat recovery, and transitioning to energy-efficient motors in compressed air, HVAC systems, and lighting. Compared to the 2023 baseline, the SPTs: 17.34% by 2025 (SPT 1A), 20.65% by 2026 (SPT 1B), 23.82% by 2027 (SPT 1C), 26.87% by 2028 (SPT 1D), 29.79% by 2029 (SPT 1E), and 42% by 2030 (SPT 1F): correspond to average annual reduction of approximately 8.67%, 6.88%, 5.96%, 5.37%, 4.97% and 6%, respectively. Thus, we have assessed SPT 1 to be below Ülker's past performance but as representing a continuous material improvement from the baseline.

Based on the absolute scope 1 and 2 GHG emissions reduction targets set by five peers in the processed foods sector within the broader food and beverages industry, Ülker's targets are more ambitious than three peers and aligned with two. Overall, we consider SPT 1 to be above peer performance.

Regarding comparison with science-based references, Ülker's scope 1 and 2 emissions reduction targets have been validated by the SBTi as aligned with the 1.5°C decarbonization trajectory in line with the cross-sector absolute contraction approach.²¹

SPT 2: Reduce absolute scope 3 GHG emissions from 2023 baseline by:
 SPT 2A: 4.94% by 2025
 SPT 2B: 7.79% by 2026
 SPT 2C: 10.56% by 2027
 SPT 2D: 13.24% by 2028
 SPT 2E: 15.84% by 2029
 SPT 2F: 30% by 2030

We have assessed SPTs 2A, 2B, 2C, 2D and 2E as **Moderately Ambitious** given that these are: i) below historical performance; ii) above peer performance; and iii) not aligned with science-based decarbonization trajectories. SPT 2F is assessed as **Ambitious** given that it is: i) above historical performance; ii) above peer performance; and iii) aligned with the SBTi's well below 2° C trajectory.

Baseline

Ülker has set 2023 as the baseline for the SPTs to align with the baseline of its SBTi validated targets. Scope 3 emissions were 2,375,606 tCO₂e in 2023.

Strategy to Achieve the SPT 2

Ülker intends to achieve SPT 2 through the following strategies:

- × Ülker intends to take a multi-pronged approach to enhancing its logistics through digitalization. This includes utilizing digital tools to track and manage its supply chain to optimize delivery routes, improve vehicle occupancy rate, monitor and potentially reduce the number of vehicles needed to optimize their use. In addition, Ülker aims to source raw materials from local sources and increase the use of rail transportation. Further, Ülker intends to transition from fossil fuels by increasing the number of electric vehicles used for the distribution of finished products and for transporting employees, and by engaging with suppliers on their SBTi targets and transition plans.
- × Ülker intends to reduce emissions related to waste disposal and has implemented the Zero Loss and Zero Waste programme, which includes employing material balance and scrap management processes, minimizing food losses through proper production methods and utilizing food biproducts as animal feed. Additionally, the Company will focus on measures to advance sustainable packaging and include the use of standardized raw materials to increase the recyclability of packaging material. By the end of 2025, Ülker intends for all packaging to be

²¹ SBTi, "SBTi Corporate Net-zero Standard", at: <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>.

recyclable, biodegradable or compostable. The Company has also started work on limiting the use of polyvinyl chloride and polyethylene terephthalate packing.

- ✕ The Company aims to increase the use of domestically sourced raw materials (except cocoa and palm oil) to more than 90% by 2030 to reduce GHG emissions related to upstream transportation. Further, it intends to source 100% of palm oil and cocoa through sustainable sources by 2030. Ülker also aims to implement regenerative agriculture practices for wheat production.

Ambitiousness

Ülker's scope 3 GHG emissions reduced from 2,375,606 tCO₂e in 2023 to 2,321,548 tCO₂e in 2024, representing an average linear annual reduction of 2.28%. Compared to the 2023 baseline, the SPTs: 4.94% by 2025 (SPT 2A), 7.79% by 2026 (SPT 2B), 10.56% by 2027 (SPT 2C), 13.24% by 2028 (SPT 2D), 15.84% by 2029 (SPT 2E), and 30% by 2030 (SPT 2F): correspond to average annual reduction of approximately 2.47%, 2.60%, 2.64%, 2.65%, 2.64% and 4.29%, respectively. Thus, SPTs 2A, 2B, 2C, 2D and 2E are assessed to be aligned with Ülker's past performance, whereas SPT 2F is assessed as above. We note that the early scope 3 GHG emissions reduction trajectory shows conservative reduction percentages because Pladis Global, the owner of the Ülker brand, plans to increase sourcing of sustainability-certified cocoa and palm oil from 2027, with Ülker aiming to source 100% of both commodities by 2030.^{22,23}

Based on the absolute scope 3 GHG emissions reduction targets set by five peers in the processed foods sector within the broader food and beverages industry, Ülker's targets are more ambitious than four peers and less ambitious than one. Overall, we consider SPT 2 to be above peer performance.

In terms of comparison with science-based references, Ülker's scope 3 emissions reduction targets are assessed as follows: i) SPTs 2A, 2B, 2C, 2D and 2E are not aligned with science-based decarbonization trajectories and SPT 2F is aligned with SBTi's cross-sectoral absolute reduction method in line with the well-below-2°C scenario.²⁴

Financial Characteristics

The financial characteristics of the sustainability-linked loans under the Framework will be linked to the achievement of the interim targets for the respective years and the final 2030 SPT, in the form of a coupon or margin adjustment, or a premium payment. The financial characteristics of the sustainability-linked loans will be linked to the following trigger events: i) failure of one or more KPIs to achieve the interim or the final SPTs on the target observation date; or ii) the verification of the SPT has not been provided and made public in a timely manner as defined in the legal documentation of the relevant loan.

Ülker may originate multiple sustainability-linked loans under the Framework. All SPTs will be assessed individually, and KPIs 1 and 2 will be selected together as part of all issuances. The financial characteristics of the sustainability-linked loans are aligned with the SLLP, but we do not opine on the adequacy of the magnitude and structure of the financial penalty.

Reporting

Ülker commits to report on an annual basis on its progress on the KPIs in its Sustainability-Linked Financing Progress Report within its Annual Sustainability Report, which will be published on

²² Pladis, "Sourcing of ingredients", at: <https://www.pladisglobal.com/our-impact/sustainability/sourcing-ingredients>.

²³ Yildiz Holding, "Ülker Sustainability Report", (2023), at: <https://www.yildizholding.com.tr/documents/rapor/ulkersustainabilityreport2023.pdf>.

²⁴ SBTi, "SBTi Corporate Net-zero Standard", at: <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>.

Ülker's website. The report will include: i) updated information on the performance of the selected KPIs, including the baseline where relevant; ii) a verification assurance report provided by an external verifier, outlining the performance of the KPIs against the SPTs and related impact; iii) timing of such impact; and iv) any additional relevant information enabling investors to monitor progress towards the SPTs. Additionally, Ülker may also include, wherever feasible: i) qualitative or quantitative explanations on the contribution of the main factors behind the performance on an annual basis; ii) examples of positive sustainability impacts; iii) any reassessments of the KPIs due to any changes to the calculation methodology or significant changes in data due to better data accessibility; iv) any adjustments to the baseline or KPIs scope, if relevant, in line with the recalculation policy in the Framework; and v) updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs. The reporting commitments are aligned with the SLLP.

Verification

Ülker commits to have an external verifier provide limited assurance against each SPT for each KPI at least once a year and for any date or period relevant for assessing performance towards the SPTs leading to a potential financial adjustment until after the SPT trigger event. Ülker commits to publish an annual verification report on its website. This is aligned with the SLLP.

Environmental and Social Risk Management

We have identified the following environmental and social risks associated with the KPIs and SPTs defined in the Framework: land use and biodiversity;²⁵ emission, effluents and waste;²⁶ resource use;²⁷ product governance;²⁸ and human rights.²⁹ Ülker has the following policies and processes in place to identify and mitigate such risks.

E&S risk identified	Applicable policies, procedures and measures
Due diligence and risk management measures	<ul style="list-style-type: none"> × Ülker's Risk Committee identifies and addresses risks that may affect its operations, growth and continuity, following international standards and internal policies. The board of directors monitors these risks, which are based on materiality assessments and the Company's strategic and financial goals. Risk management methods include avoidance, transfer, reduction and acceptance within the enterprise risk management system, with outcomes reported periodically to the board. Identified risks are categorized as financial, operational, strategic, sustainability, compliance and other, with non-financial risks also included in the risk management approach.³⁰
Land use and biodiversity	<ul style="list-style-type: none"> × To mitigate risks related to land use and biodiversity in the supply chain, Ülker has developed a biodiversity policy which establishes a framework for integrating biodiversity protection and promotion into its sustainability strategy. The Company integrates biodiversity considerations into its operations and supply chain by conducting assessments of biodiversity impacts throughout the value chain and implementing mitigation measures. × Key points of assessment include protecting vital natural areas, avoiding deforestation and peatland destruction, adopting sustainable land management practices, undertaking responsibility to compensate for negative environmental impacts, and prioritizing nature-based solutions.³¹ Further, the Company implemented agricultural projects to introduce initiatives related to traceability and transparency, prevention of child labour and deforestation, climate change, agroforestry, certified procurement and the use of chemicals and pesticides in agriculture.³²
Emissions, effluents and waste	<ul style="list-style-type: none"> × Ülker has committed to prioritizing waste minimization, supporting reuse and emphasizing recycling practices. The Company has established a zero-waste management system in six of its factories, and all its factories are certified with ISO 14001.³³ The Company has installed meters at all points with high water consumption to track daily consumption and take actions to reduce waste. Additionally, Ülker has committed to: i) reducing waste and wastewater to the minimum possible level; ii) using raw materials and water efficiently; and iii) increasing water

²⁵ Sustainalytics' MEI Land Use and Biodiversity focuses on how companies manage their impact on land, ecosystems and wildlife. Topics include land conversion, land rehabilitation and forest management.

²⁶ Sustainalytics' MEI Emissions, Effluents and Waste focuses on the management of emissions and releases from a company's own operations to air, water and land, excluding GHG emissions.

²⁷ Sustainalytics' MEI Resource Use focuses on how efficiently and effectively a company uses its raw material inputs (excluding energy and petroleum-based products) in production and how it manages related risks.

²⁸ Sustainalytics' MEI Product Governance focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.

²⁹ Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and others. UN, "Human Rights", at: <https://www.un.org/en/global-issues/human-rights>.

³⁰ Yildiz Holding, "Ülker Sustainability Report", (2023), at: <https://www.yildizholding.com.tr/documents/rapor/ulkersustainabilityreport2023.pdf>.

³¹ Ülker, "Biodiversity Policy, at: <https://ulkerbiskuvinvestorrelations.com/en/corporate-governance/biodiversity-policy.aspx>.

³² Yildiz Holding, "Ülker Sustainability Report", (2023), at: <https://www.yildizholding.com.tr/documents/rapor/ulkersustainabilityreport2023.pdf>.

³³ ISO, "ISO 14001:2015", at: <https://www.iso.org/standard/60857.html>.

recycling as part of its environmental policy. Furthermore, one of its factories is involved in the European Union project Zero Waste Practices in the Food Industry, coordinated by the Istanbul Governorship and the Provincial Directorate of Environment.³⁴

Resource use

- × To support responsible procurement practices, Ülker has introduced the following measures: i) implementation of restorative agricultural practices; ii) restoration of water resources and the preservation of the water cycle; iii) implementation of rainwater recovery systems and wastewater treatment; iv) prioritization of sourcing from areas with no deforestation using satellite tracking; v) collaborations with palm oil suppliers to address environmental issues; vi) development sustainable packaging strategies and policies; and vii) supporting the increase in recycling rates.³⁵

Product governance

- × Ülker conducts internal and external audits at all factories, adhering to international quality and food safety standards. The Company also audits its suppliers through a risk analysis based on its Quality & Food Safety standards. Additionally, Ülker performs periodic inspections of distributor warehouses and provides factory employees with relevant training. The Company also assesses and resolves customer complaints through the customer contact centre.³⁶ The Company follows national and international quality standards such as those of the Turkish Standards Institute,³⁷ Occupational Health and Safety Advisory Services,³⁸ BRC Global Standards³⁹ and International Featured Standards.^{40,41}

Human rights

- × Regarding human rights in the supply chain, Ülker's Human Rights Policy aims to identify human rights risks from its activities and take action to mitigate them. The policy applies to all business relations, including factories, activities, major partners, suppliers and third-party contractors. It is informed by the Universal Declaration of Human Rights,⁴² UN Global Compact,⁴³ UN Convention on the Rights of the Child,⁴⁴ ILO Conventions,⁴⁵ OECD Guidelines for Multinational Enterprises,⁴⁶ the UN Guiding Principles on Business and Human Rights,⁴⁷ and national laws.
- × Additionally, the Company conducts social compliance audits for key suppliers to monitor adherence to human rights, ethics and environmental protection, covering aspects such as child labour, forced labour, union processes, occupational health and safety, disciplinary practices, working hours, employee evaluation processes, remuneration, migrant workers, work ethics and environmental management.⁴⁸ Ülker's Supply Chain policy outlines the environmental, social and ethical responsibilities expected from all its suppliers. The Company's suppliers are expected to comply with the policy and share its principles with their

³⁴ Yıldız Holding, "Ülker Sustainability Report", (2023), at: <https://www.yildizholding.com.tr/documents/rapor/ulkersustainabilityreport2023.pdf>.

³⁵ Ibid.

³⁶ Ibid.

³⁷ TSE Türkiye, at: <https://www.iso.org/member/2168.html>.

³⁸ OSHAS, at: <https://ohsas.org/>.

³⁹ BRCGS Food Safety Global Standard, at: <https://www.brcgs.com/our-standards/food-safety/>.

⁴⁰ IFS, at: <https://www.ifs-certification.com/en/>.

⁴¹ Ülker, "Code-of-Ethics - 6. Product and Service Quality", at: <https://ulkerbiskuviiinvestorrelations.com/en/corporate-governance/code-ofethics.aspx>.

⁴² UDHR, at: <https://www.un.org/en/about-us/universal-declaration-of-human-rights>.

⁴³ UNGC, at: <https://unglobalcompact.org/>.

⁴⁴ UN Convention on the Rights of the Child, at: <https://www.unicef.org/child-rights-convention>.

⁴⁵ ILO, at: <https://www.ilo.org/>.

⁴⁶ OECD Guidelines for Multinational Enterprises, at: <https://mneguidelines.oecd.org/mneguidelines/>.

⁴⁷ OHCHR, "Guiding Principles on Business and Human Rights", at: https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf.

⁴⁸ Yıldız Holding, "Ülker Sustainability Report", (2023), at: <https://www.yildizholding.com.tr/documents/rapor/ulkersustainabilityreport2023.pdf>.

employees and suppliers. The policy is part of all supplier contracts globally, and suppliers are selected based on their adherence to it.⁴⁹

⁴⁹ Ülker, "Ülker Bisküvi Sanayi A.Ş. Supply Chain Policy", at: https://www.ulker.com.tr/documents/Politikalarimiz/ulker_tedarik_zinciri_politikasi_eng.pdf

Annex 1: Sustainability Linked Assessment Framework Overview

The following is a brief overview of the methodology that we use to assess sustainability-linked instruments and the frameworks that support them. Using this methodology, we assess the strength of the Key Performance Indicators (KPIs) and the ambitiousness of the Sustainability Performance Targets (SPTs) identified in a sustainability-linked instrument framework.

Key Performance Indicators (KPIs)

Central to our assessment of KPIs are a consideration of their Relevance and Materiality. Here we assess: i) whether the indicator relates to an area of environmental or social impact that is material to the issuer's activities; and ii) to what extent the KPI is applicable.

In addition, we assess certain other KPI characteristics, including: i) whether it uses a clear and consistent methodology; ii) whether it follows an externally recognized definition; iii) whether the KPI is a direct measure of the issuer's performance on a material environmental or social issue;⁵⁰ and iv) whether performance on the KPI can be compared against an external contextual benchmark.⁵¹

The strength of each KPI is assessed as Very Strong, Strong, Adequate or Not Aligned.

Sustainability Performance Targets (SPTs)

To determine the ambitiousness of an SPT, we consider: i) whether the SPT goes beyond a business-as-usual trajectory; ii) how the SPT compares to targets set by peers; and iii) how the SPT compares with science-based references.⁵² Additionally, we assess the strategies outlined to achieve the SPT and how the SPT is aligned with the issuer's overall sustainability strategy.

The strength of an SPT is assessed as Highly Ambitious, Ambitious, Moderately Ambitious, or Not Aligned.

⁵⁰ A direct measure refers to a metric selected for the KPI that shows a specific indicator of performance or an outcome on the material ESG issue.

⁵¹ External contextual benchmarks are standards or points of reference established by recognized third-party organizations to facilitate comparability.

⁵² Where possible we assess targets in relation to science-based benchmarks that correspond to ecosystem boundaries.

Scope of Work and Limitations

This Second Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. Furthermore, Sustainalytics' Second Party Opinion addresses the anticipated SPTs but does not measure progress on the KPIs. This Second Party Opinion is valid for issuances aligned with the Framework until one of the following occurs: i) a material change to the external benchmarks against which targets were set; ii) a material corporate action (such as a material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs. Measuring and reporting on KPIs and SPTs is the responsibility of the Framework owner.

No information provided in this Second Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Framework owner may have made available to Sustainalytics for the purpose of this Second Party Opinion.

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