

APPENDIX A.6. UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING IMPACT REPORT

DEFINITION	GRI STANDARDS DISCLOSURE	DESCRIPTION	REFERENCE LINKS
PRINCIPLE 1: ALIGNMENT			
1.1 Describe	GRI 102-1, 102-2, 102-4, 102-5, 102-6, 102-7	<p>Established in 1946, Garanti BBVA is Turkey's second largest private bank with consolidated assets of close to TL 849 billion as of December 31, 2021. Garanti BBVA is an integrated financial services group operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage and asset management, besides international subsidiaries in the Netherlands and Romania. Garanti BBVA provides a wide range of financial services to its more than 20 million customers with 18.354 employees through an extensive distribution network of 863 domestic branches, 7 foreign branches in Cyprus and one in Malta, and 1 international representative office. Implementing an advanced corporate governance model that promotes the Bank's core values, Garanti has Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as its majority shareholder with 49.85% share*. Its shares are publicly traded in Türkiye, and its depository receipts in the UK and the USA. Garanti BBVA has an actual free float of 50.07% in Borsa Istanbul as of December 31, 2021.</p>	For details please visit 2021 Garanti BBVA Annual Integrated Report page 20.
1.2 Describe	GRI 413-1, 413-2	<p>Garanti BBVA takes part in 48 working groups such as theThe Role of the Financial Sector in Sustainable Growth, United Nations Net-Zero Banking Alliance (NZBA), United Nations Responsible Banking Principles Working Group and Global Compact Turkey, SKD Turkey (Business World and Sustainable Development Association), Banks Association of Turkey (TBB) Working Group and the Turkish Industrialists' and Businessmen's Association (TUSIAD) Environment and Climate Change Working Group, and it actively participates or chairs 29 initiatives including many platforms.</p> <p>Garanti BBVA is part of 48 working groups including the UN Net-Zero Banking Alliance (NZBA), United Nations Working Group of Principles for Responsible Banking, Global Compact Network Türkiye, the Turkish Business Council for Sustainable Development (BCSD Türkiye), the Banks Association of Türkiye Financial Sector Role in Sustainable Growth Working Group and the Turkish Industry and Business Association (TUSIAD) Environment and Climate Change Working Group, and actively participates in or chairs 29 initiatives in total that include numerous</p> <p>Garanti BBVA also leads the transformation of the sustainable finance sector in Türkiye. Within this scope, the Bank serves as the co-leader of Global Compact Network Türkiye's Banking and Finance Working Group with the aim of advancing the existing practices in the financial services sector in Turkey.</p>	For details please visit 2021 Garanti BBVA Annual Integrated Report page 121.
PRINCIPLE 2: IMPACT AND TARGET SETTING			
2.1 Impact Analysis	GRI 102-15, 201-1, 203-1, 203-2, 305-5, 413-1, 413-2, FS-13, FS-14	<p>Within the scope of our impact analysis, the top 2 sectors we finance the most: energy (14%), transportation vehicles, transportation (10%).</p> <p>With the help of the analysis of certain sectors', we have learned about the scale of our environmental and social risks that we need to focus on.</p> <p>We conducted evaluations to determine the intensity of environmental and social risks caused by these sectors and to understand which industry makes the existing risks more prominent.</p> <p>Because of greenhouse gas emission intensity, the sectors that we finance; energy and transportation vehicles, transportation are our focus points. Especially; topics such as; energy production with fossil fuels like oil and natural gas, usage of non-renewable resources, highway transports, fossil fuels usage in vehicles these 2 sectors have a big impact on climate change.</p> <p>In addition, we have developed products that will enable environmentally friendly alternatives in transportation. To create awareness about energy efficiency in building, we have improved products that will incentivize individuals to buy environmentally-friendly houses.</p> <p>For this reason, our main goals are to identify feasible transition opportunities, to establish incentive mechanisms to reduce their risks with our customers, especially those serving in carbon-intensive sectors, to assist in inter-sectoral transformation, and to provide financial models that will help spread nature-friendly business practices.</p>	For details, you can visit the Sustainability section on pages 40, 131 and page 120 of the Garanti BBVA 2021 Integrated Annual Report.

2.2 Target Setting	GRI 102-8, 102-15, 203-1, 203-2, 305-5, 405-1, 413-1, 413-2	<p>Garanti BBVA developed and implemented Environmental and Social Loan Policies (ESLP) in 2011 to minimize the indirect effects of the loans provided by the Bank and in 2012, the bank implemented the E&S Impact Assessment System. In 2015, we published our Climate Change Action Plan to help Turkey's battle with climate change and support transition to a low carbon economy. Within the scope of this plan, we have committed that at least 60% of new power plant projects will be renewable energy investments in project finance loans. By overachieving this goal with 100%. We set up incentive mechanisms that can change the habits and ways of doing business of our customers in order to help transformation in the sector. We launched our Environmentally-Friendly Auto Loan to customers in May 2017 for the financing of electrical and hybrid automobiles that ensure fuel efficiency and stand out with their environmentally features. Total lending reached to TL 39 million at the end of 2021.</p> <p>We rolled out our Green Mortgage product to promote energy efficient and environmentally-friendly buildings in 2017. Total financing provided to date amounted to TL 522 million. BBVA, which is as the main shareholder of the Bank, doubled its commitment in order to secure for securing financing for sustainable development target in 2021 from what it was declared in 2018 in parallel with its climate change and sustainable development strategy aligned with the Paris Agreement , and revised it as EUR 200 billion. With this pledge, BBVA aims to contribute to the joint global combat against climate change, and encourage inclusive growth where all segments are involved in the process, and share the benefit derived in line with its goal of bringing the age of opportunity to everyone. Likewise, Garanti BBVA pledges to contribute increasing amounts of financing by 2025 in parallel with the BBVA Group's sustainable finance targets.</p> <p>In addition to these, we set up each of our sustainable products and services such as the Gender Equality Loan and the Sustainability-related Syndication Loan in line with the Paris Agreement and the SDGs. In this direction, we contribute to 16 SDGs in total, with the impact of our sustainable products & services.</p> <p>Moreover, in order to manage our direct impacts in line with the Paris Agreement, we announced our absolute emission reduction targets in line with the 1.5 degrees target in March 2020, based on the methodology of the Science-Based Targets Initiative. Accordingly, we aim to reduce our Scope 1 and Scope 2 carbon emissions by 29% by 2025 and 71% by 2035. In the same year, we became a carbon neutral bank beyond the reduction target 15 years ago, by reducing the emissions from our operations by 75% and purchasing carbon credits for the remaining emissions. In 2021, we became a carbon neutral bank for the second time by purchasing carbon credits for emissions from our operations. This year, we took our carbon neutral stance one step further and obtained the carbon credit from the project to prevent deforestation, which stands out in the global carbon market. At the same time, it is carbon neutral by obtaining the IREC certificate proving that the energy consumed this year is produced from renewable energy sources.</p>	For details please visit 2021 Garanti BBVA Annual Integrated Report page 74.
2.3 Plans for Target Implementation and Monitoring	GRI 201-2, 305-5, FS-14	<p>Our main strategies in minimizing environmental and social risks are; to encourage the sectoral transformations of our customers serving in the sectors we have determined, to minimize environmental and social risks in their financing portfolio, to maintain their commitment to renewable energy, to provide financing options in line with the Environmental and Social Loan Policies established by Garanti BBVA and the BBVA Group of in an integrated manner.</p> <p>Since 2014, 100% of the financing provided to greenfield electricity generation investments in Project Finance were renewable investments. We are the market leader in wind energy in Turkey with a 22.5% market share. With the renewable power plant we financed, we avoided 8.48 million tons of carbon emissions in 2021.</p> <p>The total lending for Green Auto Loan, reached TL 39 million as of 2021 year end, the Bank is looking into different options to offer an even more advantages loan to consumers with more attractive interest rates in 2021. In the reporting period, Garanti BBVA's climate finance contribution, which was verified by a third party independent audit, amounted to TL 6 billion.</p> <p>We continuously improve the processes of our Green Mortgage, which reached TL 552 million in total, and we will increase the amount of financing we will provide in this area.</p> <p>In the upcoming period, we will continue to develop the bank's sustainable product portfolio, which is designed to encourage our customers to more sustainable business models and aims to minimize environmental and social risks, in line with the SDGs.</p>	For details please visit 2021 Garanti BBVA Annual Integrated Report page 87 and 125.

PRINCIPLE 3: CLIENTS AND CUSTOMERS

3.1
Overview

GRI 102-44

Analyzing the sectors financed by Garanti BBVA enabled us to identify the ones with high environmental and social risks. In this context, we are establishing new mechanisms to support our customers and suppliers in their sectoral transformation. We organize informative seminars on sustainable finance products and services, especially for our employees in corporate banking. In this way, we aim to promote sustainable finance products among corporate customers.

In addition, we increase the awareness of our customers in the environmental and social field, and strive to offer innovative solutions and suggestions to grow their business in a sustainable way. We support the dissemination of sustainable growth with customers and financial institutions who are informed about environmental and social issues and the topics discussed in field visits, workshops and conferences, workshops and conferences we conduct on environmental and social issues.

For details please visit 2021 Garanti BBVA Annual Integrated Report page 70.

3.2
Describe

GRI 102-9,
102-44,
203-2

Garanti BBVA has been working on sustainability for more than 15 years. Since sustainability is one of the bank's main strategic priorities, the bank has a team of experts in Environmental, Social and Governance (ESG) issues.

We play a leading role in sustainable products and services. The number of sustainable products and services we offer to our customers has reached to 50 this year. Within the scope of sustainable products, loans and positive impact-oriented investment principles, we turn our savings into sustainable investments with an investment amount of TL 60 billion.

Among these, there are many innovative products such as the Gender Loan structure that provides interest rate advantages to our customers, if they improve their gender equality performances, and the ESG-linked Syndicated Loan for the bank's own debt financing. Both of these products is the first in the world. In addition, Garanti BBVA plays an active role in the sustainable debt financing market, such as the issuance of Green Bonds compliant with the Green Bond Principles and Gender Bond, which is designed to be used for the financing of women entrepreneurs.

In our future plans, we aim to reach out to more customers regarding sustainable financing mechanisms in their borrowing processes and to adopt sustainable business models through our knowledge on sustainable finance.

Additionally, Garanti BBVA keeps promoting gender equality also through its products. With the Gender Loan it has launched as the world's first in 2019, it keeps helping the business world contribute to gender equality. In 2021, the Bank signed a new Gender Loan for the amount of USD 33 million with a leading chemicals company. Gender equality criteria set by the Sustainable Finance Team for this facility are evaluated periodically by an independent third party. The climate index is intended to drive significant progress in the preference of index companies by investors in the medium long term and increase their brand equity. Having outperformed the BIST National Index by 11.2%, and the BIST100 index by 6.4% and matched BIST30 index from its inception on Borsa İstanbul until year-end 2021, Garanti BBVA Climate Index has performed successfully quickly on the stock exchange.

For details, please visit pages 120, 124-127 of Garanti BBVA 2021 Integrated Annual Report.

PRINCIPLE 4: STAKEHOLDERS

4.1 Describe	GRI 102-9, 102-44, 203-2	<p>We act in dialogue with all our key stakeholders, internal and external, through various channels. Considering the feedback received as a result of these dialogues and the outputs of the working group in which the Responsible Banking Unit in the BBVA Group is included; we determine the priority issues of Garanti BBVA.</p> <p>According to this analysis, our main stakeholder groups; Our customers, employees, shareholders and investors, non-governmental organizations, international organizations and associations, government bodies and regulatory authorities, and international financial institutions. We reached most of our prioritized stakeholders through surveys.</p> <p>We asked our stakeholders to prioritize among the 13 priority issues they consider important and want to highlight, and share their perceptions of important trends and their views and expectations about the Bank's practices.</p> <p>The case in earlier years, the outputs from the analysis in 2021 once again showed that the solid and sustainable solvency and financial performance, climate change and pandemic topics must be addressed and managed with an integrated perspective. As COVID-19 remained a material topic, Responsible Use of Personal Data and Cybersecurity headings incorporating data privacy and handling cyber risks within the scope of the impacts of increased digitalization in the wake of the pandemic took place in the top ranks also in 2021..</p>	<p>Please visit the Engagement of Stakeholders section of Garanti BBVA 2021 Integrated Annual Report page 68 for details.</p>
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PRINCIPLE 5: GOVERNANCE & CULTURE

5.1 Describe	GRI 102-18	<p>Within Garanti BBVA, the Responsible Banking and Sustainability Committee (RBC) is authorized to officially approve and review activities related to responsible and sustainable banking and to control the actions related to sustainability.</p> <p>The Committee is chaired by a Board Member. Among the members are the General Manager and the Executive Vice Presidents of the relevant departments.</p> <p>The implementation and control of the Responsible Banking Principles is under the responsibility of both the full-time Sustainable Finance Team and the Committee.</p>	<p>Please visit https://www.garantibbvainvestorrelations.com/en/library/Sustainability-Reports/Sustainabilityreports/272/0/0 for details.</p>
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5.2 Describe	GRI 102-13, 102-18	<p>Sustainable Finance is one of Garanti BBVA's focuses and is owned by the bank's top management. Communication and coordination between the Responsible Banking and Sustainability Committee and the entire bank is ensured through the Sustainability Representatives assigned in all branches and units of the bank.</p> <p>In addition, a total of 16,751 Garanti BBVA employees were assigned a sustainability training, including the Principles for Responsible Banking in 2020. The assigned training was completed by a total of 15,227 Garanti BBVA employees as of December 31, 2021.</p> <p>To identify new opportunities, we recognize that to remain as a leader in sustainable finance in Turkey, we recognize the need for cooperation at the global level with our peers and our suppliers. In particular, we continue our efforts to assign sustainability training to our suppliers, with whom we cooperate, in order to clearly demonstrate the sustainability strategies of the bank and encourage them to comply with these rules.</p> <p>With our social media posts, which we call Sustainable Habits, we try to raise awareness of both our employees and our customers on environmental and social issues with a different theme every month. Within the scope of Sustainable Habits, we share good practices and useful ideas from our employees on our social media accounts. It has also developed all Talent & Culture processes and practices in order to implement the hybrid working model in a way that will give its employees the best experience. Garanti BBVA has designed onboarding, a leadership approach suitable for the new era, and applications that will strengthen productivity and support work-life balance into its new working model.</p>	<p>Please visit the Engagement of Stakeholders section of Garanti BBVA 2021 Integrated Annual Report page 168 for details.</p>
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5.3 Governance Structure for Implementation of the Principles	GRI 102-8, 102-18	<p>All coordination regarding compliance with the Principles for Responsible Banking will be carried out by the Sustainable Finance Team. The Sustainable Finance Team will regularly inform the Responsible Banking and Sustainability Committee about developments, target realizations and processes.</p>	<p>Please visit the Engagement of Stakeholders section of Garanti BBVA 2021 Integrated Annual Report page 168 for details.</p>
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PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY

6.1 Progress on Implementing the Principles for Responsible Banking	GRI 102-13, 102-18, 201-2	<p>The period ahead, Garanti BBVA will keep an eye on the evolving market dynamics and necessary green transformation indicators for sectors, and keep offering sustainability-linked advantages to all its corporate customers in the new loan structures to be established.</p>	<p>Please visit the Engagement of Stakeholders section of Garanti BBVA 2021 Integrated Annual Report page 54,56 and 120 for details.</p>
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