

A photograph of several white wind turbines in a rolling green field under a clear sky. The turbines are positioned at various distances, with one prominently in the foreground. The field is lush green, and the sky is a pale blue. A dark blue diagonal shape covers the right side of the image, serving as a background for the text.

# **Garanti BBVA** **Green Bond Allocation and Impact Report**

**2024**



**Garanti BBVA**  
**Green Bond Allocation  
and Impact Report**

2024



## Garanti BBVA's Sustainability Approach

**As Garanti BBVA,  
we believe it is  
our responsibility  
to lead the way  
in spreading  
sustainability  
practices.**

Garanti BBVA positions itself as an advisor for all of its stakeholders for sustainable business.

Garanti BBVA contributes to the Sustainable Development Goals (SDGs) through the multiplier effect of banking, creating new business opportunities the direct impact of its operations, and social investments.

Combating climate change requires the decarbonization of the economy. This has become a reality that affects the consumption patterns of all industries and customers and requires significant investments in the coming years. Additionally, human-induced climate change puts pressure on natural capital (water, agricultural products, raw materials), making it increasingly important to ensure the continuity and quality of resources for the sustainability of production and service activities. Social inequalities across the world may further increase due to decarbonization efforts and the depletion of natural capital. Garanti BBVA aims to play a key role in fostering inclusive growth through access to banking services and financial education.

Garanti BBVA's sustainability strategy is shaped under two main areas:

### 1- Developing New Business Opportunities through Sustainability

2018-2025: TL 400 Billion

Achieved (2018-2024): TL 291 Billion  
(TL 171 Billion in 2024)

Developing new business opportunities through sustainability with a holistic approach in the fields of global warming, natural capital, and social impact: Garanti BBVA aims to provide TL 400 billion in financing for sustainable businesses between 2018-2025. As of December 31, 2024, TL 291 billion has been allocated, with TL 171 billion belonging solely to 2024.

Climate Actions: energy efficiency, renewable energy, circular economy, electrification. TL 91.1 billion in financing has been provided for these areas.

Inclusive Growth: 47% (approximately TL 80.3 billion) of the total sustainable business volume in 2024 has been allocated to inclusive growth opportunities.

### 2- Achieving Net Zero Emissions by 2050

Garanti BBVA has set 2030 interim targets for decarbonization in carbon-intensive sectors such as energy, automotive, iron & steel, cement, and coal. In 2025, new targets will be set for aviation, real estate, maritime, oil & gas, and aluminum sectors.

The monitoring of interim targets is conducted through alignment methodologies, allowing the Bank to track how financed transactions contribute to emission reductions. The metrics defined within these targets are compared with reference values aligned with climate change scenarios, aiding in the determination of sectoral goals. Through these plans, selective growth policies based on risk assessments are developed, strategies are planned on a sectoral and customer basis, and customer transition plans are evaluated.

Garanti BBVA's leadership in sustainability is reflected in its high ranking in global assessments. With a score of 85 in S&P Global's Corporate Sustainability Assessment, Garanti BBVA ranked 15th among 668 financial institutions worldwide. Further details on the progress of Garanti BBVA's sustainability strategy and targets are outlined in the relevant sections of this report.



## Sustainable Finance at Garanti BBVA

**Garanti BBVA offers  
specific financial  
instruments for  
climate action and  
inclusive growth.**

Garanti BBVA leads the industry with its innovative products and services in building a more sustainable and inclusive economy on the path to the Sustainable Development Goals (SDGs). The Bank's efforts to combat climate change and social inequalities, along with its innovative solutions that create value for the economy, society, and all stakeholders, have been recognized by national and international authorities.

As part of its efforts to mitigate the negative effects of climate change, Garanti BBVA:

- Became the first bank in Türkiye to commit to exiting coal in 2021, pledging to eliminate coal-related risks from its portfolio by 2040 at the latest.
- Took this commitment a step further in 2022, announcing 2030 decarbonization targets for other carbon-intensive sectors such as energy, automotive, iron & steel, and cement. These interim targets represent a crucial milestone in achieving the 2050 net-zero emissions goal. Garanti BBVA is committed to supporting its customers in their transition to a more sustainable future.
- Pledged to contribute TL 400 billion to its main shareholder BBVA's 2025 € 300 billion sustainable mobilization target and has contributed TL 291 billion toward this goal since 2018.

Garanti BBVA's total contribution to sustainable development reached TL 291 billion as the end of 2024.

Garanti BBVA's 2018-25 Goal ~ TL 400 bn  
(current TL 291 bn)\*

**SOCIAL**  
51%

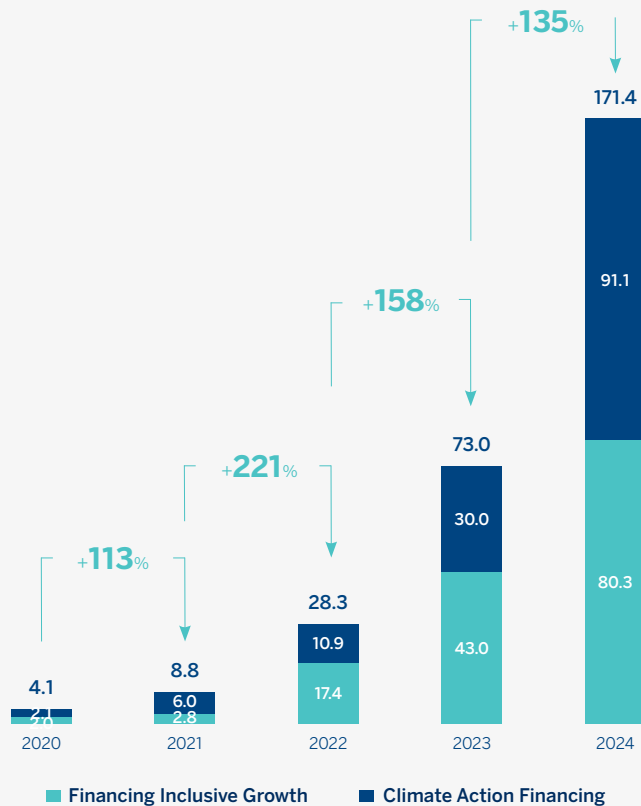


\*As of 31.12.2024



# Sustainable Finance at Garanti BBVA

## Garanti BBVA's Sustainable Finance Mobilization through the Years



## Financing the Renewable Energy

Since 2014, Garanti BBVA has committed to financing only renewable energy projects under Project Finance for new electricity generation projects. In 2024, the Bank continued this policy, ensuring that all new energy project financing was allocated exclusively to renewable energy investments.

In 2024, the market share of wind power plants (WPP) and solar power plants (SPP) financed by Garanti BBVA was 23.6% and 14.5%, respectively. The Bank's cumulative financing for renewable energy investments has surpassed 7 billion USD.

In 2024, the total avoided emissions from renewable energy projects financed by Garanti BBVA amounted to 14.86 million tCO<sub>2</sub>e, based on Türkiye's current average grid emission factor.

USD 3,003 billion was financed for wind power plant (WPP) projects with an installed capacity of 3030 MW.

USD 2,501 billion was financed for hydroelectric power plant (HPP) projects with an installed capacity of 3704 MW.

USD 1,015 billion was financed for solar power plant (SPP) projects with an installed capacity of 2860 MW.

USD 0,275 billion was financed for geothermal power plant (GPP) projects with an installed capacity of 337 MW.

USD 0,201 billion was financed for biomass power plant (BPP) projects with an installed capacity of 142 MW.



# Garanti BBVA's Green Bond Issuance



|                               |  |
|-------------------------------|--|
| Issuer                        | TURK1YE GARANT1 BANKASI A.S.   |
| Legal Entity Identifier (LEI) | 5493002XSS7K7RHN1V37   |
| Listing                       | Regulated Market of the Irish Stock Exchange plc trading as Euronext Dublin                        |
| Issuance Type                 | Green Bond   |
| Issue Date                    | 20 December 2019   |
| Maturity Date                 | 20 December 2024   |
| Total amount of Bond issuance | USD 50,000,000  |





## Allocation and Environmental Impacts of Garanti BBVA's Green Bond

As outlined in the previous reports, the proceeds from the green bond have been fully allocated, with no changes to the original allocation. In line with best market practices, this report is dedicated to presenting the environmental impacts of the financed projects.

| Eligible Project category | Project Description | Installed renewable energy capacity (in MW) | Annual energy generation (in GWh) | Annual GHG avoided (tCO <sub>2</sub> e)* | SDG   |
|---------------------------|---------------------|---|-----------------------------------|--|---|
|                           |                     |   | 2024                              | 2024                                     |   |
| Renewable Energy          | Wind Power Plant    | 12 ✓  | 35 ✓                              | 21,889 ✓                                 |   |
|                           | Wind Power Plant    | 9.2 ✓                                       | 25.7 ✓                            | 16,092 ✓                                 |   |
|                           | Wind Power Plant    | 9.2 ✓                                       | 34.2 ✓                            | 21,433 ✓                                 |   |
|                           | Wind Power Plant    | 13.8 ✓                                      | 41.3 ✓                            | 25,849 ✓                                 |   |
|                           | Wind Power Plant    | 48 ✓  | 150.9 ✓                           | 94,470 ✓                                 |   |
|                           | Solar Power Plant   | 30 ✓  | 59.3 ✓                            | 37,111 ✓                                 |   |
|                           | Solar Power Plant   | 10.4 ✓                                      | 18.0 ✓                            | 11,255 ✓                                 |   |
| <b>TOTAL</b>              |                     | <b>132.6 ✓</b>                              | <b>364.3 ✓</b>                    | <b>228,099 ✓</b>                         |   |

\* Emissions avoided from operational renewable energy projects financed with Garanti BBVA's Green Bond is calculated by multiplying annual electricity generation of operational renewable energy projects by Turkish electricity grid emission factor.

Annual carbon emissions avoided from operational renewable energy projects under loan (tCO<sub>2</sub>e) = (Annual electricity generation of operational renewable energy projects under loan (MWh) x Turkish electricity grid emission factor<sup>1</sup> (0.6261 t CO<sub>2</sub>e/MWh)



# Appendix 1: Second Party Opinion issued by Vigeo Eiris



## SECOND PARTY OPINION<sup>1</sup> ON THE SUSTAINABILITY OF GARANTI BANK'S SUSTAINABILITY BOND<sup>2</sup>

October 2018

### SCOPE

BBVA, the leading shareholder in Garanti Bank, launched the BBVA's Sustainable Development Goals (SDGs) Bond Framework (the "Framework") to govern future potential bond issuances to be issued under this Framework within the Group. Garanti Bank (hereafter the "Issuer") is contemplating the issuance of a Sustainability Bond (hereafter the "Bond") under this Framework. This Framework has been complemented by additional information and commitments related to the Bond and addressed by the issuer to Vigeo Eiris during the due diligence assessment conducted for this Opinion.

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Sustainability Bond proposed to be issued by Garanti Bank to finance and/or refinance Renewable Energy and Healthcare projects. Our opinion is established according to our Environmental, Social and Governance (hereafter "ESG") assessment methodology and the International Capital Market Association's Green Bond Principles and the Social Bond Principles voluntary guidelines (together the "Sustainability Bond Guidelines").

The opinion covers the review of the issuance, based on the analysis of the coherence between the Bond and Garanti Bank's sustainability commitments and of its the alignment with the Sustainability Bond Guidelines and market practices. Our due diligence only covers the hereby reviewed inaugural Sustainability Bond contemplated by Garanti Bank, excluding the review of the overall BBVA's Sustainable Development Goals (SDGs) Bond Framework.

At the request of the Issuer, this opinion excludes the evaluation of the sustainability profile of Garanti Bank, i.e. its ESG performance, its involvement in potential ESG controversies and in controversial activities.

Our sources of information are multichannel, combining data from our general rating database, information provided by the Issuer, press content providers and stakeholders, and complemented by interviews with involved departments and managers, via telecommunication software. We carried out our due diligence from April 13<sup>th</sup> to May 23<sup>rd</sup> 2018, updated in October 2018.

We were able to access most appropriate documents and to speak to most solicited people. We consider that the provided information enables us to establish our opinion with a reasonable level of assurance on its relevance, precision and reliability.

### VIGEO EIRIS' OPINION

**Vigeo Eiris is of the opinion that the Bond considered by Garanti Bank aligns with the Sustainability Bond Guidelines.**

**We express a reasonable<sup>3</sup> assurance (our highest level of assurance) on the Issuer's commitments and the Bond's contribution to sustainability.**

**In addition, Eligible Projects categories are likely to contribute to five United Nations' Sustainable Development Goals, namely Goal 3. Good Health and Well-being, Goal 7: Affordable and Clean Energy, Goal 9: Industry, Innovation and Infrastructure, Goal 11: Sustainable Cities and Communities and Goal 13: Climate Action.**

The Sustainability Bond is overall coherent with Garanti Bank's main strategic priorities, especially in terms of environmental issues, and with the financial sector key environmental and social responsibilities. The issuance is included in the scope of BBVA's Sustainable Development Goals (SDGs) Bond Framework published on the BBVA website<sup>4</sup>, which has been externally reviewed.

<sup>1</sup> This opinion is to be considered as the "Second Party Opinion" described by the International Capital Market Association ([www.icmagroup.org](http://www.icmagroup.org)).

<sup>2</sup> The "Sustainability Bond" is to be considered as the potential forthcoming bond, which issuance is subject to Issuer decision.

<sup>3</sup> Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section of this document):  
Level of Evaluation: Advanced, Good, Limited, Weak.  
Level of Assurance: Reasonable, Moderate, Weak.

<sup>4</sup> <https://shareholdersandinvestors.bbva.com/debt-investors/issuances-programs/sustainability-bonds/>

- ▶ The net proceeds of the Bond issuance will be used to finance and refinance two Eligible Projects categories, namely Renewable Energy and Healthcare, which are expected to contribute to climate change mitigation, low-carbon energy transition and access to healthcare services objectives. These objectives are defined, relevant; measurable and overall precise. The expected environmental and social benefits will be assessed and quantified by the Issuer.
- ▶ Vigeo Eiris estimates that the process for project evaluation and selection is clearly defined. The process is good in terms of transparency and governance, and relies on explicit eligibility criteria (selection and exclusion).
- ▶ The rules for management of proceeds are overall clearly defined by the Issuer and would enable an overall transparent and documented allocation process.
- ▶ The reporting commitments and process are overall good, covering the overall fund allocation and environmental and social benefits (outputs and impacts) of the Bond.

### EXTERNAL REVIEW

Garanti Bank's Sustainability Bond issuance is supported by external reviews:

- The sustainability consultant review, i.e. the hereby Second Party Opinion performed by Vigeo Eiris, on the sustainability credentials of the Sustainability Bond, based on pre-issuance commitments and covering the key features of the Sustainability Bond.
- An external verification, i.e. the Third-Party auditor, with a limited assurance, covering (i) the use of proceeds indicators, (ii) the sustainability output and impact indicators, and (iii) the tracking process, on an annual basis.

*This Opinion is valid as of the date of issuance and limited to Garanti Bank's first Sustainability Bond issued in 2018 or 2019.*

Paris, October 9, 2018

  
**Laurie CHESNE**

Senior Sustainability Consultant  
Head of Sustainable Bonds Services

  
**Camille FERRON**

Sustainability Consultant

### Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not executed any audit mission or consultancy activity for Garanti Bank until so far and no established relationship (financial or other) exists between Vigeo Eiris and Garanti Bank.

This opinion aims to explain for investors why the Sustainability Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The correctness, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects financed by the Sustainability Bond. Garanti Bank is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the sustainability performance of the Issuer, i.e. its ESG performance, ESG controversies management and its involvement in controversial activities, nor on the financial performance of the Sustainability Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

Restriction on distribution and use of this Opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication is at the discretion of the Issuer, submitted to Vigeo Eiris approval.





# Appendix 1: Second Party Opinion issued by Vigeo Eiris

## DETAILED RESULTS

### Coherence of the issuance

**We are of the opinion that the contemplated Bond is coherent with Garanti Bank's sustainability priorities, especially regarding environmental issues, although more partial on social issues. It contributes to achieve its environmental commitments and objectives related to climate change.**

As regards **environmental issues**, the role of the banking sector is key for closing the financial gap to progress towards the transition to a low-carbon economy and climate change mitigation. Garanti Bank appears to acknowledge its key role in terms of developing green products and services, and in minimizing the impact on climate change of its investments:

- Garanti Bank formalized a Climate Change Position Statement & Action Plan explaining its commitment to climate change: The Bank commits to a renewable energy share at a minimum of 70% of its greenfield electricity generation sector financing in project finance transactions to be provided by 2020. Of note, the bank states that in 2017, this percentage was 100%.
- The Bank is the only bank in Turkey to be listed in the Developing Markets category of the Dow Jones Sustainability Index and received the Turkey Climate Leader with grade A- within the scope of the CDP Climate Change Program in 2017.
- As of December 2017, Garanti Bank ranked second in the "Retail & Specialized Banks" Vigeo Eiris sector which covers 84 Emerging Market banks, and first on the Environmental pillar of ESG.

By issuing a Sustainability Bond to finance and refinance the defined "Renewable Energy" projects, Garanti Bank coherently responds to its commitment to facilitate the transition to a low-carbon economy and the fight against climate change, and addresses relevant sector issues in terms of environmental responsibility.

In terms of **social issues**, the banking sector can contribute to the promotion of wellbeing by providing and/or raising capital for investment in healthcare institutions. By issuing a Sustainability Bond to finance and refinance the defined "Healthcare" projects, Garanti Bank thus addresses relevant sector issues in terms of social responsibility.

As a subsidiary of BBVA, Garanti Bank is covered by BBVA's 2025 Pledge, which includes a commitment to finance health. Garanti Bank also makes reference to "further increase[ing] the wellbeing and lifestyle of Turkish communities" in its Sustainability Policy, but does not seem to have formalized commitment dedicated to the development of healthcare services. The coherence between the contemplated Sustainability Bond issuance and the Bank's commitments is thus partial in this regard.

### Use of proceeds

**The net proceeds of the Bond issuance will be used to finance and refinance two Eligible Projects categories, namely Renewable Energy and Healthcare, which are expected to contribute to climate change mitigation, low-carbon energy transition and access to healthcare services objectives.**

**These environmental and social objectives associated with the Eligible Projects are defined, relevant and measurable and overall precise. The expected environmental and social benefits will be assessed and quantified by the Issuer.**

The net proceeds of the Sustainability Bond will be used to finance and refinance, in whole or in part, loans granted for existing and future Eligible Projects that will fall in the following two categories, which are included in the overarching BBVA SDGS Bond Framework:

- Renewable Energy.
- Healthcare.

Eligible Projects are located in Turkey and include new projects and refinance of existing projects. Garanti Bank will apply a 3 year look back period to initial portfolio at the outset and then the assets will remain in the portfolio at their outstanding value during the term of the Bond. The 3 year look back period will subsequently be applied to new assets only during the term of the loan.

The Issuer states that the refinancing share could be equal up to 50%.

Eligible Projects will contribute to defined sustainability objectives, have expected environmental and social benefits and will meet a set of eligibility criteria defined by the Issuer and evaluated in the table below.

Vigeo Eiris has analysed the commitments made by the Issuer in terms of Use of Proceeds:

- The Eligible Project categories are overall clearly defined with relevant content, addressing or mitigating key environmental and social issues.
- The environmental and social objectives are defined, measurable, relevant and overall precise.
- The expected environmental and social benefits have been identified and will be assessed and quantified by the Issuer

| Eligible Project categories | Definitions  | Environmental and social objectives and expected benefits  |
|-----------------------------|--|--|
| Renewable energy            | Development, construction and installation of new or existing renewable energy projects, in particular: <ul style="list-style-type: none"><li>- wind power plants;</li><li>- solar power plants;</li><li>- geothermal power plants<sup>5</sup>;</li><li>- biomass to energy projects (biomass from waste and biomass from agricultural by-products);</li><li>- sustainable hydro-electrical power plants (20 MW and &lt;20 MW);</li></ul> Transmission and distribution projects when connecting to defined renewable energy assets. | <b>Climate change mitigation and low-carbon energy transition</b><br><br><i>Renewable electricity generation</i><br><br><i>GHG emissions avoidance</i>                           |
| Healthcare                  | Public Private Projects (PPP) in healthcare sector in Turkey. The projects include the design, procurement, construction, operation and maintenance of public hospital buildings within the campus over a 25 years period after commissioning. These hospitals will have to offer the same benefits as public hospitals in terms of affordability and accessibility, addressing the general public.  | <b>Access to healthcare services</b><br><br><i>Increase in the number of healthcare facilities, number of beds &amp; residents benefiting from healthcare, etc, in hospitals</i> |

**In addition, Vigeo Eiris considers that the defined Eligible Project categories are likely to contribute to five United Nations Sustainable Development Goals, namely Goal 3. Good Health and Well-being, Goal 7: Affordable and Clean Energy, Goal 9: Industry, Innovation and Infrastructure, Goal 11: Sustainable Cities and Communities and Goal 13: Climate Action.**



#### UN SDG 3. Good health and well being

The UN SDG 3 consists in *ensuring healthy* lives and promoting well-being for all at all ages. More precisely, SDG 3 targets include:

- 3.6 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

By using the Bond proceeds to (re)finance Healthcare projects, Garanti Bank is contributing to the UN SDG 3, with regard to the above-mentioned target.



#### UN SDG 7. Affordable and clean energy

The UN SDG 7 consists in *ensuring universal access to affordable, reliable, sustainable and modern energy*. More precisely, SDG 7 targets by 2030 include:

- 7.2 Increase substantially the share of renewable energy in the global energy mix and the promotion of investment in energy infrastructure and clean energy technology.

By using the Bond proceeds to (re)finance Renewable Energy projects, Garanti Bank is contributing to the UN SDG 7, with regards to the above-mentioned targets.



#### UN SDG 9. Industry, innovation and infrastructure

UN SDG 9 consists in *building resilient infrastructure, promoting sustainable industrialization and fostering innovation*. More precisely, SDG 9 targets by 2030 include:

- 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

By using the Bond proceeds to (re)finance Healthcare projects, Garanti Bank is contributing to the UN SDG 9, with regards to the above-mentioned targets.

<sup>5</sup> Geothermal projects with mitigation technologies that will render the non-condensable gas releases to the atmosphere negligible.



# Appendix 1: Second Party Opinion issued by Vigeo Eiris



## UN SDG 11. Sustainable Cities and communities

The UN SDG 11 consists in making cities inclusive, safe, resilient and sustainable, with targets by 2030 on the access for all to adequate, safe and affordable basic services. More precisely, SDG 11 targets by 2030 include:

- 11.1 Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

By using the Bond proceeds to (re)finance Healthcare projects, Garanti Bank is contributing to the UN SDG 11, with regards to the above-mentioned targets.



## UN SDG 13. Climate action

The UN SDG 13 consists in taking urgent action to combat climate change and its impacts. The financial sector can contribute to this goal by investing in and/or raising finance for climate risk minimisation, climate resilience and adaptation.

By using the Bond proceeds to (re)finance Renewable Energy projects, Garanti Bank is contributing to the UN SDG 13, with regards to the above-mentioned contribution.

### Process for project evaluation and selection

**Vigeo Eiris estimates that the process for project evaluation and selection is clearly defined. The process is good in terms of transparency and governance, and relies on relevant eligibility criteria.**

The process for the evaluation and selection of Eligible Projects is clearly defined. It is partially formalized in BBVA's SDG Bond Framework.

- The evaluation and selection of Eligible Projects is based on relevant internal expertise with well-defined roles and responsibilities:

At Garanti Bank level:

- The Origination teams responsible for energy and infrastructure sectors and the Sustainability team of Garanti Bank's Project Finance Department are responsible for the evaluation and selection process.
- Garanti Bank's Financial Institutions and Asset Liability Management Departments oversee the timely execution of the Sustainability Bond issuance and of the coordination of documentation.

At BBVA Group level:

- The SDG Bond Committee is responsible for the ultimate approval of the Eligible Projects. It is co-chaired by Finance & Responsible Business teams and consists of experts from Responsible Business, Fixed Income Origination, Global Finance and Project Finance teams.
- The Sustainable Finance Working Group, headed by Responsible Business (Secretariat), has a final veto over which projects are to be finally financed with the Sustainability Bond.

- The evaluation and selection of projects financed by the Bank is reasonably structured, depending on different approaches defined by the Issuer:

- New origination approach: the Sustainability team will select from newly originated projects - which will undergo Garanti Bank's classical financial and extra-financial analysis - based on the eligibility criteria, and report to the SDG Bond Committee on a monthly basis.
- Portfolio approach: the Sustainability Team will select a bunch of projects to form an existing portfolio with strong E&S performance and report to the SDG Bond Committee. The Committee will conduct an additional review in order to decide on the final scope.
- In both cases, the list of Eligible Projects is eventually approved by the SDG Bond Committee, which will meet at least annually and hold record of its minutes.

- The verification and traceability is ensured internally throughout the process:

- The Origination teams and the Sustainability team will meet at least annually, to assess the pipeline of projects and review the Framework. Ad-hoc meetings will be conducted for each project to evaluate financial and non-financial performance both for due diligence and monitoring purposes.
- Vigeo Eiris recommends that external auditor verify the compliance with the process and criteria.

### The process relies on explicit eligibility criteria (selection and exclusion).

- Eligibility criteria are based on the definitions of the Eligible Projects categories.
- The Eligible Projects must comply with the Bank's policies, in particular the Code of Ethics and the E&S Loan Policies<sup>6</sup>, as well as with BBVA's sectoral norms<sup>7</sup>. Of note, Garanti Bank reported to have sectoral guidelines for hydro-electrical power plants.
- Any green projects which have been previously financed by an International Finance Institution (IFI) and claimed by the IFI as a component of a "green finance scheme" will be excluded.
- Additional exclusion criteria has been defined regarding the following activities:
  - Nuclear power plants.
  - Large scale hydro power plants (above 20MW)<sup>8</sup>.
  - Defense projects.
  - Mining projects.
  - Carbon intense projects.
  - Oil and gas projects.
  - Regarding biomass-to-energy, the creation of agricultural projects for the sole purpose of using the crop for biomass is excluded from the Sustainability Bond scope.
  - Activities excluded in Garanti Bank's E&S Loan Policies.

### The identification and management of environmental and social risks associated with the selected Eligible Projects are considered to be good.

- An E&S Impact Assessment Procedure (ESIAP) will be conducted for all Eligible Projects, based on the Equator Principles and International Financial Institutions standards such as those of IFC and EBRD, leading to an appropriate identification of E&S risks associated with the Eligible Projects. Based on this assessment, a sustainability risk rating is given to all projects, from R1 (riskiest projects) to R3 (low or no risk).
- For R1 and R2 projects, a more in-depth assessment is then conducted either by Garanti Bank's Sustainability team or an external consultant. An E&S Action Plan (ESAP) is then defined and included in the annex of the loan agreement. Its implementation is then regularly monitored and corrective actions are taken in case of non-compliance, leading to an overall appropriate management of E&S risks associated with the Eligible Projects.
- For R3 and small size projects, a requirement to comply with Garanti Bank's E&S policies is integrated in the loan agreement. We recommend at least monitoring E&S risks for R3 and small size projects.

### Management of proceeds

**Vigeo Eiris considers that Garanti Bank's rules for management of proceeds are overall clearly defined and would enable an overall transparent and documented allocation process.**

- The net proceeds of the Bond will be allocated primarily to an existing portfolio of projects meeting the eligibility criteria, but the allocation period is partially defined:
  - The Issuer commits to allocate the full amount of the net proceeds immediately after the issuance.
  - We have recommended defining the allocation period in case of unallocated proceeds at settlement and limiting it to 24 months, in line with best market practices.
- An independent third party will verify the allocation of funds from the Sustainability Bond proceeds.
- Garanti commits to ensure that systems and process used to track the use of the Bond proceeds will meet their internal requirements during the lifetime of the Bond and will be annually verified by an independent third-party. Financial reporting including allocated and unallocated funds will be completed during the allocation period.
- Pending allocation or reallocation, Garanti Bank commits to invest unallocated proceeds at its own discretion, in cash and/or cash equivalent and/or other liquid marketable instruments. Garanti Bank commits that the unallocated proceeds will not be used to finance GHG intensive activities nor controversial activities.
- The Issuer intends to maintain a pool of Eligible Projects that exceeds the expected amount of the net proceeds of the Bond, to ensure a proper replacement in case of divestment - if an Eligible Project fails to comply with the eligibility criteria or in case of any unexpected variation - within 12 months. Both reporting and portfolio replacement will be done based on outstanding amounts.

<sup>6</sup> [https://www.garanti.com.tr/en/our\\_company/sustainability/sustainability\\_policy/environmental-and-social-loan-policies.page](https://www.garanti.com.tr/en/our_company/sustainability/sustainability_policy/environmental-and-social-loan-policies.page)

<sup>7</sup> [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2018/02/Sector-norms\\_Final\\_Feb18.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2018/02/Sector-norms_Final_Feb18.pdf)

<sup>8</sup> The International Commission on Large Dams (ICOLD) defines a large dam as: (i) a dam with a height of 15 meters or more from the foundation and (ii) a dam that is between 5 and 15 meters high and has a reservoir volume of more than 3 million cubic meters.



# Appendix 1: Second Party Opinion issued by Vigeo Eiris

## Monitoring & Reporting

**The process for data collection, consolidation and reporting is clearly defined.**

**The reporting commitments and process are overall good, covering the overall fund allocation and environmental and social benefits (outputs and impacts).**

Conditions and process for monitoring are clearly defined. The process for data collection, consolidation and reporting will rely on internal expertise, including relevant people from across the Group. It has been defined internally and is only disclosed through the hereby Second Party Opinion.

- The Energy and Sustainability teams of the Project Finance Department will oversee the appropriate monitoring and annual reporting of projects financed by the Bond. Data consolidation will be conducted by the Sustainability team. The reports will be shared with the SDG Bond Committee for their review. The information in Garanti Bank's report will be included by the SDG Bond Committee in the correspondent SDG Bond Report for the final approval of the Sustainable Finance Working Group.
- The reporting will be performed on an annual basis through dedicated reports disclosed publicly, on BBVA website<sup>9</sup>.
- Where confidentiality agreements limit the amount of detail that can be made available, the information shall be presented on an aggregated basis for project categories.
- An annual third-party verification will cover the use of proceeds, social and environmental indicators, with limited level of assurance.

The selected reporting indicators related to the fund allocation and environmental benefits are relevant for all defined Eligible Projects categories.

- The Issuer commits to report on the Sustainability Bond, until the Bond maturity, on:
  - Use of proceeds

| Reporting indicators at category level  | Reporting indicators at Bond level                                  |
|---|---|
| - Total amount of loans disbursed to defined project categories (USD billion) | - Total amount of Bond issuance (USD billion)                       |
| - Indication of SDGs that apply to each category                              | - Share of proceeds used for financing and refinancing purposes (%) |
|   | - Balance of allocated vs unallocated proceeds                      |

- Environmental and social benefits: ex-ante estimates of benefits (outputs and/or impacts) aggregated at category level.

| Eligible Project categories | Output reporting indicators at category level  | Impact reporting indicators at category level  |
|-----------------------------|--|--|
| - Renewable Energy          | - Installed renewable energy capacity (in MW)<br>- Expected annual renewable energy generation (in MWh)                                      | - Annual GHG avoided (tCO2e)   |
| - Healthcare                | - Number of hospital and other healthcare facilities built/upgraded<br>- Number of beds<br>- Number of residents benefitting from healthcare | - % of citizens who will be able to access healthcare services at higher quality compared to Business as Usual |

- The calculation methodology of avoided GHG emissions is defined in the Bank's Renewable Energy Reporting Guideline, which will be disclosed to bondholders. Other indicators are computed as the sum of total reports per category or received directly from the sponsors or relevant departments.

Beyond the Sustainability Bond Guidelines, the Issuer will also disclose publicly and annually, at category level:

- The total number of Environmental & Social Action Plans that are prepared and added as an annex of loan agreement.
- The total number of R1, R2, R3 category projects.

<sup>9</sup> <https://accionistaseinversores.bbva.com/renta-fija>

## METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on objectives, management and reporting of the projects to be (re)financed by this transaction.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (including Garanti Bank's Sustainability Policy, Environmental and Social Loan Policies, Climate Change Position Statement & Action Plan, Code of Conduct, ESIAP procedure, BBVA SDG Bond Framework, etc.) and interviewed members from several departments of the Issuer.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

*The Sustainability Bond issuance has been evaluated by Vigeo Eiris according to the Sustainability Bond Guidelines and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.*

## Use of proceeds

The use of proceeds guidelines are defined to ensure that the funds raised are used to finance and/or refinance an Eligible Projects and are traceable within the issuing organisation. Each project endorsed shall comply with at least one of the Eligible Projects category definition in order to be considered as an Eligible Project. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green Bond related Eligible Projects has been precisely defined, with regard to the Issuer's commitments, and assessed based on the described and estimated benefits of Eligible Projects. The contribution of Eligible Projects to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

## Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of selection criteria and associated supporting elements integrated in the Sustainability Bond documentation, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris' methodology.

## Management of proceeds

The rules for the management of proceeds and the allocation process have been evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

## Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, environmental benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed by the Sustainability Bond proceeds, collected at project level and potentially aggregated at bond level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Good, Advanced.
- Scale of level of assurance on Issuer's capacity: Reasonable, Moderate, Weak.



## Appendix 1: Second Party Opinion issued by Vigeo Eiris

### VIGEO EIRIS' ASSESSMENT SCALES

| Performance evaluation |   | Level of assurance |  |
|------------------------|---|--------------------|--|
| Advanced               | Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks. | Reasonable         | Able to convincingly conform to the prescribed principles and objectives of the evaluation framework                 |
| Good                   | Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.   | Moderate           | Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework       |
| Limited                | Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.                                     | Weak               | Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework |
| Weak                   | Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.  |                    |  |



## Appendix 2: Reporting Guidance

### Appendix-2: Garanti BBVA Green Bond Allocation and Impact Report 2024 – Reporting Principles

This reporting principles (the “Reporting Principles”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance of Garanti Bankası A.Ş. (the “Bank” or “Garanti BBVA”) included in the Garanti BBVA Green Bond Allocation and Impact Report 2024 (the “Green Bond Allocation and Impact Report”).

The indicators include indication of SDGs that apply to each category, total amount of Bond issuance, balance of allocated proceeds as of 31.12.2024, installed renewable energy capacity, annual energy generation, annual GHG avoided.

The data included in this guideline is for the period between 1 January 2024 and 31 December 2024 and as detailed in the “Key Definitions and Reporting Scope” section.

#### General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation - to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting - to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

### Key Definitions and Reporting Scope

For the period between 1 January 2024 and 31 December 2024, the data of the Bank is related to:

| Indicator  | Scope  |
|--|--|
| Indication of SDGs that apply to each category       | It refers to BBVA's Sustainable Development Goals (SDGs) Bond Framework to govern future potential bond issuances to be issued under this Framework within the Bank.   |
| Total amount of Bond issuance (USD)                  | It refers to the aggregated nominal amount of bond issued by Bank for financing or refinancing, in part or in full, new and/or existing Green Projects as defined under the BBVA Sustainable Development Goals, including energy efficiency, sustainable transport, water, waste management and renewable energy projects. |
| Balance of allocated proceeds as of 31.12.2024 (USD) | It refers to the total risk balance of the projects financed in accordance with the Green Bond issuance as of the reporting period.  |
| Installed renewable energy capacity (MW)             | It refers to the total installed renewable energy capacity on agreements of the projects subject to Green Bond.  |
| Annual energy generation (GWh)                       | It refers to the total annual renewable energy generation of the projects subject to Green Bond.   |
| Annual GHG avoided (tCO <sub>2</sub> e)              | It refers to total greenhouse gas emissions indirectly reduced through wind power plants, solar power plants, geothermal power plants, biomass to energy projects (biomass from waste and biomass from agricultural by-products), and hydro-electrical power plants.   |



## Appendix 2: Reporting Guidance

### Data Preparation

#### Indication of SDGs that apply to each category

Garanti BBVA issued Sustainability Bond under this Framework. In this context, the bank aims to achieve the following goals.

The UN SDG 7 consists of ensuring universal access to affordable, reliable, sustainable, and modern energy. SDG 7 targets by 2030 include: 7.2 Increase substantially the share of renewable energy in the global energy mix and the promotion of investment in energy infrastructure and clean energy technology.

The UN SDG 13 consists of taking actions to combat climate change and its impacts. The financial sector can contribute to this goal by investing in and/or raising finance for climate risk minimization, climate resilience and adaptation.

#### Total amount of Bond issuance (USD)

Figure has been obtained from the related Final Terms agreement.

#### Balance of allocated proceeds as of 31.12.2024 (USD)

The amount of the total projected risk amounts for the as of 31.12.2024.

### Installed renewable energy capacity (MW)

Agreements have been shared to obtain the total installed renewable energy capacity in MW. The financed installed capacity information of the projects is included in the signed contracts.

### Annual renewable energy generation (GWh)

For this indicator, the amount of annual GHG emissions reduced/avoided is calculated by using the amount of annual generated electricity and the Turkey's GHG emission coefficient for the grid electricity system calculated by the Bank's own methodology. The assumptions for calculating the reduction for each renewable energy efficiency ratio were based on using the Turkey sector average of the last three years of the different renewable energy sources. Since the projects subject to Green Bond are WPP capacity increase, the estimated amount of annual generated electricity is based on calculation by Bank's own methodology.

Total project data was obtained from EPIAŞ. Since there was an increase in capacity, the installed power corresponding to the loans provided was calculated by dividing the installed power of the total projects.

For the estimated annual generated electricity data of the unlicensed SPP projects within the scope, the annual expected electricity generation in the Midseff reports is taken as basis. EPIAŞ is also considered for the calculation of the energy generation figures.

For the link, please refer to:

### Annual GHG avoided (tCO<sub>2</sub>e)

It is calculated on the total renewable energy installed capacity and financed by Garanti BBVA.

The amount of greenhouse gas emission savings prevented by 5 WPP and 2 SPP projects with production data is calculated by multiplying the combined margin emission factor (solar and wind) value in the "Turkish National Electricity Grid Emission Factor Information Form" published by the Ministry of Environment and Urbanization.

For the link, please refer to:

Emissions avoided from operational renewable energy projects financed with Garanti BBVA's Green Bond is calculated by multiplying annual electricity generation of operational renewable energy projects by Turkish electricity grid emission factor.

Annual carbon emissions avoided from operational renewable energy projects under loan (tCO<sub>2</sub>e) = (Annual electricity generation of operational renewable energy projects under loan (MWh) x Turkish electricity grid emission factor (0.6261 t CO<sub>2</sub>e/MWh)).

### Restatements

The measuring and reporting of data inevitably involve a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Company level.





## Appendix 3: External Review



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### Independent Assurance Report

To Board of Directors of Türkiye Garanti Bankası Anonim Şirketi,  
İstanbul, Türkiye

This report is intended solely for the management of Türkiye Garanti Bankası Anonim Şirketi (hereinafter 'the Bank' or 'Garanti BBVA') for the purpose of reporting of Principles in the Scope of Limited Assurance ("Selected Information") listed below in its Garanti BBVA Green Bond Allocation and Impact Report's that has been prepared by the Garanti BBVA for the period running from 1 January 2024 to 31 December 2024.

#### Subject Matter Information and Applicable Criteria

In line with the request of the Bank, our responsibility is to provide limited assurance for the Selected Information, prepared between "Appendix-2: Garanti BBVA Green Bond Allocation and Impact Report 2024 –Reporting Principles" (the Reporting Principles") on pages 13 and 14 of the Green Bond Allocation & Impact Report 2024 and listed below.

#### The Scope of Our Assurance

The scope of our assurance is limited to the examination the Selected Information shown below, which are reported in Garanti BBVA Green Bond Allocation and Impact Report.

Principles in the Scope of Limited Assurance

- Indication of SDGs that apply to each category
- Total amount of Bond issuance (USD)
- Balance of allocated proceeds as of 31.12.2024 (USD)
- Installed renewable energy capacity (MW)
- Annual energy generation (GWh)
- Annual GHG avoided (tCO<sub>2</sub>e)

### The Bank's Responsibilities

The Bank's management is responsible for the preparation, collection, and presentation of the Selected Information in accordance with the Eligibility Criteria, disclosed in "Appendix-2: Garanti BBVA Green Bond Allocation and Impact Report 2024 –Reporting Principles" (the Reporting Principles") on pages 13 and 14 of the Green Bond Allocation & Impact Report 2024. In addition, the Bank's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. This also includes establishing and maintaining internal control system guaranteeing that the records are free from material misstatement, whether due to fraud or error.

### Our Responsibilities

We conducted our assurance engagement in accordance with the Assurance Engagement Standard (AES) 3000 and 3410 which is a part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). These regulations require that we comply with the ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.



## Appendix 3: External Review

The procedures selected depend on the practitioner's judgment. The procedures include inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

The assurance provider is only performing assurance of the accuracy of the disclosed content. This means that the assurance provider should evaluate if the bank's description of processes, activities and their outcomes sufficiently reflects actions taken by the bank, rather than evaluating the applied approach itself.

### Procedures Applied

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

1. Interviewed select key senior personnel of the Bank to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
2. Undertook substantive testing, on a sample basis, of the Selected Information;
3. Used the Bank's internal documentation to evaluate and measure the Selected Information;
4. Evaluated the design and implementation of key processes and controls over the Selected Information;
5. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
6. Evaluated the disclosure and presentation of the Selected Information in the 2024 Allocation and Impact Report.

### Our Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Garanti BBVA has not prepared Selected Information for the year ended in December 31, 2024, in all material respects in accordance with the relevant requirements of the criteria as defined in the Eligibility Criteria, disclosed in the "Appendix-2: Garanti BBVA Green Bond Allocation and Impact Report 2024 – Reporting Principles" (the Reporting Principles") on pages 13 and 14 of the Green Bond Allocation & Impact Report 2024.

### Limitations

We permit this report to be disclosed in addition to Garanti BBVA 2024 Allocation and Impact Report for the year ended in December 31, 2024, to enable the management of Garanti BBVA to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Garanti BBVA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Güney Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim  
Şirketi

A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM  
Partner

12 May 2025  
Istanbul, Türkiye



**HEAD OFFICE**

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