Garanti BBVA’s Sustainability Approach
Sustainability as a Business Opportunity
Sustainability is the challenge of the century

At the top of world leaders agendas

Under clear worldwide roadmaps:
- The Paris Agreement
- The 2030 Agenda for Sustainable Development with the 17 SDGs\(^1\) at heart

Sense of climate urgency

+2.7\(^\circ\)C\(^*\) Current climate trend\(^3\)

+1.5\(^\circ\)C\(^*\) Global warming target for 2100

\(^*\)Versus pre-industrial levels

Society calling for action

72\(^%\)\(^2\) of companies mention SDGs\(^1\) in their reporting

Private and public sector on board

Sustainable finance policies are widespread and the pace is increasing

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\(^1\) Sustainable Development Goals  
\(^2\) “PwC’s SDG Challenge 2019”\(^3\)  
https://climateactiontracker.org/global/temperatures/
Recent Policy Developments in Türkiye to set a ground for Sustainable Growth

**Climate Change Problems Observed in Türkiye**

- **Mucilage problem**, which is still ongoing in Marmara Sea
- **Floods in Black Sea region** where 78 people lost their lives (2021)*
- **288 Wildfires** which burnt 202,300 hectare (2021) **

**Ratification of the Paris Agreement with 2053 target of Net-Zero**

**Garanti BBVA Actions**

- Collaboration with TURMEPA to clean mucilage in Marmara Sea the surface
- **Trainings organized to Industrial Zones** to support the transformation of waste water management
- Collaboration with TEMA to donate 1 mn plants

**Green Deal Action Plan**

- **32 objectives**
- **81 actions**
- **9 categories**
  
*https://www.afad.gov.tr/bartin-kastamonu-ve-sinop-
02. Our Sustainability Journey Milestones
03.
Our Sustainability Strategy
Sustainability, at the core of Garanti BBVA's strategy

OUR PURPOSE

“To bring the age of opportunity to everyone

OUR LEAD STRATEGIC AREAS

- Helping our clients’ transition towards a sustainable future with our advisory role
- Increase the diversity and the use of our sustainable products
- Observe and manage climate-change related risks of our portfolio and our direct impact
- Increase public awareness and responsibility on sustainability and inclusive growth
Our transition to low-carbon economy

- Prioritizing Renewable Energy & Putting a Shadow Price on Carbon
- Reducing Deforestation
- Environmental & Social Loan Policies
- Environmental & Social Impact Assessment System
- Innovative financing mechanisms such as Green Loan, Sustainability Loan, etc.
- Decarbonizing our portfolio
- Establishing Green Office Standards
- Managing Water-related Risks
- Sector Norms
- Updated Policies & PACTA
- Raising awareness & building capacity
- Transforming the sector

Not financing New Coal Investments from 2021

Coal Risk Phase Out Plan by 2040

Net Zero Emission Target by 2050
Our Sustainability Accomplishments

- Neutral Bank in direct emissions in scope 1 & 2 *and part of scope 3** as of 2020
- First Turkish signatory of UN Net Zero Banking Alliance (NZBA)
- 100% Renewable Energy in new Project Finance Loans since 2014

*Scope 1-2: This indicator is the GHG emissions (CO2, CH4 and N2O and fugas) from energy consumption from fossil fuel sources for heating, generators, leased vehicle fleet in commercial use and refrigerants for Scope 1, and purchased electricity by Garanti BBVA’s operations in Türkiye (Headquarters, service buildings, branches and ATMs) for Scope 2.

**Scope 3: Scope 3 emissions related to business air travel by Garanti BBVA employees is reported following the guidance in GRI 305-3 and the GHG Protocol (2015) defined as.
Limiting direct impact of the Bank..

- Purchased carbon credit for the emissions in 2022 and became a carbon-neutral bank.
- Used **100% renewable energy** for its electricity consumption (proven by IREC certificate).
- Remote Eye System for limiting electricity consumption at 300 locations saved **22%** from electricity consumption.
- Thanks IREC Certification **43,879 tCO2e** carbon emission, which corresponds to the amount of greenhouse gas that approximately 2.7 million trees can reduce, has been prevented.
- The Basic Level Zero Waste for Zincirlikuyu Headquarters and Pendik Campus buildings.
- Since the Bank’s Environmental Management System was implemented in 2012, the Bank’s carbon intensity has decreased by **97%**.

**CO2 emissions (scope 1 & 2)**

- **2015**: 75.6 ktCO2e
- **2019**: 70.1 ktCO2e
- **2020**: 22.4 ktCO2e
- **2021**: 18.6 ktCO2e
- **2022**: 19.0 ktCO2e
Renewable Energy Financing

**HYDROPOWER**
- US$ 2.5 billion
- 3,677 MW current installed capacity

**SOLAR ENERGY**
- US$ 559 million
- 2,228 MW total installed capacity

**WIND POWER**
- US$ 2.74 billion
- 2,888 MW current installed capacity
- 2,908 MW total installed capacity*

**BIOMASS**
- US$ 134 million
- 142 MW total installed capacity

**GEOTHERMAL**
- US$ 266 million
- 337 MW total installed capacity

100% Renewable Energy
in new Project Finance Loans since 2014

US$6.26 billion
financing to renewable energy to date

Market Leader
in wind PP financing with 25.3% market share

14.05 million tCO2e
avoided in 2022
Progressive alignment of our portfolio with the goals of the Paris Agreement*

<table>
<thead>
<tr>
<th>Emission Metrics</th>
<th>Scope of Emission</th>
<th>BBVA Baseline (2022)</th>
<th>Garanti BBVA Baseline (2022)</th>
<th>Garanti BBVA Baseline (06/23)</th>
<th>Benchmark Scenario</th>
<th>Reduction Target by 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>kgCo2e/MWh</td>
<td>1+2</td>
<td>212</td>
<td>388</td>
<td>250</td>
<td>IEA Net Zero 2050</td>
</tr>
<tr>
<td>Automotive</td>
<td>gCo2e/km</td>
<td>3</td>
<td>195</td>
<td>182</td>
<td>172</td>
<td>IEA Net Zero 2050</td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
<td>kgCo2e/Tiron&amp;steel</td>
<td>1+2</td>
<td>1.140</td>
<td>1.096</td>
<td>1.295</td>
<td>IEA Net Zero 2050</td>
</tr>
<tr>
<td>Cement</td>
<td>kgCo2e/Tcement</td>
<td>1+2</td>
<td>690</td>
<td>726</td>
<td>726</td>
<td>IEA Net Zero 2050</td>
</tr>
</tbody>
</table>

*Calculated in line with PACTA methodology

Phase out plan already announced in March 2021
- Phase-out of the sector by 2040
Garanti BBVA’s 2018-25 Target: ~150 bn TL

In the first 3 quarters of 2023, the bank provided 59.4 bn TL in sustainable finance, including 12.4 bn TL green financing in CIB segment.
Sustainable Finance Channeling (TL mn)

- 2020: 4.130
- 2021: 8.804
- 2022: 28.292
- 3Q23: 59.358

- +113% increase from 2020 to 2021
- +221% increase from 2021 to 2022
- +110% increase from 2022 to 3Q23

Garanti BBVA’s 2018-25 Goal is ~150 bnTL (current 105 bn TL)*

GREEN %46
Social %54

TL ~105 bn
Channeled since 2018

TL 150 Bn Goal 2025

*As 30.09.2023

59.358
24,498
17,388
10,878
34,860
28.292
10,878
5,997
2,807
17,388
8.804
4.130
2,058
2020
2021
2022
3Q23

3,647
150 Bn
Goal 2025

105 bn
TL

*As 30.09.2023
A pioneer in innovative sustainable products

New sustainable solutions for all clients

- Sustainability-Themed Loan Package to support customers, who want to reduce their greenhouse gas emissions, in cooperation with TSE.
- Carbon footprint calculator for corporates & SMEs & Enterprises
- Agreement with Erguvan, Türkiye’s Pioneer digital carbon credit trading platform

Garanti BBVA offers a sustainable alternative for all its main products

- Turkey’s Pioneer, Green Loan
- Pioneer Gender Loan worldwide
- Turkey’s Pioneer, Green Project Finance Loan
- Pioneer ESG-linked Syndicated Loan worldwide %100 Roll-over ratio
- Turkey’s Pioneer, Climate Index
- Garanti BBVA’s first Circular Economy Loan
- Innovative financing for rooftop solar and building insulation
- Turkey’s Pioneer, Corporate Green Vehicle Package
- Within the scope of the 2050 Net Zero Banking Commitment, 2030 interim portfolio decarbonization targets were announced.

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Appendix

Pg. 18-19 Initiatives & Rewards & Indices
We are a part of major international initiatives

Member
CDP Climate Change
CDP Water Program

Member
Paris Pledge for Action

Member
Net-Zero Banking Alliance Steering Group

Member
UNEP FI Banking Principles Core Group

Member
30% Club Türkiye

Member
International Integrated Reporting Council (IIRC) - Pilot Program

Member
Business World and Sustainable Development Association (SKD Türkiye)

Supporter
TCFD Recommendations

Signatory
Since 2012

Committed
Since 2016
Rewarded internationally for its sustainability focus

SUSTAINABILITY INDICES ON WHICH GARANTİ BBVA IS LISTED

- Only company from Türkiye to be in place for 8 consecutive years
- Only bank from Türkiye in 2022
- Only company from Türkiye to be in place for 7 consecutive years

SUSTAINABILITY AWARDS

- Best Bank for Sustainable Financing, (2022)
- Best Sustainable Finance Bank in Central and Eastern Europe (2020)
- Best Sustainable Finance Bank in Türkiye (2020)
- ESG Deal of the Year (with ESG-linked Syndication Loan) (2021)
- Investment Leader of the Year (via Ebru Dildar Edin) (2021)
- Most Innovative Environmental, Social and Governance Loan (2020)
- UNGC Ukraine Local Network – People Category Partnership (2020)
Thank You