

Garanti BBVA's Sustainability Approach





01.

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 SDGs¹ at heart



Sense of climate urgency

+3.0°C* Current climate trend

+1.5°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

Recent Policy Developments in Turkey to set a ground for Sustainable Growth



Climate Change Problems Observed

Mucilage in Marmara Sea still observed 20-30 m deep from the surface

Floods in North where 72 people lost their lives

Wildfires in 53 Cities and 270 locations

Garanti BBVA Actions



Collaboration with TURMEPA to clean mucilage in the surface

Trainings organized to Industrial Zones to support the transformation of water waste management



Collaboration with TEMA to donate 1 mn plants

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

Climate Change addition was implied on Environment & Urbanisation Ministry's name

32 objectives

81 actions

9 categories

Green Deal Action Plan



CBAM

Green & Circular Economy

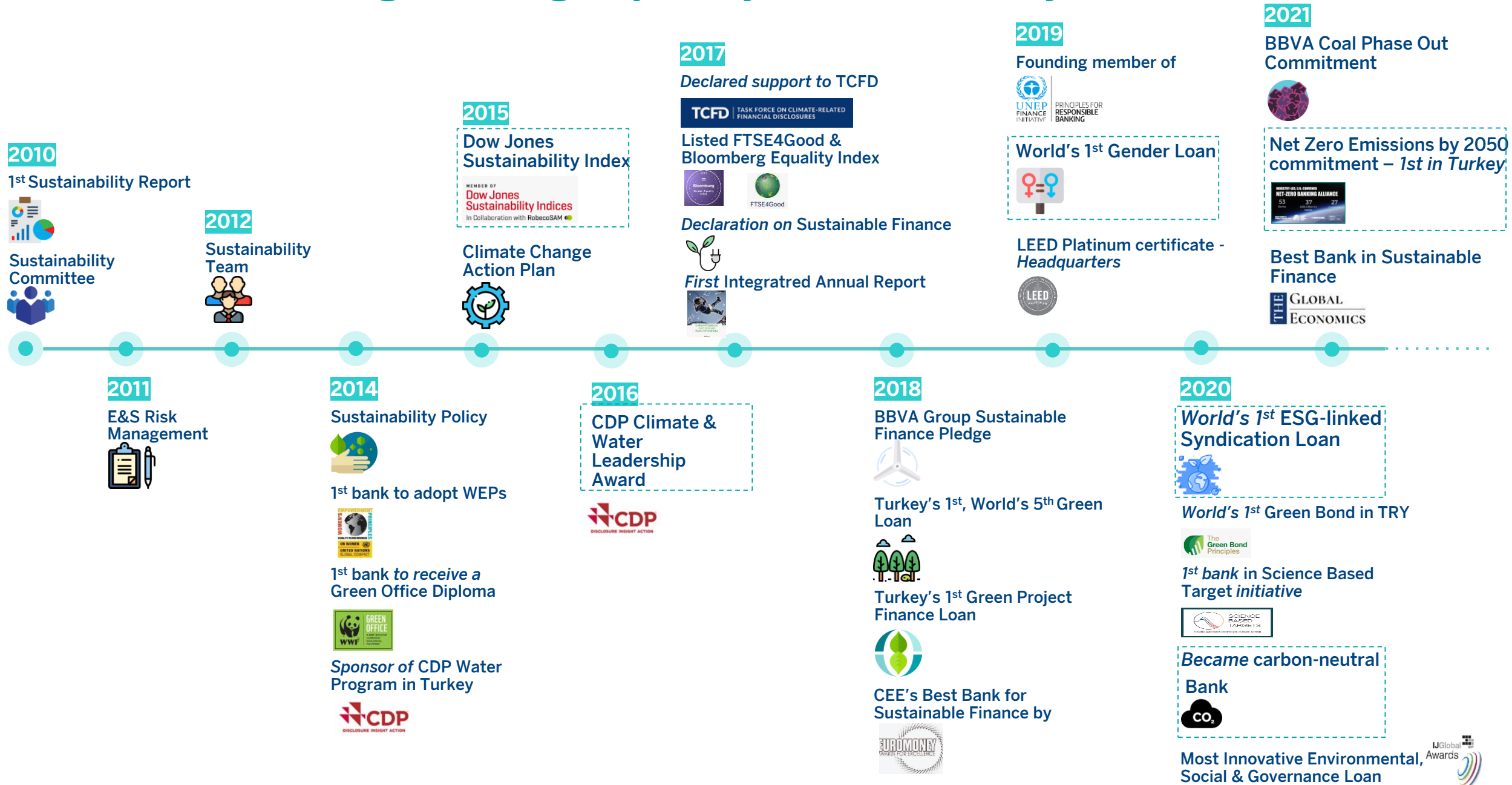
Green Financing



02.

Our Sustainability Journey Milestones

Garanti BBVA's long standing trajectory in sustainability





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



Climate Change
Action Plan



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

Coal Risk Phase Out
Plan by
2040

Net Zero Emission
Target by
2050



Sustainable
Finance

Our Sustainability Accomplishments



Carbon Neutral Bank as of 2020



First Turkish signatory
UN Net Zero Banking Association (NZBA)



100% Renewable Energy
in new Project Finance Loans since 2014



Limiting direct impact of the Bank..

Purchased carbon credit for the emissions in 2021 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 100 locations **saved 15%** from electricity consumption

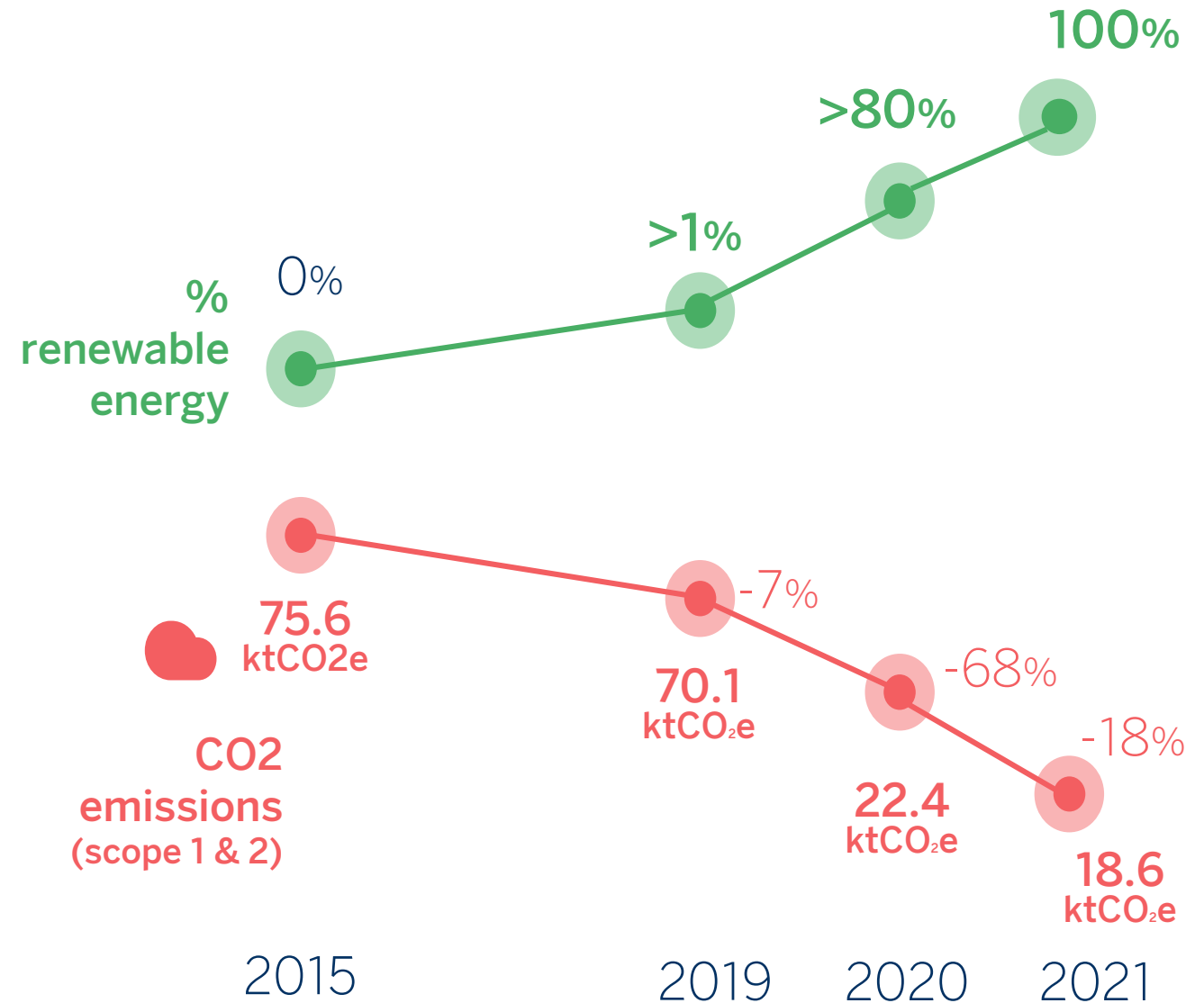
Offering **not to obtain paper receipts** after ATM transactions for all customers

Producing **environmentally-friendly** cards from **recyclable plastic**: Green Bonus Cards

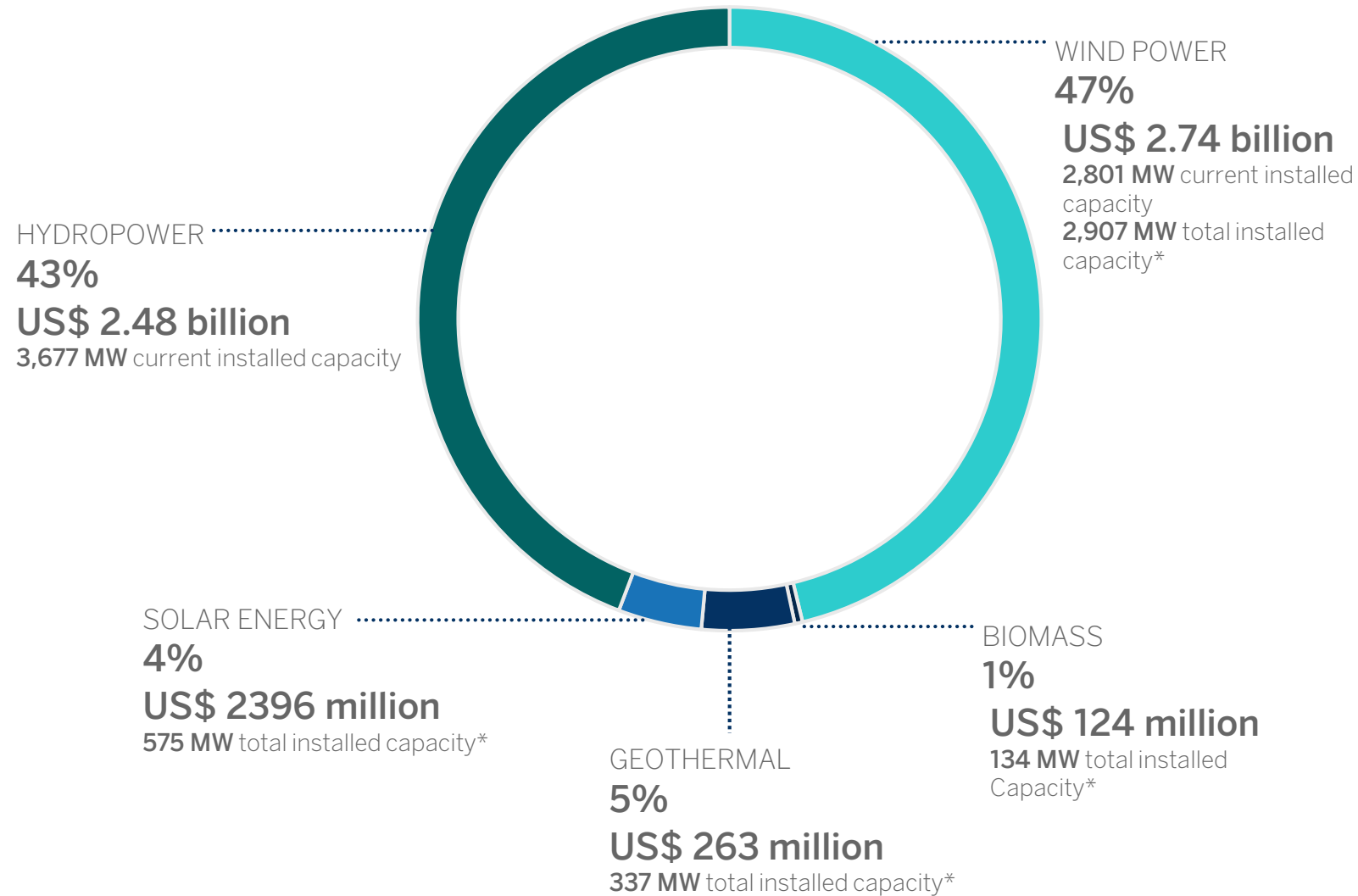
1.8 mnTL annual saving thanks to significant energy reduction by innovative technologies in **data center**

Replacing Bank's own service cars **with hybrid models**

Making a commitment to **reduce single-plastic usage** by 318 tons between 2021-23



Renewable Energy Financing



100% Renewable Energy

in new Project Finance Loans since 2014



US\$6 billion

financing to renewable energy to date



Market Leader

in wind PP financing with 22.5% market share



8.5 million tCO2e



avoided in 2021




as of 31.12.2021

* once fully operational

Progressive alignment of our portfolio with the goals of the Paris Agreement

	Emission Metrics	BBVA Baseline (2020)	Benchmark Scenario	BBVA 2030 Target	Absolute Effort
 Power	kg Co2/ MWh	249	IEA Net Zero 2050	120	(52%)
 Automotive	g Co2/ km	220	IEA Net Zero 2050	118	(46%)
 Steel	kg Co2/ tonne steel	665	IEA Net Zero 2050	515	(23%)
 Cement	kg Co2/ tonne cement	695	IEA Net Zero 2050	575	(17%)
 Coal	Phase out plan already announced in March 2021 <input type="checkbox"/> 2030 for developed countries <input type="checkbox"/> 2040 globally				

Ambitious Targets to reduce environmental footprint

-  Carbon neutral since 2020 in Scope 1 and 2 emissions, leveraging carbon offsetting.
-  %100 renewable energy by 2030 in line with SBTi.

Summary of E&S Framework

- **Control of Unfunded Activities and Customers**
- **Determination of Non-Financial Performance and Potential Risks**
- **Management of Non-Financial Performance**

Sustainable Finance



Garanti's 2018-25 Target: ~150 bn TL

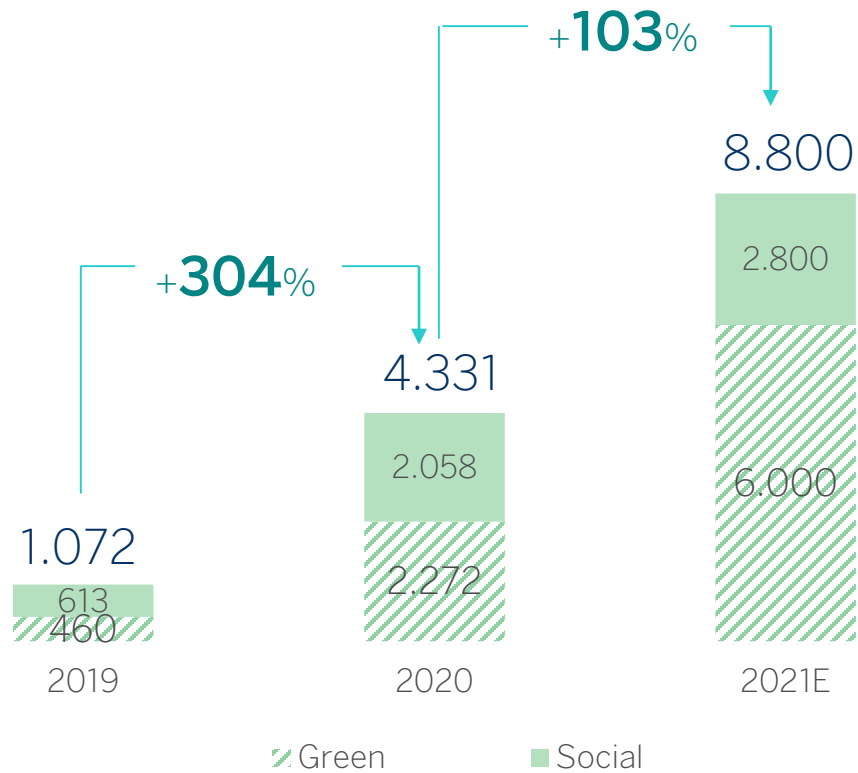


From the beginning of this year, the bank provided 19.9 bn TL in sustainable finance, including 3.9 bn TL green financing in CIB segment*.



Sustainable Finance

Sustainable Finance Mobilization (TL mn)



Garanti's **2018-25 Target** is ~150 bnTL
(current 38 bn TL)



GREEN
51%

SOCIAL
49%



*Both Green + Social Loans are included in the Pledge. The figure is provided as of August'22.

Sustainable Loan Mechanisms

Sustainable Facilities

GREEN PURPOSE FACILITY

Use of proceeds to finance or refinance "green" investments

Opinion Report

Green Loan Principles



SUSTAINABILITY-LINKED FACILITY

General Corporate Purposes

ESG-linked¹

Environmental

Social

Governance

KPI-linked²

Environmental

Social

Opinion Report

Sustainability Linked Loan Principles

Gender Loan

GENDER LOAN FACILITY³

General Corporate Purposes

Garanti BBVA's Gender Equality Criteria Set⁴

Governance

Performance

Leadership

International Certification/ Recognition by International Indices



Opinion Report⁵

Sustainability Linked Loan Principles

¹ Annual ESG Rating assessment should be conducted and reported by a sustainability rating agency

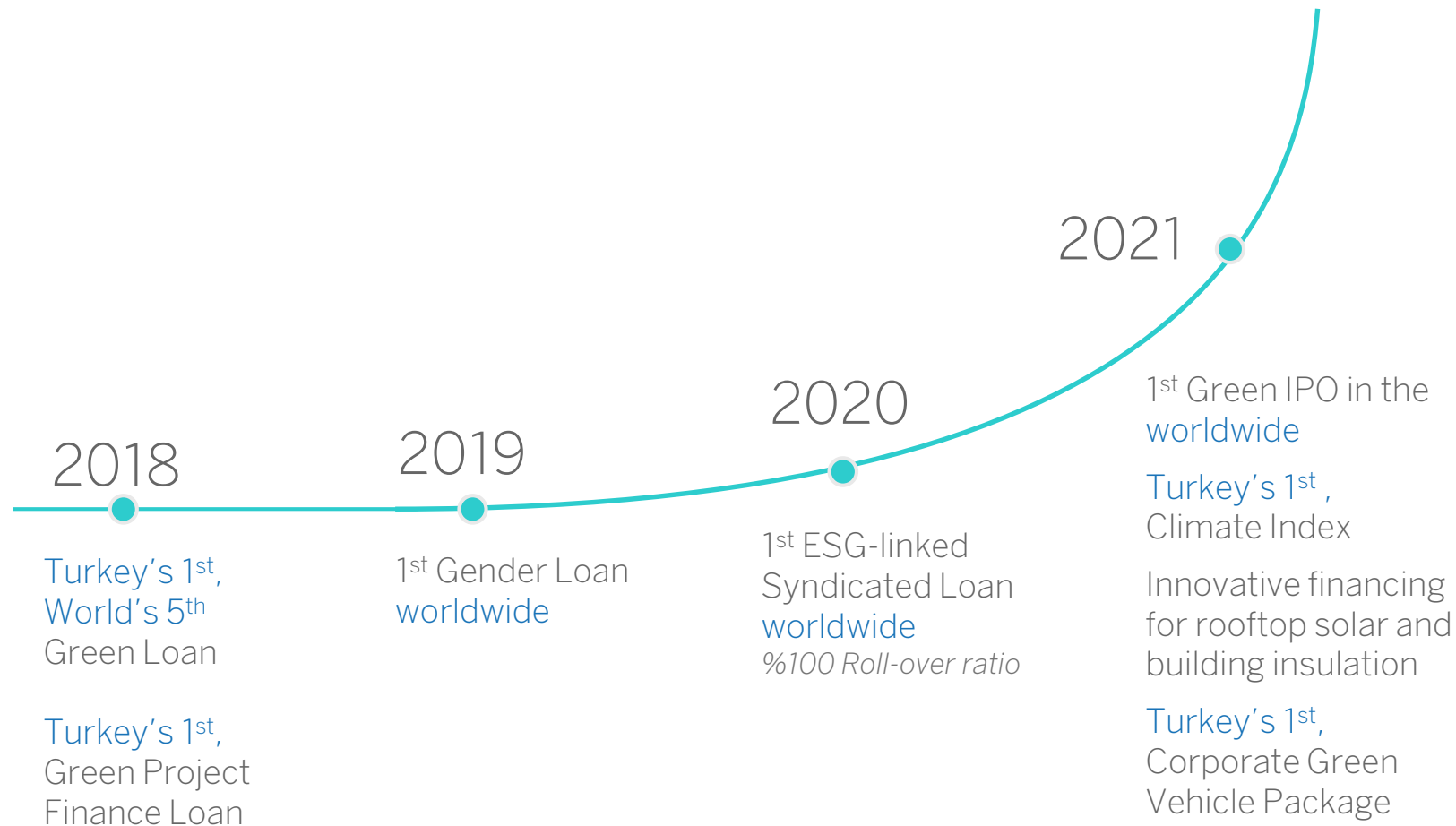
² KPIs should be verified by a third party

³ The structure is derived from the Sustainability-Linked Loan. The KPIs defined should be related to gender diversity practices of the borrower. Garanti BBVA's Criteria Set and/or international certificates and/or recognition of indices can be accepted as KPI.

⁴ Annual assessment should be conducted and reported by a social expert

⁵ Opinion Report may not be mandatory based on the structure

A pioneer in innovative sustainable products



New sustainable solutions for all clients



Energy-efficient linked mortgages
+102% YoY



Carbon footprint calculator for corporates & SMEs



Energy efficiency advisory for enterprise clients



Hybrid and electric vehicles loans
+52% YoY

Garanti BBVA offers a **sustainable** alternative for all its main products

Appendix

Pg. 28-29 Leading Practices, 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
Business World and Sustainable
Development Association
(SKD Turkey)



Supporter
TCFD Recommendations



Member
UNEP FI Banking
Principles Core Group



Member
International Integrated Reporting
Council (IIRC) - Pilot Program



Member
30% Club Turkey



Signatory
Since 2012



Committed
Since 2016

Rewarded internationally for its sustainability focus

SUSTAINABILITY INDICES ON WHICH GARANTİ BBVA IS LISTED

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Only company from Turkey to be in place for 8 consecutive years



Only bank from Turkey in 2022



Only bank from Turkey in 2020



Only company from Turkey to be in place for 6 consecutive years



FTSE4Good



SUSTAINABILITY AWARDS



ESG Deal of the Year
(with ESG-linked Syndication Loan)
(2021)



Best Sustainable Finance Bank in Central and Eastern Europe
(2020)



Best Sustainable Finance Bank in Central and Eastern Europe
(2020 & 2018)



Most Innovative Environmental, Social and Governance Loan
(2020)



Investment Leader of the Year
(via Ebru Dildar Edin)
(2021)



Best Sustainable Finance Bank in Turkey
(2020)



UNGC Ukraine Local Network – People Category Partnership
(2020)

The background is a solid teal color with several small, realistic green leaves scattered across it. The leaves are of various sizes and orientations, some showing veins. A semi-transparent teal rectangular box is centered on the page, containing the text "Thank You" in white.

Thank You