






# Sustainability at Garanti BBVA

2025-2026

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# Context and Journey



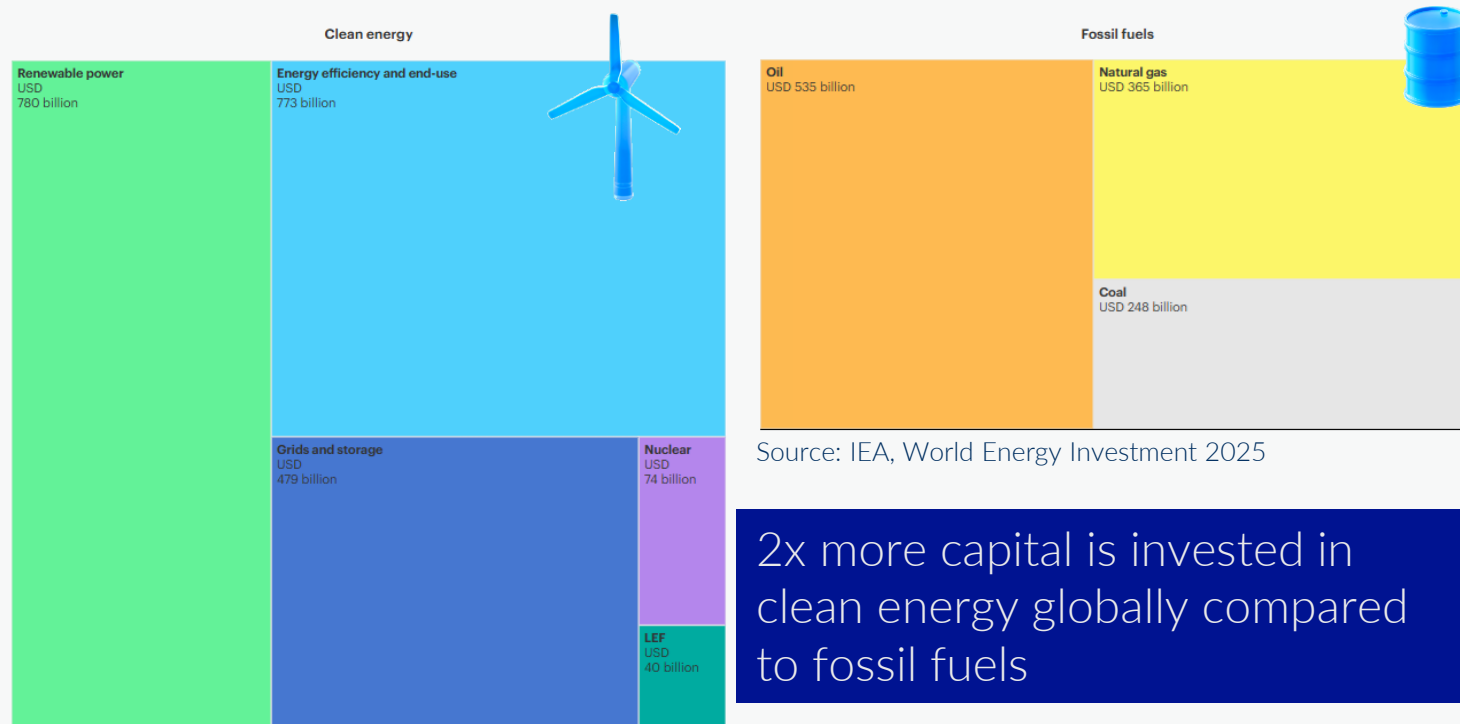
# Increasing global volatility positions sustainability for security

## Global issues need long-term perspective

- **Increased volatility:** Geopolitics drive oil & gas volatility and supply chain risk
- **Realigning priorities:** Governments are prioritizing security and resilience amid rising affordability pressures, moving beyond a purely climate-first agenda
- **Infrastructure transformation:** Increasing energy demand driven by electrification, EVs and AI.
- **Increased physical risks:** Climate catastrophes are increasing at a rapid pace. Adaptation and resilience investments must increase rapidly.

## Sustainability and transition cutting through 'noise'

- **Renewables domination:** ~90% of new capacity is renewable; **clean energy attracts 2x more capital**, with global investment at ~\$3.3T
- **Transition as a global strategy:** China and the EU continue to lead; China dominates clean tech scale, while the EU prioritizes renewables and nuclear
- **System shift:** Energy systems are moving from fossil fuels to electrification, with solar, grids, and storage becoming core infrastructure (Annual global clean power investment ~2x since 2005).



2x more capital is invested in clean energy globally compared to fossil fuels

**UK must double down on renewables as wars drive up energy costs, experts say**

Fossil fuel price surge after US-Israeli attacks on Iran prompts calls to end dependence on 'volatile' energy source

**'Donald Trump is unwittingly, but significantly, advancing the energy transition'**

In the wake of the global oil and gas shock triggered by the American strike on Iran, the president of the United States has turned into something of a climate doctor, accelerating the shift of major economies toward decarbonized energy, writes economist Patrice Geoffron in this op-ed for Le Monde.

# Need for adaptation and resilience rapidly increasing

Strong focus on adaptation and renewed push on climate finance, including more recognition for just transition after COP 30.

- Extreme weather remains a key short-term risk, while environmental risks dominate long-term global risks (WEF) <sup>1</sup>
- Climate-related losses have exceeded US\$4.3T since the 1990s, with projections of up to 14% of global GDP at risk by 2050 under current warming trends<sup>2</sup>
- Adaptation finance gap remains critical, reaching up to US\$ 366bn annually, ~18x current levels<sup>3</sup>
- COP Decision on Article 9 to scale up financing from all sources for climate action to at least USD 1.3 trillion per year (w/ at least USD 300 billion for developing parties) until 2035

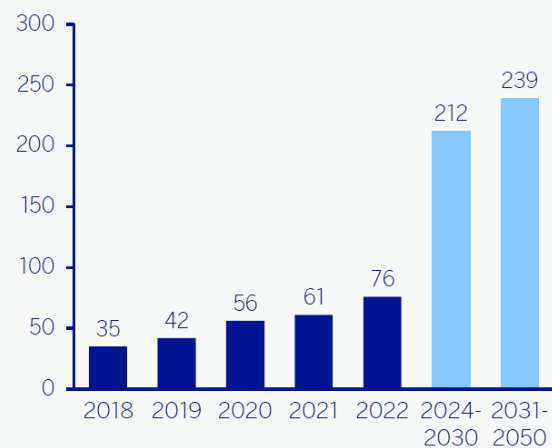


REUTERS/Victor Medina

## GLOBAL ADAPTATION FINANCE FLOWS VERSUS NEEDS <sup>4</sup>

(Us\$ Bn; Finance Needs In Annual Averages)

■ Climate adaptation flows ■ Climate adaptation needs



## Global risks ranked by severity, short term and long term.

### Short term (2 years)

1. Geoeconomic confrontation
2. Misinformation and disinformation
3. Societal polarization
4. Extreme weather events
5. State-based armed conflict
6. Cyber insecurity
7. Inequality
8. Erosion of human rights and/or of civic freedoms
9. Pollution
10. Involuntary migration or displacement

### Long term (10 years)

1. Extreme weather events
2. Biodiversity loss and ecosystem collapse
3. Critical change to Earth systems
4. Misinformation and disinformation
5. Adverse outcomes of AI technologies
6. Natural resource shortages
7. Inequality
8. Cyber insecurity
9. Societal polarization
10. Pollution

# The world is living in an era of unprecedented change and sustainability is a significant and long-term opportunity

An unprecedented **investment cycle in infrastructure**, driven by increasing energy demand.



Advanced **maturity of new technologies**, making them cost-effective.

Investments to **enhance production processes and value chain** of companies



Global investment cycle that represents great incremental business potential

**5% - 10%**

% World GDP  
Annual average until 2050



Green economy >\$5T today, **>\$7T** by 2030, major growth opportunity.

Green revenues grow **~2x** faster, with cheaper capital and valuation premiums

## Banks have a key role

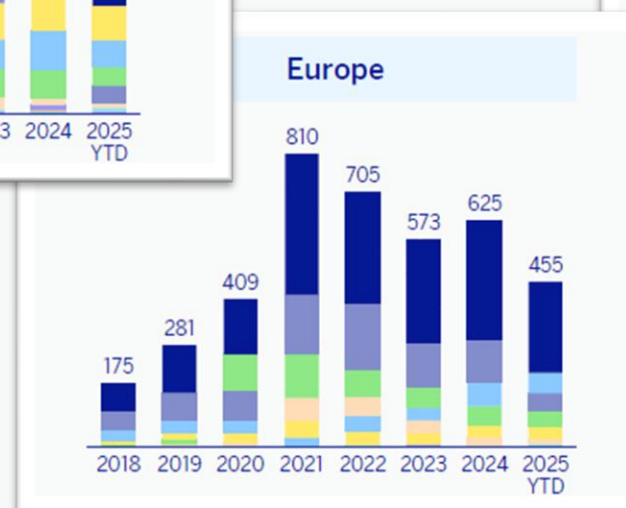
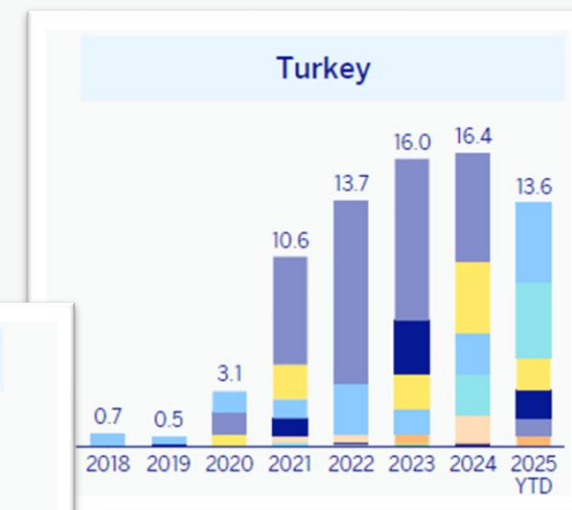
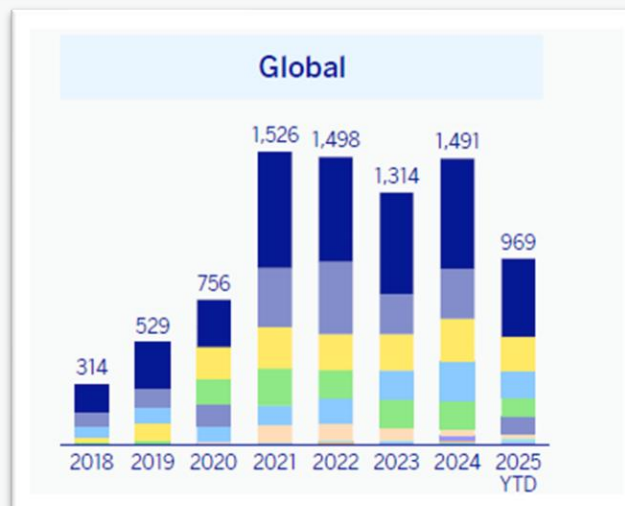
in financing this transformation and channelling funds into infrastructure and technologies that offer long-term profitability.

# Normalization of Sustainability

Continued investor confidence and resilience of sustainable investment strategies despite political noise and ESG backlash

## SUSTAINABLE FINANCE GLOBAL VOLUMES (EUR BN)

### Sustainable Finance Volumes (EUR Bn)



- China's leads clean energy and installed power break records with over USD 625 bn, already reaching 2030 targets
- EU Green Bond Standard is improving taxonomy alignment and transparency in the market.
- Türkiye is aligning to the EU Green Deal via its Green Deal Action Plan and Sustainability Principles Compliance Framework
- In 2024, the Climate Change Presidency released a Draft Green Taxonomy Regulation
- Energy transition financing reached a record USD 670bn in 1H 2025, with half coming from labelled debt instruments



# ESG and Banking Regulatory Context in Türkiye

## Political Commitment

2021

- The **Paris Climate Agreement** was approved.

2022

- At COP27, Türkiye announced a **41% emissions reduction target for 2030**.

2024

- At COP29, Türkiye presented its **2053 climate strategy** with decarbonization pathways.

## Regulatory Lock-in

2024

- Mandatory **TSRS** reporting began, with the alignment of international standards.

2025

- Türkiye's first **Climate Law** was approved.
- The **Green Asset Ratio (GAR)** was introduced.

2026

- CBAM** financial obligations begin, introducing direct carbon cost exposure for EU-linked sectors.
- First phase of **CORSIA** financial obligation began.

## Possible Outcomes

2026-2030

- Public declaration of GAR:** Opportunity to finance more green business
- Turkish FIs may create new business lines in **carbon market brokerage and risk hedging** (Turkish ETS, EU CBAM, CORSIA etc.)

2030+

- Enhanced **MDB and governmental incentives** for banks with stronger GAR performance
- Stronger global competitiveness** through alignment of the Turkish Green Taxonomy with EU standards
- Growing demand for **strategic sustainability advisory services**



### Legal Alerts

15/04/2025

#### Turkish Banks to Begin Reporting Green Assets

Legal Alerts | Banking & Finance | Financial Institutions

#### Recent Developments

The Communiqué on Banks' Calculation of Green Asset Ratio (the "**Communiqué**"), which stipulates the procedures and principles regarding the calculation and reporting of the green asset ratio and other key performance indicators determined for the calculation of banks' contribution to the financing of environmentally sustainable economic activities was published in the Official Gazette dated 11 April 2025 and numbered 32867.



**COP31 positions Türkiye** as a platform for sustainable growth mobilization, converting **global visibility** and policy momentum into **scalable investment demand**

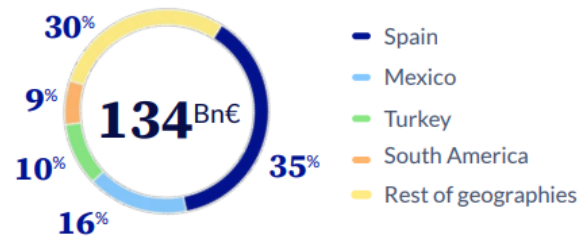


# Garanti BBVA Sustainability Journey

# A Closer Look at BBVA Group

WITH A GLOBAL AND HOLISTIC APPROACH  
SUSTAINABLE BUSINESS CHanneled BREAKDOWN AS OF DECEMBER 2025

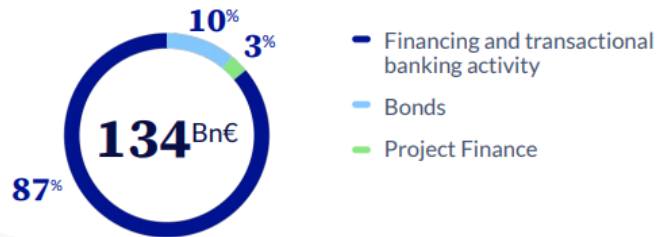
## BY GEOGRAPHY<sup>1</sup>



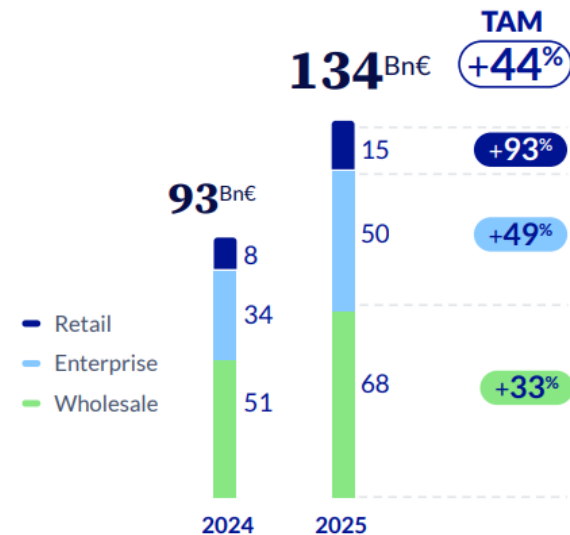
## BY SCOPE OF ACTION<sup>3</sup>



## BY PRODUCT<sup>2</sup>



## BY CUSTOMER SEGMENT<sup>4</sup>



SUSTAINABLE BUSINESS  
CHANNELING TARGET

700 MM€

from 2018 to 2029



165 Years  
Experience



125k+  
Employees



25+  
Countries

# Leading sustainable business channelling target

Financing sustainable business models and embedding sustainability as a non-negotiable attribute in financial products

SUSTAINABLE BUSINESS  
CHANNELING TARGET

3.5 trillion TL

from 2018 to 2029

## HOLISTIC APPROACH TO SUSTAINABILITY

### Climate opportunities

- Electric transportation,
- Energy efficiency,
- Renewable power...

### Social opportunities

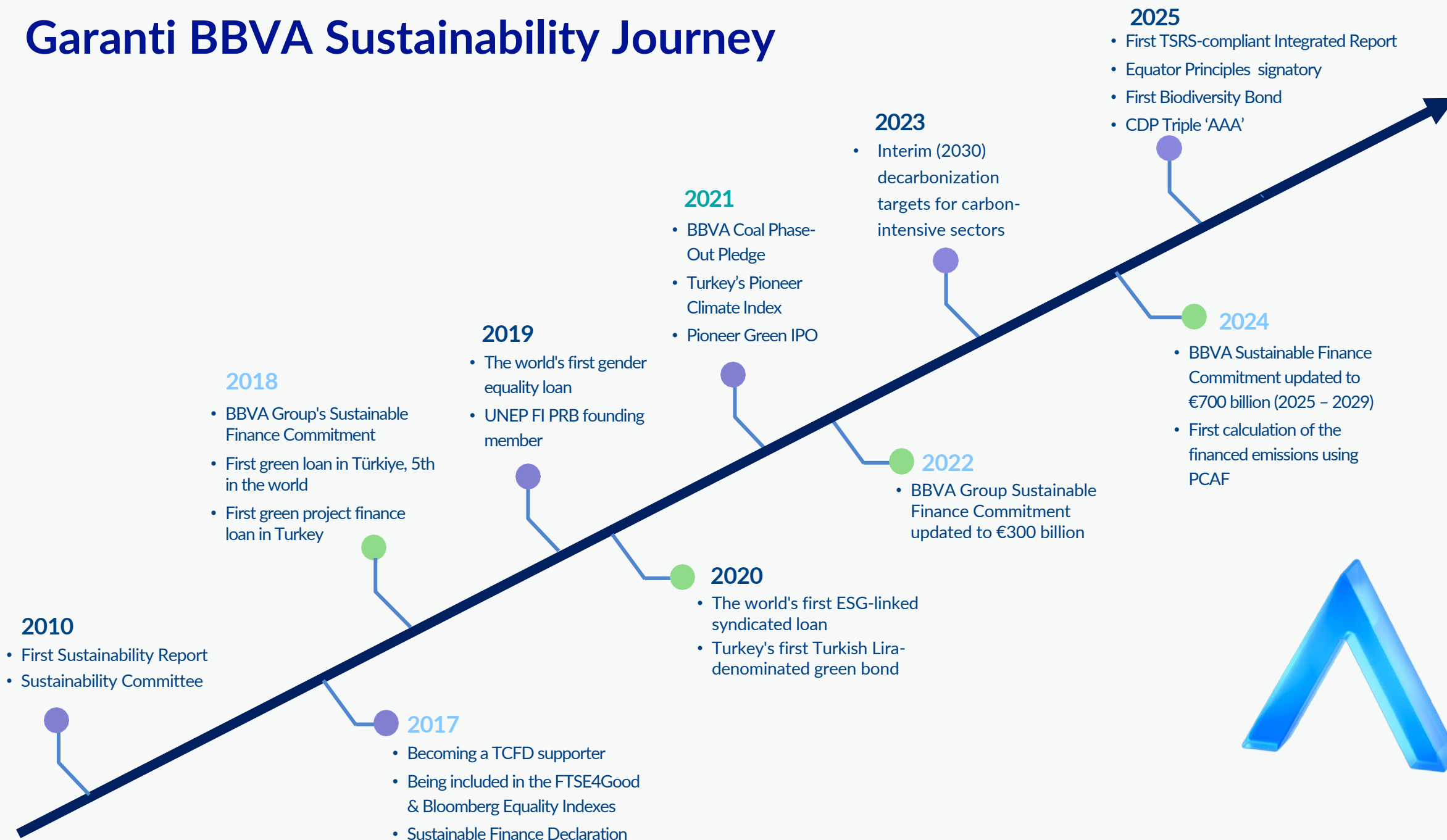
- Financial inclusion
- Entrepreneurship
- Social infrastructure...



### Natural capital opportunities

- Agriculture
- Water
- Recycling....

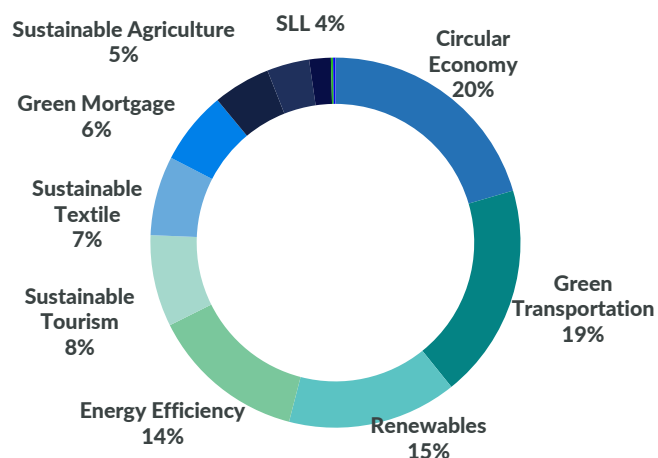
# Garanti BBVA Sustainability Journey



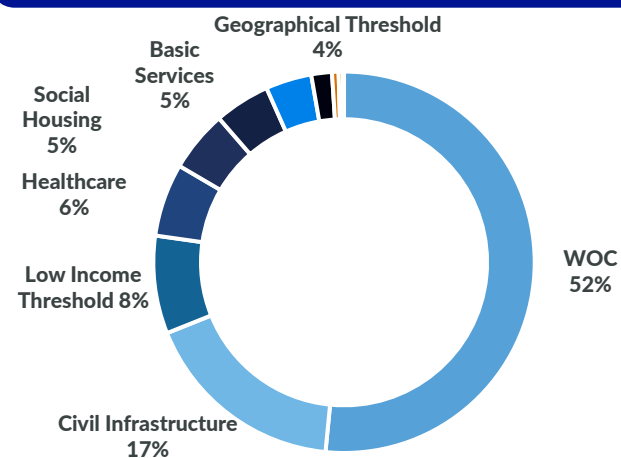
# Garanti BBVA has channelled 14<sup>Bn€</sup> in sustainable business in 2025

- Garanti BBVA renewed its sustainable finance target as **TL 3.5 trillion** for 2018-2029
- In 2025, the bank channelled **TL 706 bn** in sustainable business.
- Total sustainable finance channelling reached **TL 997 bn** in 2025.

## Climate Action Financing by Themes (2025)

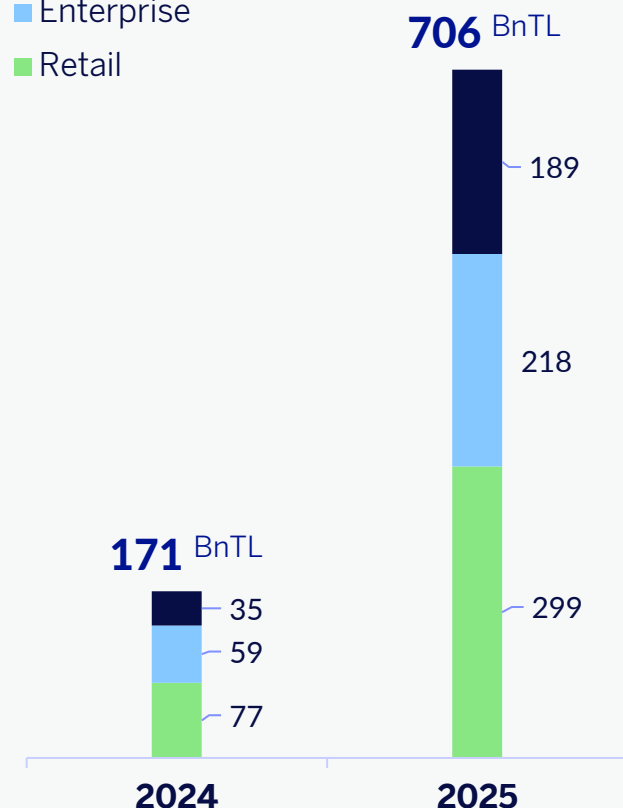


## Inclusive Growth Financing by Themes (2025)



## BY CUSTOMER SEGMENT

- Wholesale
- Enterprise
- Retail



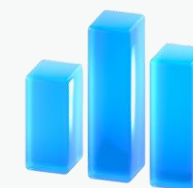
## YoY

**+314%**

**+440%**

**+269%**










**+288%**



# Continued work on Garanti BBVA transition plan

## DECARBONISATION

- Garanti BBVA aims to align its credit portfolio with net zero scenarios by 2050.
- 2030 decarbonization targets for carbon-intensive sectors, including **energy, automotive, iron & steel, and cement**, have been developed using the PACTA methodology.
- **Financed emissions are monitored** through the PCAF methodology.
- Transition plan for financed emissions is based on three pillars with a **management model to track decarbonization objectives** and capture potential business opportunities.

Scenario	Sector & Value Chain	Emission Metric	Emission Scope	Garanti BBVA Baseline (2022)	Garanti BBVA Progress (2024)	Garanti BBVA Progress (2025)	Reduction Target by 2030	Reduction Target Progress (2022 vs. 2025)
IEA Net Zero 2050	 Energy (Power Generation)	KG CO <sub>2</sub> e/MWh	1+2	371	371	364	 (71)%	+3%
	 Automotive (Manufacturer)	g CO <sub>2</sub> e/km	3	182	171	168	 (40)%	+19%
	 Iron & Steel (Manufacturer)	KG CO <sub>2</sub> e/ ton steel	1+2	1,131	1,414	1,320	 (13)%	0%
	 Cement (Manufacturer)	KG CO <sub>2</sub> e/ ton cement	1+2	726	726	726	 (20)%	0%
	 Coal*	Coal phase-out commitment was announced in 2021. Risks associated with coal operations will be minimized by 2030 and eliminated by 2040 at the latest. By 2025, the Bank observed a 33% reduction in coal-related risk exposure.						

\*Non-performing loans are excluded from this calculation.



### Sectorial alignment plans

To define commercial strategy and guide selective growth based on risk considerations and business opportunities



### Evaluation of customer transition plans

With specific tools integrated into the business strategy and decision-making process (Transition Risk Indicator – TRI)



### Integrated into the operation admission process

Proactive and dynamic portfolio Management, assessing the impact of individual transactions

Notes: Garanti BBVA has negligible Oil&Gas exposure.

\*The starting point for Energy, Automotive, Iron & Steel, and Cement is 2022.

\*\*Starting data for Energy has been updated.

\*\*\*The emission factor per ton of production in the iron and steel sector has been updated, taking into account grid electricity emissions



How we help our  
clients

# Single-point for financing sustainable businesses and ESG advisory

## SUSTAINABLE FINANCE

Driving the **shift to a sustainable economy**

**Innovative & adaptive** financing models

Established **sustainable activities framework** in alignment with international norms

Positioned to mobilise **ESG-linked IFI funds**

Being future-proof; sustainable companies **perform better financially**

## ESG ADVISORY

Advisory offerings delivering **tailor-made solutions to client needs**

**Financial institution perspective** in ESG assessments

**Stand-alone or complementary-to-financing** advisory options

**Extensive sectoral know-how** acquired through wide client portfolio



# Sustainable finance options for investments and general corporate purposes

## General Corporate Purposes

### Sustainability-Linked

Financing linked to the company performance on a material sustainability KPI

Direct impact on pricing based on the company's performance

Proceeds used for general purposes but tied to specific performance targets

### Sustainability-Linked types

Based on the performance of the company on specific operational Sustainability KPIs

#### KPI Examples:



CO2  
Emissions



Fresh water  
Withdrawal



Social  
inclusion



LITFR/  
TRIFR

## Use of Proceeds

### Green Loan

### Social Loan

High appetite from investors may drive pricing discounts

Proceeds used to fund specific projects and programs; no performance targets or thresholds required

### Green eligible categories

-  Renewable energy
-  Energy Efficiency
-  Natural & Land Resources
-  Biodiversity Conservation
-  Wastewater Management
-  Circular Economy
-  Green Buildings
-  Pollution prev. & Control
-  Clean Transportation

### Social eligible categories

- |  |  |  |
|--|--|--|
|   |   |   |
| Affordable<br>Basic Infra.   | Affordable<br>Housing  | Socioeconomic<br>Emp.  |
|  |  |  |
| Access to<br>Essential<br>Services   | Employment<br>Generation   | Food<br>Security   |

### Target population categories

- Living below poverty
- People with disabilities
- Underserved / Unemployed
- Women/gender minorities
- Other vulnerable groups

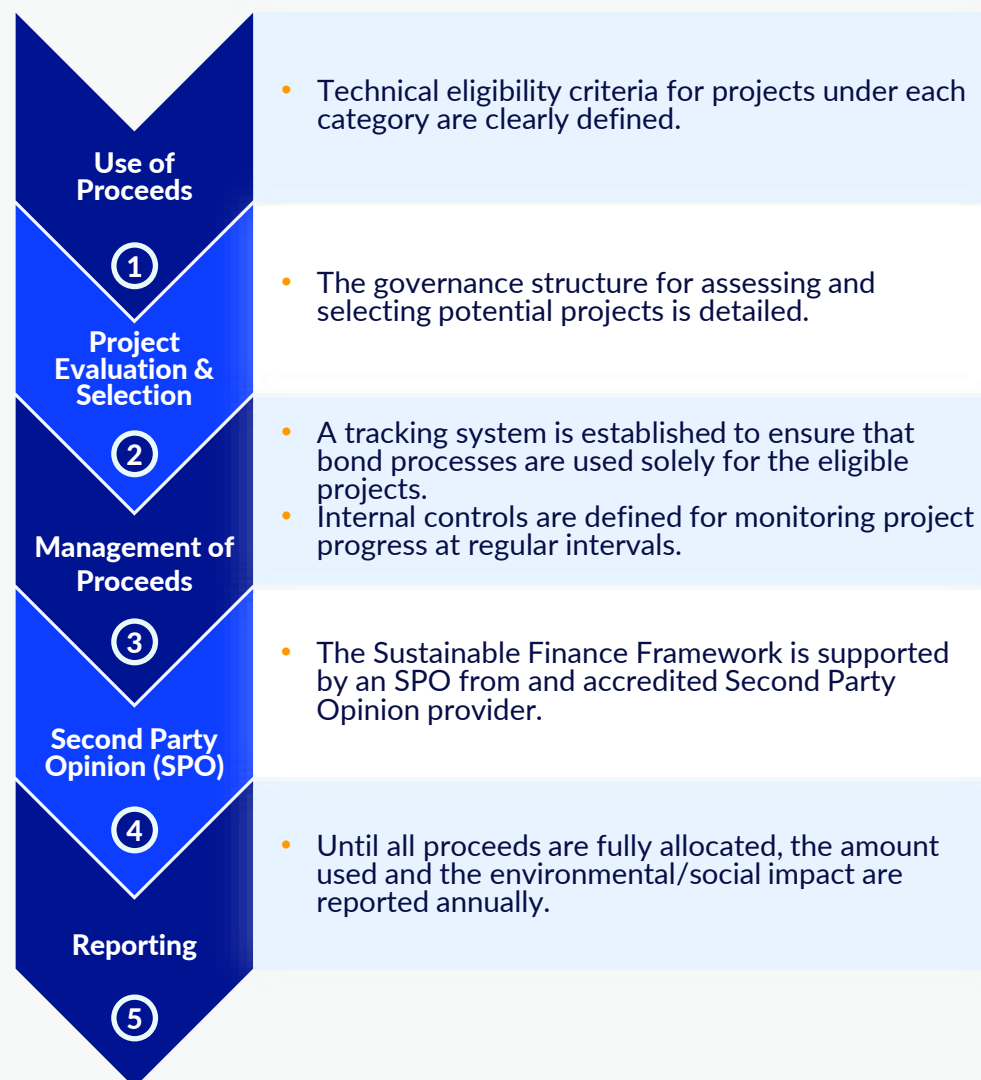
# Structuring sustainable loan/bond issuances in line with global ESG standards and investor expectations

## Aims to:

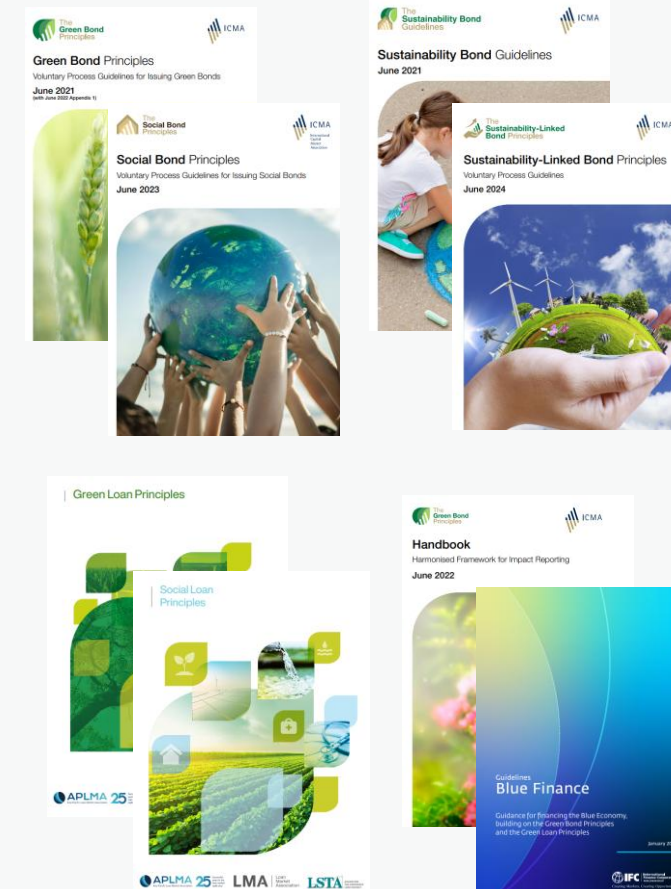
- Establish a financing structure that guides the **achievement of environmental and social goals**
- Create a **reliable investment environment** for international investors

## How to implement?

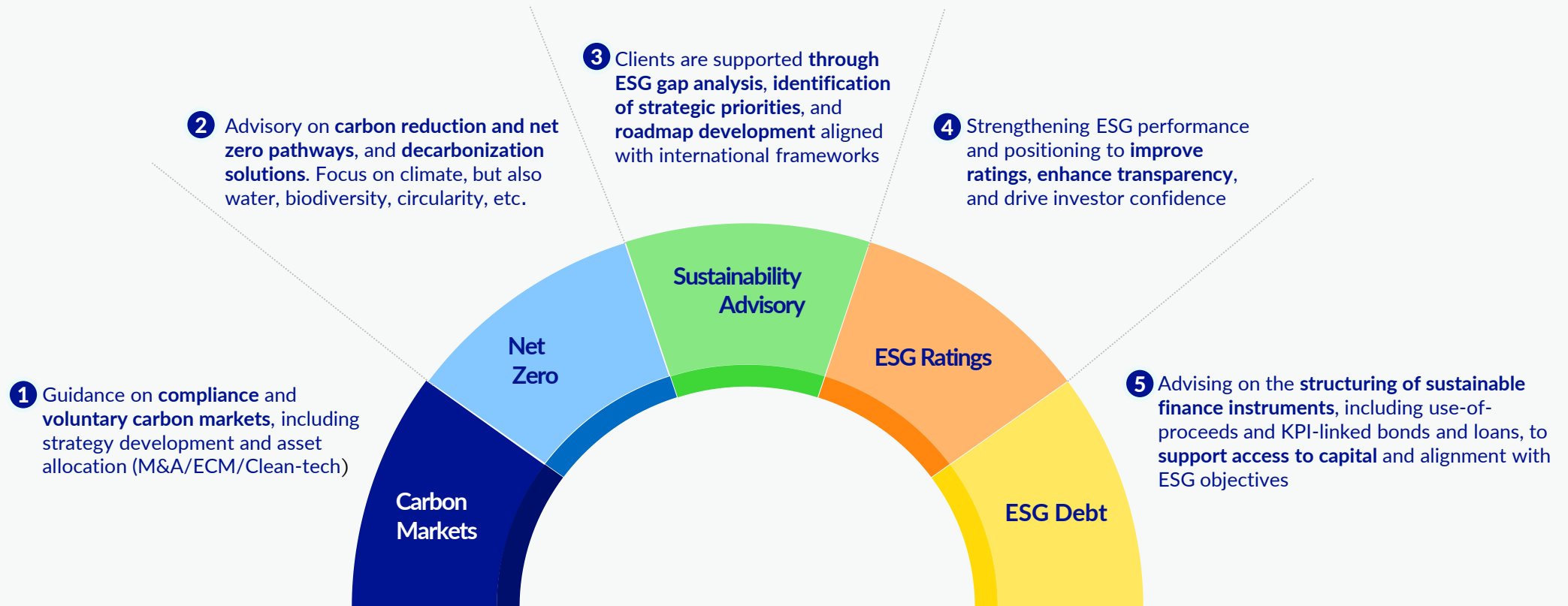
- Projects that comply with sustainability criteria are **identified and prioritized**
- Green/social & **sustainable or sustainability-linked loans / bonds** are used to provide financing
- **Environmental and social impacts** of the projects are regularly reported, ensuring transparency and accountability



## International guides



# Strategic ESG advisory services



20 sites

Physical Risk&Financial Impact Projects

Water stress modelling and financial impact assessment across 20 sites, enabling risk quantification and strategic decision-making at group level for companies.

50 projects

Strategic ESG Transformation

Sustainability strategy redesigned and institutionalized, with tailored transformation pathways addressing hard-to-abate industries

10k+ clients

Sustainable Finance & Debt

Mobilizing capital through ESG-linked and sustainable debt instruments

# Leading Sustainable Finance & ESG Advisory Supporting Our Clients' Sustainable Transition

- ✓ USD 20,2 million biodiversity-themed blue issuance by Garanti BBVA
- ✓ **One of the first biodiversity-focused** blue transactions in the region
- ✓ Use of proceeds: marine & biodiversity projects
- ✓ Award-winning issuance by Environmental Finance; «**Award for Innovation** – Use of Proceeds, Green Bond (EMEA)» and «**Green Bond of the Year** – Financial Institution (EMEA)»

## Turkey's 1st Biodiversity Bond Issuance



- ✓ **EUR 782mn loan** with 13 Banks, Bookrunner/JLMs: Garanti BBVA, HSBC
- ✓ Through its role as a core **ESG-focused bookrunner**, Garanti BBVA contributed to the successful delivery of an **award-winning sustainable finance transaction**, linking large-scale industrial transformation with circular economy outcomes.

## The Sustainable Rebirth of Shotton Mill

- ✓ €1.7 billion sustainability-linked loan for Antalya–Alanya Highway Project
- ✓ **Garanti BBVA as the Sustainability Coordinator** in one of **Turkey's largest SLL transactions**
- ✓ Award-winning transaction from Global Finance: **Sustainable Finance Deal of the Year** – CEE
- ✓ Marks Garanti BBVA's **1st Sustainability-linked Interest Rate Swap** deal

## Coordinatorship of one of Turkey's Largest Sustainability-Linked Loans



## Strategic Sustainability Transformation Projects

- ✓ **Group-wide sustainability strategy** redesigned and institutionalized
- ✓ **Hard-to-abate industries** addressed through tailored transformation pathways
- ✓ Sustainability directly linked to funding and capital allocation decisions
- ✓ Stakeholder and client engagement strengthened through **sustainability leadership**
- ✓ **Social Return on Investment (SROI)** methodologies applied to prioritize and justify community and social initiatives

# Rewarded internationally for its sustainability focus



## RECOGNIZED FOR EXCELLENCE



- Best Bank for Sustainable Finance in Türkiye
- Sustainable Finance Deal of the Year in Central & Eastern Europe
- Best Bank for Sustaining Communities in Central Eastern Europe



- Best Sustainable Finance Bank in CEE
- Best Sustainable Finance Bank in Türkiye
- Best Bank for Diversity and Inclusion in CEE



UNGC Ukraine Local Network – People Category Partnership (2020)



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



Best Bank for Sustainable Financing (2022)



Most Innovative Environmental, Social and Governance Loan (2020)



Turkey's Best Private Bank in Sustainable Finance (2024)



Best Sustainable Finance Bank in Türkiye (2020)



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

# Thank you

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