

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 SDGs⁽¹⁾ at heart



Sense of climate urgency

+2.7°C* Current climate trend⁽³⁾

+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 Türkiye to set a ground for Sustainable Growth



Climate Change Problems Observed in Türkiye

The year with the most extreme weather events of all time in Turkey was 2023, with **1475 extreme weather events** recorded.*

Turkey's average temperature in 2023 was 15.1°C, **1.2°C above** the 1991-2020 average of 13.9°C.*

A total of **3,400 hectares of forest, approximately the size of 4,500 football fields**, burned in the forest fires that occurred in 2023.**

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

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

Garanti BBVA Actions



The "**Forest Fire-Resistant Settlements**" was completed within the **scope of the** Türkiye's Life: Fire Management Grant Program carried out by **WWF-Turkey** with the financial support of Garanti BBVA.



Within the scope of the "**Blue Breath Project**" launched by **Garanti BBVA** in the Marmara Sea in cooperation with **Turkish Marine Environment Protection Association / TURMEPA** to reduce and prevent marine pollution, 200 tons of solid and liquid waste, equal to the daily production of approximately 177 thousand people, were collected between September 2021 and December 2023.

Green Deal Action Plan

32 objectives
81 actions
9 categories



CBAM
Green & Circular Economy
Green Financing

*<https://www.bloomberght.com/turkiye-de-asiri-hava-olaylari-2023-te-rekor-kirdi-2346873?page=2>

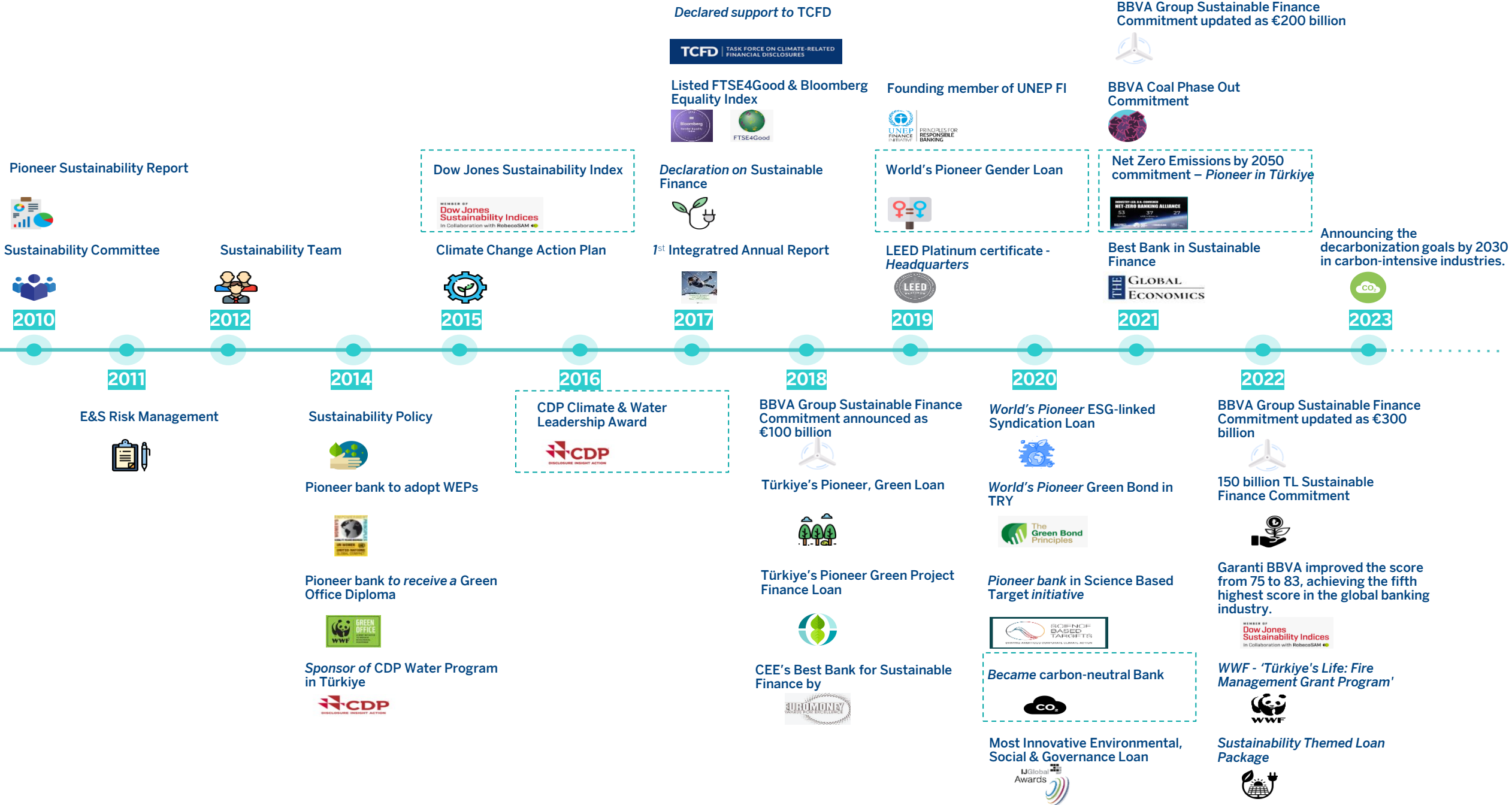
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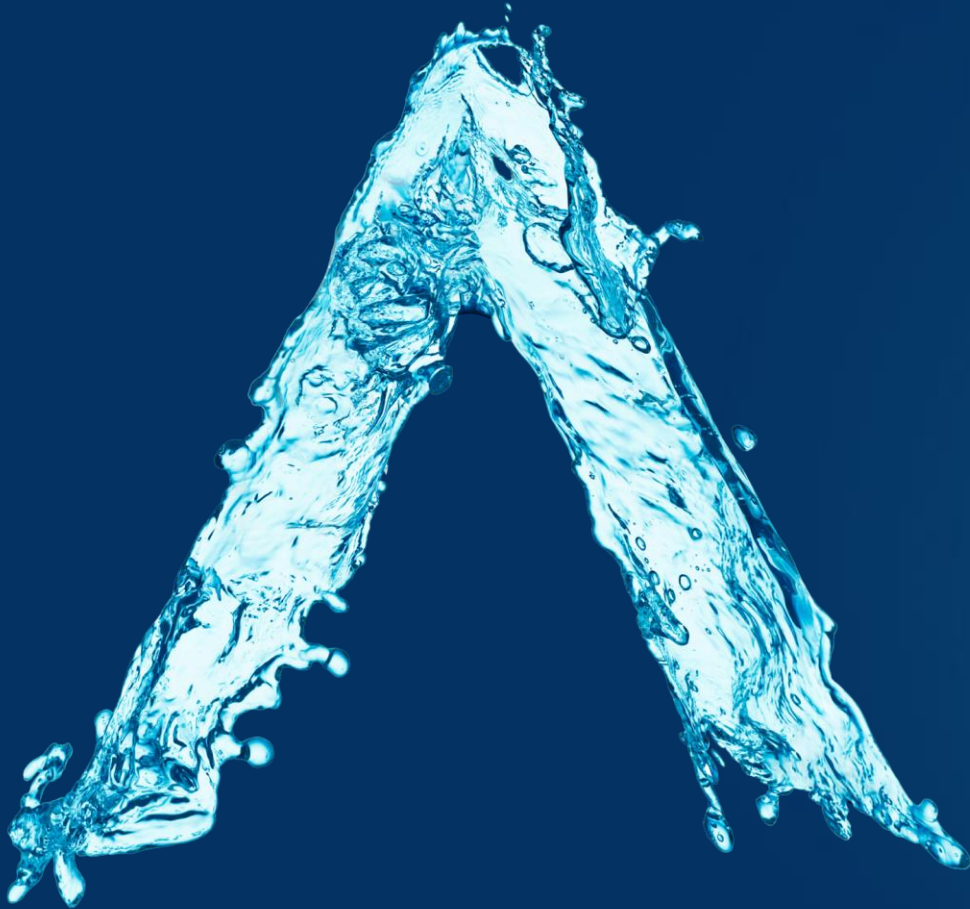


02.

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



Main Focus Areas (I/II)

CLIMATE CHANGE

Helping our customers change their behavior and move towards a greener future

Here are our three business initiatives where we aim to increase the investments needed to manage the climate change challenge:

- **Energy efficiency** (technology that reduces energy consumption per unit of product)
- **Circular Economy** (recycling, new materials, responsible use of natural resources, etc.)
- **Reducing carbon emissions** (renewable energy sources and other clean energy sources, electric vehicles)



INCLUSIVE GROWTH

Promoting economic growth that leaves no one behind and creates opportunities for all

Here are our three business initiatives where we aim to build inclusive infrastructures and increase the investments needed to support inclusive economic development:

- **Providing financial services** in line with the needs of society with digital solutions without banking services
- **Financing inclusive infrastructures** with a focus on essential services and safe, affordable and sustainable transport systems.
- **Supporting entrepreneurs**

Main Focus Areas (I/II)



Combating Climate Change

Contribution to Sustainable Development (2018-1Q24)

165 bn TL

The target of contributing and financing of sustainable development between 2018 and 2025 is updated to the **400 billion TL**

Decarbonization Target

1st company to declare this target in Türkiye*

Market share of wind power plants (WPP) by installed power financed by the Bank

24.6%



Inclusive Growth

Financing the Women Entrepreneurs

200 bn TL - in 5 years

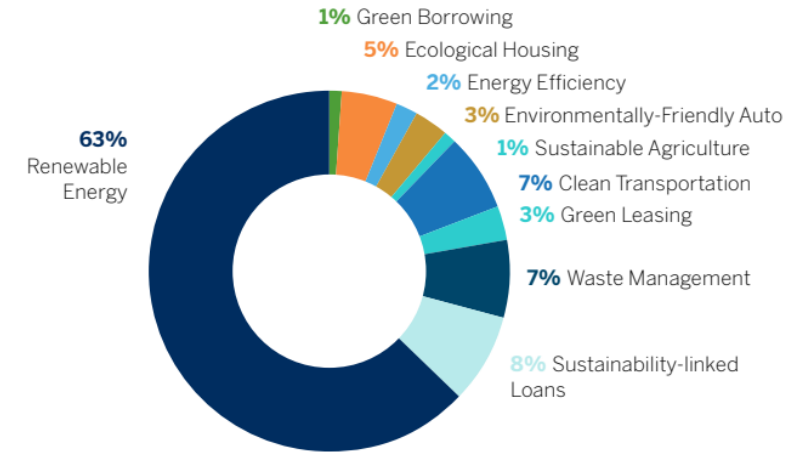
Unbanked Women Program

1,760 women participated

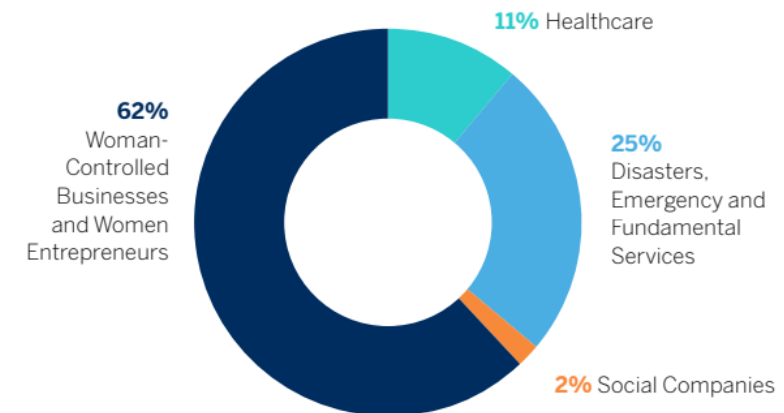
SME-Micro Loan Market Share among private peers

20.35% (1Q24)

Climate Action Financing by Themes



Inclusive Growth Financing by Themes



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 f-gases) 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 .



Our transition to low-carbon economy



Climate Change
Action Plan



E&S Risk
Management



Sustainable
Finance



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**

Limiting direct impact of the Bank..

Purchased carbon credit for the emissions in 2023 and **became a carbon-neutral bank**

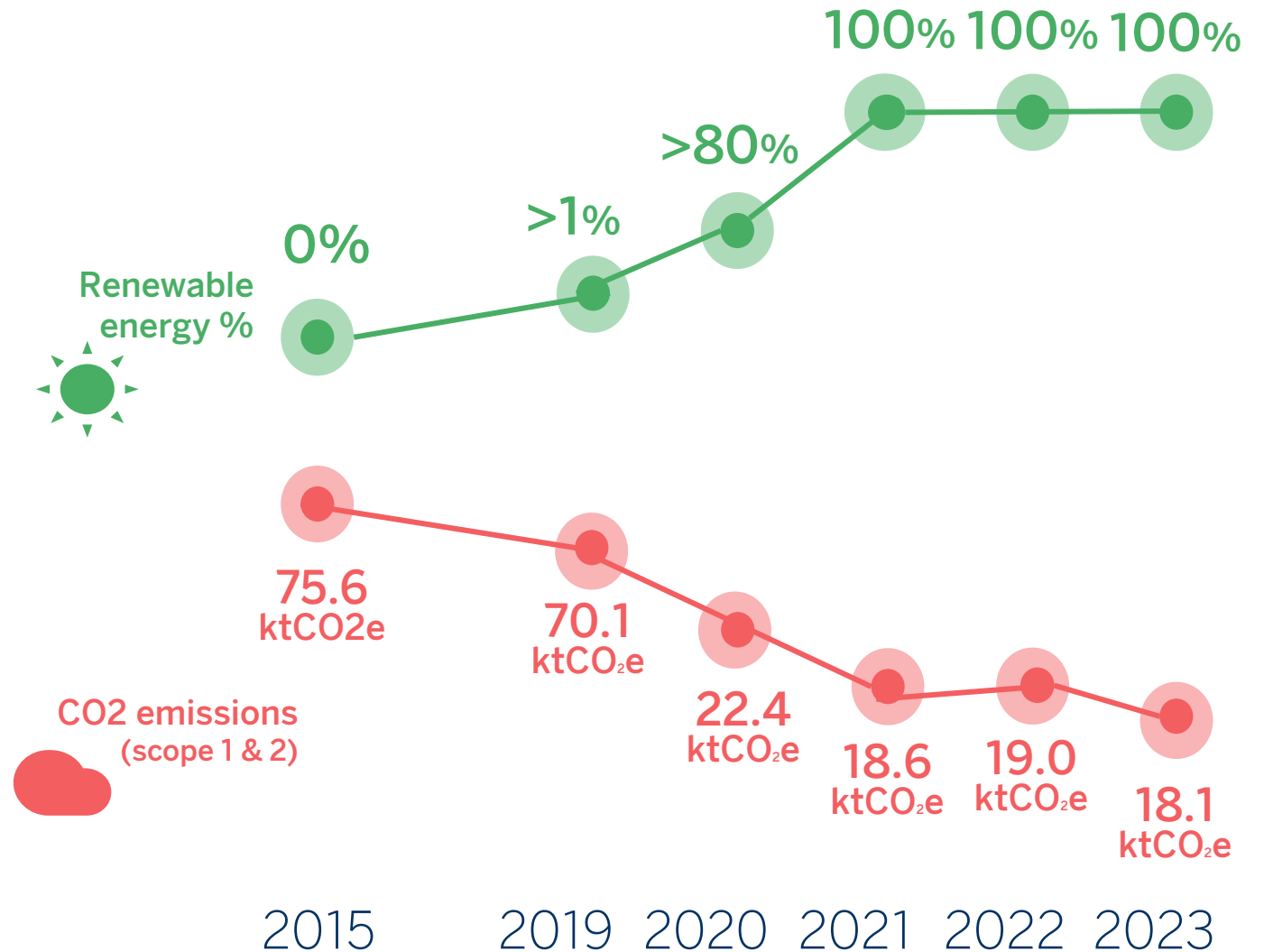
Used **100% renewable energy** for its electricity consumption (proven by IREC certificate)

Remote Eye System for limiting electricity consumption at 157 locations **saved 15%** from electricity consumption

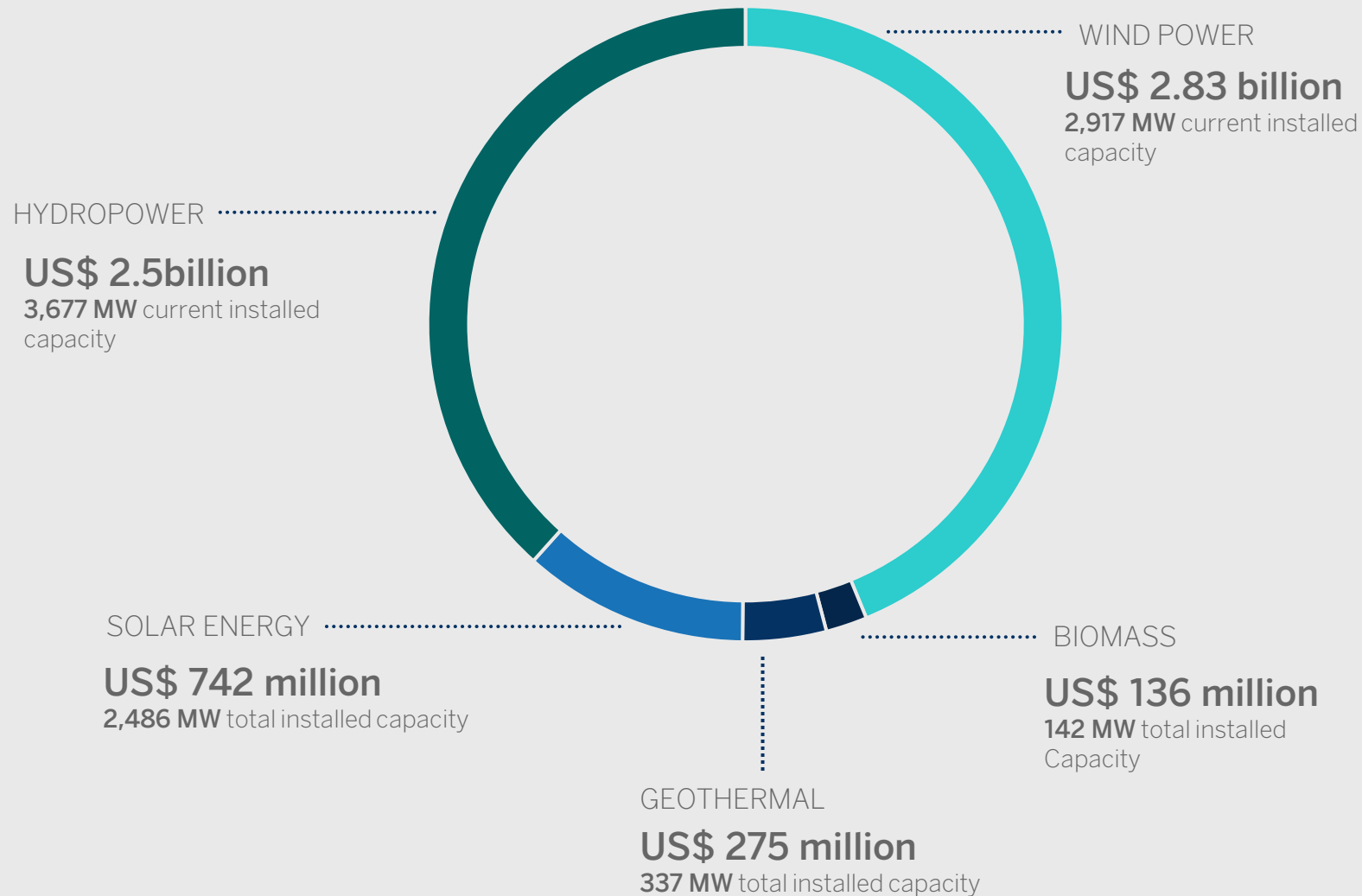
Thanks IREC Certification **43,000 tCO₂e** carbon emission, which corresponds to the amount of greenhouse gas that approximately **2.7 million trees** can reduce, has been prevented.

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 98%.



Renewable Energy Financing



100% Renewable Energy
in new Project Finance Loans since 2014



US\$6.47 billion
financing to renewable energy to date








24.6%
market share in wind PP financing



14.65 million tCO₂e
avoided in 2023



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

		Emission Metrics	Scope of Emission	BBVA Baseline (2022)	Garanti BBVA Baseline (2022)	Garanti BBVA Progress (2023)	Benchmark Scenario	Reduction Target by 2030
	Energy	kgCo2e/MWh	1+2	212	388	339	IEA Net Zero 2050	(-72%)
	Automotive	gCo2e/km	3	195	182	179	IEA Net Zero 2050	(-40%)
	Iron & Steel	kgCo2e/Tiron&steel	1+2	1.140	1,096	1320	IEA Net Zero 2050	(-10%)
	Cement	kgCo2e/Tcement	1+2	690	726	726	IEA Net Zero 2050	(-20%)
	Coal							


Phase out plan announced in March 2021
 Phase-out of the sector by 2040

* Calculated in line with PACTA methodology. It is important to emphasize that the baseline of these metrics may change, since the sources of information used and the methodology are constantly changing

Sustainable Finance

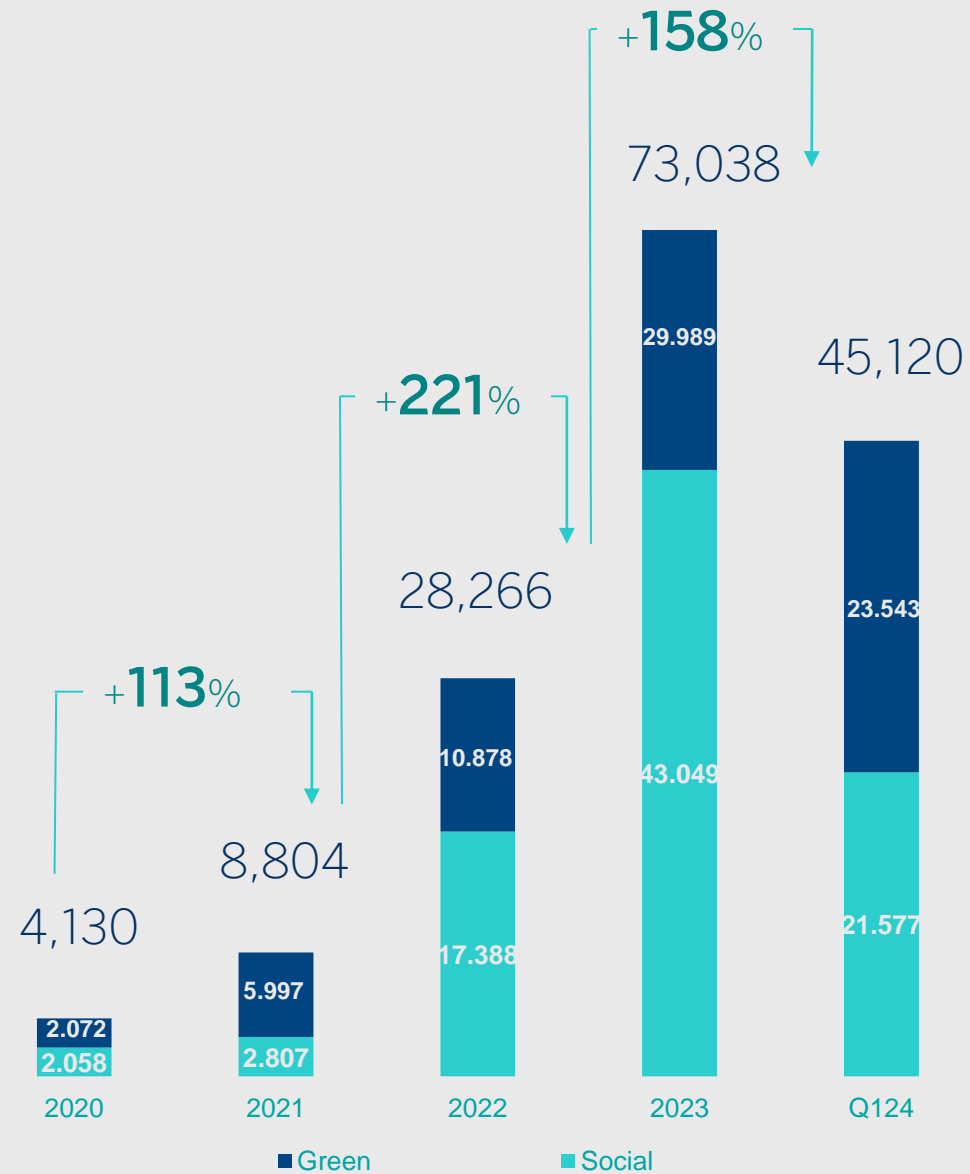
 Garanti BBVA's 2018-2025 Target: **~400 bn TL**

 In 2023, the bank provided 73 bn TL in sustainable finance, including 14.7 bn TL green and social financing in CIB segment.

 In the 2018-1Q24 period, the total amount of resources allocated by the Bank to the financing of sustainable activities reached 165 bn TL.



Sustainable Finance Channeling (TL mn)



Garanti BBVA's 2018-25 Goal ~400 bn TL
(current 165 bn TL)*



GREEN
%45

TL ~165 bn
Channeled since 2018

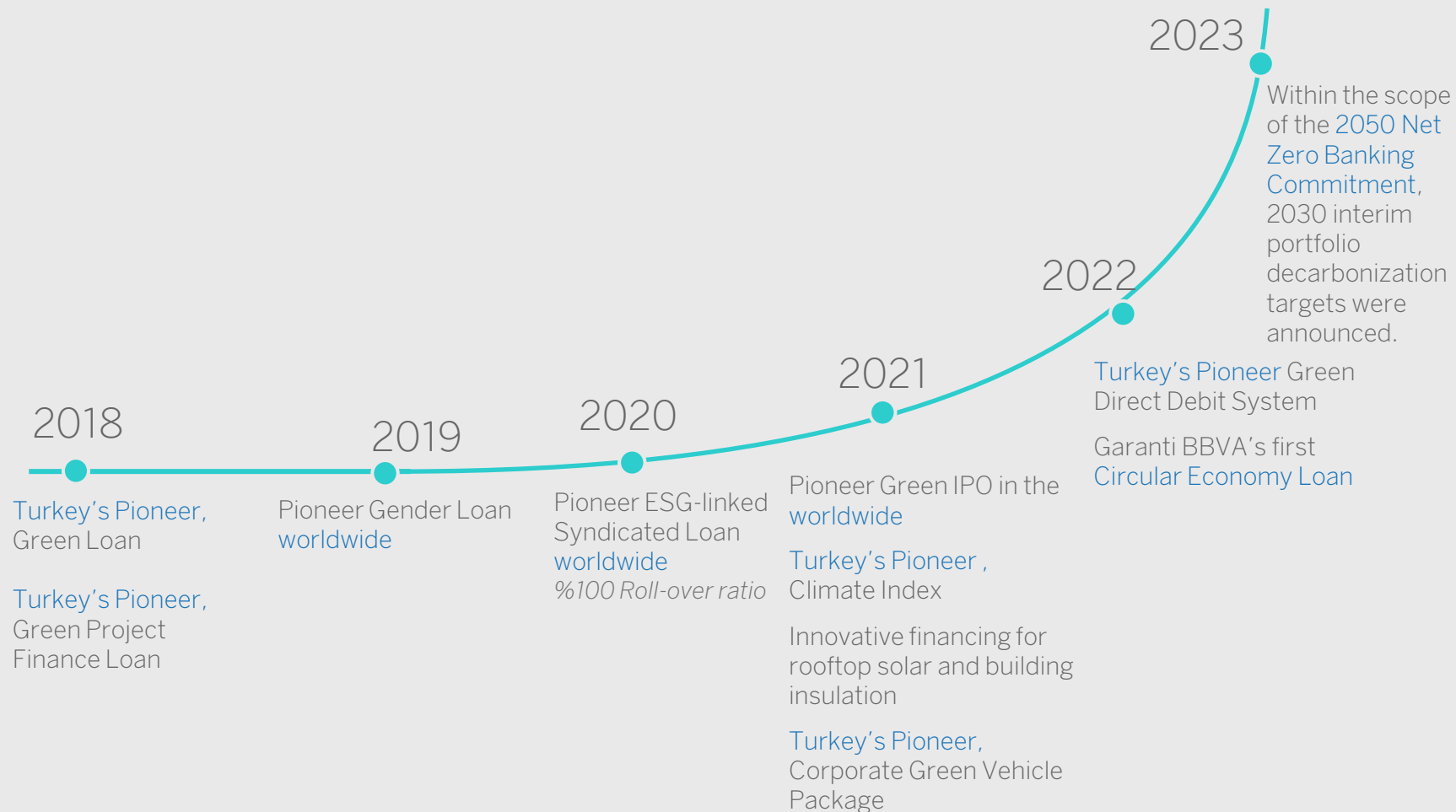


SOCIAL
%54

TL400 bn
Goal until 2025

*As of 31.03.2024

A pioneer in innovative sustainable products



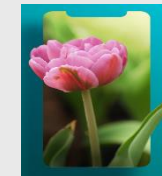
New sustainable solutions for all clients



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

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
Consolidation of CDSB, VRF,
SASB, IIRC



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

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

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



MOODY'S



FTSE4Good



REFINITIV



THOMSON REUTERS



Corporate governance index

Sustainability index

Sustainability 25 index

SUSTAINABILITY AWARDS



Best Bank for Sustainable Financing,
(2022)



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



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



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)

The background is a solid teal color with several green leaves scattered across it. The leaves are of various sizes and orientations, some pointing towards the top and others towards the bottom. They have a natural, slightly textured appearance with visible veins.

Thank You