

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Established in 1946, Garanti BBVA is Türkiye’s most valuable and second largest private bank with consolidated assets close to TL 849 billion (USD 64.9 billion) as of December 31, 2021. Garanti BBVA is an integrated financial services group operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage and asset management, besides international subsidiaries in the Netherlands and Romania. Its custom-tailored solutions and wide product variety play a key role in reaching TL 610 billion performing cash loans and non-cash loans. Garanti’s capital generative, disciplined, and sustainable growth strategy that strictly adheres to solid asset quality enables the Bank to move forward strongly. Garanti has been adding value to the Turkish economy since 2010 with the synergy created with its main shareholder, BBVA. Since June 2019, the Bank has been continuing its activities under the “Garanti BBVA” brand. Implementing an advanced corporate governance model that promotes the Bank’s core values, Garanti has Banco Bilbao Vizcaya Argentaria S.A. (BBVA) as its majority shareholder with 49.85% share. Its shares are publicly traded in Türkiye, and its depository receipts in the UK and the USA. Garanti BBVA has an actual free float of 50.07% in Borsa Istanbul as of December 31, 2021. On 15 November 2021, the voluntary tender offer process launched by BBVA for the entire share capital of Garanti BBVA (“VTO”) and approved by the Capital Markets Board of Turkey in accordance with the Communiqué on Takeover Bids. As a result of the VTO, the total share capital of Garanti BBVA owned by BBVA reached 85.97%. The related statement was announced at Public Disclosure Platform (KAP) in 18 May 2022. EVERY POLICY AND BUSINESS PROCESS ADOPTED AND ACCEPTED BY BBVA IS ALSO CONSIDERED VALID BY GARANTI BBVA UNLESS OTHERWISE STATED.

As of December 31, 2021, Garanti BBVA provides a wide range of financial services to its more than 20 million customers with 18.354 employees through an extensive distribution network of 863 domestic branches, 7 foreign branches in Cyprus and one in Malta, and 1 international representative office. Garanti BBVA offers an omni-channel convenience with seamless experience across all channels with 5.401 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

Moving forward to maintain sustainable growth by creating value for all its stakeholders, Garanti BBVA builds its strategy on the principles of always approaching its customers in a “transparent”, “clear” and “responsible” manner, improving customer experience continuously by offering products and services that are tailored to their needs. Its competent and dynamic human resources, uninterrupted investments in technology, innovative products and services offered with strict adherence to quality and customer satisfaction carry Garanti BBVA to a leading position in the Turkish banking sector. Garanti BBVA has been working towards sustainable development focusing on combating climate change and on inclusive growth for 15 years to support sustainability, as is one of its strategic goals. Garanti BBVA has a different strategic priority in the field of sustainability which are

- Positively influence customers, decision-makers and the sector being the leading bank in sustainability; continue to support raising increased awareness of this matter
- Increase the diversity and use of our sustainable products offered to customers
- Observe climate change-related risks and opportunities; integrate them into our business processes and risk policies
- Focus on community investment programs that deliver impactful outcomes on material topics and observe impact investment principles

In 2021, Garanti Bank conducted a very comprehensive study within the scope of the “Green Mode” project. In this context, Garanti BBVA will launch a carbon footprint feature within the its existing mobile banking application used by its customers that is aimed at increasing awareness of sustainability, provides features such as carbon&water footprint calculation for cards and accounts’ expenses and offers advice on offsetting carbon footprint. In March 2021, Garanti took one step forward in order to enhance its low carbon transition strategy. Garanti BBVA reaffirms its commitment against climate change and announces that it will stop financing coal-related activities on March 2021. In September 2021, the Bank became the first company from Türkiye to make a commitment to the United Nations Net Zero Banking Alliance, which supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement. Garanti BBVA’s commitments include aligning its portfolio with net zero emissions by 2050.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2021	December 31 2021	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas in which you operate.

Turkey

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	<Not Applicable>	Agricultural chemicals Agricultural products wholesale Apparel design & manufacturing Cotton farming Dairy & egg products Fast food Fruit farming Grain & corn farming Grain & corn milling Hypermarkets & superstores Oil & gas extraction initial Oil & gas refining Other animal farming & processing Other base chemicals Other crop farming Paper products Personal care & household products Rice farming Soybean farming Soybean processing Sugarcane farming Supermarkets, food & drugstores Textiles Vegetable farming Wood & paper materials Wood & paper products wholesale
Investing (Asset manager)	No	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No	<Not Applicable>	<Not Applicable>

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	GARAN

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The President and CEO, who is also a Board Member, is a member of the Responsible Banking and Sustainability Committee (RBSC). RBSC formally reviews and approves the activities related to sustainable and responsible banking and meets regularly to monitor the progress to provide input to all sust. efforts. RBSC is deliberately structured to integrate sust. concerns (i.e. climate change) and opp. into all operations, products and services. RBSC meets to review and take decisions on recommendations raised by the Sustainability Team and Representatives, and RBSC meets to oversee the progress on the implementation of the Bank's RB Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. To date, with the contribution of our CEO, The RBSC approved and initiated several sustainability policies and solutions such as Sustainability Policy & Strategy, Climate Change Action Plan, prioritizing renewable investments, increasing the scope of the Bank's E&S Impact Assessment Model, announcing a science-based target, etc. The decisions made by the CEO: In 2020, Garanti BBVA announced its target to reduce its carbon emissions by 29% by 2025 and by 71% by 2035 within the frame of the Science-Based Targets methodology. In April 2021, Garanti BBVA took another crucial step in the Turkish banking sector in line with its undertakings to combat climate change and joined the United Nations Net-Zero Banking Alliance (NZBA). The Bank has been the first Turkish signatory to the NZBA. Garanti BBVA keeps working towards managing its risks and emissions arising from its portfolio in keeping with its commitment to align its portfolio with net-zero emissions by becoming a signatory of NZBA. The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and encourage its customers for going green. Taking its pioneering position in renewable energy finance one step further, Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021. Additionally, in January 2021, sustainable mobilization KPI which is directly related to climate change is integrated into all employees including the Board and the Senior Management.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues 	<ul style="list-style-type: none"> Climate-related risks and opportunities to our operations Climate-related risks and opportunities to our banking activities The impact of our own operations on the climate The impact of our banking activities on the climate 	<p>Garanti BBVA believes that the concept of sustainability must be embedded throughout its decision mechanisms and business processes to create value for its stakeholders. The Responsible Banking and Sustainability Committee (RBSC), established for this purpose in 2020 formally reviews and approves the Bank's activities related to sustainability and is chaired by a Board Member and meets regularly in order to monitor the progress of and provide input to all sustainability efforts. Previously there were two committees namely Sustainability Committee and the Responsible Business Committee which then merged and formed the RBSC in 2020. It was resolved that sustainability matters would be addressed and discussed by this resulting committee. The CEO, who is also a board member is a permanent member of the Responsible Banking and Sustainability Committee (RBSC) as well. The RBSC ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti BBVA, also systematically ensures that stakeholders are at the center of the decision-making. The committee is deliberately structured to integrate sustainability concerns (i.e. climate change) and opportunities into all operations, products and services. The committee's role is to agree on strategic direction and action plans. The RBSC meets to review and take decisions on recommendations raised by the Sustainable Team and Representatives, and to oversee the progress on the implementation of Garanti BBVA's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. The RBSC has met 4 times in 2021, and a total of 31 times since the inception of SC and RBC. By the end of 2021, Garanti BBVA has around 1,000 Sustainability Representatives, who are responsible for working in coordination with the Sustainability Team to collect data and support the implementation of the decisions taken by the RBSC within their own departments, from headquarters, regional directorates and branches. In 2020, Garanti BBVA announced its target to reduce its carbon emissions by 29% by 2025 and by 71% by 2035 within the frame of the Science-Based Targets methodology. In April 2021, Garanti BBVA took another crucial step in the Turkish banking sector in line with its undertakings to combat climate change and joined the United Nations Net-Zero Banking Alliance (NZBA); The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and to encourage its customers for going green. Taking its pioneering position in renewable energy finance one step further, Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021.</p>

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	A sustainability expert has been appointed to the board of directors of the BBVA group, of which Garanti BBVA is also a part. The total share capital of Garanti BBVA owned by BBVA is 85.97%. The sustainability expert will reinforce the expertise of BBVA's Board of Directors on sustainability, particularly in the fight against climate change. As the main shareholder of Garanti BBVA, the BBVA Group's Board of Directors is the core team on which the whole Group relies to define and oversee the implementation of a clear strategy and a solid corporate culture and set of values that serve as key drivers to deliver on our strategic priorities including fighting against climate change. In addition, Risk Management training is provided regularly to non-executive Board members, which it is ensured that non-executive Board members are informed about the latest risk management practices and are equipped to assess various forms of risk. Risk management training content planned for these members is revised and improved regularly and continuously by following best practices and regulations. These criteria are used in assessing the climate-related competence of board members in terms of climate change. Additionally, For success in a sustainable future, it is important that the people in the decision-making and supervisory bodies have expertise in relevant fields. Relevant competencies at the board level demonstrate a company's commitment to understanding and responding to risks, opportunities, and impacts. For this reason, Garanti BBVA evaluates senior management and board of directors with its competency matrix. Here, the competence, education, knowledge, skills, attitudes, and behaviours of the people are taken into consideration.	<Not Applicable>	<Not Applicable>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (EVP of Corporate and Investment Banking)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	More frequently than quarterly

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	The Bank provides the climate change-related incentives starting from the upper management level to all employees.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Other C-Suite Officer	Monetary reward	Other (please specify) (Sustainable Finance Mobilization KPI)	Achievement of environmental KPIs that results in better management of the Bank's environmental footprint, rewards the Corporate C-Suite Officer (Executive Vice President) who is entitled to benefits due to achievements of KPIs. The continuity of sustainability efforts and ranking in indices is examples of such KPIs. These indices include the leadership index of CDP Climate Change and Water Security is linked to overall sustainability performance including GHG emissions. Additionally as of January 2021, sustainable mobilization KPI which is directly climate change-related is integrated to all employees including the Board and the Senior Management. Garanti BBVA added the financing target to be mobilized for sustainable finance in the premium eligibility criteria of all employees at any level, starting with the Board of Directors and CEO. This strategic implementation encourages all employees to integrate sustainability in their day-to-day operations to create value in all business lines.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated	Provide reasons for not incorporating ESG criteria into your organization's employment-based retirement scheme and your plans for the future
Row 1	Yes, as an investment option	Employees can benefit from Garanti BBVA's pension system. The "Sustainability Share Pension Mutual Fund" product enables the pension plan to be operated in funds related to sustainability. The Fund includes at least 80% of its portfolio for the stocks included in the domestic and international Sustainability Indices. The purpose of the fund is to gain capital by including stocks in the domestic and foreign Sustainability Indices in the fund portfolio.	<Not Applicable>

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	The main short-term risks and opportunities associated with climate change are (1) the current and (2) emerging regulations and (3) compliance with the legal framework (GHG Monitoring and Reporting, Emission Trading Scheme (ETS), carbon and fuel/energy taxes), and (4) market. One of the potential impacts of the potential regulatory changes could be an increase in the cost of energy or energy-intensive materials, which will lead to an increase in the Bank's energy procurement which makes up for ~2.5% of total procurement spending (Direct Operations). Another regulatory-related impact may occur due to failure to comply with the legal framework may result in environmental fines that would impact the borrowers' operating conditions and licenses. Both changes may influence the borrowers' EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and ultimately impact their repayment capacity to lenders (Downstream). Reputation management in the Market is also relevant for the short term and would increase over the medium and long term as the level of awareness and expectations on climate change from Banks among material stakeholders such as international financial institutions, retail customers and investors would increase. Due to its close relationship with the European Union and trade with EU companies, Turkey is affected by current and emerging regulations published by EU. The carbon border adjustment mechanism (CBAM), which came with the European Green Deal, directly affects the bank customers who are in carbon-intensive sectors and their export to Europe. CBAM, which will start with data monitoring in 2023 and start its financial part in 2026, is one of the most important short-term risks. CBAM will affect the trade volumes and product costs of our customers in carbon-intensive industries. In addition, with Turkey's 2053 net-zero target and the Green Deal Action Plan published on 14 July 2021, the establishment of an ETS system in Turkey is on the agenda. At the Climate Council, the scope of the possible ETS system was tried to be clarified with the stakeholders of the sector. We consider short-term risks and opportunities for up to 3 years. Details on how Garanti BBVA identifies, assesses and manages short-term risks and opportunities are explained in the following sections.
Medium-term	3	10	The main medium-term risks and opportunities associated to climate change are (1) emerging regulations (both local and international) which further increase the pressure on fossil fuel-dependent industries and change the competitive landscape for those who export products to developed markets (We do believe that such regulations could result in an additional carbon tax cost for a fossil-fuel power plant), (2) The impact of upstream and downstream market transition and the need for keeping up with the latest ESG developments to capture the stakeholders' expectations on climate change issues (Failure to meet these expectations could damage reputation resulting in a loss of investor support and customer loyalty, among other challenges). Many customers of the Bank that in the carbon-intense sectors need to improve their production lines to align with the Paris Agreement 1.5 Degrees Pathway which creates transition risks(3) The loss of market share due to lack of proactive investments on capacity building and risks associated to the vulnerability of the loan portfolio to climate change in terms of both legal, market, sector-specific (e.g. tourism, energy, agriculture, real estate, etc.) and (4) physical led impacts and opportunities, which are grasped when the right products and services are offered in the right time, (5) chronic physical impacts such as a mean increase in temperature may increase the direct operational cost and water scarcity and drought which has a direct impact on Hydro-Electrical Power Plant projects (The impacts due to water scarcity and drought on hydro-power industry are considered in both medium-term and long-term).
Long-term	10	30	The main long-term risks and opportunities associated with climate change are (1) Physical impacts on existing settlements which could accelerate the demand for the financing of new infrastructure projects (Regional migration (e.g. from southern and northern cities to western cities), which might be a result of deterioration in people's livelihood due to climate effects and acute physical changes. This would ultimately affect the Bank's branch distribution and delivery channel strategy. The overall aggregate impact of climate change on economic growth would also be negative in the long run and impact every company operating in Turkey with varying levels. For instance, increased food prices and the cost of energy would increase the inflation and interest rates, therefore decreasing the Banking sector's profitability), (2) Water scarcity and drought which has a direct impact on Hydro-Electrical Power Plant projects, and (3) Reducing direct energy costs by formalizing the Bank's approach to GHG emissions management to provide a green transition in our direct operation, resource efficiency and savings in consumption costs in long-term. We consider long-term risks and opportunities as 10 years and over. Details on how Garanti BBVA identifies, assesses and manages short-term risks and opportunities are explained in the following sections.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The basis of identifying and assessing climate-related risks and opportunities (R&O) on both transaction and portfolio level is the Materiality Analysis explained on p60-62 of our 2021 Integrated Annual Report. Garanti BBVA undertook double materiality study for Climate Change -the highest priority both for the Bank's strategy and its stakeholders-, Protection of Personal Data, Cybersecurity, Solvency and Financial Performance. As part of this study, the Bank analyzed the impact of these topics upon Garanti BBVA (Outside-Inward Perspective) while how these topics impacted the others, in other words, how Garanti BBVA's activities dealing with these topics affected various stakeholders (Inside-Outward Perspective). Thus, the Bank analyzed risks and opportunities for each topic in connection with the aspect they were analyzed. Garanti BBVA regards the double materiality analysis that it has undertaken for the very first time in 2021 as a basic effort showing that the Bank attaches great importance to this new methodology and started working on it, and aims to increase the effectiveness of this study in the coming years. In the assessment, Garanti BBVA ranked each R&O according to the magnitude, likelihood and time frame of their impact in terms of; (i)direct financial impact and risk, (ii)legal, regulatory and policy drivers, (iii)opp. for innovation, (iv)industry norms, practices and competitive advantage. This ranking constitutes the basis for what the Bank assumes as "substantial". Based on this definition, the quantifiable indicators used to define substantive financial or strategic impact include but not limited to: % of carbon-related assets of the portfolio, % of greenfield coal power projects in project finance, % of renewable energy financing in project finance, % of renewable energy consumption, % of projects subjected to ESIAM, etc. We foresee our risks and opportunities by performing climate-related scenario analysis, and we deduce climate-related R&O.

Definition of substantive financial impact: We define substantive financial impacts' magnitude up to TRY 1 million as Low, TRY 5-20 million as Medium, and TRY 50 million and over as High impact.

In line with that, climate-related substantial R&O are grouped under 4 different clusters of material issues; -customer experience, -digital transformation,-investing in human capital, -responsible and sustainable development.

-Efforts under Customer Experience enable management of current & emerging regulation, legal, market, reputation, downstream, acute and chronic physical R&O. The market and reputation R&O are usually portfolio level. In contrast, the rest can be both on transaction and portfolio level. Informing the customers on environmental and social trends will stay as an important topic in the Bank's agenda especially with respect to corporate and commercial customers.

-Efforts under Digital Transformation enable effective management of technology, acute and chronic physical risks, downstream, upstream and market R&O. Technology and market R&O are usually portfolio level. In contrast, the others can be both transaction and portfolio level.

-Efforts under Investing in Human Capital enable effective management of current/emerging regulation, technology, market, reputation, acute and chronic physical, upstream and downstream R&O. The market, technology, reputation R&O are usually portfolio level, whereas the rest can be both on transaction and portfolio level.

-Efforts under Responsible and Sustainable Development enable effective management of current/emerging regulation, market, reputation, acute/chronic physical, and downstream R&O. The market and reputation R&O are usually portfolio level. In contrast, the rest can be both on transaction and portfolio level.

- Risk of slow transition in energy-intensive sectors: With the PACTA study, we are trying to set threshold values for energy-intensive sectors. Garanti BBVA will not work with customers who do not comply with the determined threshold values in the future. Thus, the emerging risks of the EU Green Deal will be minimized.

The projects with an investment amount over 20 M USD were evaluated in ESIAM since 2012 and 10 M USD since 2016 and included financial consultancy. In 2021, ESIAM was applied to all Project Finance loans without any cost criteria which is even below the limits defined in the Equator Principles.

A substantive financial risk example: In 2021, the drought led to a revenue loss of USD 83mn (TRY 738 mn) in cash flows of our HEPP portfolio. This means 41% of our PF renewable energy portfolio is directly prone to climate-related risks, especially drought-related ones. In order to better manage this risk, we apply our E&S Impacts Assessment Model in line with the strictest international standards, and for HEPP projects we have a further set of questions and criteria to also analyze the cumulative effects in the basin.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Garanti BBVA's track record on the management of E&S risks, as well as its capability to tailor existing products according to the UN SDGs and having qualified for 11 different sustainability indices including DJSI play an important role in accessing low-cost funding. This low-cost funding enables us to offer more favorable loans with innovative products and services to our customers. In 2021, Garanti BBVA secured funds worth of USD 694 mn and EUR 541 mn in this scope from banks and international finance institutions. This amount accounts for 100% of the total financing the Bank secured in 2021. We aim to reinforce our pioneering position in the sector by continuing to issue Green/Social/SDG Bonds.

In Dec 2020, we issued a USD 50 mn inaugural Green Bond with a 5-year maturity. We have reported the Allocation and Environmental Impacts of Garanti BBVA's Green Bond with our Green Bond Allocation and Impact Report. The total amount of loans disbursed to the defined project for financing or refinancing, in part or in full, new and/or existing Green Projects as defined under the BBVA's Sustainable Development Goals (SDGs) Bond Framework, including, energy efficiency, sustainable transport, water, waste management and renewable energy projects.

Another milestone in 2019 was achieved in the inclusive capital area. In Dec 2019, a loan agreement was executed with IFC, OeEB and GGF in order to obtain a loan with an amount of USD 132.75 mn and a maturity of 6 years. This loan is used to support small enterprises located in 22 Turkish provinces which are lesser developed and most impacted by the population under temporary protection, women entrepreneurs and energy efficiency & renewable energy projects. Total financing to women entrepreneurship exceeds 11 billion TRY within the Women Entrepreneurship Program on its 15th year.

Reputational damage due to controversial issues or uncertain ESG-related risks in lending book may result in disruption of the borrowings and security products entailing ESG criteria which accounts for 100% of the total financing the Bank secured in 2021. This ratio was 52% the previous year. Over the years, we have seen a significant increase trend in the share of ESG criteria-related funding within the Bank's total borrowings.

In order to prevent such potential upstream damage/risks and to respond to stakeholder demand on climate change action, Garanti BBVA manages the risks in three aspects:

(1) Assessment & Management of E&S Risks:

(i) Garanti BBVA initially set up its E&S Loan Policies (ESLP) in order to minimize the indirect impacts of loans granted by the Bank and put them into practice in 2011. These policies constitute the environmental and social principles governing the extension of loans at Garanti BBVA Bank through which the Bank runs the "E&S Impact Assessment Process" (ESIAP). Within the scope of ESIAP, the Bank ensures that the projects financed by the Bank satisfy the social and environmental standards required by legislation and the Bank's policies. In addition to the ESIAP, the climate change impacts were examined for the scenarios RCP2.6 and RCP8.5, which are the lowest and highest CO2 emissions scenarios covered in the IPCC's AR5 reports. For Garanti BBVA's own operational assets some regions have very low to medium risk scores; however, some regions, like Akdeniz, Güneydoğu Anadolu and Karadeniz regions, have high to very high risks for different hazards for both spatial resolutions. The renewable energy assets of Garanti BBVA risk assessment for the short-term time horizon show more than 70% of the WEPPs and 84% of SEPPs have either a low or very low-risk score.

(ii) Garanti BBVA's majority shareholder BBVA released stricter sector norms for energy, mining, agriculture, and infrastructure sectors in 2018. As a member of the BBVA Group, Garanti BBVA adopts the Norms for E&S due diligence. Sector Norms were updated in 2021 and new updates are added in each year which means there will be another one in next years.

(iii) The Bank published its Climate Change Action Plan Statement in 2015.

(iv) The Bank focuses its activities on combating climate change on four main areas which are putting a price on carbon and prioritization of renewable energy investments, reducing deforestation, managing water-related risks and establishing green office standards.

(2) Collaboration with Initiatives (Memberships and Policy Dialogues):

Garanti BBVA works with peers to enhance the business practices on sustainable banking. As the Chair of the Sustainable Banking and Finance Working Group of UNGC Network Turkey, we led the efforts to develop the Declaration on Sustainable Finance. The signatory banks commit to a set of criteria for E&S risk management in their lending activities. The Declaration was launched in 2017 during the V. Sustainable Finance Forum organized by BCSD Turkey, of which the Bank is also one of the main sponsors. In September 2021, the Bank became the first company from Türkiye to make a commitment to the NZBA, which supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050. In March 2018, the Bank became a member of UNEP FI Banking Principles Core Group. The core group developed the principles and framework that will redefine and affirm the banking industry's key role in shaping and financing a sust. future, in alignment with internationally agreed targets detailed in the Paris Agreement and the UN SDGs.

Additionally, Garanti BBVA's majority shareholder BBVA released its Pledge 2025 for climate change and sustainable development. According to this pledge BBVA will mobilize EUR 200 billion by 2025 to fight climate change and drive sustainable development and Garanti BBVA will be one of the contributions as all other geographies where BBVA Group operates.

(3) Supply Chain Management: The Bank includes climate concerns in the decision-making mechanisms for its supply chain. We released our Code of Conduct for Suppliers to regulate supplier behavior in line with the Bank's commitment to env. and ethical values. Code of Conduct for Suppliers includes env. initiatives the Bank has committed to. Full commitment and compliance are expected from each supplier. A clear example of climate-centered decision-making in the supply chain would be our preference for environmentally-friendly utilities which accounts for ~2.5% of our entire procurement spending. We signed agreements with utilities that generate electricity from only renewable energy. As RE power plants, they have minimum env. impact.

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Garanti BBVA has secured a significant reduction in carbon intensity over the years as a result of the long-standing efforts in relation to the carbon footprint. Resource consumption and carbon emissions of the Bank by years have been presented in its Integrated Annual Reports on a yearly basis. Garanti BBVA will carry on and further expand its environmentally sensitive and pioneering initiatives in the years ahead, thus continuing to contribute to social and environmental benefits. To assess and manage our risks, we apply advanced risk management tools. Through the risk appetite framework, the Bank determines the risks that it is prepared to take based on the predicted capability of safe handling of risks so as to achieve the goals and strategic objectives as defined by the Board of Directors. Operational risk is managed on the basis of the three lines of defense approach within the frame of risk management policies. The Board of Directors issues the risk appetite for operational risk and related limits, and senior management ensures consistent and efficient implementation and maintenance of the operational risk management framework in relation to all activities, processes and products. We then set short and long-term targets to manage and track these risks. With our Eco-efficiency Plan for 2021-2025, we aim to decrease energy consumption per square meter by 4% until 2025 and we determined a company-wide 69% emission reduction KPI until 2025 from 2019. In 2021, the 100% renewable energy in our electricity use led us to achieve this KPI.

Short term:

Operational Risk due to Emerging Regulation: Turkey is in the process of establishing its national ETS as a member of The World Bank's PMR Project. With Turkey's 2053 carbon neutral target and the Green Deal Action Plan published on 14 July 2021, establishing an ETS system in Turkey is on the agenda. One of the potential impacts of ETS could be an increase in the cost of energy or energy-intensive materials, which will lead to an increase to the Bank's energy procurement which makes up for 2.5% of total procurement spending as of 2021.. This would then lead the increase of both procurements for energy and the possible costs due to ETS. In order to mitigate these risks, we invest in energy efficiency projects and switch to renewable energy consumption in our service locations in Turkey.

Medium-term:

Operational Risk due to chronic physical risk: Lack of investment in energy-efficient technologies might result in increased vulnerability to physical climate impacts such as a mean increase in temperature (the approximate annual temperature increase is around 1.4% in 2021), resulting in increased operational costs. Such fluctuations in temperature could significantly increase the yearly electricity consumption of the Bank. This would result in an additional cost (around TRY 1.2 mn) at Garanti BBVA taking into consideration the electricity consumption in 2021.

To insulate from price increases, the total amount of energy efficiency investment has reached to TRY 83 mn as of end of 2021 since 2017. These investments include LED and AC replacements, installations of roof-type solar panels and a trigeneration unit at the Bank's Zincirlikuyu HQ Office.

Since 2013, the electricity unit prices has increased by 156%. And the unit price change has doubled (48.9% increase) when compared only the start and the end of 2021.

Garanti BBVA has considered all these variables and estimated life-time of energy efficiency investments and taken to prevent additional operational cost increases.

Long term:

By formalizing Garanti BBVA's approach to GHG emissions management, the Bank enhances its ability to strategically reduce energy costs. In 2021, Garanti BBVA continued to put further efforts to minimize its direct impacts. In 2019, the Zincirlikuyu Head Office building earned a Platinum certificate in LEED Platinum certificate, becoming the first bank to have received such recognition in Turkey. Besides the Zincirlikuyu Head Office building, we have 4 more buildings with LEED certificates (1 Platinum, 3 Gold).

In 2021, 1.836.055,61 kWh was saved in terms of electricity consumption, corresponding to TRY 1.8 mn of additional operating cost savings in 2021.

One of the important milestones is establishing ISO 14001 Environmental Management System (EMS) in order to manage our direct and indirect environmental impacts in an effective and systematic way. To ensure compliance with the EMS requirements in all stages of its banking activities, Garanti BBVA began providing training to its

employees. These training sessions aim to keep the Bank's employees informed of the latest legal developments, voluntary initiatives and customer feedback regarding environmental and social issues. The EMS is managed by the Efficiency Team in collaboration with the Sustainability Team under the leadership provided by the Responsible Banking and Sustainability Committee. Following its ISO 14001 accreditation in 2012, the Bank started to determine targets for energy consumption and other environmental impacts in order to improve its environmental performance in 2012. Currently, Garanti BBVA maintained its 100% coverage for ISO14001 certification at all service points, following the audits conducted by an independent consultant on an early basis.

As another milestone, Garanti BBVA published its Climate Change Action Plan Statement in 2015. The statement focuses on combating climate change in four main areas: (1) putting a price on carbon and prioritization renewable energy investments, (2) reducing deforestation, (3) management of water risks related to climate change, and (4) establishing green office standards. Under the 4th pillar, the Bank has undertaken numerous efforts aimed at reducing energy use at new and existing facilities. For existing facilities, these include changes in lighting, mechanical systems, air-conditioning, information technology and more. For new facilities, the Bank intends to build to industry-leading standards for energy efficiency. Since the portfolio risks indirectly affect the Bank's operations, Garanti BBVA also conducted an assessment of the physical climate risks of its portfolio with a consultancy in early 2022.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & Inclusion	Please explain
Current regulation	Relevant, always included	The Regulatory Framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17.05.2014. A revision was released on 31.05.2017. The regulation required companies from energy-intensive sectors to monitor, report and verify their CO2 emissions until 31.10.2017. With Turkey's 2053 carbon neutral target and the Green Deal Action Plan published on 14 July 2021, the establishment of an ETS system in Turkey is on the agenda. At the Climate Council, the scope of the possible ETS system was tried to be clarified with the stakeholders of the sector. While this regulation wouldn't apply directly to Garanti BBVA, it could indirectly impact the company in two ways:(1) by imposing new demands on borrowers, especially for project finance, which could impact project performance and ability to repay; (2) by leading to an increase in the cost of energy or energy-intensive materials (estimated cost could be as high as TRY 17.7 mn). In anticipation of such climate-related regulations, Garanti BBVA already includes potential future carbon taxes in financial modeling and projections of power plant projects to ensure they would still fulfill their financial obligations. In 2017, the Ministry of Energy and Natural Resources (MENR) and its General Directorate for Renewable Energy implemented a unique procedure for the solar and wind energy resource areas with the Regulation for Renewable Energy Resource Areas (RERA). It requires that locally manufactured products will be used in the generation facility to be built in the RERA; either through manufacture by the applicant itself or through supply from other local manufacturers, depending on the case. As an opportunity, RERA is helping to develop the market of the manufacturing of local products and will motivate the investors as RERA is the priority of the government. Companies has been chosen by the MENR through years to contribute to RERA with hydro, wind and solar power plants.n the energy sector, renewable energy projects are prominent as they were and RERA projects will be at the forefront in our pipeline in coming years. The companies that took place in RERA project create an opportunity for Garanti BBVA to increase the bank's renewable energy portfolio.
Emerging regulation	Relevant, always included	The main emerging regulatory risk associated with climate change is a possible future carbon tax scheme, or an Emission Trading System (ETS). Turkey seeks to form its own emissions trading scheme (ETS). In preparation for this, the regulatory framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17.05.2014. The regulation requires companies from energy-intensive sectors to monitor, report and verify their CO2 emissions. Due to its close relationship with the European Union and trade with EU companies, Turkey is affected by current and emerging regulations published by EU. When the latest regulations published by EU are considered. The carbon border adjustment mechanism (CBAM), which came with the European Green Deal, directly affects the bank customers who are in carbon-intensive sectors and their export to Europe. CBAM, which will start with data monitoring in 2023 and start its financial part in 2026, is one of the most important short-term risks. CBAM will affect the trade volumes and product costs of our customers in carbon-intensive industries. This creates both a risk and an opportunity for the bank as the customer's financial needs will be evolving. In addition, with Turkey's 2053 net-zero target and the Green Deal Action Plan published on 14 July 2021, the establishment of an ETS system in Turkey is on the agenda. At the Climate Council, the scope of the possible ETS system was tried to be clarified with the stakeholders of the sector. In order to mitigate these risks on the projects financed, Garanti BBVA includes potential future carbon taxes in financial modeling and projections of carbon-intensive projects financed to ensure that they would still fulfill their financial obligations. Garanti BBVA also joined Carbon Pricing Leadership Coalition (CPLC) Steering Committee and was presented as a case study for its practices on carbon pricing through a webinar organized in collaboration with Yale University, World Economic Forum and Carbon Pricing Leadership Coalition. For details please refer to: https://cbey.yale.edu/events/integrating-an-internal-price-on-carbon-lessons-from-garanti-bank
Technology	Relevant, always included	Lack of investment in energy-efficient technologies might result in increased vulnerability to physical climate impacts such as a mean increase in temperature, resulting in increased operational costs. Such an increase can be as high as TRY 4.2 mn per year, assuming an increase in average temperatures during summer. In May 2021, Garanti BBVA set up the Remote Eye System for limiting electricity consumption at 100 locations through infrastructure monitoring and control. The system that went into operation saved 15% in the electricity consumption of the Bank's sites as compared with the corresponding months in 2020. We also have an Emergency Action Plan in order to secure uninterrupted service in emergency cases including extreme weather events and electricity cuts (i.e. in the event of physical damage on transmission lines due to extreme weather conditions). In the transition to a low-carbon economy, key technologic developments such as carbon capture and green hydrogen are still under development. Garanti BBVA closely follows these technological developments as any new applicable findings would create risks and opportunities in the carbon-intensive sectors in the portfolio. Garanti BBVA is also increasing its internal capacity to integrate technological risks into its environmental and social risk management system, especially for electricity transmission lines. In 2021, With the aim of contributing to the protection of nature through reduced paper consumption, the preferred receipt feature offered to Bank customers after performing a transaction on ATMs is made available also for non-Bank customers. The yearly number of transactions performed through the Internet and Mobile banking channels reached approximately 780 million at the end of 2021. 37% of customers logging into the mobile banking app visit the My Status section or use the financial health tools offered. Garanti BBVA aims to ensure that its customers develop awareness by tracking their carbon footprint through the Ecological section under the "My Status" menu on Garanti BBVA Mobile, and Garanti BBVA thus supports them to reduce their carbon footprint with its suggestions.
Legal	Relevant, always included	The legal risks associated with climate change vary from environmental sanctions to uncertainty in the legal framework. In terms of non-compliances with legal issues related to climate change, risks may occur both in direct operations and the portfolio. For example, financing any customers and projects that contribute to non-legal actions would affect Garanti BBVA's reputation. Garanti BBVA has developed a comprehensive approach to analyzing each project against specific environmental and social (E&S) criteria to manage these risks. The Bank runs its E&S Impact Assessment (ESIA) Process and requests an E&S Action Plan in order to assess and monitor the customer's legal liabilities due to environmental regulations. This plan is also included in the loan agreement. By the end of 2021, Garanti BBVA assessed 85 projects within the scope of its ESIA Process and supported its customers to realize their investments in line with the legal framework on environmental issues and even beyond, i.e. international standards. In order to mitigate the non-compliance risk in the projects financed, loan agreements are reviewed by Sustainability Team and the Legal Department. Our requirement on compliance with international best standards also makes the Bank's borrowers to get prepared for a stricter legal framework and eliminates future non-compliance risks. The financial impact of non-compliance with environmental permits and licenses may lead to partly or fully suspension of operations. Such an event would cost to a large-scale power plant (7,500 GWh annual production) as high as TRY 550 mn of revenue loss in case of a one-month suspension of operations.
Market	Relevant, always included	Climate impacts increasingly confront companies with unplanned and abrupt changes or disruptions to businesses or assets. In addition, companies face transition risks to a low-carbon economy. All these factors are changing the competitive landscape and turn out to be a survival issue for the private sector. Such market conditions force companies to be flexible and proactive enough to gain the ability to transform their businesses according to emerging trends. This also creates risks and opportunities for Garanti BBVA as the need of companies change in terms of sustainable investments. Therefore, Garanti BBVA is developing products and services that can help companies to align their businesses with Paris Agreement Goals. For instance, the cumulative amount of financing provided for renewable energy investments has exceeded USD 6 billion, thanks to our internal capacity-building efforts in this sector. Also, capacity-building efforts enabled us to secure favored lending from international Financial institutions for supporting low-carbon investments. A major deal introduced in the world by Garanti BBVA was the Sustainability-Linked Syndicated Loan. In 2021, Garanti BBVA signed two new loan agreements in May and November 2021. In syndicated loan agreements worth 694 USD M and 541 EUR M in total, the Bank has committed to providing 2 billion TL of sustainable financing, supplying all of the Bank's energy needs from renewable sources, and integrating innovative carbon footprint measurement into mobile banking systems to support its customers in adopting more sustainable approaches. For instance, Garanti BBVA issued the first residential mortgage-covered bond ever, which IFC has invested for the first time in Turkey as well. Beginning in 2014, 100% of the total amount of financing for greenfield electricity production investments in project finance activities has been provided to renewable investments. Garanti BBVA is expected to have ~10-15 market share from future renewable pipelines over the next 3-4 years. The cost of not proactively investing in capacity building might result in a loss of market share worth as high as USD 0.3 bn. Additionally, as a part of the EUR 200 billion green finance goal of BBVA, Garanti BBVA aims to provide EUR 10 billion to this goal.

	Relevance & inclusion	Please explain
Reputation	Relevant, always included	Failure to meet stakeholder expectations on climate issues could damage reputation resulting in a loss of investor support and customer loyalty, among other challenges. The scale of financial impact related to reputational damage could result in disruption of the borrowings entailing ESG criteria. In 2021 Garanti BBVA secured funds worth of USD694M and EUR541M in this scope from banks and international finance institutions. This amount accounts for 100% of the total financing the Bank secured in 2021. Garanti BBVA implements an E&S Impact Assessment Process as stated in the 'Legal' Section to help drive improvement across its loan portfolio. To respond to stakeholder demand for climate change action, Garanti BBVA published its CC Action Plan Statement in 2015. The Bank focuses its activities on combating climate change on four main areas: carbon pricing and prioritization of renewable energy, reducing deforestation, management of water risks, and establishing green office standards. Besides the company-level efforts, Garanti BBVA works with peers to enhance the business practices on sustainable banking. As the Chair of the Sustainable Banking and Finance Working Group of UNGC Network Turkey, Garanti BBVA led the efforts to develop the Declaration on Sustainable Finance. The signatory banks commit to a set of criteria for E&S risk management in their lending activities. Each year after the first signing date, we expanded the scope of the Declaration to include a larger portion of the Bank's portfolios and some provisions to ensure better control of Banks on the impact of projects financed. In addition, the declaration's scope is enhanced to include both sustainable finance-related risks and opps. Garanti BBVA, being the only founding member bank from Turkey in the UNEP FI's Principles for Responsible Banking Core Group, became a signatory of the Principles in 2019. The Principles will provide a substantial contribution to these goals along with the Paris Agreement by setting the roadmap for the banking sector. The Bank became the first bank from Turkey to sign the UNGC's Business Leadership Criterion Carbon Pricing in 2015 and become the first bank in Turkey to ratify the Caring for Climate statement. Garanti BBVA took another crucial step and joined the United Nations Net-Zero Banking Alliance in April 2021. The Bank has been the first Turkish signatory to the NZBA. Garanti BBVA has also declared its pledge of coal phase-out in March 2021.
Acute physical	Relevant, always included	In 2021 Global Risks Report by the World Economic Forum, environmental risks due to climate change take the first spot within the top ten major risks in terms of both impact and likelihood. Climate change failure was defined second important risk by likelihood and by impact. Other risks like extreme weather conditions caused by the climate crisis also are in the top 10. Natural disasters that claimed lives and destroyed property globally dominated the news throughout the year. In 2021, a total of 1024 extreme weather events were recorded in Turkey. Heavy rainfalls & snow (35%), storms (40%) and hails (13%) were top 3 in 1024 events in 2021. Turkey hit by 1,171 forest fires in summer of 2021 and lost 226 thousand 845 hectares of forest area in fires between 2012-2021. 139,503 hectares of land, which makes up 65 percent of this, were destroyed in the big forest fires of 2021. The flood disaster, which was effective in the Black Sea Region of Turkey on August 1, 2021, had devastating consequences for the people of the region. The Bank's branches in the region were also affected by the flood. The number of branches affected by the flood was 8. The financial loss in the branches is approximately 235,000,00 TRY. To avoid the acute physical risks of climate change, we apply ESIAP to projects. In 2021, 4 projects with a total loan amount of USD 185.5 million were subjected to the ESIAM process. By the end of 2021, Garanti BBVA assessed 85 projects within the scope of its E&S Impact Assessment Process and supported its customers to make their business more resilient to impacts of climate change including acute physical impacts. . For instance, we assess whether the borrowers include natural disaster risk in their emergency response plan in line with the regulations and international standards. We also provide training to our customers in collaboration with other stakeholders to raise awareness of such risks. For instance, enhance the climate-related risk management of our corporate customers through training organized with CDP. Garanti BBVA also has an Emergency Action Plan to mitigate such risks in its own operations as described under "Technology" section. This Plan allows us to ensure business continuity in case of an emergency situation. Additionally, the climate change physical impacts were examined under the CC scenario analysis with RCP2.6 and RCP8.5 scenarios, which are the lowest and highest CO2 emissions scenarios covered in the IPCC's AR5 reports.
Chronic physical	Relevant, always included	The main chronic physical risks can be considered as increase in mean temperature, changing precipitation regime, chronic heat waves, floods and drought. According to the 2021 Annual Climate Report of General Directorate of Meteorology (GDM), the annual mean temperature of 2021 was 1.4°C higher than the normal mean temperature recorded between 1981-2010, and a total of 1024 extreme weather events were observed. The monthly temperature differences were all above normal except for March, September and October. An increase in average temperature during the summer could meaningfully increase our cooling costs, especially AC needs for our IT equipment, compared to the previous years. This would result in an additional annual cost of TRY 2.4 mn. In 2021, Garanti BBVA invested TRY 18.5 mn in energy efficiency efforts, which could insulate the company from energy costs. The total cumulative amount of our investments on energy efficiency equipment has reached to TRY 83 mn by the end of 2021. For new facilities, Garanti BBVA intends to build to industry-leading standards. For example, we invested in three rooftop solar power plants with an operational installed capacity of 6 to 50 kW for our service points in three cities and our Pendik Tech Campus was built to meet LEED certification. Additionally, our Zincirlikuyu HQ has been awarded the LEED Platinum certificate in 2019. According to World Resource Institute, Turkey is among the countries that will be extremely water-stressed by 2040. Water scarcity and drought caused by climate change have a direct impact on hydroelectric power plant (HEPP) projects financed by Garanti BBVA in terms of operation and financial return. For instance, In 2021, the drought led to a revenue loss of USD 83mn (TRY 738 mn) in cash flows of our HEPP portfolio. This means 41% of our PF renewable energy portfolio is directly prone to climate-related risks, especially drought-related ones. In order to better manage this risk, we apply our E&S Impacts Assessment Model in line with the strictest international standards, and for HEPP projects we have a further set of questions and criteria to also analyze the cumulative effects in the basin.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Explain why your portfolio's exposure is not assessed and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	11	Qualitative and quantitative	Short-term Medium-term Long-term	UNEP FI Portfolio Impact Analysis Tool for Banks 2DII Paris Agreement Capital Transition Assessment (PACTA) tool Internal tools/methods External consultants	Garanti BBVA considers it its core responsibility to ensure that the activities it finances comply with national legislation and the international conventions to which Turkey is a signatory. Accordingly, Garanti BBVA does not participate in the financing of any activity that is prohibited or restricted by national legislation and international conventions, without the need for further assessments and regardless of the amount. All projects are assessed for compliance with Bank policies and also Garanti BBVA's sectoral principles where applicable. Garanti BBVA has screening questions regarding customers' ESG performance in Know Your Customer procedures. Bank may face risks that may cause significant environmental or social impacts (for example, oil spills.) in the projects they support through lending activities. Failure to address these risks in a timely and appropriate manner may result in negative environmental and social impacts as well as reputational damage and consequently a loss of investor support and customer loyalty. Garanti BBVA considers the proactive management of such risks not only as a critical issue for success in risk management but also as one of its most fundamental duties toward its stakeholders. To extend its work to a larger scale, Garanti BBVA developed an Environmental and Social Impact Assessment Process (ESIAP) including the Assessment Model (ESIAM) within the scope of E&S Loan Policies (ESLP) to help drive similar improvement across its loan portfolios. Garanti BBVA has in-house ESG experts in its Sustainability Team, which resides under the Investment Banking and Finance Department. Therefore Garanti BBVA can monitor the projects that are included in ESIAM, review and approve the routine monitoring reports and attend the site visits of projects that are classified as high risk in terms of potential environmental and social impacts. The consultant to be appointed when deemed necessary is determined in accordance with the criteria specified in the Guidance on Garanti BBVA Independent Consulting Service Requirements and Consultant Firm Selection Criteria. The E&S DD is carried out by the independent project consultant on the agreed scope of work. The DD period is followed by all lenders through the reports produced by consultants. Garanti BBVA ensures that the projects it finances meet the E&S standards required by legislation and the Bank's policies that an impact assessment is undertaken by the project owner(s), if necessary, that prescribed measures are taken by the project owner(s) and that project owners have effective internal audit systems. In 2018 and 2019 Garanti BBVA conducted 37 and 29 site visits respectively to ensure the environmental and social action plans are being implemented by customers. Due to the COVID-19 in 2020 and 2021, site visits were mainly carried out with remote monitoring methods such as online meetings, drone footages and more. Nevertheless, in 2021, 4 site visits were conducted due to the importance of the projects. The ESIAM is applied to SME, Commercial, Corporate and Mortgage Loans partially, and project finance loans fully. This makes a total of 11% of the portfolio as of 2021. In 2016, the investment limit was reduced to 10 million USD and included financial consultancy. In 2021, ESIAM was applied to all Project Finance loans without any cost criteria which is even below the limits defined in the Equator Principles. As of 2021 All project finance loans that meet the criteria specified in the Asset and Project Finance Admission and Monitoring Procedure, regardless of cost; Corporate Loans (Working Capital Loans) that involve the construction of a new project or capacity increase of an existing one and that satisfy the criteria: The majority of the loan must be linked with the project on which the debtor has operational control, total amount of the loan and the participation of Garanti BBVA (before syndication sales) is USD 50 million or more, term of the loan is two years at min., The lender anticipates that the primary funds for repayment of the loan are derived from the project. In 2017, 8 banks signed the Sustainable Finance Statement prepared by the Global Compact Turkey Sustainable Banking and Finance Working Group. In 2021, the scope of the Declaration has been expanded by adding "innovative sustainable finance principles" & "assessment of E&S impact in credit evaluation processes" to capture opportunities. With that, signatory banks are not only responsible for the financing of loans; but responsible of promoting sustainability-based banking practices for the market.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information	Explain why you do not consider climate-related information and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Banking (Bank)

Type of climate-related information considered

Other, please specify (ISO 14001 Certificate, ISO 45001 Certificate , ESG Rating, Sustainability Report, Environmental Impact Report, Greenhouse Gas Report (GHG Protocol or other international methods))

Process through which information is obtained

Directly from the client/investee
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

State how this climate-related information influences your decision-making

Garanti BBVA developed the Environmental and Social Impact Assessment Model (ESIAM) to systematically assess the projects in terms of classification and risk according to their nature, scale, sensitivity, location and environmental and social impacts. In ESIAM projects are categorized, classified and graded. Required actions are taken according to the risk score reached as a result of ESIAM. The ESIAM process, in which the environmental and social impacts of the projects are determined and evaluated, consists of the following 3 stages: Categorization: The project is classified to be included in one of the A, B and C categories; Determination of the project risk rating: Project risks are evaluated through the risk rating model, which has different question sets specific to each sector and is based on an algorithm based on international standards; Determination of the action group according to the category and risk rating: As a result of the ESIAM implementation, the final risk score is determined and certain actions are requested on environmental and social issues according to the risk rating. In this context, the owner of the projects with a certain risk score is requested to prepare an Environmental and Social Action Plan (ESAP), put it into practice and periodically report it to the bank. ESIAM results are reported as part of project assessments and actions taken to ensure compliance of the projects to senior management. The results of environmental and social impact assessments are submitted to the Loan Committee and Responsible Banking and Sustainability Committee. If deemed necessary by the Responsible Banking and Sustainability Committee, related policies and the assessment process including the investment threshold within the scope of ESIAM are to be updated. Also, before making sustainable finance transactions in energy-intensive sectors, customers' environmental and social performance is measured by running a due diligence process. If customers can not get 60 points out of 100 from Due Diligence, the lending process is terminated.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Other parts of the value chain

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
---------------------	---------------------------

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Emerging Regulatory: Turkey seeks to establish its own emissions trading scheme (ETS) as per the PMR project conducted in collaboration with the WBG. In preparation for this, the regulatory framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17.05.2014. The regulation requires companies in energy-intensive sectors to monitor, report and verify their CO2 emissions. Due to its close relationship with the European Union and trade with EU companies, Turkey is affected by current and emerging regulations published by the EU. The carbon border adjustment mechanism (CBAM), which came with the European Green Deal, directly affects the bank customers who are in carbon-intensive sectors and their exports to Europe. CBAM, which will start with data monitoring in 2023 and start its financial part in 2026, is one of the most important short-term risks. CBAM will affect the trade volumes and product costs of our customers in carbon-intensive industries. In addition, with Turkey's 2053 carbon neutral target and the Green Deal Action Plan published on 14 July 2021, the establishment of an ETS system in Turkey is on the agenda. At the Climate Council, the scope of the possible ETS system was tried to be clarified with the stakeholders of the sector. While ETS would not apply directly to Garanti BBVA, it could indirectly impact the company in at least two ways: (1) by imposing new demands on borrowers, especially for project finance, which could impact Project performance and ability to repay. and (2) by leading to an increase in the cost of energy or energy-intensive materials.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

296346459

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We do believe that such regulation could result in an additional cost of TRY 296,3 mn for a thermal power plant of 600 MWe assuming a carbon tax/price of USD 5. TRY 296,3 mn calculated with the estimated annual GHG emissions of thermal power plant * a carbon price of 5 USD (equivalent TRY 65) per tonne of CO2e = TRY 296,3 mn. (The price was converted to TRY based on the annual average USD/TRY exchange rate mentioned by TCMB).

Cost of response to risk

11800

Description of response and explanation of cost calculation

In September 2021, the Bank became the first and only company from Türkiye to make a commitment to the United Nations Net Zero Banking Alliance, which supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement. Garanti BBVA's commitments include aligning its portfolio with net zero emissions by 2050. To date, the total amount of financing provided to areas supporting sustainable development has exceeded 60 billion TL. To insulate from price increases, Garanti BBVA shifted towards a low-carbon portfolio by implementing a shadow price on carbon in cash flow projections of thermal power plants. Since 2014, 100% of the project finance loans the Bank provided for greenfield power plants have been allocated to renewable energy projects as we publicly disclose in our Integrated Annual Reports. This cost of the response to risk (TRY 11,800) includes Garanti BBVA's support to VII. Sustainable Finance Forum in which the Declaration on Sustainable Finance including criteria on carbon pricing was launched and a workshop for the Bank's customers related to the latest sustainability trends including CPLC work. The Bank has guided and will continue to guide the market to a more sustainable and environmentally responsible future for future generations

Comment

N/A

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Changing temperature (air, freshwater, marine water)
------------------	--

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

Lack of investment in energy-efficient technologies might result in increased vulnerability to physical climate impacts such as a mean increase in temperature, resulting in increased operational costs. Such fluctuations in temperature could meaningfully increase (as high as 4.2% based on the Annual Report of Turkish State Meteorological Service in 2021) the yearly electricity consumption. This would result in an additional cost of TRY 4.2 mn at Garanti BBVA, taking into consideration the electricity consumption in 2021.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4166899

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Our estimation only assumes an average global temperature increase stated in the 2021 Annual Report of Turkish State Meteorological Service and a %4.2 increase in electricity consumption. This would result in an additional cost of TRY 4,166,889, taking into consideration the electricity consumption (kWh) in 2021 . The potential financial impact figure has been calculated with the electricity consumption of Garanti BBVA in 2021, price per kWh and annual temperature increase rate. This makes:
 $87.115.000,00 \text{ kWh} * 1,14 \text{ TRY/kWh} * \%4,2 = 4.166.899,00 \text{ TRY}$

Cost of response to risk

18500000

Description of response and explanation of cost calculation

To insulate from price increases, Garanti BBVA has invested TRY 18.5 Mn in energy efficiency across its operations in 2021. The investments were started in 2017 and the total amount of investment has reached to TRY 83 mn as of the end of 2021. These investments are; LED and AC replacements, installations of roof-type solar panels with the operational installed capacity of 6 to 50 kW for our service points at three locations, a trigeneration unit at our HQ (Zincirlikuyu Office), a Remote Eye System for limiting electricity consumption.

Comment

N/A

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Other parts of the value chain

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

Turkey seeks to form its own emissions trading scheme (ETS). In preparation for this, the regulatory framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17 May 2014. Due to its close relationship with the European Union and trade with EU companies, Turkey is affected by current and emerging regulations published by EU. The carbon border adjustment mechanism (CBAM), which came with the European Green Deal, directly affects the bank customers who are in carbon-intensive sectors and their export to Europe. CBAM, which will start with data monitoring in 2023 and start its financial part in 2026, is one of the most important short-term risks. CBAM will affect the trade volumes and product costs of our customers in carbon-intensive industries. In addition, with Turkey's 2053 carbon neutral target and the Green Deal Action Plan published on 14 July 2021, the establishment of an ETS system in Turkey is on the agenda. The regulation requires companies from energy-intensive sectors to monitor, report and verify their CO2 emissions. While ETS would not apply direct to Garanti BBVA, it could indirectly drive opportunities for the company in at least one way; accelerating the demand for renewable energy and energy efficiency projects, which the company could finance. The ETS will accelerate to the transition to low carbon economy. For this transition period, companies needs green finance products and services, and these requirements create opportunities to green finance for the banking sector.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3927000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Garanti BBVA has already begun to position as a leader in the finance of renewable energy. Our investment in human capital on environmental issues through training also resulted in better management of loan portfolio level climate risks or develop innovative products/services. These efforts resulted in a market share of 22,5% in wind energy sector. Garanti BBVA is expected to have ~%10-15 market share from future renewable pipeline over the next 3-4 years. The 15% market share worth to as high as USD 0.3 bn (TRY 3,927,000,000.00). This opportunity could create new financing opportunities amounting to as high as USD 0.3 bn per year (TRY 3,927,000,000) based on average USD/TRY currency in 2021) in volume.

Cost to realize opportunity

99882.46

Strategy to realize opportunity and explanation of cost calculation

The amount of TRY 99,882.46 thousand resulting from at least two weeks effort of the energy experts of the Bank. There are no additional costs associated to the investment in human capital in terms of capacity building on infrastructure since the current team has already a certain level of expertise on such issues. However, Garanti BBVA's Energy Desk attended workshops and conferences, where corporate customers from energy and infrastructure industries were informed on Turkey's renewable energy pipeline and investment risks and opportunities. The amount of TRY 99,882.46 thousand resulting from at least two weeks' effort of the energy desk.

Comment

N/A

C3. Business Strategy

C3.1

(C3.1) Does your organization’s strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan

Yes, we have a transition plan which aligns with a 1.5°C world

Publicly available transition plan

Yes

Mechanism by which feedback is collected from shareholders on your transition plan

Our transition plan is voted on at Annual General Meetings (AGMs)

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

Attach any relevant documents which detail your transition plan (optional)

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices		
<table border="1"> <tr> <td>Transition scenarios</td> <td>NGFS scenarios Framework</td> </tr> </table>	Transition scenarios	NGFS scenarios Framework	Portfolio	<Not Applicable>	Being a part of the BBVA group, Garanti BBVA also follows the group on its climate-related scenario analysis. The followed climate scenarios also align with the NGFS scenario framework. BBVA used the outcomes given in the IEA's SDS, which is the closest to 1.5°C target (NZE 2050 scenario). Difficulty lies in objectively converting those changes to financial indicators. Use of risk pathways is therefore recommended as a way to study how these changes would affect specific indicators that are relatable to businesses. The 4 pathways used are: Increase in cost of direct emissions, Increase in cost of indirect emissions, Increase in capital costs associated with a transition to low-carbon economy and variations in revenues. For stress-testing, BBVA chose to further define which events might cause changes to stress situations and to analyze different possibilities offered by scenarios. A matrix was created for this to separately analyze different events. It analyzes their impact on different stressors, and this is weighted by the probability of these events occurring in the medium term. The result of this analysis is the average impact in each stress situation that has been transferred to the model used within the framework of the UNEPFI pilot. Events analyzed are the following: Fall in demand for fossil fuels&rise in price of fuel, increased cost of CO2 emissions, increase in diesel tax, change in market preferences and replacement of obsolete technology. To simulate this outcome, the model is calibrated by studying a range of customers. The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and to encourage its customers for going green. PACTA represents an approach that seizes opportunities for banks to steer their portfolios to finance a lower-carbon society. With the PACTA methodology, the Bank aims to set guiding targets for its customers in their transition journey by defining specific criteria for each field of activity in carbon-intensive industries with this initiative that is part of a low-carbon transition roadmap. Garanti BBVA has been the first bank to declare its pledge to exit coal and is the first Turkish signatory to the UN Net Zero Banking Alliance (NZBA). Garanti BBVA keeps working towards managing its risks and emissions arising from its portfolio in keeping with its commitment to align its portfolio with net-zero emissions by becoming a signatory of NZBA.
Transition scenarios	NGFS scenarios Framework				
<table border="1"> <tr> <td>Physical climate scenarios</td> <td>RCP 2.6</td> </tr> </table>	Physical climate scenarios	RCP 2.6	Portfolio	<Not Applicable>	The climate change impacts were examined for the scenarios RCP2.6 and RCP8.5, which are the lowest and highest CO2 emissions scenarios covered in the IPCC's AR5 reports. RCP2.6 represents a scenario that is likely below 2°C above pre-industrial temperatures and is thereby in line with the goals of the Paris Agreement. RCP8.5 is a high emissions scenario and refers to the "without climate policy" scenario. MPI-ESM (Max Planck Institute-Earth System Model) global climate model was used with two spatial resolutions (coarse and high) and short-term (2023-2042), medium-term (2043-2062) and long-term (2081-2100) time horizons. The physical climate risk assessment was conducted for the renewable energy sector sub-sectors Hydroelectric Energy Power Plants (HEPP), Wind Energy Power Plants (WPP) and Solar Energy Power Plants (SEPP) and Garanti BBVA's own operations. The physical climate risk scores were calculated by aggregating the hazard, exposure, and vulnerability components. The risk assessment for operations includes the following parameters: geographic locations of Garanti BBVA's physical assets and size of bank branches. For the Renewable Energy Assets of Garanti BBVA, renewable energy sector sub-sectors, Hydroelectric Energy Power Plants (HEPP), Wind Energy Power Plants (WEPP) and Solar Energy Power Plants (SEPP), were studied with only high-resolution RCP8.5 scenario. Drought, heavy precipitation, heatwave hazards, and changes in mean temperature and total precipitation were analyzed for the district level of Türkiye. The renewable energy projects and their credit values were used as exposure components in this study. Regional analyses are coarser due to the fact that the regional risk scores are only significant in terms of region comparisons and give the average or percentile value of the whole region. If a region with a relatively low-risk score is examined within itself, it is divided into smaller areas with the highest and lowest risk levels. Detailed asset level analysis will benefit investments and credits by revealing regional changes in risk and providing asset-specific risk scores rather than the regional average. This study offers a multifaceted view of physical risk exposure by sector and location, which can be tailored to the needs of specific risk assessments and implemented on broader portfolio risk. For more: https://surdurulebilirlik.garantibbva.com.tr/media/1643/physical-climate-risk-assessment-for-garanti-bbva_garanti-bbva.pdf
Physical climate scenarios	RCP 2.6				

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

Climate change continues to be one of the biggest challenges facing the world today, as a global threat that may affect each and every aspect of our civilization. The climate change-related risks for the banking industry vary from rising operating costs to the uncertainty in the legal framework. Banks that successfully handle and manage these risks will not only be in a position to minimize these costs but will benefit from various opportunities such as being able to address changing customer profile expectations and meeting the financing needs of "green" investments. For this reason, Garanti BBVA Bank believes that climate change is a strategic issue that requires full integration with all business processes and decision-making mechanisms. In line with this, the main focal questions asked were:

What actions should be taken to meet 1.5 Degrees world?

What mechanisms will have the most impact on shaping future performance?

Which variables should be focused on in the decision-making stages?

Which parts of the portfolio are most vulnerable to physical climate risks?

Results of the climate-related scenario analysis with respect to the focal questions

Garanti BBVA published its Climate Change Action Plan in October 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards and made Garanti BBVA the first bank in Turkey to commit to UN Global Compact's Business Leadership Criteria on Carbon Pricing. In 2020, Garanti BBVA announced its carbon emissions reduction goal based on Science-Based Targets methodology in line with the Paris Agreement's goal to limit temperature rise to 1.5 degrees and has been the first company to declare such a target in Turkey. Accordingly, Garanti BBVA pledges to reduce its carbon emissions by 29% by 2025 and 71% by 2035. In April 2021 the Bank has been the first Turkish signatory to the NZBA, which supports the mobilization of the entire financial system to achieve the targets set by the Paris Agreement. As a member of NZBA, Garanti BBVA commits to aligning its portfolio with the net-zero emissions target by 2050. To do this and Encourage customers' transition processes or transition to a net-zero economy through decarbonization, the Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and encourage its customers for going green. Also in 2022, we conducted physical risk assessment in line with the RCP8.5 scenario for our portfolio. There are a total of 166 power plant projects supported by Garanti BBVA since 2007. According to this, the most invested

power plant in the energy sector is WEPP (101), followed by HEPP (46) and SEPP (19). For example, as is known, HEPPs are highly susceptible to changes in precipitation patterns and heavy precipitation. As a results, the very low and low risk of HEPP's are above 70% in total for temperature rise, heatwave, drought, and precipitation change, but only 50% for heavy precipitation. The results show half of the projects are in the medium to very high-risk range. For more information:

https://surdurulebilirlik.garantibbva.com.tr/media/1643/physical-climate-risk-assessment-for-garanti-bbva_garanti-bbva.pdf

Taking its pioneering position in renewable energy finance one step further, Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021. Having updated its Environmental and Social Loan Policies, the Bank committed that it will not finance new investments in coal-fired power plants and coal mines and that it will zero its coal exposure in its portfolio by 2040 at the latest. (BBVA criteria for coal phase-out is 2030 for developed countries and 2040 for developing countries. Garanti BBVA has adopted 2040 for the initial phase-out of coal) Being the first bank to declare this commitment in Türkiye, Garanti BBVA proved its pioneering stance in the sector and its sustainable development vision.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>As a financial institution, we're aware of our key role in tackling climate change. We've been systematically managing env. risks&opps for over a decade. Some significant examples of how CC influenced our strategy in products & services are:</p> <p>Established Env. & Social Loan Policies, in line with international standards, applicable to all loans financed by Garanti BBVA without any monetary or scope limit. (2011)</p> <p>Launched E&S Impact Assessment Model in 2012, a detailed due diligence process for greenfield projects that fall under the limits defined in Equator Principles 2013 on a minimum. In 2021, projects with a total investment amount of USD 185 million were subjected to these high standards and env. impacts that could worsen CC were mitigated.</p> <p>Released Climate Change Action Plan (2015) to support Turkey's battle against climate change and its transition to a low-carbon economy. Action Plan focuses on 4 issues:</p> <ul style="list-style-type: none"> Prioritizing renewable energy and putting a shadow price on carbon Reducing deforestation Establishing Green Office Standards Integrated Water Management <p>To date, financing provided to renewable energy projects reached above USD 6 billion. Garanti BBVA's share in Turkey's installed wind power stood at 22.5%.</p> <p>Through our following products and solutions we also inspire and incentivize our customers to tackle climate change:</p> <ul style="list-style-type: none"> Executed Turkey's first Green Loan in line with GLP with an RE company where we linked the margin of the loan to the borrower's sustainability performance. In July 2020, we acted as the book runner to a Green Bond for 100.5 million Turkish Liras issued by one of our corporate customers. first Green Bond issued in TL) Signed the world's first ESG-linked syndicated loan where the margin of the loan is linked to env. KPIs Rolled out Green Mortgage product in 2017 to promote env. friendly buildings. Launched green auto loan to promote electric and hybrid vehicles. <p>As part of BBVA Group, we contribute to BBVA Pledge 2025 (€ 200 billion for climate change and sustainable development)</p> <p>We won't finance new investments in coal-fired power plants and coal mines and will have zero coal exposure in our portfolio by 2040 at the latest. Garanti BBVA became the first bank to declare this commitment in Türkiye. The total number of sustainable products has increased to 50 as of 2021.</p>
Supply chain and/or value chain	Yes	<p>We released our Code of Conduct for Suppliers where we clearly state that we expect our suppliers to comply with our env. & social standards. For example, the catering company at our HQ used to serve breakfast in single-use plastics for more convenient operations. We worked together with them to develop a plan to eliminate the use of single-use plastics. We requested from the cleaning company at our HQ to use biodegradable and env.-friendly cleaning supplies. We have over 20 million customers which give us an incredible chance to raise awareness. We share climate change-related informative blogs, posts and events through our Social Media accounts and big screens in our branches. We provide energy efficiency consultancy to comm&corp customers. We put great effort and play a significant role to transform the Turkish Banking Sector and raise the standards for ESG management and low carbon economy. As the Chair of BCSD Turkey and a Board Member of UNGC Turkey Network and the Chair of its Sustainable Finance Working Group, we led the efforts to develop the Sustainable Finance Declaration, where the signatory banks ensure to include E&S management in their lending practices. Currently 8 banks, representing 40% of the total asset size of Turkish Banking Sector, signed the Declaration. Furthermore, we are a member of the Core Group that developed UNEP FI Principles for Responsible Banking which redefines the key role of banks in climate change and sustainable development. We introduced the Principles to other banks in Turkey. Following the COP26, Garanti BBVA co-hosted the Climate Finance Workshop with IIF to tackle the measures and pledges against climate change within the framework of climate finance. During the Workshop, many experts from international platforms and from different sectors discussed their opinions about resolutions and about the mobilization of climate finance within the Turkish economy. change within the framework of climate finance. Additionally, In 2021, Garanti BBVA announced its goal within the scope of the Business Initiative for Plastic led by BCSD Türkiye, Global Compact Network Türkiye and Turkish Industry and Business Association (TUSIAD). With its declared commitment for 318.6 tonnes of plastic reduction and avoidance by 2023, the Bank tangibly pledged its support to the fight against plastic pollution.</p>
Investment in R&D	Yes	<p>As a pioneer bank in digitalization, we constantly invest in advanced technologies to offer the best, most seamless and fastest digital services. 99% of our non-cash transactions can be conducted through our digital channels, which eliminates the need to go to the branch, thus avoiding transportation-related carbon emissions. Another action taken on the IT side is switching to virtual servers, which contributes to reducing our Scope 2 emissions. We have utilized an unprecedented and unique project to inform our customers about their carbon footprint based on their spending. Customers can track their carbon footprints on the Ecological page in the "My Status" section of Garanti BBVA Mobil. By raising awareness of this issue, we make suggestions to help reduce the carbon footprint. Users can become Garanti BBVA Mobile customers without going to the branch, signing the printed contracts and using the means of transportation. In this way, paper consumption and carbon emissions are kept at a low level. In addition, by preferring a digital statement, processes can be followed on Garanti BBVA Mobile or the Internet; which also reduces the possible carbon footprint. We then participate in the fight against the climate crisis by dropping seed balls in hard-to-reach areas on our customer's behalf with ecoDrone.</p>
Operations	Yes	<p>Garanti BBVA continuously improves its operations and practices to further manage its E&S risk&opps and to be in line with international best practices. In addition we are among the first supporters of TCFD and we publish TCFD Disclosures report in our 2021 Integrated Annual Report</p> <p>Integrated Annual Report 2021: https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/garanti-bbva-integrated-annual-report-2021.pdf</p> <p>Annex 3: https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/GBFR21-APPENDIX-5.pdf.</p> <p>We also publicly share the indicators related to our environmental footprint and ESIAP in detail with all the indicators verified by a third party. We also have leading practices to lower our own environmental impact arising from our operations. Since the establishment of our ISO14001 Env. Management System, we have taken great measures to lower our carbon footprint. Since the introduction of ISO 14001 Environmental Management System in 2012, the Bank's carbon intensity lessened by 92%. Garanti BBVA owns 5 buildings with LEED certificates. We have 3 service locations where we use rooftop solar power. In 2021 we signed purchasing agreements with utilities to supply %100 renewable energy. Today, all buildings and branches, where the technical infrastructure is compatible, consume electricity generated by renewable energy plants. This corresponds to a total of approx. 87 million kWh of energy being provided from RE resources, avoiding nearly 39,832.00 tCO2e carbon emissions. The Bank announced its absolute carbon emissions reduction target based on the Science-Based Targets methodology in line with Paris Agreement's 1.5-degree goal. Accordingly, Garanti BBVA pledges to reduce its Scope 1 and Scope 2 emissions by 29% by 2025 and 71% by 2035. In 2020 and 2021, the Bank became carbon-neutral for its emissions arising from its own operations. In 2021, Garanti BBVA released the Eco-Efficiency Plan covering climate-change-related goals. The plan includes goals for renewable energy consumption and reduction of water consumption. Within this plan, it is aimed to decrease electricity consumption per sqm 4% until 2025 and carbon emissions 69%. The plans include annual goals for years between 2021-2025. As being the first Turkish signatory of NZBA in 2021, we committed to achieve a net-zero portfolio until 2050.</p>

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities Provisions or general reserves	<p>Capital Allocation & Divestment & Revenues: As stated in our Climate Change Action Plan, in order to support Turkey's transition to a low-carbon economy and its battle against climate change we prioritize renewable energy investments and put a shadow price on carbon for greenfield energy projects in project finance. Since 2014, 100% all greenfield energy projects financed by Garanti BBVA were renewable energy projects. As of December 31, 2021, Garanti BBVA have provided US\$6 billion financing for renewable energy investments. In 2021, total avoided emissions of operational solar power plant, wind power plant and hydropower plant projects, in the financing of which Garanti BBVA was involved, was 8.48 million tCO₂e based on the current average grid emission factor for Türkiye. Also, such efforts enabled to secure favored lending from international financial institutions for supporting low-carbon investments. Garanti BBVA is expected to have ~%10-15 market share from future renewable pipeline over the next 3-4 years.</p> <p>Direct Costs: Garanti BBVA motivates and incentivizes its customers to adopt sustainable business models. In 2018 we started to offer Green Loans, where we provide margin adjustments based on sustainability performance or environmental KPIs. Independent consultant rates/assess the performance/achievements. As the customer improves its sustainability performance or achieve its target KPIs we give a decrease in the margin of the loan. We offer these incentives from our own equity and resources, we do not use any funds provided by IFIs or MDBs. So far we have executed 7 loan agreements in this structure.</p> <p>Indirect costs: (1) Garanti BBVA signed bilateral purchasing agreements with utilities in order to purchase 100% renewable energy in all service locations where the technical infrastructure is compatible. During 2021, 870 Garanti BBVA branches and 56 buildings met all of their 87 GWh electricity needs from renewable energy. Thus, 39.832 tCO₂ equivalent emissions were avoided which corresponds to the carbon sink capacity of roughly 2,5 million trees. According to our Science Based Target we target to reduce our absolute Scope 1+2 emissions 29% by 2025, and 71% by 2035. At the end of 2020, the Bank purchased carbon credits for its remaining emissions and became carbon-neutral. In addition, the bank continued its operations as carbon neutral in 2021. (2) Garanti BBVA invests in employees focusing on their development and form teams acting with social responsibility. This helps the Bank to build internal capacity on: current & emerging regulation, technology, market, reputation, acute and chronic physical, upstream and downstream risks/opp. For instance, Garanti BBVA proactively invested in its human capital on renewable energy in mid-2000s and therefore gained a market share of 22,5% in wind energy sector. Garanti BBVA's investment in human capital on environmental issues through training also resulted in better management of loan portfolio-related climate risks or developing innovative products/services. Thanks to its internal capacity building efforts on this sector, Garanti BBVA provided over USD 6 bn of financing to renewable investments. The cost of not proactively investing on capacity building might result in a loss of market share worth to as high as TRY 3,9 billion (USD 0.3 billion). (3) In 2020, Garanti BBVA also invested in a sophisticated online monitoring platform to track its environmental management system in its over 870 branches and 56 buildings. Through this online system, the bank tracks and manages monthly consumption figures, environmental performance targets and sustainability representatives at each service location.</p> <p>Capital Expenditure: In 2011, we started applying a shadow price on carbon for fossil fuel projects. Carbon pricing is one of the three mechanisms we use to prioritize low-carbon investments. First, we diminish the profitability of fossil fuel investments through sensitivity analysis by increasing the cost of natural gas and the cost of coal in the mid and long-term. Second, we use an Environmental and Social Risk Management System to evaluate the climate-related risks of carbon-intensive projects. Finally, we apply a shadow price on carbon in project finance transactions in electricity generation. Through these mechanisms, we have significantly lowered the environmental risks and carbon intensity of our portfolio. Since 2014, 100% of our new commitments in the project finance have been renewable energy investments.</p> <p>Access to Capital: (1) On the debt finance side, as Garanti BBVA, we have signed the world's first-ever ESG-linked Syndicated Loan. It is the first syndicated loan to be tied to a bank's sustainability criteria, two environmental KPIs to be exact. KPI 1: to source at least 80% of our electricity from renewable sources, KPI 2: to maintain a zero percent share of coal power plants in our project finance greenfield electricity production portfolio. During the maturity of the loan agreement, the bank has updated its RE KPI to 100% from 80% and conducted verification in line with that. When the KPIs have been achieved the margin of the loan will decrease, and in case of failure to meet the KPIs, the margin will be increased. With this improvement to its standard syndicated facility, Garanti managed to secure USD 694 million and EUR 541 million financings. (2) In December 2019, Garanti BBVA issued a USD 50 million inaugural Green Bond in accordance with Green Bond Principles with a 5 year maturity. The net proceeds from the issue of the Notes will be applied by the Issuer for financing or refinancing, in part or in full, new and/or existing Green Projects as defined under the BBVA Sustainable Development Goals (SDGs) Bond Framework including energy efficiency, sustainable transport, water, waste management and renewable energy. RE projects are expected to be prominent as they were and "Renewable Energy Resources Area" (YEKA) projects will be at the forefront in our pipeline in 2022. The projected RERA pipeline (~%10-15 market share) will create an opportunity over the next 3-4 years. Through this Green Bond we will further support renewable energy sector.</p> <p>Assets: One of the focuses in our Climate Change Action Plan is to establish green office standards. To date Garanti BBVA has 5 buildings with LEED certificates. Garanti also invested in a trigeneration system at its HQ building, and rooftop solar PVs at 3 service locations. Garanti BBVA authored another sector-steering first in Turkey and declared its pledge of coal phase-out in March 2021. Having updated its Environmental and Social Loan Policies, the Bank committed that it will not finance new investments in coal-fired power plants and coal mines and that it will zero its coal exposure in its portfolio by 2040 at the latest. As the first Turkish signatory to NZBA Garanti BBVA proved its pioneering stance in the sector and its sustainable development vision.</p>

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world?

No, but we plan to in the next two years

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

Yes, our framework includes both policies with client/investee requirements and exclusion policies

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Type of policy

Credit/lending policy

Risk policy

Policy related to other products and services

Portfolio coverage of policy

11

Policy availability

Publicly available

Attach documents relevant to your policy

eslp_short-version.pdf

Criteria required of clients/investees

Other, please specify (ISO 14001 Certification, Environmental Impact Assessment Report)

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy

Materials

Capital Goods

Commercial & Professional Services

Transportation

Automobiles & Components

Consumer Durables & Apparel

Consumer Services

Retailing

Food & Staples Retailing

Food, Beverage & Tobacco

Household & Personal Products

Health Care Equipment & Services

Pharmaceuticals, Biotechnology & Life Sciences

Software & Services

Technology Hardware & Equipment

Semiconductors & Semiconductor Equipment

Telecommunication Services

Media & Entertainment

Utilities

Real Estate

Exceptions to policy based on

Industry sector

Transaction size

Explain how criteria coverage and/or exceptions have been determined

Garanti BBVA developed its own "Environmental and Social Impact Assessment System" including the "Environmental and Social Impact Assessment Model" ("ESIAM") for green-field projects. ESIAM launched in 2012 is a more sophisticated and detailed DD process. It is applied to loans that fall under the limits defined in Equator Principles 2013 on a minimum and for the main financial transactions described in ESLP to assess the identified risks. The Credit Committee's decisions are based on the risk rating calculated in accordance with the model. Following the categorization and assessment based on ESIAM, the risk rating of the project is determined and Garanti BBVA requests the borrower to take specific actions during the project appraisal. If the project is in the high-risk category, the Bank requires that an independent consultant should be assigned to conduct an Environmental and Social Due Diligence (including Environmental and Social Action Plan) and periodical monitoring studies. The E&S action plan is also included in the loan agreement and failure to meet the requirements in the Plan leads to default. Our purpose in conducting the ESDD study is that assess the Project's compliance with respect to National legislation, Equator Principles and IFC Performance Standards along with relevant general and sector-specific IFC EHS guidelines. With respect that the ESDD study, we also identify whether there is any material issues or not before the financial closure. If the loan is approved by the credit committee, necessary covenants are incorporated into the loan documents. In 2021, 185 M USD was subjected to ESIAM and the total performing loans were 475 Bn USD. Projects subjected to ESIAM make less than 1% of total performing loans and 11% of Project Finance. Scope 1-2 emissions are also requested from customers optionally since the last quarter of 2021. It is possible that GHG emissions data will be required from the customers in soon future. Also, customers are encouraged to set GHG emission reduction targets in line with SBT criteria however this is not yet a requirement in our lending processes.

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio

Banking (Bank)

Type of exclusion policy

All Coal

Year of exclusion implementation

2021

Timeframe for complete phase-out

By 2040

Application

New business/investment for new projects
 New business/investment for existing projects
 Existing business/investment for existing projects

Country/Region the exclusion policy applies to

Turkey

Description

Garanti BBVA has issued and implemented its Sustainability Policy to improve basic banking perception by integrating Sustainable Development Goals and the Paris Agreement into its strategies and activities. The Environmental and Social Loan Policies (ESLP), constitute a risk management framework that serves to identify, evaluate and manage non-financial risks of loan processes such as environmental, social, governance and occupational health and safety risks as well as their potential impacts. ESLP is the first step in the process of identifying the environmental and social impacts of loan activities. The Policy's principles are categorized in three main categories as follows: (1) Control of Prohibited Activities and Customers, (2) Identification of Non-financial Performance and Potential Risks (3) Management of Non-financial Performance. Some examples of exclusions are: Production or trading of wood products and other forestry products that are derived from forestry practices that are not managed in a sustainable manner and violate Turkish legislation and international conventions to which Turkey is a signatory; Activities carried out in or threatening RAMSAR (Wetlands of International Importance); Activities in regions designated by the Alliance for Zero Extinction. In 2021, the Bank committed that it will not finance new investments in coal-fired power plants and coal mines and that it will zero its coal exposure in its portfolio by 2040 at the latest. In 2018, as part of BBVA Group, we adopted Sector Norms. Sets of environmental criteria were established to further tighten the restrictions for financing activities in mining, energy, infrastructure, and agribusiness sectors. In addition, the policy provides clear guidance on the management of clients and business activities related to these industries. Energy sector Norms include articles on the oil&gas industry such as the production of oil&gas in the Arctic. BBVA criteria for coal phase-out is 2030 for developed countries and 2040 for developing countries. Garanti BBVA has adopted 2040 for the initial phase-out of coal.

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

	Climate-related covenants in financing agreements	Primary reason for not including climate-related covenants in financing agreements	Explain why your organization does not include climate-related covenants in financing agreements and your plans for the future
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization's financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Please explain
Purpose or use of proceeds clause refers to sustainable project Minimum level of green assets mandated Covenants related to compliance with your policies	Corporate loans Retail loans Retail mortgages Trade finance Asset finance Project finance	In line with the purpose of lending, our clients are obligated to provide and demonstrate the necessary information. For example, for green finance agreements, the purpose of the use of lending must be provided. Afterward, the related documents and information must be provided by clients as proof. Moreover, customers must meet the compliance requirements with our sustainability policy. In terms of Sustainability Linked Loans (SLL) customers must have KPIs to be achieved during the maturity of the loan. The KPIs are determined together with the customer, the bank and Second Party Opinion (SPO). In the process, the ambition and robustness of the targets are determined. If the customers can achieve the KPIs the margin of the loan will decrease, and in case of failure to meet the KPIs, the margin will be increased. This way, financial encouragement is applied in terms of sustainability-related financings. These covenants take part in financing agreements with our customers to reflect and enforce our climate-related strategy.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target
Intensity target
Portfolio target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2019

Target coverage

Company-wide

Scope(s)

Scope 1
Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

<Not Applicable>

Base year

2018

Base year Scope 1 emissions covered by target (metric tons CO2e)

12933

Base year Scope 2 emissions covered by target (metric tons CO2e)

54300

Base year Scope 3 emissions covered by target (metric tons CO2e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

67233

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2025

Targeted reduction from base year (%)

29

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

47735.43

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

18643

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

18643

% of target achieved relative to base year [auto-calculated]

249.210542647109

Target status in reporting year

Achieved

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

Garanti BBVA is a signatory to the SBTi since 2016 and committed to set a long-term emissions reduction target in line with SBTi. Accordingly, Garanti BBVA pledges to reduce its Scope 1 and Scope 2 emissions by 29% by 2025 and 71% by 2035. This target is company-wide and covers 100% of both our Scope 1 and 2 emissions. We have no biogenic emission sources.

Plan for achieving target, and progress made to the end of the reporting year

<Not Applicable>

List the emissions reduction initiatives which contributed most to achieving this target

Bank took an important step in 2020 to manage its direct impacts on climate change and switched to renewable energy consumption. 870 Garanti BBVA branches and 56 buildings were totally provided from renewable energy, thus nearly 39,832tCO₂e emissions were avoided which corresponds to the carbon sink capacity of roughly 2.5 million trees. Under this agreement, IREC certificates were retired on the behalf of Garanti BBVA. As a result of its energy efficiency studies and renewable energy purchase agreements, Garanti BBVA reduced its absolute carbon emissions by 75% compared to the reference year and purchased carbon credits to neutralize its remaining emissions. The base year is selected as 2018. Base year Scope(1+2) emissions of Garanti BBVA was 67.233,00 tCO₂e. In 2021, total Scope (1+2) emissions of the bank was 18.643,00 tCO₂e. The 75% of decrease is done via carrying out extensive energy efficiency studies since 2018. Creating green office standards is one of the prior issues we focus in the fight against climate change. We switched to energy-efficient products in our lighting and cooling systems. We virtualize our servers. We have 5 LEED-certified buildings. We use roof-type solar energy in 3 locations. As a result of the bilateral agreements we made with energy companies, we started to use renewable energy in all our branches and buildings with suitable infrastructure in 2020. In 2021, the use of renewable energy was 100% in all of our operations. In addition, within the scope of the application we launched this year, we replaced approximately 1,000 vehicles with fuel-efficient and environmentally friendly hybrid models. In 2021, the Bank purchased Gold Standard carbon certificates for rest of its emissions arising from its operations and has become a carbon-neutral Bank. (Scope 1,2,3) Thus, the Bank has far exceeded its carbon-neutral goal of 71% for 2035 already, i.e. 15 years earlier than targeted. The main reason of the emissions reduction since 2018 is energy efficiency implications and the increased use of renewable energy sources for the energy need in our operations. This led to a 72% decrease in scope 1&2 emissions and this target is achieved.

Target reference number

Abs 2

Year target was set

2019

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

<Not Applicable>

Base year

2018

Base year Scope 1 emissions covered by target (metric tons CO₂e)

12933

Base year Scope 2 emissions covered by target (metric tons CO₂e)

54300

Base year Scope 3 emissions covered by target (metric tons CO₂e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

67233

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2035

Targeted reduction from base year (%)

71

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

19497.57

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

18643

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

0

Scope 3 emissions in reporting year covered by target (metric tons CO₂e)

<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

18643

% of target achieved relative to base year [auto-calculated]

101.790221644594

Target status in reporting year

Achieved

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

Garanti BBVA is a signatory to the SBTi since 2016 and committed to set a long-term emissions reduction target in line with SBTi. Accordingly, Garanti BBVA pledges to reduce its Scope 1 and Scope 2 emissions by 29% by 2025 and 71% by 2035. This target is company-wide and covers 100% of both our Scope 1 and 2 emissions. We do not have any biogenic emission sources.

Plan for achieving target, and progress made to the end of the reporting year

<Not Applicable>

List the emissions reduction initiatives which contributed most to achieving this target

Bank took an important step in 2020 to manage its direct impacts on climate change and switched to renewable energy consumption. 870 Garanti BBVA branches and 56 buildings were totally provided from renewable energy, thus nearly 39,832tCO₂e emissions were avoided which corresponds to the carbon sink capacity of roughly 2.5 million trees. Under this agreement, IREC certificates were retired on the behalf of Garanti BBVA. As a result of its energy efficiency studies and renewable energy purchase agreements, Garanti BBVA reduced its absolute carbon emissions by 75% compared to the reference year and purchased carbon credits to neutralize its remaining emissions. The base year is selected as 2018. Base year Scope(1+2) emissions of Garanti BBVA was 67.233,00 tCO₂e. In 2021, the total Scope (1+2) emissions of the bank was 18.643,00 tCO₂e. The 75% of decrease is done via carrying out extensive energy efficiency studies since 2018. Creating green office standards is one of the prior issues we focus in the fight against climate change. We switched to energy-efficient products in our lighting and cooling systems. We virtualize our servers. We have 5 LEED-certified buildings. We use roof-type solar energy in 3 locations. As a result of the bilateral agreements we made with energy companies, we started to use renewable energy in all our branches and buildings with suitable infrastructure in 2020. In 2021, the use of renewable energy was 100% in all of our operations. In addition, within the scope of the application we launched this year, we replaced approximately 1,000 vehicles with fuel-efficient and environmentally friendly hybrid models. In 2021, the Bank purchased Gold Standard carbon certificates for rest of its emissions arising from its operations and has become a carbon-neutral Bank. (Scope 1,2,3) Thus, the Bank has far exceeded its carbon-neutral goal of 71% for 2035 already, i.e. 15 years earlier than targeted. The main reason of the emissions reduction since 2018 is energy efficiency implications and the increased use of renewable energy sources for the energy need in our operations. This led to a 72% decrease in scope 1&2 emissions and this target is achieved.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2016

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

<Not Applicable>

Intensity metric

Metric tons CO₂e per unit revenue

Base year

2012

Intensity figure in base year for Scope 1 (metric tons CO₂e per unit of activity)

86.6

Intensity figure in base year for Scope 2 (metric tons CO₂e per unit of activity)

411.6

Intensity figure in base year for Scope 3 (metric tons CO₂e per unit of activity)

<Not Applicable>

Intensity figure in base year for all selected Scopes (metric tons CO₂e per unit of activity)

498.2

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

100

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this Scope 3 intensity figure

<Not Applicable>

% of total base year emissions in all selected Scopes covered by this intensity figure

100

Target year

2021

Targeted reduction from base year (%)

50

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]

249.1

% change anticipated in absolute Scope 1+2 emissions

-72

% change anticipated in absolute Scope 3 emissions

-27.2

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

21.9

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

0

Intensity figure in reporting year for Scope 3 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

21.9

% of target achieved relative to base year [auto-calculated]

191.208350060217

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

<Not Applicable>

Please explain target coverage and identify any exclusions

As Garanti BBVA, we have been submitting yearly basis emissions intensity reduction targets. In 2016, after COP21 and our commitment to Paris Pledge, we decided to take action and determine a long-term target emission intensity reduction target that covers our yearly-basis targets. The target is 50% reduction in our total Scope 1 and 2 emissions per our total assets from 2012 to 2020. The base is selected as 2012 since our Environmental Management Syst. was implemented. Since 2012, with our increasing coverage of our Environmental Management System and our energy efficiency initiatives we have managed to decrease our emission intensity by 67% (66% in 2018, 56% in 2016 and 60.2 in 2017).

Total yearly GHG emissions in tCO2e reported under Scope 1 and 2 of the GHG Include GHG emissions (CO2, CH4 and N2 O 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 Turkey (Headquarters, service buildings, branches and ATMs) for Scope 2. Scope 3 emissions are not included within the scope of our intensity target. IPCC Fifth Assessment Report factors are used for global warming potentials and emission factors. We publicly disclose our emission reduction targets and performance in our sustainability website: <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/garanti-bbva-and-sustainability/environmental-impact-of-our-operations/climate-change-management/>

In addition, early this year, the Bank announced its absolute carbon emissions reduction target based on the Science-Based Targets methodology in line with Paris Agreement's 1.5-degree goal. Accordingly, Garanti BBVA pledges to reduce its Scope 1 and Scope 2 emissions by 29% by 2025 and 71% by 2035.

Plan for achieving target, and progress made to the end of the reporting year

<Not Applicable>

List the emissions reduction initiatives which contributed most to achieving this target

Bank took an important step in 2020 to manage its direct impacts on climate change and switched to renewable energy consumption. 870 Garanti BBVA branches and 56 buildings were totally provided from renewable energy, thus nearly 39,832tCO2e emissions were avoided which corresponds to the carbon sink capacity of roughly 2.5 million trees. Under this agreement, IREC certificates were retired on the behalf of Garanti BBVA. As a result of its energy efficiency studies and renewable energy purchase agreements, Garanti BBVA reduced its absolute carbon emissions by 75% compared to the reference year and purchased carbon credits to neutralize its remaining emissions. The base year is selected as 2012. Base year Scope(1+2) emissions of Garanti BBVA was 89.561,63 tCO2e. In 2021, total Scope (1+2) emissions of the bank was 18.643,00 tCO2e. The 79% of decrease is done via carrying out extensive energy efficiency studies since 2012. Creating green office standards is one of the prior issues we focus in the fight against climate change. We switched to energy-efficient products in our lighting and cooling systems. We virtualize our servers. We have 5 LEED-certified buildings. We use roof-type solar energy in 3 locations. As a result of the bilateral agreements we made with energy companies, we started to use renewable energy in all our branches and buildings with suitable infrastructure in 2020. In 2021, the use of renewable energy was 100% in all of our operations. In addition, within the scope of the application we launched this year, we replaced approximately 1,000 vehicles with fuel-efficient and environmentally friendly hybrid models. In 2020 and 2021, the Bank purchased Gold Standard carbon certificates for rest of its emissions arising from its operations and has become a carbon-neutral Bank. (Scope 1,2,3)

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number

Por1

Year target was set

2018

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

All product types

Sectors covered by the target

All sectors

Portfolio coverage of target

100

Target type

Green finance

Target type: Absolute or intensity

Absolute

Scopes included in temperature alignment

<Not Applicable>

Metric (or target numerator if intensity)

Total green finance raised and facilitated (unit currency as reported in C0.4)

Target denominator

<Not Applicable>

Base year

2018

Figure in base year

0

Percentage of portfolio emissions covered by the target

24

Interim target year

2022

Figure in interim target year

35500000000

Target year

2025

Figure in target year

105000000000

Figure in reporting year

26500000000

% of target achieved relative to base year [auto-calculated]

25.2380952380952

Aggregation weighting used

<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data

<Not Applicable>

Proportion of the temperature score calculated in the reporting year based on company targets

<Not Applicable>

Target status in reporting year

Underway

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

<Not Applicable>

Please explain target coverage and identify any exclusions

Garanti BBVA continues to work intently to provide instruments that support the transition to a sustainable economy by developing products and services catering to diverse needs for low carbon and inclusive growth. In 2021, Garanti BBVA's climate finance contribution, which was verified by a third-party independent audit, amounted to TL 6 billion. BBVA, as the main shareholder of the Bank, doubled its commitment in order to secure financing for the sustainable development target in 2021 from EUR 100 billion which was declared in 2018 in parallel with its climate change and sustainable development strategy aligned with the Paris Agreement and revised it as EUR 200 billion. With this pledge, BBVA aims to contribute to the joint global combat against climate change, encourage inclusive growth where all segments are involved in the process, and share the benefit derived in line with its goal of bringing the age of opportunity to everyone. Likewise, Garanti BBVA pledges to contribute 10 M EUR until 2025 in parallel with the BBVA Group's sustainable finance targets. This equals to 175 Billion TRY as of July 2022. 105 B TRY of this amount is planned to be for Green Finance and 70 B TRY is planned to be for Social lending. Values shared above only include the Green Finance part of the 10 M EUR contribution target of Garanti BBVA. The actualized amount in 2021 is 26,500,000,000 TRY so far. We aim to achieve 35,500,000,000 TRY in 2022 approximately.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2019

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2019

Consumption or production of selected energy carrier in base year (MWh)

0

% share of low-carbon or renewable energy in base year

0

Target year

2025

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

This low-carbon energy consumption target is part of absolute 1 and 2 targets (Asb 1- abs 2) and emissions intensity target 1 (Int 1) stated in questions 4.1a and 4.1b.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

Garanti BBVA signed two new loan agreements in May and November 2021. The facility in May, the syndicated loan secured from international markets under its foreign borrowing program had a rollover ratio of 140%. The syndicated loan deal, consists of two tranches of USD 279 million and EUR 294 million with a maturity of 367 days. In this deal, the Bank committed to provide sustainable finance in the amount of TL 1.5 billion in 2021 and to source at least 80% of its electricity consumption from renewable generation, which is actualized as 100%. The syndicated loan was secured in November, which consisted of two tranches for USD 365 million and EUR 247 million with a maturity of 367 days. Under these deals, Garanti BBVA took on more challenging targets and committed to augment its sustainable finance volume of TL 1.5 billion from year-end 2021 to TL 2 billion by August 2022 and to obtain I-REC certification by sourcing the entirety of its electricity consumption from renewable generation. The target covers all scope 2 emissions of our direct operations and no location or activity is excluded. Obtaining IREC certification for electricity use, led Garanti BBVA to have 0 market-based scope 2 emissions.

Plan for achieving target, and progress made to the end of the reporting year

<Not Applicable>

List the actions which contributed most to achieving this target

Garanti BBVA has published an updated Global Eco-Efficiency Plan including the climate change and water-related targets. According to the new plan, a renewable energy consumption target was set for each year. The bank targets to meet at least 80% of its energy consumption from renewable energy every year between 2021-2025. In 2020, the amount of total electricity consumption was 98,226,933kwh. Garanti BBVA met 75% of its total electricity needs from renewable energy. In 2021, total electricity consumption was 87 GWh and sourced 100% of it from renewable sources. Under this agreement, IREC certificates were retired on the behalf of Garanti BBVA. For more information please see the GarantiBBVA's Global Eco-Efficiency Plan (2021-25) https://www.garantibbvainvestorrelations.com/en/images/pdf/GEP-IR-Website_07092021.pdf

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2021

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Engagement with customers	Percentage of customers (by emissions) actively engaged on climate-related issues
---------------------------	---

Target denominator (intensity targets only)

<Not Applicable>

Base year

2021

Figure or percentage in base year

0

Target year

2025

Figure or percentage in target year

80

Figure or percentage in reporting year

0

% of target achieved relative to base year [auto-calculated]

0

Target status in reporting year

New

Is this target part of an emissions target?

No

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and to encourage its customers for going green. PACTA represents an approach that seizes opportunities for banks to steer their portfolios to finance a lower-carbon society. With the PACTA methodology, the Bank aims to set guiding targets for its customers in their transition journey by defining specific criteria for each field of activity in carbon-intensive industries with this initiative that is part of a low-carbon transition roadmap. Main sectors covered by PACTA that we will be increasing our engagement is Oil&Gas, Coal, Power, Automotive, Steel and Cement. We aim to achieve an 80% engagement rate with our customers in these carbon-intensive sectors.

Plan for achieving target, and progress made to the end of the reporting year

To increase our engagement with customers in carbon-intensive sectors in line with PACTA by 2025, we are focusing on setting meetings, providing training and increasing information collection, etc. So far, our engagement ratio makes less than 1% of our total carbon-intensive portfolio. To achieve this target, we are engaging with our customers, having meetings for their low-carbon transitions and providing consultancy services to customers in carbon-intensive sectors. This target will also help Garanti BBVA to achieve its net-zero portfolio target by 2050.

List the actions which contributed most to achieving this target

<Not Applicable>

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Banking (Bank)

Absolute/intensity emission target(s) linked to this net-zero target

Por1

Target year for achieving net zero

2050

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next 2 years

Please explain target coverage and identify any exclusions

Garanti BBVA has been the first Turkish signatory to the NZBA, which supports the mobilization of the entire financial system to achieve the targets set by the Paris Agreement. As a member of NZBA, Garanti BBVA makes the commitment of aligning its portfolio with the net-zero emissions target by 2050, Set 2030 and 2050 emissions targets on the basis of interim targets that will be set every 5 years starting from 2030, Focus its 2030 targets on carbon-intensive industries on which the Bank might have the most significant influence, Set sector-wide goals for all or majority of carbon-intensive industries, Encourage customers' transition processor transition to a net-zero economy through decarbonization.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

No

Planned milestones and/or near-term investments for neutralization at target year

<Not Applicable>

Planned actions to mitigate emissions beyond your value chain (optional)

Garanti BBVA keeps working towards managing its risks and emissions arising from its portfolio in keeping with its commitment to align its portfolio with net-zero emissions by becoming a signatory of NZBA. The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and to encourage its customers for going green. PACTA represents an approach that seizes opportunities for banks to steer their portfolios to finance a lower-carbon society. With the PACTA methodology, the Bank aims to set guiding targets for its customers in their transition journey by defining specific criteria for each field of activity in carbon-intensive industries with this initiative that is part of a low-carbon transition roadmap. It is among the short-term targets of Garanti BBVA to announce its 2030 interim targets and establish strategies regarding the financing of carbon-intensive industries within the scope of PACTA.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	734.35
Implementation commenced*	1	734.35
Implemented*	3	40670.9
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption	Geothermal
-------------------------------	------------

Estimated annual CO2e savings (metric tonnes CO2e)

22967.72

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

31238310

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

N/A

Initiative category & Initiative type

Low-carbon energy consumption	Wind
-------------------------------	------

Estimated annual CO2e savings (metric tonnes CO2e)

16864.28

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

22937040

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

N/A

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)
--------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

838.9

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

16797778

Investment required (unit currency – as specified in C0.4)

6127842

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

N/A

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	All energy-efficiency projects are screened for payback period and investment amount to ensure that we are finding ways to reduce carbon emissions while optimizing cost efficiency.
Employee engagement	All employees are required to receive training on sustainability; for new employees this is part of their orientation. The sustainability training is provided to the employees in 2021. In addition to a full-time Sustainability Team, Garanti BBVA has around 1,000 Sustainability Representatives, who are responsible for working in coordination with the Efficiency and Sustainability Team to collect data and support the implementation of the decisions taken by the RBSC within their own departments, from headquarters, regional directorates and branches. The environmental data collected either by Representatives or other relevant Bank personnel is consolidated and assessed the RBSC on an annual basis. The Bank also has a dedicated team in the Construction Department that is responsible to apply for the Bank's environmental performance and ISO14001 compliance of all branches, buildings and personnel. In order to improve its data collection system, the Bank developed an online monitoring system for its environmental performance. The pilot period of the online database was completed successfully and the system was implemented in 2019. Additionally, the balanced scorecard of teams under relevant departments such as Project Finance (for indirect environmental risks) and Construction Department (for direct environmental risks) include KPIs related to environmental performance. The scorecard ultimately affects the annual compensation.
Internal price on carbon	The Emission Trading System (ETS) is currently not applicable in Turkey. However, as per the Climate Change Action Plan, Garanti BBVA applies its own shadow carbon price to loan requests related to carbon-intensive projects in its project finance (PF) operations. The bank also includes a positive price in the cash flow of renewable energy investments. This way, the Bank favors renewable investments in its greenfield PF energy loan portfolio. Emerging Regulatory: Turkey seeks to establish its own emissions trading scheme (ETS) as per the PMR project conducted in collaboration with the WBG. In preparation for this, the regulatory framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the official gazette on 17.05.2014. The regulation requires companies from energy-intensive sectors to monitor, report and verify their CO2 emissions. While ETS would not apply directly to Garanti BBVA, it could indirectly impact the company in at least two ways: (1) by imposing new demands on borrowers, especially for project finance, which could impact Project performance and ability to repay, and (2) by leading to an increase in the cost of energy or energy-intensive materials.
Dedicated budget for energy efficiency	As one of our focus areas stated in our Climate Change Action Plan, Garanti BBVA several practices to establish green office standards. To achieve this goal, the Bank's Construction Department has a dedicated budget and a team. Garanti BBVA Zincirlikuyu HQ is the first bank that has Platinum Certificate in LEED. Besides Zincirlikuyu HQ, Garanti BBVA Kızılay Branch is the only bank building holding Platinum certificate in New Buildings category. In addition, Garanti BBVA Pendik Technology Campus, Sivas Customer Contact Center and Karşıyaka İzmir Building all have LEED Gold Certifications. Additionally, investments in building services and processes which are stated in Section "4.3b" have been implemented by using a dedicated budget.
Internal incentives/recognition programs	In 2015 Garanti BBVA expanded the scope of its ISO14001 Environmental Management System to 1,013 locations covering nearly 100% of its employees and buildings in Turkey. Since 2016, a coverage ratio of roughly 100% has been sustained. In 2017, the Bank updated its Environmental Management System in accordance with ISO14001:2015, the latest version of the standard and received relevant certification per TÜVŞÜD's audit. Garanti BBVA monitors environmental footprint data such as energy consumption and water consumption from each and every location through approx. 1000 Sustainability Representatives. In 2016 the Bank added ISO14001 criteria into its SPOT awards, which is an internal awards program to recognize and celebrate successful employees and comes with a monetary reward. Therefore, successful Sustainability Representatives who manage their location's environmental impacts successfully will be rewarded under SPOT Awards. In 2021, 26 employees received the spot award in terms of sustainability criteria.

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Banking	Project finance
---------	-----------------

Taxonomy or methodology used to classify product

The EU Taxonomy for environmentally sustainable economic activities

Description of product

EU Taxonomy and internal taxonomies of BBVA are used for the definition of "sustainable finance" where applicable. Garanti BBVA published its Climate Change Action Plan in October 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards. With this Action Plan, the Bank also pledged that a minimum of 60% of the total funds allocated to greenfield energy generation facilities would be allocated to renewable investments. Since 2014, our entire greenfield energy generation projects in the project finance portfolio consisted of renewable investments. In 2021, this ratio was far exceeded as it reached 100% similar to previous years. By the end of 2021, the percentage of green assets to the Project and Acquisition Finance loan portfolio is 24% which corresponds to a total volume of USD 2 billion (34,6 M TRY). The percentage of green assets to the loans granted for electricity generation purposes in the Project and Acquisition Finance portfolio is 67%; while the percentage of green assets to the loans granted for infrastructure projects such as energy, highway, airport, port and health campus project, is 33%. Garanti BBVA retains the market leader position with 22.5% market share in Türkiye's operational installed wind power. The cumulative amount of financing provided for renewable energy investments has exceeded USD 6 billion. Financing 100% renewable energy in greenfield electricity generation projects in its PF commitments since 2014, the total percentage of coal-related exposure to the Bank's entire portfolio is 2%. In 2021, total avoided emissions of operational solar power plant, wind power plant and hydropower plant projects, in the financing of which Garanti BBVA was involved, was 8.48 million tCO2e based on the current average grid emission factor for Türkiye. These financings provide both adaptation and mitigation of climate change within our portfolio.

Product enables clients to mitigate and/or adapt to climate change

Adaptation

Portfolio value (unit currency – as specified in C0.4)

34600000

% of total portfolio value

24

Type of activity financed/insured or provided

- Green buildings and equipment
- Low-emission transport
- Renewable energy
- Sustainable agriculture

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

Name of organization(s) acquired, divested from, or merged with

<Not Applicable>

Details of structural change(s), including completion dates

<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

15568

Comment

Within the framework of our long-term objectives, we set a 50% reduction target for our total Scope 1 and Scope 2 emissions per total assets against 2012. The base year is selected as 2012 since our Environmental Management System was implemented. Base year Scope1+Scope 2 emissions of Garanti BBVA was: 89.562 tonnes of CO2. In 2021, total Scope 1+Scope 2 emissions of the bank was 18,643 tCO2e. The 75% of decrease is done via carrying out extensive energy efficiency studies since 2012. First of all, by appointing sustainability representatives in all our branches and buildings in Turkey, we started to monitor our resource consumption regularly at nearly 1,000 service points. Creating green office standards is one of the issues we focus on in the fight against climate change. We switched to energy-efficient products in our lighting and cooling systems. We virtualize our servers. We have 5 LEED certified buildings. We use roof-type solar energy in 3 locations. As a result of the bilateral agreements we made with energy companies, we started to use renewable energy in all our branches and buildings with suitable infrastructure. In addition, within the scope of the application we launched in 2020, we replaced approximately 1,000 vehicles with fuel-efficient and environmentally friendly hybrid models. Similar to the previous year, in 2021, the Bank purchased Gold Standard carbon certificates for the rest of its emissions arising from its operations and has become a carbon-neutral Bank. Thus, the Bank has far exceeded its reduction goal of 71% for 2035 already at the end of 2021, i.e. 15 years earlier than targeted.

Scope 2 (location-based)**Base year start**

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

73994

Comment

Within the framework of our long-term objectives, we set a 50% reduction target for our total Scope 1 and Scope 2 emissions per total assets against 2012. The base year is selected as 2012 since our Environmental Management System was implemented. Base year Scope1+Scope 2 emissions of Garanti BBVA was: 89.562 tonnes of CO2. In 2021, total Scope 1+Scope 2 emissions of the bank was 18,643 tCO2e. The 75% of decrease is done via carrying out extensive energy efficiency studies since 2012.

First of all, by appointing sustainability representatives in all our branches and buildings in Turkey, we started to monitor our resource consumption regularly at nearly 1,000 service points. Creating green office standards is one of the issues we focus on in the fight against climate change. We switched to energy-efficient products in our lighting and cooling systems. We virtualize our servers. We have 5 LEED certified buildings. We use roof-type solar energy in 3 locations. As a result of the bilateral agreements we made with energy companies, we started to use renewable energy in all our branches and buildings with suitable infrastructure. In addition, within the scope of the application we launched in 2020, we replaced approximately 1,000 vehicles with fuel-efficient and environmentally friendly hybrid models. Similar to the previous year, in 2021, the Bank purchased Gold Standard carbon certificates for the rest of its emissions arising from its operations and has become a carbon-neutral Bank. Thus, the Bank has far exceeded its reduction goal of 71% for 2035 already at the end of 2021, i.e. 15 years earlier than targeted.

Scope 2 (market-based)**Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 1: Purchased goods and services****Base year start**

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

1608

Comment

In 2012, paper use was 1750 tons across our operations. The amount of paper used was multiplied by Material Use - Paper and board: paper emission factor from DEFRA 2021. Thus, the purchased goods and services category has been calculated as 1608 tonsCO2e for 2012.

Scope 3 category 2: Capital goods**Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)****Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 4: Upstream transportation and distribution****Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 5: Waste generated in operations****Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment**

Scope 3 category 6: Business travel

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

IPCC Guidelines for National Greenhouse Gas Inventories, 2006
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

18643

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

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 are included in Scope 1.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

87 million kWh of electricity need of 870 branches and 56 buildings were totally provided from renewable energy, thus avoiding nearly 39.832 tonnes of CO2 - equivalent emissions were avoided which corresponds to the carbon sink capacity of roughly 2.2 million trees. Under this agreement, IREC certificates were retired on the behalf of Garanti BBVA. The emission factor has been acquired from IREC suppliers. Therefore the Scope 2 (market-based) figure is available and equals to 0 tCO2e.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

39832

Scope 2, market-based (if applicable)

0

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

87 million kWh of electricity need of 870 branches and 56 buildings were totally provided from renewable energy, thus avoiding nearly 39.832 tonnes of CO₂ - equivalent emissions were avoided which corresponds to the carbon sink capacity of roughly 2.2 million trees. Under this agreement, IREC certificates were retired on the behalf of Garanti BBVA. The emission factor has been acquired from IREC suppliers. Therefore the Scope 2 (market-based) figure is available and equals to 0 tCO₂e.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

5775.98

Emissions calculation methodology

Hybrid method
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

For the accommodation emissions, the calculation was made using EPA one night hotel stay emission factors and room day numbers provided by Garanti Bank. The emission factor for upscale hotels with restaurants, meal services, meeting space is used for both domestic and international hotel stays 26,60 kg CO₂e/room day. The emission factor is quite similar to other studies carried out within Europe and Turkey. The calculation was made by multiplying total paper used with emission factors. For the emissions due to paper used, the data is collected according to paper type. Copy paper used ~473 tons, bank statements for customers nearly 154 tons, for receipts ~269 tons. Environmental Paper Network's emission factors are used for each type of paper. For 1 tons of copy paper EF used is 8,981 tons CO₂e, for bank statements the EF used is 9,661 tons CO₂e, for ATM slips EF used is 8.981 tons CO₂e. The IPCC 5th Assessment Report was used for GWP's.

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

450.09

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Under the category 2: Capital Goods, emissions due to capital goods purchased in 2021 has been calculated with spend-based method. Capital goods financial data have been collected from Garanti BBVA systems. In the emission calculation, the "US EEIO Scope 3 Calculator" tool developed by the US EPA was used. Emission calculation (kg CO₂e) according to unit monetary value (\$) in the sector average is made by using emission factors from the USEEIO Model (v1.1). Subcategories taken into account under the capital goods: Air conditioning, refrigeration, and warm air heating equipment manufacturing, Air purification and ventilation equipment manufacturing, Metal cutting and forming machine tool manufacturing, All other miscellaneous electrical equipment and component manufacturing. The IPCC 5th Assessment Report was used for GWP's.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

6300.43

Emissions calculation methodology

Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

The density and NCV used in the EF calculations are in compliance with EIE regulations. IPCC data is from Table 3.2.1 Road Transport Default CO2 Emission Factors and Table 3.2.2 Road Transport Default N2O and CH4 and GWP values. The calculation was made by using the consumption (lt) of diesel and gasoline of personal cars used for business. The EFs are the same used for calculating Scope 1 company car fleet of Garanti. The IPCC 5th Assessment Report was used for GWP's.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

There are no relevant emissions in upstream transportation and distribution. All emissions associated with transportation and distribution (both upstream and downstream) are covered by the figure provided in the "Downstream transportation and distribution" Section.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

14.2

Emissions calculation methodology

Average data method
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Waste generated in Garanti BBVA operations led GHG emissions in their disposal. These emissions have been calculated for the generated waste amount of 2021. The activity data has been gathered from Garanti BBVA systems and the EF has been used from DEFRA 2021. The IPCC 5th Assessment Report was used for GWPs.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

61.46

Emissions calculation methodology

Average data method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

The calculation was made by multiplying the total passenger.km for Garanti Bankası with related EF of DEFRA. The flight km's are calculated by using latitude and longitude of the airports. The EF of a long haul (>3700 km) used for calculations is 0,13003 kg CO2e; EF for medium-haul is (500 km) is 0,10208 kg CO2e. The IPCC 5th Assessment Report was used for GWPs.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1584.99

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

The calculation was made by using total km captured from companies providing the services for employee commuting. The emission factors of vehicle km of DEFRA is multiplied by total km of relevant vehicle type. For 16+1 vehicles the average CO2e emission factor of vans is used (0,24116 kg CO2e/vehicle km), For 27+1 vehicles the CO2e emission factor for 50% laden rigid (>3,5-7,5 tonnes) is used (0,48364 kg CO2e/vehicle km for 50%laden and 0,52184 kg CO2e/vehicle km for 100% laden). The IPCC 5th Assessment Report was used for GWPs.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Garanti BBVA doesn't own any leased assets. Therefore this category is not relevant.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

278.27

Emissions calculation methodology

Fuel-based method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Data collection was conducted for many suppliers. The calculation methods were adapted for each kind of activity data from suppliers. The activity data was mainly in ton.km distances and fuel consumptions. The calculation was made by multiplying total ton.km for Garanti BBVA with the related EF of DEFRA. The information is provided by the suppliers. When calculating the ton.km the distances for the freights are estimated. 13% of Garanti consignments are domestic, 39 % short haul and 48% long haul. The EF of a domestic flight is 2,3765 kg CO2e per ton.km, short-haul flight is 1,2172 kg CO2e per ton.km and long-haul flight is 0,5387 kg CO2e per ton.km. The delivery to the airport is 12 km and the EF used is 0,2431 kg CO2e for rigid HGV vehicles >3,5-7,5 tonnes % 100 Laden. There is an increase in EF except for short-haul flights. For emissions due to activity data of another supplier, the EF of a rigid HGV vehicle for ton.km for 50% laden is 0,4624 kg CO2e. Another calculation was made by using the total fuel usage of the company and subcontractors. The EF used are the same as Garanti BBVA EF. Total CO2e emissions of supplier are allocated to Garanti BBVA where applicable. For emissions due to activity data of another supplier, the calculation was made by multiplying the total ton.km for Garanti BBVA with the related EF from DEFRA. The activity data is provided by the supplier. The EF of a rigid HGV vehicle for ton.km for 50% laden is taken as 0,4506 kg CO2e/ton.km.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Garanti BBVA doesn't sell any products to be processed later. Therefore this category is not relevant.

Use of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Garanti BBVA products don't result in GHG emissions. Therefore this category is not relevant.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Garanti BBVA products don't result in GHG emissions. Therefore this category is not relevant.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Garanti BBVA doesn't lease assets. Therefore this category is not relevant.

Franchises

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Garanti BBVA doesn't own franchises. Therefore this category is not relevant.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Garanti BBVA doesn't have other emission sources. Therefore this category is not relevant.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Garanti BBVA doesn't have other emission sources. Therefore this category is not relevant.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

3e-7

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

18643

Metric denominator

unit total revenue

Metric denominator: Unit total

61659777000

Scope 2 figure used

Market-based

% change from previous year

47

Direction of change

Decreased

Reason for change

The intensity figure decreased at a rate of 47% (From 0.00000057 to 0.00000030) and GHG emissions decreased at a rate of 17% in 2021 when compared to 2020. There has been an increase in our revenue at a rate of 57%. The reasons of the decrease in intensity figure are as follows: (1)Due to emissions reduction activities such as energy efficiency implementations (LED installation, AC renewal, installation of roof type solar panels and implementation of trigeneration unit) completed, electricity consumption in facilities decreased. Additionally, Garanti BBVA announced its decision to purchase its electricity from renewable energy for all its corporate buildings, subsidiaries and branches which are eligible for power purchasing agreements at the beginning of 2021. Based on these agreements approximately 87 million kWh of electricity need of 870 Garanti BBVA branches and 56 buildings were totally provided from renewable energy.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	6355	Decreased	28	The increase of used renewable electricity that has been consumed in compared to 2020 equals to 6,355tCO2e in 2021. The percentage is calculated as: 2020 Scope 1&2: 22,442.00 tCO2e change of renewable electricity: -6,355tCO2e percentage: $(-6,355/22,442.00)*100=-28\%$
Other emissions reduction activities	839	Decreased	4	The emission reduction activities have been established in 2021. As a total, 839 tCO2e emissions are decreased due to these activities. The percentage is calculated as: 2020 Scope 1&2: 22,442.00 tCO2e emissions reduction activities -839,00 tCO2e percentage: $(-839,00/22,442.00)*100=-\%4$
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output	3395	Increased	15	Change in output has increased 3,395 tCO2e in 2021. This change occurred due to the increase of the Garanti BBVA activities related to normalization after the Covid -19 effects lived in 2020. The percentage is calculated as: 2020 Scope 1&2: 22,442.00 tCO2e change in output: 3,395tCO2e percentage: $(3,395/22,442.00)*100=\%15$
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	69597	69597
Consumption of purchased or acquired electricity	<Not Applicable>	87115	0	87115
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	87	<Not Applicable>	87
Total energy consumption	<Not Applicable>	87202	69597	156799

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

Turkey

Consumption of electricity (MWh)

87202

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

87202

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify (Water consumption)

Metric value

186

Metric numerator

Cubic meters

Metric denominator (intensity metric only)

N/A

% change from previous year

28

Direction of change

Decreased

Please explain

The water consumed by Garanti BBVA is provided by municipalities, which in Turkey source their water mainly from open river and reservoirs. Our Annual Integrated Report includes total water consumption mainly coming from the municipality by Garanti BBVA's operations in Turkey. This indicator is defined as the total water consumption mainly coming from the municipality by Garanti BBVA's operations in Turkey. Reported total water withdrawal by source in Appendix 3 of Integrated Annual Report: <https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/GBFR21-APPENDIX-3.pdf> To manage our indirect water footprint, we also request, monitor and ensure that measures are taken to reduce consumption of water and other natural resources, decrease environmental impact, apply recycling and prevent negative effects on water quality. While financing new investments, we take into account the conditions such as groundwater characteristics and impact on underground and surface waters, quality, and sectoral criteria. In addition, based on the environmental and Social Loan Policies (ESLP) and in line with the 15th Goal-Life on Landform the UN Global Goals, we do not finance projects and activities in the wetlands defined as threatened ecosystems and protected by the RAMSAR Convention. In addition to raising awareness on carbon footprint management, we supported the launch of the CDP Water Program in Turkey in 2015 as the main sponsor. We aim to increase awareness of our corporate customers about water risks. In this field, we partner with NGOs and public and private institutions to create awareness and share experiences. In April 21, 2016, we joined the WWF Water Panel with high-level participation. Since 2021, Garanti Bank is cooperating with the Turkish Marine Environment Protection Association/TURMEPA to further its goal of working toward a sustainable world and combating the climate crisis. Both organizations are collaborating to collect waste and prevent marine pollution in the Marmara Sea and the provinces of the region as part of the "Blue Breath Project. One aspect of the project entails waste collection from the Marmara Sea. According to the 2021 TURMEPA report, between September 21st and December 31, 2021, sea brooms collected a total of 9,820 kilograms of waste, which they later recycled.

Description

Other, please specify (Recycled Waste)

Metric value

228

Metric numerator

Tons

Metric denominator (intensity metric only)

N/A

% change from previous year

41

Direction of change

Decreased

Please explain

Recyclable paper, plastic, metal and glass are delivered to whichever municipality the service point is located in or to a licensed recycling firm, where they are recycled. As GarantiBBVA, we have reached approx. 100% coverage of ISO14001 certified environmental management System in all locations, monitoring and tracking of recycle wastes have been performed in all locations. The recycled waste amount has been assured and published since 2017 in our Integrated Annual Reports every year. In 2021, the amount of recycled waste has decreased due to the decrease of waste generated. For more information, please visit Appendix 3 of Integrated Annual Report: <https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/GBFR21-APPENDIX-3.pdf>

Description

Other, please specify (Paper consumption)

Metric value

600

Metric numerator

Tons

Metric denominator (intensity metric only)

N/A

% change from previous year

0

Direction of change

No change

Please explain

As Garanti BBVA, we have reached approx. 100% coverage of ISO14001 certified Environmental Management System in all locations, monitoring and tracking of recycled wastes have been performed in all locations. In 2021, a total of 600 tonnes of paper has been used by Garanti BBVA operations. This amount has not been changed in comparison to 2020 data. The paper consumption has been published in our Integrated Annual Report. For more information, please visit Appendix 3 of Integrated Annual Report: <https://www.garantibbvainvestorrelations.com/en/images/entegre-faaliyet-raporu-2021/pdf/GBFR21-APPENDIX-3.pdf>

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG 2021 Independent Limited Assurance Report.pdf

Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf

Page/ section reference

The statement of Scope 1: pg208

Reporting year: pg208

Opinion: pg208-211

Emission data: APPENDIX A.3. ENVIRONMENTAL PERFORMANCE DATA (pg 113 of PDF document)

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG 2021 Independent Limited Assurance Report.pdf

Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf

Page/ section reference

The statement of Scope 1: pg208

Reporting year: pg208

Opinion: pg208-211

Emission data: APPENDIX A.3. ENVIRONMENTAL PERFORMANCE DATA (pg 113 of PDF document)

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG 2021 Independent Limited Assurance Report.pdf

Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf

Page/section reference

The statement of Scope 1: pg208

Reporting year: pg208

Opinion: pg208-211

Emission data: APPENDIX A.3. ENVIRONMENTAL PERFORMANCE DATA (pg 113 of PDF document)

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C1. Governance	Other, please specify (Sustainability Governance)	Third-Party Assurance: Limited Assurance within the scope of ISAE3000	Sustainability Management at Garanti BBVA is mentioned in the Risk Management section on page 197 of its 2021 Integrated Annual Report. Sustainability Governance refers to the policies and mechanisms in place for decision-making on economic, environmental and social impacts. Since the data is shared publicly, we value having a third-party verification of this data. Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf
C2. Risks and opportunities	Other, please specify (Environmental and Social Impact Assessment Process)	Third-Party Assurance: Limited Assurance within the scope of ISAE3000	The following KPIs have been verified within the scope of third-party assurance (limited assurance): Environmental & Social Impact Assessment Process related to projects financed by Garanti BBVA: <ul style="list-style-type: none"> o Number of assessed projects in 2021 o Number of rejected projects in 2021 o Risk rating of the assessed projects in 2021 o Number of project site visits conducted during 2021 The scope of Independent Limited Assurance and the KPIs mentioned above and E&S Governance are reported on page 208. Since the data is shared publicly, we value having a third-party verification of this data. Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf
C3. Business strategy	Other, please specify (Materiality Analyses)	Third-Party Assurance: Limited Assurance within the scope of ISAE3000	In 2021, Garanti BBVA made some improvements to its materiality analysis in alignment with its principal shareholder BBVA Group, in order to fulfill increased transparency and reporting demands. In this context, the Bank: <ul style="list-style-type: none"> • Provided details of who its stakeholders are, how their needs and expectations are considered, and how these considerations impacted the determination of the ranking of material topics; • Conducted double materiality analysis that is based on the four material topics of the highest priority for stakeholders, which were revealed by the materiality analysis. For details, please see the Material Analysis section on page 60 in our 2021 Integrated Annual Report Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf
C5. Emissions performance	Year on year emissions intensity figure	Third-Party Assurance: Limited Assurance within the scope of ISAE3000	Total Scope 1 and Scope 2 GHG emissions divided by total assets of the Bank as of calendar year-end in billion TL terms. The total assets are based on the Bank's audited financial statements. Year-on-year emissions intensity and the percentage change in the GHG Emissions Intensity compared to the previous year's GHG emissions are reported and can be found in "Appendix A.3: Environmental Performance Data." in our 2021 Integrated Annual Report Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf
C8. Energy	Energy consumption	Third-Party Assurance: Limited Assurance within the scope of ISAE3000	Total yearly energy consumption by source indicator is defined as the energy consumption from fossil fuel sources for heating, generators, leased vehicle fleet in commercial use and purchased electricity by Garanti BBVA's operations (Headquarters, service buildings, branches and ATMs) in Turkey. Universal energy conversion factors provided by the IPCC are used to convert source data in cubic meters, litres and tonnes to MWh. Total Energy consumption is reported and can be found in Appendix A.3" in our 2021 Integrated Annual Report Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf
C8. Energy	Renewable energy products	Third-Party Assurance: Limited Assurance within the scope of ISAE3000	The following KPIs are reported within the scope of the Renewable Energy Portfolio: <ul style="list-style-type: none"> o Amount of investments in renewable energy projects by type as of the reporting period end o Installed capacity of renewable energy projects by type as of the reporting period end o Garanti BBVA's market share of operational installed wind capacity in Türkiye as of the reporting period end. The loan amounts committed, the installed capacity of renewable energy projects that were signed by Garanti BBVA and Garanti BBVA's market share of operational installed wind capacity in Turkey as of the reporting period end. For the market share of operational installed wind capacity calculations, the total installed capacity of wind energy projects in Turkey is taken from the General Directorate of Energy Affairs website (http://www.eigm.gov.tr/tr-TR/Sayfalar/EnerjiYatirimlari). Garanti BBVA's share in installed capacity in a project is calculated by multiplying Garanti BBVA's share in the committed loan amount with the total installed capacity of a project. Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf
C8. Energy	Other, please specify (Total Yearly Avoided Emissions due to operational renewable energy projects under loan from Garanti BBVA)	Third Party Assurance: Limited Assurance within the scope of ISAE3000	Emissions avoided by electricity generation are based on the operational capacity of solar, wind and hydropower plants during the reporting period are calculated. The projects Garanti BBVA has participated in financing which were operational in the reporting period are taken into consideration for the calculations. The grid Emission Factor is calculated based on the most recent data available by TEİAŞ for 2020. The projects that are active are within the scope of the audit. By financing renewable energy projects, emissions are prevented by preventing the burning of additional fossil fuels for electrical energy demand. Please find the details of the calculations in the Sustainability section on page 120. Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf
C9. Additional metrics	Other, please specify (Total Yearly Water Consumption by Source)	Third-Party Assurance: Limited Assurance within the scope of ISAE3000	This indicator is defined as the total water consumption mainly coming from the municipality by Garanti BBVA's operations in Turkey. Reported following the guidance in GRI 303-3 Total water withdrawal by source in the Appendix A.3: Environmental Performance Data. Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf
C9. Additional metrics	Other, please specify (Total Yearly Waste Generated)	Third-Party Assurance: Limited Assurance within the scope of ISAE3000	Recyclable hazardous waste (cartridges and batteries) are collected centrally by TAP (Portable Battery Manufacturers and Importers Association) and HP (Hewlett Packard Enterprise). Their total weight is calculated based on data from these two organizations. Since there is no measurement mechanism for non-hazardous recyclable wastes (paper, plastic etc.) collected centrally by the municipalities, the calculation of the generated wastes is based on the amount of waste generated in the Garanti BBVA Headquarters Building. In 2021, the total non-hazardous recyclable waste of this building was calculated as 16.82 kg according to the statement obtained from Beşiktaş Municipality the previous year. The average monthly non-hazardous recyclable waste generation per person is calculated by taking into account the average monthly number of employees of the Headquarters building. Annual non-hazardous waste generation per person (16.82 kg) is calculated by taking the average of the monthly figures. The annual total non-hazardous recyclable waste amount collected from all buildings within the scope was calculated by multiplying the unit waste generation by the total number of employees in all buildings. For details, you can refer to Annex A.3: Environmental Performance Indicators Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

The project will comprise a total of 18,191 ha of land previously under extensive grazing by beef cattle, on which forest plantations for obtaining high-value, long-lived timber products and for sequestering large amounts of carbon dioxide from the atmosphere will be established. In 2021, the Bank purchased VRS carbon certificates for the rest of its emissions arising from its operations and has become a carbon-neutral Bank. (Scope 1,2,3) Thus, the Bank has far exceeded its reduction goal of 71% for 2035 already at the end of 2021, i.e. 14 years earlier than targeted.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

12700

Number of credits (metric tonnes CO2e): Risk adjusted volume

12700

Credits cancelled

No

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

Karacabey Wind Farm is a 30MW onshore wind power project. It is located in Bursa, Turkey. The project is currently active. It has been developed in single phase. Post completion of construction, the project got commissioned in 2016. In 2021, we have purchased 5972.51 tCO2e VCS carbon offsets from this project. In 2021, the Bank purchased VRS carbon certificates for the rest of its emissions arising from its operations and has become a carbon-neutral Bank. (Scope 1,2,3) Thus, the Bank has far exceeded its reduction goal of 71% for 2035 already at the end of 2021, i.e. 14 years earlier than targeted.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

5972.51

Number of credits (metric tonnes CO2e): Risk adjusted volume

5972.51

Credits cancelled

No

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations
Stakeholder expectations
Change internal behavior
Drive low-carbon investment
Stress test investments
Identify and seize low-carbon opportunities

GHG Scope

Scope 3

Application

Scope 3 means downstream operations, i.e. lending operations. In October 2015, Garanti BBVA published its Climate Change Action Plan to support Turkey's transition to a low-carbon economy. The plan focused on prioritizing renewable energy and putting a shadow price on carbon, reducing deforestation, managing climate-related water risks and establishing green office standards. Despite the difficulties in determining the cost of carbon in the absence of a regulation, the bank applies its own shadow carbon price in evaluating the economics of all greenfield/brownfield fossil fuel-based and renewable energy investments in its Project Finance activities. If the host country already implements an ETS/tax, then Garanti BBVA uses the actual price for carbon. If not, it uses fixed price per tCO₂e emitted. The price is determined taking into consideration the market dynamics and is reviewed and updated regularly.

Actual price(s) used (Currency /metric ton)

65

Variance of price(s) used

In October 2015, Garanti BBVA published its Climate Change Action Plan (CCAP) to support Turkey's transition to a low-carbon economy. Except from our CCAP (<https://www.garantibbvainvestorrelations.com/en/corporate-governance/detail/Climate-Change-Position-Statement-Action-Plan/854/3630/0>):
I. Putting a shadow price on carbon: The phrase "put a price on carbon" has become increasingly common as discussions of how to address climate change move from concern to action. As a pioneer in financing renewable energy projects and being by far the largest lender for wind projects in Turkey, setting a carbon pricing scheme will allow the Bank to further prioritize renewable investments. The price assumed between 2011-2021 varies between USD 5-10 per tCO₂e. Taking into consideration our internal studies and international reports aimed at determining carbon corridors, we expect the pricing to be USD 48 and USD 74 in 2025 and 2030 respectively. The price below represents USD 5 (equivalent TRY 65) per tonne of CO₂e (The price was converted to TRY based on the annual average USD/TRY exchange rate mentioned by TCMB).

Type of internal carbon price

Shadow price

Impact & implication

Despite the difficulties in determining the cost of carbon in the absence of a regulation, the bank applies its own shadow carbon price in evaluating the economics of all greenfield/brownfield fossil fuel-based and renewable energy investments in its Project Finance activities. If the host country already implements an ETS/tax, then Garanti BBVA uses the actual price for carbon. If not, it uses fixed price per tCO₂e emitted. The price is determined taking into consideration the market dynamics and is reviewed and updated regularly. The price assumed between 2011-2021 varies between USD 5-10 per tCO₂e. Taking into consideration our internal studies and international reports aimed at determining carbon corridors, we expect the pricing to be USD 48 and USD 74 in 2025 and 2030 respectively. The price below represents USD 5 (equivalent TRY 85) per tonne of CO₂e (The price was converted to TRY based on the annual average USD/TRY exchange rate mentioned by TCMB). Garanti BBVA is a strong supporter of voluntary tools such as carbon pricing to enable transition to a low carbon economy. Therefore the Bank became a member of Carbon Pricing Leadership Coalition (CPLC) Global Steering Committee (2018-2020). Garanti BBVA's efforts in this area was presented as a case study through a webinar organized by Yale University, World Economic forum, and CPLC. Please refer to the link to see the details: <https://cbey.yale.edu/events/integrating-an-internal-price-on-carbon-lessons-from-garanti-bank>. Garanti BBVA was also presented as a case study by CPLC in 2018/2019 Carbon Pricing Leadership Report. The report, due to Garanti BBVA's contribution, addressed the link between domestic carbon pricing initiatives in Turkey and the potential role for banking industry. <https://documents1.worldbank.org/curated/en/395531568872592564/pdf/Carbon-Pricing-Leadership-Report-2018-2019.pdf>
Garanti BBVA also supports the UN Global Compact's Business Leadership Criteria on Carbon Pricing, which comprises three distinct but overlapping dimensions: integrating carbon pricing into long-term strategies and investment decisions, responsible policy advocacy, and communication on progress. All three dimensions of the criteria are aligned with limiting the increase in global mean temperature to 2°C above pre-industrial levels.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers/clients
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

69

% total procurement spend (direct and indirect)

98

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

As Garanti BBVA, we care about our relationships with the companies we do business with, and we consider integrating our supply chain with ethical, social and environmental factors as one of our fundamental responsibilities. Therefore, with the Supplier Code of Conduct document, we determine the minimum ethical, social and environmental behavior standards that we add to our suppliers who provide us with products and services. We expect our suppliers who already apply such standards and our suppliers who do not yet have code of conduct to establish and implement the necessary internal procedures to ensure compliance with these standards in line with climate change. We expect our suppliers, who are unable to comply with the principles set forth in this document, to inform us on this matter. As Garanti, these standards are based on the International Convention on Human Rights; We encourage its implementation in accordance with the United Nations Global Compact and the principles of conduct and recommendations regarding commercial activities set by the United Nations, the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO). Environmental protection, sustainability and "eco-efficiency" are among our priorities. In this context, we currently implement a sustainability policy and take into account major international climate-related commitments. In addition to complying with the applicable legislative provisions, we expect our suppliers to show sensitivity in not taking actions that would violate the provisions of international agreements, initiatives and guides on environmental and social issues. In line with this, suppliers of purchases that more than 150000 TRY are subjected to this sustainability due diligence. As of 2021, suppliers subject to this make up 69% of our total suppliers and total procurement spend subjected to due diligence is 98% when under-limit and out-of-scope suppliers are excluded.

Impact of engagement, including measures of success

Each year, Garanti BBVA 's internal auditors inspect a selection of the Bank's suppliers on a sample basis in order to assess their compliance with its EMS. In case a supplier is found to be non-compliant, they are given a grace period to improve their performance and the assistance provided by the Bank when necessary. Garanti BBVA gives training to its suppliers regarding its Code of Conduct, and regularly monitors its suppliers' compliance with operational health and safety standards. 'Garanti BBVA's Code of Conduct for Suppliers' has been published with the purpose of regulating supplier behavior and the professional relations of suppliers in parallel to the Bank's commitment to corporate governance principles and ethical values concerning. Garanti BBVA shared its Code of Conduct for Suppliers with a message stating that their full commitment and compliance are expected. The measure of success for supplier engagement is the increase of percentage on the annual basis and not decreasing it. Since 2012, Garanti BBVA is including a requirement for compliance with Garanti BBVA 's EMS in supplier contracts. This helps with increasing awareness of environmental and climate-related aspects of the supply chain for suppliers. As of the end of 2021, Garanti BBVA has engaged suppliers that represent 98% of its total procurement.

Comment

N/A

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Customers/clients of Banks

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change considerations in client management mechanism

Engage with clients on measuring exposure to climate-related risk

Encourage clients to set a science-based emissions reduction target

% client-related Scope 3 emissions as reported in C-FS14.1a

0

Portfolio coverage (total or outstanding)

100

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

Although SBT's are not required from the customers yet, we inform the customers about the risks of climate change during the lending processes and we encourage them to reduce their GHG emissions. We accept GHG emission reduction commitments as SLL-linked KPIs and encourage customers to commit and set emission reduction targets in line with SBT criteria. Also, Garanti BBVA established its E&S Loan Policies (ESLP) in 2011 and its E&S ImpactAssessment Process (ESIAP) in 2012. ESIAP allows us to determine and mitigate the E&S impact of customers. Firstly, we subject all loans to our ESLP, which set the minimum E&S standards governing the extension of loans at the Bank. The Bank applies its ESLP to all loans. Therefore, our coverage for compliance is 100%. Garanti BBVA aims to improve E&S performance of clients through requirements asked in loan agreements. Meanwhile, the Bank strives to build the capacity of clients where feasible. For instance, we helped one of our strategic clients to understand the potential E&S risks in their hydropower project during the planning stage, which resulted in not moving forward. The project was located in southwest Turkey and we conducted E&S DD process. There was a particular risk that would have affected their financial performance significantly. It was the adverse impact of climate change on the river flow. After the initial due diligence, we decided to cooperate with two universities to identify the exact impact of climate change on this project. As a result, we identified 8% decrease in expected precipitation, a 1-degree increase in temperature as well as a ~15% flow decrease in the dam basin. Finally, we identified that this means a nearly 15% decrease in electricity production, which was a major shift in the initial cash flow calculation of our client. In the end, the client decided to move on with a geothermal investment rather than the hydro project. The measure of success in our client engagement strategy is the 100% coverage of our portfolio on a yearly basis. Another example is, that in 2022 we have integrated innovative carbon footprint measurement based on their spending into mobile banking systems to support our customers in adopting more sustainable approaches. Customers can track their carbon footprints on the Ecological page in the "My Status" section of Garanti BBVA Mobil. By raising awareness of this issue, we make suggestions to help reduce the carbon footprint.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Other partners in the value chain constitutes of employees and local and international organizations. For employees, Garanti BBVA Training Center was rebranded as Campus Garanti BBVA, and training and education activities were uniformed along with the system infrastructure to cover all affiliates. In 2021, 141 new digital training packages were added to the portal; including all affiliates, 6,300 webinars were planned, and 87,970 employees participated in the training programs. Through gamified training solutions, employees solved a total of 1,546,519 questions, spent 16,124 hours on apps and digital training programs accounted for 41% of all training sessions in terms of hours. These webinars and training programs included sustainability and climate-focused courses. For effective integration within the Bank and for promoting the implementation of ESLP, Garanti BBVA provides information with the training video posted on its education platform, Campus Garanti BBVA. In 2021, 1,673 employees completed the training. The measure of success is the increasing number of employees participating in programs. As a leading bank in sustainability Garanti BBVA aims to spread these practices across its customers, the Turkish finance sector, public sector, and the society. To achieve this goal, the Bank actively engages and participates in numerous local and international organizations. In 2019, the Bank drove positive impact through 44 engagement platforms and 27 memberships. In 2021, these numbers increased to 48 engagement platforms and 29 memberships meaning approximately 7-10% increase in numbers respectively. This is the measure of success for the organization's engagement. Since 2019, sustainability-focused trainings provided to Garanti BBVA employees has increased. Total employee completion of the trainings have increased from 96 to 18154. Since 2021, Garanti Bank is cooperating with the Turkish Marine Environment Protection Association/TURMEPA to further its goal of working toward a sustainable world and combating the climate crisis. Both organizations are collaborating to collect waste and prevent marine pollution in the Marmara Sea and the provinces of the region as part of the "Blue Breath Project. One aspect of the project entails waste collection from the Marmara Sea. According to the 2021 TURMEPA report, between September 21st and December 31, 2021, sea brooms collected a total of 9,820 kilograms of waste, which they later recycled.

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

garanti-bbva-integrated-annual-report-2021.pdf

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

The Sustainable Development Goals (SDGs), adopted by the United Nations, guide the business world in terms of contributing to social development. To ensure an inclusive, robust and stable economy for all individuals and to achieve social welfare in the world, the financial services sector should also adopt the SDGs in various ways, including, for example, by reshaping market opportunities in line with society's needs. Garanti BBVA contributes to the SDGs with all the sector-leading actions it undertakes to address the material topics. Undertaking a more detailed study in 2021, Garanti BBVA reported the details of how it contributed to which Sustainable Development Targets under these goals by way of its policies, products, services, and processes. The Bank disclosed the actions it has taken in relation to SDA Targets establishing their connectivity to its Material Topics, Strategic Priorities and Capitals covered within its value creation according to the integrated reporting framework. The Bank continues to play an active part in Türkiye's sustainable development journey in alignment with the UNEPFI (UN Environment Programme Finance Initiative) Principles for Responsible Banking, in the development of which it was involved and of which it is a signatory. Also, The COP26, which has been the scene of the most crucial climate negotiations since the Paris Agreement, was also held in 2021 and set the stage for the signing of critical conventions for climate change adaptation and limiting the negative impacts of global warming. Garanti BBVA continued to raise increased awareness of the measures and commitments to be undertaken by Turkey in relation to climate change adaptation, by sustaining its partnerships for the implementation and promotion of local and global developments in the Turkish market, besides monitoring these developments in climate change adaptation. In the aftermath of COP26, the Bank co-hosted the Climate Finance Workshop with the Institute of International Finance (IIF) to tackle the measures and commitments against climate change within the framework of climate finance. Garanti BBVA actively participates in or chairs the meetings of the NZBA, Principles for Responsible Banking Working Group, Global Compact Network Türkiye, BCSD Türkiye, Banks Association of Türkiye Sustainability Working Group, BRSA and the Turkish Industry and Business Association (TUSIAD) Env. and CC Working Group meetings.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate

Sustainable finance

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Mobilization of climate finance within the Turkish economy.

Policy, law, or regulation geographic coverage

National

Country/region the policy, law, or regulation applies to

Turkey

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

For many years, Garanti BBVA has been participating in local and international platforms, which allowed for widespread, high-level engagement with the business community, governments, policymakers, and numerous national and international organizations. In this sense, Garanti BBVA is part of 48 working groups including NZBA, United Nations Working Group of Principles for Responsible Banking, Global Compact Network Türkiye, BCSD Türkiye, the Banks Association of Türkiye Financial Sector Role in Sustainable Growth Working Group and the Turkish Industry and Business Association (TUSIAD) Env and CC Working Group, and actively participates in or chairs 29 initiatives in total that include numerous platforms. In addition to following local and global developments, Garanti BBVA maintains collaborations for the implementation and announcement of these developments in the Turkish market. Following the COP26, Garanti BBVA co-hosted the Climate Finance Workshop with the IIF to tackle the measures and pledges against climate change within the framework of climate finance. Held in November 2021, the Workshop featured public and private sector representatives, academicians and sector professionals who discussed the way emerging countries look at climate finance and the post-COP26 agenda. During the Workshop, many experts from international platforms and from different sectors discussed their opinions about resolutions that gained the foreground in COP26 and about the mobilization of climate finance within the Turkish economy. In line with that, Garanti BBVA launched the Garanti BBVA Climate Index in cooperation with CDP Türkiye and Borsa İstanbul in 2021. Also, The Ministry of Energy and Natural Resources is working of legislation to mainstream insulation practices in buildings in order to increase building energy efficiency. We worked closely with the Ministry to develop an effective financing mechanism for such projects that could be applied across the country. The financing mechanism that we offered will also be very effective to scale up and speed up such projects. With Turkey's 2053 carbon neutral target and the Green Deal Action Plan published on 14 July 2021, the establishment of an ETS system in Turkey take its place on the agenda. At the Climate Council, the scope of the possible ETS system was tried to be clarified with the stakeholders of the sector. Garanti BBVA was also one of the participants in the Council and shared comments on possible emerging regulations.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3b

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify (Turkish Business and Industry Association (TUSIAD), Turkish Banking Association (TBA), Business Council for Sustainable Development Turkey (BCSD Turkey), BCSD-Business Initiative for Plastic (IPG))

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We have already influenced them to change their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

Founded in 1971 to represent the Turkish business world, TUSIAD is a voluntary, independent, non-governmental organization dedicated to promoting welfare through private enterprise. TUSIAD is a strong supporter of sustainability issues among Turkish companies. They have many publications and organize many events to raise awareness and share best practices. The New Climate Regime through the Lens of Economic Indicators report, to which Garanti BBVA contributed support and content, analyzed the possible impact of the CBAM upon industries exporting from Turkey to the EU for 24 manufacturing industries representing the entire economy. The Banks Association of Turkey was founded in 1958. It is a professional organization, which is a legal entity with the status of a public institution, established pursuant to Article 79 of the Banks Act. TBA has working groups and many publications to mainstream sustainable banking approaches and practices. Garanti BBVA is actively involved in the Role of the Financial Sector in Sustainable Growth Working Group of TBA which aims to play a role in raising overall stakeholder awareness and spread the use of best practices, particularly for the transition to a low-carbon economy. As a member of this working group Garanti BBVA participated in the preparation of the Sustainable Banking Guidelines Report published by TBA. TBA also provides distant-learning training for banks in environmental and social risk assessment. In 2017, As the Chair of Sustainable Banking and Finance WG of UNGC Network Turkey, Garanti BBVA's EVP presented the Sustainable Finance Declaration to the President of TBA prior to its launch. TBA shared the Declaration with the working group members and invited them to become signatories. In 2015 the Working Group also held a meeting to discuss Emissions Trading System (ETS) in Turkey. Besides, our CEO is a board member of the Banks Association of Turkey (TBA). BCSD Turkey is the local network and partner of the World Business Council for Sustainable Development (WBCSD) in Turkey, and it is in strong cooperation with its parent organization. BCSD Turkey engages with policymakers and all relevant ministries in Turkey to support the transition to a low-carbon economy and accelerate sustainable development. Furthermore, the Bank is the Chair of the Board of BCSD Turkey since 2019 and we influence each working group and the overall position of the association. The funding figure below is N/A.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Describe the aim of your organization's funding

<Not Applicable>

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization

Non-Governmental Organization (NGO) or charitable organization

State the organization to which you provided funding

CDP Turkey

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

837460

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

Garanti BBVA is the main sponsor of CDP Turkey. Garanti BBVA would like to raise awareness and build capacity among Turkish companies, including its customers on risks & opportunities in climate change and water. Therefore during 2021, we have conducted many sponsorship activities around this issue;

- CDP Turkey Sponsorship 590.000 TL
- International %100 Renewable Energy Conference 41.300 TL
- Turkey Sustainable Finance Forum 11.800 TL
- 10th PPP in Turkey Forum 2021 PPP 71.500 TL
- 10th Turkish Wind Energy Congress TÜREK 2021 23.600 TL
- IIF Turkey Climate Finance Workshop: COP26 & Beyond 96.760 TL (<https://www.bbva.com/en/tr/sustainability/garanti-bbva-and-iifdiscuss-the-post-cop26-sustainable-agenda/>)
- Boğaziçi University Bridge Contest 2.500 TL

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf

Page/Section reference

Governance: pg 48-56

Strategy: 26-27

Risks & opportunities:199-201

Emission Figures: <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/garanti-bbva-and-sustainability/environmental-impact-of-our-operations/climate-change-management/>

Emission Targets: 126

Other Metrics: 120-133

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Comment

Garanti BBVA has been publishing Integrated Annual Reports since 2017. Prior to that, the Bank had published Sustainability Reports each year since 2011 in line with international reporting standards. Believing in the power of transparency and disclosure, the bank aims at expanding its disclosure level and scope each year. We also place great importance on accountability and expand the scope of our limited assurance for our disclosures each year. The Bank’s environmental performance indicators are among the metrics that are verified by an independent consultant and publicly disclosed. Furthermore, as one of the first supporters of TCFD, Garanti BBVA includes a TCFD Disclosures report in its Integrated Annual Report. While being in line with International Integrated Reporting Council (IIRC), our Annual Integrated Report is also in accordance with GRI "Core" Content. The emission figures of 2021 can be found at Appendix A.3 <https://surdurulebilirlik.garantibbva.com.tr/garanti-bbva-sustainability-approach/garanti-bbva-and-sustainability/environmental-impact-of-our-operations/climate-change-management/>

C-FS12.5

(C-FS12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1 CDP Signatory Net Zero Banking Alliance Paris Agreement Capital Transition Assessment (PACTA) Science-Based Targets Initiative for Financial Institutions (SBTi-FI) UN Global Compact UNEP FI UNEP FI Principles for Responsible Banking	Garanti BBVA adopts various reporting initiatives and works in cooperation with a number of organizations with the aim of improving the reporting of the environmental and the social impacts of its activities, and to promote communication with other stakeholders. The bank has committed to set science-based targets in line with the latest climate science in 2016. Garanti BBVA took a crucial step in the Turkish banking sector in line with its undertakings to combat climate change and joined the United Nations Net-Zero Banking Alliance (NZBA) launched in April 2021. The Bank has been the first Turkish signatory to the NZBA, which supports the mobilization of the entire financial system to achieve the targets set by the Paris Agreement. Garanti BBVA keeps working towards managing its risks and emissions arising from its portfolio in keeping with its commitment to align its portfolio with net-zero emissions by becoming a signatory of NZBA. The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and to encourage its customers for going green. PACTA represents an approach that seizes opportunities for banks to steer their portfolios to finance a lower-carbon society. With the PACTA methodology, the Bank aims to set guiding targets for its customers in their transition journey by defining specific criteria for each field of activity in carbon-intensive industries with this initiative that is part of a low-carbon transition roadmap. It is among the short-term targets of Garanti BBVA to announce its 2030 interim targets and establish strategies regarding the financing of carbon-intensive industries within the scope of PACTA.

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify (Confidentiality of Data)

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Financing values to all carbon-related assets are not shared as they are confidential data for the bank and our customers. It is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.

Lending to coal

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify (Confidentiality of Data)

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Financing values to the coal sector are not shared as they are confidential data for the bank and our customers. It is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.

Lending to oil and gas

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify (Confidentiality of Data)

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Financing values to the oil and gas sector are not shared as they are confidential data for the bank and our customers. It is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Please explain why you do not measure the impact of your portfolio on the climate
Banking (Bank)	Yes	Other carbon footprinting and/or exposure metrics (as defined by TCFD)	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS14.1b

(C-FS14.1b) Provide details of the other carbon footprinting and/or exposure metrics used to track the impact of your portfolio on the climate.

Portfolio

Banking (Bank)

Portfolio metric

Avoided emissions financed (tCO2e)

Metric value in the reporting year

8480000

Portfolio coverage

16

Percentage calculated using data obtained from clients/investees

100

Calculation methodology

The metric Avoided emissions financed in the reporting year was chosen due to data availability. As Garanti BBVA broadens its processes for data gathering and calculation methods for its financed emissions, a full portfolio emission value will be available in soon future. By the end of 2021, the percentage of green assets to Project and Acquisition Finance loan portfolio is 24% which corresponds to a total volume of USD 2 billion. The percentage of green assets to the loans granted for electricity generation purposes in the Project and Acquisition Finance portfolio is 67%; while the percentage of green assets to the loans granted for infrastructure projects such as energy, highway, airport, port and health campus project, is 33%. Garanti BBVA retains the market leader position with 22.5% market share in Türkiye's operational installed wind power. The cumulative amount of financing provided for renewable energy investments has exceeded USD 6 billion. Financing 100% renewable energy in greenfield electricity generation projects in its PF commitments since 2014, the total percentage of coal-related exposure to the Bank's entire portfolio is 2%. In 2021, total avoided emissions of operational solar power plant, wind power plant and hydropower plant projects, in the financing of which Garanti BBVA was involved, was 8.48 million tCO2e. The calculation has been made with installed capacities of financed renewable power plants and the current average grid emission factor for Türkiye.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's portfolio impact?

	Portfolio breakdown	Please explain why you do not provide a breakdown of your portfolio impact
Row 1	Yes, by asset class Yes, by industry Yes, by country/region	<Not Applicable>

C-FS14.2a

(C-FS14.2a) Break down your organization's portfolio impact by asset class.

Asset class	Portfolio metric	Portfolio emissions or alternative metric
Banking Project finance	Avoided emissions financed (tCO2e)	8480000

C-FS14.2b

(C-FS14.2b) Break down your organization's portfolio impact by industry.

Portfolio	Industry	Portfolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Energy	Avoided emissions financed (tCO2e)	8480000

C-FS14.2c

(C-FS14.2c) Break down your organization's portfolio impact by country/region.

Portfolio	Country/region	Portfolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Turkey	Avoided emissions financed (tCO2e)	8480000

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	Yes, for all	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	The President and CEO, who is also a Board Member, is a member of the Responsible Banking and Sustainability Committee (RBSC). RBSC formally reviews and approves the activities related to sustainable and responsible banking and meets regularly to monitor the progress to provide input to all sust. efforts. RBSC is deliberately structured to integrate sust. concerns (i.e. climate change and biodiversity) and opp. into all operations, products and services. RBSC meets to review and take decisions on recommendations raised by the Sustainability Team and Representatives, and RBSC meets to oversee the progress on the implementation of the Bank's RB Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc.	Risks and opportunities to our bank lending activities The impact of our bank lending activities on biodiversity

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to no trade of CITES listed species	SDG

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	Yes, we assess impacts on biodiversity in both our upstream and downstream value chain	Bank lending portfolio (Bank)

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management Species management Education & awareness Law & policy Livelihood, economic & other incentives

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Other, please specify (number of species)

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In mainstream financial reports	Content of biodiversity-related policies or commitments	Biodiversity-related information can be found on pages 66-67 & 75 in our 2021 Integrated Report. Garanti BBVA 2021 Integrated Annual Report_Env Annexes.pdf

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

For all pioneering achievements and innovative solutions offered to accelerate the transition to a low-carbon economy and sustainable development as well as latest developments in ESG management please visit Garanti BBVA Sustainability website: <https://surdurulebilirlik.garantibbva.com.tr/en>

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	President & CEO	Chief Executive Officer (CEO)

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area	Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s)	Please explain
Forests Water	Chief Executive Officer (CEO)	The President and CEO, who is also a Board Member, is a member of the Responsible Banking and Sustainability Committee (RBSC). RBSC formally reviews and approves the activities related to sustainable and responsible banking and meets regularly to monitor the progress to provide input to all sustainability efforts. RBSC is deliberately structured to integrate sustainability concerns (i.e. climate change, forests- and water-related issues) and opportunities into all operations, products and services. RBSC meets to review and take decisions on recommendations raised by the Sustainability Team and Representatives, and RBSC meets to oversee the progress on the implementation of the Bank's RB Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. To date, with the contribution of our CEO, The RBSC approved and initiated several sustainability policies and solutions such as Sustainability Policy & Strategy, Climate Change Action Plan, prioritizing renewable investments, increasing the scope of the Bank's E&S Impact Assessment Model, announcing a science-based target, etc. The decisions made by the CEO: In 2020, Garanti BBVA announced its target to reduce its carbon emissions by 29% by 2025 and by 71% by 2035 within the frame of the Science-Based Targets methodology. In April 2021, Garanti BBVA took another crucial step in the Turkish banking sector in line with its undertakings to combat climate change and joined the United Nations Net-Zero Banking Alliance (NZBA). The Bank has been the first Turkish signatory to the NZBA. Garanti BBVA keeps working towards managing its risks and emissions arising from its portfolio in keeping with its commitment to align its portfolio with net-zero emissions by becoming a signatory of NZBA. The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and encourage its customers for going green. Taking its pioneering position in renewable energy finance one step further, Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021. Additionally, in January 2021, sustainable mobilization KPI which is directly related to climate change is integrated into all employees including the Board and the Senior Management.

FW-FS1.1b

(FW-FS1.1b) Provide further details on the board's oversight of forests- and/or water-related issues.

Issue area(s)

Forests

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - some meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy
Reviewing and guiding major plans of action
Reviewing and guiding risk management policies
Reviewing and guiding annual budgets
Reviewing and guiding business plans
Setting performance objectives
Monitoring implementation and performance of objectives
Monitoring and overseeing progress against goals and targets for addressing forests- and/or water-related issues

Scope of board-level oversight

Risks and opportunities to our banking activities
The impact of our banking activities on forests and/or water security

Please explain

Garanti BBVA believes that the concept of sustainability must be embedded throughout its decision mechanisms and business processes to create value for its stakeholders. The Responsible Banking and Sustainability Committee (RBSC), established for this purpose in 2020 formally reviews and approves the Bank's activities related to sustainability and is chaired by a Board Member and meets regularly in order to monitor the progress of and provide input to all sustainability efforts. Previously there were two committees namely Sustainability Committee and the Responsible Business Committee which then merged and formed the RBSC in 2020. It was resolved that sustainability matters would be addressed and discussed by this resulting committee. The CEO, who is also a board member is a permanent member of the Responsible Banking and Sustainability Committee (RBSC) as well. The RBSC ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti BBVA, also systematically ensures that stakeholders are at the center of the decision-making. The committee is deliberately structured to integrate sustainability concerns (i.e. climate change, forests- and water-related issues) and opportunities into all operations, products and services. The committee's role is to agree on strategic direction and action plans. The RBSC meets to review and take decisions on recommendations raised by the Sustainable Team and Representatives, and to oversee the progress on the implementation of Garanti BBVA's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. The RBSC has met 4 times in 2021, and a total of 31 times since the inception of SC and RBC. By the end of 2021, Garanti BBVA has around 1,000 Sustainability Representatives, who are responsible for working in coordination with the Sustainability Team to collect data and support the implementation of the decisions taken by the RBSC within their own departments, from headquarters, regional directorates and branches. In 2020, Garanti BBVA announced its target to reduce its carbon emissions by 29% by 2025 and by 71% by 2035 within the frame of the Science-Based Targets methodology. In April 2021, Garanti BBVA took another crucial step in the Turkish banking sector in line with its undertakings to combat climate change and joined the United Nations Net-Zero Banking Alliance (NZBA); The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and to encourage its customers for going green. Taking its pioneering position in renewable energy finance one step further, Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021.

Issue area(s)

Water

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - some meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy
Reviewing and guiding major plans of action
Reviewing and guiding risk management policies
Reviewing and guiding annual budgets
Reviewing and guiding business plans
Setting performance objectives
Monitoring implementation and performance of objectives
Monitoring and overseeing progress against goals and targets for addressing forests- and/or water-related issues

Scope of board-level oversight

Risks and opportunities to our banking activities
The impact of our banking activities on forests and/or water security

Please explain

Garanti BBVA believes that the concept of sustainability must be embedded throughout its decision mechanisms and business processes to create value for its stakeholders. The Responsible Banking and Sustainability Committee (RBSC), established for this purpose in 2020 formally reviews and approves the Bank's activities related to sustainability and is chaired by a Board Member and meets regularly in order to monitor the progress of and provide input to all sustainability efforts. Previously there were two committees namely Sustainability Committee and the Responsible Business Committee which then merged and formed the RBSC in 2020. It was resolved that sustainability matters would be addressed and discussed by this resulting committee. The CEO, who is also a board member is a permanent member of the Responsible Banking and Sustainability Committee (RBSC) as well. The RBSC ensures that responsible business is integrated into the banking functions and into the strategic priorities of Garanti BBVA, also systematically ensures that stakeholders are at the center of the decision-making. The committee is deliberately structured to integrate sustainability concerns (i.e. climate change, forests- and water-related issues) and opportunities into all operations, products and services. The committee's role is to agree on strategic direction and action plans. The RBSC meets to review and take decisions on recommendations raised by the Sustainable Team and Representatives, and to oversee the progress on the implementation of Garanti BBVA's Responsible Business Plan; covering sustainability-ESG efforts, community investment programs, reputation, TCR (transparent, clear, responsible) principles in customer experience, etc. The RBSC has met 4 times in 2021, and a total of 31 times since the inception of SC and RBC. By the end of 2021, Garanti BBVA has around 1,000 Sustainability Representatives, who are responsible for working in coordination with the Sustainability Team to collect data and support the implementation of the decisions taken by the RBSC within their own departments, from headquarters, regional directorates and branches. In 2020, Garanti BBVA announced its target to reduce its carbon emissions by 29% by 2025 and by 71% by 2035 within the frame of the Science-Based Targets methodology. In April 2021, Garanti BBVA took another crucial step in the Turkish banking sector in line with its undertakings to combat climate change and joined the United Nations Net-Zero Banking Alliance (NZBA); The Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and to encourage its customers for going green. Taking its pioneering position in renewable energy finance one step further, Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021.

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?**Forests****Board member(s) have competence on this issue area**

Yes

Criteria used to assess competence of board member(s) on this issue area

A sustainability expert has been appointed to the board of directors of the BBVA group, of which Garanti BBVA is also a part. The total share capital of Garanti BBVA owned by BBVA is 85.97%. The sustainability expert will reinforce the expertise of BBVA's Board of Directors on sustainability, particularly in the fight against climate change and forest-related issues. As the main shareholder of Garanti BBVA, the BBVA Group's Board of Directors is the core team on which the whole Group relies to define and oversee the implementation of a clear strategy and a solid corporate culture and set of values that serve as key drivers to deliver on our strategic priorities including fighting against climate change. In addition, Risk Management training is provided regularly to non-executive Board members, which it is ensured that non-executive Board members are informed about the latest risk management practices and are equipped to assess various forms of risk. Risk management training content planned for these members is revised and improved regularly and continuously by following best practices and regulations. These criteria are used in assessing the climate-related competence of board members in terms of climate change. Additionally, For success in a sustainable future, it is important that the people in the decision-making and supervisory bodies have expertise in relevant fields. Relevant competencies at the board level demonstrate a company's commitment to understanding and responding to risks, opportunities, and impacts. For this reason, Garanti BBVA evaluates senior management and board of directors with its competency matrix. Here, the competence, education, knowledge, skills, attitudes, and behaviours of the people are taken into consideration.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

Water**Board member(s) have competence on this issue area**

Yes

Criteria used to assess competence of board member(s) on this issue area

A sustainability expert has been appointed to the board of directors of the BBVA group, of which Garanti BBVA is also a part. The total share capital of Garanti BBVA owned by BBVA is 85.97%. The sustainability expert will reinforce the expertise of BBVA's Board of Directors on sustainability, particularly in the fight against climate change and forest-related issues. As the main shareholder of Garanti BBVA, the BBVA Group's Board of Directors is the core team on which the whole Group relies to define and oversee the implementation of a clear strategy and a solid corporate culture and set of values that serve as key drivers to deliver on our strategic priorities including fighting against climate change. In addition, Risk Management training is provided regularly to non-executive Board members, which it is ensured that non-executive Board members are informed about the latest risk management practices and are equipped to assess various forms of risk. Risk management training content planned for these members is revised and improved regularly and continuously by following best practices and regulations. These criteria are used in assessing the climate-related competence of board members in terms of climate change. Additionally, For success in a sustainable future, it is important that the people in the decision-making and supervisory bodies have expertise in relevant fields. Relevant competencies at the board level demonstrate a company's commitment to understanding and responding to risks, opportunities, and impacts. For this reason, Garanti BBVA evaluates senior management and board of directors with its competency matrix. Here, the competence, education, knowledge, skills, attitudes, and behaviours of the people are taken into consideration.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.**Name of the position(s) and/or committee(s)**

Other C-Suite Officer, please specify (EVP of Corporate and Investment Banking)

Reporting line

CEO reporting line

Issue area(s)

Forests

Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our banking portfolio

Frequency of reporting to the board on forests- and/or water-related issues

More frequently than quarterly

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Banking - Forests exposure	Yes	<Not Applicable>
Banking – Water exposure	Yes	<Not Applicable>
Investing (Asset manager) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water exposure	<Not Applicable>	<Not Applicable>

FW-FS2.1a

(FW-FS2.1a) Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.

Portfolio

Banking (Bank)

Exposure to

Forests-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

11

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term
Medium-term
Long-term

Tools and methods used

External consultants
Internal tools/methods
UNEP FI Portfolio Impact Analysis Tool for Banks

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Garanti BBVA considers it its core responsibility to ensure that the activities it finances comply with national legislation and the international conventions to which Turkey is a signatory. Accordingly, Garanti BBVA does not participate in the financing of any activity that is prohibited or restricted by national legislation and international conventions, without the need for further assessments and regardless of the amount. All projects are assessed for compliance with Bank policies and also Garanti BBVA's sectoral principles where applicable. Garanti BBVA has screening questions regarding customers' ESG performance in Know Your Customer procedures. Bank may face risks that may cause significant environmental or social impacts (for example, oil spills.) in the projects they support through lending activities. Failure to address these risks in a timely and appropriate manner may result in negative environmental and social impacts as well as reputational damage and consequently a loss of investor support and customer loyalty. Garanti BBVA considers the proactive management of such risks not only as a critical issue for success in risk management but also as one of its most fundamental duties toward its stakeholders. To extend its work to a larger scale, Garanti BBVA developed an Environmental and Social Impact Assessment Process (ESIAP) including the Assessment Model (ESIAM) within the scope of E&S Loan Policies (ESLP) to help drive similar improvement across its loan portfolios. Garanti BBVA has in-house ESG experts in its Sustainability Team, which resides under the Investment Banking and Finance Department. Therefore Garanti BBVA can monitor the projects that are included in ESIAM, review and approve the routine monitoring reports and attend the site visits of projects that are classified as high risk in terms of potential environmental and social impacts. The consultant to be appointed when deemed necessary is determined in accordance with the criteria specified in the Guidance on Garanti BBVA Independent Consulting Service Requirements and Consultant Firm Selection Criteria. The E&S DD is carried out by the independent project consultant on the agreed scope of work. The DD period is followed by all lenders through the reports produced by consultants. Garanti BBVA ensures that the projects it finances meet the E&S standards required by legislation and the Bank's policies that an impact assessment is undertaken by the project owner(s), if necessary, that prescribed measures are taken by the project owner(s) and that project owners have effective internal audit systems. In 2018 and 2019 Garanti BBVA conducted 37 and 29 site visits respectively to ensure the environmental and social action plans are being implemented by customers. Due to the COVID-19 in 2020 and 2021, site visits were mainly carried out with remote monitoring methods such as online meetings, drone footages and more. Nevertheless, in 2021, 4 site visits were conducted due to the importance of the projects. The ESIAM is applied to SME, Commercial, Corporate and Mortgage Loans partially, and project finance loans fully. This makes a total of 11% of the portfolio as of 2021. In 2016, the investment limit was reduced to 10 million USD and included financial consultancy. In 2021, ESIAM was applied to all Project Finance loans without any cost criteria which is even below the limits defined in the Equator Principles. As of 2021 All project finance loans that meet the criteria specified in the Asset and Project Finance Admission and Monitoring Procedure, regardless of cost; Corporate Loans (Working Capital Loans) that involve the construction of a new project or capacity increase of an existing one and that satisfy the criteria: The majority of the loan must be linked with the project on which the debtor has operational control, total amount of the loan and the participation of Garanti BBVA (before syndication sales) is USD 50 million or more, term of the loan is two years at min., The lender anticipates that the primary funds for repayment of the loan are derived from the project. In 2017, 8 banks signed the Sustainable Finance Statement prepared by the Global Compact Turkey Sustainable Banking and Finance Working Group. In 2021, the scope of the Declaration has been expanded by adding "innovative sustainable finance principles" & "assessment of E&S impact in credit evaluation processes" to capture opportunities. With that, signatory banks are not only responsible for the financing of loans; but responsible of promoting sustainability-based banking practices for the market.

Portfolio

Banking (Bank)

Exposure to

Water-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

11

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

Scenario analysis

WRI Aqueduct

UNEP FI Portfolio Impact Analysis Tool for Banks

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Garanti BBVA considers it's core responsibility to ensure that the activities it finances comply with national legislation and the international conventions to which Turkey is a signatory. Accordingly, Garanti BBVA does not participate in the financing of any activity that is prohibited or restricted by national legislation and international conventions, without the need for further assessments and regardless of the amount. All projects are assessed for compliance with Bank policies and also Garanti BBVA's sectoral principles where applicable. Garanti BBVA has screening questions regarding customers' ESG performance in Know Your Customer procedures. Bank may face risks that may cause significant environmental or social impacts (for example, oil spilling,) in the projects they support through lending activities. Failure to address these risks in a timely and appropriate manner may result in negative environmental and social impacts as well as reputational damage and consequently a loss of investor support and customer loyalty. Garanti BBVA considers the proactive management of such risks not only as a critical issue for success in risk management but also as one of its most fundamental duties toward its stakeholders. To extend its work to a larger scale, Garanti BBVA developed an Environmental and Social Impact Assessment Process (ESIAP) including the Assessment Model (ESIAM) within the scope of E&S Loan Policies (ESLP) to help drive similar improvement across its loan portfolios. Garanti BBVA has in-house ESG experts in its Sustainability Team, which resides under the Investment Banking and Finance Department. Therefore Garanti BBVA can monitor the projects that are included in ESIAM, review and approve the routine monitoring reports and attend the site visits of projects that are classified as high risk in terms of potential environmental and social impacts. The consultant to be appointed when deemed necessary is determined in accordance with the criteria specified in the Guidance on Garanti BBVA Independent Consulting Service Requirements and Consultant Firm Selection Criteria. The E&S DD is carried out by the independent project consultant on the agreed scope of work. The DD period is followed by all lenders through the reports produced by consultants. Garanti BBVA ensures that the projects it finances meet the E&S standards required by legislation and the Bank's policies that an impact assessment is undertaken by the project owner(s), if necessary, that prescribed measures are taken by the project owner(s) and that project owners have effective internal audit systems. In 2018 and 2019 Garanti BBVA conducted 37 and 29 site visits respectively to ensure the environmental and social action plans are being implemented by customers. Due to the COVID-19 in 2020 and 2021, site visits were mainly carried out with remote monitoring methods such as online meetings, drone footages and more. Nevertheless, in 2021, 4 site visits were conducted due to the importance of the projects. The ESIAM is applied to SME, Commercial, Corporate and Mortgage Loans partially, and project finance loans fully. This makes a total of 11% of the portfolio as of 2021. In 2016, the investment limit was reduced to 10 million USD and included financial consultancy. In 2021, ESIAM was applied to all Project Finance loans without any cost criteria which is even below the limits defined in the Equator Principles. As of 2021 All project finance loans that meet the criteria specified in the Asset and Project Finance Admission and Monitoring Procedure, regardless of cost; Corporate Loans (Working Capital Loans) that involve the construction of a new project or capacity increase of an existing one and that satisfy the criteria: The majority of the loan must be linked with the project on which the debtor has operational control, total amount of the loan and the participation of Garanti BBVA (before syndication sales) is USD 50 million or more, term of the loan is two years at min., The lender anticipates that the primary funds for repayment of the loan are derived from the project. In 2017, 8 banks signed the Sustainable Finance Statement prepared by the Global Compact Turkey Sustainable Banking and Finance Working Group. In 2021, the scope of the Declaration has been expanded by adding "innovative sustainable finance principles" & "assessment of E&S impact in credit evaluation processes" to capture opportunities. With that, signatory banks are not only responsible for the financing of loans; but responsible of promoting sustainability-based banking practices for the market.

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Banking – Forests-related information	Yes	<Not Applicable>
Banking – Water-related information	Yes	<Not Applicable>
Investing (Asset manager) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water-related information	<Not Applicable>	<Not Applicable>

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.

Portfolio

Banking (Bank)

Information related to

Forests

Type of information considered

Certification of forests risk commodities

Proportion of forest risk commodity volumes in compliance with no deforestation/conversion

Other, please specify (ISO 14001 Certificate, ISO 45001 Certificate, ESG Rating, Sustainability Report, Environmental Impact Report, Greenhouse Gas Report (GHG Protocol or other international methods))

Process through which information is obtained

Directly from the client/investee

Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy

Materials

Capital Goods

Commercial & Professional Services

Transportation

Automobiles & Components

Consumer Durables & Apparel

Consumer Services

Retailing

Food & Staples Retailing

Food, Beverage & Tobacco

Household & Personal Products

Health Care Equipment & Services

Pharmaceuticals, Biotechnology & Life Sciences

Software & Services

Technology Hardware & Equipment

Semiconductors & Semiconductor Equipment

Telecommunication Services

Media & Entertainment

Utilities

Real Estate

State how these forests- and/or water-related information influences your decision making

Garanti BBVA developed the Environmental and Social Impact Assessment Model (ESIAM) to systematically assess the projects in terms of classification and risk according to their nature, scale, sensitivity, location and environmental and social impacts. In ESIAM projects are categorized, classified and graded. Required actions are taken according to the risk score reached as a result of ESIAM. The ESIAM process, in which the environmental and social impacts of the projects are determined and evaluated, consists of the following 3 stages: Categorization: The project is classified to be included in one of the A, B and C categories; Determination of the project risk rating: Project risks are evaluated through the risk rating model, which has different question sets specific to each sector and is based on an algorithm based on international standards; Determination of the action group according to the category and risk rating: As a result of the ESIAM implementation, the final risk score is determined and certain actions are requested on environmental and social issues according to the risk rating. Also, all projects are assessed to check their compliance with Garanti BBVA's policies and sectoral principles. The measures set forth in the principles include recommendations for best practices alongside prohibited activities and prohibited customers. Specific examples are: New hydroelectric plants are required to have adequate environmental and social risk management systems in relation to dam safety, environmental impact, labor regulations and population resettlement. Impacts on the aquatic/marine ecosystem should be assessed and should be included in the mitigation and monitoring plan. Clients engaged in the production, processing and marketing of palm oil through companies that are not members or are not in the process of becoming members of the Roundtable for Sustainable Palm Oil (RSPO) will not be financed. Projects including the burning of natural ecosystems to clear land for the development of agricultural projects will not be financed. Projects clearing of high conservation value and high carbon forests will not be financed. Palm oil exploitation in swamps and peat-rich areas will not be financed. Exploitations of palm oil not certified or in process of certification by the Roundtable on Sustainable Palm Oil (RSPO) will not be financed.

Portfolio

Banking (Bank)

Information related to

Water

Type of information considered

Water withdrawal and/or consumption volumes

Breaches to local water regulations

Impingements on the human right to water in communities

Access to WASH in the workplace

Other, please specify (ISO 14001 Certificate, ISO 45001 Certificate, ESG Rating, Sustainability Report, Environmental Impact Report, Greenhouse Gas Report (GHG Protocol or other international methods))

Process through which information is obtained

Directly from the client/investee

Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy

Materials

Capital Goods

Commercial & Professional Services

Transportation

Automobiles & Components

Consumer Durables & Apparel

Consumer Services

Retailing

Food & Staples Retailing
 Food, Beverage & Tobacco
 Household & Personal Products
 Health Care Equipment & Services
 Pharmaceuticals, Biotechnology & Life Sciences
 Software & Services
 Technology Hardware & Equipment
 Semiconductors & Semiconductor Equipment
 Telecommunication Services
 Media & Entertainment
 Utilities
 Real Estate

State how these forests- and/or water-related information influences your decision making

Garanti BBVA developed the Environmental and Social Impact Assessment Model (ESIAM) to systematically assess the projects in terms of classification and risk according to their nature, scale, sensitivity, location and environmental and social impacts. In ESIAM projects are categorized, classified and graded. Required actions are taken according to the risk score reached as a result of ESIAM. The ESIAM process, in which the environmental and social impacts of the projects are determined and evaluated, consists of the following 3 stages: Categorization: The project is classified to be included in one of the A, B and C categories; Determination of the project risk rating: Project risks are evaluated through the risk rating model, which has different question sets specific to each sector and is based on an algorithm based on international standards; Determination of the action group according to the category and risk rating: As a result of the ESIAM implementation, the final risk score is determined and certain actions are requested on environmental and social issues according to the risk rating. Also, all projects are assessed to check their compliance with Garanti BBVA's policies and sectoral principles. The measures set forth in the principles include recommendations for best practices alongside prohibited activities and prohibited customers. Specific examples are: New hydroelectric plants are required to have adequate environmental and social risk management systems in relation to dam safety, environmental impact, labor regulations and population resettlement. Impacts on the aquatic/marine ecosystem should be assessed and should be included in the mitigation and monitoring plan. Clients engaged in the production, processing and marketing of palm oil through companies that are not members or are not in the process of becoming members of the Roundtable for Sustainable Palm Oil (RSPO) will not be financed. Projects including the burning of natural ecosystems to clear land for the development of agricultural projects will not be financed. Projects clearing of high conservation value and high carbon forests will not be financed. Palm oil exploitation in swamps and peat-rich areas will not be financed. Exploitations of palm oil not certified or in process of certification by the Roundtable on Sustainable Palm Oil (RSPO) will not be financed.

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	No	Risks exist, but none with the potential to have a substantive financial or strategic impact on business	There are possible risks related to customers whose business includes forest risk commodities. As of 2021, the potential risks and opportunities do not meet the substantive threshold for Garanti BBVA. We define substantive financial impacts' magnitude up to TRY 1 million as Low, TRY 5-20 million as Medium, and TRY 50 million and over as High impact. Garanti BBVA regards the double materiality analysis that it has undertaken for the very first time in 2021 as a basic effort showing that the Bank attaches great importance to this new methodology and started working on it, and aims to increase the effectiveness of this study in the coming years. In the assessment, Garanti BBVA ranked each R&O according to the magnitude, likelihood and time frame of their impact in terms of: (i) direct financial impact and risk, (ii) legal, regulatory and policy drivers, (iii) opp. for innovation, (iv) industry norms, practices and competitive advantage. This ranking constitutes the basis for what the Bank assumes as "substantial". Based on this definition, the quantifiable indicators used to define substantive financial or strategic impact including but are not limited to: % of carbon-related assets of the portfolio, % of greenfield coal power projects in project finance, % of renewable energy financing in project finance, % of renewable energy consumption, % of projects subjected to ESIAM, etc. We foresee our risks and opportunities by performing climate-related scenario analysis, and we deduce climate-related R&O.
Water	Yes	<Not Applicable>	<Not Applicable>

FW-FS2.3a

(FW-FS2.3a) Provide details of forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk1

Portfolio where risk driver occurs

Banking (Bank) portfolio

Issue area risk relates to

Water

Risk type & Primary risk driver

Acute physical	Drought
----------------	---------

Primary potential financial impact

Reduced profitability of investment portfolios

Risk type mapped to traditional financial services industry risk classification

Liquidity risk

Company-specific description

Turkey in general received less rain than expected normals with very few exceptions. According to the data from General Directorate of Meteorology(MGM), Eastern Anatolia, South Eastern Anatolia and Central Anatolia were in in general 'Severely Dry'. Changes in precipitation patterns due to climate change result in reduced electricity production in our hydro power plant portfolio. Functioning hydropower plants are expected to be under this risk of reduced production due drought in terms of operation and financial return. This might affect the borrower's ability to repay the loan. As the end of December 2021, the total hydroelectric power plant exposure (HEPP) exposure in our Project Finance Renewable Energy Portfolio was 41%. In 2021, the drought led to a revenue loss of USD 83mn (TRY 738 mn) in cash flows of our HEPP portfolio. This means 41% of our PF renewable energy portfolio is directly prone to climate-related risks, especially drought-related ones. This is a substantive financial risk for the Bank. In order to better manage this risk, we apply our E&S Impacts Assessment Model in line with the strictest international standards, and for HEPP projects we have a further set of questions and criteria to also analyze the cumulative effects in the basin.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

739822215

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Drought in 2021 led to a revenue loss of about TRY 739 million in cash flows of our HEPP portfolio.

Calculation formula:

$$\text{Plant - 1 : (Real Production in 2021 (2021 12m/Δ) GWh - Real Production in 2020 (2020 12m/Δ) GWh) x Price (cent/kwh) = Revenue Loss (TL)}$$

Total Potential financial impact figure : Sum of plant – n with above formula

Cost of response to risk

285421

Description of response and explanation of cost calculation

Description of response: The continuity and efficient operation of the projects we finance is important for the regular and complete repayment of the loans. For this reason, projects that carry risks related to water are evaluated under our Environmental and Social Policies. Loans are not preferred for hydroelectric power plants located on lands with low productivity and dryness. In addition, loan rates and payment terms are arranged according to the size of the risk. Timescale of implementation is about 3-4 months.

Explanation of cost calculation: Our efforts (Implementation of E&S Impact Assessment Model (ESIAM), site visits, meetings and project management studies) to respond the risk cost TRY 285,421 thousand. This cost has been calculated as a result of the sum of the invoice costs of the expenses related to ESIAM. In addition, water stress and water availability analysis are performed. As these are free tools such as WRI tools, there is no additional cost. Garanti BBVA expects from its customers to examine impacts of CC on HEPP projects thoroughly. Water-related criteria in the assessment process includes; selection of project area, current characteristics of water prior to the project, impact on ground&surface water, water quality&quantity after the project, alternative water supply sources. For instance, we helped one of our strategic clients to understand the environmental and social risks in their hydro power project during the planning stage. During our E&S risk assessment, we identified 8% decrease in expected precipitation, 1 degree increase in temperature as well as ~15% flow decrease in the dam basin. Finally, we identified that this means nearly 15% decrease in the electricity production, which was a major shift in the initial cash flow calculation of our client. At the end, the client decided to move on with a geothermal investment rather than the hydro project. It is also important to highlight that the Bank favors wind&solar projects since HEPP projects are more vulnerable to such risks and have more negative impact on the environment and also they have higher construction risks compared to wind&solar projects.

Comment

N/A

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	No	Opportunities exist, but none with the potential to have a substantive financial or strategic impact on business	There are possible opportunities related to customers whose business includes forest risk commodities. As of 2021, the potential risks and opportunities do not meet the substantive threshold for Garanti BBVA. We define substantive financial impacts' magnitude up to TRY 1 million as Low, TRY 5-20 million as Medium, and TRY 50 million and over as High impact. Garanti BBVA regards the double materiality analysis that it has undertaken for the very first time in 2021 as a basic effort showing that the Bank attaches great importance to this new methodology and started working on it, and aims to increase the effectiveness of this study in the coming years. In the assessment, Garanti BBVA ranked each R&O according to the magnitude, likelihood and time frame of their impact in terms of: (i)direct financial impact and risk, (ii)legal, regulatory and policy drivers, (iii)opp. for innovation, (iv)industry norms, practices and competitive advantage. This ranking constitutes the basis for what the Bank assumes as "substantial". Based on this definition, the quantifiable indicators used to define substantive financial or strategic impact including but are not limited to: % of carbon-related assets of the portfolio, % of greenfield coal power projects in project finance, % of renewable energy financing in project finance, % of renewable energy consumption, % of projects subjected to ESIAM, etc. We foresee our risks and opportunities by performing climate-related scenario analysis, and we deduce climate-related R&O.
Water	Yes	<Not Applicable>	<Not Applicable>

FW-FS2.4a

(FW-FS2.4a) Provide details of forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Portfolio where opportunity occurs

Banking (Bank) portfolio

Issue area opportunity relates to

Water

Opportunity type & Primary opportunity driver

Resilience	Other, please specify (Increased resilience to impacts of climate change)
------------	---

Primary potential financial impact

Increased access to capital

Company- specific description

By proactively addressing climate change and other social and environmental concerns, we can exceed stakeholder expectations and enhance our reputation. Ability to meet these expectations could result in an increased level of collaboration with international financial institutions as well as increased investor support and customer loyalty. This can facilitate to access larger funds. Therefore, this opportunity has been considered strategic as our profitability will also increase. For example, the amount of sustainability related funding taken from global banks increased by %78 in the reporting year compared to the previous year.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

17119310000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2021, Garanti BBVA secured funds worth of USD 694 million and EUR 541 million in this scope from banks and international financial institutions. This amount accounts for 100% of the total financing the Bank secured in 2021. The amount of sustainability-related funding taken from global banks and international financial institutions increased by 78% in the reporting year compared to the previous year. Garanti BBVA signed two new loan agreements in May and November 2021. The facility in May, the syndicated loan secured from international markets under its foreign borrowing program had a rollover ratio of 140%. The syndicated loan deal, consists of two tranches of USD 279 million and EUR 294 million with a maturity of 367 days. In this deal, the Bank committed to provide sustainable finance in the amount of TL 1.5 billion in 2021 and to source at least 80% of its electricity consumption from renewable generation, which is actualized as 100%. The syndicated loan secured in November, which consisted of two tranches for USD 365 million and EUR 247 million with a maturity of 367 days. Under these deals, Garanti BBVA took on more challenging targets and committed to augment its sustainable finance volume of TL 1.5 billion from year-end 2021 to TL 2 billion by August 2022 and to obtain I-REC certification by sourcing the entirety of its electricity consumption from renewable generation. The target covers all scope 2 emissions of our direct operations and no location or activity is excluded. Obtaining IREC certification for electricity use, led Garanti BBVA to have 0 market-based scope 2 emissions. The Bank is working to motivate its customers to employ sustainable finance mechanisms in their borrowings and to adopt sustainable business models. Garanti BBVA's track record on the management of environmental and social issues, as well as its capability to tailor existing products according to SDGs play an important role in benefiting from IFI funding.

Cost to realize opportunity

99882.46

Strategy to realize opportunity and explanation of cost calculation

The amount of TRY 99,882.46 thousand resulting from at least two weeks effort of the energy experts of the Bank. There are no additional costs associated to the investment in human capital in terms of capacity building on infrastructure since the current team has already a certain level of expertise on such issues. However, Garanti BBVA's Energy Desk attended workshops and conferences, where corporate customers from energy and infrastructure industries were informed on Turkey's renewable energy pipeline and investment risks and opportunities. The amount of TRY 99,882.46 thousand resulting from at least two weeks' effort of the energy desk.

Comment

N/A

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

Garanti BBVA continuously improves its operations and practices to further manage its E&S risk&ops and to be in line with international best practices. We also have leading practices to lower our own environmental impact arising from our operations. We released our Code of Conduct for Suppliers where we clearly state that we expect our suppliers to comply with our env. & social standards. We have utilized an unprecedented and unique project to inform our customers about their carbon footprint based on their spending. Customers can track their carbon footprints on the Ecological page in the "My Status" section of Garanti BBVA Mobil. By raising awareness of this issue, we make suggestions to help reduce the carbon footprint.

In line with our sectoral principles, all projects are assessed to check their compliance with Garanti BBVA's policies and sectoral principles. The measures set forth in the principles include recommendations for best practices alongside prohibited activities and prohibited customers. Specific examples are: New hydroelectric plants are required to have adequate environmental and social risk management systems in relation to dam safety, environmental impact, labor regulations and population resettlement.

Impacts on the aquatic/marine ecosystem should be assessed and should be included in the mitigation and monitoring plan. Clients engaged in the production, processing and marketing of palm oil through companies that are not members or are not in the process of becoming members of the Roundtable for Sustainable Palm Oil (RSPO) will not be financed. Projects including the burning of natural ecosystems to clear land for the development of agricultural projects will not be financed. Projects clearing of high conservation value and high carbon forests will not be financed. Palm oil exploitation in swamps and peat-rich areas will not be financed. Exploitations of palm oil not certified or in process of certification by the Roundtable on Sustainable Palm Oil (RSPO) will not be financed.

Financial planning elements that have been influenced

Revenues
Capital allocation
Access to capital
Assets
Liabilities
Provisions or general reserves

Description of influence on financial planning

Garanti BBVA motivates and incentivizes its customers to adopt sustainable business models. In 2018 we started to offer Green Loans, where we provide margin adjustments based on sustainability performance or environmental KPIs. Independent consultant rates/assess the performance/achievements. As the customer improves its sustainability performance or achieve its target KPIs we give a decrease in the margin of the loan. We offer these incentives from our own equity and resources, we do not use any funds provided by IFIs or MDBs. So far we have executed 7 loan agreements in this structure. Access to Capital: (1) On the debt finance side, as Garanti BBVA, we have signed the world's first-ever ESG-linked Syndicated Loan. It is the first syndicated loan to be tied to a bank's sustainability criteria, two environmental KPIs to be exact. KPI 1: to source at least 80% of our electricity from renewable sources, KPI 2: to maintain a zero percent share of coal power plants in our project finance greenfield electricity production portfolio. During the maturity of the loan agreement, the bank has updated its RE KPI to 100% from 80% and conducted verification in line with that. When the KPIs have been achieved the margin of the loan will decrease, and in case of failure to meet the KPIs, the margin will be increased. With this improvement to its standard syndicated facility, Garanti managed to secure USD 694 million and EUR 541 million financing. In December 2019, Garanti BBVA issued a USD 50 million inaugural Green Bond in accordance with Green Bond Principles with a 5 year maturity. The net proceeds from the issue of the Notes will be applied by the Issuer for financing or refinancing, in part or in full, new and/or existing Green Projects as defined under the BBVA Sustainable Development Goals (SDGs) Bond Framework including energy efficiency, sustainable transport, water, waste management and renewable energy.

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

Garanti BBVA continuously improves its operations and practices to further manage its E&S risk&ops and to be in line with international best practices. We also have leading practices to lower our own environmental impact arising from our operations. We released our Code of Conduct for Suppliers where we clearly state that we expect our suppliers to comply with our env. & social standards. We have utilized an unprecedented and unique project to inform our customers about their carbon footprint based on their spending. Customers can track their carbon footprints on the Ecological page in the "My Status" section of Garanti BBVA Mobil. By raising awareness of this issue, we make suggestions to help reduce the carbon footprint.

In line with our sectoral principles, all projects are assessed to check their compliance with Garanti BBVA's policies and sectoral principles. The measures set forth in the principles include recommendations for best practices alongside prohibited activities and prohibited customers. Specific examples are: New hydroelectric plants are required to have adequate environmental and social risk management systems in relation to dam safety, environmental impact, labor regulations and population resettlement.

Impacts on the aquatic/marine ecosystem should be assessed and should be included in the mitigation and monitoring plan. Clients engaged in the production, processing and marketing of palm oil through companies that are not members or are not in the process of becoming members of the Roundtable for Sustainable Palm Oil (RSPO) will not be financed. Projects including the burning of natural ecosystems to clear land for the development of agricultural projects will not be financed. Projects clearing of high conservation value and high carbon forests will not be financed. Palm oil exploitation in swamps and peat-rich areas will not be financed. Exploitations of palm oil not certified or in process of certification by the Roundtable on Sustainable Palm Oil (RSPO) will not be financed.

Financial planning elements that have been influenced

Revenues
Capital allocation
Access to capital
Assets
Liabilities
Provisions or general reserves

Description of influence on financial planning

Garanti BBVA motivates and incentivizes its customers to adopt sustainable business models. In 2018 we started to offer Green Loans, where we provide margin adjustments based on sustainability performance or environmental KPIs. Independent consultant rates/assess the performance/achievements. As the customer improves its sustainability performance or achieve its target KPIs we give a decrease in the margin of the loan. We offer these incentives from our own equity and resources, we do not use any funds provided by IFIs or MDBs. So far we have executed 7 loan agreements in this structure. Access to Capital: (1) On the debt finance side, as Garanti BBVA, we have signed the world's first-ever ESG-linked Syndicated Loan. It is the first syndicated loan to be tied to a bank's sustainability criteria, two environmental KPIs to be exact. KPI 1: to source at least 80% of our electricity from renewable sources, KPI 2: to maintain a zero percent share of coal power plants in our project finance greenfield electricity production portfolio. During the maturity of the loan agreement, the bank has updated its RE KPI to 100% from 80% and conducted verification in line with that. When the KPIs have been achieved the margin of the loan will decrease, and in case of failure to meet the KPIs, the margin will be increased. With this improvement to its standard syndicated facility, Garanti managed to secure USD 694 million and EUR 541 million financing. In December 2019, Garanti BBVA issued a USD 50 million inaugural Green Bond in accordance with Green Bond Principles with a 5 year maturity. The net proceeds from the issue of the Notes will be applied by the Issuer for financing or refinancing, in part or in full, new and/or existing Green Projects as defined under the BBVA Sustainable Development Goals (SDGs) Bond Framework including energy efficiency, sustainable transport, water, waste management and renewable energy.

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

Yes, we have conducted scenario analysis and we have identified outcomes for this issue area

Type of scenario analysis used

Climate-related
Water-related

Parameters, assumptions, analytical choices

The climate change impacts were examined for the scenarios RCP2.6 and RCP8.5, which are the lowest and highest CO2 emissions scenarios covered in the IPCC's AR5 reports. RCP2.6 represents a scenario that is likely below 2°C above pre-industrial temperatures and is thereby in line with the goals of the Paris Agreement. RCP8.5 is a high emissions scenario and refers to the "without climate policy" scenario. MPI-ESM (Max Planck Institute-Earth System Model) global climate model was used with two spatial resolutions (coarse and high) and short-term (2023-2042), medium-term (2043-2062) and long-term (2081-2100) time horizons. The physical climate risk assessment was conducted for the renewable energy sector sub-sectors Hydroelectric Energy Power Plants (HEPP), Wind Energy Power Plants (WPP) and Solar Energy Power Plants (SEPP) and Garanti BBVA's own operations. The physical climate risk scores were calculated by aggregating the hazard, exposure, and vulnerability components. The risk assessment for operations includes the following parameters: geographic locations of Garanti BBVA's physical assets and size of bank branches. For the Renewable Energy Assets of Garanti BBVA, renewable energy sector sub-sectors, Hydroelectric Energy Power Plants (HEPP), Wind Energy Power Plants (WEPP) and Solar Energy Power Plants (SEPP), were studied with only high-resolution RCP8.5 scenario. Drought, heavy precipitation, heatwave hazards, and changes in mean temperature and total precipitation were analyzed for the district level of Türkiye. The renewable energy projects and their credit values were used as exposure components in this study.

Description of outcomes for this issue area

Regional analyses are coarser due to the fact that the regional risk scores are only significant in terms of region comparisons and give the average or percentile value of the whole region. If a region with a relatively low-risk score is examined within itself, it is divided into smaller areas with the highest and lowest risk levels. Detailed asset level analysis will benefit investments and credits by revealing regional changes in risk and providing asset-specific risk scores rather than the regional average. This study offers a multifaceted view of physical risk exposure by sector and location, which can be tailored to the needs of specific risk assessments and implemented on broader portfolio risk. There are a total of 166 power plant projects supported by Garanti BBVA since 2007. According to this, the most invested PP in the energy sector is WEPP (101), followed by HEPP (46) and SEPP (19). For example, as is known, HEPPs are highly susceptible to changes in precipitation patterns and heavy precipitation. As a result, the very low and low risk of HEPPs is above 70% in total for temperature rise, heatwave, drought, and precipitation change, but only 50% for heavy precipitation. The results show half of the projects are in the medium to very high-risk range For more: https://surdurulebilirlik.garantibbva.com.tr/media/1643/physical-climate-risk-assessment-for-garanti-bbva_garanti-bbva.pdf

Explain how the outcomes identified using scenario analysis have influenced your strategy

Garanti BBVA published its Climate Change Action Plan in October 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards. In 2020, Garanti BBVA announced its carbon emissions reduction goal based on SBTi methodology in line with the Paris Agreement's goal to limit temperature rise to 1.5 degrees and has been the first company to declare such a target in Turkey. Accordingly, Garanti BBVA pledges to reduce its carbon emissions by 29% by 2025 and 71% by 2035. In April 2021 the Bank has been the first Turkish signatory to the NZBA, which supports the mobilization of the entire financial system to achieve the targets set by the Paris Agreement. As a member, Garanti BBVA commits to align its portfolio with the net-zero emissions target by 2050. To do this and Encourage customers' transition processes or transition to a net-zero economy through decarbonization, the Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and encourage its customers for going green. Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021. Having updated its Environmental and Social Loan Policies, the Bank committed that it will not finance new investments in coal-fired power plants and coal mines and that it will zero its coal exposure in its portfolio by 2040 at the latest.

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

<Not Applicable>

Water

Scenario analysis conducted to identify outcomes for this issue area

Yes, we have conducted scenario analysis and we have identified outcomes for this issue area

Type of scenario analysis used

Climate-related
Water-related

Parameters, assumptions, analytical choices

The climate change impacts were examined for the scenarios RCP2.6 and RCP8.5, which are the lowest and highest CO2 emissions scenarios covered in the IPCC's AR5 reports. RCP2.6 represents a scenario that is likely below 2°C above pre-industrial temperatures and is thereby in line with the goals of the Paris Agreement. RCP8.5 is a high emissions scenario and refers to the "without climate policy" scenario. MPI-ESM (Max Planck Institute-Earth System Model) global climate model was used with two spatial resolutions (coarse and high) and short-term (2023-2042), medium-term (2043-2062) and long-term (2081-2100) time horizons. The physical climate risk assessment was conducted for the renewable energy sector sub-sectors Hydroelectric Energy Power Plants (HEPP), Wind Energy Power Plants (WPP) and Solar Energy Power Plants (SEPP) and Garanti BBVA's own operations. The physical climate risk scores were calculated by aggregating the hazard, exposure, and vulnerability components. The risk assessment for operations includes the following parameters: geographic locations of Garanti BBVA's physical assets and size of bank branches. For the Renewable Energy Assets of Garanti BBVA, renewable energy sector sub-sectors, Hydroelectric Energy Power Plants (HEPP), Wind Energy Power Plants (WEPP) and Solar Energy Power Plants (SEPP), were studied with only high-resolution RCP8.5 scenario. Drought, heavy precipitation, heatwave hazards, and changes in mean temperature and total precipitation were analyzed for the district level of Türkiye. The renewable energy projects and their credit values were used as exposure components in this study.

Description of outcomes for this issue area

Regional analyses are coarser due to the fact that the regional risk scores are only significant in terms of region comparisons and give the average or percentile value of the whole region. If a region with a relatively low-risk score is examined within itself, it is divided into smaller areas with the highest and lowest risk levels. Detailed asset level analysis will benefit investments and credits by revealing regional changes in risk and providing asset-specific risk scores rather than the regional average. This study offers a multifaceted view of physical risk exposure by sector and location, which can be tailored to the needs of specific risk assessments and implemented on broader portfolio risk. There are a total of 166 power plant projects supported by Garanti BBVA since 2007. According to this, the most invested PP in the energy sector is WEPP (101), followed by HEPP (46) and SEPP (19). For example, as is known, HEPPs are highly susceptible to changes in precipitation patterns and heavy precipitation. As a result, the very low and low risk of HEPPs is above 70% in total for temperature rise, heatwave, drought, and precipitation change, but only 50% for heavy precipitation. The results show half of the projects are in the medium to very high-risk range For more: https://surdurulebilirlik.garantibbva.com.tr/media/1643/physical-climate-risk-assessment-for-garanti-bbva_garanti-bbva.pdf

Explain how the outcomes identified using scenario analysis have influenced your strategy

Garanti BBVA published its Climate Change Action Plan in October 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards. In 2020, Garanti BBVA announced its carbon emissions reduction goal based on SBTi methodology in line with the Paris Agreement's goal to limit temperature rise to 1.5 degrees and has been the first company to declare such a target in Turkey. Accordingly, Garanti BBVA pledges to reduce its carbon emissions by 29% by 2025 and 71% by 2035. In April 2021 the Bank has been the first Turkish signatory to the NZBA, which supports the mobilization of the entire financial system to achieve the targets set by the Paris Agreement. As a member, Garanti BBVA commits to align its portfolio with the net-zero emissions target by 2050. To do this and Encourage customers' transition processes or transition to a net-zero economy through decarbonization, the Bank takes part in the PACTA (Paris Agreement Capital Transition Assessment) pilot phase along with BBVA Group to measure climate risks and encourage its customers for going green. Garanti BBVA authored another sector-steering first in Türkiye and declared its pledge of coal phase-out in March 2021. Having updated its Environmental and Social Loan Policies, the Bank committed that it will not finance new investments in coal-fired power plants and coal mines and that it will zero its coal exposure in its portfolio by 2040 at the latest.

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

<Not Applicable>

FW-FS3.3

(FW-FS3.3) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS3.3a

(FW-FS3.3a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.

Product type
Project finance

Taxonomy or methodology used to classify product(s)
The EU Taxonomy for environmentally sustainable economic activities

Description of product(s)
EU Taxonomy and internal taxonomies of BBVA are used for the definition of "sustainable finance" where applicable. Garanti BBVA published its Climate Change Action Plan in October 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks and implementing green office standards. With this Action Plan, the Bank also pledged that a minimum of 60% of the total funds allocated to greenfield energy generation facilities would be allocated to renewable investments. Since 2014, our entire greenfield energy generation projects in the project finance portfolio consisted of renewable investments. In 2021, this ratio was far exceeded as it reached 100% similar to previous years. By the end of 2021, the percentage of green assets to the Project and Acquisition Finance loan portfolio is 24% which corresponds to a total volume of USD 2 billion (34,6 M TRY). These financings provide both adaptation and mitigation of climate change, water and forest risks within our portfolio. As per our Environmental and Social Loan Policies, we are not involved in the financing of forestry activities that cannot be sustainably managed without implementing any monetary limit. Furthermore, when financing greenfield investments above a certain monetary threshold and a risk rating which are set and reviewed by our Sustainability Committee, we conduct detailed due diligence about the impacts of the projects on deforestation and ask for measures to minimize the impacts if there are any, where applicable and necessary. Additionally, for projects that are subject to our Environmental and Social Impact Assessment Model; We make sure that the borrowers make every effort to mitigate deforestation effects. In projects where these effects cannot be avoided, we ask the borrowers to plant 4 to 5 trees per each tree to be cut. If the Project is a greenfield fossil fuel-based power plant, we require the borrowers to plant one tree per 10 MWh annual gross energy production for at least 10 years after commissioning.

Product enables clients to mitigate
Deforestation
Water insecurity

Type of activity financed, invested in or insured
Sustainable forest management
Forests restoration
Afforestation
Sustainable agriculture
Water supply and sewer networks infrastructure
Water treatment infrastructure
Wastewater treatment infrastructure
WASH services
Water resources and ecosystem protection

Portfolio value (unit currency – as specified in C0.4)
34600000

% of total portfolio value
24

FW-FS3.4

(FW-FS3.4) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS3.4a

(FW-FS3.4a) Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.

Portfolio
Banking (Bank)

Issue area(s) the policy covers
Forests

Type of policy
Credit/lending policy
Policy related to other products and services

Portfolio coverage of policy
11

Policy availability
Publicly available

Attach documents relevant to your policy
eslp_short-version.pdf

Criteria required of clients/investees
Restore and compensate to address past deforestation or conversion
Avoid negative impacts on threatened and protected species and habitats
Comply with all applicable local, national and international laws and regulations

Restricting sourcing of forest risk commodities to verified legal and known sources

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Materials
Capital goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

Forest risk commodities covered by the policy

All agricultural commodities
Timber products
Palm oil

Forest risk commodity supply chain stage covered by the policy

Production
Processing
Trading
Manufacturing
Retailing

Exceptions to policy based on

Industry sector
Products and services
Transaction size

Explain how criteria coverage and/or exceptions have been determined

Garanti BBVA developed its own "Environmental and Social Impact Assessment System" including the "Environmental and Social Impact Assessment Model" ("ESIAM") for green-field projects. ESIAM launched in 2012 is a more sophisticated and detailed DD process. It is applied to loans that fall under the limits defined in Equator Principles 2013 on a minimum and for the main financial transactions described in ESLP to assess the identified risks. The Credit Committee's decisions are based on the risk rating calculated in accordance with the model. Following the categorization and assessment based on ESIAM, the risk rating of the project is determined and Garanti BBVA requests the borrower to take specific actions during the project appraisal. If the project is in the high-risk category, the Bank requires that an independent consultant should be assigned to conduct an Environmental and Social Due Diligence (including Environmental and Social Action Plan) and periodical monitoring studies. The E&S action plan is also included in the loan agreement and failure to meet the requirements in the Plan leads to default. Our purpose in conducting the ESDD study is that assess the Project's compliance with respect to National legislation, Equator Principles and IFC Performance Standards along with relevant general and sector-specific IFC EHS guidelines. With respect that the ESDD study, we also identify whether there is any material issues or not before the financial closure. If the loan is approved by the credit committee, necessary covenants are incorporated into the loan documents. In 2021, 185 M USD was subjected to ESIAM and the total performing loans were 475 Bn USD. Projects subjected to ESIAM make less than 1% of total performing loans and 11% of Project Finance. Related to forest issues, customers are expected to use necessary efforts to minimize deforestation. If such impact cannot be prevented, the debtor is required to give a Commitment of Reforestation for planting trees based on the environmental and social risk score of the project, unless approved otherwise by Garanti BBVA.

The Commitment must entail planting trees at least 4-5 times the number of trees impacted by the project. Also, clients engaged in the production, processing and marketing of palm oil through companies that are not members of RSPO will not be financed. Exploitations of palm oil not certified or in process of certification by the RSPO will not be financed.

FW-FS3.5

(FW-FS3.5) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	Yes	In line with the purpose of lending, our clients are obligated to provide and demonstrate the necessary information. For example, for green finance agreements, the purpose of the use of lending must be provided. Afterward, the related documents and information must be provided by clients as proof. Moreover, customers must meet the compliance requirements with our sustainability policy. In terms of Sustainability Linked Loans (SLL) customers must have KPIs to be achieved during the maturity of the loan. The KPIs are determined together with the customer, the bank and Second Party Opinion (SPO). In the process, the ambition and robustness of the targets are determined. If the customers can achieve the KPIs the margin of the loan will decrease, and in case of failure to meet the KPIs, the margin will be increased. This way, financial encouragement is applied in terms of sustainability-related financings. These covenants take part in financing agreements with our customers to reflect and enforce our climate and forest-related strategy. Related to forest issues, customers are expected to use necessary efforts to minimize deforestation. If such impact cannot be prevented, the debtor is required to give a Commitment of Reforestation for planting trees based on the environmental and social risk score of the project, unless approved otherwise by Garanti BBVA. The Commitment must entail planting trees at least 4-5 times the number of trees impacted by the project. Also, clients engaged in the production, processing and marketing of palm oil through companies that are not members of RSPO will not be financed. Exploitations of palm oil not certified or in process of certification by the RSPO will not be financed.	<Not Applicable>
Water	Yes	In line with the purpose of lending, our clients are obligated to provide and demonstrate the necessary information. For example, for green finance agreements, the purpose of the use of lending must be provided. Afterward, the related documents and information must be provided by clients as proof. Moreover, customers must meet the compliance requirements with our sustainability policy. In terms of Sustainability Linked Loans (SLL) customers must have KPIs to be achieved during the maturity of the loan. The KPIs are determined together with the customer, the bank and Second Party Opinion (SPO). In the process, the ambition and robustness of the targets are determined. If the customers can achieve the KPIs the margin of the loan will decrease, and in case of failure to meet the KPIs, the margin will be increased. This way, financial encouragement is applied in terms of sustainability-related financings. These covenants take part in financing agreements with our customers to reflect and enforce our climate and forest-related strategy. Related to forest issues, customers are expected to use necessary efforts to minimize deforestation. If such impact cannot be prevented, the debtor is required to give a Commitment of Reforestation for planting trees based on the environmental and social risk score of the project, unless approved otherwise by Garanti BBVA. The Commitment must entail planting trees at least 4-5 times the number of trees impacted by the project. Also, clients engaged in the production, processing and marketing of palm oil through companies that are not members of RSPO will not be financed. Exploitations of palm oil not certified or in process of certification by the RSPO will not be financed.	<Not Applicable>

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	Yes	<Not Applicable>
Clients – Water	Yes	<Not Applicable>
Investees – Forests	<Not Applicable>	<Not Applicable>
Investees – Water	<Not Applicable>	<Not Applicable>

FW-FS4.1a

(FW-FS4.1a) Give details of your forests- and/or water-related engagement strategy with your clients.

Type of clients

Clients of Banks

Issue area this engagement relates to

Forests

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce forests-related impacts

Portfolio coverage of engagement

100

Rationale for the coverage of your engagement

Engagement targeted at clients with the highest potential impact on forests

Impact of engagement, including measures of success

Although SBT's are not required from the customers yet, we inform the customers about the risks of climate change during the lending processes and we encourage them to reduce their water & forest impacts. We accept related commitments as SLL-linked KPIs and encourage customers to commit and set reduction targets. Also, Garanti BBVA established its E&S Loan Policies (ESLP) in 2011 and its E&S ImpactAssessment Process (ESIAP) in 2012. ESIAP allows us to determine and mitigate the E&S impact of customers. Firstly, we subject all loans to our ESLP, which set the minimum E&S standards governing the extension of loans at the Bank. The Bank applies its ESLP to all loans. Therefore, our coverage for compliance is 100%. Garanti BBVA aims to improve E&S performance of clients through requirements asked in loan agreements. Meanwhile, the Bank strives to build the capacity of clients where feasible. For instance, we helped one of our strategic clients to understand the potential E&S risks in their hydropower project during the planning stage, which resulted in not moving forward. The project was located in southwest Turkey and we conducted E&S DD process. There was a particular risk that would have affected their financial performance significantly. It was the adverse impact of climate change on the river flow. After the initial due diligence, we decided to cooperate with two universities to identify the exact impact of climate change on this project. As a result, we identified 8% decrease in expected precipitation, a 1-degree increase in temperature as well as a ~15% flow decrease in the dam basin. Finally, we identified that this means a nearly 15% decrease in electricity production, which was a major shift in the initial cash flow calculation of our client. In the end, the client decided to move on with a geothermal investment rather than the hydro project. The measure of success in our client engagement strategy is the 100% coverage of our portfolio on a yearly basis. Another example is, that in 2022 we have integrated innovative carbon footprint measurement based on their spending into mobile banking systems to support our customers in adopting more sustainable approaches. Customers can track their carbon footprints on the Ecological page in the "My Status" section of Garanti BBVA Mobil. By raising awareness of this issue, we make suggestions to help reduce the carbon footprint.

Type of clients

Clients of Banks

Issue area this engagement relates to

Water

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce water-related impacts

Portfolio coverage of engagement

100

Rationale for the coverage of your engagement

Engagement targeted at clients with the highest potential impact on water security

Impact of engagement, including measures of success

Although SBT's are not required from the customers yet, we inform the customers about the risks of climate change during the lending processes and we encourage them to reduce their water & forest impacts. We accept related commitments as SLL-linked KPIs and encourage customers to commit and set reduction targets. Also, Garanti BBVA established its E&S Loan Policies (ESLP) in 2011 and its E&S ImpactAssessment Process (ESIAP) in 2012. ESIAP allows us to determine and mitigate the E&S impact of customers. Firstly, we subject all loans to our ESLP, which set the minimum E&S standards governing the extension of loans at the Bank. The Bank applies its ESLP to all loans. Therefore, our coverage for compliance is 100%. Garanti BBVA aims to improve E&S performance of clients through requirements asked in loan agreements. Meanwhile, the Bank strives to build the capacity of clients where feasible. For instance, we helped one of our strategic clients to understand the potential E&S risks in their hydropower project during the planning stage, which resulted in not moving forward. The project was located in southwest Turkey and we conducted E&S DD process. There was a particular risk that would have affected their financial performance significantly. It was the adverse impact of climate change on the river flow. After the initial due diligence, we decided to cooperate with two universities to identify the exact impact of climate change on this project. As a result, we identified 8% decrease in expected precipitation, a 1-degree increase in temperature as well as a ~15% flow decrease in the dam basin. Finally, we identified that this means a nearly 15% decrease in electricity production, which was a major shift in the initial cash flow calculation of our client. In the end, the client decided to move on with a geothermal investment rather than the hydro project. The measure of success in our client engagement strategy is the 100% coverage of our portfolio on a yearly basis. Another example is, that in 2022 we have integrated innovative carbon footprint measurement based on their spending into mobile banking systems to support our customers in adopting more sustainable approaches. Customers can track their carbon footprints on the Ecological page in the "My Status" section of Garanti BBVA Mobil. By raising awareness of this issue, we make suggestions to help reduce the carbon footprint.

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity	Primary reason for not providing finance and/or insurance to smallholders	Explain why your organization does not provide finance/insurance to smallholders and any plans to change this in the future
Row 1	Yes	Timber products Cattle products	<Not Applicable>	<Not Applicable>

FW-FS4.3a

(FW-FS4.3a) Describe how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.

Timber products

Financial service provided

Banking

Smallholder financing/insurance approach

Financial incentives for sustainable practices

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

1

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

In line with the purpose of lending, our clients are obligated to provide and demonstrate the necessary information. For example, for green finance agreements, the purpose of the use of lending must be provided. Afterward, the related documents and information must be provided by clients as proof. Moreover, customers must meet the compliance requirements with our sustainability policy. In terms of Sustainability Linked Loans (SLL) customers must have KPIs to be achieved during the maturity of the loan. The KPIs are determined together with the customer, the bank and Second Party Opinion (SPO). In the process, the ambition and robustness of the targets are determined. If the customers can achieve the KPIs the margin of the loan will decrease, and in case of failure to meet the KPIs, the margin will be increased. This way, financial encouragement is applied in terms of sustainability-related financings. These covenants take part in financing agreements with our customers to reflect and enforce our climate and forest-related strategy. Related to forest issues, customers are expected to use necessary efforts to minimize deforestation. If such impact cannot be prevented, the debtor is required to give a Commitment of Reforestation for planting trees based on the environmental and social risk score of the project, unless approved otherwise by Garanti BBVA. The Commitment must entail planting trees at least 4-5 times the number of trees impacted by the project. Also, clients engaged in the production, processing and marketing of palm oil through companies that are not members of RSPO will not be financed. Exploitations of palm oil not certified or in process of certification by the RSPO will not be financed. With this approach, our customers are encouraged to reduce their water and forest-related risks. Number of smallholders are not shared as they are confidential data for the bank and our customers. it is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality.

Cattle products

Financial service provided

Banking

Smallholder financing/insurance approach

Financial incentives for sustainable practices

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

1

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

In line with the purpose of lending, our clients are obligated to provide and demonstrate the necessary information. For example, for green finance agreements, the purpose of the use of lending must be provided. Afterward, the related documents and information must be provided by clients as proof. Moreover, customers must meet the compliance requirements with our sustainability policy. In terms of Sustainability Linked Loans (SLL) customers must have KPIs to be achieved during the maturity of the loan. The KPIs are determined together with the customer, the bank and Second Party Opinion (SPO). In the process, the ambition and robustness of the targets are determined. If the customers can achieve the KPIs the margin of the loan will decrease, and in case of failure to meet the KPIs, the margin will be increased. This way, financial encouragement is applied in terms of sustainability-related financings. These covenants take part in financing agreements with our customers to reflect and enforce our climate and forest-related strategy. Related to forest issues, customers are expected to use necessary efforts to minimize deforestation. If such impact cannot be prevented, the debtor is required to give a Commitment of Reforestation for planting trees based on the environmental and social risk score of the project, unless approved otherwise by Garanti BBVA. The Commitment must entail planting trees at least 4-5 times the number of trees impacted by the project. Also, clients engaged in the production, processing and marketing of palm oil through companies that are not members of RSPO will not be financed. Exploitations of palm oil not certified or in process of certification by the RSPO will not be financed. With this approach, our customers are encouraged to reduce their water and forest-related risks. Number of smallholders are not shared as they are confidential data for the bank and our customers. it is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality.

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	Direct or indirect engagement that could influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Yes, we engage directly with policy makers	<Not Applicable>	<Not Applicable>
Water	Yes, we engage directly with policy makers	<Not Applicable>	<Not Applicable>

FW-FS4.4a

(FW-FS4.4a) On what policy, law, or regulation that may impact forests and/or water security have you been engaging directly with policy makers in the reporting year?

Issue area(s)

Forests

Focus of policy, law or regulation that may impact this issue area

Sustainable finance

Specify the policy, law or regulation on which your organization is engaging with policymaker

Mobilization of climate finance within the Turkish economy.

Policy, law or regulation coverage

National

Country/region the policy, law or regulation applies to

Turkey

Your organization's position on the policy, law or regulation

Support with no exceptions

Description of engagement with policymakers

For many years, Garanti BBVA has been participating in local and international platforms, which allowed for widespread, high-level engagement with the business community, governments, policymakers, and numerous national and international organizations. In this sense, Garanti BBVA is part of 48 working groups including NZBA, United Nations Working Group of Principles for Responsible Banking, Global Compact Network Türkiye, BCSD Türkiye, the Banks Association of Türkiye Financial Sector Role in Sustainable Growth Working Group and the Turkish Industry and Business Association (TUSIAD) Env and CC Working Group, and actively participates in or chairs 29 initiatives in total that include numerous platforms. In addition to following local and global developments, Garanti BBVA maintains collaborations for the implementation and announcement of these developments in the Turkish market. Following the COP26, Garanti BBVA co-hosted the Climate Finance Workshop with the IIF to tackle the measures and pledges against climate change within the framework of climate finance. Held in November 2021, the Workshop featured public and private sector representatives, academicians and sector professionals who discussed the way emerging countries look at climate finance and the post-COP26 agenda. During the Workshop, many experts from international platforms and from different sectors discussed their opinions about resolutions that gained the foreground in COP26 and about the mobilization of climate finance within the Turkish economy. In line with that, Garanti BBVA launched the Garanti BBVA Climate Index in cooperation with CDP Türkiye and Borsa İstanbul in 2021. Also, The Ministry of Energy and Natural Resources is working on legislation to mainstream insulation practices in buildings in order to increase building energy efficiency. We worked closely with the Ministry to develop an effective financing mechanism for such projects that could be applied across the country. The financing mechanism that we offered will also be very effective to scale up and speed up such projects. With Turkey's 2053 carbon neutral target and the Green Deal Action Plan published on 14 July 2021, the establishment of an ETS system in Turkey take its place on the agenda. At the Climate Council, the scope of the possible ETS system was tried to be clarified with the stakeholders of the sector. Garanti BBVA was also one of the participants in the Council and shared comments on possible emerging regulations

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

Issue area(s)

Water

Focus of policy, law or regulation that may impact this issue area

Sustainable finance

Specify the policy, law or regulation on which your organization is engaging with policymaker

Mobilization of climate finance within the Turkish economy

Policy, law or regulation coverage

National

Country/region the policy, law or regulation applies to

Turkey

Your organization's position on the policy, law or regulation

Support with no exceptions

Description of engagement with policymakers

For many years, Garanti BBVA has been participating in local and international platforms, which allowed for widespread, high-level engagement with the business community, governments, policymakers, and numerous national and international organizations. In this sense, Garanti BBVA is part of 48 working groups including NZBA, United Nations Working Group of Principles for Responsible Banking, Global Compact Network Türkiye, BCSD Türkiye, the Banks Association of Türkiye Financial Sector Role in Sustainable Growth Working Group and the Turkish Industry and Business Association (TUSIAD) Env and CC Working Group, and actively participates in or chairs 29 initiatives in total that include numerous platforms. In addition to following local and global developments, Garanti BBVA maintains collaborations for the implementation and announcement of these developments in the Turkish market. Following the COP26, Garanti BBVA co-hosted the Climate Finance Workshop with the IIF to tackle the measures and pledges against climate change within the framework of climate finance. Held in November 2021, the Workshop featured public and private sector representatives, academicians and sector professionals who discussed the way emerging countries look at climate finance and the post-COP26 agenda. During the Workshop, many experts from international platforms and from different sectors discussed their opinions about resolutions that gained the foreground in COP26 and about the mobilization of climate finance within the Turkish economy. In line with that, Garanti BBVA launched the Garanti BBVA Climate Index in cooperation with CDP Türkiye and Borsa İstanbul in 2021. Also, The Ministry of Energy and Natural Resources is working on legislation to mainstream insulation practices in buildings in order to increase building energy efficiency. We worked closely with the Ministry to develop an effective financing mechanism for such projects that could be applied across the country. The financing mechanism that we offered will also be very effective to scale up and speed up such projects. With Turkey's 2053 carbon neutral target and the Green Deal Action Plan published on 14 July 2021, the establishment of an ETS system in Turkey take its place on the agenda. At the Climate Council, the scope of the possible ETS system was tried to be clarified with the stakeholders of the sector. Garanti BBVA was also one of the participants in the Council and shared comments on possible emerging regulations.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	Yes	Garanti BBVA developed an Environmental and Social Impact Assessment Process (ESIAP) including the Assessment Model (ESIAM) within the scope of E&S Loan Policies (ESLP) to help drive similar improvement across its loan portfolios. Garanti BBVA has in-house ESG experts in its Sustainability Team, which resides under the Investment Banking and Finance Department. Therefore Garanti BBVA can monitor the projects that are included in ESIAM, review and approve the routine monitoring reports and attend the site visits of projects that are classified as high risk in terms of potential environmental and social impacts. The consultant to be appointed when deemed necessary is determined in accordance with the criteria specified in the Guidance on Garanti BBVA Independent Consulting Service Requirements and Consultant Firm Selection Criteria. The E&S DD is carried out by the independent project consultant on the agreed scope of work. The DD period is followed by all lenders through the reports produced by consultants. Garanti BBVA ensures that the projects it finances meet the E&S standards required by legislation and the Bank’s policies that an impact assessment is undertaken by the project owner(s), if necessary, that prescribed measures are taken by the project owner(s) and that project owners have effective internal audit systems. In 2018 and 2019 Garanti BBVA conducted 37 and 29 site visits respectively to ensure the environmental and social action plans are being implemented by customers. Due to the COVID-19 in 2020 and 2021, site visits were mainly carried out with remote monitoring methods such as online meetings, drone footages and more. Nevertheless, in 2021, 4 site visits were conducted due to the importance of the projects. The ESIAM is applied to SME, Commercial, Corporate and Mortgage Loans partially, and project finance loans fully. This makes a total of 11% of the portfolio as of 2021. In 2016, the investment limit was reduced to 10 million USD and included financial consultancy. In 2021, ESIAM was applied to all Project Finance loans without any cost criteria which is even below the limits defined in the Equator Principles. As of 2021 All project finance loans that meet the criteria specified in the Asset and Project Finance Admission and Monitoring Procedure, regardless of cost; Corporate Loans (Working Capital Loans) that involve the construction of a new project or capacity increase of an existing one and that satisfy the criteria: The majority of the loan must be linked with the project on which the debtor has operational control, total amount of the loan and the participation of Garanti BBVA (before syndication sales) is USD 50 million or more, term of the loan is two years at min., The lender anticipates that the primary funds for repayment of the loan are derived from the project. In 2017, 8 banks signed the Sustainable Finance Statement prepared by the Global Compact Turkey Sustainable Banking and Finance Working Group. In 2021, the scope of the Declaration has been expanded by adding “innovative sustainable finance principles” & “assessment of E&S impact in credit evaluation processes” to capture opportunities. With that, signatory banks are not only responsible for the financing of loans; but responsible of promoting sustainability-based banking practices for the market.	<Not Applicable>	<Not Applicable>
Banking – Impact on Water	Yes	Garanti BBVA developed an Environmental and Social Impact Assessment Process (ESIAP) including the Assessment Model (ESIAM) within the scope of E&S Loan Policies (ESLP) to help drive similar improvement across its loan portfolios. Garanti BBVA has in-house ESG experts in its Sustainability Team, which resides under the Investment Banking and Finance Department. Therefore Garanti BBVA can monitor the projects that are included in ESIAM, review and approve the routine monitoring reports and attend the site visits of projects that are classified as high risk in terms of potential environmental and social impacts. The consultant to be appointed when deemed necessary is determined in accordance with the criteria specified in the Guidance on Garanti BBVA Independent Consulting Service Requirements and Consultant Firm Selection Criteria. The E&S DD is carried out by the independent project consultant on the agreed scope of work. The DD period is followed by all lenders through the reports produced by consultants. Garanti BBVA ensures that the projects it finances meet the E&S standards required by legislation and the Bank’s policies that an impact assessment is undertaken by the project owner(s), if necessary, that prescribed measures are taken by the project owner(s) and that project owners have effective internal audit systems. In 2018 and 2019 Garanti BBVA conducted 37 and 29 site visits respectively to ensure the environmental and social action plans are being implemented by customers. Due to the COVID-19 in 2020 and 2021, site visits were mainly carried out with remote monitoring methods such as online meetings, drone footages and more. Nevertheless, in 2021, 4 site visits were conducted due to the importance of the projects. The ESIAM is applied to SME, Commercial, Corporate and Mortgage Loans partially, and project finance loans fully. This makes a total of 11% of the portfolio as of 2021. In 2016, the investment limit was reduced to 10 million USD and included financial consultancy. In 2021, ESIAM was applied to all Project Finance loans without any cost criteria which is even below the limits defined in the Equator Principles. As of 2021 All project finance loans that meet the criteria specified in the Asset and Project Finance Admission and Monitoring Procedure, regardless of cost; Corporate Loans (Working Capital Loans) that involve the construction of a new project or capacity increase of an existing one and that satisfy the criteria: The majority of the loan must be linked with the project on which the debtor has operational control, total amount of the loan and the participation of Garanti BBVA (before syndication sales) is USD 50 million or more, term of the loan is two years at min., The lender anticipates that the primary funds for repayment of the loan are derived from the project. In 2017, 8 banks signed the Sustainable Finance Statement prepared by the Global Compact Turkey Sustainable Banking and Finance Working Group. In 2021, the scope of the Declaration has been expanded by adding “innovative sustainable finance principles” & “assessment of E&S impact in credit evaluation processes” to capture opportunities. With that, signatory banks are not only responsible for the financing of loans; but responsible of promoting sustainability-based banking practices for the market.	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Lending to companies operating in the timber products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	Financing values to all forest risk commodities are not shared as they are confidential data for the bank and our customers. it is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.
Lending to companies operating in the palm oil products supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cattle products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	Financing values to all forest risk commodities are not shared as they are confidential data for the bank and our customers. it is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.
Lending to companies operating in the soy supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	Financing values to all forest risk commodities are not shared as they are confidential data for the bank and our customers. it is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.
Lending to companies operating in the rubber supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	Financing values to all forest risk commodities are not shared as they are confidential data for the bank and our customers. it is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.
Lending to companies operating in the cocoa supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	Financing values to all forest risk commodities are not shared as they are confidential data for the bank and our customers. it is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.
Lending to companies operating in the coffee supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	Financing values to all forest risk commodities are not shared as they are confidential data for the bank and our customers. it is planned to be shared with PACTA methodology in the next 2 years within considering customer confidentiality. The Bank became the first company from Türkiye to make a commitment to the NZBA. According to the commitment, the bank supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement which includes aligning its portfolio with net zero emissions by 2050.
Investing (asset manager) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Investing (asset owner) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

No publications

Status

<Not Applicable>

Attach the document

<Not Applicable>

Page/Section reference

<Not Applicable>

Content elements

<Not Applicable>

Comment

<Not Applicable>

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms