

Sustainability and Community Investments

We focus on our direct impact on natural resources including energy, water and climate that results from our own operations and on the impact we have through our business activities. As we raise awareness by way of community investments and collaborations, we contribute to the socioeconomic development of the society.

RELATED INDICATORS	2021	2022	Audited
Total annual scope 1 and 2 GHG emissions (tCO ₂ e)	18.643	18.981	✓
GHG emissions intensity in the reporting period (tCO ₂ e/Total Assets)	22	14,6	✓
Total annual waste quantity	248ton	215 ton	✓
% change by base year in GHG emissions intensity	96	97	✓
Total annual scope 3 GHG emissions (tCO ₂ e)	61	411	✓
Total annual emissions avoided through financed renewable energy projects	8.48 mtCO ₂ e	14.05 mtCO₂e	✓
Total annual energy consumption(MWh)	156.800	161.320	✓
Total annual water consumption (1,000 m ³)	186	233	✓
Market share of wind power plants (WPP) by installed power financed by the Bank	26.5%	25.3%	✓
Share of renewable energy projects in new energy production portfolio (in new project finance commitments)	100%	100%	✓
Number of projects subjected to Environmental and Social Impact Assessment System (cumulative)	85	88	✓
Site visits to customers regarding environmental and social issues	4	36	✓
Customers and financial institutions informed about environmental and social issues	18	15	
Number of SDGs contributed through effective management of sustainability risks	16	17	
Number of sustainable products/loans	50	55	

RELATED INDICATORS	2021	2022	Audited
Contribution to Sustainable Development (billion TL, cumulative)	60	88	✓
Participation in sustainability related initiatives and memberships	29	29	
Number of contributed working groups on sustainability	48	52	
Number of sustainability indices in which Garanti BBVA is included	10	11	
Number of Policies/Position Papers Garanti BBVA contributed	15	16	
Environmental and Social workshops and conferences	8	19	
Topics addressed/discussed in workshops and conferences	25	26	
Number of focus areas for community investment programs	4	4	
Contribution in community investment programs (TL million)*	43.6	71.7	✓
SME initiatives (including applications and events)	8	6	
Women Entrepreneurs encouraged to apply to Woman Entrepreneur Awards (cumulative)	41.6 thousand	43.1 thousand	
Women who participated in woman entrepreneurship events and whom Garanti BBVA helped raise increased awareness (cumulative)	10,435	11,235	
Total Sustainability Funds utilized from IFIs (USD million)	1,722	1,370	

* As of 2022, in line with the BBVA Group, administrative expenses have been included in the scope of investment in social programs.

Garanti BBVA carries on with its support to sustainable development focusing its efforts on **combating climate change and inclusive growth for 16 years** to support sustainability, which is one of its strategic goals. Drawing on its sector-steering know-how and experience, the Bank leads sustainable development in the market with its business model that embraces the opportunities stemming from sustainable development as well as climate change-related risk management. In this context, Garanti BBVA collaborates with its peers and the business world on a global level

to identify new opportunities, capture emerging best practices and products, and remain as a leader in sustainable finance and development in Türkiye.

UNEP FI Principles for Responsible Banking, which were launched in 2016 by 30 founding members among which Garanti BBVA was the only bank from Türkiye, reached more than 270 signatories worldwide. The Principles for Responsible Banking, which are expected to significantly contribute to the UN Sustainable Development Goals (SDGs) and the Paris Climate

Agreement objectives, focus on six main scopes: Alignment, Impact, Clients and Customers, Stakeholders, Governance and Target Setting, Transparency and Accountability. Garanti BBVA **releases its Responsible Banking Principles Impact Report annually** and discloses its strategic approach to areas in which the Bank has an impact along with its activities.

You can access the UNEP FI Principles for Responsible Banking Impact Report here.

It is among Garanti BBVA's goals to facilitate the growth of the SMEs, microbusinesses, women entrepreneurs and all startups that play a key role in the sustainable development of economy and to help them improve their environmental, social and ethical performances, as well as producing solutions to their financial needs. Garanti BBVA focuses on responsible and sustainable development and **actively contributes to 17 goals 70 targets within the scope of Sustainable Development Goals and Targets.**

Based on its approach to impact investment, the **Bank's total contribution to sustainable development reached TL 88 billion as of the end of 2022.**

Within the scope of its combat against the negative effects of climate change, Garanti BBVA;

- has been the first bank from Türkiye to **pledge coal phase-out** in 2021.
- has become a **Carbon-Neutral Bank** in 2020.
- 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 Science-Based Targets 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 Türkiye.** Having reduced its operational emissions by 75% at end-2020, the Bank purchased carbon credits for its remaining emissions and **became carbon-neutral 15 years**

earlier than its reduction target. In 2021 and 2022, the Bank continued to offset its operational emissions by purchasing carbon credits and supports the projects in voluntary carbon markets recognized by international institutions.

- **pledged to eliminate the coal exposure of its portfolio by 2040** or sooner.
- With its **Climate Change Action Plan** released in 2015, which focuses on carbon pricing, reducing deforestation, managing climate-related water risks through climate adaptation and implementing green office standards, the Bank also pledged that a minimum of 60% of the total funds allocated to new energy production facilities would be allocated to renewable investments.
- **In 2022, the Bank took these commitments one step further, and announced its decarbonization goals by 2030 in other carbon-intensive industries such as energy, automotive, iron and steel, and cement. These interim targets make up an important phase in reaching emissions targets aligned with net-zero by 2050.** In this context, Garanti BBVA is aiming to accompany its customers in their transitioning to a more sustainable future.

The Bank's decarbonization targets set for 2030 have been prepared using the internationally recognized PACTA (Paris Agreement Capital Transition Assessment) methodology. In keeping

with the ever-improving data quality, Garanti BBVA plans to review and update these targets.

With which principles did Garanti BBVA set its targets?

- **(Long-Term Vision)** Entail a long-time vision to plot the path toward 2050 net-zero targets
- **(Focused on Decision Making)** Be conducive for comparison among companies and competitors in decision-making processes
- **(Robust)** Be consistent with and based on scientific evidence
- **(Extensive Coverage)** Cover a relevant spectrum of activities in the field of decarbonization
- **(Actionable)** Based on available and transparent data
- **(Sector-Specific)** Homogeneous metrics to make it easier to understand the challenges faced by each company

What is aimed with the targets set within the scope of the PACTA methodology?

- **Extend the financial support** needed by customers for measuring their progress in decarbonization processes and for their investments in new technology and production methods in this pathway
- **Mitigate the transition risk in the portfolio's** by increasing the weight of exposure with clients aligned with the decarbonization scenarios.
- **Fulfill the transparency commitment** in environmental and social

Emission reduction targets for carbon-intensive sectors

Sector	Emission Scope	Metric	Scenario	Garanti BBVA Baseline (2022)	Reduction Target by 2030
Energy	1+2	kgCO ₂ e/MWh	International Energy Agency Net Zero 2050	388	-72%
Automotive	3	gCO ₂ e/Km	International Energy Agency Net Zero 2050	182	-40%
Iron & Steel	1+2	kgCO ₂ e/Tiron&steel	International Energy Agency Net Zero 2050	1,096	-10%
Cement	1+2	kgCO ₂ e/Tcement	International Energy Agency Net Zero 2050	726	-20%
Coal	-	TLmn	Phase-out of the sector by 2040		

Note: It is important to emphasize that the baseline of these metrics may change, since the sources of information used and the methodology are constantly changing.

performance disclosures that have lately become highly important for the financial sector

Garanti BBVA integrates its sustainability vision founded on combating climate change and inclusive growth in its management strategy and business model through its **Sustainability Policy**. Also aligned with the strategy of the BBVA Group, the policy is updated annually in view of scientific developments and social needs.

Monitoring the Bank's short-, medium- and long-term targets in accordance with the sustainability strategy, **Responsible Banking and Sustainability Committee** met twice in 2022 and assessed the Bank's activities in relation to sustainability and sustainable finance with respect to the UN Principles for Responsible Banking. Targeting to embed its sustainability vision in each structure of its organization, Garanti BBVA also enhanced its sustainability governance in 2022, adopting a **more responsible and**

effective business model with its new organizational structure **that separates the responsibility for sustainability strategy and communication from the mobilization of sustainable financing.** Additionally, working groups set up within various teams such as risk management and purchasing develop sustainability approaches for different units in cooperation with sustainability and responsible banking teams.

EFFECTIVE MANAGEMENT OF SUSTAINABILITY RISKS

Given the increased prevalence of the visible impacts of the climate crisis on social life, all financial sector stakeholders, primarily customers and investors, started placing environmental social and governance (ESG) risks in the focal point of their risk management and governance mechanisms in banking. In 2022, the European Banking Authority (EBA) included **Pillar-III ESG reporting** within legal disclosures, which enables assessment of banks' ESG risks and sustainable finance strategies by

customers and investors, as well as all stakeholders in the financial sector.

Together with its parent BBVA Group, Garanti BBVA started analyzing the resilience of its banking portfolio against the transition and physical risks arising from climate change in 2022.

In 2022, Garanti BBVA studied the following:

- Measuring transition risks by identifying the risks in sectors nonaligned with the Paris Agreement
- Monitoring energy performance of the Bank's real estate collaterals
- Emission intensities of the customers in carbon-intensive sectors (PACTA)
- Physical risk exposure of the Bank's portfolio as a result of climate crisis, and
- Financing directed at activities for mitigating the impacts of climate change (Sustainable Finance).

Garanti BBVA also addresses the risks revealed by these studies in setting the course of its combat against climate

change and the targets of Net-Zero Banking.

It is considered that **physical climate risks** might cause negative impacts in the medium- and long-term upon customers' loan repayment capabilities and financial institutions' activities due to:

- Reduced production capacities of customers resulting from disruptions in transportation and shipping processes or supply chains, and declined revenues due to such reduction.
- Direct loss suffered by Garanti BBVA and customer assets due to climate-related disasters,
- Increased insurance costs,
- Interruption risk in Garanti BBVA's services due to climate-related disasters,
- Potential losses in customer assets or collaterals due to scarce water supply,
- Potential issues in resource utilization due to climate-driven migrations,
- Elevated operational costs.

In this context, Garanti BBVA addresses climate-related physical risks under two headings: acute and chronic.

Climate Risk	Type
Crook/River Overflows	Acute
Flood	Acute
Rising Water Level	Chronic
Hurricane	Acute
Drought	Chronic
Extreme Temperatures	Acute
Fire	Acute

These climate risks are measured using a matrix developed based on the heat map revealing sectoral vulnerabilities and the standing of physical climate risks in customers' locations as defined by internationally accepted data sources. Accordingly, it is considered that:

- **For 2022, it was evaluated how much of the total loan portfolio could be exposed to chronic, acute and both chronic and acute climate risks.** Garanti BBVA already started work towards reducing the exposure of both its customers' activities and its own activities to climate risks.

During 2022, Garanti BBVA also measured physical risks:

- Against drought, extreme precipitation and extreme temperatures under RCP 2.6 and RCP 8.5 climate scenarios for its head office building and branches,
- Against drought, heavy rainfall, extreme temperatures, changes in average temperature, and changes in precipitation amounts under RCP 8.5 climate scenario for its renewables portfolio, and released an action plan.

Physical Climate Risk Assessment for Garanti BBVA report can be found here.

Alignment and actions for Physical Climate Risks can be found at here.

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

Garanti BBVA implemented its Environmental and Social Loan Policies (ESLP) developed to minimize the indirect impact of the Bank's lending activities in 2022; the Bank will continue to apply so carefully in line with its commitments to Environmental and Social Loan Policy and to evaluate and monitor all its customers' compliance in 2023.

Garanti BBVA provides internal training on ESLP with the training video available at Kampüs. 1,001 employees completed the training in the reporting period.

 Current ESLP can be found here.

Garanti BBVA implements an Environmental and Social Impact Assessment Process (ESIAP) within the frame of international best practices to drive improvement across its loan portfolios. This process is totally compliant with international norms and best practices. In addition, the Bank developed the Environmental and Social Impact Assessment Model (ESIAM) to classify projects according to their characteristics, scale, vulnerability, location, and E&S impact and to systematically evaluate them with respect to risk. In this scope, Garanti BBVA ensures that the projects financed by the Bank meeting the defined amounts/transactions satisfy the social and environmental standards required by

legislation and the Bank's policies; that the project owners undertake an impact assessment, and take determined measures, if necessary, and establish effective control mechanisms.

In 2022, 3 projects with a total loan amount of USD 67 million were subjected to the ESIAM process. To date, 88 projects underwent ESIA, and thanks to the action plans based on these assessments, Garanti BBVA minimized the indirect impacts of its lending. 36 site visits were conducted in 2022. Garanti BBVA contributed to improvement of environmental and social performances of various customers and financial institutions by providing 15 briefings about environmental and social issues in 2022.

SUSTAINABILITY INDICES

The positive outcome of Garanti BBVA's effective sustainability structure is manifested with the Bank's successful results in nationally and internationally recognized sustainability indices.

In 2022, Garanti BBVA was the **only company reporting from Türkiye to be included in the Dow Jones Sustainability Index (DJSI) Emerging Markets for the eighth consecutive year.** Integrating sustainability in all its operations and business strategy, the Bank once again reproduced a successful result obtaining a score of 83. Garanti BBVA **achieved the fifth highest score in the global banking sector** in the index that presented stricter assessment criteria this year with the integration of more advanced sustainability issues such as decarbonization targets and financed emissions. Increasing its score **from 75 in 2021 to 83 in 2022, Garanti BBVA endorsed the soundness of its sustainability governance on the international arena as well.**

One of the world's most important reporting programs for transparently disclosing climate change policies and water management strategies, **CDP Climate Program 2022 results placed Garanti BBVA as the only Turkish bank in the Global A List.**

With A- score, the Bank achieved leadership level in the CDP Water Program. In addition to that, the Bank continues to be the main supporter of CDP Türkiye since 2009, which evaluates corporations with respect to their governance structures, risk and opportunity descriptions, business strategies, targets, GHG emissions data and interactions with various stakeholders.

In recognition of its management concept that promotes diversity, Garanti BBVA achieved **its highest score to date on Bloomberg Gender Equality Index 2022 and has become the only company from Türkiye qualifying for the Index for 7 years in a row.**

DJSI - 2022	CDP Climate Change 2022	CDP Water Security 2022	MSCI	Vigeo Eiris	FTSE4Good Index - 2022	Sustainalytics ESG Risk 2022	Bloomberg Gender-Equality Index2022
Scoring Range: 0-100	Scoring Range: A / D-	Scoring Range: A / D-	Scoring Range: AAA - CCC	Scoring Range: 0-100	Scoring Range: 0 - 5	Scoring Range: 0 - 40+	Scoring Range: 0-100
83	A	A-	BBB	45	3.8	23.7	89.06
Only Company From Türkiye In The EM & 5 th Highest Score In Global Banking Sector	Highest Score Among the Banks Reporting From Türkiye	Included in the Index Since 2015			Included in the Index Since 2016	325 th of 1.005 Global Banks	Only Company From Türkiye to be Included in the Index For the 7 th Consecutive Years

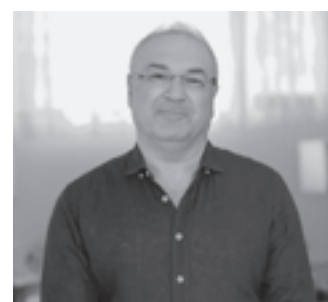
2022 DEVELOPMENTS

Target

Financing low-carbon transition

Action Taken

- In 2022, Garanti BBVA took Net-Zero Banking Alliance (NZBA) commitments one step further and **announced decarbonization targets by 2030 for other carbon-intensive industries including energy, automotive, iron & steel and cement.** These interim targets constitute a key stage in achieving emission targets aligned with net-zero by 2050. The Bank works in cooperation with its parent BBVA Group to measure climate risks and to encourage its customers for green transformation.
- Financing only 100% renewables in greenfield electricity generation projects within the scope of its Project Finance deals since 2014, the Bank continued to support exclusively renewable energy investments in greenfield energy investments in 2022.
- The Bank continues to neutralize its emissions resulting from its operations by purchasing carbon credits in 2021 and 2022, and supports internationally recognized voluntary carbon markets.
- At year-end 2022, the percentage of **green assets** to Project and Acquisition Finance loan portfolio was **25.8%** which corresponds to a total volume of USD 2.5 billion. In this portfolio, the **percentage of green assets to the loans allocated for electricity generation purposes was 55.8%, whereas the green asset ratio of infrastructure projects such as energy, highway, airport, port and healthcare campus projects was 63.8%.**
- The market share of wind power plants (WPPs) and Solar power plants (SPPs), by installed power financed by the Bank is 25.3% and 23.6%, respectively, in 2022. The cumulative financing amount provided to renewable energy investments exceeded USD 6.26 billion.
- In 2022, total avoided emissions of operational renewable power projects, where Garanti BBVA was involved in their financing, were 14.05 million tCO₂e based on the current average grid emission factor for Türkiye.**
 - USD 2.8 billion to Wind Power Projects (WPP) for 2,888 MW current installed capacity, which will reach a total installed capacity of 2,908 MW once fully operational.
 - USD 2.5 billion to Hydropower Projects (HEPP) for 3,677 MW current installed capacity, which are fully operational.
 - USD 266 million to Geothermal Power Plant Projects (GTTP), which will have a total installed capacity of 337 MW once fully operational.
 - USD 559 million to Solar Energy Projects (SPP), which will have a total installed capacity of 2,228 MW once fully operational.
 - USD 134 million to Biomass to Energy Projects, which will have a total installed capacity of 142 MW once fully operational.



Demirer Holding Chairman Önder Demir says:
We started our partnership with Garanti BBVA in 2005. Renewable energy is the energy of the future because fossil fuels are getting more expensive day by day, polluting our world. We will continue our renewable investments with Garanti BBVA.



Scan the QR code to watch the video of Demirer Energy Chairman Önder Demir.

Develop new sustainable practices through partnerships

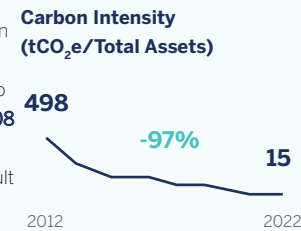
- For many years, Garanti BBVA has been participating in local and international platforms, which allowed for widespread, high-level engagement with the business community, governments, policymakers, and numerous national and international organizations. In this sense, Garanti BBVA is **part of 52 working groups** including the UN Net-Zero Banking Alliance (NZBA), United Nations Working Group of Principles for Responsible Banking, Global Compact Network Türkiye, the Turkish Business Council for Sustainable Development (BCSD Türkiye), the Banks Association of Türkiye Sustainability Working Group and the Turkish Industry and Business Association (TUSIAD) Environment and Climate Change Working Group, and **actively participates in or chairs 29 initiatives in total that include numerous platforms.**

 **The list of supported initiatives can be found here.**

- In addition to following up local and global developments, Garanti BBVA maintains collaborations for the implementation and announcement of these developments in the Turkish market. Following the 27th UN Climate Change Conference of Parties (COP27) that provides the setting for international climate negotiations, Garanti BBVA Executive Vice President for Digital Banking and Client Solutions İşıl Akdemir Evlioğlu hosted the Head of Finance of the Institute of International Finance (IIF) during the panel titled "A Case Study on the Role of the Banking Sector in Sustainable Development in Emerging Markets: Türkiye" at the Turkish Pavilion. In addition to the panel during which the importance of the mobilization of sustainability finance in the Turkish economy and its positive impact on green transformation and inclusive growth were discussed, representatives from the industrial sector addressed green growth approaches and the importance of finance in our country in the panel hosted by TUSIAD (The Turkish Business and Industry Association) titled "The Role of Sustainable Finance in Green Growth", where İşıl Akdemir Evlioğlu was a speaker on behalf of the Bank. The Bank's Sustainability and Sustainable Finance teams closely followed up the COP27 sessions that focused on loss and damage funding for vulnerable countries.
- The **Garanti BBVA Climate Index** Garanti BBVA launched in 2021 in cooperation with CDP Türkiye and Borsa İstanbul includes companies listed on Borsa İstanbul whose most recent score is B- or higher according to the CDP Climate Change report. An additional requirement is that stocks of companies included in the index must have averaged a minimum daily trading volume of TL 10 million in the past 6-month period. **The number of companies included in the index in 2022 reached 46.** Garanti BBVA Asset Management Garanti BBVA Climate Index Equity Fund that will be introduced in 2023 based on the companies on the Index is intended to promote increased investments in companies with a high climate performance and to contribute to the natural and cultural heritage education given to students by ÇEKÜL Tree of Knowledge Education Unit to be carried out with the funds to be transferred to ÇEKÜL Foundation (the Foundation for the Protection and Promotion of the Environment and Cultural Heritage) from the fund's annual management fee.
- In **November 2022**, Garanti BBVA initiated the **"Sustainable Future in Exports"** event series with the aim of supporting companies exporting to the EU in their alignment with the European Green Deal and clearing the way for sustainable investments. The Bank aims to brief especially SMEs, as well as the sectors and institutions that will be affected by the European Green Deal and Carbon Border Adjustment Mechanism about these processes, to answer the questions on minds, and to mobilize institutions by offering advisory on the **"Green Deal"**.
- Garanti BBVA also leads the transformation of the sustainable finance sector in Türkiye. Within this scope, the Bank serves on the **Türkiye Banking and Finance Working Group as a Board of Directors member of Global Compact** with the aim of advancing the existing practices in the financial services sector in Türkiye. In 2017, Garanti BBVA signed the Declaration on Sustainable Finance with 7 other banks from Türkiye, which foresees assessment of environmental and social risks in loan processes and their integration into relevant policies. As one of the first signatories of the Declaration, Garanti BBVA is also actively involved in the annual update of the Declaration on Sustainable Finance upon local and global developments.
- Garanti BBVA participated in the Climate Council** organized in Konya in February 2022 by the Ministry of Environment, Urbanization and Climate Change, Presidency of Climate Change to address Türkiye's new climate change vision in the light of evolving circumstances and to provide an inclusive exhibition of the green transformation concept, and **took place among the members of the Green Finance Commission;** the Bank presented its opinions regarding the development of sustainable finance policies.
- In December 2022, Garanti BBVA Sustainability Unit attended the 12th Development Plan Specialization Commissions Consultation Meetings. During the meetings that dealt with the creation of a financing strategy to strengthen climate adaptation and the impact of climate change on sustainable development, the Bank discussed recent regulatory and policy updates, best practices, corporate organization models and financing, and proposed policies based on its experiences in, and expectations from, the sector.

Manage the environmental impacts of our operations

- During 2022, 839 Garanti BBVA branches and 52 buildings received IREC certification which proves that their 93 GWh electricity need was entirely supplied from renewables. Thus, **43,879 tCO₂ equivalent emissions were avoided** which corresponds to the carbon sink capacity of roughly 2.7 million trees.
- Garanti BBVA Eco-Efficiency Plan released in 2021 covers the Bank's goals for renewable energy consumption and reduction of water consumption. The Bank targets to **source at least 80% of its energy consumption from renewables**, and to reduce water consumption per square meter **each year between 2021 and 2025**.
- In 2021, Garanti BBVA set up the Remote Eye System for limiting electricity consumption at 100 locations through infrastructure monitoring and control. By completing the establishment of the third package in 2022, it reached a total of 300 locations. Thanks to the commissioned system, **22% savings were achieved in electricity consumption in 108 of the Bank's locations compared to the same months of 2019**.
- The Bank has secured a significant reduction in carbon intensity over the years as a result of long-standing efforts in relation to the carbon footprint. **Since the introduction of the ISO 14001 Environmental Management System in 2012, the Bank's carbon intensity decreased by 97%**.
- Garanti BBVA Zincirlikuyu Head Office building is the one and only bank from Türkiye that holds a Platinum certificate in LEED, one of the green building rating systems; Garanti BBVA Kızılay Branch, on the other hand, is the only bank building holding Platinum certificate in the New Buildings category. In addition, Pendik Technology Campus, Sivas Customer Contact Center and Karşıyaka İzmir Building all have LEED Gold certifications.
- In 2022, the Bank earned the Basic Level Zero Waste Certification for its Zincirlikuyu Head Office and Pendik Campus buildings, which is issued by the Ministry of Environment, Urbanization and Climate Change.
- Furthermore, the Bank pledged to reduce and avoid the usage of 318.6 tonnes of plastic by 2023 under its commitment to Business for Plastic Initiative.



Support customers' sustainable growth

Garanti BBVA focuses on supporting sustainable development through its sustainability strategy, and financial instruments offered to customers for combating the climate change and enabling inclusive growth.

- Combating climate crisis
 - Under its cooperation established in 2022 with **Erguvan, a digital carbon credit trading platform**, Garanti BBVA provides its **corporate customers having difficulty in accessing voluntary carbon markets with a carbon credit supply tool** that is direct, transparent, secure and entails low transacting costs. Putting this innovative product into use that allows fast and secure delivery of carbon credits in cooperation with Erguvan, the Bank helps the carbon markets gain increased maturity. Through this partnership, the Bank aims to accelerate the compliance of its corporate customers and particularly exporter customers to the **European Green Deal, the Fit for 55 commitment which is EU's target to reduce GHG emissions by at least 55 per cent by 2030**, and as part thereof, **the subsequent EU Carbon Border Adjustment Mechanism**.
 - Also intending to provide consultancy regarding the impacts of climate change through the services rendered to its customers, Garanti BBVA **started offering carbon footprint and sectoral impact analysis to its corporate customers through its digital channels in 2022**. Using the carbon footprint application, corporate customers can monitor their carbon footprint emissions resulting from their activities and benefit from awareness raising guidance. With the sectoral impact analysis, customers can analyze the impacts of their respective sectors on sustainability at a global scale.
 - Furthermore, Garanti BBVA targets to incite its retail customers to take up habits that positively affect sustainable transformation and help them set themselves social and environmental goals. **"Ecological" tab under the "My Status" section on Garanti BBVA Mobile is intended to raise awareness of customers by allowing them to monitor their carbon footprint**, while providing helpful tips and suggestions to help them reduce their footprints. The Bank intends to leverage its technological capabilities towards positively impacting the society and contribute the sustainable development of the world.
- Inclusive Growth

Garanti BBVA has long been addressing entrepreneurs as an individual customer group within the frame of inclusive growth that makes the other main heading of its sustainability strategy.

 The Bank's actions in this department can be found on page 140-141 of the Report.

SUSTAINABLE FINANCE

Garanti BBVA diversifies the financial instruments provided for **low carbon and inclusive growth**, and continues to cooperate with international financial institutions for low-cost funding. Drawing on its intellectual capital, the Bank introduces worldwide pioneering applications and innovative financial resources that incorporate sustainable finance criteria.

The BBVA Group, the Bank's principal shareholder, **doubled** its sustainable financing target from EUR 100 billion it declared in 2018 to EUR 200 billion in 2021 in parallel with its climate change and sustainable development strategy aligned with the Paris Agreement. Being already ahead of its goals in 2022, the

BBVA Group revised the 2025 goal for a second time, tripling the original amount to EUR 300 billion. This pledge is intended 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 the goal of bringing the age of opportunity to everyone. Pledging to contribute increasing amounts of financing in parallel with the BBVA Group's sustainable finance target, **Garanti BBVA aims to allocate funds totaling TL 150 billion for financing sustainable activities between the years 2018 and 2025 for combating climate crisis and for sustainable development.**

Putting the emphasis particularly on all areas of production from agriculture

to industry, Garanti BBVA extends support to the SMEs in all sectors for the financing of solar power plants (SPP), hydropower plants (HEPP), geothermal power plants (GTPP), wind power plants (WPP) and Biomass/Biogas to Energy plants. The Bank also took part in the financing of waste water treatment facility investments by its customers from any sector, which is critical to the fight against environmental pollution. Besides the financial support extended to its customers, the Bank also provides cooperation opportunities to startups engaged in this area and producing innovative solutions. As a key player in Türkiye's sustainable development, Garanti BBVA was also granted the Best Investment Bank in Türkiye for Sustainable Finance award by Global Economics for three consecutive years.

Target

Borrowings

Action Taken

With the syndicated loan linked to sustainability criteria utilized in 2020, which was a first in the world, Garanti BBVA was entitled to a reduction in due interest as it satisfied the performance indicators it has committed for the loan, which were renewable energy use and not financing a greenfield coal-fired thermal power plant. In 2021, both the amount of financing provided increased and the sustainability-linked syndicated loan included a commitment to purchase electricity from renewable sources. In 2022, the syndicated loan was renewed with a commitment to increase financing provided to women and micro-entrepreneurs. The syndicated loan, which consisted of two tranches for USD 283.5 million and EUR 290.5 million with a maturity of 367 days, was participated by 30 banks from 16 countries. Under the facility that had a rollover ratio of 125.12% and was renewed 100%, Garanti BBVA's green and social commitments are audited by international independent audit firms on the test dates.

Mutual and Pension Funds

In this period of greater importance acquired by sustainable investments, public offering of 3 sustainability-themed mutual funds under Garanti BBVA Asset Management roof took place. Total worth of Clean Energy Variable Fund, ESG Sustainability Fund of Funds and Sustainability Equity Fund reached TL 1.7 billion at year-end 2022.

Garanti BBVA Pension's Sustainability Equity Fund was worth TL 1.1 billion as at end-2022.

Launched in 2021, Garanti BBVA Climate Index comprises of the equity stocks of companies listed on Borsa İstanbul, which transparently disclose their climate risks and opportunities in accordance with the CDP (Carbon Disclosure Project) methodology. The Garanti BBVA Asset Management Garanti BBVA Climate Index Equity (TL) Fund will be set up in January 2023, where at least 80% of the total fund value will be invested continuously in issuer shares included in Garanti BBVA Climate Index (GBNIE) and in stock exchange mutual funds established to follow the indices comprised of these shares.

Sustainability-
linked loans

Having joined among the ranks of key products in sustainable finance, sustainability-linked loan structures continue to evolve. These loans allow creation of more concrete impacts by their customizable flexible structures, integration of sustainability within the decision mechanism and consideration of strategic priorities.

By the end of 2022, Garanti BBVA's total financing in the form of sustainability-linked loan structures amounted to TL 3.3 billion.

- The Bank's climate finance contribution, which was verified by a third party independent audit, amounted to TL 10.8 billion.
- Sustainable finance products provided for investments and acquisitions in the areas of **waste management, recycling and circular economy** implementations surpassed TL 3.9 billion in 2022.
- In 2022, the Bank introduced its new sustainability-themed package developed for supporting its customers, mainly the SMEs, that will be **impacted by the European Green Deal and Carbon Border Adjustment Mechanism in their exports to EU** in reducing their GHG emissions.
- Garanti BBVA keeps helping the business world contribute to gender equality with its Gender Loan product that is introduced as the world's first in 2019. The first **Gender Loan** was signed with a leading chemicals company for the amount of **USD 33 million**. For this facility, gender equality criteria set by the Sustainable Finance Team are evaluated periodically by a third party.
- Introduced in 2021 as the first of its kind in Türkiye to support an increased prevalence of **hybrid and electric vehicles within the fleets of corporates, the Corporate Green Auto Loan** is intended to lead the companies' transition to more efficient hybrid and electric vehicles at advantageous rates, while contributing to a sustainable future by encouraging replenishment of fleets with environment-friendly vehicles. Total lending in this capacity reached TL 207 million as of year-end 2022.
- Total retail segment lending within the scope of **Environmentally-Friendly Auto Loan** provided for the **financing of hybrid and electric automobiles** exceeded TL 339 million in 2022.
- Türkiye's first Retail Rooftop Solar Power System (SPS) Shopping Loan for customers wishing to make use of solar power in their buildings.
- Environment-Friendly Building Insulation Loan for supporting efficient energy consumption in buildings and promoting insulation investment.
- Electric Bicycle Special Shopping Loan for supporting green transportation theme are available at advantageous rates for the customers.
- Disbursements under the **Green Mortgage** product launched in 2017 to encourage living in green, environment-friendly buildings totaled **TL 214 million** in 2022.
- Agriculture takes one of the top spots among the sectors that will take the most devastating blow from climate change according to the European Environment Agency and makes one of the main subjects in European Green Deal's call-to-action. **The agricultural industry acquired an ever-growing role in the Turkish economy and community employment, besides its significance with respect to the global hunger crisis. Garanti BBVA keeps standing by agricultural establishments during and after production with the financial products it develops to promote industrialization in agriculture and modern and sustainable agriculture in Türkiye.** The Bank provides financing to the SMEs, first and foremost for replenishment of modern irrigation equipment and construction of greenhouses. The Bank targets to be an institution that does not solely establish a credit line for agricultural establishments and farmers, but to be a solution partner that fulfills their needs in the sector, offers suggestions and advisory service. The Bank continues to support the agricultural sector by diversifying its practices such as the **Alternative Production Techniques Loan and the TMO (Turkish Grain Board) Card, as well as Crop and Livestock Loans, Agricultural Machinery and Equipment Loan, and SME Retirement Plan for Farmers** designed to meet the needs of establishments employing alternative agricultural production techniques such as Good Agricultural Practices and Organic Farming that gained prevalence particularly in recent years.
- **Funding provided to support unbanked farmers within the scope of sustainable agriculture and inclusive growth topped TL 170 million** cumulatively on the basis of all business lines as of December 2022.
- Under Social Sustainable Finance Standards, funding for **healthcare infrastructure expenditures amounted to TL 2 billion** in all segments.
- Financing provided to **water efficiency projects in 2022 exceeded TL 30 million TL.**

COMMUNITY INVESTMENTS

Engaged in the banking business with the goal of "bringing the age of opportunity to everyone", Garanti BBVA moves ahead with the target of having a positive impact on the people, businesses, and the society at large at all times in line with its corporate values. Various policies and internal guidelines of the Bank represent its pledge to be a responsible bank and create value over the long term, which it has communicated to all its stakeholders. Released in July 2021 based on the Board of Directors decision, the Corporate Social Responsibility Policy is intended to emphasize the Bank's principles, guidelines and commitments related to corporate social responsibility and adapt

them to the priorities of the Bank and the society.

When setting its strategies for community investment programs, the Bank focuses on social sensitivities and common issues in Türkiye and in the world that overlap with Garanti BBVA's values. In keeping with its responsible banking concept, the Bank prioritizes the society's needs and the stakeholders' expectations from the Bank in a strategically aligned fashion with its core business lines and devises programs that will yield social benefits.

The Bank carries out its activities aimed at contributing value to the society in three focuses of action within the frame

of community investment programs:

- Reducing inequalities and promote inclusive growth
- Education for all
- Frontier knowledge and accessible culture

In addition to these areas on which focus is placed to support inclusive growth, programs are developed to contribute to the fight against the climate change.

Corporate Social Responsibility Policy can be found on www.garantibbvayatirimciiliskileri.com, under Environment, Social and Governance >Policies tab.

Target

Prevent
deforestation

Action Taken

Türkiye's Life: Fire Management Grant Program

Under the Türkiye's Life: Fire Management Grant Program co-launched with WWF-Türkiye in June 2022, we are supporting local civil societies' projects related to forest fires.

The program, which is initiated to mitigate the risk of forest fires that destroy natural life and our people and to be better prepared for possible fires, is intended to extend support to activities of civil society organizations that will carry out local projects under 3 headings:

- Preventive actions and preparations before the fire.
- Active participation in firefighting efforts and disaster management during the fire.
- Restoration of natural/ecological losses and improvement of socioeconomic losses after the fire.

As per Garanti BBVA Environmental and Social Loan Policies Deforestation Impact Management Process, in the financing of new investments such as highways in particular which are linear and expansive, a thorough situation assessment is conducted for projects that are established to pose a high risk as a result of the Environmental and Social Impact Assessment Model assessment with respect to their impact on deforestation, and if an impact is established:

- Forestation Commitment is obtained from the borrower according to the environmental and social risk degree of the project;
- Forestation Commitment incorporates planting of at least 4 or 5 folds of the number of trees affected by the project and ancillary units.

At present, commitments for the **planting of approximately 30 million trees** have been obtained from the borrowers cumulatively and **tree plantation activities are followed up.**



Increasing heat waves and drought due to climate change trigger the increase in fires. Unfortunately, it is the people, nature and our future who suffer the most from this. Within the scope of "Türkiye'nin Canı Yanmasın" support program, 2 projects have moved to the implementation phase. A Türkiye that is more resilient to forest fires is possible together.



Scan the QR code to watch the video of WWF-Türkiye Nature Conservation Director Sedat Kalem.

Prevent marine pollution

Blue Breath

- In cooperation with Turkish Marine Environment Protection Association/ TURMEPA, we are carrying out waste surface cleaning on the Sea of Marmara and awareness trainings on marine cleanliness in the cities in the region since September 2021 with the objective of preventing sea pollution.
- Since September 2021, sea sweepers collected approximately **109 tonnes of solid waste, which were sent for recycling**. The waste collected by sea sweeps corresponds to the waste produced by almost 96 thousand people daily.
- Since September 2021, **1,500 teachers and more than 30,000 students from 146 schools** in Kocaeli, Bursa, İstanbul, Tekirdağ and Çanakkale were reached within the scope of the education program.
- To expand the coverage of the project and to respond to the need arising from the dense yacht tourism in the area, one sea sweeper worked in Adrasan, Antalya from July to October 2022, and prevented approximately 2 tonnes of liquid waste from flowing into the sea over the course of 4 months. As such, it contributed to keeping **19,192,032 liters of seawater** clean.
- Shore cleaning and waste sorting activities were organized in Çanakkale and İstanbul provinces, in which employees took part. Employees volunteered their support to awareness activities targeted at primary school students in relation to environment and oceans on the Blue Breath Training bus stationed in İstanbul and Tekirdağ. During 2022, 48 people benefited from the "Social Responsibility Project Participation" leave offered to support employees' participation in volunteering activities.



As TURMEPA, the solution we take as our mission and see as the most permanent method is "learning not to pollute". The Blue Breath Project creates an important awareness in this regard. With this one-of-a-kind project, we raise awareness in the fight against the climate crisis and encourage the increase of similar projects.



Scan the QR code to watch the video of TURMEPA Corporate Collaborations and Business Development Manager Şebnem Karagürbüz.

Quality education

Teachers Academy Foundation (ÖRAV)

- Established by Garanti BBVA in 2008 with the aim of championing children's right to access quality education by supporting professional and personal development of teachers.
- Continuous development is essential for teachers who play a key role in the social and cultural transformation of societies to be more successful in their professions.
- **Number of teachers reached in 2022: 33,399**
- **Number of teachers reached since 2008: >280,000**
- eKampüs, the remote learning platform of the Teachers Academy Foundation, provides a knowledge/experience sharing platform that can be accessed by all teachers. eKampüs has 65,000 active users.

5 Pebbles: Social and Financial Leadership Program

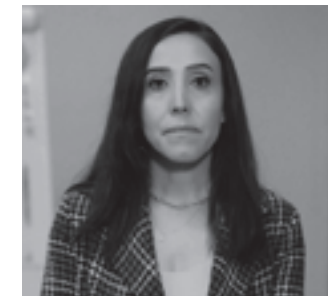
- Implemented since 2016 as a collaborative initiative of Garanti BBVA and the Teachers Academy Foundation, 5 Pebbles: Social and Financial Leadership Program is intended to build on primary and secondary school students' social and financial literacy knowledge, attitudes and skills. While raising the students' awareness of social and financial topics, the ultimate goal is to instill a consciousness of "Good Citizenship".
- **In 2022, 9,760 students and 1,053 teachers were reached.**
- From 2016 to date, more than 2,500 teachers and over 35,000 students were reached.

Teachers without Distance

- The webinar series is carried out to support teachers' digital skills and classroom management skills to ensure more active participation of students in lessons.
- Carried out since **2020 in cooperation with the Teachers Academy Foundation, the series has been instrumental in reaching more than 15,000 teachers** in total.
- In 2022, the program reached 1,939 teachers.

10 Million AI

- In the project conducted by Global AI, programs are conducted to build on the youth's knowledge and skills in artificial intelligence and to strengthen their employability.
- For gender equality purposes, it is targeted to mobilize at least 50% women participants in the program.
- **In 2022, 43,579 youngsters were reached in total (25,531 of them women).**
- Total number of youngsters reached during our support to the program between August 2021-August 2022 is 69,941 (37,374 of them women)



I can say that the Teachers Academy Foundation made significant contributions to my life both professionally and socially. It has been my turning point especially professionally. I think of my career in two parts: before ÖRAV and after ÖRAV.



Scan the QR code to watch Yıldız Paldar teacher's video.

Provide a sustainable environment for research and production of knowledge

Salt

- Founded by Garanti BBVA in 2011 to support the production of knowledge, culture and arts; Salt continues its activities as an innovative and participatory cultural institution that produces unique works.
- Conducts programs such as exhibitions, film screenings, performances, concerts, conferences and workshops on various topics such as art, architecture, design, urban life, and society.
- By producing content that will raise awareness on social issues, Salt helps to increase the quality of information and serves as an open source for everyone.
- Through its diverse archival and research projects, the institution contributes to the memory of Türkiye and its neighboring countries.
- Salt Research archival collections give online access to approximately 2 million documents and resources.
- The library located in Salt's Galata building which is available to its users free of charge five days a week, has a collection of more than 100,000 publications.
- Since its establishment, Salt hosted more than 3 million visitors.



With the sponsorship of our founder Garanti BBVA, we have so far:

- Hosted 3 million visitors with 108 exhibitions and over 1,000 public programs,
- Reached 6 million users via our digital archive; offered service to more than 500,000 people at our specialized library,
- Extended support to 68 researchers through Salt Research Funds.



Scan the QR code to watch the video of Salt General Manager Deniz Ova.

Long-lived projects in music that contribute to the society's vision

- Uninterrupted support is extended to **Istanbul Jazz Festival** as the festival sponsor since 1997. One of the leading sponsors of jazz music in Türkiye, the Bank sustains its support in this area since 1994. Having extended support to Istanbul Jazz Festival organized by the Istanbul Foundation for Culture and Arts in 1994, Garanti BBVA decided to carry on with its support as the Festival Sponsor from 1997. Having become an indispensable part of the city's life and named among Europe's select jazz festivals, Istanbul Jazz Festival has brought numerous famous artists to music lovers including, among others, Sting, Björk, Simply Red, Buena Vista Social Club Feat, İbrahim Ferrer, Bryan Ferry, Lenny Kravitz, George Benson, Chick Corea, Melody Gardot, Grace Jones, Buika, Lisa Ekdahl, and Marcus Miller.
- The Bank brings invaluable artists together with music lovers with the support it extends to concerts held at IF Performance Beşiktaş, Salon IKSİV, Nardis Jazz Club, and Zorlu PS, four of Istanbul's most important musical performance venues.
- On the UNESCO-declared International Jazz Day celebrated on April 30th every year, Garanti BBVA keeps celebrating the occasion with the most colorful concerts in the city under the tagline "**One Night Five Concerts**".



Garanti BBVA is involved in long-lived projects that contribute to the society's vision in music. The festival's sponsor since 1997, the Bank has been extending support uninterruptedly to Istanbul Jazz Festival and is being instrumental in bringing music lovers together with valuable artists.



Scan the QR code to watch the 25 Years of Music video.

Support to Turkish basketball in keeping with the principle of permanent and sustainable contribution to the society

Garanti BBVA has been extending support to **Turkish basketball since 2001**.

In close cooperation with the Turkish Basketball Federation, Garanti BBVA has so far made significant contributions to basketball over a broad scale extending from 12 Giant Men Basketball Academies to youth setup national teams, National Women's and Men's Teams.

Believing that these contributions created a permanent value in the society and social life, Garanti BBVA has also become the sponsor of National Women's and Men's Wheelchair Teams. Accordingly, the Bank has been supporting:

- 12 Giant Men (National Men's Basketball Team) since 2001,
- Pixies of the Court (National Women's Basketball Team) since 2005,
- 12 Brave Hearts (National Men's Wheelchair Basketball Team) since 2013, and
- 12 Magical Wrists (National Women's Wheelchair Basketball Team) since 2013.
- With the inspiration drawn from the 12 Giant Men, the 12 Giant Men Basketball Academies project is intended to scout and train the 12 Giant Men and Pixies of the Court of the future.



Garanti BBVA has been playing a significant role for 22 years in promoting basketball in our country by contributing to the recognition of our national team, our players and schedule through advertising films, composing songs for our teams and sung by the crowds during the games, and preparing numerous communication campaigns



Scan the QR code to watch the video of Selin Erdoğan, Marketing Director of the Turkish Basketball Federation.

Contribute to change by raising awareness on gender equality

- We carry out the EsiBiz project since the beginning of 2022 in order to contribute to change by raising awareness on gender equality.
- With the Mother Child Education Foundation (in Turkish: ACEV)'s social initiative Equality Matters (in Turkish: EsiTliĝe Deĝer), we aim to raise awareness among all our bank employees with the training.
- In 2022, 12,168 Garanti BBVA employees completed the "Equality Awareness Training" training.
- In cooperation with ÖRAV we aim to raise and strengthen teachers' awareness on gender equality and to carry out a holistic program that will enable them to work with students.
- ÖRAV's "Supporting Social and Emotional Skills in Preschool Education" reached 1,147 teachers, and indirectly, 16,770 students in 2022.

2023 PRIORITIES

- **Build on advisory services and activities related to sustainability and sustainable finance** offered to customers
- Propagate **sustainable solutions in retail and SME customer segments**
- Raise increased internal awareness to prevent **greenwashing** and establish additional control mechanisms
- Integrate ESG assessments in the Bank's activities with external stakeholders
- Review the alignment of Garanti BBVA's environmental and social loan policies to most up-to-date and comprehensive national and international legislation and standards in accordance with the Bank's sustainability targets
- Support development of national and international policies
- Develop sustainability data governance systems
- Broaden sustainability-linked product portfolio
- Set targets in line with our inclusive growth goal
- **Disclose interim targets and determine strategies for financing carbon-intensive sectors based on Garanti BBVA Net Zero Banking pathway**
- Analyze and manage the climate-related physical risk exposure of the Bank's portfolio
- Raise increased awareness of climate risks among customers in particular and the society in general

Risk Drivers	Opportunity Drivers	Garanti BBVA's Approach
Climate maladaptation	Green growth options	<ul style="list-style-type: none"> • Constantly broaden sustainable finance products range. • Set short-, medium- and long-term goals for combating climate change and inclusive growth targets. • Support customers' combat against climate change acting as an advisor. • Environmental and Social Credit Policies ensure effective management of the positive and negative effects of the Bank's financing transactions. Support the sustainable business model via sustainability governance model integrated in the Bank's different units. • Collaborate with public institutions and organizations to develop sustainable economy and sectoral policies.
Drought and water scarcity	Emergence of New Business Opportunities	
Biodiversity loss	Increased conscious and responsible consumer behaviors	
Increased air pollution in cities	More sustainability-focused national and international policies	
Depletion of natural resources	Enhanced awareness of climate crisis risks	
Energy crisis	Expansion of electrification	
Disrupted global supply chain	Development of new energy technologies	
Food and water security	Development of the carbon market	
Ecological Engineering	Increased resources allocated to R&D	
Population density and its impacts on public health	Accessibility of sustainability data through digitalization	
Socioeconomic inequality	Development of new insurance risk management methods	
High cost of living	Increased diversity of financial products	
Natural disaster and extreme weather	Expansion of energy-efficient structures	
Environmental accidents	Increased means for recycling	