

General Policy on Sustainability

Garanti BBVA

Istanbul, November 2022

No. : Version no.: Version date:

Estimated date of next review:

Issuing Area:

Scope application:

of

Responsible party:

Tag(s) :

General Policy on Sustainability

Contents

1. Introduction	4
2. Definition, purpose and scope of application	5
Purpose	5
Scope of application	5
3. General principles	6
4. Policy provisions/guidelines	7
5. Governance and monitoring model	9
Glossary	11
Change Log	13

1. Introduction

1.1. Sustainability as a strategic priority

In 2019, Garanti BBVA (hereafter, "Garanti BBVA" or "The Bank") defined six strategic priorities, one of which is "helping our clients transition toward a sustainable future."

The fight against climate change is one of the greatest disruptions in history, with extraordinary economic consequences to which all players in our environment (governments, regulators, businesses, consumers and the whole of society) have to adapt.

Climate change and the transition to a low-carbon economy have significant implications for the value chains of most productive sectors, and may require significant investment in many industries. However, technological advances around energy efficiency, renewable energy, efficient mobility and the circular economy are a source of new opportunities for all.

On the other hand, clients, markets and society as a whole not only expect large companies to create value, but also to contribute positively to society. In particular, they are expected to ensure that their operations' boost to economic development is inclusive.

Garanti BBVA is aware of the outstanding role of banking in this transition to a more sustainable world through its financial activity, has adhered to the Principles for Responsible Banking promoted by the United Nations, and is willing to play a relevant role, as demanded by society, and assist its clients in their transition to that sustainable future.

Also, the Bank will ensure that its activity is carried out in accordance with a set of values, principles, criteria and attitudes aimed at achieving sustained value for shareholders, employees, customers and for the society as a whole, and will promote the implementation and development of ethical principles based on integrity and transparency.

With a view to shaping this aspiration clearly and precisely, this Policy aims to set forth Garanti BBVA's vision and general principles for the approach to sustainability in the Bank (the "Policy").

1.2. Regulatory framework

This Policy was approved by Garanti BBVA's Board of Directors on November 3, 2022, as provided for in: The Capital Markets Board of Turkey ("CMB") has made amendments regarding the publicly held

companies to fulfill their obligation to make a disclosure to the stakeholders within the framework of the sustainability principles compliance, with the Communiqué numbered II-17.1.a on Amendment of the Communiqué on Corporate Governance numbered II-17.1.1

2. Purpose and scope of application

Purpose

- 2.1 In order to implement the matters specified in the preceding paragraph, this Policy defines and establishes certain principles and main objectives which are designed according to the Bank's sustainability endeavors.

Garanti BBVA has set itself the priority of "helping our clients transition to a sustainable future," taking inspiration from the Sustainable Development Goals (the "SDGs") adopted by the United Nations, and from other supranational agencies that promote sustainable development and are a global benchmark with a focus on climate change and inclusive and sustainable social development.

This Policy defines and sets out the general principles, and the main management and control objectives and guidelines to be followed by the Bank in sustainable development. As per United Nations' definition, Garanti BBVA understands sustainable development as meeting the needs of the present generation without compromising the ability of future generations to meet their own needs. Sustainable development has emerged as the guiding principle for long-term global development, seeking to achieve, in a balanced way, economic development, social development and environmental protection. Garanti BBVA faces the challenge of sustainable development from a holistic perspective. The Bank is aware that, in line with our purpose of "to bring the age of opportunity to everyone," we aim to generate a positive impact through the activities of our clients, our own activity, as well as our relationship and commitments to society.

Scope of application

- 2.2. This Policy will serve as a frame of reference when establishing and developing local or sectoral corporate governance policies and systems within the Bank, which will be consistent and in line with it.

In any case, when applying this Policy, consideration shall be taken of the nature, scale and complexity of the risks inherent in the business model and the operations carried out by each Bank entity,

as well as respect for any applicable local and sectoral regulations.

Finally, this Policy will replace the Corporate Social Responsibility Policy in relation to sustainability, in particular regarding environmental and inclusive and sustainable social development matters. The Bank's activities on community investment and on social matters that are not linked to financial activity will remain regulated under the corporate social responsibility policy approved by the Board of Directors.

3. General principles

3.1 Garanti BBVA carries out its activities based on the principles of:

- Integrity
- Prudence in risk management
- Transparency
- Achieving a profitable and sustainable long-term business.
- Creating long-term value for all stakeholders.
- Compliance with applicable law at any given time.

3.2 In this context, this Policy establishes the following principles:

- It will fully implement all the rules and principles it has committed to, in order to support sustainable development.
- It will support clients in their transition to sustainable business models, acting as a leverage that enhances such behaviors or actions.
- It will incorporate progressively sustainability into the day-to-day activities of its business and operations.
- It will incorporate progressively climate change opportunities and risks into its strategy, processes and risk management, It will ensure to consider the direct and indirect environmental and social impact generated by its operations, in particular as refers to the climate, will progressively align its lending activity with the objectives of the Paris Agreement and the Principles for Responsible Banking promoted by the United Nations.

- It will lead its peers by example, setting renewable energy consumption targets and reducing carbon emissions in the performance of its own activities.
- It will encourage the involvement of all stakeholders, in order to gather information about their expectations and collectively promote a bigger role for the financial industry in sustainable development.

4. Policy provisions/guidelines

4.1. Sustainability focal points

The Bank's sustainability efforts will have the following two main focal points: (i) climate change and increasing climate awareness, and (ii) inclusive and sustainable social development. Also, the Bank will set priorities in both areas by taking inspiration from the United Nations' 2030 Agenda for Sustainable Development, in particular the SDGs in which it believes it can have the greatest impact.

The Bank's priorities in these areas will initially be as follows:

With respect to climate change and increasing climate awareness:

- Energy efficiency.
- Circular economy.
- Reduction of carbon emissions.

With regard to inclusive and sustainable social development:

- Facilitation of access to financial services to people who do not use banking services, offering basic digital solutions.
- Inclusive infrastructure, including basic services and transportation systems.
- Support for entrepreneurs, and promotion of economic growth and full and productive employment

4.2. The Bank's sustainability goals

Garanti BBVA considers sustainability in all its day-to-day operations and everything else it does, both in relation to its clients and its internal processes. As such, devising and executing the sustainability strategy is an organization-wide effort, and all Bank are as must include it progressively in their strategy agenda and work dynamics. Taking into account the two main sustainability focal points of action described in the previous section, the Bank will have specific sustainability goals (the "Bank's Sustainability

Goals"), which are the following at the date this Policy was drawn up:

1. To promote the development of sustainable solutions: Identify opportunities, develop sustainable products and offer advice to individual and business clients.
2. To integrate sustainability risk into its processes: Integrate risks associated with climate change (physical or transition) into the Bank's risk management processes.
3. To establish a single agenda with stakeholders: Promote transparency about our commitments and performance, protect our direct impact and foster the active involvement with all our stakeholders to promote sustainability in the financial sector.
4. To develop new skills in sustainability: Leverage the Bank's data and technology capacities to foster the development of the sustainability strategy within the organization, and to promote related training for employees. These goals materialize in various lines of work, to be executed by the areas, under the oversight of the local work stream managers, such as Client Solutions, Corporate & Investment Banking, Risk Management etc. These work stream managers also generate knowledge in the field of sustainability within the Bank so as to offer advice to clients and support the areas in developing new sustainability value propositions, integrate climate risks into risk management, draw up a public sustainability agenda and set sustainability standards.

The 12 work streams working on materializing sustainability goals and their areas are the following:

#	Goals	Workstream	Garanti BBVA - Workstream members
1	Growth	Clients Retail	Consumer Finance SME Banking
2	Growth	Clients Enterprises	Commercial Customer Solutions Commercial Banking
3	Growth	Clients CIB	Sustainable Finance / IB&F Other / IB&F
4	Growth	Communication & Marketing	Corporate Brand Management and Marketing Communications

5	Growth	Social	Sustainable Finance / IB&F Responsible Business / Sustainability Unit Other
6	Risk	Risk Management	Commercial Loans Risk Projects Sustainable Finance / IB&F Sustainability Unit Data and Advanced Analytics / Technology
7	Risk	Sustainability Standards	Sustainability Unit
8	Stakeholders	Reporting & Transparency	Sustainability Unit Investor Relations
9	Stakeholders	Direct Impact	Real Estate Sustainability Unit
10	Stakeholders	Public Engagement	Sustainability Unit
11	Capabilities	Data & Technology	Sustainability Unit Data and Advanced Analytics / Technology Organization and Process Development
12	Capabilities	Talent	Talent & Culture Sustainability Unit Training

The Sustainability Team, working within the Sustainability unit, is responsible for promoting and coordinating the Bank's sustainability initiatives. The Responsible Banking and Sustainability Committee, composed of all relevant members of Top Leadership, along with relevant Heads of Departments, the CEO and a Board Member, discusses strategic priorities regarding sustainability, environmental, social and governance issues by managing efficiency of sustainable activities, and reviews sustainable finance activities on a regular basis.

5. Governance and monitoring model

- 5.1 This Policy was approved by the Board of Directors on 03/11/2022, and enters into force at the time of its approval.
- 5.2. The Policy has been prepared and coordinated by the Sustainability Unit, in collaboration with the Sustainability and Responsible Banking teams, within the scope of their respective remits.
- 5.3. The person responsible for the local area of Customer Solutions and Digital Banking Executive Vice President will be responsible for this Policy at the executive level. As such, they will be charged with submitting the Policy for approval, publishing it and promoting awareness of it on the part of persons subject to it, and, where appropriate, extending it to the applicable subsidiaries within Garanti BBVA.
- 5.4. The person responsible for the Policy will identify its degree of application, based on the information provided by those responsible for the areas to which it applies, and will adopt any necessary measures in the event it is not being applied properly, reporting this accordingly.
- 5.5. For their part, those responsible for the areas affected by the Policy will provide, in their respective areas of responsibility and where appropriate, sufficient means, systems and organisation to facilitate compliance with the same.
- 5.6. The degree of compliance with this Policy and the development thereof will be monitored in accordance with the Internal Control Model. The various control functions of Garanti BBVA will cooperate actively and regularly in monitoring the application of this Policy, in accordance with the powers vested in them.
- 5.7. The Board of Directors, as the highest supervisory body in the Company, will, directly or through the Responsible Business and Sustainability Committee, periodically monitor the implementation of the Policy through the Internal Audit or the control functions within the BBVA, on the on the basis of periodic or ad-hoc reports from the Sustainability Director, Sustainability team, Responsible Business team and managers of the Bank's areas that will incorporate sustainability into their day-to-day businesses and operations and, where appropriate, the managers of Garanti BBVA's control functions.
- 5.8 At least once a year, or in response to any events requiring changes to this Policy, the Sustainability Unit will proceed to review the Policy and submit any updates or amendments deemed necessary or desirable at any given time to the Corporate Bodies of Garanti BBVA.

- 5.9. The consequences of non-compliance with the provisions of this Policy or other relevant Internal Regulations will be evaluated.
- 5.10. Any persons having knowledge, an indication or a suspicion of an action or situation related to the Company which, although not within the scope of their responsibility, may contravene this Policy, the Internal Regulations implementing the same or established values and guidelines must communicate such matter through the appropriate channels, which include, in all cases, the Whistleblowing Channel as per the steps specified in the Code of Conduct.

Glossary

BBVA, the Company or the Bank: Banco Bilbao Vizcaya Argentaria, S.A., as the parent company of the BBVA Group.

BBVA Group: An international financial group comprised of BBVA, as the parent company, and other legally distinct companies and branches, principally dedicated to the performance of banking activities and other activities directly or indirectly related thereto.

Subject Entity: BBVA and all companies that form part of the BBVA Group for purposes of prudential consolidation and with respect to which the Bank exercises control over management, which are within the scope of application of this Policy.

Corporate Bodies: For purposes of this Policy, BBVA's Board of Directors and its Committees.

Extension to subsidiaries: A set of mechanisms for approving and applying a Group-wide General Policy, Standard or Procedure to a subsidiary. There are two such mechanisms: Accession and transposition.

Subsidiaries: All companies that make up the BBVA Group with respect to which the Bank exercises control over management.

Head of Area: The persons heading the following areas: Corporate & Investment Banking, Country Monitoring, Client Solutions, Finance, Global Risk Management, Engineering & Organization, Talent & Culture, Data, Strategy & M&A, Communications & Responsible Business, Legal, General Secretariat, Regulation & Internal Control and Internal Audit.

Head of Local Area: Applies to persons carrying out Head of Area-equivalent roles at the level of the Group's subsidiaries. Where there is no role at the local subsidiary level that is equivalent to that of a global Head of Area, the Country Manager or CEO of the subsidiary

may act and assume the responsibilities assigned to the Head of Local Area in this Standard or designate any person it deems appropriate for such purpose.

General Management and Control Framework: As set out in the Internal Regulation Framework, the Corporate Bodies have provided the Group with a set of general policies and basic guidelines relating to management and control which chiefly include key prospective strategic decisions (such as the Strategic Plan, Risk Appetite Framework, Budget, Capital Plan and Liquidity and Financing Plan) comprising the General Management and Control Framework.

Standards: In accordance with the terms of the Internal Regulation Framework, the Standards are designed to implement, at the executive level, General Policies or other specific aspects of the General Management and Control Framework such as general management guidelines, defining the management and control models applicable in each case as well as the responsibilities of those involved to ensure that they are properly fulfilled. Per Internal Regulation Standard 16/18, it is possible for Standards to be established that do not directly proceed from the General Management and Control Framework, provided always that they are consistent with such Framework and with the Internal Regulation.

Procedures: In accordance with the terms of the Internal Regulation Framework, Procedures are designed to implement, at the executive level, General Policies, Standards or other aspects of the General Management and Control Framework, defining the components of the processes that are required to ensure that they are properly fulfilled. Their scope of application will be specific to each area, although they may impact specific units in other areas that are involved in the corresponding process. It is possible for Procedures to be established that do not directly proceed from Standards or the General Management and Control Framework, provided always that they are consistent with such Framework and with the Internal Regulation.

General Policies: In accordance with the terms of the Internal Regulation Framework, the General Policies are designed to establish the general principles, objectives and main management and control guidelines to be followed by the BBVA Group in its various areas of action and, in addition to forming part of the General Management and Control Framework, may define or implement specific aspects of the same.

Internal Regulation: In accordance with the terms of the Internal Regulation Framework, Internal Regulation is understood to mean all mandatory, non-temporary provisions that establish a framework for

action applicable to the people, areas and businesses that make up the BBVA Group and that are approved internally, whether for purposes of implementing the General Management and Control Framework, meeting regulatory or supervisory requirements or regulating the organisation and operation of a particular area of activity.

Transposition: Subsidiary extension mechanism that consists of adopting a Group-wide General Policy, Standard or Procedure through the inclusion of particular provisions required by the subsidiary, ensuring that they are aligned with the corresponding Internal Regulation.

Change Log

Date	Description of the change	Author
09/09/2021	■ New publication	Investment Banking and Finance Directorate
03/11/2022	■ The update process is carried out within the scope of compliance with the Internal Regulation Standard and pursuant to the Bank's organizational structure.	Sustainability Unit
	■	
	■	