Sustainable Finance Disclosure Regulation (SFDR)

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on disclosure about sustainability in the financial sector (the "Sustainable Finance Disclosure Regulation") has direct force in all European Member States.

Garanti BBVA International (GBI) provides investment advice to designated clients concerning financial instruments and asset allocations, which activities fall partly within the scope of SFDR. As a result, pursuant to SFDR GBI discloses information on the following items:

- are sustainability risks taken into account in providing the investment services?
- are the main adverse effects of investment decisions on sustainability factors considered?
- are sustainability risks taken into account in the Remuneration Policy?

Taking sustainability risks into account in providing investment services

GBI recognizes that events or circumstances of an environmental, social or governance nature (ESG), if they occur, can have an actual or potential significant adverse effect on the value of an investment. These are referred to as sustainability risks. GBI has established an Investment Committee to evaluate the risks of the investment proposals. Among others, sustainability risks are taken into account by the Investment Committee while performing such evaluation and integrated in the GBI's decision making process.

Considering the main adverse effects of investment services on sustainability factors

GBI does not focus on what the effects of its investment services (could) be on sustainability factors and GBI does not produce a yearly so-called "principle adverse sustainability impacts statement".

This is for the following reasons:

- The objective of GBI is to provide investment advice to professional clients only in relation to financial instruments (not all qualifying as financial product within the meaning of SFDR) and asset allocation at an acceptable risk on the terms and conditions as pre agreed with its customers. Managing to avoid adverse effects on sustainability factors is not part of the objective nor requested by its clients.
- The detailed rules which would have to be taken into account to produce such statement are not proportionate for GBI, given the type of investment services provided and the expectations of clients with respect thereto.

Reconsideration of the foregoing may become relevant in various circumstances, for example if GBI's Investment Services and Activities Procedure is adjusted or if our clients will request for a principle adverse impact statement.

Taking sustainability risks into account in remuneration policy

The Remuneration Policy is consistent with the integration of sustainability risks. Variable remuneration of each staff member is based on criteria which encompass relevant organizational, risk management and governance policies and processes of GBI, which integrate sustainability risks.