

What is the Meaning of Finance Being Sustainable?

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Click/scan to watch the video and for information about our strategy, actions and contribution to Sustainable Development Goals.

Impact

TL 60 billion total contribution to sustainable development

Sustainability

Contribution

Contribution to 16 Sustainable Development Goals, 59 Targets

Sustainability

Success

The target of becoming a carbon-neutral bank achieved 15 years earlier

Sustainability

Decisiveness

100% share of renewable energy in new energy production financing since 2014

Sustainability

Sustainability

7,019 28 min 14 sustainable

Related Topics	Value Drivers	Indicators	2020	2021
#2 CORPORATE GOVERNANCE AND STRONG MANAGEMENT OF ALL RISKS	AS A LEADING BANK IN SUSTAINABILITY, TO POSITIVELY INFLUENCE CUSTOMERS, DECISION-MAKERS AND THE SECTOR, AND TO CONTINUE TO SUPPORT RAISING AWARENESS	Participation in sustainability related initiatives and memberships	27	29
		Engagement platforms	44	48
		Number of sustainability indices in which Garanti BBVA is included	10	10
		Number of Policies/Position Papers Garanti BBVA contributed	11	15
		Environmental and Social workshops and conferences	7	8
		Topics addressed/discussed in workshops and conferences	22	25
		Contribution to Sustainable Development (TL billion, cumulative)	51	60
		Number of focus areas for community investment programs	4	4
		Contribution in community investment programs (TL million)*	60	43.6
		SME initiatives (including applications and events)	5	8
#9 CLIMATE CHANGE: OPPORTUNITIES AND RISKS	FOCUS ON COMMUNITY INVESTMENT PROGRAMS WHICH DELIVER IMPACTFUL OUTCOMES ON MATERIAL ISSUES AND OBSERVE IMPACT INVESTMENT PRINCIPLES	Women Entrepreneurs encouraged to apply to Woman Entrepreneur Awards (cumulative)	39,750	41,571
		Women who participated in woman entrepreneurship events and whom Garanti BBVA helped raise increased financial awareness (cumulative)	8,500	10,435
		Market share in wind power plants (WPP)	24.7%	22.5%
		Coal-related exposure of the bank's portfolio**	2.15%	2.12%
#11 FINANCIAL HEALTH AND ADVICE	OBSERVE CLIMATE CHANGE-RELATED RISKS AND OPPORTUNITIES; INTEGRATE THEM INTO OUR BUSINESS PROCESSES AND RISK POLICIES	Renewable energy projects in greenfield energy generation portfolio (in new PF commitments)	100%	100%
		Total Sustainability Funds utilized from IFIs (USD million)	1,359	1,722
		Number of sustainable products/loan	43	50
#12 INCLUSIVE GROWTH (CONTRIBUTION TO SOCIETY, ENTREPRENEURSHIP, FINANCIAL INCLUSION, FINANCIAL EDUCATION)	TO INCREASE OUR SUSTAINABLE PRODUCT RANGE THAT WE OFFER TO OUR CUSTOMER AND USE OF THESE PRODUCTS			

* Management Expenses are not included in the specified amount.
 ** Since new energy generation investments are provided to 100% renewable energy projects, Scope 3 emissions monitored in this context are 0. This performance indicator has been updated this year with the coal risk indicator in the entire bank portfolio.

Contributed Sustainable Development Goals












Further information can be found in the [Contribution to Sustainable Development Goals and Targets](#) section.

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. 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.

Garanti BBVA diversifies the financial instruments provided for **low carbon and inclusive growth**, and cooperates 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.

Garanti BBVA actively contributes to 16 goals and 59 targets within the scope of Sustainable Development Goals and Targets.

It is among the various goals of Garanti BBVA to support the **growth and resilience of SMEs, women entrepreneurs and startups**, who are key to sustainable development of the economy, and help them improve their environmental, social and ethical performance, besides producing solutions for their financial needs.

By focusing on responsible and sustainable development, **Garanti BBVA actively contributes to 16 goals and 59 targets within the scope of Sustainable Development Goals and Targets.**

INTRODUCE 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 **48 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 Financial Sector Role in Sustainable Growth 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.

You can access the initiatives supported by Garanti BBVA under the Supported Initiatives section of the Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com.

WHAT WE DID IN 2021

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 **26th UN Climate Change Conference of Parties (COP26)** that was scene to the most crucial climate negotiations since the **Paris Agreement**, Garanti BBVA co-hosted the **Climate Finance Workshop** with the **Institute of International Finance (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 **mobilization of climate finance within the Turkish economy.**

In an effort to **mobilize the local sustainable finance market**, Garanti BBVA launched the **Garanti BBVA Climate Index** in cooperation with **CDPTürkiye** and **Borsa İstanbul** in 2021. Through the Climate Index partnership, Garanti BBVA aims to encourage increased **transparency** of companies regarding **climate-related**

risks and opportunities, and to propel **sustainability-oriented investment** perception and **accountability**. Borsa İstanbul handles the calculation of the index where companies to be included are determined based on their **CDP Climate Change scores**, and ensures continuity and dissemination of index data by data distribution companies. With this partnership, as the index and index-linked funds developed, the aim is to **incentive** companies to work towards qualifying for inclusion in the index, and to **increase in awareness and public disclosures of climate change-related issues of businesses in Türkiye**.

Drawing on its knowledge and experience, Garanti BBVA actively shares the opportunities brought by sustainability with its stakeholders local and international platforms. **Ebru Dildar Edin**, Garanti BBVA Executive Vice President responsible for Corporate, Investment Banking and Global Markets, continued to serve as the **Chair of BCSD Türkiye** in 2021.

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.

UNEP FI Principles for Responsible Banking Impact Report can be found under [Download Center page on Garanti BBVA 2021 Integrated Annual Report website at **www.garantibbvafaaliyetraporu.com**](#).

Garanti BBVA also **leads the transformation** of the sustainable finance sector in Türkiye. Within this scope, the Bank serves as the **co-leader** of **Global Compact Network Türkiye's Banking and Finance Working Group** 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**, which foresees assessment of environmental and social risks in loan processes in Türkiye and their integration

into relevant policies. As the co-chair of the working group and 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. In its 2021 update, the scope and sphere of influence of the Declaration were broadened through incorporation of **innovative sustainable finance principles** as well as **consideration of environmental and social impact in credit evaluation processes**.

Leading the innovative steps Garanti BBVA has been taking in relation to sustainability within the frame of all these pioneering initiatives, Garanti BBVA **Executive Vice President responsible for Corporate, Investment Banking and Global Markets Ebru Dildar Edin** has been named **'Investment Leader of the Year'** at the **2021 Sustainable Investment Awards** hosted by **Environmental Finance**.

Garanti BBVA was also granted the "Best Bank for Sustainable Finance in Türkiye" and "Best Investment Bank in Türkiye" awards by Global Economics in 2021.

As a key player in Türkiye's sustainable development, Garanti BBVA was also granted the **"Best Bank for Sustainable Finance in Türkiye"** and **"Best Investment Bank in Türkiye"** awards by **Global Economics** in 2021. With **the first syndication loan obtained by any bank in the world linked to a bank's ESG criteria** in May 2020, the Bank was recognized with an award in the **"ESG/Sustainable Finance Deal of the Year"** category at the **Bonds & Loans Türkiye Awards 2021**.

OUTLOOK

In line with its target of being a carbon-neutral continent by 2050, the European Union announced the **European Green Deal** in 2019. Incorporating binding stipulations for Türkiye that has intensive trade relationships with the European Union, the Green Deal also brings along major opportunities for **green transformation**. For harmonization with these stipulations, the **Republic of Türkiye Ministry of Trade** published the **"Green Deal Action Plan" in July 2021**. The action plan incorporates important provisions such

as **increasing Türkiye's share in international green finance and green investments, strengthening the green finance ecosystem, and supporting green transformation through sustainable, efficient resource utilization**. In the light of these regulations keenly tackled by public institutions, the Turkish financial market regulators carried out important tasks to define the green finance framework and guidelines. Taking the lead among these are **Sustainable Finance Framework** document published by the **Republic of Türkiye Ministry of Treasury and Finance**, **Draft Green Debt Instruments and Green Lease Certificate Guidelines** published by the **Capital Markets Board of Türkiye (CMB)**, and the **Sustainable Banking Strategy Plan** created by the **Banking Regulation and Supervision Agency (BRSA)** within the framework of its responsibilities set within the "Green Deal Action Plan". Garanti BBVA keeps striving to constantly upgrade its **inclusive sustainable finance products** that it has deployed across all Corporate, Commercial, SME and Retail Banking segments to **identify new opportunities, capture emerging best practices and products, and remain as a leader in sustainable finance and development in Türkiye**.

The **taxonomy studies** anticipated in the area of green finance in Türkiye were in the agenda of the **Sustainable Banking Workshop** held in November 2021 co-organized by **BRSA and BAT**, were also incorporated in the Sustainable Banking Strategic Plan, which is considered as a highly positive development with respect to the forthcoming regulatory framework. Garanti BBVA will sustain its activities in connection with the **public private partnerships in the Turkish banking sector**, and will continue to share its **know-how** for the creation of necessary frameworks.

CREATING SHARED VALUE FOR ALL THROUGH IMPACT INVESTMENT

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**. **Total financing provided so far to sustainable development** based on **impact investment** notion reached TL 60 billion at year-end 2021.

Total financing provided so far to sustainable development reached **TL 60 billion**.

BBVA, as the main shareholder of the Bank, **doubled** its commitment in order to secure financing for **sustainable development target** in 2021 from EUR 100 billion that 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 increasing amounts of financing by 2025** in parallel with the BBVA Group's sustainable finance targets. In keeping with the BBVA's updated pledge, **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**. This strategic implementation encourages all employees to **integrate sustainability in their day-to-day operations** to create value in all business lines.

SUSTAINABLE FINANCE

BORROWINGS

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**.

Having **renewed the syndication loan** it received from international markets under its **foreign borrowing program**, 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, consisting

of two tranches of **USD 279 million** and **EUR 294 million** with a maturity of 367 days, included **34 banks from 18 countries**. 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. 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, was participated by **36 banks from 20 countries**. Under this deal, 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**. With these loans rolled over in 2021 upon the Bank's fulfillment of its commitments made in 2020, Garanti BBVA once again demonstrated the **trust held by the international markets in the Bank's performance**, as well as its successful initiatives concerning sustainability.

MUTUAL AND PENSION FUNDS

In the period of sustainable investments gaining great importance, **3 mutual funds public offering under sustainability theme** took place under **Garanti BBVA Asset Management** in 2021. Total worth of **Garanti AM Clean energy Variable Fund, Garanti AM Sustainability Equity Fund and Garanti AM ESG Sustainability Fund Basket Fund** reached **TL 445 million** at year-end.

Garanti Pension Sustainability Equity Fund ranked among the top 10 performers in terms of returns in the sector.

Garanti Pension's Sustainability Equity Fund was worth **TL 648 million** as at end-2021 and made up **35% of Garanti Pension Equity Funds**. Garanti Pension Sustainability Equity Fund ranked **among the top 10 performers in terms of returns in the sector**, and kept building up participants' savings.

PRODUCTS AND SERVICES

Despite the continued effect of the pandemic upon the markets, Garanti BBVA kept **guiding the market** by enhancing its sustainable products and services in 2021.

Garanti BBVA realized the first Green Public Offering in Türkiye in the field of sustainable finance with Galata Wind.

In this period of increased expectations regarding sustainability in the investor world in the wake of the Covid-19 pandemic, Garanti BBVA presented yet another **first in Türkiye** in sustainable finance and realized the **first Green Public Offering with Galata Wind**. In addition to the sustainability rating audit received from an international rating agency for the IPO process, **environmental and social commitments** were added to the prospectus submitted to the CMB. Placed in the "Robust" category as a result of the **ESG evaluation** at the commencement of the IPO, Galata Wind pledged on an international level that it will **never invest in fossil resources but only in renewables**, achieve **net-zero operational carbon emissions by end-2025**, have its **carbon emissions reduction verified** and its **carbon credits approved** until the expiry of Gold Standard and VCS (Verified Carbon Standard) deadlines, bring the **ratio of women in head office executive positions above 30% within two years**, and has fulfilled its commitment to have **at least one woman member on its board of directors** in 2021.

Garanti BBVA launched the Garanti BBVA Climate Index for increased awareness and transparency regarding companies' climate-related performances.

In an effort to **stir to action the local market given the ESG trends in global markets**, Garanti BBVA launched the **Garanti BBVA Climate Index** for increased **awareness and transparency** regarding companies' **climate-related performances**. Putting the spotlight on companies displaying a high performance in **CDP (Carbon Disclosure Project) Climate Change reporting** to which companies traded on Borsa İstanbul respond with respect to the **fight against climate change**, the index measures the price and return performance of the **portfolio consisting of the stocks of companies that transparently declare their risks and opportunities regarding climate change** according to the CDP methodology. With its calculation method, selection criteria,

and other rules advised by Borsa İstanbul, the index 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 index is updated annually, and the weight of stocks included in the index is determined according to the market value of shares in actual circulation, and the **liquidity rule** is applied in the selection process. The climate index is intended to drive significant progress in the **preference** of index companies by investors in the medium long term and **increase their brand equity**. Having **outperformed the BIST National Index by 11.2%, and the BIST100 index by 6.4% and matched BIST30 index** from its inception on Borsa İstanbul until year-end 2021, Garanti BBVA Climate Index has performed successfully quickly on the stock exchange.

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. In 2021, the Bank signed a new Gender Loan 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**.

A key development in the sustainable finance products in 2021 occurred in **sustainability-linked loan structures**. Their customizable flexible structures allow the generation of more concrete effects as **sustainability is integrated into the decision-making mechanism** and **strategic priorities are considered**. Under the **sustainability-linked loan structure**, the Bank provided **TL 200 million financing** at year-end 2021. In the period ahead, Garanti BBVA will keep an eye on the **evolving market dynamics** and necessary **green transformation indicators** for sectors, and keep offering **sustainability-linked advantages** to all its corporate customers in the **new loan structures to be established**.

To support **an increased prevalence of hybrid and electric vehicles within the fleets of institutionalized companies** in Türkiye, Garanti BBVA introduced the **Corporate Green Auto Loan** product for companies in 2021. With the Corporate Green

Auto Loan that is **the first of its kind in Türkiye**, the Bank intends to **lead the companies' transition to more efficient hybrid and electric vehicles at advantageous low rates** on the one hand, while contributing to the world's future by **encouraging replenishment of fleets with environment-friendly vehicles** on the other. **Total lending** reached **TL 340 million** as of year-end 2021.

Corporate Green Auto Loan was made available to companies in 2021. Total lending reached **TL 340 million** as of year-end 2021.

Garanti BBVA recognizes the need to raise awareness of **green transformation within the society** aside from the corporate segment and keeps developing **products and services that touch all aspects of sustainability** for the customers in all segments. In 2021, Garanti BBVA launched two new shopping loans set up to **propagate awareness of renewable energy and efficient energy consumption** for retail customers. Customers can quickly get a loan at **advantageous interest rates** with Türkiye's first **Retail Rooftop Solar Power System (SPS) Shopping Loan** for making use of solar power in their buildings and **Environment-Friendly Building Insulation Loan** for supporting efficient energy consumption in buildings and promote insulation investment. With these formats, Garanti BBVA seeks to **support Türkiye's transition to a low-carbon economy**.

Disbursements under the **Green Mortgage** product launched in 2017 to encourage living in green and environment-friendly buildings totaled **TL 552 million** in 2021.

Total lending within the scope of **Environmentally-Friendly Auto Loan** launched in May 2017 for the **financing of hybrid and electric automobiles** that provide fuel efficiency and stand out with their environmental features exceeding TL 39 million in 2021. Within this context, in the reporting year, Garanti BBVA's climate finance contribution, which was verified by a third party independent audit, amounted to TL 6 billion.

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 making one of the main headings for which actions are planned in the **European Green Deal**. 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. Recognizing this fact, especially for SMEs Garanti BBVA keeps standing by agricultural establishments during production and post-production periods 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 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, 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**.

Garanti BBVA keeps standing by agricultural establishments during production and post-production periods with the financial products it develops to promote industrialization in agriculture and modern and sustainable agriculture in Türkiye.

Also in the upcoming period, Garanti BBVA intends to make its **know-how** concerning sustainable finance available to all customer segments, and sustain its **support to Türkiye's green transformation with loan structures** that address sustainability in all aspects.

FINANCING THE TRANSITION TO A LOW-CARBON ECONOMY

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**. Being the **first bank to declare this commitment in Türkiye**, Garanti BBVA proved its pioneering stance in the sector and its sustainable development vision.

Garanti BBVA became the first bank in Türkiye to announce its commitment to phase out coal.

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)** launched in April 2021. The Bank has been the **first and only Turkish signatory** to the NZBA, which supports the mobilization of the entire financial system to achieve the targets set by the Paris Agreement. The UN-convened alliance of banks worldwide, NZBA brings together 98 banks representing 43% of global banking assets and committed to **aligning their lending and investment portfolios with net-zero emissions by 2050 or sooner**.

The Bank has been the first and only 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 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.

As a member of NZBA, Garanti BBVA makes the following commitments:

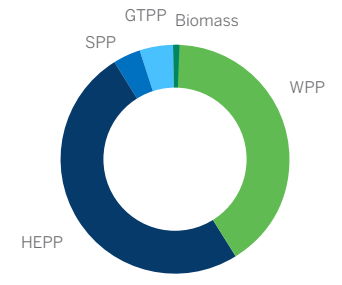
- Align its portfolio with the net-zero emissions target by 2050.
- Set 2030 and 2050 emissions targets on the basis of interim targets that will be set every 5 years starting from 2030.
- Focus its 2030 targets on carbon-intensive industries on which the Bank might have the most significant influence.
- Set sector-wide goals for all or majority of carbon-intensive industries.
- Encourage customers' transition processes or transition to net-zero economy through decarbonization.
- Annually report its emissions in parallel with the best practices and its progress against its transition strategy encompassing climate-related sector-specific policies.

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**. In 2021, this ratio was far exceeded as it reached **100%** similarly to previous years. 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 hydro power 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.

Distribution of the financing provided as at 31 December 2021:



- **USD 2.79 billion to Wind Power Projects (WPP)** for **2,810 MW** current installed capacity, which will reach a total installed capacity of **2,907 MW** once fully operational,
- **USD 2.48 billion to Hydropower Projects (HEPP)** for **3,677 MW** current installed capacity, which are fully operational,
- **USD 263 million to Geothermal Power Plant Projects (GTPP)**, which will have a total installed capacity of **337 MW** once fully operational,
- **USD 396 million to Solar Energy Projects (SPP)**, which will have a total installed capacity of **575 MW** once fully operational,
- **USD 124 million to Biomass to Energy Projects**, which will have a total installed capacity of **134 MW** once fully operational.

ENVIRONMENTAL IMPACT OF OUR OPERATIONS

Offering **innovative solutions** to environmental issues to its stakeholders as part of its indirect impact, Garanti BBVA continues to take **environmentally-friendly pioneering steps** for its direct impact as well. 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 Türkiye. Accordingly, Garanti BBVA pledges to reduce its **carbon emissions** by **29% by 2025 and 71% by 2035**. Having **reduced its emissions arising from its operations by 75%** at the end-2020, the Bank purchased **carbon credit** for its remaining emissions and became **carbon-neutral 15 years earlier than its reduction target**.

Garanti BBVA became a carbon-neutral bank for the second time in 2021.

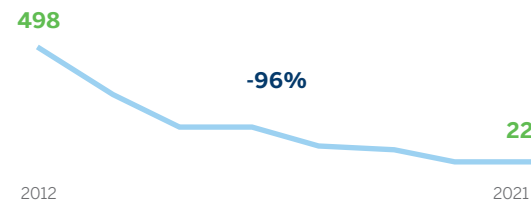
Garanti BBVA purchased carbon credit for the emissions arising from its operations also in 2021 and became a **carbon-neutral bank for the second time**. The Bank took its carbon-neutral stance one step further and procured its carbon credit from the deforestation project that is gaining the foreground in the global carbon market. It has also endorsed its carbon-neutral stance by obtaining the **I-REC certification** verifying that the **energy consumption is sourced from renewables**. 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**.

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.

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 96%**.

Carbon Intensity (tCO₂e/Total Assets)



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. 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**.

You can access the Garanti BBVA Eco-Efficiency Plan under the Environmental, Social and Governance section of the Investor Relations website at www.garantibbvainvestorrelations.com.

You can access the Environmental Performance Indicators appendix, which includes information on resource consumption and carbon emissions based on years, from the Download Center page of the 2021 Integrated Annual Report website at www.garantibbvafaaliyetraporu.com.

In 2019, Zincirlikuyu Head Office building earned a **Platinum certificate in LEED**, one of the green building systems developed by the **American Council of Green Buildings (USBGC)**, thus becoming the first bank to have received such recognition in Türkiye. Garanti BBVA **Kızılay Branch** is the **only bank building holding Platinum certificate in New Buildings category**. In addition, **Pendik Technology Campus, Sivas Customer Contact Center and Karşıyaka İzmir Building** all have **LEED Gold certifications**.

Garanti BBVA has announced its concrete goal in 2021 within the scope of the **Business Initiative for Plastic** led by BCSD Türkiye, Global Compact Network Türkiye and Turkish Industry and

Business Association (TUSİAD) that it has become a signatory of in 2019. With its declared commitment for **318.6 tonnes of plastic reduction and avoidance by 2023**, the Bank tangibly pledged its support to the business world's fight against plastic pollution.

Garanti BBVA will keep further developing its **environmentally-sensitive and pioneering initiatives** over the coming years, and continue to **contribute to social and environmental benefit**.

AN OVERVIEW OF GARANTİ BBVA'S PARTNERSHIPS WITH FINANCIAL INSTITUTIONS

With its leading position in the sector, its reputation in international markets, and solid correspondent relationships, Garanti BBVA continued to diversify its funding structure by accessing sustainable international funds. Undertaking issuances involving a number of Türkiye's firsts such as Social Bond, Green Bond, Green Mortgage on the basis of its collaborations with many financial institutions including the European Bank for Reconstruction and Development (EBRD), and International Finance Corporation (IFC), a member of the World Bank Group, Garanti BBVA devises innovative financing solutions that contribute to sustainable development, offers opportunities to its customers and supports the country's growth.

You can access the studies carried out by Garanti BBVA in 2021 within the concept of Partnerships with Financial Institutions on the investor relations website.

COMMUNITY INVESTMENT PROGRAMS

QUALITY EDUCATION

The **Teachers Academy Foundation (ÖRAV)**, established by Garanti BBVA in 2008, has been working to ensure that teachers are given the value they deserve in the society as practitioners of a profession requiring **specific knowledge, skills and attitude**. The Foundation designs and spreads **training programs** and continues to organize **workshops and seminars** for the development of teachers. **eKampüs**, which is ÖRAV's **remote learning platform** is regularly updated and enriched with new contents.

Launched in 2017 as a collaborative initiative of Garanti BBVA and the Teachers Academy Foundation, **5 Pebbles: Social and Financial Leadership Program** contributes to primary and secondary school teachers' social and financial literacy knowledge and helps them teach these skills to their students with the help of employing a **child-centered approach and active learning methods**.

Teachers without Distance web seminar series continues to take place, by which the Teachers Academy Foundation supports the teachers in acquiring the necessary skills and capabilities to handle the **remote and blended education** process as effectively as possible.

Aside from those, Garanti BBVA 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)** 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**.

CULTURE AND ARTS

Founded by Garanti BBVA to provide a **sustainable setting for cultural research and production** in Türkiye, **SALT** operates with the notion of being a worldwide cultural institution in tune with the necessities of the twenty-first century. Functioning as an **open source** with content that raises awareness on social issues, **SALT** develops programs that **encourage qualified knowledge production**. The institution contributes to the public memory of Türkiye and its nearby geography through **versatile archive and research** projects.

SALT's screening program titled "Is this our last chance?" urges thinking and discussions about the **climate and ecological crisis** is sponsored by Garanti BBVA since 2015. Broadcasted **online with subtitles and accessible from all over Türkiye**, the program was accompanied by **a series of talks** in 2021. Featuring **leading scientists in their respective disciplines**, the talks tackled a wide variety of topics with a focus on climate crisis.

As the main sponsor of **Istanbul Jazz Festival** for 24 years, Garanti BBVA has been supporting the leading music venues in İstanbul under the name of “**Garanti BBVA Concerts**” and “**Garanti BBVA ile Sesini Aç**” projects.

ENVIRONMENT

In 2021, Garanti BBVA, in collaboration with the **Turkish Marine Environment Protection Association / TURMEPA**, launched the **Blue Breath Project** (in Turkish: Mavi Nefes) to work on **waste cleaning on the surface of Sea of Marmara** and to organize an awareness increasing education programs regarding sea cleaning that will be spread to other provinces in the region. Within the scope of the Project, **two sea sweepers will clean the İstanbul Strait** are also dispatched to other locations for **mucilage and solid waste cleaning** in case of emergencies. On the other hand, the **Blue Breath Education Bus** is set on the road in addition to online education sessions. The Bus' first station was **Kocaeli**, then it stayed one week each in **Beykoz** and **Üsküdar** districts of **İstanbul** and in **Bursa**.

The Blue Breath Project, implemented in cooperation with Garanti BBVA, Turkish Marine Environment Protection Association / TURMEPA, cleans sea pollution with 2 sea sweepers, creates awareness with online trainings and the Mavi Nefes Training Bus.

On another note, Garanti BBVA has been the **main sponsor** of **WWF-Türkiye** (World Wide Fund for Nature-Türkiye) for **30 years**. The Bank also supports the **Earth Hour movement** organized by the WWF every year in order to highlight the world's environmental problems.

In addition, Garanti BBVA is the **main sponsor** of **CDP Türkiye** as well.

ENTREPRENEURSHIP

Detailed information on Entrepreneurship, one of the priority areas within the framework of social investment programs strategy, is shared under the title of Inclusive Growth.

WHAT WE DID IN 2021

During 2021, the **Teachers Academy Foundation (ÖRAV)** reached **30.971 teachers**.

In 2021, the **5 Pebbles: Social and Financial Leadership Program** reached **564 teachers and 9.000 students**.

Teachers Without Distances web seminars series reached **13.786 teachers** in 2021.

In the reporting period, all **SALT** locations welcomed **117.342 people free of charge**, while **11.689 people** attended the **online events**. While **saltonline.org** that features all research and programs of SALT in detail was visited **469.452 times in 2021**, **saltresearch.org** was visited **100.617 times** and archives.**saltresearch.org** **198.457 times**. **6.338 viewers** followed the **live streaming of “Is this our last chance?”** screening program and talks.

The total budget Garanti BBVA allocated to its community investment programs in 2021:
TL 43.6 million

Within the scope of the **Blue Breath Project**, the sea sweeper collected approximately **10 thousand kilograms of waste**. So far, online training sessions reached **10.238 students and 627 teachers**. **Blue Breath Training Bus** hosted **901 students and 72 teachers** in a one-month period.

In 2021, **Pixies of the Court** represented our country in the qualification round and in the main draw of **2021 FIBA Women's EuroBasket**, and **12 Giant Men** competed in the qualification rounds of the **Olympic Games** and **2023 FIBA Basketball World Cup**. **12 Brave Hearts** took part in **Tokyo 2020 Paralympic Games** and **European Championship**, while **12 Magical Wrists** competed in the **European Championship**.

The total budget Garanti BBVA allocated to its **community investment programs** in 2021 amounted to **TL 43.6 million.***

* Administrative Expenses are not included in the specified amount.

OUTLOOK

Garanti BBVA aims to develop its community investment programs in a format that produces **high social impact** and **reach broader audiences**. In 2022, the Bank will continue to make investments focused on its priority areas within BBVA's **Community Investment Programs Strategy**, namely **Reduced Inequalities and Supporting Entrepreneurship, Presenting Opportunities for Everyone Through Education, and Supporting Research and Culture Initiatives**.

SUPPORTING CUSTOMERS TO GROW THEIR BUSINESSES SUSTAINABLY

Garanti BBVA addresses its sustainability strategy under two main headings: **environment and inclusive growth**.

WHAT WE DID IN 2021

Environment-Oriented Products and Services

The Bank furnished **comprehensive products** and services to its **SME** customers under the environment heading.

Garanti BBVA provided financing support to SMEs to help them reach one of their key inputs, i.e. **energy** that is **sourced from renewables**. Accordingly, the Bank supported the **financing of solar energy projects (SPP), hydropower projects (HPP), geothermal power plant projects (GTPP), wind power projects (WPP) and Biomass/Biogas plants** in every sector, in particular **all areas of manufacturing from agriculture to industry**.

The Bank took part in the financing of its customers from any sector for **wastewater treatment facility** investments, an important part of the fight against environmental pollution. The Bank offers opportunities for **collaborations with startups producing innovative solutions in this field**, in addition to the financial support extended to customers. For instance, the Bank introduced the **environment-friendly solutions** developed by **Geneon Biotechnology** company, which was named **Türkiye's promising woman entrepreneur** in 2021.

Extending continued support to Türkiye's fight against climate change with **innovative solutions** in **sustainable finance**, Garanti BBVA introduced the **Green Commercial Loan** for developers of buildings holding an **energy identity certification**. Property developers **possessing class A or B energy identity certification** can benefit from this product at **affordable interest rates, without paying any fees and commissions**. People, who buying the housing units built by developers and holding a Class A or B energy identity certification, can utilize the **Green Mortgage** loan at advantageous terms since 2017.

Garanti BBVA targets to assign the **Green DDS (Direct Debit System)** product to companies having a **dealer network**, which are determined to be **green** in their operations, and to **positively contribute to the financing of companies that support sustainability** with yearly **advantageous commission rates**.

Garanti BBVA continues to support the agriculture sector most affected by climate change. In order to minimize this effect, the bank provides financing to SMEs operating in the sector for the renewal of modern irrigation equipment and the installation of greenhouses.

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 attaches great importance to **entrepreneurship as a strategic priority**, and has long been owning this topic within a holistic framework. The Bank authors initiatives **backed with specific products and services** on various platforms ranging from **women entrepreneurship** to **impact entrepreneurship** and **technology startups** that take place among the key players driving economic growth.

It is the top goal of the Bank to create **collaboration opportunities** with startups for **healthy growth** of the entrepreneurial ecosystem and for driving the **expansion of the startup culture** in our country.

Garanti BBVA Partners Startup Acceleration Program supported 50 entrepreneurs in 7 years, the investment received by entrepreneurs exceeded **TL 30 million**.

Launched in this framework in 2015, **Garanti BBVA Partners Accelerator Program** is a valuable program under which the Bank supports **early startups** that act as a **driving force** for the economy and **create high added value**. Garanti BBVA helps the entrepreneurial ecosystem in Türkiye flourish, and aims to support and accelerate early startups with the **potential to attract investment and grow**. Under the program that extends support to **50 startups** in total, the Bank **hosted 6 startups** in 2021. The Bank provides **networking and collaboration** support to startups, as well as **office space, mentoring, scaling up, marketing and training** support. **Total amount of investments** granted to startups exceeded **TL 30 million**.

Additionally, Garanti BBVA **prioritizes and supports partnerships that will contribute to customer experience** within the scope of its sustainability strategy. The startups that the Bank initiated partnership with in 2021 are **ecording, Massive Energy and MallIQ**.

In a bid to drive the development of the startup universe and dynamics and to **stand by startups, to speak the same language** with, and **understand**, entrepreneurs, a brand new service model was created under the name **"Tech-Startups Service Model"**. The Bank aims to **contribute to the entrepreneurial ecosystem**, understand them and **fulfill their needs** by the **service model specially designed for its "startup" customers**. Currently in pilot run, the service model is targeted to gradually **encompass all customers in 2022**.

SUPPORTING WOMEN ENTREPRENEURS

Since 2006, Garanti BBVA has relentlessly supported active participation of **women in employment and economic life**, with the understanding that an inclusive economy where all

individuals make use of opportunities **equally** will grow faster and more efficiently. **Commitment to gender equality** means ensuring development in a way that it is beneficial for everyone.

Garanti BBVA celebrated the **15th year of its holistic and uninterrupted support to women entrepreneurs** making an important component of its **financial and non-financial inclusive support**, which is compiled under 4 headings: **providing finance, education, encouragement and access to new markets**.

The **amount of TL cash loans** provided under financing support to women entrepreneurs, categorized as a special customer group, topped **TL 11 billion** by the end of 2021 in all segments combined. Within the frame of the foreign borrowing program, Garanti BBVA, in cooperation with the **World Bank-member IFC (International Finance Group)**, introduced a **social bond for the amount of USD 75 million with a maturity of 6 years** to be used for financing women entrepreneurs. The Bank carried on with on-lending of this fund, which is the **first social bond issued by a private bank in an emerging country**, to women entrepreneurs in 2021.

TL cash loan amount provided to female entrepreneur customers exceeded **TL 11 billion** in all segments.

Besides financing, the Bank provides **entrepreneurship training to more than 3,500 women entrepreneurs** through **Women Entrepreneurs Executive School** within the scope of education support and help them develop business opportunities by creating ecosystems that enable **knowledge and experience** sharing. The **SROI (Social Return on Investment) value** of the Women Entrepreneurs Executive School project held in a **different city each year** is estimated as **5**.

Total applications to Türkiye's Woman Entrepreneur Competition that **helps encourage women entrepreneurs and unveil role models** approached **42 thousand** in 2021 that marked the organization's **15th year**.

42 thousand women applied to Türkiye's Women Entrepreneurs Competition, organized to strengthen women entrepreneurs and celebrates its 15th anniversary, and 10,435 women participated in Women Entrepreneur Meetings.

With the **Women Entrepreneurs Meetings**, which attracted the participation of **10,435** women to date, the Bank seeks to help women entrepreneurs build **new collaborations** and penetrate **new markets** through **experience and information** sharing that they need. Women Entrepreneurs Meetings conducted once again **on digital platforms** this year have been instrumental in **experience sharing with a higher number of women entrepreneurs**.

In addition to these initiatives, the Bank consolidates its support to women entrepreneurs with **partnerships**. Under the partnership with **Hepsiburada**, women entrepreneurs using this leading e-commerce platform for their sales and their Garanti BBVA accounts for receiving their payments can benefit from a number of opportunities Garanti BBVA designed for them, ranging from **loans at convenient terms to salary payment advantages**.

In the 15th year of its holistic initiatives focused on women entrepreneurship within the scope of its **sustainability strategy focused on environment and inclusive growth**, Garanti BBVA carried out **100 thousand seed ball shootings** for women entrepreneurs with **ecording, a Garanti BBVA Partners Accelerator Program** startup.

Additionally, the Bank **partnered** with **Blindlook** and **GeneOn**, two **winners of Türkiye's Woman Entrepreneur Competition**, in initiatives directly contributing to customer experience in **enabled banking and environment** areas.

OUTLOOK

Garanti BBVA will keep sharing information with its **internal stakeholders**, as well as **external stakeholders** including international financial institutions, clients and non-governmental organizations about **innovative environmental, social and governance practices** in Türkiye, **sustainable financing products** that support **equal opportunities** to women and men employees in companies, **digitalization, transparency** and the new trends in **non-financial reporting**.

Garanti BBVA aims to quickly adapt to the comprehensive changes envisaged by the European Green Deal, which will become one of the important issues for SMEs in the upcoming period, and to turn the risks that may be faced into opportunities.

While carrying on with the development of products and services giving the foreground to **financial health of SMEs**, the Bank will sustain its **financing and non-financing support focused on environment and inclusive growth to SMEs, women entrepreneurs and startups**.

The Bank's partnerships related to sustainability with companies from various sectors will continue **increasingly in 2022**.