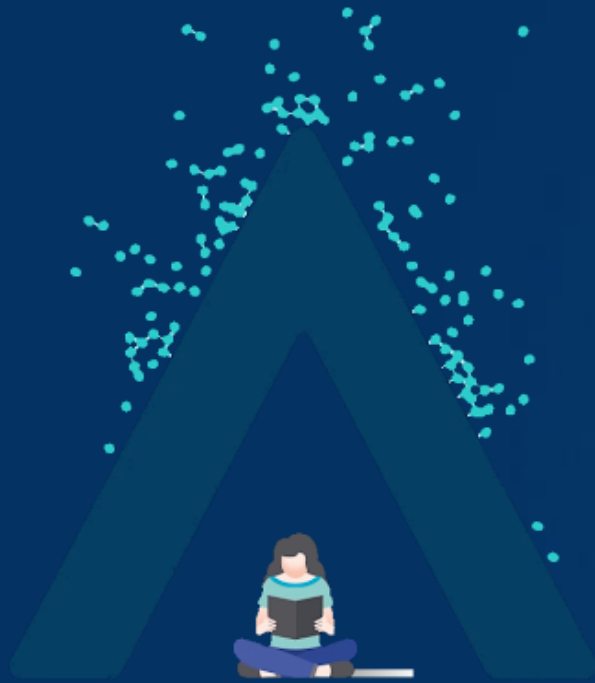


# Garanti BBVA's Sustainability Approach





01.

Sustainability as a Business  
Opportunity

# Sustainability is the challenge of the century



At the top of world leaders agendas

Under clear worldwide roadmaps:

- The Paris Agreement
- The 2030 Agenda for Sustainable Development with the 17 SDGs<sup>1</sup> at heart



Sense of climate urgency

+3.0°C\* Current climate trend

+1.5°C\* Global warming target for 2100

*\*Versus pre-industrial levels*



Society calling for action

72%<sup>2</sup> of companies mention SDGs<sup>(1)</sup> in their reporting



Private and public sector on board

Sustainable finance policies are widespread and the pace is increasing

# Recent Policy Developments in Turkey to set a ground for Sustainable Growth



## Climate Change Problems Observed

**Mucilage in Marmara Sea** still observed 20-30 m deep from the surface

**Floods in North** where 72 people lost their lives

**Wildfires** in 53 Cities and 270 locations

## Garanti BBVA Actions



**Collaboration with TURMEPA** to clean mucilage in the surface

**Trainings organized to Industrial Zones** to support the transformation of water waste management



**Collaboration with TEMA** to donate 1 mn plants

Ratification of the Paris Agreement with 2053 target of Net-Zero

Climate Change addition was implied on Environment & Urbanisation Ministry's name

32 objectives

81 actions

9 categories

Green Deal Action Plan



CBAM

Green & Circular Economy

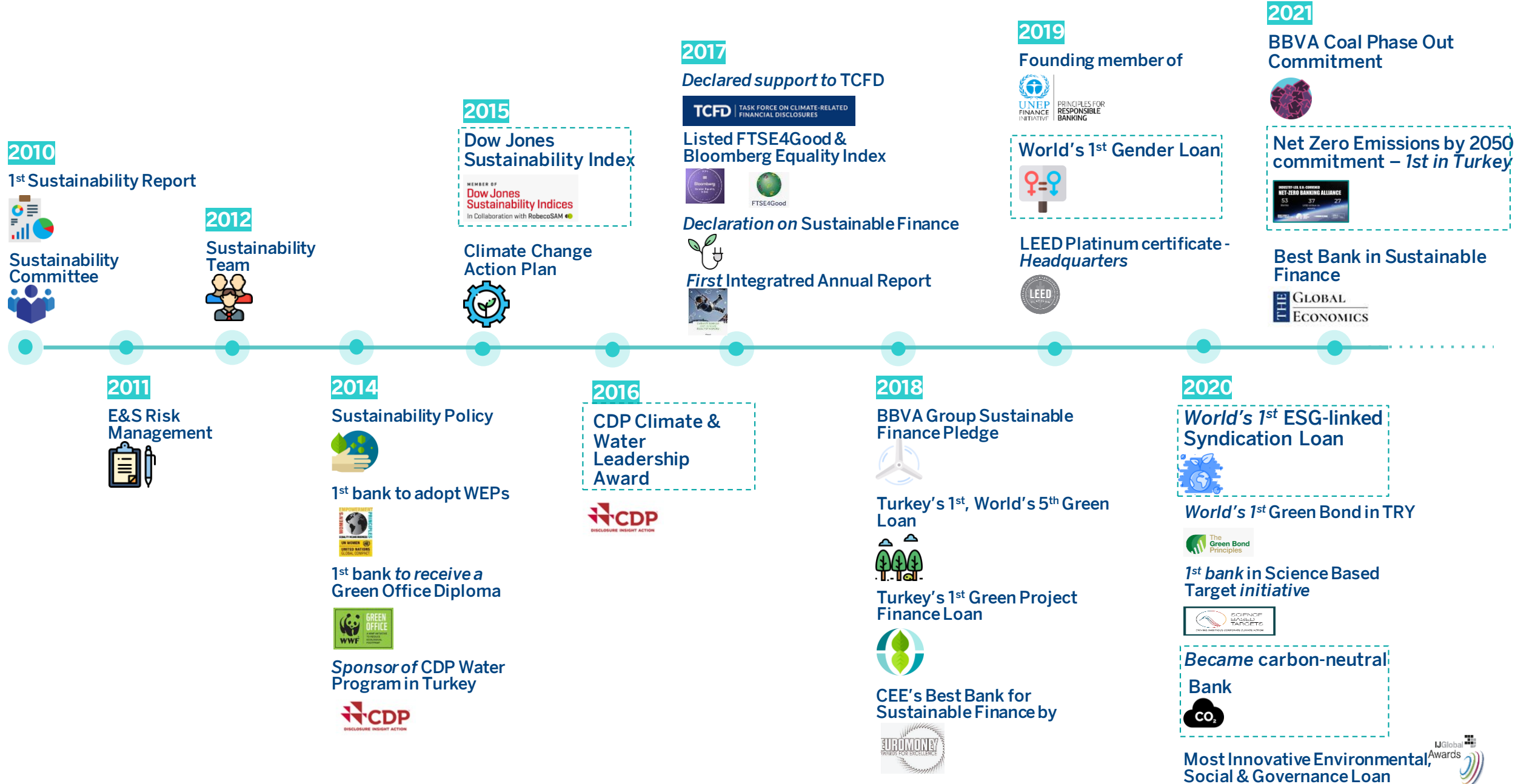
Green Financing



02.

Our Sustainability Journey  
Milestones

# Garanti BBVA's long standing trajectory in sustainability





# 03.

## Our Sustainability Strategy

# Sustainability, at the core of Garanti BBVA's strategy

## OUR PURPOSE

“To bring the age of opportunity to everyone

## OUR LEAD STRATEGIC AREAS

- Helping our clients' transition towards a sustainable future with our advisory role
- Increase the diversity and the use of our sustainable products
- Observe and manage climate-change related risks of our portfolio and our direct impact
- Increase public awareness and responsibility on sustainability and inclusive growth





# Our transition to low-carbon economy



Climate Change  
Action Plan



Prioritizing Renewable Energy &  
Putting a Shadow Price on Carbon



Reducing Deforestation



Environmental & Social  
Loan Policies



Environmental & Social Impact  
Assessment System



Innovative financing  
mechanisms such as Green  
Loan, Sustainability Loan, etc.



Decarbonizing our portfolio



Establishing Green Office  
Standards



Managing Water-related  
Risks



Sector Norms



Updated Policies & PACTA



Raising awareness &  
building capacity



Transforming the sector

**Coal Risk Phase Out**  
Plan by  
2040

**Net Zero Emission**  
Target by  
2050



E&S Risk  
Management



Sustainable  
Finance

# Our Sustainability Accomplishments



Carbon Neutral Bank as of 2020



First Turkish signatory  
UN Net Zero Banking Association (NZBA)



100% Renewable Energy  
in new Project Finance Loans since 2014



# Limiting direct impact of the Bank..

Purchased carbon credit for the emissions in 2021 and **became a carbon-neutral bank**

Used **100% renewable energy** for its electricity consumption (proven by IREC certificate)

**Remote Eye System** for limiting electricity consumption at 100 locations **saved 15%** from electricity consumption

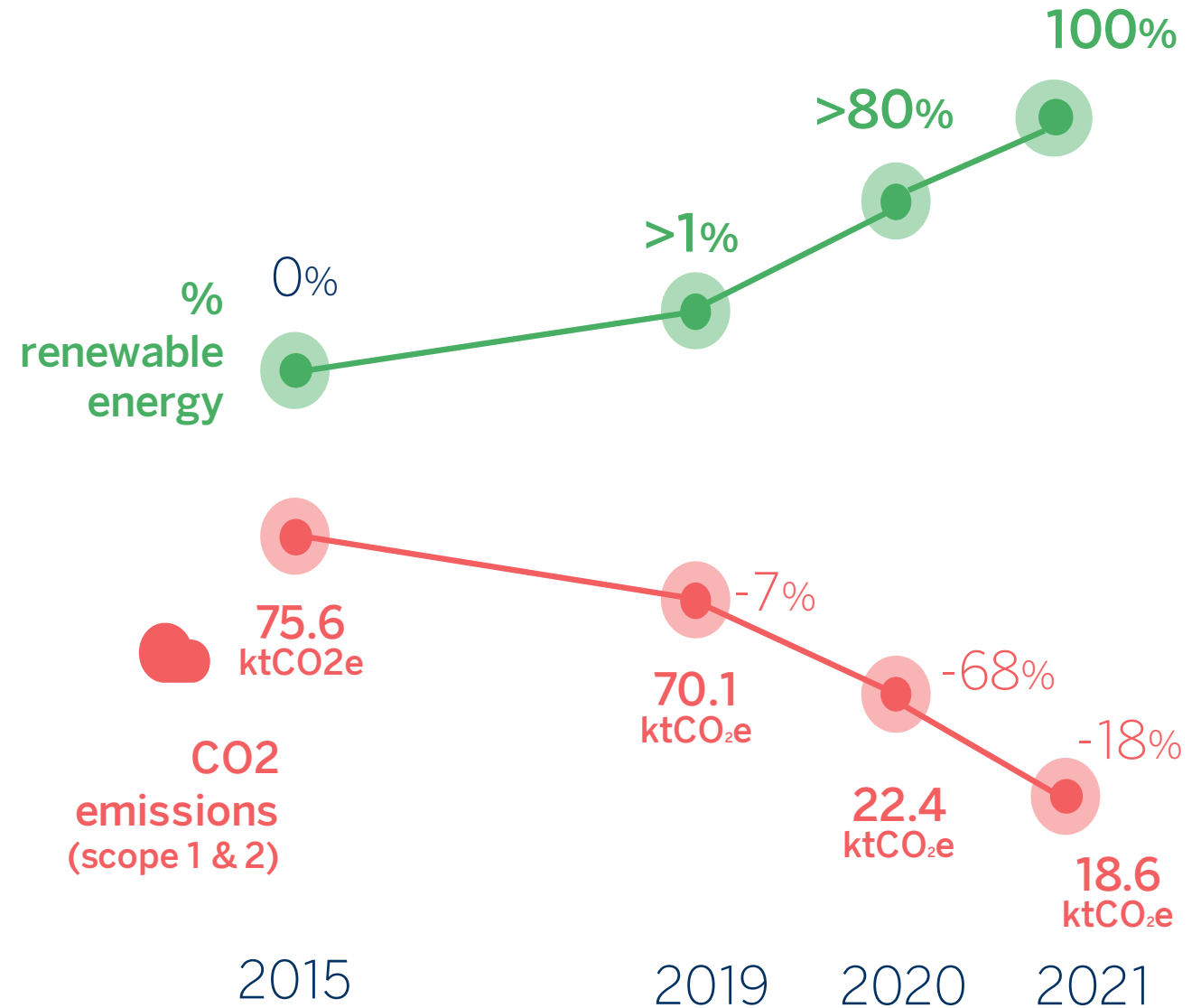
Offering **not to obtain paper receipts** after ATM transactions for all customers

Producing **environmentally-friendly** cards from **recyclable plastic**: Green Bonus Cards

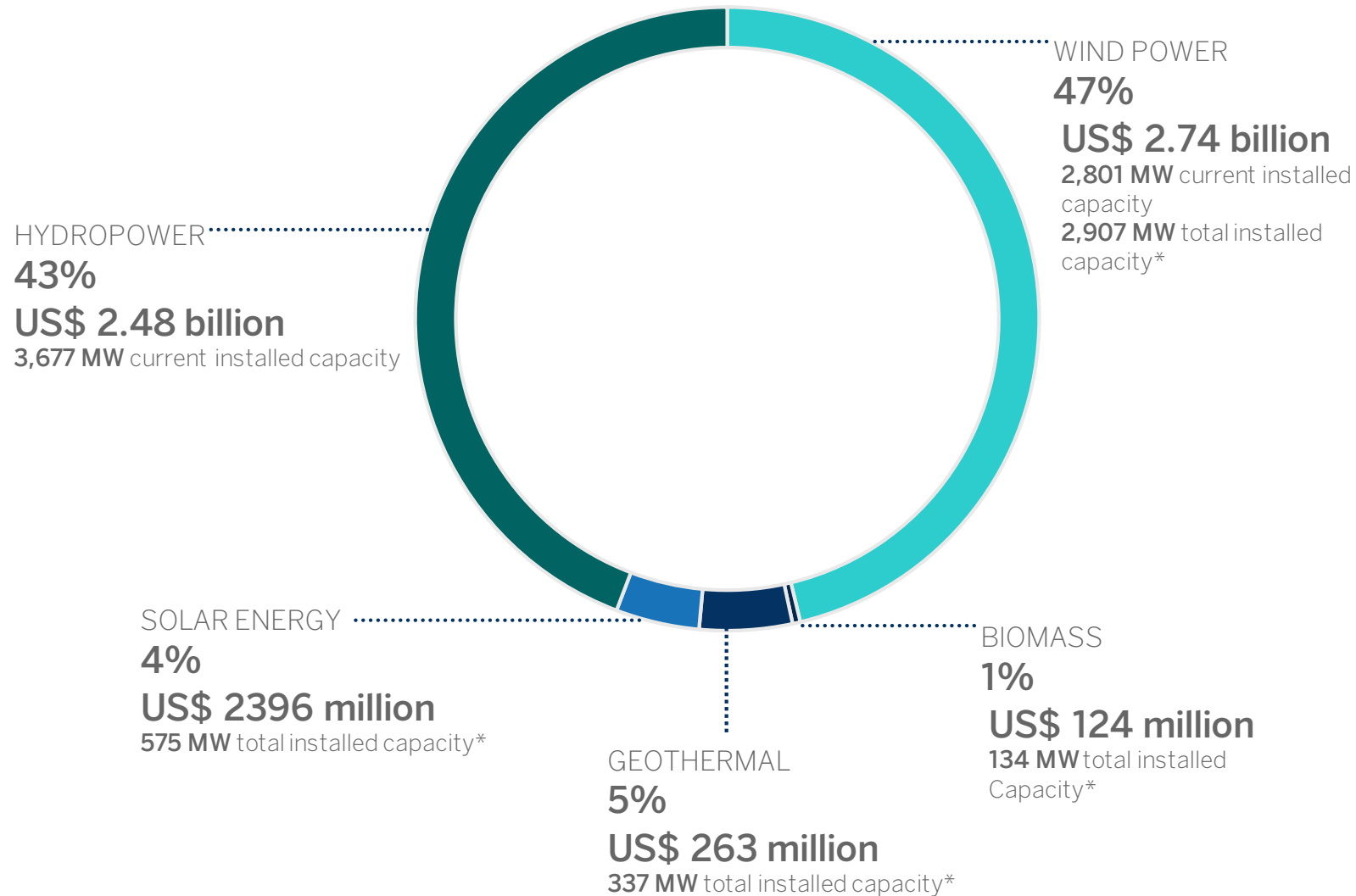
**1.8 mnTL annual saving** thanks to significant energy reduction by innovative technologies in **data center**

Replacing Bank's own service cars **with hybrid models**

Making a commitment to **reduce single-plastic usage** by 318 tons between 2021-23



# Renewable Energy Financing



as of 31.12.2021  
\* once fully operational

## 100% Renewable Energy

*in new Project Finance Loans since 2014*



## US\$6 billion

*financing to renewable energy to date*



## Market Leader

*in wind PP financing with 22.5% market share*






## 8.5 million tCO2e


*avoided in 2021*



# Progressive alignment of our portfolio with the goals of the Paris Agreement

	Emission Metrics	BBVA Baseline (2020)	Benchmark Scenario	BBVA 2030 Target	Absolute Effort
 Power	kg Co2/ MWh	249	IEA Net Zero 2050	120	(52%)
 Automotive	g Co2/km	220	IEA Net Zero 2050	118	(46%)
 Steel	kg Co2/ tonne steel	665	IEA Net Zero 2050	515	(23%)
 Cement	kg Co2/ tonne cement	695	IEA Net Zero 2050	575	(17%)
 Coal	<b>Phase out plan already announced in March 2021</b> <input type="checkbox"/> 2030 for developed countries <input type="checkbox"/> 2040 globally				

## Ambitious Targets to reduce environmental footprint

 Carbon neutral since 2020 in Scope 1 and 2 emissions, leveraging carbon offsetting.

 %100 renewable energy by 2030 in line with SBTi.

## Summary of E&S Framework

- **Control of Unfunded Activities and Customers**
- **Determination of Non-Financial Performance and Potential Risks**
- **Management of Non-Financial Performance**

# Sustainable Finance



Garanti's 2018-25 Target: ~150 bn TL

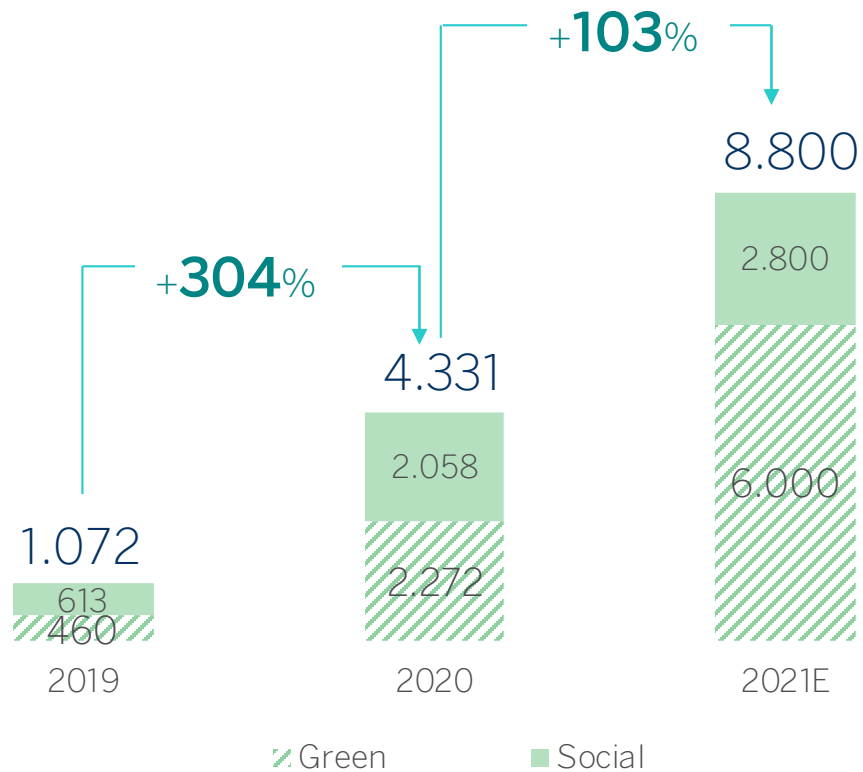


From the beginning of this year, the bank provided 19.9 bn TL in sustainable finance, including 3.9 bn TL green financing in CIB segment\*.



# Sustainable Finance

## Sustainable Finance Mobilization (TL mn)



Garanti's **2018-25 Target** is ~150 bnTL  
(current 38 bn TL)



**GREEN**  
51%

**SOCIAL**  
49%



\*Both Green + Social Loans are included in the Pledge. The figure is provided as of August'22.

# Sustainable Loan Mechanisms

## Sustainable Facilities

### GREEN PURPOSE FACILITY

Use of proceeds to finance or refinance "green" investments

Opinion Report

Green Loan Principles



### SUSTAINABILITY-LINKED FACILITY

General Corporate Purposes

ESG-linked<sup>1</sup>

Environmental

Social

Governance

KPI-linked<sup>2</sup>

Environmental

Social

Opinion Report

Sustainability Linked Loan Principles

## Gender Loan

### GENDER LOAN FACILITY<sup>3</sup>

General Corporate Purposes

Garanti BBVA's Gender Equality Criteria Set<sup>4</sup>

Governance

Performance

Leadership

International Certification/ Recognition by International Indices



Opinion Report<sup>5</sup>

Sustainability Linked Loan Principles

1 Annual ESG Rating assessment should be conducted and reported by a sustainability rating agency

2 KPIs should be verified by a third party

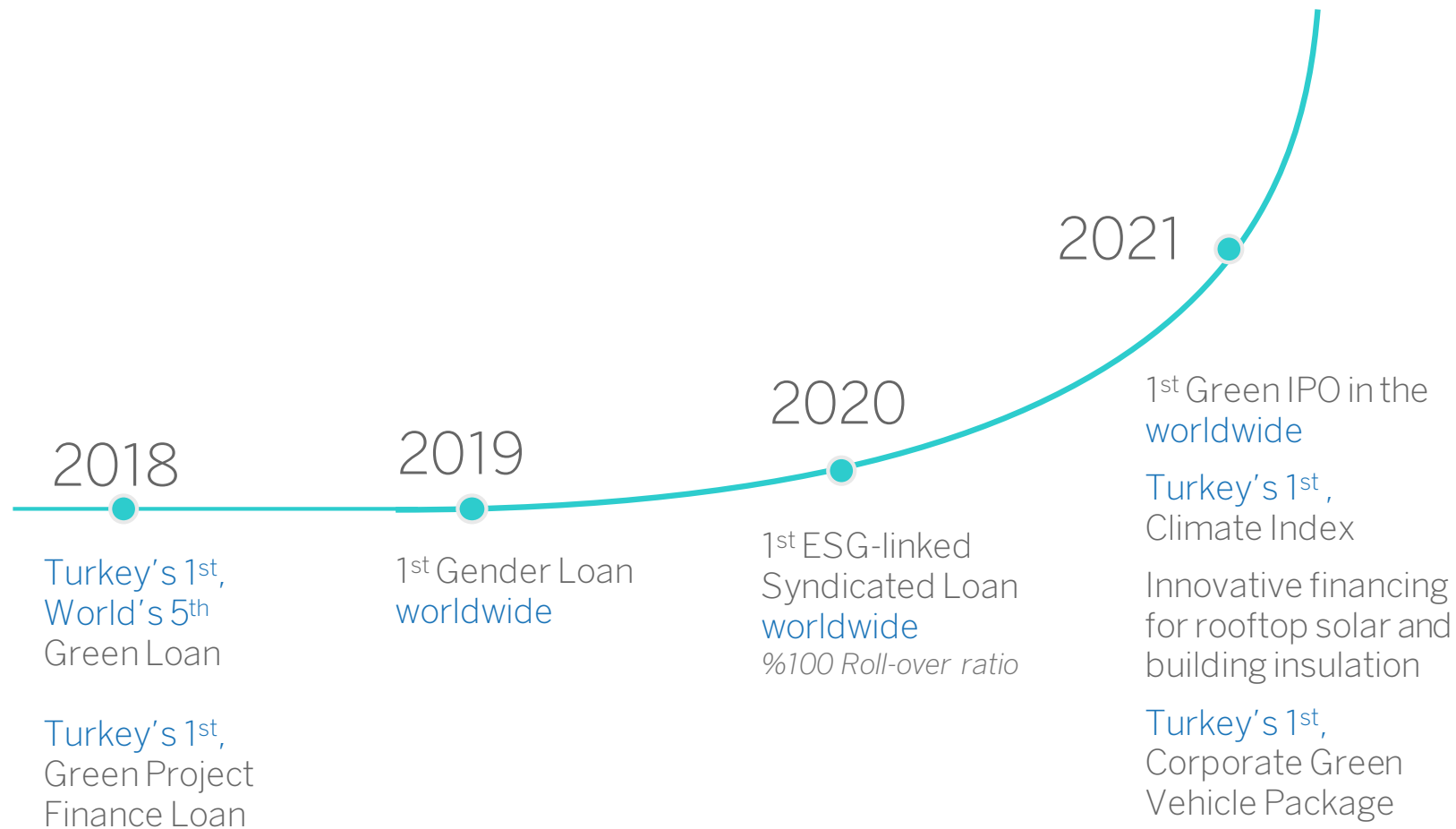
3 The structure is derived from the Sustainability-Linked Loan. The KPIs defined should be related to gender diversity practices of the borrower. Garanti BBVA's Criteria Set and/or international certificates and/or recognition of indices can be accepted as KPI.

4 Annual assessment should be conducted and reported by a social expert

5 Opinion Report may not be mandatory based on the structure



# A pioneer in innovative sustainable products



## New sustainable solutions for all clients



Energy-efficient linked mortgages  
**+102% YoY**



Carbon footprint calculator for corporates & SMEs



Energy efficiency advisory for enterprise clients



Hybrid and electric vehicles loans  
**+52% YoY**

**Garanti BBVA offers a sustainable alternative for all its main products**

## Appendix

Pg. 28-29 Leading Practices, Rewards & Indices

# We are a part of major international initiatives



Member  
CDP Climate Change  
CDP Water Program



Member  
Paris Pledge  
for Action



Member  
Net-Zero Banking Alliance  
Steering Group



Member  
Business World and Sustainable  
Development Association  
(SKD Turkey)



Supporter  
TCFD Recommendations



Member  
UNEP FI Banking  
Principles Core Group



Member  
International Integrated Reporting  
Council (IIRC) - Pilot Program



Member  
30% Club Turkey



Signatory  
Since 2012



Committed  
Since 2016

# Rewarded internationally for its sustainability focus

## SUSTAINABILITY INDICES ON WHICH GARANTİ BBVA IS LISTED

### Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Only company from Turkey to be in place for 7 consecutive years



Only bank from Turkey in 2020



Only bank from Turkey in 2020



Only company from Turkey to be in place for 6 consecutive years



FTSE4Good



## SUSTAINABILITY AWARDS



ESG Deal of the Year  
(with ESG-linked Syndication Loan)  
(2021)



Best Sustainable Finance Bank in Central and Eastern Europe  
(2020)



Best Sustainable Finance Bank in Central and Eastern Europe  
(2020 & 2018)



Most Innovative Environmental, Social and Governance Loan  
(2020)



Investment Leader of the Year  
(via Ebru Dildar Edin)  
(2021)



Best Sustainable Finance Bank in Turkey  
(2020)



UNGC Ukraine Local Network – People Category Partnership  
(2020)

The background is a solid teal color with several small, realistic-looking green leaves scattered across it. The leaves are in various orientations and positions, some overlapping the central text box.

Thank You