



Sustainable Banking in Garanti BBVA

Main Focus Areas

CLIMATE CHANGE

Helping our customers change their behavior and move towards a greener future

Here are our three business initiatives where we aim to increase the investments needed to manage the climate change challenge:

- **Energy efficiency** (technology that reduces energy consumption per unit of product)
- **Circular Economy** (recycling, new materials, responsible use of natural resources, etc.)
- **Reducing carbon emissions** (renewable energy sources and other clean energy sources, electric vehicles)



INCLUSIVE GROWTH

Promoting economic growth that leaves no one behind and creates opportunities for all

Here are our three business initiatives where we aim to build inclusive infrastructures and increase the investments needed to support inclusive economic development:

- **Providing financial services** in line with the needs of society with digital solutions without banking services
- **Financing inclusive infrastructures** with a focus on essential services and safe, affordable and sustainable transport systems.
- **Supporting entrepreneurs**

BBVA Group 2025 Pledge

The BBVA Group has committed to provide EUR 300 billion in financing to combat climate change and support sustainable development by 2025.



Climate Change



Inclusive Growth



Support for SDGs

SUSTAINABLE BUSINESS TARGET

300^{BN€}



As of 30 June 2022, 112 billion EUR financing was provided within the scope of this target.

Our ambition is to support business growth and manage our impacts, with **3 main goals and indicators**



Foster new business through sustainability



Achieve Net Zero 2050



Make a positive impact

To channel sustainable financing

BBVA'S 2025 GOAL
€300^{BN}
FROM 2018 TO 2025

Climate change & Inclusive growth

2030 Portfolio Alignment Targets for 6 carbon intensive sectors

- POWER
- STEEL
- AUTO
- CEMENT
- COAL
- OIL&GAS

Working on the targets of more sectors

Carbon Neutral since 2020 in our own operations

100%

RENEWABLE ENERGY USE BY 2030 IN OUR OWN OPERATIONS

Community investment

BBVA'S 2025 COMMUNITY COMMITMENT

€550^{MN}
FROM 2021 TO 2025

Transition to Low Carbon Economy

Climate Change Action Plan

E&S Risk Management

Sustainable Finance



Prioritizing renewable energy projects and ve putting a shadow price on carbon



Reducing deforestation



Creating Green Office Standards



Managing water-related risks



Environmental and Social Loan Policies



Environmental and Social Impact Assessment Model



Sectoral Principles



Innovative financing mechanisms such as; Green Loan, Sustainability-linked Loan etc.



Decarbonization of the Portfolio



Creating awareness and increasing capacity



Brain storming about the sectoral needs

Sustainable Finance

ADAPTATION TO INTERNATIONAL RULES

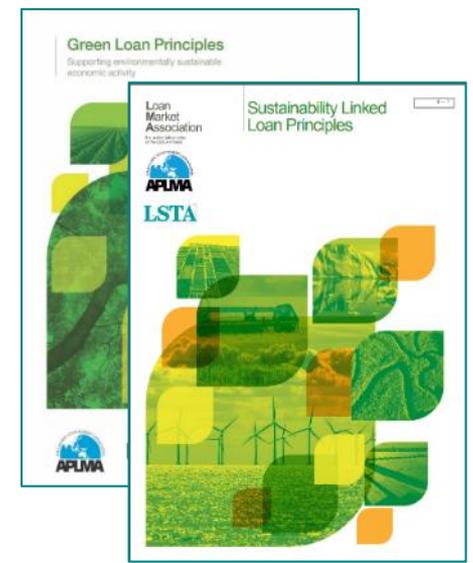
European Green Deal, EU Taxonomy and Green Bond Principles



ICMA Green, Social and Sustainability-linked Bond Principles



LMA Green and Sustainability-linked Loan Principles



Garanti BBVA Sustainable Finance Products

Sustainable Facilities

GREEN PURPOSE FACILITY

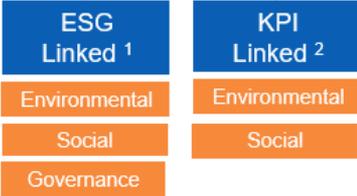
Use of proceeds to finance or refinance "green" investments

Opinion Report

Green Loan Principles

SUSTAINABILITY-LINKED FACILITY

General Corporate Purposes



Opinion Report 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

Gender Loan

GENDER LOAN FACILITY ³

General Corporate Purposes



Opinion Report⁵ Sustainability Linked Loan Principles

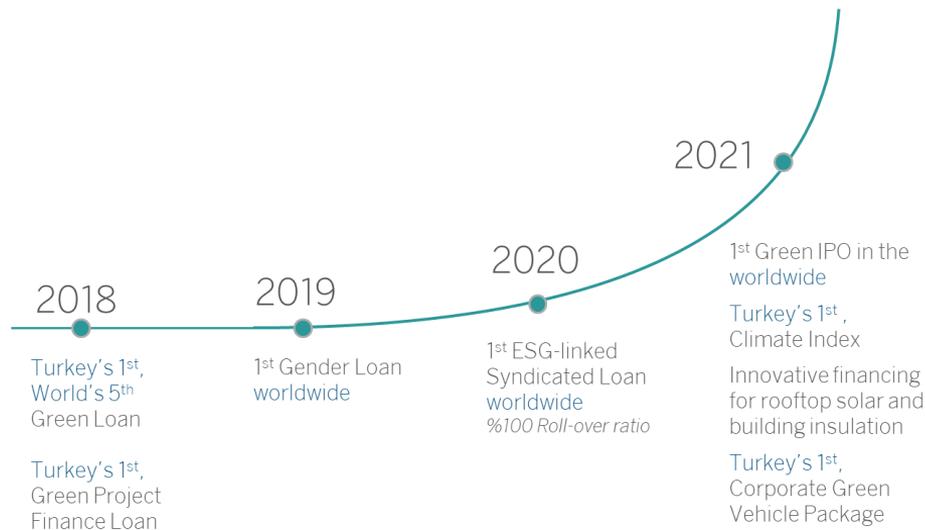
³ The structure is derived from the Sustainability-Linked Loan. The KPIs defined should be related to gender diversity practices of the borrower. Garanti BBVA's Criteria Set and/or international certificates and/or recognition of indices can be accepted as KPI.
⁴ Annual assessment should be conducted and reported by a social expert

Committed to Finance the Sustainability

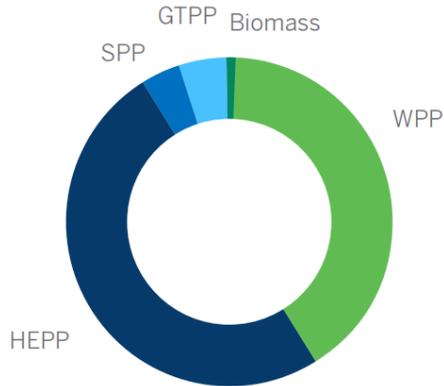
Sustainable Finance Success Stories

- Renewable Energy Financing
- **Gender Loan (First in the World in 2019, 2020 & 2021)**
- Green / Sustainability Linked Loans (ESG)
- Social / Sustainability Linked Bonds (ESG)
- **First ever Green IPO**
- **Corporate Green Vehicle Loan**
- **First Green Direct Debiting System in Turkey**
- **Shopping Loan for Energy Efficiency (Insulation + E-bike)**
- Green Mortgage
- Green Auto Loan
- Women Entrepreneurs Loan
- **Rooftop Solar Product for Retail**
- **Financing of the Largest Solar Power Plant in Turkey Financing**
- **Climate Index**
- 3 ESG Related Funds (ESG)

Wholesale clients



Renewable Energy Financing



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) Hydropower Projects (HEPP) for 3,677 3,677 MW current installed capacity, which are fully operational,

263 million to Geothermal Power Plant Projects Geothermal Power Plant Projects (GTPP) (GTPP), which will have a total installed capacity of 337 MW 337 MW once fully operational,

USD 396 million to Solar Energy Projects (SPP), Solar Energy Projects (SPP), which will have a total installed capacity of 575 MW 575 MW once fully operational,

USD 124 million USD 124 million to Biomass to Energy Projects, Biomass to Energy Projects, which will have a total installed capacity of 134 MW 134 MW once fully operational.

As of 31.12.2021

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 emissions as of 2021 year end



Garanti BBVA's Commitments

As Garanti BBVA, we will zero our coal risk until 2040, at the latest, in line with the following actions, with our goal of combating climate change and transitioning to a low-carbon economy.

- The new coal plant will not be financed.
- The new coal mine will not be financed.
- There will be no increase in the limit for coal.
- By 2040 at the latest, all coal exposures, including PF loans, will be closed. (Except NPL.)



Garanti BBVA's Commitments

NET ZERO BANKING ALLIANCE

Garanti BBVA **has become the first Turkish signatory** to the United Nations Net Zero Banking Alliance, which brings together 120 banks from 41 countries that have committed to aligning their lending and investment portfolios **with net zero emissions by 2050!**

NZBA commitments:

- Align their portfolios with a net zero emissions path by 2050
- Setting 2030 and 2050 targets with interim targets to be set every 5 years from 2030 within 18 months
- Focus the initial 2030 targets on carbon-intensive sectors where the bank can have the most significant impact
- Coal, oil and gas, transportation, etc. Setting sector-level targets for all or most carbon-intensive sectors, such as
- Engaging customers for their own transition and decarbonisation, and fostering the transition to a net zero economy
- Reporting on an annual basis, emissions in line with best practices and progress against transition strategy and climate-related sectoral policies
- Adopting a carbon offset approach

Latest Membership Stats

120
Banks

41
Countries

US\$ 70trn
Total Assets

39%
of global banking assets



Garanti BBVA Commitments

SCIENCE BASED TARGETS & BUSINESS AMBITION FOR 1.5°C

- Science Based Targets; CDP is a joint venture of the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF.
- The initiative provides a step-by-step guide to the implementation of the objectives. First, businesses are asked to sign a commitment letter stating their commitment to setting a science-based goal.
- Companies then have 24 months to fully develop the target. After a goal has been developed, the 'Target Submission Form' should be submitted. This form then verifies whether the target has been formally approved or requires additional work.
- In June 2016, we uploaded our letter of commitment to SBTi, which is working to set scientific emission reduction targets in line with the 1.5°C target of the Paris Agreement.
- At the beginning of 2021, we announced our absolute emission reduction target in line with the 1.5 degree target within the scope of the Science-Based Targets methodology. We have committed to reduce Scope 1 and Scope 2 emissions by 29% by 2025 and by 71% by 2035.
- In 2020, we reduced the emissions caused by our operations by 75% and purchased carbon credits for our remaining emissions, and we achieved our 2035 target as carbon neutral 15 years ago. Now we are working towards more ambitious goals.





Sustainability Indices

Sustainability Indices

As Garanti BBVA, we are included in **11 Sustainability Indices**.

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

We are the only company from Turkey that has been in place for 7 consecutive years



We are the only company from Turkey to be included in the index for 6 consecutive years



THOMSON REUTERS



CLIMATE



BIST KURUMSAL YÖNETİM
XKURY

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, creating a natural, organic feel.

thank you

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