

Another first from Garanti BBVA

Gender Loan

Garanti BBVA signed a loan agreement with Polat Energy for a total of USD 44 million for the 48 MW Soma 4 Wind Power Plant project. The loan agreement signed for the financing of the wind farm, which will be the largest in Turkey once operational, was structured as a “Gender Loan”, a first not only in Turkey but also worldwide. If Polat Energy makes a certain level of improvement in its gender equality performance according to the criteria included in the annual ‘gender performance’ assessments, Garanti BBVA will apply a discount in both the interest rate of the cash loan and the commission rate of the non-cash loan.

Garanti BBVA has been striving to contribute Turkey’s sustainable development for many years with its responsible banking approach. The Bank recently launched its new ‘gender loan’ structure, after issuing a ‘gender bond’, which has been the first social bond issued by a private bank in emerging markets for the exclusive use of women entrepreneurs. Gender Loan structure, that is used for the first time under the loan agreement signed with Polat Energy for the financing of 48 MW Soma 4 Wind Power Plant project, has been another milestone in Garanti BBVA's sustainable finance initiatives to support the SDGs such as climate action and gender equality. The total amount of the loan is USD 44 million that includes a cash facility worth USD 21.4 million with 8 years maturity and a non-cash facility worth USD 22.6 million with a maturity of 11.5 years.

Within the scope of the product, Garanti BBVA’s sustainable finance teams will score Polat Energy's annual performance in the field of gender equality along its entire value chain according to internationally accepted norms and practices. The score that will be assigned in the initial assessment will be considered as the baseline score. In subsequent assessments, if Polat Energy increases its score to a certain level, a discount will be applied to both the cash loan interest rate and non-cash loan commission rate. In this way, companies that perform well in gender equality will be rewarded and those who are new in implementing gender initiatives will be incentivized to improve their performance.

Criteria include actions such as return-to-work programs for employees returning from maternity leaves, ensuring gender equality in new hires, prioritization of women-owned enterprises in the supply chain, measures to avoid gender pay gap, policies to prevent harassment and trainings to overcome unconscious negative bias against women. The score, which will be calculated according to the methodology developed by Garanti BBVA, will reveal the gender equality performance of Polat Energy along its entire value chain. Garanti BBVA will be ready to support Polat Energy with its own HR department in setting relevant policies and procedures if there is any need.

Alkim Bağ, Polat Enerji Chief Strategy Officer, commented as follows: “We always considered gender equality as core to ensure a diverse pool of talents within our company and to sustain our success. There is already a significant representation of women in our existing organizational structure. Although it was entirely a new financing concept, it matched with the existing vision of our management and finance team. We are proud to be the first company in Turkey to benefit from gender loan, which has been an encouragement for us to further improve our performance.”

Ebru Dildar Edin, Executive Vice President of Garanti BBVA, has commented the following with regards to the launching of Turkey’s first and only gender loan “As Garanti BBVA, we believe that gender equality is, before all else, a human rights issue. Both for a fair society that respects human rights and for a better economy, the importance of women’s representation in labor force needs to be understood. When female labor force is identical to men in terms of participation throughout the world, the annual global GDP is estimated to increase as much as 26% in 2025, compared to BaU. In the current condition, in Turkey, employment rate of women is less than half of the men's employment rate. If we can reach the OECD average in terms of female labor force participation rate, which is 63%, Turkey's GDP is likely to increase by 20% in 2025. We need to act on gender equality, not only from an economic welfare perspective, but also from the perspective of utilizing an untapped talent pool. The women ratio in the well-educated part of the society is around 45-50% in Turkey. However, even in the leading companies except finance sector, the women representation does not exceed 30%. Both as the public and the private sector, we have an important role to play here. Thanks to Gender Loan, companies will have the opportunity to access financing with favorable conditions by improving their gender performance. To date, we have achieved many firsts on gender equality. We were proud to be included in the Bloomberg Gender Equality Index three times in a row and the first bank in Turkey committing to the UN Women's Empowerment Principles (WEPs). We have undertaken pioneering initiatives in this area such as the establishment of our Gender Equality Committee in 2015, the Women Managers Program that we set up to increase the number of women in senior management, our Domestic Violence Platform, maternity experience project, mentoring program, fair remuneration policy, trainings for unconscious bias and of course our well-known Women Entrepreneurs Programs which is crucial for the economic and social development of Turkey. Thanks to these efforts, which have increased our positive impact, supported women's participation in the business life and decision-making processes improved their contribution to the economy.

Taking these efforts one step further, last year we issued a six-year gender bond worth USD 75 million to help finance women entrepreneurs with the WBG member IFC

(International Finance Corporation). Today, we are proud to achieve another first in this areas not only in Turkey also worldwide. We aim to pioneer our sector in the field of gender equality and to set an example for other institutions that are willing to take action in this field by reaching more women.”