



SUSTAINABILITY  
REPORT

2014

# SUSTAINABILITY REPORT

2014

# Contents

7	8-9	10-11	12-15	16-19	20-31	32-36	37-43
<b>About this Report</b>	<b>Vision, Mission and Values</b> <ul style="list-style-type: none"><li>→ Our Vision</li><li>→ Our Mission</li><li>→ Our Strategy</li><li>→ Our Core Values</li></ul>	<b>Key Sustainability Highlights</b>	<b>Sustainability Strategy and Policy</b> <ul style="list-style-type: none"><li>→ Sustainability Strategy</li><li>→ Sustainability Policy</li><li>→ Sustainability Principles</li></ul>	<b>Message from the CEO – Ergun Özen</b>	<b>Garanti in Brief</b> <ul style="list-style-type: none"><li>→ Key Facts</li><li>→ Garanti Bank in Numbers</li><li>→ Group Structure</li><li>→ Corporate Profile</li><li>→ Garanti's Products and Services</li><li>→ Garanti's Integrated Subsidiaries</li></ul>	<b>Milestones</b> <ul style="list-style-type: none"><li>→ Garanti's Sustainability-Related Indicators</li></ul>	<b>Focusing on Stakeholders</b> <ul style="list-style-type: none"><li>→ Key Stakeholder Groups and Engagement Platforms</li><li>→ National and International Memberships</li><li>→ Approach to Materiality</li></ul>
44-61	62-95	96-112	113-132	133-137	138-157	158-193	
<b>Focusing on Corporate Sustainability Governance</b> <ul style="list-style-type: none"><li>→ Board of Directors and Senior Management</li><li>→ Committees</li><li>→ Risk Management, Internal Audit and Control Functions</li><li>→ Disciplinary Committee</li><li>→ Policies and Principles</li><li>→ Anti-Fraud Policy</li><li>→ Ethical Principles</li><li>→ Whistleblowing Programme</li><li>→ Transaction Monitoring</li><li>→ Prevention of Conflicts of Interest</li><li>→ Implementation of Basel Regulations</li><li>→ Sustainability Committee</li><li>→ Sustainability Team</li></ul>	<b>Focusing on Customers through Sustainable Finance</b> <ul style="list-style-type: none"><li>→ Importance of Customer Experience and Satisfaction</li><li>→ Segment - Specific Programs that Contribute to Sustainability</li><li>→ Financial Health and Inclusion</li><li>→ Renewable Energy</li><li>→ Garanti Bank and SMEs</li><li>→ Sustainability Collaboration with International Financial Institutions</li><li>→ Garanti Bank Supports Women Entrepreneurs</li><li>→ Supporting Rural Development with "Agricultural Banking" Products</li><li>→ Efforts to Expand the Informed Customer Group</li><li>→ Environmental and Social Risk Assessment Process</li><li>→ Management of Indirect Water Footprint</li></ul>	<b>Focusing on Managing Environmental Impact of Operations</b> <ul style="list-style-type: none"><li>→ Environmental Policy</li><li>→ Garanti Bank's Environmental Management System</li><li>→ Supply Chain Management</li><li>→ Climate Change Management at Garanti Bank</li><li>→ Climate Change Mitigation</li><li>→ Energy Efficiency Projects</li><li>→ Waste Management</li><li>→ Water Management</li><li>→ More Sustainability Initiatives from Garanti Bank</li></ul>	<b>Focusing on Human Resources</b> <ul style="list-style-type: none"><li>→ Human Resources and the Business Environment</li><li>→ Equality of Opportunity and Diversity</li><li>→ Health, Safety &amp; Well-Being</li><li>→ Child Care</li><li>→ Security Measures</li><li>→ Good Work Life Relationship ("IYI") Program</li><li>→ Health and Nutrition</li><li>→ Career Opportunities Program</li><li>→ Promotion Opportunities</li><li>→ Compensation and Rewards</li><li>→ Fair and Transparent Premium Models</li><li>→ Garanti Bank Pension Fund Foundation</li><li>→ Learning and Development</li><li>→ Raising Awareness on Sustainability</li><li>→ Gelecek (Future) Meetings</li><li>→ 4 Season Meetings</li><li>→ Garanti Managers Summit</li><li>→ Employee Satisfaction</li><li>→ Suggestion and Idea Platforms</li></ul>	<b>Focusing on Communities</b> <ul style="list-style-type: none"><li>→ Garanti Bank's Corporate Social Responsibility Policy</li><li>→ Education</li><li>→ Supporting the Participation of Disabled Individuals in Social and Economic Life</li><li>→ Support for Culture and Cultural Heritage</li><li>→ Community Investment Goals</li></ul>	<b>Appendix</b> <ul style="list-style-type: none"><li>→ Appendix 1: Key Stakeholder Groups and Engagement Platforms</li><li>→ Appendix 2: Environmental and Social Impact Assessment Model (ESIAM)</li><li>→ Appendix 3: Sustainability Collaboration with International Financial Organizations</li><li>→ Appendix 4: Whistleblowing Programme</li><li>→ Appendix 5 – Anti-fraud Policy</li><li>→ Appendix 6: Activities of the Bank's Compliance Department</li><li>→ Appendix 7: Role of the Disciplinary Committee</li><li>→ Appendix 8: Garanti's Integrated Subsidiaries</li><li>→ Appendix 9: Change to the Environmental Impact Assessment Regulation</li></ul>	<b>GRI G4 Content Index</b>	

# About This Report

This third sustainability report from T. Garanti Bankası A.Ş. ('Garanti Bank') represents the Bank's performance on the issue of sustainability as determined in parallel with the feedback of its stakeholders for the 12 month period ending 31 December 2014. Where relevant, the Bank has also included data from the previous reporting period for comparative purposes. Garanti plans to report on its sustainability performance every 12 months.

This report has been prepared in accordance with Global Reporting Initiatives (GRI) G4 reporting guidelines to comprehensive level and also includes application of the G4 Sector Disclosures Financial Services sector supplement.

There is a comprehensive index according to GRI G4 principles presented in the annexes.



## Our Vision

is to be the best bank in Europe.

## Our Mission

is to continuously and noticeably increase the value we create for our customers, shareholders, employees, the society and the environment by utilizing our influence, agility and organizational efficiency.

## Our Strategy

is to maintain long-term sustainable growth by continuously creating value.

## Our Core Values

### Our customers

are the cause of all our operations and efforts. We always strive to satisfy our customers above and beyond their expectations. We are honest, courteous, helpful, solution-oriented and always pleasant.

### "Garanti Bank and its employees have high moral values"

We conscientiously follow rules and regulations without exception. Having a good conscience is of paramount importance for both the organization and the individuals which form it.

### "The most important element for us is the human factor"

We value individuals, attach strong importance to the human mind and invest continuously in human resources. Our quality is driven and ensured by our employees. Every team member is driven primarily by a quest for quality. We understand the importance of delegating

responsibilities. We encourage our employees to take the initiative. We believe in the energy for "desire" that makes our employees creative and productive. We believe that every employee of our Bank is a "leader in their field" and that they are the ones who know best what they are doing.

### Continuous progress

We sustain the quality of our services by constantly improving ourselves rather than maintaining the status quo. Investing in our people and technology to achieve continuous progress is an inseparable element of our policy. Our primary duty is to sustain a high level of quality while constantly improving the quality of our products and services. Our approach to improving quality is proactive; we strive to identify the needs and expectations of our customers and address them before they are voiced by our customers.

### Our environmental and social responsibilities

We undertake every effort to be beneficial to society, the environment and humankind. We believe that the environmental and social values set out by Garanti Bank for all of its stakeholders will be taken as a model not only in the banking sector but also in the entire national economy while providing significant contributions to Turkey's development.

### Teamwork

We believe in effective teamwork and open lines of communication. We do not compromise these principles. We are opposed to strict layers of hierarchy. Everybody at Garanti Bank from the CEO to the lowest ranking personnel and all of the organizations which we cooperate with coalesce into a unified power to help realize our vision. The effective teamwork of the Bank is strengthened by collaboration, mutual trust and respect.

# Key Sustainability Highlights

**%70**  
of employees  
working at ISO14001  
certified offices

**369**  
women entrepreneurs  
received certificates  
from WEES

**35%**  
share in Turkey's total  
installed wind power  
capacity

**96**  
disabled-friendly  
branches

Garanti is one of only 15 Turkish companies that successfully qualified for the BIST Sustainability Index in the first year.

- New sustainability strategy and policy approved by the Board of Directors.
- One of only 15 Turkish companies that successfully qualified for the BIST Sustainability Index in the first year.
- Qualified to be included in the BIST Corporate Governance Index with a score of 9.14 awarded by JCR Eurasia Rating.
- First bank in Turkey to publish a sustainability report that was in accordance with the comprehensive option of the GRI G4 Reporting Guidelines.
- Obtained external assurance of its Scope 1 and 2 emissions for CDP for the second time.

- Received the "CDP 2014 Turkey Climate Disclosure Leadership" award.
- First Turkish bank to sign the United Nations "Women's Empowerment Principles".
- Started to support HeforShe initiative that emphasizes on men's support for women rights and gender equality.
- Illustrated its support for actions on climate change with new commitments to 6 areas under the scope of United Nations Climate Summit (<http://business.un.org/en/commitments/3898>).

- Total loans provided to renewable energy investments reached US\$ 3.5 billion.
- 35% share in Turkey's total installed wind power capacity among all banks (52.3% share among Turkish Banks).
- Developed a new product to help finance unlicensed solar projects to support transition to a low carbon economy.
- Increased the number of facilities covered by its Environmental Management System to 605, covering 70% of its employees.
- Became the first Turkish bank to be awarded with the Green Office Diploma for its Headquarters by WWF-Turkey.
- "Best Bank for Sustainability in Turkey" for the second time by World Finance Magazine.
- "Best Bank in Sustainability" award received from the Environmentally Friendly Green Buildings

Association (ÇEDBİK).

- Examined 12 projects thoroughly in accordance with Environmental and Social Impact Assessment Model.
- Reduced GHG<sup>1</sup> emissions per total assets by 23.8%.
- The amount of employees working in ISO 14001 certificated buildings reached 70%.
- Amount of waste sent to recycling increased by 42%.
- "Sustainability Award for Environmental and Social Performance" received from EBRD<sup>2</sup>.
- Supported the initiation of the CDP Water Program in Turkey.
- Established the Woman Steering Committee to empower women socially and economically.
- Continued its support for disabled customers with 96 disabled-friendly branches, 62 orthopedically impaired-friendly ATMs, 144 visually impaired-friendly ATMs, 117 visually and orthopedically impaired-friendly ATMs and 7,154 employees who completed disability-friendly training.
- Organised 97 meetings in 67 provinces with nearly 30,000 SMEs with Garanti Anatolian Meetings.
- Organised Women Entrepreneurship Meetings with approximately 1,000 women in 5 provinces.
- Provided 2.1 billion TL loans to women entrepreneurs by the end of 2014.
- Started "Join the Workforce Join Life" project oriented at the employment of disabled people under the leadership of Ministry of Family and Social Policies.
- Share of women employees reached 57% in total.
- 369 women received certificates in 4 provinces within the scope of the Women Entrepreneurs Executive School (WEES).

<sup>1</sup> Greenhouse gas.

<sup>2</sup> In 2014, European Bank for Reconstruction and Development (EBRD) presented Garanti Bank with the "Sustainability Award for Environmental and Social Performance" for its comprehensive environmental social risk assessment system.

# Sustainability Strategy and Policy

## Sustainability Policy

### Overall Sustainability Vision

Sustainability issues are gaining importance within Turkish society, and are increasingly impacting the banking sector. Garanti Bank strongly believes that operating sustainably is a key driver to the long-term success of the Bank, and aims to be the leader in introducing and implementing sustainable banking to Turkey.

Building on the Bank's Core Values, Garanti Bank defines Sustainability as a commitment to building a strong and successful business for the future, while minimizing negative environmental and social impacts, and sharing long-term values with its customers, staff, shareholders and the communities it operates in.

Garanti Bank aspires to achieve its aim of sustainable banking through technological innovations, managing the environmental footprint of its operations and developing sound environmental and social risk assessment as part of its risk management framework. The Bank also recognizes the importance of an effective organizational structure and strong corporate governance to maintain ongoing development and successfully deliver its sustainability objectives.

Furthermore, Garanti Bank is aware of the need to collaborate and engage with its peers and suppliers at a global level to identify new opportunities, capture emerging best practices and products and remain a sustainability leader in Turkey.

## Sustainability Strategy

In April 2014, Garanti Bank officially approved a new sustainability strategy and policy in order to acknowledge the importance it places on conducting its business activities in a responsible manner and strengthen its Vision to be the best bank in Europe and its Mission of increasing the value it creates for its stakeholders.

For more information about our Sustainability Strategy, please visit the webpage: [http://www.garanti.com.tr/en/our\\_company/sustainability/sustainability\\_approach.page](http://www.garanti.com.tr/en/our_company/sustainability/sustainability_approach.page)

### Responsibility for Sustainability Policy Framework

The Board of Directors is authorized and responsible to approve the Sustainability Policy. The monitoring, amendment, improvement, implementation and enforcement of the Policy are under the direct responsibility of the Sustainability Committee. All changes and amendments should be subsequently approved by the Board of Directors, then published internally and made public through the Bank's website.

# Sustainability Principles

Garanti Bank focuses on improving the basics of banking by integrating sustainability into its operations.  
The following principles highlight how the Bank will achieve its sustainability vision:

## Focusing on Customers through Sustainable Finance

### Areas of Focus

- Introduce new practices to Turkey that go beyond common practices and compliance to relevant national laws and regulations;
- Enhance E&S risk processes across the Bank and its subsidiaries to minimize the negative impact of lending and investment activities;
- Educate customers on sustainability and become a trusted advisor in supporting and facilitating customers to minimize their own footprint;
- Develop products and services that help catalyze the transition towards a more sustainable economy, increase financial inclusion and commit to ethical marketing and selling.

Page 62

## Focusing on Managing Environmental Impact of Operations

### Areas of Focus

- Measure and monitor the Bank's environmental footprint, and implement measures to increase resource and energy efficiencies;
- Set targets to reduce emissions and resource usage in targeted areas and increase cost effectiveness;
- Work closely with suppliers to benefit from the latest environmentally friendly solutions and expand sustainability across the supply chain.

Page 96

## Focusing on Communities

### Areas of Focus

- Invest in communities through direct contributions and development of mutually beneficial partnerships;
- Build on Garanti Bank's current philanthropy and sponsoring activities to further increase the wellbeing and lifestyle of Turkish communities.

Page 133

## Focusing on Stakeholders

### Areas of Focus

- Liaise and engage with different stakeholders at the national and international levels to follow the latest developments and include their views into decision-making processes;
- Play an active role in increasing financial education and sustainability awareness within Turkish society;
- Report transparently on issues material for the Bank and its major stakeholders.

Page 37

## Focusing on Human Resources

### Areas of Focus

- Monitor employee satisfaction and ensure a fair remuneration and benefits scheme at all seniority levels;
- Continuously educate employees and proactively engage them to develop and implement sustainable initiatives in their day-to-day activities, both at and outside work.

Page 113

## Focusing on Corporate Sustainability Governance

### Areas of Focus

- Adopt an effective governance structure to develop, implement and monitor sustainability actions within the Bank;
- Integrate sustainable banking into Garanti Bank's operations in line with the bank's identity and culture.

Page 44



# Message from the CEO



Dear Stakeholders,

I am delighted to present our second Sustainability Report prepared in accordance with the “Comprehensive” version of GRI G4 Sustainability Reporting Guidelines of the Global Reporting Initiative covering the 12-month period to 31 December 2014.

2014 was a year of slower-than anticipated-economic recovery for Europe and emerging countries along with uncertainties for the global economy. Although exposed to a double shock at the onset of 2014 with the US Federal Reserve’s tapering and domestic political uncertainties, the Turkish economy outperformed expectations owing to its flexible structure. The Central Bank of the Republic of Turkey’s sharp interest rate hike in January, 2014 made in an attempt to restrain loss of value in Turkish Lira and the macro-prudential measures adopted were restrictive on domestic demand; still, a moderate growth performance was captured during the year, driven by external demand. While moderate domestic demand curbed imports, current account deficit showed a meaningful improvement thanks to export performance. Inflation remained above expectations throughout the year as a result of the pressure on exchange rate due to the expectedly imminent interest rate increase by the FED, and the high food prices resulting from the drought. Nevertheless, the significant decline in oil prices in the last quarter of the year positively affected inflation and current account deficit.

In spite of the difficult macro-economic conditions, we, as Garanti Bank, continued to make effective use of our Bank’s capital in keeping with our dynamic business model that prioritizes sustainable growth and profitability. We maintained our strong capital structure with a capital adequacy ratio of 14%, whilst the ratio of our common equity tier I capital to total shareholders’ equity remained the highest in the sector at 93%. Thus in 2014, we were once again able to demonstrate the quality of our shareholders’ equity and our adherence to sustainable growth strategy. Meanwhile, thanks to the high credibility Garanti enjoys in the global markets, we were able to renew our syndicated loans with a record level of demand. We executed securitization transactions totaling US\$ 1,050 billion and two Eurobond transactions worth € 500 million and US\$ 750 million, respectively. We managed to secure a 6-year loan for TL 218 million and a 5-year loan of TL 69 million from the

We are committed to contributing to sustainable growth in the communities in which we operate, conducting our business in a responsible manner and increasing the value we provide for all our stakeholders.

European Investment Bank (EIB) for refinancing to SMEs and remained as the only bank in Turkey to borrow in Turkish Lira from the EIB.

Globally, megatrends such as rapid population growth, increasing urbanization and climate change are taking their toll on the finite resources of our planet and impacting the lives of communities across the world. These long-term environmental and societal trends are accompanied by a rapid and intensifying transformation in technology. In short, Turkey, and the global community, is facing overarching and often pan-national issues in environmental and social sustainability, which necessitate collaboration between governments, communities and the business world.

As one of the largest financial institutions in Turkey, Garanti Bank can help drive wide-scale sustainability transformation. Having embraced the responsibility that accompanies our impact, we are committed to contributing to sustainable growth in the communities in which we operate, conducting our business in a responsible manner and increasing the value we provide for all our stakeholders.

First formed in 2010, our Sustainability Committee is the body responsible for managing Garanti’s sustainability-related initiatives and is chaired by one of our board members. Having worked to integrate sustainability into all our operations, the Committee was pivotal in helping launch our new Sustainability Policy and Strategy in 2014 for all the Bank’s business activities. In 2014, the Committee membership was restructured to include the Executive Vice Presidents of Support Services, Loans, Project and Acquisition Finance, Strategic Planning and Investor Relations, SME Banking and the Human Resources Coordinator. Reporting to the Committee, seven working groups were established, each of which represents one of the sustainability principles identified in our Policy<sup>3</sup>. The aim of this restructuring is to focus sustainability efforts in line with our Policy and Strategy and to facilitate the decision-making and implementation processes.

Dear Stakeholders,

As Garanti Bank, the way we manage the indirect impact of our lending activities on the environment and society is a critical component of our approach to sustainable finance and our commitment to responsible banking. As a result

<sup>3</sup> The Bank’s Principle for sustainable finance is divided into retail and corporate customer segments.

Garanti Bank continues to prioritize financing renewable energy investments as an integral enabler for the transition to a low-carbon economy in Turkey. Our wind energy investments amounted to US\$ 2 billion by the end of 2014 and we launched our new SME product for unlicensed solar energy investments.

of this approach, we conduct an in-depth analysis of all greenfield investment projects above a certain threshold through our Environmental and Social Impact Assessment Process. Through this process, we seek to maximize the environmental and social benefits in the projects financed.

Simultaneously, we have continued our efforts to monitor, measure and manage our direct impact on the environment. Our Environmental Management System, certified to ISO14001 in 2013, remains the most extensive implementation of an EMS among Turkish banks with a coverage of 605 points of service as at the end of 2014. In addition, Garanti was awarded a Green Office Diploma by WWF in 2014. Moving forward, we are committed to continue expanding best practices in the field of sustainability across our entire value chain.

In recognition of our progress in measuring and reporting our GHG performance and impacts, Garanti was named "CDP 2014 Turkey Climate Disclosure Leader" by CDP, for our fifth annual submission, in 2014. We have also become the sponsor of the CDP Water Initiative in Turkey and will be one of the first companies in Turkey to submit its response to CDP Water in 2015. Besides, we attended the Climate Summit in New York in September 2014 and pledged to fight against climate change in six different areas.

Garanti Bank continues to prioritize financing renewable energy investments as an integral enabler for the transition to a low-carbon economy in Turkey. Our wind energy investments for example, amounted to US\$ 2 billion by the end of 2014 and we launched our new SME product for unlicensed solar energy investments. In recognition of these achievements, we received the Sustainability Award for Environmental and Social Performance from the European Bank for Reconstruction and Development (EBRD).

Key to financial inclusion and a cornerstone of sustainable economic growth, SMEs have remained our focus with nearly 30,000 SMEs visited during 2014 as part of Garanti Anatolian Gatherings. In addition, the Young Entrepreneurs' Gatherings co-organized with The Union of Chambers and Commodity Exchanges of Turkey (TOBB) continued in 2014. By becoming the sponsor of the BUBA<sup>4</sup> platform led by BUMED<sup>5</sup>, Garanti Bank also supported the Entrepreneurship Foundation established in April 2014 to help university students in our country discover the entrepreneurial spirit and to support young entrepreneur candidates' access to necessary resources.

Loans provided to women entrepreneurs, who we consider as a special customer segment



in our SME Banking platform, amounted to TL 2.1 billion by the end of 2014. The Women Entrepreneurs' Executive School, a free-of-charge training program, produced new graduates in the cities of Adana, Diyarbakır, Eskişehir and Kayseri with the collaboration of BULLC<sup>6</sup>. We also co-organized the Women Entrepreneurs' Gatherings in the cities of Istanbul, Sivas, Diyarbakır, Niğde and Aydın with the Women Entrepreneurs' Association of Turkey (KAGİDER). To increase the number of success stories which inspire women entrepreneurs, we ran Turkey's Women Entrepreneurs' Competition for the eighth time in co-operation with the Economist magazine and "KAGİDER". We also broadened the scope of our support to women entrepreneurs in 2014 and became the first Turkish bank to sign the Women's Empowerment Principles launched by the United Nations.

Our "Disabled-Friendly Banking" initiatives remained a significant component of our sustainable finance approach. We introduced the project "İşe Katıl Hayata Atıl" (Join the Workforce Join Life) in 2014 under the patronage of the Ministry of Family and Social Policies to increase the employment of people with disabilities. With this initiative we aimed to support people with disabilities to become independent individuals who can take the responsibility of their own lives.

Our open communication and cooperation with our stakeholders in recent years has been key in keeping our sustainable banking vision dynamic and constantly improving it. In a bid to perpetuate this improvement, we have authored another first in terms of transparency in the Turkish banking sector and published the Sustainability Report according to the GRI's new G4 Guidelines. Another accomplishment in 2014 was, Garanti Bank being one of the 15 Turkish companies that qualified for the recently launched Borsa Istanbul Sustainability Index. Meanwhile, we achieved a score of 9.14 on the Borsa Istanbul Corporate Governance Index as awarded by JCR Eurasia Rating.

All the achievements we earned and our intensive efforts during 2014 underline our unwavering belief and commitment to sustainability as well as the critical importance we place on effective stakeholder engagement, risk management and in maximizing the value we contribute to society.

4 BUMED Business Angels  
5 Boğaziçi University Alumni Association  
6 Boğaziçi University Lifelong Learning Center

As Garanti Bank, we will continue to strive to fulfill our responsibilities on both the local and international platforms in order to build a sustainable future.

As Garanti Bank, we will continue to strive to fulfill our responsibilities on both the local and international platforms in order to build a sustainable future, voluntarily carry these responsibilities one step further and be a role model among the financial sector as well as the non-financial sector. We are committed to remaining a pioneer in developing and implementing innovative solutions so as to effectively manage our environmental and social footprint, risks and opportunities with utmost care as in previous years.

I would like to herein point out the fact that the feedback that we receive from our valued stakeholders on the content of this report, which underlines the steps that we have taken in the area of sustainability to date, play a crucial role in guiding us to determine the material sustainability issues. I am confident that with the commitment and drive from our employees in conjunction with the support and guidance received from other stakeholders from our shareholders to our customers; we will continue to succeed even better results all together as we progress along our sustainability journey.

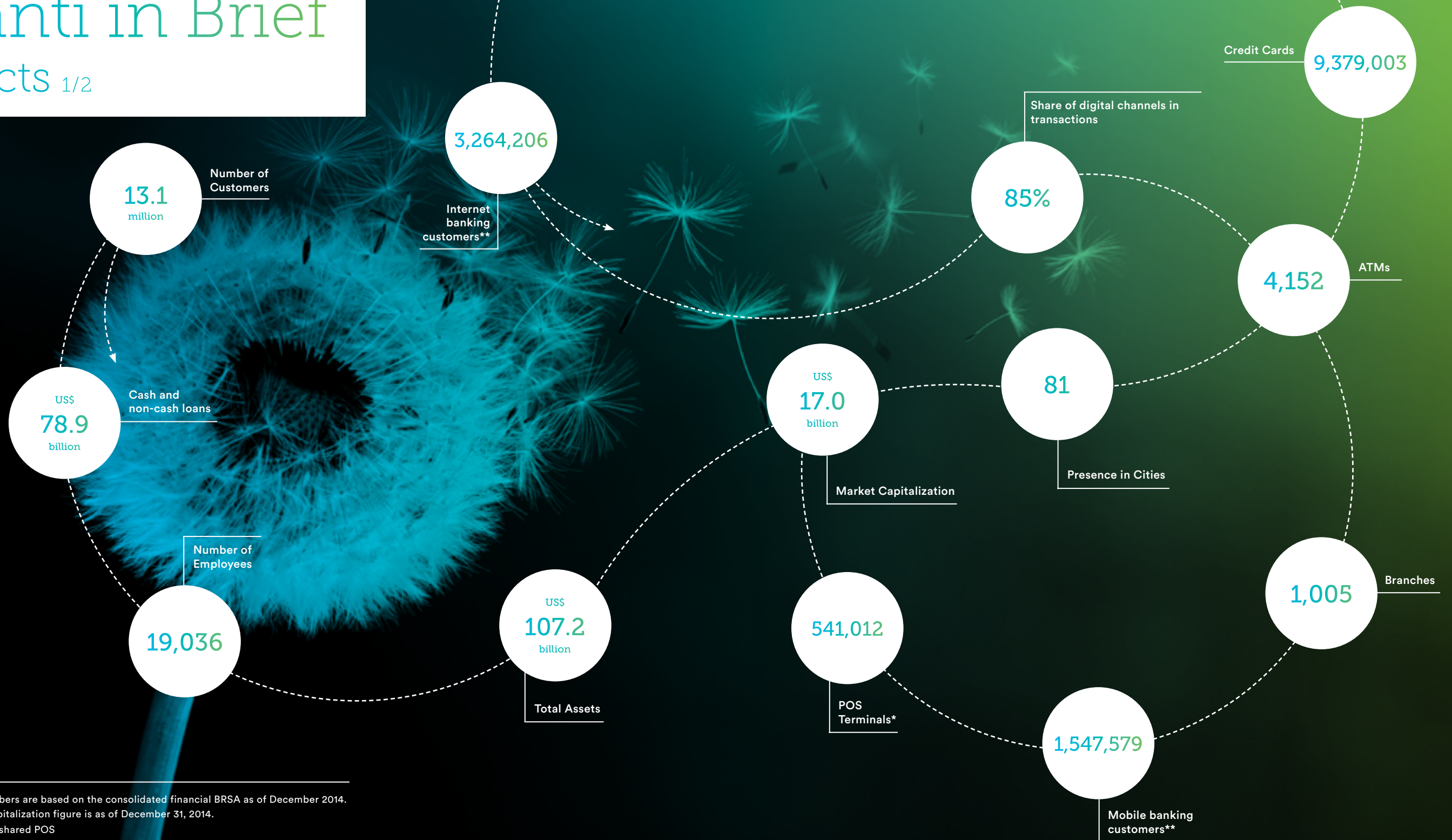
Sincerely,

**Ergun Özen | President & CEO**

[sustainability@garanti.com.tr](mailto:sustainability@garanti.com.tr)

# Garanti in Brief

## Key Facts 1/2



Note: Numbers are based on the consolidated financial BRSA as of December 2014.

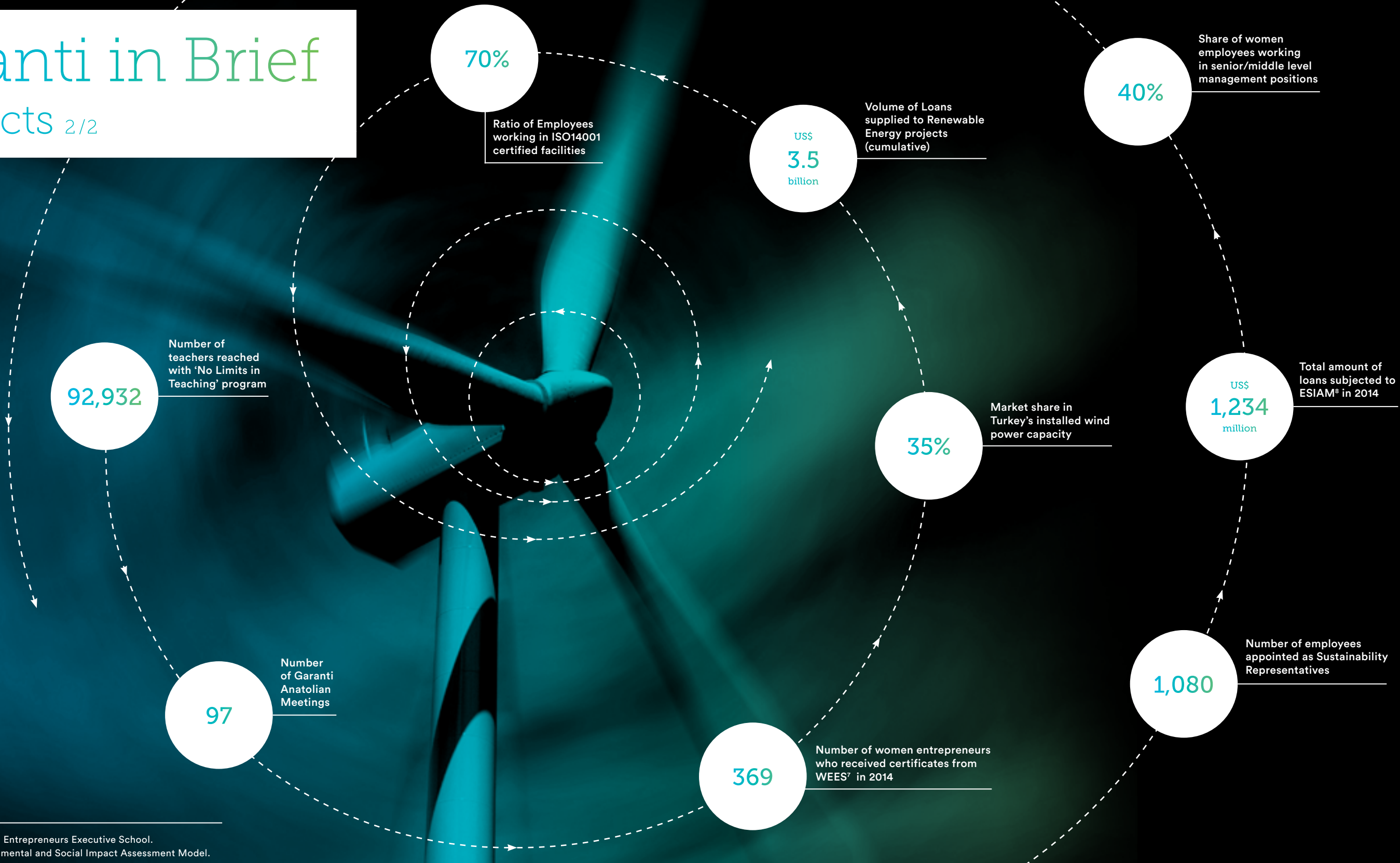
Market Capitalization figure is as of December 31, 2014.

\* Includes shared POS

\*\* Active customers only – minimum one login or call per quarter.

# Garanti in Brief

## Key Facts 2/2



<sup>7</sup> Women Entrepreneurs Executive School.  
<sup>8</sup> Environmental and Social Impact Assessment Model.

### Selected Consolidated Financial Indicators of Garanti Bank (TL billion)

	31.12.2013	31.12.2014
Cash Loans	128.9	144.0
Non-Cash Loans	34.2	37.7
Total Assets	221.5	247.1
Shareholders' Equity	23.0	26.6
Total Deposits	119.2	133.4
Profit before Taxes and Provisions	6.43	7.0
Profit before Taxes	4.4	4.8
Net Profit	3.3	3.7

### Key Financial Ratios (%)

	31.12.2013	31.12.2014
Average Return on Equity	14.9	14.8
Average Return on Assets	1.7	1.6
Non-Performing Loans Ratio	2.7	3.0
Capital Adequacy Ratio	13.7 (Basel II)	13.9 (Basel III)*

\* In-line with Basel III implementation starting January 2014, capital calculation methodology has been revised. As a result, 2013 YE capital ratios are not comparable with 2014 ratios.

### Market Shares\* (%)

	31.12.2013	31.12.2014
Total Performing Loans	12.5	11.9
TL Performing Loans	10.8	10.6
FC Performing Loans	17.0	15.3
Credit Cards – Issuing Volume (Cumulative)	17.2	18.3
Credit Cards – Acquiring Volume (Cumulative)	19.7	19.8
Consumer Loans**	13.6	13.8
Total Customer Deposits	11.3	11.7
TL Customer Deposits	10.4	9.9
FC Customer Deposits	12.9	14.8
Customer Demand Deposits	12.7	14.0
Mutual Funds	14.5	10.8

\* For sector comparison, BRSA unconsolidated financials are used in market share calculation. Sector data is based on BRSA, commercial banks only.  
\*\* Includes consumer credit cards.

### Garanti Bank in Numbers

	31.12.2013	31.12.2014
Branch Network	1,001	1,005
+Domestic	990	994
+Abroad	11	11
Personnel	18,738	19,036
ATM	4,003	4,152
Total Customers	12,400,077	13,075,181
Internet Customers***	2,655,303	3,264,206
Mobile Banking Customers ***	842,191	1,547,579
Credit Cards	9,302,545	9,379,003
Debit Cards (Paracard)	7,350,311	8,020,023

\*\*\* Active customers only

Note: Figures are based on the December 2014 consolidated financials.

# Group Structure

## Garanti Bank's Ownership Structure and Share Holdings

	Number of Shares	Nominal (TL)	Share (%)
Doğuş Group* (Total)	101,747,654,520	1,017,476,545,2	24.2256
BBVA (Banco Bilbao Vizcaya Argentaria S.A.)	105,042,000,000	1,050,420,000,0	25.0100
Others	213,210,345,480	2,132,103,454,8	50.7644
Total	420,000,000,000	4,200,000,000,00	100

\* Per disclosure on November 19, 2014; Doğuş Group and BBVA have entered into a Share Purchase Agreement dated November 19, 2014 with respect to the sale of shares of T. Garanti Bankası A.Ş. ("Garanti") representing 14.89% of the share capital with an aggregate nominal value of TL 625,380,000.00. Following the completion of the share transfers, Doğuş Group's and BBVA's stake in Garanti will be respectively 10% and 39.9% of the share capital. The transfer of title for the shares sold from Doğuş Group to BBVA will be finalized once the transaction is approved by the relevant authorities in and outside of Turkey including the Banking Regulatory and Supervisory Authority, the Capital Markets Board and the Competition Board. You can reach the announcement from the Investor Relations website at the following link: [www.garantiinvestorrelations.com](http://www.garantiinvestorrelations.com).

Garanti Bank has a market capitalization of TL 39.6 billion (US\$ 17.0 billion) as of the end of 2014 and is the most valuable company in Turkey.

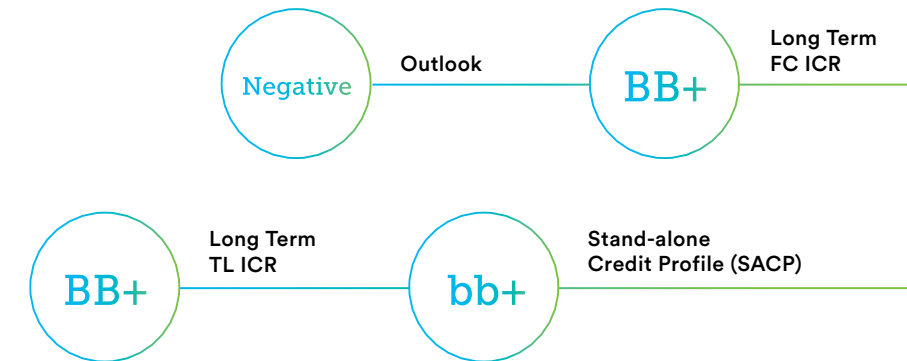
Garanti's depository receipts are listed on the London Stock Exchange Main Market and are traded on the International Order Book (IOB) service for international shares. In 2012, Garanti participated in the prestigious tier of the U.S. Over-The-Counter (OTC) market, OTCQX International Premier, where companies traded must meet high financial standards and an effective disclosure process. Having qualified in 2014 to join OTCQX® ADR 30 Index launched by OTC Markets Group Inc. in cooperation with Bank of New York Mellon, Garanti has established itself among the top 30 Depository Receipts traded on the OTCQX marketplace, selected based on their market capitalization, turnover and liquidity.

Garanti Bank has a market capitalization of TL 39.6 billion (US\$ 17.0 billion) as of the end of 2014 and is the most valuable company in Turkey. With an actual free float ratio of 49.95% and TL 19.8 billion floating market capitalization, Garanti also has the highest free float in BIST 100. Garanti's

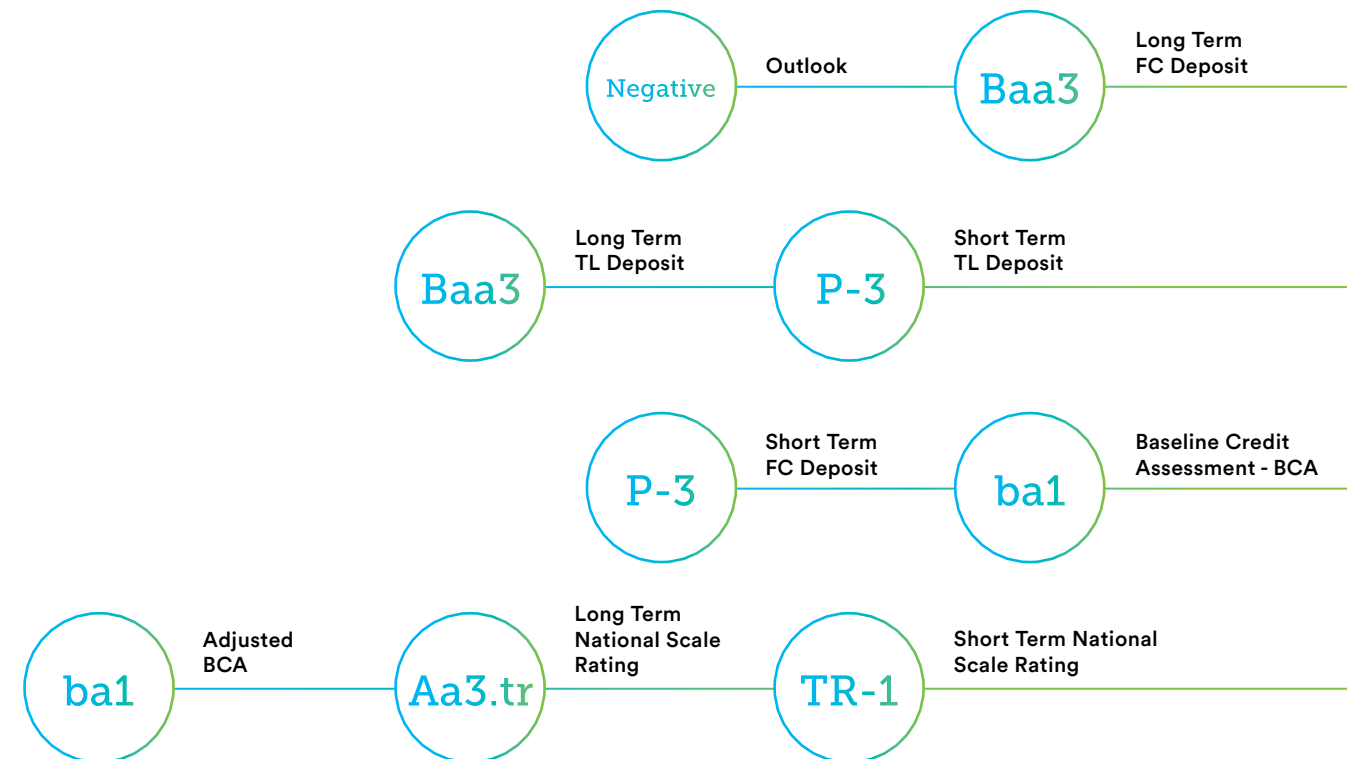
Depository Receipts program reached a size of 172 million shares as of 2014 year-end. Garanti Bank share (GARAN), the most traded stock with an average daily turnover of TL 665 million, increased its BIST 100 turnover market share to 21% in 2014 from 15% in 2013. GARAN is also the most traded stock by foreign investors with a total foreign transactions turnover of US\$ 33.7 billion in 2014.

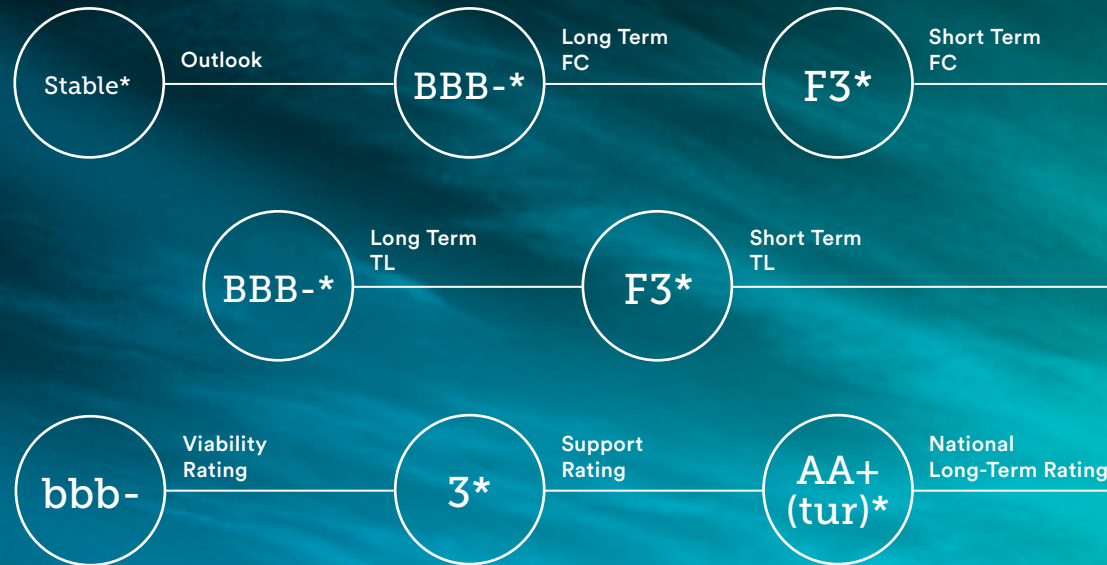
# Garanti Bank's Credit Ratings

## Standard&Poor's (June 27, 2014)

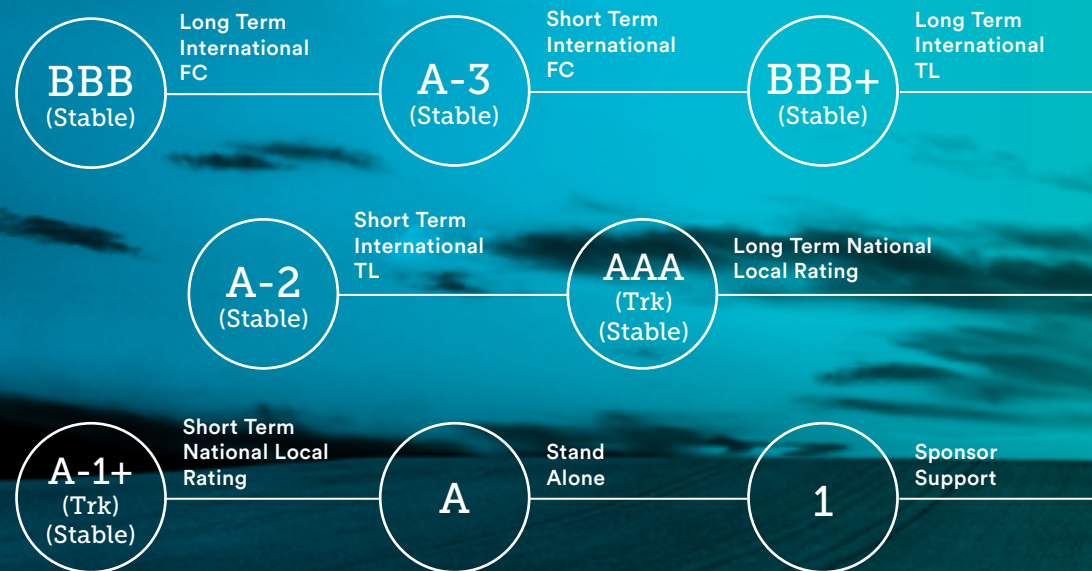


## Moody's (March 30, 2015)





\* Rating Watch Positive (RWP) since December 1, 2014



## Garanti Bank's Corporate Governance Ratings

JCR Eurasia Rating (December 11, 2014)

Overall Score	9.14	-
Convergence Level to Corporate Governance Principles	AAA(Trk)	Distinctive
Notch Degree and Valuation	aa	Superior

Subcategories	Weight	Score
Shareholders	25%	9.07
Public Disclosure and Transparency	25%	9.25
Stakeholders	15%	9.05
Board of Directors	35%	9.15

# Corporate Profile

Garanti commands a pioneering position in all lines of business through the profitable and sustainable growth strategy it pursued since the day of its establishment.

Established in 1946, Garanti Bank is Turkey's second largest private bank with consolidated assets of US\$ 107.2 billion as of December 31, 2014. Garanti is an integrated financial services group operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage, and asset management besides international subsidiaries in the Netherlands, Russia and Romania.

As of December 31, 2014, Garanti provides a wide range of financial services to more than 13 million customers with more than 19 thousand employees through an extensive distribution network of 994 domestic branches; 6 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai with 4,152 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

Garanti commands a pioneering position in all lines of business through the profitable and sustainable growth strategy it pursued since the day of its establishment. Its competent and dynamic human resources, unique technological infrastructure, customer-centric service approach, innovative products and services offered with strict adherence to quality carry Garanti to a leading position in the Turkish banking sector.

Following the best practices in corporate governance, Garanti is jointly controlled by two powerful entities, Doğu Holding Co. and Banco Bilbao Vizcaya Argentaria S.A. (BBVA), under the principle of equal partnership. Having shares publicly traded in Turkey, depository receipts in the UK and the USA, Garanti has an actual free float of 49.95% in Borsa Istanbul as of December 31, 2014.

With its dynamic business model and superior technology integrated to its innovative products and services, Garanti continues to differentiate itself and facilitate the lives of its customers. Its custom-tailored solutions and the wide product variety play a key role in reaching US\$ 78.9 billion cash and non-cash loans. The high asset quality attained through advanced risk management systems and established risk culture place Garanti apart in the sector.

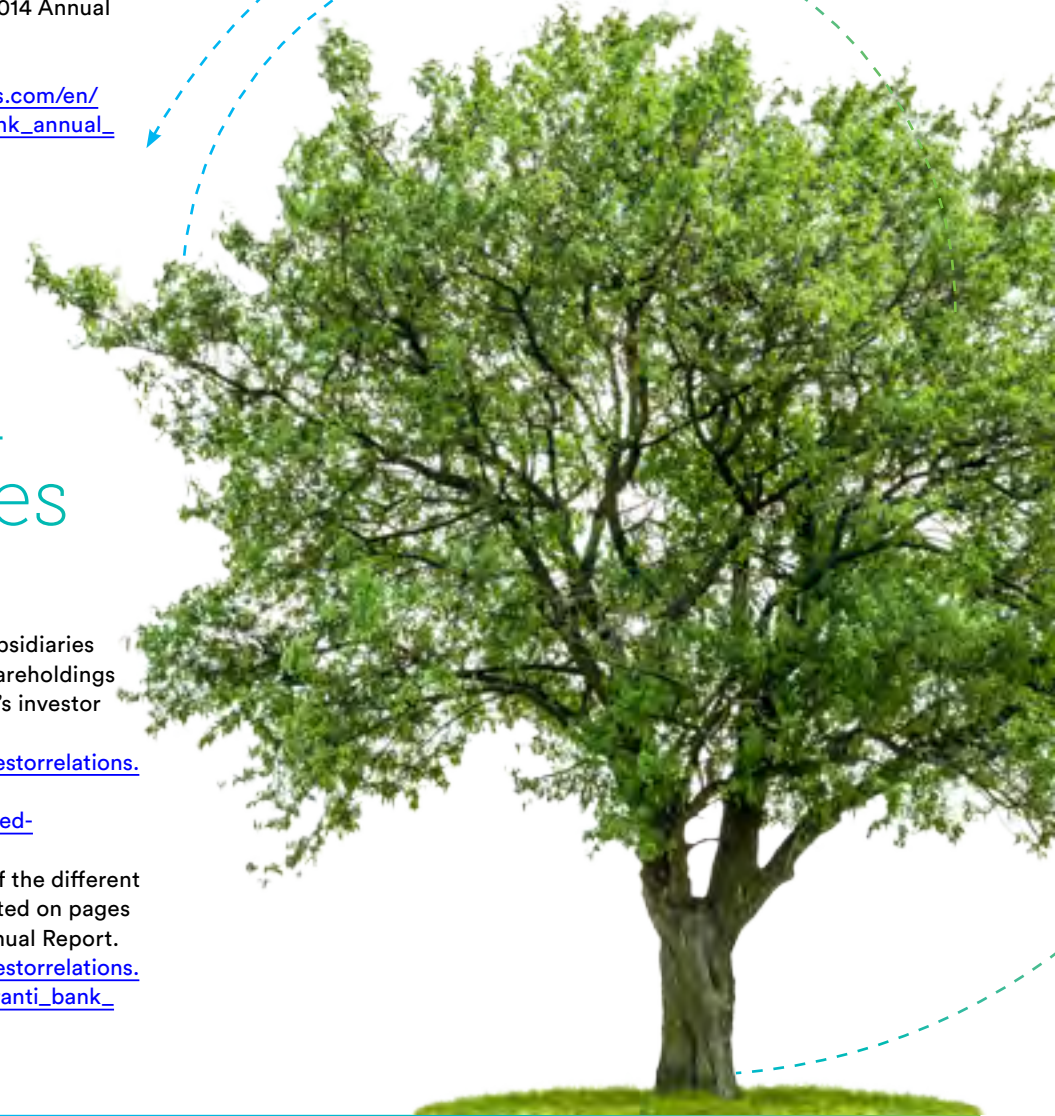
Garanti Bank is renowned not only for adding value to its clients and shareholders but also to its stakeholders and society as a whole, as exemplified by the amount of support the Bank provides to cultural, artistic, environmental, educational and sporting activities in Turkey.

# Garanti's Products and Services

Garanti facilitates life for its millions of customers with its rich product range and the following section summarises our main products and services. For a detailed description of Garanti Bank's products and services, please see pages 48 to 93 of the 2014 Annual Report.  
[https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)

# Garanti's Integrated Subsidiaries

A list of Garanti's subsidiaries and their respective shareholdings are provided in Garanti's investor relations' website.  
<https://www.garantiinvestorrelations.com/en/about-garanti/detay/Garantis-Integrated-Subsidiaries/18/27/0>  
Detailed descriptions of the different subsidiaries are presented on pages 76 to 87 in the 2014 Annual Report.  
[https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)





# Milestones

Table 1: Selection of Key Sustainability Milestones since 2010

## 2014

Since the Bank's inception in 1946, Garanti has had a long and proud history of leading the way in banking in Turkey and has achieved many firsts. A detailed list of key milestones in the Bank's history can be viewed on pages 15 - 18 of the 2014 Annual Report, accessible from the following website.

[https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)

Table 1 shown on pages 32 and 34 provides examples of the Bank's key sustainability milestones since 2010.

- Qualified for the BIST Sustainability Index and BIST Corporate Governance Index.
- Became the first bank in Turkey to prepare a sustainability report in accordance with the comprehensive option of the new Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines covering the 18-month period to the end of 2013.
- Received "CDP 2014 Turkey Climate Disclosure Leadership" award by getting the highest score among the 42 companies evaluated in the "Carbon Disclosure Leadership Index".
- Became the first bank to receive a Green Office diploma from WWF Turkey by successfully completing the WWF Green Office Programme launched at its Headquarters.
- Added 6 more buildings to its WWF Green Office Program.
- Increased the number of service points which are included in the Environmental Management System to 605.
- Became the first bank to adopt the Women's Empowerment Principles (WEPs) developed by the United Nations.

- Reported on its GHG emissions and climate change strategy as part of its CDP disclosure for the 5<sup>th</sup> time.
- Released 4 training videos on investment and financing processes of unlicensed electricity generation with solar power systems.
- Within the Barrier-Free Banking project scope, online training design consisting of comprehensive video and applications for the use of employees who require "Sign Language" has been completed. In 2015 it is due to be executed.
- Started "Join the Workforce Join Life" project oriented at the employment of disabled people under the leadership of Ministry of Family and Social Policies in October 2014.
- Designed to increase cooperation between "business and university", a joint cooperation agreement was signed with Marmara University, Department of Business Administration in German.
- Engaged in a strategic partnership with BUBA<sup>9</sup>, which brings together entrepreneurs seeking financing and angel investors seeking ventures with high growth potential.

## 2013

- Signed "Energy Efficiency in Buildings" manifesto developed by the Business Council for Sustainable Development in Turkey.
- Increased the number of service points which are included in the Environmental Management System to 260.
- Launched an e-learning programme about its Environmental and Social Risk Management for its employees involved in lending operations.
- Became the first Turkish Bank to achieve an A level for its Sustainability Report, which was prepared following GRI G3.1 Guidelines (Global Reporting Initiative).
- Recognized as "Best Bank for Sustainability in Turkey" by World Finance Magazine.
- Awarded by IAIR<sup>10</sup> with the "Best Bank for Sustainability – Europe" award.
- Joined the pilot programme of the International Integrated Reporting Council (IIRC).
- Obtained external assurance on its Scope 1 and 2 GHG emissions reported to CDP for the first time.

## 2012

- Full-time "Sustainability Team" established under the Project Finance department.
- Signed the United Nations Global Compact.
- First bank in Turkey to become a member of the Turkish Business Council for Sustainable Development (TBCSD).
- Received the "Carbon Performance Leadership" award from CDP Turkey by receiving the best score among 32 responding companies.
- Joined the WWF Green Office Program.
- Set up its Environmental Management System and Environmental Policy.
- In achieving its ISO14001 certificate, became the Turkish bank with an Environmental Management System implemented in the highest number of buildings and to the broadest extent.
- Women Entrepreneurs Leaders School initiated with women entrepreneurs to basic business, which aims to provide expertise in the management and marketing trainings.
- First bank in Turkey to be member of Global Banking Alliance for Women (GBA), worldwide.
- Became the first and only institution in Turkey to be deemed worthy of the Investors in People (IIP) certificate in the "Gold" category.
- Launched the Sustainability E-Learning Program that is open to all Bank employees.
- Joined the "HP Planet Partnership Program" for the disposal of used printer cartridges.
- Agreed to make Executives Summit and Future Meetings carbon-neutral.
- Launched efforts to facilitate disabled customers' access to financial services.
- Started its first initiative for an environment-friendly supply chain by including a binding provision concerning full compliance with Garanti Bank's Environmental Management System in supplier contracts.
- "Rotaban" project brought into practice aiming to reduce fuel consumption of Garanti Bank's personnel service buses in Istanbul.
- Launched Disability-Friendly Banking initiative.

<sup>9</sup> BUMED (Boğaziçi University Alumni Association) Business Angels.

<sup>10</sup> IAIR - International Alternative Investment Review, the first-ever magazine that emphasizes sustainability from the perspective of the global economy.

# Garanti's Sustainability-Related Indicators

Qualified for the  
**BIST Sustainability Index**

First Bank to adopt  
**Women's Empowerment Principles**

**CDP 2014 Turkey Climate Disclosure Leader**

## 2011

- Became a member of United Nations Environment Programme Finance Initiative (UNEP FI).
- Launched its Environmental and Social Loan Policies.
- Established its Environmental and Social Impact Assessment Process (ESIAP).
- Construction of the Pendik Technology Campus started - to be designed according to the LEED criteria.
- KOBİLGİ (SME Information) seminars started.
- Established "SALT", an important milestone in the Bank's longstanding support for culture and the arts.
- Received acknowledgment in the CDP Project Global 500 Report 2011.
- Share in operational Wind Energy Power Plants in Turkey increased to 40%.

## 2010

- First submission of its greenhouse gas (GHG) emissions and climate change strategy to CDP.
- Established its Sustainability Committee.
- Established "Atölye" (Workshop) - project-based innovation platform.

### Corporate Governance and Economic

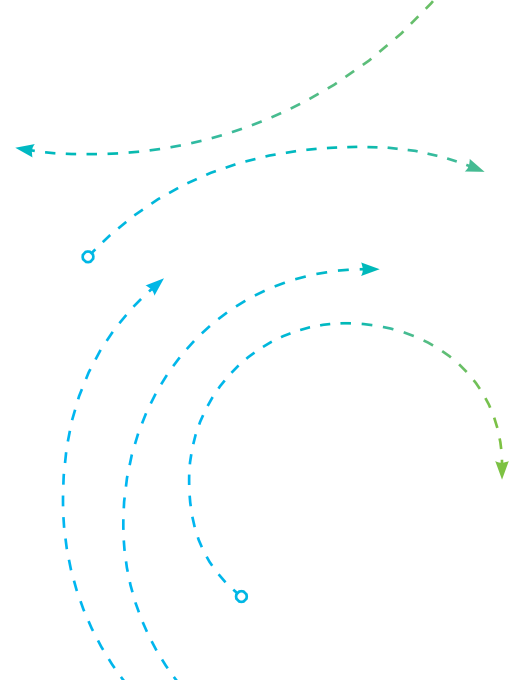
	31.12.2013	31.12.2014
Market Value (US\$ billion)	13.52	16.97
Rank Among Publicly-Held Companies at BIST (by Market Capitalization)	1	1
Rank Among Private Banks (by Asset Size)	2	2
Rank Among Private Banks (by Loan Volume)	2	2
Non-Performing Loans (%)*	2.74%	2.98%
Earnings Per Share (TL)*	0.79	0.87
Net Income (TL)*	3,338,793	3,684,547
Number of Meetings of the Sustainability Committee	1	4

\* Based on BRSA consolidated financials.

### Environment

	31.12.2013	31.12.2014
Fossil Fuel Consumption (MWH)	40,591 <sup>11</sup>	37,180
Electricity Consumption (MWH)	130,388	116,010
Scope 1 Emissions (1,000 tCO <sub>2</sub> e)	9.3 <sup>12</sup>	8.7
Scope 2 Emissions (1,000 tCO <sub>2</sub> e) <sup>13</sup>	68.5	57.4
Scope 3 Emissions (1,000 tCO <sub>2</sub> e) associated with Business Travel	3.7	3.7
Reduction in annual GHG Emissions caused by Operational Renewable Energy Projects financed by the Bank (million tCO <sub>2</sub> e)	3.0	3.2
Ratio of Scope 1&2 GHG Emissions to the Bank's Total Assets (tCO <sub>2</sub> e/TL billion)	351	268
Greenhouse Gas Emissions Caused by Business Travel (tCO <sub>2</sub> e/number of employees)	0.20	0.20
Ratio of Technology Based Learning Hours to the Total Training Hours (%)	26%	18%
Total Paper Consumption (x1,000 tons)	1.73	1.68
Water Consumption (x1,000 m <sup>3</sup> )	331	381

<sup>11</sup> G4-22: Restated based on a methodology update in 2015.  
<sup>12</sup> G4-22: Restated based on a methodology update in Scope 1 emissions in 2015.  
<sup>13</sup> Garanti Bank calculated the grid emission factor for 2014 as 0.495 tCO<sub>2</sub>e/MWh based on the production values published by Turkish Electricity Transmission Company, whereas 0.525 tCO<sub>2</sub>e/MWh was used for 2013. Accordingly, the decrease in the grid emission factor has resulted in a reduction in Scope 2 emissions.



Customers	31.12.2013	31.12.2014
Number of Cities visited within the Scope of GAM <sup>14</sup>	7	7
Number of SMEs visited within the Scope of GAM	1,990	1,835
Volume of Loans supplied to Renewable Energy projects (cumulative, US\$ billion)	3.1	3.5

Social Responsibility	31.12.2013	31.12.2014
Number of New Teachers reached through the "No Limits in Teaching" Project <sup>15</sup>	11,746	14,597
Number of people reached through "SALT" <sup>16</sup>	729,747	1,129,111

Human Resources	31.12.2013	31.12.2014
Ratio of Women Employees to Total Employees (%)	57%	57%
Average Seniority (years)	7.99	7.27
Average Age of Employees	32.1	32.6
Average Training Duration per Employee (hours)	54	44
Number of Women Employees in Senior Management (number of women managers/total number of managers)	26/83	21/75

<sup>14</sup> Garanti Anatolian Meetings.  
<sup>15</sup> The total number of the "High School-Learning Leader Teacher", "Solution-Oriented Communication", "The Chemistry of Teaching" and "Development Program for Education Executives" (EYGEP) programs alongside with the "No Limit to Learning" project that continued under the title "Learning Leader Teacher".  
<sup>16</sup> SALT numbers are given as cumulative since the year 2012.

# Focusing on Stakeholders



- Dimensions used to identify stakeholders are:
- **By dependency:** Stakeholders that are most dependent on Garanti e.g. customers who are dependent on Garanti's products and services for their financial health and planning
  - **By influence:** Stakeholders who are, or in future may be, able to influence the ability of Garanti to meet its objectives
  - **By willingness to engage:** This is the individual stakeholder/stakeholder group willing to engage with Garanti on a certain sustainability-issue
  - **By responsibility:** Stakeholders to whom Garanti has, or in the future may have, financial, operational or legal responsibilities
  - **By proximity:** Stakeholders that Garanti interacts with most, those Garanti depend on in day-to-day operations, those Garanti has longstanding relationships with etc.
  - **By representation:** Stakeholders that are through regulatory structures or culture/tradition entrusted to represent other individuals e.g. representatives of consumer organizations, trade union representatives

Garanti Bank uses stakeholder feedback to determine the strategically important issues and also to focus on the most relevant sustainability subjects for the Bank and its stakeholders.

Stakeholders which are identified using the above-mentioned criteria are prioritized based on their ability to influence Garanti Bank and the level of the Bank's impact on stakeholders. Based on the outcome of this assessment, Garanti Bank has identified its main stakeholders, as its customers, employees, top management, shareholders, investors, suppliers and finance sector. Garanti Bank proactively monitors, empowers and cooperates with these

stakeholders in order to make sure the impact on both Garanti Bank and its stakeholders is positive.

Garanti Bank uses stakeholder feedback to determine the strategically important issues and also to focus on the most relevant sustainability subjects for the Bank and its stakeholders.

**Stakeholder engagement helps;**

- to improve economic performance;
- to minimize and manage risks;
- to understand stakeholder demand and expectations;
- to be aware of developments and innovations of goods and services;
- to manage environmental impact;
- to shape community investment activities.

Garanti Bank interviewed numerous strategic corporate customers in order to understand their expectations from the banking sector, how banks should improve and the current sustainability challenges they face. Based on the feedback received from customers, the Bank updated its sustainability strategy to include actions to educate customers on sustainability and become a trusted advisor in supporting its customers in minimizing their own environmental footprint.

Another key component of Garanti Bank's engagement with customers is maintaining open and collaborative communication on issues relating to environmental and social risk management during project due diligence. Through this engagement process, the Bank aims to contribute to its customers' environmental and social risk management capacity building as well as raising awareness on the impact of sustainability issues in the business world.

# Key Stakeholder Groups and Engagement Platforms

To that end, the Bank communicates with customers through various means including bilateral meetings to present the Bank's approach, sectoral conferences where real and financial sector representatives are brought together to discuss sustainability issues and ongoing consultations with project owners during project development, implementation and operation phases. Ongoing consultations in particular are critical to establishing an open and positive dialogue with our customers and enable our expert team to transfer knowhow on regulatory and technical issues to our customers who are in the process of undertaking various investments.

For those stakeholder groups where high impact is not reciprocal Garanti Bank informs, consults, negotiates and undertakes proactive monitoring of these groups. Accordingly, the Bank has arranged several interviews with columnists. Based on the outcome of these interviews, Garanti Bank found that the Bank's efforts to mitigate the environmental and social risks of loans were not clearly understood by the media. Similarly, Garanti Bank arranged meetings with leading ESG rating agencies to understand the level of interest for each sustainability topic. As an outcome of these meetings, the priorities of Turkish stakeholders and the expectations of European ESG rating agencies were found to be substantially

different from each other. As a result of the feedback from the European ESG rating agencies, Garanti Bank developed its Human Rights Declaration <https://www.garantiinvestorrelations.com/en/corporate-governance/detay/Declaration-of-Human-Rights/584/1866/0>. Similarly, Garanti Bank supported Garanti Moscow in developing its Human Rights declaration (both declarations were approved in 2014). Another example of stakeholder engagement with these groups are the meetings with European Climate Fund and Carbon Tracking Initiative, where information sharing about awaiting trends of either side of the energy sector took place.

While certain stakeholder groups do not have a high impact, the Bank nevertheless considers it an important responsibility to passively monitor these stakeholder groups due to their possible significance outside the Bank as well as in order to be able to engage in productive collaborations when appropriate. For example, Garanti Bank has identified that universities fall under this category. Garanti Bank, gave an half-day long training to MBA students Sabancı University during reporting period about integration strategies to main activity fields of sustainability, future trends and comparison of real and financial sectors in terms of important sustainability issues.

Several experts from Human Resources, Corporate Brand Management and Marketing Communication and Sustainability departments made a questionnaire to explain the studies to increase the sustainability performance.

As part of this ongoing stakeholder engagement programme that formed a direct input to the preparation of this GRI G4 report, the bank applied the GRI principle of 'stakeholder inclusiveness' for defining report content, reviewed its stakeholder engagement program and undertook specific additional engagements where further information was required to ensure that it fully understood the priorities of its most important stakeholders based on their interest in, and influence over the Bank's activities.

Garanti Bank informs, consults, negotiates and proactively monitors the expectations of its stakeholders with regard to its sustainability performance through a range of different engagement channels, such as the banking service process, strategic collaborations, one-to-one meetings, conferences, seminars, workshops, focus group studies, surveys and similar platforms.

Key Stakeholder Groups and Engagement Platforms are provided on Appendix 1 of this Report. Critical issues raised by key stakeholder are groups, and the Bank's replies on these issues are available on Table 5, page 55 of this report. For more information, please examine Appendix 1.

# National and International Memberships

Garanti Bank has joined numerous reporting initiatives and is working with many organizations in the field of sustainability.

Working in close cooperation with its stakeholders to fully integrate sustainability, Garanti closely follows national and international developments and engages in knowledge sharing with the financial sector through various platforms. Garanti supported Environmental and Social Risk Assessment Programme of which content was set by United Nations Environment Programme – Finance Initiative (UNEP FI) in and II. Sustainable Finance Forum that was organized in 2014 by co-operation of Business Council for Sustainable Development in Turkey, UNEP FI and UN Global Compact – Turkish Local Network.

In 2014, Garanti Bank signed Women’s Empowerment Principles, which were developed in 2010 by collaboration between

the UN Global Compact and UN Women. These Principles, which Garanti is the first bank in Turkey to adapt, are grouped in 7 key headings and provide guidance on how to empower women in the workplace, marketplace and community.<sup>17</sup> In 2015, Garanti has also extended its support to the HeforShe initiative that is a solidarity campaign for gender equality initiated by UN Women and emphasizes on men’s support for women rights and gender equality.

Having the objective of spreading this approach across all of its stakeholders, Garanti continued to cooperate with its integrated subsidiaries during 2014. Besides Garanti Asset Management<sup>18</sup> which devised its Environmental, Social, Governance Risk Management framework and Responsible Investment Policy in 2013, Garanti Factoring formulated its Environmental and Social Loan Policies in 2014.

Garanti intends to continue to support activities and training programs that bring together the finance sector with others, enabling them to collaborate in the field of sustainability in the coming years. The initiatives that Garanti Bank subscribes to are listed below with the date of adoption. These are mostly internationally-adopted initiatives which have been developed with the participation of a wide range of stakeholders though Garanti was not involved in their development.

Table 2: Initiatives and Organizations Supported by Garanti Bank

Initiative/Organization	Date of Adoption	Participation Status
HeforShe	2015	Voluntary
CDP Water Program	2015	Voluntary
Women’s Empowerment Principles (WEPs)	2014	Voluntary
Global Reporting Initiative (GRI)	2013	Voluntary
WWF Green Office	2013	Voluntary
Turkish Green Building Association (ÇEDBİK)	2013	Voluntary
International Integrated Reporting Council (IIRC) – Pilot programme	2013	Voluntary
UN Global Compact	2012	Voluntary
Business Council for Sustainable Development in Turkey	2012	Voluntary
HP Planet Partners	2012	Voluntary
Equal Opportunities Model (FEM)	2012	Voluntary
United Nations Environmental Programme Finance Initiative (UNEP FI)	2011	Voluntary
CDP Climate Change Program	2010	Voluntary
The Banks Association of Turkey	1958	Obligatory

<sup>17</sup> <http://www.weprinciples.org/>

<sup>18</sup> Garanti Asset Management is a signatory to the UN Principles for Responsible Investment (UN PRI) since August, 2011.

# Approach to Materiality



Garanti pays particular attention to its stakeholders (including employees, investors, customers, government entities and non-profit organizations) when identifying risks and determining their magnitude. During the reporting period, Garanti Bank undertook a detailed materiality assessment, which formed the starting point for the materiality analysis required under GRI G4.

In carrying out our materiality assessment for the Sustainability Report, we applied the GRI Principles for Defining Report Content and Quality so as to identify the information to be disclosed, by considering the Bank's activities, impacts, and the substantive expectations and interests of our stakeholders. We applied the Principle of Materiality by ensuring that the issues regarded as most important to our key stakeholder groups were prioritised in this report. We provide examples of the impact on this Report's content and prioritisation of issues of applying the Principle of Materiality in the following section.

The method of application of Stakeholder Inclusiveness Principle to the report is explained in the Stakeholders section.

We applied the Principle of Sustainability Context by taking into consideration general trends in sustainability in Turkey and internationally, which helped us ensure that the report was materially complete. We also applied the Principle of Completeness by making sure there was no material information omitted by checking the report content against feedback received from our key stakeholder groups during the Reporting Period and through top management's review of the Report's completeness and accuracy. The way the Bank applied the Principle of Stakeholder Inclusiveness to the report content is explained in the section on Focusing on Stakeholders.

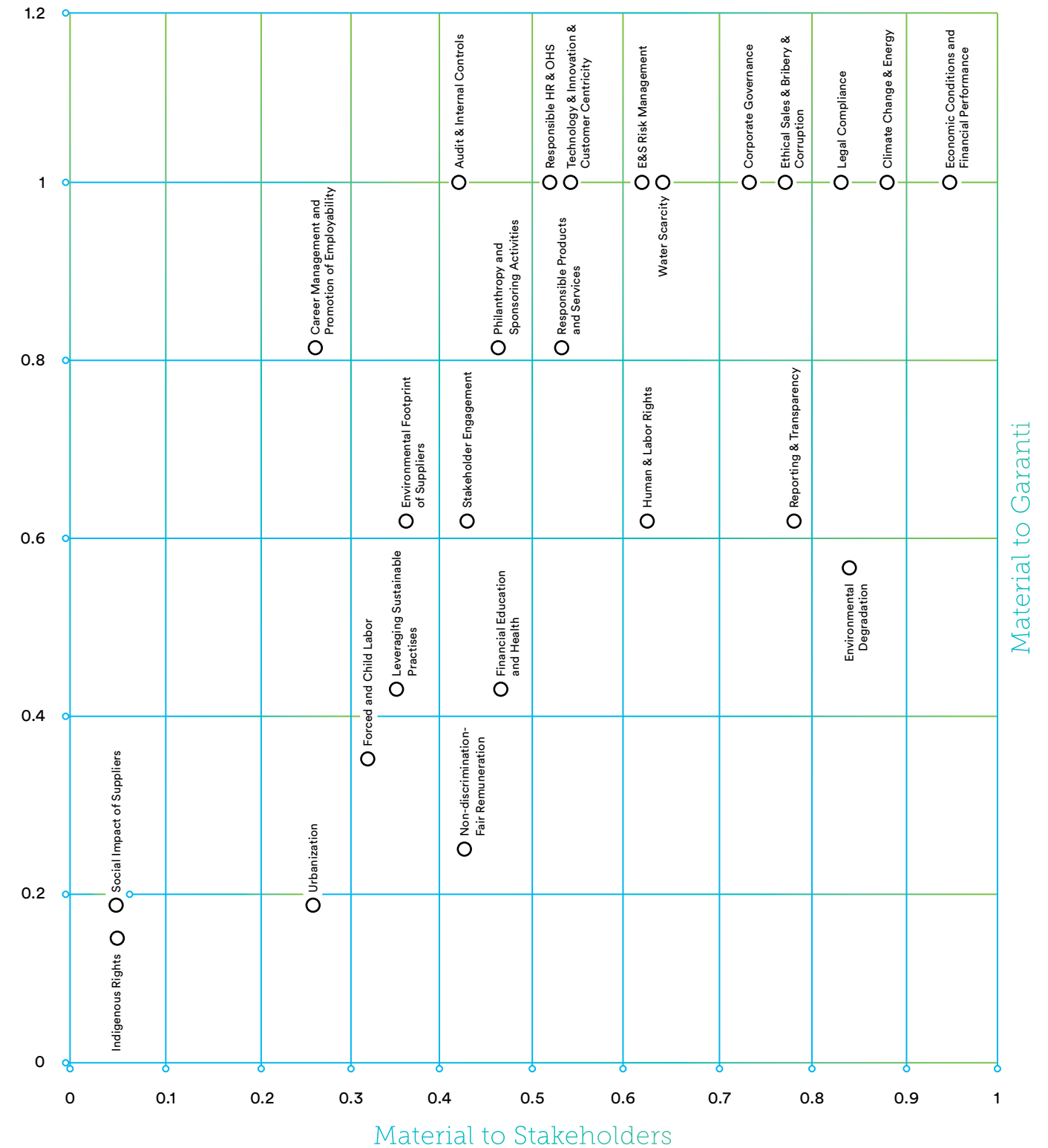
The following figure summarises the results of this materiality analysis. As part of the G4 materiality analysis, we updated the topics relevant to our organisation and to our stakeholders making use of a variety of sources such as the Bank's commitments, media searches and the outcome of our engagement process. We then linked these to the corresponding GRI G4 aspects and had regard to whether the aspect was material within our organisation, outside the organisation, or both. We prioritized topics based on their significance of impact – their potential influence on Garanti Bank's ability to deliver on its vision and strategy and influence on its stakeholder's assessments and decisions. Their significance of impact is determined based on the following criteria:

- potential financial gain or loss;
- severity of occurrence and scale of the risks and opportunities;
- reputational impacts;
- level of stakeholder interest;
- relevance to Banking sector.

The results of this prioritisation, which were approved by the Executive Vice President for Project and Acquisition Finance and Sustainability, and a member of the Sustainability Committee, have determined the focus and level of detail provided on each topic in this report. For example, we have provided a more in depth insight into Water and Occupational Health and Safety. Conversely, we have included a shorter, more general overview of some areas such as biodiversity that were deemed less material within the boundary of our organization.

For more detailed information on Identified Material Aspects and Boundaries, please refer to Appendix 9 on page 130 of the 1 July 2012 – 31 December 2013 Garanti Bank Sustainability Report<sup>19</sup>.

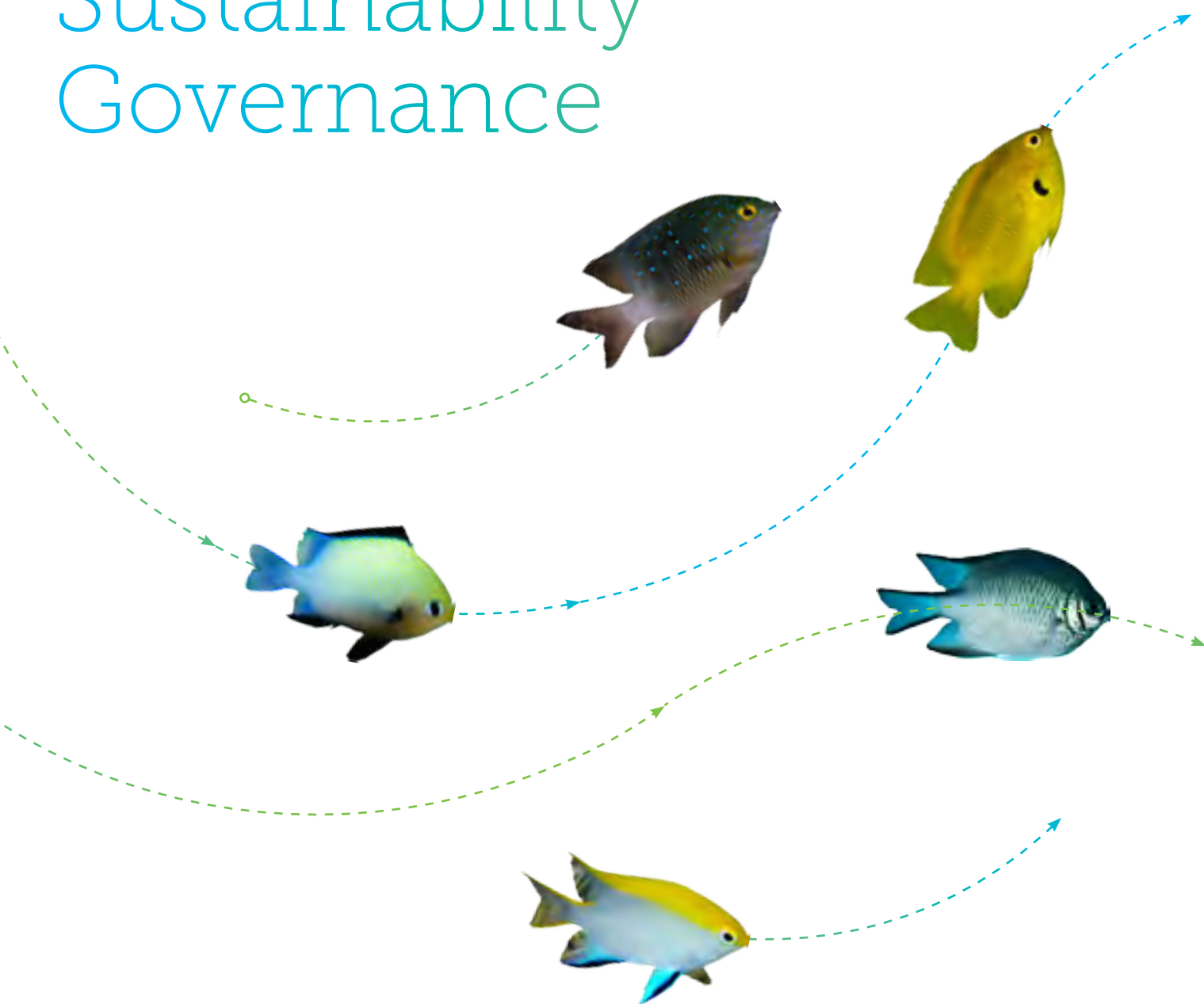
Figure 1: Garanti Bank's Materiality Matrix for Sustainability Issues<sup>20</sup>



<sup>19</sup> For the 1 July 2012 – 31 December 2013 Garanti Bank Sustainability Report, please visit: [http://www.garanti.com.tr/en/our\\_company/sustainability/developments/reports.page?gbid2=202122](http://www.garanti.com.tr/en/our_company/sustainability/developments/reports.page?gbid2=202122)

<sup>20</sup> No significant changes were observed in the input used for the 2014 materiality analysis, compared to input used for 2013 analysis.

# Focusing on Corporate Sustainability Governance



## Board of Directors and Senior Management

The Chairman and the CEO have different roles at Garanti Bank. The Chairman chairs the Board of Directors whilst the CEO's duty is to lead and manage the Bank's operations. This clear distinction establishes a balance between authorities and powers within the scope of the Bank's corporate structure, drawing the lines of decision-making capacity of each position. On the other hand, the Board and the senior

management cooperate to determine the Bank's strategic targets, in a manner which promotes synergy.

Garanti Bank's Board of Directors seats 10 members with the following composition as at 31 December 2014: 4 executive directors, 3 non-executive directors (excluding independent directors) and 3 independent directors. There were 9 male and 1 female board members.

Table 3: Garanti Board Members

Board Member	Role	Gender	Age Group
Ferit Faik Şahenk	Chairman	Male	30-50
Süleyman Sözen	Vice Chairman	Male	50+
Ahmet Kamil Esirtgen, Ph.D.	Board Member	Male	50+
Ergun Özen	President and CEO	Male	50+
Dr. M. Cüneyt Sezgin	Independent Board Member	Male	50+
Angel Cano Fernández*	Board Member	Male	50+
Jaime Saenz De Tejada Pulido	Board Member	Male	30-50
Manuel Castro Aladro*	Board Member	Male	30-50
Manuel Pedro Galatas Sanchez-Harguindey	Independent Board Member	Male	50+
Sema Yurdum	Independent Board Member	Female	50+

\*With the Board of Directors Resolution dated 4 June 2015, it was resolved that the resignation of Angel Cano Fernández and Manuel Castro Aladro be accepted.

The principles adopted by Garanti Bank regarding whether there are rules and restrictions on Board members assuming duties outside of the Bank have been developed to be fully compliant with the Banking Law, Turkish

Commercial Code and other relevant legislation.

For more information about Garanti Bank's Board of Directors and senior management, please refer to page 99-105 of the 2014 Annual Report<sup>21</sup>.

<sup>21</sup> [https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)

# Committees

Garanti Bank has 19 Committees<sup>22</sup> and a Discipline Board Presidency, which are the basic elements of the Bank's corporate management structure.

For detailed information regarding committees such as name, number of attendees, ratio of women, etc. please refer to: [http://www.garanti.com.tr/en/our\\_company/sustainability/sustainability\\_approach/committees.page](http://www.garanti.com.tr/en/our_company/sustainability/sustainability_approach/committees.page)

Joint targets of the Bank's committees include:

- Ensuring efficiency and productivity within the framework of acceptable risk parameters,

- Implementing the Bank's corporate strategy by aiming to comply fully with all legal requirements,
- Observing full compliance with ethical and corporate values,
- Maintaining a balanced and integrated performance economically, socially and environmentally.

For more information about Garanti Bank's committees, please refer to pages 108 to 116 of the 2014 Annual Report<sup>23</sup>.

# Risk Management, Internal Audit and Control Functions

At Garanti Bank, risk management, internal audit and control functions are performed by teams that report to the Board of Directors and carry out their responsibilities in compliance with applicable legislation and independent of executive functions.

As part of its risk management strategies, which are vitally important for sustainable performance, Garanti Bank systematically monitors and measures its risk exposure through methods compliant with international standards and in line with its framework of written risk policies.

As per general industry practice and relevant articles of the Bylaws On Procedures And Principles of General Assembly of Shareholders of Türkiye Garanti Bankası Anonim Şirketi,

the performance of the Board of Directors is evaluated by the shareholders during the annual general assembly meetings where the release of the board members are submitted to the approval of the shareholders.

For more detailed information on the Compliance, Anti-Fraud Monitoring, Internal Audit and Control departments, please refer to pages 118 to 120 of the 2014 Annual Report. The detailed operations of Compliance department are provided in Appendix 6.

Please visit pages 121-123 of the 2014 Annual Report to find more information on the Management of Market Risk, Interest Rate Risk in the Banking Book, Liquidity Risk, Credit Risk, Operational Risk, Reputational Risk and Other Risks<sup>24</sup>.

# Disciplinary Committee

Please refer to the following website for the role and activities of the Bank's Disciplinary Committee:

<https://www.garantiinvestorrelations.com/en/corporate-governance/detay/Committees/81/394/0>

# Policies and Principles

Garanti Bank has established strong systems and processes in light of legal requirements, which serve to guarantee the Bank's long-term sustainability and strength when it comes to generating added value. Garanti Bank has set out a number of policies and principles on issues from customer satisfaction to legal compliance that include:

- Environmental Policy
- Environmental and Social Loan Policies
- Ethical Principles
- Ethical Sales Principles
- Garanti Bank Risk Management Strategy, Policy and Procedures
- Internal Control Policies
- Customer Satisfaction Policies
- Social Media Policy
- Anti-fraud Policy
- Internal Audit Charter
- Sustainability Policy
- Total Quality Policy
- Compliance Policy

Some of the above-mentioned policies are available on Garanti Bank's website in Turkish and in English. All policies listed above are accessible in Turkish by employees through the Bank's intranet.

The following section gives details on some of the main policies in force at the Bank. Further information is also available on pages 118 to 128 of the 2014 Annual Report<sup>25</sup>.

<sup>22</sup> Garanti Bank has established a Woman Steering Committee in 2015. The information contained in this section covers the only Committees that were active in 2014.

<sup>23</sup> [https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)

<sup>24</sup> [https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)

<sup>25</sup> [https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)



# Anti-Fraud Policy

The Bank's "Anti-Fraud Policy" is designed to help prevent corruption within the organisation.

Tackling all types of corruption, including bribery and extortion, is a matter of the utmost priority for Garanti Bank. The Bank has necessary mechanisms in place to carefully and closely monitor this issue in all actions by its employees, customers, and suppliers.

The primary purpose of the Anti-fraud Policy, in which such mechanisms are set out, is to ensure prevalence of conditions for an honest and reliable working environment by raising awareness of all kinds of misconduct within the Bank.

By defining all types of misconduct, this policy aims to create a common point of view and raise awareness with the aim of preventing potential incidences of misconduct, to identify them in the shortest period of time, and to determine the measures which need to be taken against misconduct. The policy

# Ethical Principles

The Bank's Ethical Principles define Garanti Bank's general principles such as integrity, equality, transparency, protection of social benefits, respect for the environment, and emphasize the responsibilities of employees in situations where conflicts of interest may arise as well as the importance of the concept of confidentiality first and foremost relating to customer information. All employees are provided training on the Bank's ethical principles. Furthermore, all new employees are required to sign the Ethical Principles at the start of their employment. The full text of the Ethical Principles is available on the Bank's web-site:

<https://www.garantiinvestorrelations.com/en/corporate-governance/detay/Ethical-Principles/94/405/0>

For Garanti Bank, the essentials of good corporate governance practice are transparency, accountability, straight-forwardness, fairness and ethical values.

also sets out the responsibilities of the senior management, Disciplinary Committee, Audit Committee, Anti-Fraud Committee, Internal Audit Department, Anti-Fraud Monitoring Department, Human Resources, Learning and Development Department, Bank management and all other employees under a systematic and comprehensive approach in order to establish, develop and improve control systems with the purpose of preventing any potential incidences of fraud against the Bank.

The policy is applied uniformly and consistently without consideration of the duty, position or seniority of any persons found to be responsible for incidents of misconduct be they employees or other stakeholders. All policies and procedures are published on the Bank's intranet and announced to employees. The types of issues covered by the Policy are explained in detail in Appendix 5.

donations (cash or otherwise) to any political party or political organization or representatives or candidates thereof on the name of the Bank, even if the donation is given to gain benefit to the Bank. The employees are not allowed to ask donations or similar benefits from the clients and other employees of the Bank for any political party, association or organization.

As explained on pages 82-91, in line with its Environmental and Social Loan Policies, Garanti Bank does not finance any activities which are

restricted or banned under national legislation and/or international agreements to which Turkey is a party. It also does not finance projects or activities of people or corporations which have been proven to employ child workers or violate human rights. Garanti Bank rejects loan requests for such projects or activities without undertaking any further social or environmental impact evaluation and without any minimum limit on the size of the loan.

# Whistleblowing Programme

Employees are obliged to be familiar with both the statutory rules and the rules of conduct with which they have to comply throughout their employment. As part of their duties and responsibilities under the Anti-Fraud Policy of the Bank, they are required to report any irregular act or transaction committed by any other employee of the Bank with malicious intent, or which is in contradiction with the applicable laws and the regulations of the Bank, or which may cause harm to the Bank. Such reporting should be done to the respective employee's line manager and the Compliance Department ('Uyum Müdürlüğü') immediately after on becoming aware of any such act or transaction. Similarly, personnel are obliged to report any instance of fraud, theft in online banking, ATM banking or credit cards to the Anti-Fraud Monitoring Department ('Güvenli Operasyon Müdürlüğü'). Personnel are also obliged to immediately report to the Compliance Department any issue regarding misuse of power within the Bank.

Reporting can be done by e-mail or verbal declaration. In case of verbal declaration, it can be conducted via the line +90 212 318 23 75. In addition to the personnel declarations, our customers or third parties can send e-mails to the e-mail address [etikbildirim@garanti.com.tr](mailto:etikbildirim@garanti.com.tr) stated on the Garanti Bank website, to inform problems related to operational risk or other issues. The Compliance Department forwards all issues reported to the relevant department to take necessary actions. This Whistleblowing Programme, which is elaborated in the Bank's Anti-fraud Policy, covers the practices, processes and acts, which the employees are expected to report on as listed in Appendix 4.



# Prevention of Conflicts of Interest

## Transaction Monitoring

In addition to electronic transaction monitoring to detect suspicious activities related to money laundering or criminal activity, external fraud activities are monitored centrally at by the Anti-Fraud Monitoring Department with an enterprise fraud management perspective. The Department monitors issuing, acquiring, online/ telephone banking, demand deposit account transactions and consumer loan/credit card applications across all channels on 24/7 basis with using rule and score based software (FICO – Falcon Fraud Manager Tools).

Real-time and online actions are taken immediately to stop fraudulent activities and anti-fraud strategies are updated rapidly and efficiently against constantly changing fraud trends thanks to the Department's ever-growing experience and expertise and its quick adaptation to of new technologies.

The aim of the Bank's Ethical Principles and Ethical Sales Principles are to help regulate employee behaviour and the professional relations of employees in parallel with the Bank's commitment to corporate governance principles and ethical values. These principles have been prepared on the basis of the provisions of the Banking Law and other related regulations, occupational ethics, Garanti Bank's Personnel Communiqué and procedures.

Both documents are published on the intranet and can be accessed by all Bank personnel and lay out principles that all Bank personnel are responsible for following such as use of insider information and accepting gifts. In the event that any compliance failures are identified, necessary disciplinary sanctions are taken with respect to the responsible party in line with the Bank's Personnel Communiqué and Ethical Principles.

Under Turkish law, companies that are part of a holding group can engage in intragroup sales of goods and services and are subject to the inspection of the Thin Capitalization, Transfer Pricing and Offshore Income Groups Directorate of the Turkish Tax Inspection Board (TTIB).

Such transactions are also regulated and/or monitored by BRSA and CMB. As a consequence, all transfers between Garanti Bank and its related parties are regulated and/or monitored as per relevant regulations of the Ministry of Finance, BRSA and CMB and reported to the related authorities. For further detail, please see page 144 of our 2014 Annual Report<sup>26</sup>.

Additional information on the mandates of board members in different affiliates of Garanti Bank or other companies or associations are not subject to restrictions and can be found through the Public Disclosure Platform web page; <http://www.kap.gov.tr/en/companies/traded-companies/all-companies/detail.aspx?sid=1081>

26 [https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)

# Implementation of Basel Regulations

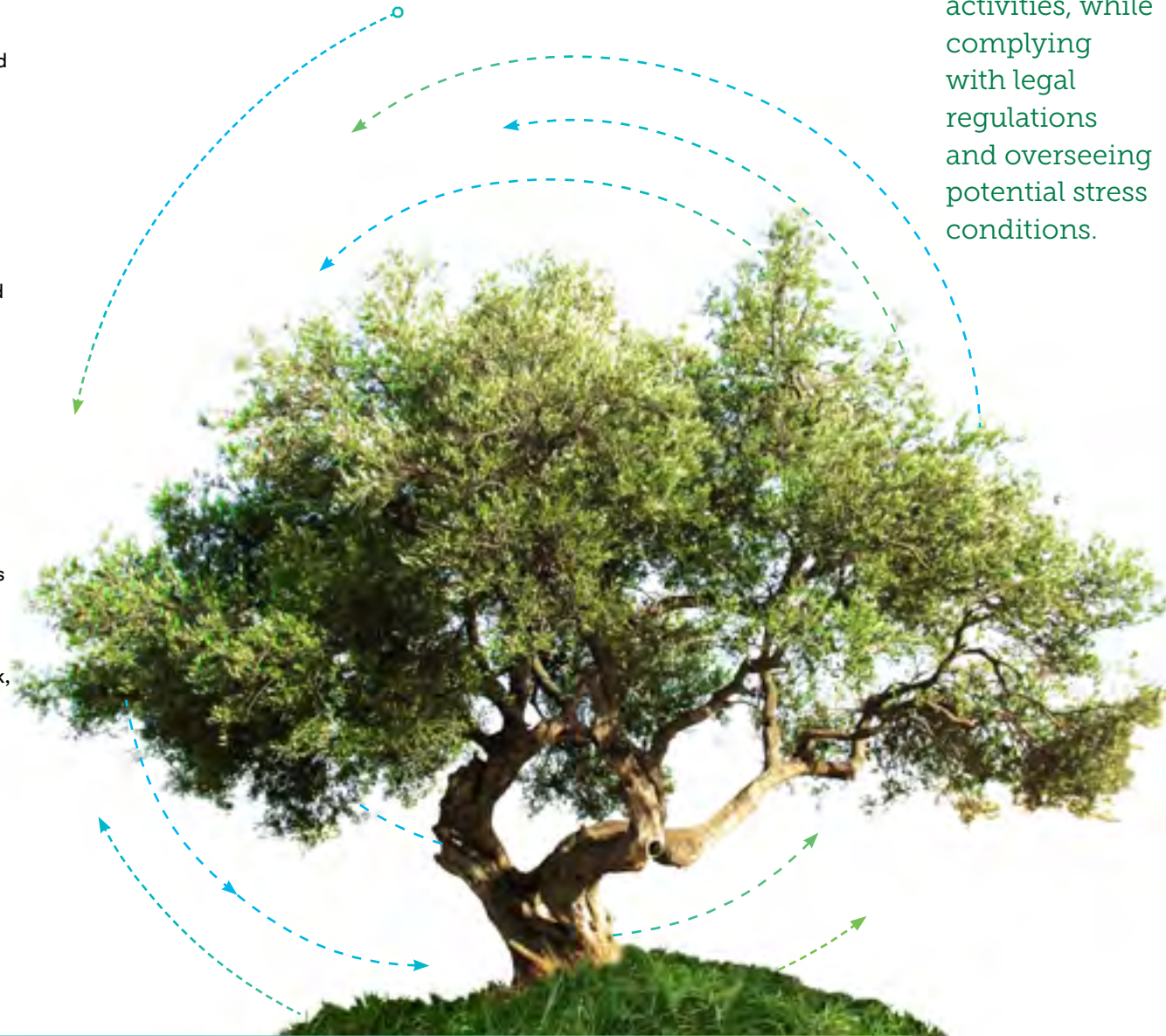
Official reporting in line with Basel II began in July 2012. Provided that banks operate in line with defined standards, Basel II contributes to the development of market discipline. The Basel regulations also contribute to a stronger and more powerful banking industry, while integration with the global financial system helps the banking industry curb the size of the informal economy. In 2014, The Risk Management Department continued to undertake the necessary coordination to ensure compliance with Basel requirements.

The roadmap for the implementation of Basel III requirements in Turkey has been clarified to a large extent as various regulations issued by the BRSA for compliance with these requirements came into force as of 1 January 2014. These regulations included the Regulation on Equity of Banks, Regulation on Capital Conservation and Countercyclical Buffers, Regulation on the Measurement and Evaluation of Leverage Levels of Banks and the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. Communiqués on calculation of credit risk with internal rating based approach (IRB) and calculation of operational risk with advanced measurement approach (AMA) will come into force during 2015. Based on these communiqués, draft guides have been published and distributed for feedback from banks, which are concerned with application and validation processes for banks wishing to calculate capital adequacy using those internal approaches. The process of preliminary negotiations with

the BRSA will begin by mid- 2015 for banks wishing to calculate their credit risk using IRB and their operational risk using AMA, which will be executed individually. The year coming will be an important period calling for spadework for all parties including the Board of Directors, senior management and risk management for those banks that will file applications for IRB and AMA.

The Regulation on the Internal Systems of Banks has been expanded in terms of ICAAP within the frame of the second pillar of Basel II, and was then enforced under the title Regulation on the Internal Systems of Banks and ICAAP. The ICAAP Report prepared within the frame of this Regulation is expected to serve as a key input of the reviews to be performed by the legal authority on the bank's corporate management, risk management and the liability to allocate additional capital, as well as for the decisions to be made. In order to help improve the relationship between banks' risk profiles, risk management practices and risk mitigation systems with their capital levels, guides have been published on various topics including Country Risk, Market Risk, Operational Risk, Counterparty Credit Risk, Interest Rate Risk, Stress Tests to be Used in Capital and Liquidity Planning, Credit Management and ICAAP Report. Liquidity and Concentration Risk guides were published as a draft in 2014 and their final versions have been published and enacted in March 2015.

Garanti Bank will continue to efficiently manage the risks



Garanti Bank will continue to efficiently manage the risks it is exposed to in line with its strategy and activities through limits and audit activities, while complying with legal regulations and overseeing potential stress conditions.

it is exposed to in line with its strategy and activities through limits and audit activities, while complying with legal regulations and overseeing potential stress conditions. The efficiency and adequacy of the audit and risk management systems will be supervised by the Audit Committee and the Board of Directors, and necessary work concerning the management of risks, which the Bank will be exposed to, will be coordinated by the relevant risk committees also in 2015.

## Fines Incurred during the Reporting Period

Based on the Turkish Competition Board decision dated 2 November 2011, numbered 11-55/1438-M, it was decided to initiate an investigation against the Bank pursuant to Law No. 4054, which relates to the Protection of Competition in order to determine whether the Bank had made an agreement, or was involved in a concerted act, to restrict competition regarding the interest rates that were applied to banking products. As a result of the investigation, by its decision dated 8 March 2013, the Turkish Competition Board imposed an administrative fine amounting to TL 213,384,545.76 against the economic group composed of the Bank, Garanti Ödeme Sistemleri A.Ş. and Garanti Konut Finansmanı Danışmanlık A.Ş. Under Article 17 of the Misdemeanour Law no. 5326, three quarters of the said amount, equalling TL 160,038,409.32, was paid on 14 August 2013. The Bank filed a notice of appeal with the Administrative Court of Ankara against the said decision in September 2013 and the proceedings are still pending.

During 2014, payments made for administrative fines imposed by regulatory and audit authorities against the Bank amounted to

TL 866,982.21. Based on the report issued following the BRSA inspections, which concluded that the Bank has premium debt due to investment fund accounts that were opened without customers' instructions, order of payment regarding the premium debt of TL 21,767,306 within the period December 2007-December 2011 was sent to our Bank by Saving Deposit Insurance Fund in December 2013. The premium debt and the overdue interest thereupon were paid in January 2014, and a lawsuit was filed against this act. However, a deal was reached with the SDIF concerning the cancellation of the overdue interest that amounted to TL 15,603,108 and the said lawsuit was withdrawn in 2014.

Furthermore, the following took place in relation to tax audits:

As a result of the inspections held by the Tax Inspection Board Istanbul Large Taxpayers Office regarding the purchase and cancellation process of the founder share certificates by our Bank in 2008 through the funds generated following the capital increase, payments made to the holders of the founder share certificates were considered as dividend payments and a Tax Audit Report was issued claiming that the Bank had caused under accrual of the income and corporate taxes. A settlement was agreed with the Revenue Administration for the tax assessment for the total amount of TL 211,510,761.15 (actual tax: TL 84,604,304.46 and fine: TL 126,906,456.69), which was calculated based on the said report. As a result, TL 35 million in actual tax plus overdue interest thereupon were paid, and the judicial process regarding this issue has been finalized.

The detailed information regarding the fines incurred during the reporting period is available on page 126 of the 2014 Annual Report.

# Sustainability Committee

Garanti Bank believes that the concept of sustainability must be embedded throughout its decision-making mechanisms and business processes to create value for its stakeholders and, as a consequence, has integrated a Sustainability Committee structure with Committee Members representing all major lines of business throughout its organisation.

The Sustainability Committee, established in 2010 to coordinate the entire Bank's activities in terms of sustainability, is the highest committee that formally reviews and approves the Bank's activities related to sustainability and is chaired by a Board member. Its composition was amended on 10 February 2014 and the current membership of the Committee is as follows:

The Sustainability Committee meets regularly in order to monitor the progress on and to provide input to all sustainability efforts. The Committee is deliberately structured to integrate sustainability concerns and opportunities into all operations, products and services.

In addition, this structure ensures that all efforts are consistent with internal policies and related regulations. The Sustainability Committee's role is to agree on strategic direction and action plans for the Bank. The Committee has met a total of 17 times since its inception in 2010 and met four times in 2014. The Sustainability Committee meets to review and take decisions on recommendations raised by the Sustainability Team and functional representatives regarding sustainability-related topics.

In addition to this high-level committee, Garanti Bank has formed the following 7 working groups ("WG") based on the Bank's Sustainability Policy:

- WG focusing on Customers through Sustainable Finance (Retail and SME Banking),
- WG focusing on Customers through Sustainable Finance (Corporate and Commercial Banking),

- WG focusing on managing Environmental impact of operations,
- WG focusing on Communities,
- WG focusing on Stakeholders,
- WG focusing on Human Resources,
- WG focusing on Corporate Sustainability Governance.

The Committee ensures the integration of all material aspects and environmental and social factors besides economic criteria into the Bank's operations, products and services, and decision-making mechanisms.

Table 4: Sustainability Committee Members

Sustainability Committee Member	Title
Dr. M. Cüneyt Sezgin	Independent Board Member and Committee Chair
Adnan Memiş	EVP, Support Services
Ebru Dildar Edin	EVP, Project and Acquisition Finance and Sustainability
Erhan Adalı	EVP, Loans
Murat Mergin	EVP, Strategic and Financial Planning
Nafiz Karadere	EVP, Corporate Brand Management and Marketing Communication, SME Banking
Osman Tüzün	Human Resources Coordinator



Any concerns that relate to sustainability are raised with the Sustainability Committee where appropriate action is then taken, which includes undertaking specific initiatives and making policy recommendations. The critical concerns raised during the Committee meetings are listed below:

Table 5: Critical Concerns Raised by Key Stakeholder Groups and the Bank's Response

Critical Concern	Stakeholder Group that raised the Critical Concern	Garanti's response to Critical Concern
Lack of a transparent Human Rights Policy	ESG rating agencies	Based on their feedback, Garanti Bank developed its Human Rights Declaration, which was approved by the Sustainability Committee and published in 2014.
Lack of a Responsible Investment Strategy	Top Management	Garanti Bank has started to support its subsidiaries in developing their own ESG policies and risk management systems. As a result of this, Garanti Factoring put its own Environmental and Social Loan Policies in place. Garanti Moscow has published its own Human Rights Declaration. Garanti Asset Management has started implementing the first step of its environmental and social risk management process after creating its Responsible Investment Policy.
Need of assurance for Scope 1 and 2 GHG emissions	ESG rating agencies Top Management	The Bank got its Scope 1 and 2 Emissions assured by an independent third party for 2013 and 2014.
Lack of efficiency in Sustainability Governance across the Bank	Top Management	The Bank's Sustainability Committee was restructured in early 2014, as explained in the Sustainability Committee page in this section, to allow effective coordination of all the Bank's sustainability concerns.

**Critical Concern**

**Stakeholder Group that raised the Critical Concern**

**Garanti's response to Critical Concern**

Supporting the empowerment of women

Top Management  
Non-Governmental Organizations  
Media  
Community

Garanti Bank has signed the Women's Empowerment Principles which was developed together by the United Nations Global Compact and United Nations Entity for Gender Equality and Empowerment of Women (UN Women). Additionally, the Bank established the Woman Steering Committee in 2015 to expand the activities in the Bank to support the empowerment of women.

Reducing the impact of water from industrial and agricultural activities

Top Management  
Non-Governmental Organizations

Garanti Bank has decided to support the CDP Water Program and CDP Water was launched in Turkey with Garanti as the main sponsor in 2015. To reduce the water impacts of agricultural activities, Garanti started offering a new loan product for financing efficient agricultural irrigation systems in 2015.

Improving the Occupational Health and Safety precautions in the projects financed by the Bank

Top Management  
Media  
Community

In 2014, Garanti Bank introduced new items related to compliance with the Occupational Health and Safety Regulation and improved the respective terms in the general loan and project finance contracts.

Making the processes in the Bank about ethical matters publicly available

ESG rating agencies  
Investors  
Top Management

In 2014, Garanti Bank, with the help of a consultant, started working on making all of its processes related to ethical matters publicly available.

# Sustainability Team

In 2012, Garanti Bank established a full-time Sustainability Team which resides in the Project and Acquisition Finance Department. This team was formed in order to enhance the efficiency of its organizational structure for sustainability. Consisting of five members in total including the Sustainability Manager of the team and the Senior Vice President responsible for Project and Acquisition Finance and Sustainability, the Team included three environmental engineers amongst its members as at the end of 2014.

The Sustainability Team is responsible for the coordination of all sustainability-related activities at Garanti Bank on a day-to-day basis. The Team, which reports to the Sustainability Committee on a regular basis, works in cooperation with the Bank's other units during the implementation of the decisions taken by the Committee. Monitoring the Bank's sustainability targets and performance on a weekly basis, the Team ensures the consolidation of sustainability-related data coming from across the Bank and evaluates such data in line with the Bank's targets. The Team is also responsible for the coordination of the process of collecting information from other departments.

By the end of 2014, Garanti Bank had 1,080 Sustainability Representatives, who are responsible for working in coordination with the Sustainability Team to collect data and support the implementation of the decisions taken by the Sustainability Committee within their own departments, from headquarters, regional directorates and branches.

As noted in the preceding section, the Sustainability Governance structure at the Bank was restructured following the end of the reporting period and is as currently shown in Figure 2.

With that in mind, the Efficiency Team within the Bank's Construction Department is in charge of coordination between the Sustainability Team and the Branches, Regional Departments and Units. The Efficiency Team is responsible for implementation of the Environmental Management System and collecting environmental data from relevant service points.

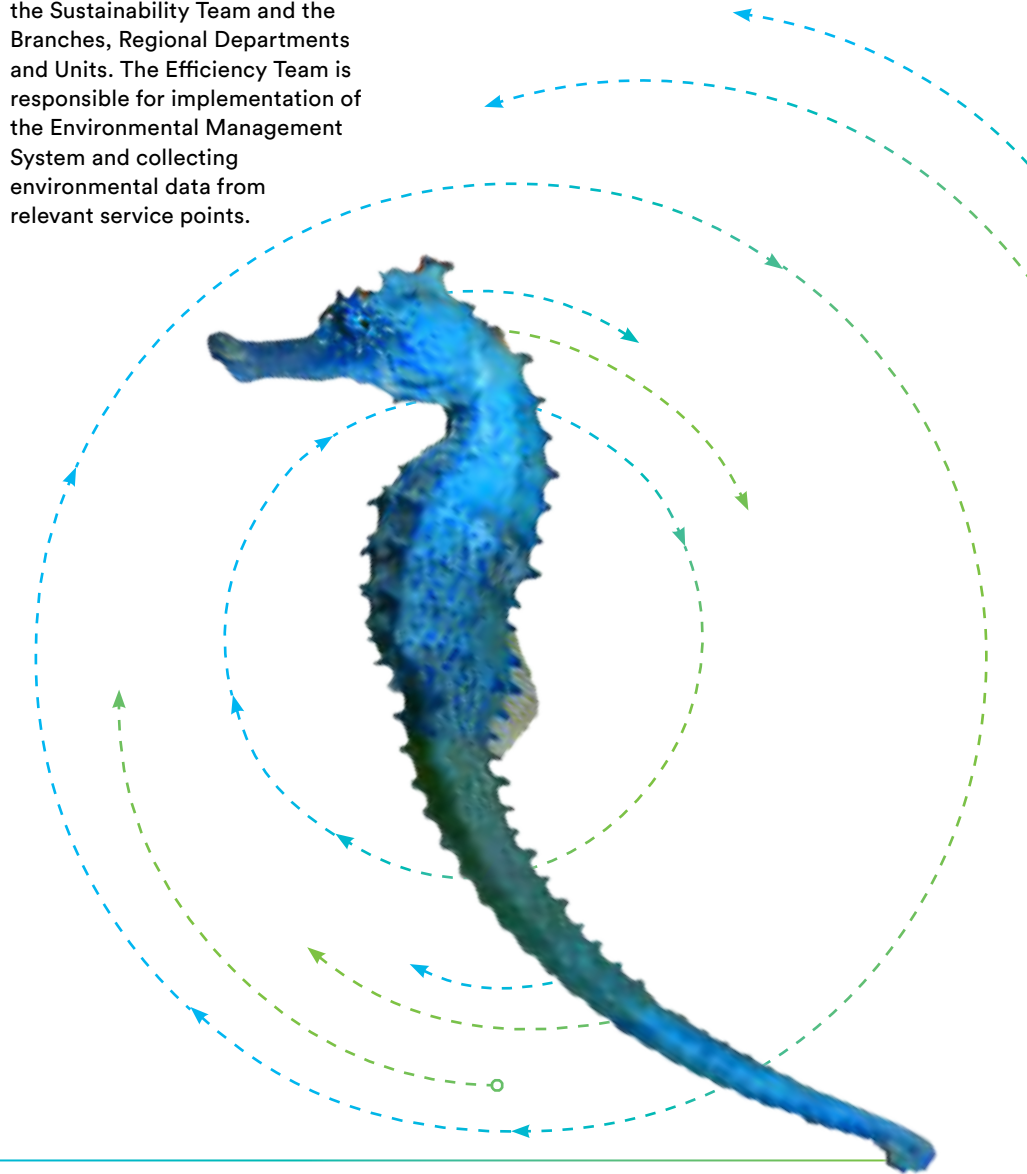
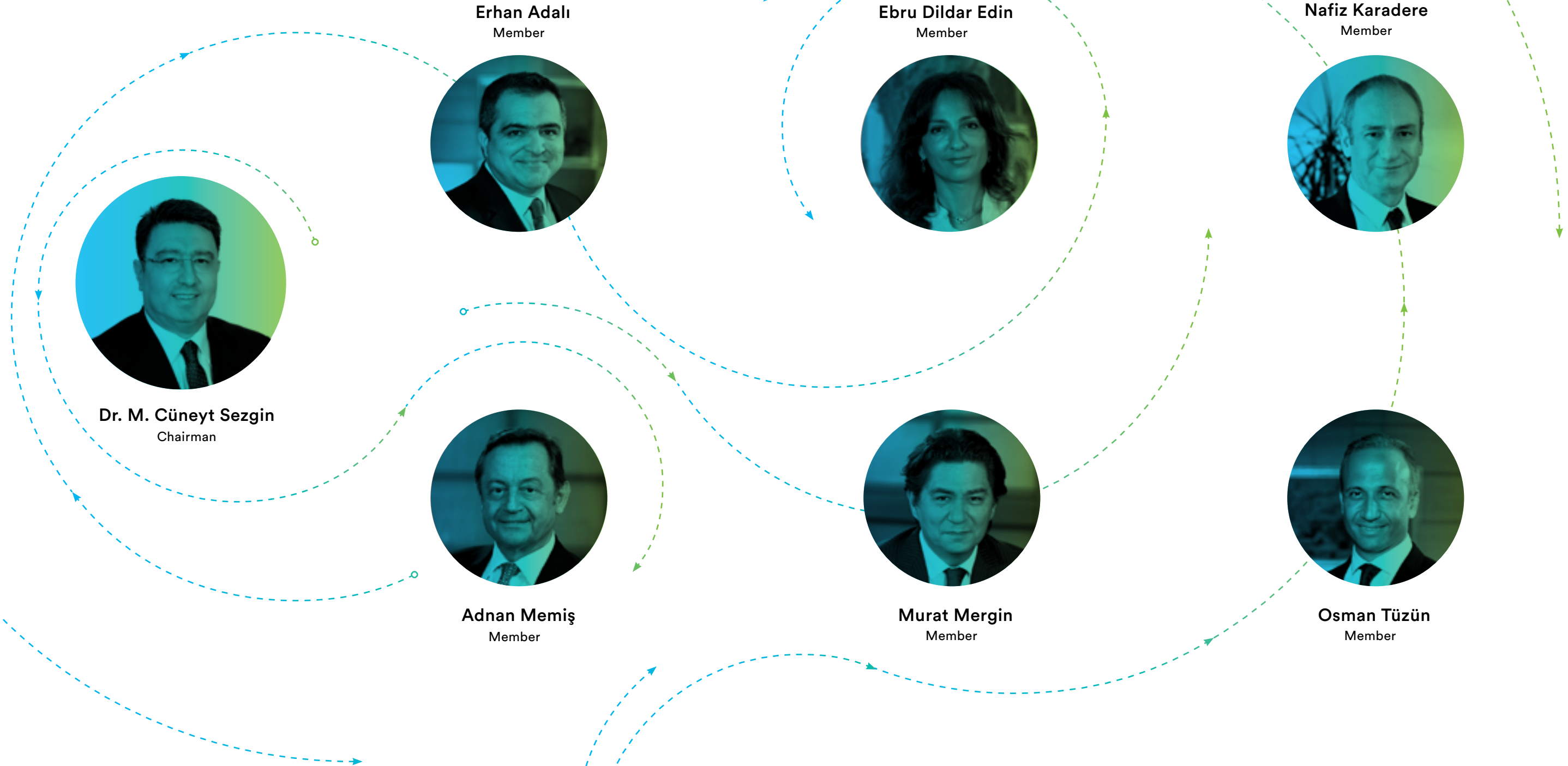


Figure 2: Sustainability Governance at Garanti following the Restructuring in 2014

## Sustainability Committee



# Sustainability Team

## Working Groups

- Sustainable Finance (Retail and SME)
- Sustainable Finance (Corporate and Commercial)
- Environmental Impacts of Operations
- Communities
- Stakeholders
- Human Resources
- Corporate Sustainability Governance

“Sustainability Award for Environmental and Social Performance” for its comprehensive environmental social risk assessment system by EBRD<sup>27</sup> in 2014.

“Global Green Award” by Association Otherways Management & Consulting.

“Best Bank in Sustainability” award by the Turkish Green Building Council at the 3rd International Green Building Summit.

## Awards

“Best Bank in Sustainability in Turkey” award from World Finance for practices regarding sustainability and environmental performance.

“CDP Turkey 2014 Climate Disclosure Leadership” award.

<sup>27</sup> European Bank for Reconstruction and Development.

# Focusing on Customers through Sustainable Finance

## Importance of Customer Experience and Satisfaction

### Key Highlights:

- 52.3% share\* in Turkey's total installed capacity of wind power among Turkish Banks (35% share among all Banks).
- Loans totalling TL 1.4 billion were provided to the agriculture sector including TL 798 million to small farmers\*.
- The first bank to make the financing of farmers in the fields possible with 4 Agricultural Banking Mobile Branches.
- In collaboration with the European Investment Fund oriented towards Entrepreneurs, 6,000 entrepreneurs received "Start Up Package" loans worth TL 173 million.
- The Bank of Many Firsts in Payment Systems, Internet, Mobile and Social Banking Platforms.
- 12 projects were evaluated in depth in line with the Bank's Environmental and Social Impact Assessment Model in 2014.
- 7 cities were visited as part of Garanti Anatolian Meetings in 2014.
- Launched new product for financing of solar power projects under 1 MW for SMEs.

\* As of 31 December, 2014.

Garanti Bank aims to embed sustainability through the entire customer service cycle and has already developed numerous sustainability products and services, ranging from SME banking to retail banking and project finance. In order to offer the best service experience to its customers and to ensure their continuous satisfaction, Garanti Bank is committed to sustainability to generate long-term added value.

Leader  
in wind power  
with a share of  
52.3%

Garanti is the first Turkish bank to have its Complaint Management System certified at international standards.

Listening to customers, identifying their needs and addressing areas where they are not satisfied are the cornerstones of Garanti Bank's customer experience process and an important element of its sustainable economic performance. These unstinting efforts contribute towards further enhancing the level of customer satisfaction.

The Bank uses a five-pillar methodology to improve the experience it delivers. First, it listens to customers in order to get insight and collects customer feedback via various channels: complaint reports, customer experience research, exit surveys, mystery shopping, social media, customer hotline and via its employees. As a second step, analyses are conducted to better understand the root causes and define pain / passion points. Thirdly, the improvement areas are defined according to the results of root cause analysis. According to improvement areas, different projects are designed where task forces, including all the related parties, work on developing a better customer experience. The final step of the closed loop methodology is to measure the projects delivered.

To ensure that all parties in Garanti are aware of Customer Experience Management (CEM) issues and participate in the resolutions, a Customer Experience Platform is built. The Customer Experience Platform is responsible for bringing all customer experience related issues into one place. It has participants from various customer related departments and is sponsored by the Bank's Executive Vice Presidents.

The ISO 10002:2004 Complaint Management System certificate, awarded to the Customer Satisfaction Department by the British Standards Institution (BSI) in 2006 and renewed every year, makes Garanti Bank the first Turkish bank to have its Complaint Management System certified at international standards. The Bank has the following customer satisfaction initiatives in place:



Table 6: Customer Satisfaction Initiatives

Initiative	Explanation
Root Cause Analyses	The causes of dissatisfaction with products, services and processes are identified through root-cause analyses which are aimed at obtaining insights and finding the main factors that lead to complaints on the customers' side.
Customer Compensations	Customers are compensated in the event they suffer financial loss due to the Bank's products, services or processes.
Customer-Centric Communication Project	The project aimed to redesign the agents' communication with customers and approaches for the most frequent complaint subjects. At the end of the project, according to a preliminary survey, customer satisfaction level and satisfaction with the solution offered had increased.
Status Tracking System	The system provides a tracking facility for our customers whose messages cannot be resolved by the first contact point. The customers are given a message number, which can then be used to track the status of the messages via IVR, SMS or the related web pages.
After-Service Customer Satisfaction Surveys	After-service surveys measure the satisfaction level of the customers delivering messages to the Customer Satisfaction Department through various channels. In the surveys, the satisfaction level of customers regarding the service given, solution offered and the manners of customer representatives are assessed.
Customer Experience Research	Garanti Bank conducts market research to listen to customer opinions, track their needs closely and receive feedback on its products and services.
	Other than scheduled periodic research, ad hoc market research to receive detailed information about certain services or products is also conducted.
	Market research conducted in 2014 included:
	<ul style="list-style-type: none"> <li>Open Market Net Promoter Score studies were conducted to understand our competitive position, identify gaps with competitors and get insight about the new trends in the market. The activity in question for 2014 was conducted with Retail Upscale, Retail Mass, SME -Small Business and SME-Micro- customers. The activity is planned to be repeated by including other sectors in the coming years.</li> <li>Customer experience research was conducted with the users of the KonserVe application, which was developed for sending out notifications about music and sports events that are sponsored by Garanti.</li> <li>An adhoc research was conducted with SME Small Business customers that stopped working with Garanti to understand why they stopped working with the Bank and what affects their loyalties.</li> <li>Mystery Shopping research is conducted twice a year to find out if the branches are offering services that are up to the established service standards.</li> </ul>

# Segment-Specific Programs that Contribute to Sustainability

The Bank adds value to the lives of its customers by offering segment-specific programs for customers of all ages such as;

- o Bonus Genç (Bonus Young),
- o Retirement Banking,
- o Garantili Gelecek (Guaranteed Future) for Kids.

**Garantili Gelecek (Guaranteed Future)** is a program that features advantageous savings and education insurance for parents who want to secure the futures of their children from today.

**Bonus Genç program** was launched in 2013 and offers products and services that aim to cover the banking needs of young people, especially university students. One offering of the Program is a credit card without annual management fees. Another product offer, the Allowance Account ("Harçlık Hesap"), enables young people to interact with fundamental banking products such as internet banking, current account deposits and Paracard. Furthermore, it provides the means for parents to give their children allowances automatically and without incurring banking fees.

The aim of the Bank's **Retirement Banking Program** aims to be the private bank of retirees. Elderly customers who receive their government pension payments via Garanti Bank are able to withdraw their pensions from ATMs with a single push of the button and are provided various advantages such as special pricing in personal loans and exemptions from account management fees.

Under the scope of the program, other family members apart from the parents can also contribute to the savings for children with the **Garantili Gelecek Account**. Savings that are allocated from accounts or credit cards gain value in the fund. **Garantili Gelecek Insurance**, which is made available with a discount to account

Having started the renovation of its branches and Paramatik ATM networks in 2012, Garanti provides training to its employees and aims to make the life of disabled customers easier.

owners, places the education of the children under guarantee with securities. On top of this, **smart piggy banks** that are gifted to children who are saving with the Garantili Gelecek Account help them gain a habit of saving.

Garanti takes a sustainable approach to its **initiatives aimed at disabled individuals** and seeks to increase the accessibility of its banking services in daily life. Having started the renovation of its branches and Paramatik ATM networks in 2012, Garanti provides training to its employees and aims to make the life of an increasing number of disabled customers easier.

With the **Agricultural Banking Mobile Branches**, farmers can get access to banking services they need in the fields or facilities, reducing their time and expenses.

# Financial Health and Inclusion

Garanti Bank is the first and only financial institution that provides 24/7 customer care on social platforms such as Facebook and Twitter.

Garanti Bank, while offering a wide variety of products, processes and services, also plays an important role in helping its customers manage their finances. The Bank provides information on its customers' financial status, while also providing guidance on their needs as outlined below.

## Financial Health

Research studies indicate that customers are seeking financial balance because of the effects of increasing consumption and may sometimes experience difficulties in maintaining their financial health.

In order to support the Bank's customers' financial sustainability under the current global and national market conditions, Garanti Bank began to offer products and services that will help the Bank's customers;

- Manage their financial lives through personal interaction;
- Develop a tendency to save; and
- Realize their short- and long-term targets.

## On-line Banking Personal Finance Management

The Bank offers a need-oriented personal finance management service with personalized content, which makes it easier for the customer to track financial status and have full control over their finances as well as making the communication between the Bank and the customer more transparent.

Garanti Bank receives applications for 9 different banking products directly from Facebook in order to ease individual customers' reach to financial instruments. Garanti followers

and customers can apply to products ranging from personal loan to insurance directly without leaving the Facebook platform. Therefore giving the customers the chance to save time and increase product accessibility.

- 30,000 customers apply for personal loans from Facebook, where they can learn the results of instant evaluation.
- Garanti Bank also allows customers to apply for a NET Hesap – savings account which encourages customers to make savings – on Facebook. Facebook applications comprise %18 of all digital applications received.
- Pension Application form on Facebook is created for pensioners to ease their pension account transfer to Garanti Bank easier. Users could leave lead to Bank directly from Facebook to carry their accounts.
- Garanti Bank is the first and only financial institution that provides 24/7 customer care on social platforms such as Facebook and Twitter. Suggestions and complaints of customers are replied via GarantiyeSor (Ask Garanti) within two hours in order to provide continuous and high quality customer care service. On average 5,500 complaints and requests are processed monthly by GarantiyeSor.

The Bank also provides many options to allow its customers to manage their personal finances on the internet via the Internet Banking website<sup>28</sup>.

**Assets and Liabilities:** This section lists the assets and liabilities of our customers in product groups. Our customers can review the details of their products and check the relative performance of all their assets in graph view.

**Income and Expenditures:** In this section our customers can list their income and expenditures by term and product groups. In addition, they can set spending limits for products or by tagging

transactions, getting notifications when these limits are exceeded.

**Cash Flow:** In this section, our customers can see their liabilities, pending payments and income from previous terms. Customers can also use the balance moving feature to see how their balance will be affected by reduced debt in the future.

## Mobile Personal Finance Management

The Bank provides many options to allow its customers to manage their personal finances on their mobile phones including the following.

**Money Bar:** Based on previous spending, income and payments of the user and scheduled transactions, the approximate balance that will remain in the account for the current month is estimated. Moreover, suggestions are provided for users to save money or to borrow money if needed.

**Cash Tank:** Maximum and minimum limits are determined for users' credit cards and spending accounts. In this way, users are notified when they exceed their limits with a notification that is sent to their mobile phones.

**Spending:** With "My Spending", all the expenditure made from Garanti Bank account or card can be listed and easily tracked. Specific categories on spending are shown and users are warned before they exceed their limits. Users also arrange their limits based on their spending goals.

**Filter and Graphs:** With the filter option, users can change their spending criteria in order to analyse their financial situations in detail. Moreover, each spending are categorized and each category can be visualized by graphs.

**Mobile Banking Notifications:** Within Mobile Banking and iGaranti applications, there is a system working which triggers push notifications to be sent, as well as SMS and e-mail, when the credit card payment date approaches or money is received.

In the iGaranti app, depending on users' excess usage of monthly limits, warning notifications are sent. Moreover, users can be reminded of current campaigns through notifications.

Garanti Bank, while offering a wide variety of products, processes and services, also plays an important role in helping its customers manage their finances.

## Support for Financial Planning

In the current volatile markets, which may reflect increased uncertainty, customers increasingly need expert opinions and support in order to plan their financial future. As a result, Garanti Bank offers financial planning services to its Retail and Private Banking customers.

As part of this service, customers are classified into specific risk groups and the Bank provides portfolio recommendations suitable for each risk group. Accordingly, customers can gain access to professionally prepared investment proposals and can choose the proposals that best fit their risk-reward profiles. Likewise, a wide array of alternatives is offered for personal pension funds as part of the Bank's special pension services. These alternatives offer customers the opportunity to draw up the best pension plan for themselves and thus help them look to the future with confidence.

**Full Support Platform:** Garanti Bank's Full Support Program offers an array of flexible options to help customers deal with fluctuations in personal income, through practices such as postponing the number of, or reducing, the number of instalment payments. These options have been welcomed as a positive step towards protecting the future creditworthiness of customers that run into financial difficulties.

**Products that Promote Saving:** Garanti Bank undertakes efforts to raise the number of savings products in a bid to raise the propensity to save in Turkey. Within the scope of these efforts, the Bank offered the following products in the reporting period:

- "Net Savings Account", which allows a flexible start-up to saving for customers who have difficulty saving but are seeking to acquire the habit;
- "Spend and Save" product which offers customers the chance to turn credit card expenses into savings;
- Deposit Accounts.

<sup>28</sup> Garanti Internet Banking web-site:

[http://www.garanti.com.tr/en/personal\\_banking/delivery\\_channels/internet\\_banking.page](http://www.garanti.com.tr/en/personal_banking/delivery_channels/internet_banking.page)

## Financial Inclusion: Solutions for the unbanked population

According to World Bank Global Financial Inclusion data, 2.5 billion of the world's population do not have access to financial services offered by financial institutions. In Turkey, where 42% of the adult population are without access, Garanti offers its products and services to customers as well as to non-customers without access to financial services.

**Unbanked to Unbanked Remittance:** Unbanked to unbanked remittance, which is a first in Turkey, is a fast way of transferring money where the sender and the receiver do not have to be the Bank's customer. The sender can send the money via the cardless transactions section of Garanti ATMs by entering the Turkish ID and mobile phone numbers of the receiver.

**CepBank Money Withdrawal:** CepBank Money Withdrawal was developed to capture standalone transactions of customers in a convenient way and to allow immediate withdrawal from any Garanti ATM without the need for a credit or debit card. Afterwards, the aim is to turn them into real banking customers, thus so that they can be included including them in the financial system.

In 2014, over 3 million money withdrawal transaction was made. Garanti customers as well as non-customers can perform their transactions without credit or debit cards through ATMs. Number of cardless transactions in 2014 was over 15 million. Below, a few examples of cardless transactions are explained.

**Cardless Bill Payments:** Close to 90 thousand bills from hundreds of companies ranging from utilities to mobile credit top ups are paid cardless through ATMs.

**Cardless Money Deposit to an Account:** Depositing money into a Garanti account is possible with only an account number as this can be done cardless at an ATM. The card owner can deposit money into their account as well as another person's Garanti account.

Furthermore, Garanti started its **Golden Tuesdays** practice and offered its "Gold Time Deposit Account" product that targets financial inclusion of those who keep their gold under their mattress which is an old habit of a high inflationary environment in Turkey and the total gold savings under mattress is estimated to be around US\$ 150-200 billion.

## Gold Branches and Gold Service Point Jewelleries

Our clients' physical scrap gold is accepted in Gold Branches and Gold Service Point Jewelleries so that the assets can be registered in the banking system and in the economy as a whole. The Gold Branches in Turkey accept clients on Tuesdays and Saturdays whereas Gold Service Point jewelleries serve clients every day of the week. Clients can easily perform gold account transactions through their TL or US\$ accounts. Our clients can access their Gold Accounts 24 hours a day through Garanti Online Banking, Garanti ATMs, via Alo Garanti line 444 0 333 and from Garanti Branches.

**Gold Time Deposit Account:** The Gold Time Deposit Account allows clients to earn interest on their gold investments in gold terms. Clients who wish to make their investments in gold terms, preserve their gold investments and earn interest can create an account with a minimum of 100 gr of gold.

**Gold Saving Account:** With the Gold Saving Account, clients can regularly save the amount of gold they want to by making payments with their credit cards or through their accounts.

## Renewable Energy



Geycek Wind Power Plant, the largest wind power plant in Turkey.

Garanti Bank considers financing of renewable energy projects a critical part of enabling Turkey to reduce its greenhouse gas emissions. The Bank gives most support to wind energy projects because of their minimal environmental and social effects and the positive contribution they make to the current account deficit of Turkey. Garanti Bank's share in Turkey's total installed capacity of wind power among Turkish Banks is 52.3%. As of December 2014, the total emission reductions of operational wind and hydroelectric power plants that were financed by Garanti Bank has been 3.2 million tCO<sub>2e</sub> regarding based on using the average emission factor from electricity generation in Turkey. As of 31 December 2014, Garanti Bank had allocated:

- US\$ 1.96 billion to wind farm projects which will have a total installed capacity of 1,696 MW once all commissioned (Table 7),
- US\$ 1.53 billion to hydroelectric power plant projects which will

have a total installed capacity of 2,149 MW once all commissioned (Table 8), and

- US\$ 128 million to geothermal power plant projects which will have a total installed capacity of 112 MW once all commissioned (Table 9).

Nearly half of the funds provided by the Bank to energy projects have been allocated to renewable energy projects.

As the biggest supporter of wind power investments in Turkey, Garanti Bank provided the financing of US\$ 191 million to Geycek WPP, the largest wind power plant in Turkey, with an installed capacity of 168 MW. In addition, Garanti Bank also financed the largest wind power portfolio in Turkey. Borusan EnBW's 180 MW wind farm portfolio was financed by Garanti with a US\$ 211 million financing facility.

Nearly half of the funds provided by Garanti Bank to energy projects have been allocated to renewable energy projects.

# Garanti Bank and SMEs

Table 7: Total Installed Capacity of the Wind Power Portfolio by Year (Cumulative)

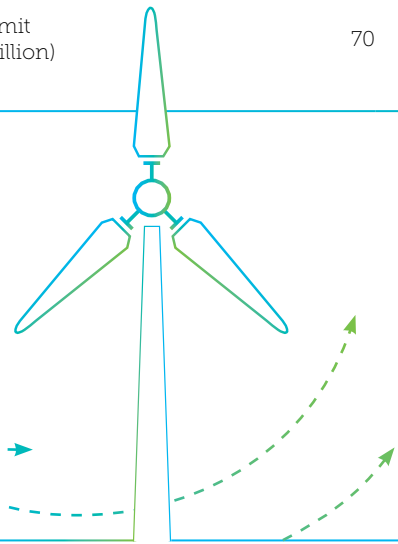
	2006	2007	2008	2009	2010	2011	2012	2013	2014
MW	70	220	385	540	626	874	1,216	1,223	1,696
Loan Limit (US\$, million)	84	281	502	694	806	1,138	1,511	1,526	1,962

Table 8: Total Installed Capacity of the Hydroelectric Power Portfolio by Year (Cumulative)<sup>29</sup>

	2007	2008	2009	2010	2011	2012	2013	2014
MW	54	118	211	882	1,962	2,080	2,149	2,149 <sup>30</sup>
Loan Limit (US\$, million)	60	107	277	627	1,350	1,481	1,550	1,534

Table 9: Portfolio of Total Installed Geothermal Power Plants by Year (Cumulative)<sup>31</sup>

	2010	2011	2012	2013	2014
MW	75	75	75	95	112
Loan Limit (US\$, million)	70	70	70	90	128



The increasing impact of climate change necessitates the timely transition to a low carbon economy. This urgency is reflected in the efforts of policy-makers, the needs of our clients and priorities of society. Recent regulatory changes, making it possible to build unlicensed renewable projects up to 1 MW, have rendered PV-based electricity generation a viable option for investors as well as SMEs that are looking to reduce operational expenditure through self-generation. Accordingly, Garanti has intensified its efforts to provide its customers with sufficient financing support and appropriate loan products to allow them to make the necessary investments and refurbishments. Garanti started working on a loan product for PV systems in late 2013 and has rolled it out in 2014.

<sup>29</sup> G4-22: Restated for year 2011.

<sup>30</sup> Includes corporate loans allocated to small-scale HEPPs.

<sup>31</sup> G4-22: Restated for years 2010-2012.

SMEs account for 75.8% of total employment in Turkey, as well as 63.3% of total sales and 53.2% of total investments in Turkey. Garanti Bank offers a wide array of tailor-made products and services to SMEs, which are the beating heart of the Turkish economy. As well as its own resources provided as loans, Garanti Bank also extends long-term and cost efficient resources from international financial institutions to SMEs. These resources provide a positive contribution to domestic trade, export and tax volumes, while also playing a key role in the creation of new employment opportunities in Turkey.

KOBİLGİ SME Informative Meeting, 2014.



Table 10: Garanti's Bank's Priorities and Progress Regarding SMEs

Target	Progress	Target	Progress
To offer new products and services that simplify and help guarantee the commercial lives of SMEs	<b>Start Up Package:</b> With the support of the European Investment Fund (EIF), to date, Garanti has provided TL 173 million funding to 6,000 entrepreneurs who had difficulties providing collateral during the reporting period.  Farmers' access to financing was made easier through the Bank's Agricultural Banking Mobile Branches.	To support the digital transformation of SMEs in order to ensure they can effectively use information technology	To make SMEs' lives easier in the new age and speed up their digitalisation process, Garanti commenced a new project and founded the Ambassadors of Digital Transformation, comprised of Garanti Customer Relations Managers who serve SMEs. The Ambassadors of Digital Transformation attended the trainings at the Future Digital SMEs Summit held in collaboration with Google, Microsoft and Turkcell.
	Garanti Bank led the way by supporting a licenced warehouse system in Turkey and providing credit by receiving physical crop vouchers as guarantee.		

Table 10: Garanti's Bank's Priorities and Progress Regarding SMEs

**Target**

To ensure SMEs have easier access to information by designing information and consultancy services

**Progress**

**Şirketkur:** An application for entrepreneurs to choose the most appropriate company type (publicly limited, limited etc.) for their plans as well as information regarding types of expenses and average foundation costs was rolled out in 2014. After the form, which is accessible from the Garanti Bank website, is filled, it is reviewed by consultants and the customer is notified via e-mail. 1,300 applications have been submitted to date.

**Women Entrepreneur Executive School (WEES):** Garanti initiated the WEES in September 2012 in collaboration with Boğaziçi University Lifelong Learning Center (BULLC). WEES provides training to women entrepreneurs free of charge on subjects including innovation, sustainable governance, customer relations and institutionalization. The trainings last approximately 1 month. During the reporting period, 369 women in 4 cities received certificates.

**Supporting Family Establishments in Agricultural and Rural Development:** Under the scope of this training programme in conjunction with FAO and BULLC, 131 family establishments in Alaşehir province received training support on 11 different subjects.

**Expert Videos:** Garanti Bank has launched short videos that provide information on various topics to SMEs. The videos are accessible by the public on the Bank's website under the SME tab and include information on various tax and regulatory issues such as Q&A on tax advantages of rental revenues and how life changes for SMEs under the new Turkish Commercial Code.

**OHS Trainings:** Garanti Bank, in conjunction with the Turkish Human Management Association (PERYÖN), started giving trainings to SMEs on Occupational Health and Safety (OHS). These trainings support the SMEs in realizing their OHS processes in the best way possible by going through the technical and legal changes in the OHS law. 3 trainings were provided in 2014. OHS trainings are to be continued in 2015. In addition to this, "Occupational Health and Safety Guidelines for SMEs" was prepared with the collaboration of two organizations. The guideline is accessible here (in Turkish): [http://www.garanti.com.tr/tr/kobi/kobilere\\_ozel/hizmetler/is\\_sagligi\\_ve\\_guvenligi\\_kilavuzu.page](http://www.garanti.com.tr/tr/kobi/kobilere_ozel/hizmetler/is_sagligi_ve_guvenligi_kilavuzu.page)



*Nafiz Karadere (EVP at Garanti Bank), Awards Ceremony of the 7th Women Entrepreneurship Competition.*

**Target**

To undertake efforts to assist the development of SMEs in cities that currently lack sufficient financial support from banks

**Progress**

With Garanti Anatolian Meetings, Women Entrepreneurs Meetings, KOBİLGİ SME Informative Meetings and similar gatherings, the Bank strives to help SMEs, the backbone of the economy, move forward.

Garanti Anatolian Meetings were started 13 years ago and in 2014 the Bank visited 7 cities, getting together with 1,835 SMEs. The KOBİLGİ meetings, started in 2011, consist of a series of seminar on subjects such as the developments in regulations, marketing and sales and have been attended by approximately 2,000 people.

**Target**

Providing SME CRMs with training related to SMEs' digital transformations

**Progress**

"Future is Digital SME" summit was organized in collaboration with Google, Microsoft and Turkcell, to assist the digitalization process of the SMEs by training Digital Transformation Ambassadors team of Garanti Customer Relationship Managers.

**Garanti Partners**

Garanti Bank started offering the GarantiPartners service in conjunction with the Boğaziçi University Business Angels (BUBA) Angel Investors Platform.

GarantiPartners, which is open to anybody who successfully passes the evaluation process whether they are a bank's customer or not. With the knowledge of Boğaziçi University and the support of the bank, not only capital, but also experience is passed on.

The biggest goal of the project is speeding up entrepreneurship with the help of the platform. GarantiPartners also takes on missions such as making sure every item necessary is reached through this structure. It makes it possible to strategize together with the entrepreneur and prepare a comprehensive business plan to realize the projects and contribute to sustainable growth.

It will be possible to provide technical support to entrepreneurs and their solution partners that are developing products in an R&D focus while also making sure adequate testing and feedback are given to the product or service before it is released into the market. Early development ventures will be presented with an incubation center (working environment/office) opportunity. The online and mobile marketing support as well as banking services that are necessary for the ventures are going to be presented with advantageous conditions.

Our doors are wide open to entrepreneurs who dream of establishing their own businesses, but cannot find the courage or capital; do not know the proper channels or resources to realize their dreams. We invite entrepreneurs to GarantiPartners, which add values to all stakeholders.

374 entrepreneurs applied to GarantiPartners so far. Under the scope of the program, 136 entrepreneurs were interviewed one on one; 18 ventures were reviewed in review boards and 9 of them were accepted.

<https://www.garantipartners.com/>

### Easier banking for disabled customers

In 2012, branches and the ATMs of Garanti were started to be made disabled-friendly. In 2014, Garanti Bank continued initiatives to ease the access of disabled customers to banking services. Garanti also trains employees on critical points of services provided to disabled people.

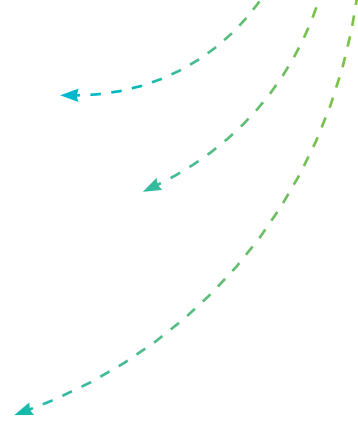


Table 11: Assisting the Mobility Impaired at ATMs and Branches

Initiative	Progress in the Reporting Period
Disabled-friendly ATMs	<p>Garanti Bank has introduced disabled-friendly ATM machines alongside its existing machines and put them into service. These machines have lower screens and keyboards that are easily visible for disabled people and can be approached easily by them. Also visually disabled customers have the opportunity to perform transactions on these ATMs with the help of audio guidance.</p>
Disabled-friendly branches	<p>In disabled-friendly branches, the Bank ensures that:</p> <ul style="list-style-type: none"> <li>○ branch entrances are accessible to the orthopedically-disabled customers;</li> <li>○ the visually impaired are guided by floor surface features;</li> <li>○ priority is given to disabled customers in the Qmatic queuing system, if information related to their situation is kept in the Bank's records;</li> <li>○ counters have lower tellers for serving orthopedically-disabled customers.</li> </ul> <p>Training is provided to Bank employees to create higher awareness regarding disabilities. In addition, how to communicate with customers with disabilities has been an integral part of the Bank's disabled-friendly banking program. Garanti has created 'experience standards' to highlight important points in communicating with disabled customers, to ensure standardized and increased quality services to our disabled customers. All employees that communicate directly with customers have received the training, as did volunteers from head-quarters.</p> <p>Garanti Bank has also commenced designing a web-based training program for sign language, which will be made available to its employees after the reporting period.</p>
Internet branch and credit card transactions for the visually-impaired customers	<p>Garanti Bank's internet branch is transformed to render it accessible to visually-impaired customers, enabling them to perform audio transactions by listening to the internet branch menu.</p> <p>Internet banking and mobile banking branches have been enhanced with voice assist programs so they can be listened by visually impaired customers.</p> <p>The Bank is planning to send text message notifications to visually-impaired customers regarding their credit card transactions in 2015.</p>

Table 12: Assistance to Disabled Customers and Future Targets

Target	Explanation	Progress and Future Target
Disabled-Friendly (DF) Branches	<ul style="list-style-type: none"> <li>○ Rendering teller counters and branch entrances wheelchair-accessible</li> <li>○ Applying surface features on branch floors to guide visually-impaired customers</li> </ul>	96 branches had been transformed into DF branches by the end of 2014.
Disabled-Friendly ATMs	<ul style="list-style-type: none"> <li>○ Ensuring that visually-impaired customers can carry out audio transactions at ATMs</li> <li>○ Easy-to-use ATMs for orthopedically-disabled customers</li> </ul>	<p>62 orthopedically-disabled, 144 visually-disabled friendly ATMs and in addition to these 117 both orthopedically and visually disabled friendly ATMs had been made available by the end of 2014.</p> <p>The Bank's target for the next period is to continue opening DF branches, or transforming existing branches into DF formats, in micro-markets where our disabled customers are concentrated.</p>
Distance learning programs for Bank personnel	Distance learning programs to ensure that branch personnel provide a better service to disabled customers	<p>The Bank's targets are to train its employees to create higher awareness on disabilities and on how to communicate with customers with disabilities.</p> <p>By the end of 2014, 12,271 employees were registered for the distance learning program with 7,165 having completed (completion rate 58%).</p> <p>Design works for Sign Language trainings are completed and are going to be rolled out in 2015.</p>



# Sustainability Collaboration with International Financial Institutions

Target	Explanation	Progress and Future Target
Give priority to disabled customers in branch transactions	Keeping information related to disabled customers in the Bank's records and giving them priority in the Qmatic queuing system.	All customers recorded as disabled in the branch and call center database are given priority in the Qmatic system.

Target	Explanation	Progress and Future Target
Help visually-impaired customers carry out their transactions through the internet branch	Implementing the necessary improvements in the internet branch to ensure that visually-impaired customers are able to perform audio transactions.	Internet banking and mobile banking branches have been updated to make them readable by reading programs for visually impaired customers.

Target	Explanation	Progress and Future Target
Inform visually-impaired customers of their credit card transactions	Informing visually-impaired customers of credit card transactions through audio SMS notifications	No progress in the reporting period but a pilot is targeted before the end of calendar year 2015.



Garanti Bank offers long-term funds to SMEs by working in cooperation with international financial institutions on projects connected with energy-efficiency and renewable energy, as the Bank views these projects as having a significant opportunity to reduce Turkey's GHG emissions. For example, Garanti has provided favored lending to small and medium-sized energy efficiency and renewable energy through the Turkey Sustainable Energy Financing Facility (Tur-SEFF) and Mid-Sized Sustainable Energy Financing Facility (Mid-SEFF), both of which are supported by the European Bank for Reconstruction and Development (EBRD).

Examples of sustainability collaboration with international financial institutions are Women in Business, EIB, KfW, Mid-Seff and similar programs. Please refer to Appendix 3 for detailed information.

Garanti signed the goodwill letter for the "Financing and Consulting Support Program for Establishments Managed by Women" that was initiated by the European Bank for Reconstruction and Development (EBRD), European Union Turkish Delegation, Republic of Turkey Ministry of Labor and Social Security and Turkish Business Council. With this program, Garanti is involved in a € 300 million loan package that will be given to establishments managed by women.

Garanti signed the "Protocol for Guarantee Support to Women Entrepreneurs of Garanti" with the Credit Guarantee Fund (KGF) to provide a solution to the guarantee problems women entrepreneurs face when applying for loans.

Garanti Bank offers long-term funds to SMEs by working in cooperation with international financial institutions on topics such as renewable energy and women.

# Garanti Bank Supports Women Entrepreneurs

Garanti Bank sees supporting women entrepreneurs as a major responsibility for Turkey's social and economic development. Apart from extending funds to women entrepreneurs, the Bank also supports activities encouraging entrepreneurship and educational projects.

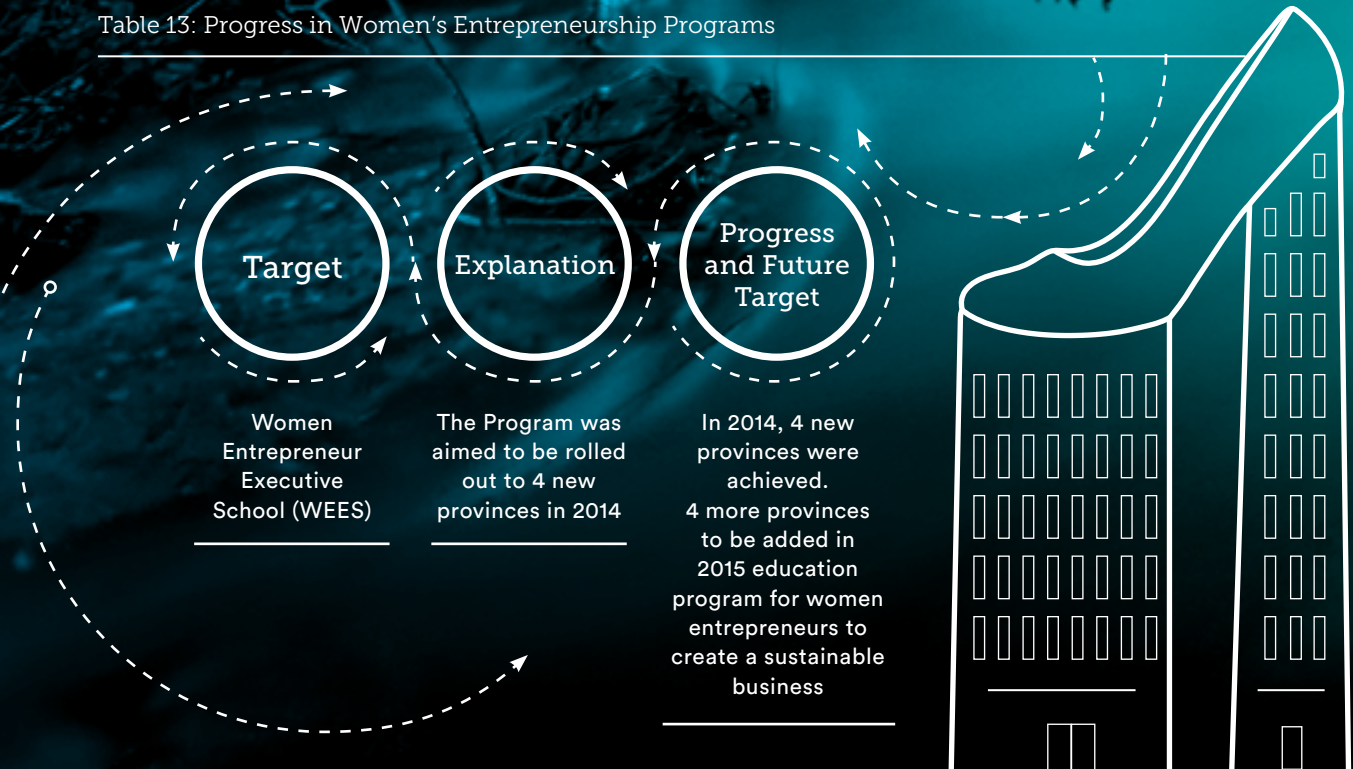
Table 13 summarises some of the Bank's recent successes. Since 2006, loans extended by Garanti Bank to women entrepreneurs had reached TL 2.1 billion by the end of 2014.

## Women Entrepreneurs Meetings and Turkey's Women Entrepreneur Competition

Garanti Bank also organises Women Entrepreneurs Meetings in collaboration with the Women Entrepreneurs Association of Turkey (KAGİDER) to further support women entrepreneurship.

In 2014, the Turkey's Women Entrepreneur Competition that we initiated in cooperation with the Economist magazine and KAGİDER was held for the eighth time and meetings were held in five cities across Turkey with the participation of almost 1,000 women.

Table 13: Progress in Women's Entrepreneurship Programs





# Supporting Rural Development with "Agricultural Banking" Products

The Bank's "Agricultural and Rural Development Strategy", which targets helping the sector meet its financial needs both during the agricultural production period (primary production) and the processing and marketing obtained after production (secondary production) in Turkey. Through these initiatives, the Bank continues to stand with the agricultural establishments with its "Supporter of Agriculture, Guarantee of Producer" slogan.

In order to offer permanent financing to the agricultural sector, Garanti Bank offers financing with appropriate grace periods on harvest schedules. In addition to providing credit to agricultural facilities, the Bank's intention is to become a solution partner that provides for the needs, advice and consulting services in the sector.

As of 31.12.2014 the amount of credit provided to the agriculture sector was approximately TL 1.4 billion, out of which TL 798 million was allocated to SME segmented 23,000 agricultural facility.

As part of the European Commission's IPARD program, Garanti Bank provided a total of 31 enterprises with a credit letter and financed TL 9 million to 4 enterprises in 2014. In addition Garanti Bank became the first in Turkey by supporting a licenced warehouse system and providing credit by receiving physical crop vouchers as guarantee.

## Agricultural Irrigation Systems Loan

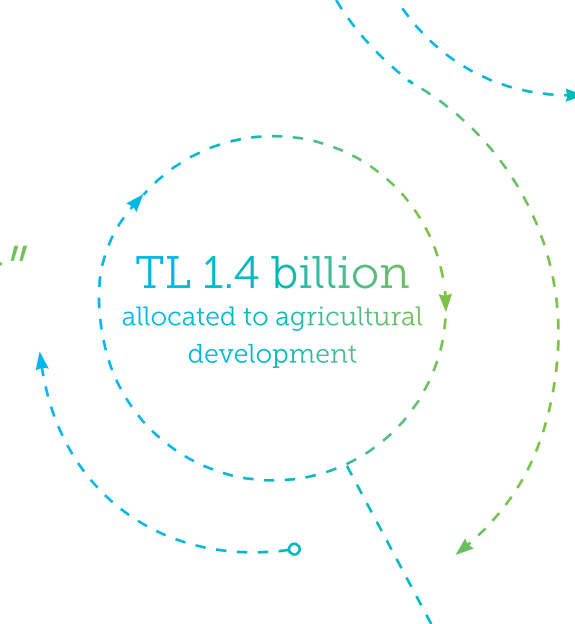
To support Turkey's battle against climate change and providing solutions to risks like drought, Garanti Bank offered an "Agricultural Irrigation Systems Loans" in the first quarter of 2015. The agricultural sector, in which "wild" irrigation is still the dominating type of irrigation, is responsible for 70% of total water consumption.

By offering these loans, the target is to meet the needs of establishing sustainable irrigation systems and the automation of these systems where water taken from the source into field is distributed by drip, sprinkler, and micro sprinkler irrigation.

Payments of the loans which are mortgage-secured and have a grace period of up to 60 months depending on the harvest periods or yearly.

With this loan, Garanti is making access to financing easier for water sensitive investments and attracting attention to CDP Water, which was launched in Turkey in collaboration with Sabancı University Corporate Governance Forum where Garanti is the main sponsor.

In addition, the Bank supports solar power as an innovative solution for high electricity costs in agricultural irrigation without



"Supporting Farmer Families in Agricultural and Rural Development" training program, 2014.

affecting soil and water resources. In this regard, the financing of Turkey's largest solar powered irrigation system with 800 m<sup>2</sup> solar panels and 65 kWp installed power was supported in the first quarter of 2015. With this investment, irrigation and crop diversity of 450 decares of large land was sustained.

Trainings delivered to 131 farmers in 2014

## Family Farming

In light of 2014 being announced as the Year of Family Farming, Garanti Bank, in collaboration with BULLC and FAO, launched the "Supporting Farmer Families in Agricultural and Rural Development" training program. In this program, a total of 33 hours of training on 11 subjects relating to agricultural production and marketing, financing of agriculture and personal development to

farmer families that are producing grapes for exporting in Alaşehir province of the city of Manisa were provided. Some of the trainings given by FAO and BULLC experts include:

- "Visionary Identity and Spirit of Entrepreneurship",
- "Sustainable Agricultural Applications",
- "Food Management from Field to the Dinner Table",
- "Organization in Rural Areas" and
- "Management of Human Resources".

Collaborations were made with NGOs and public institutions throughout the program and 131 of our farmers were awarded with certifications at the end of the training program.

Turkey's largest solar powered irrigation system financed by Garanti



Turkey's largest solar powered irrigation system

# Efforts to Expand the Informed Customer Group

Garanti Bank organizes seminars, conferences and sector-based information meetings in order to raise its customers' level of knowledge and to bolster their loyalty to the Bank. The Bank has also organized foreign trade training sessions, information seminars regarding the new Turkish Trade Code and conversation meetings with economists. The Bank has further encouraged its customers to attend domestic

and international conferences organized by international institutions like Euromoney. The Bank, in cooperation with fund providers, has also offered various opportunities to its customers – who plan to invest within the scope of the efficiency projects – to receive technical consultancy services.

# Environmental and Social Risk Assessment Process

Banks, in particular, face risks associated with financing activities that could be associated with adverse impacts on the environment and society such as flashpoint issues capable of generating significant negative publicity, such as an oil spill. Failure to address these risks in a timely and appropriate manner may result in reputational damage and consequently a loss of investor support and customer loyalty, among other challenges.

Garanti Bank sees its proactive management of these risks, such

as arising from climate change, not only as critical to its success but also as one of its most essential duties to its stakeholders. Through its effective approach to sustainability embedded throughout its organisation, Garanti Bank monitors its resource consumption, takes steps to reduce it, raises the awareness of employees and collaborates with suppliers. Moreover, to extend its work to a larger scale, Garanti has also developed an Environmental and Social Risk

Assessment Process to help drive similar improvement across its loan portfolios.

Garanti Bank ensures that the projects it finances satisfy the social and environmental standards required by legislation and the Bank's policies, which an impact assessment is undertaken by the project owner(s), if necessary, that prescribed measures are taken by the project owner(s) and that project owners have effective internal audit systems. When necessary, the Bank suggests

additional measures to mitigate negative impacts.

Garanti Bank received the "Sustainability Award for Environmental and Social Performance" for its comprehensive environmental social risk assessment system from the European Bank for Reconstruction and Development (EBRD) in 2014.

Garanti contributes to raising awareness regarding non-financial risks in the non-financial and financial sectors by explaining its Environmental and Social Impact

Assessment System to its external stakeholders via a variety of platforms. For example, Garanti communicated its environmental and social risk assessment process to all its main external stakeholder groups using real life case studies through a presentation in the Environmental, Social and Governance seminar held by Boğaziçi University in 2015.

Garanti received "Sustainability Award for Environmental and Social Performance" from EBRD



Port of Kuşadası





Geycek Wind Farm

Garanti identifies and manages the E&S risks of the greenfield projects over US\$20 million through its internally developed Environmental & Social Impact Assessment Model.

For example; under the new Environmental Impact Assessment regulation that was published on 25 November 2014, significant changes that can impact the assessment process are identified. Please refer to Appendix 9 for these changes.

In addition, in light of increased questions about the applications of occupational health and safety (OHS) precautions in our country, additional precautions have been inserted into the ESIAM. Examples of these precautions include:

- General Loan Contracts now have to comply with the occupational health and safety regulations in addition to compliance with the ESIAM.
- In Project Finance loan contracts, in addition to actions necessary as a result of ESIAM, more comprehensive regulations about OHS began to be sought.
- During the loan period, records and accounts of proceedings of OHS precautions (for construction and operation) have to be notified and the project should be followed by field review.
- If an OHS accident is identified during the loan period despite the precautions taken, detailed information in standardised formats are requested from the investors and reviews for preventing future accidents and additional precautions are requested.

More detailed information about the ESIAM is given in Appendix 2.

#### Updating ESIAM

During 2014, the Environmental and Social Impact Assessment Model has been updated and continued to be applied while having regard to the changes in local and international regulations, standards and issues brought by our stakeholders.

environmental impacts. The Bank's decisions are based on the risk rating calculated in accordance with the model, which enables Garanti bank to:

- determine and evaluate all environmental and social impacts of projects in a systematic way in accordance with ESIAM methods;
- ensure projects are sustainable from an environmental and social perspective;
- ensure that financed projects and all associated processes and policies pursued by the Bank comply fully with national legislation and regulations;

- ensure project owners reduce identified impacts to an acceptable level;
- effectively monitor the ESMP prepared by customers (project owners) in order to help monitor and improve their compliance with the Bank's environmental and social policies.

During the reporting period, all loan requests received by the Bank were subjected to the ESLPs.

#### Environmental and Social Impact Assessment Model (ESIAM)

Garanti Bank subjects loan requests for significant investments, which it defines as new projects with an investment value of more than US\$ 20 million, to the Bank's ESIAM. With this internal model, projects are categorized and graded according to their characteristics, size, sensitivity, location and their possible social (including with respect to human rights) and

to the ESLP; projects which do not comply with the policies are rejected. The ESLP, applied on all loans without a threshold, is based on the following principles:

- maximizing the environmental and social benefits in financing projects considering their environmental and social impacts;
- protection and management of natural biodiversity - taking into consideration the measures which will protect biodiversity and the natural habitat in project financing;
- increasing energy efficiency and the transition to a low carbon economy.

#### Environmental and Social Loan Policies (ESLPs)

Garanti Bank initially set up ESLPs in order to minimize the indirect impacts of loans granted by the Bank and put them into practice in 2011. These policies constitute the environmental and social principles governing the extension of loans at Garanti Bank through which the Bank runs the "Environmental and Social Impact Assessment Process" (ESIAP). ESIAP, designed with the support of an independent consulting firm, also includes the "Environmental and Social Impact Assessment Model" (ESIAM).

Loan requests received by Garanti Bank are first subjected

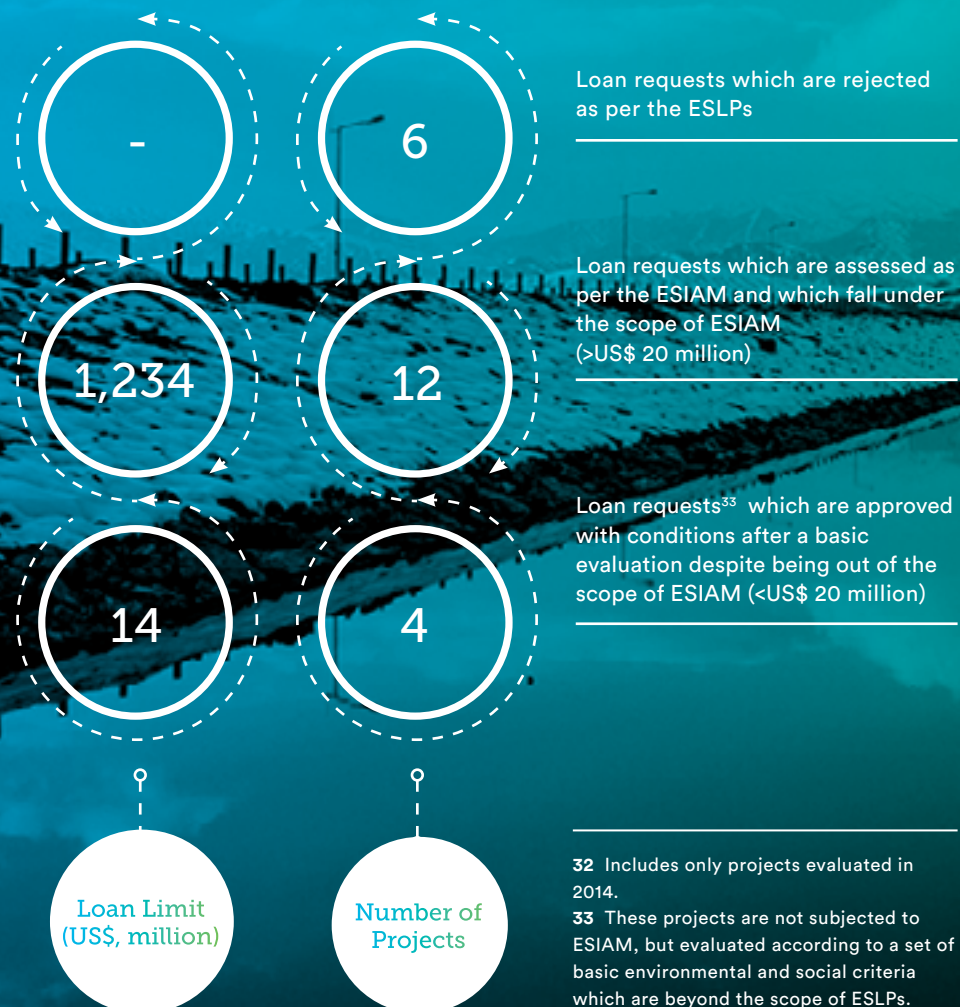
### ESIAP Results in 2014

During the reporting period, all loan requests were subjected to the ESLPs regardless of the loan type and size. 6 loan requests were directly rejected due to non-compliance with the ESLPs, without further assessment.

In Table 14, the breakdown of greenfield investments;

- which are rejected due to non-compliance with ESLPs without further assessment;
- which fall under the scope of ESIAM and assessed as per the ESIAM;
- which are out of the scope of ESIAM, but still evaluated according to the basic criteria of ESIAP due to their potential environmental and social risks are provided for the project finance portfolio during the reporting period.

Table 14: Breakdown of Greenfield Investments which are Subjected to ESIAP in 2014<sup>32</sup>



<sup>32</sup> Includes only projects evaluated in 2014.  
<sup>33</sup> These projects are not subjected to ESIAM, but evaluated according to a set of basic environmental and social criteria which are beyond the scope of ESLPs.

Table 15: Assessment Results for Greenfield Investments<sup>34</sup> which are Subjected to ESIAM in 2014

	Number of Projects	
Category	Category A	3
	Category B	9
	Category C	0
Risk Rating	R1	2
	R2	0
	R3	10
	R4	0

Following the ESIAM process, Garanti Bank may request from the project owners that a detailed Environmental and Social Management Plan (“ESMP”) is prepared, applied and with regular reporting required for projects with higher risk ratings.

The results of the assessment of environmental and social impacts are shared with the Credit Committee and the limit for total investment amount, policies and the assessment process may be revised or updated, if deemed necessary by the Sustainability Committee.

If a project does not satisfy the environmental and social criteria under ESIAM, the Bank may reject the request for the project, or may ask additional precautions, tracking of specified impacts and may request detailed and continuous reporting of these impacts.

Some examples from projects that require additional precautions are provided on pages 88-89.

<sup>34</sup> Includes only the loan requests which fall under the scope of ESIAM, i.e. greenfield investments exceeding US\$ 20 million monetary threshold.

Table 16: Reporting to Senior Management for Environmental and Social Risk Assessment at Garanti Bank

**Impacts on Flora and Prevention of Deforestation**

To mitigate carbon emissions and impacts of deforestation, forestation plants that cover the items below are requested from investors and implemented:

- o Planting 1 million trees a year from the commencement of commercial operations until the end of the payback period of the loan; and
- o Planting and care of 4-5 trees for every tree that is cut down.

**Resettlement Projects**

In addition to regulatory requirements related to expropriation payments, a rehousing plan was applied that covers job placement and affordable housing prices for people who were displaced both physically and economically because of the project.

**Stakeholder Engagement Process**

In an infrastructure project, stakeholder engagement plans such as community participation meetings, publishing of project reports and complaints mechanisms were requested from an investor and were later put into action.

**Impacts on the Fauna**

In wind power projects, the impacts of the project area on the bird population and the migration routes of birds were minimized by scientific reviews.

**Cumulative Impacts**

Cumulative impact analyses of many energy projects were requested including wind, hydroelectricity and thermal power plants, even though it is not required by law.

In hydroelectric power projects, environmental water released in riverbeds is tested with relevant research, and where necessary, sufficient environmental flow which is higher than the limits required by regulations has to be released.

In a thermal power plant project, for the continuity of natural life in the riverbed in the vicinity of the project site, an additional investment was made to collect cooling water from the sea rather than the riverbed. Consequently, the water along with the flora and fauna in the riverbed were protected.

**Impacts to Groundwater**

In geothermal power projects, 100% reinjection of water collected from groundwater was achieved.

**Project Emissions**

In a thermal power plant project, desulphurisation design changes were requested in order to make sure the project complies with European SO<sub>2</sub> emission standards. For example, for a newly established type of plant, European emission standards are 150 mg/Nm<sup>3</sup>, while Turkish standards are 200 mg/Nm<sup>3</sup>.

**Monitoring and Reporting**

Garanti Bank has conducted 29 site visits in 2014 in order to be able to identify the current environmental and social conditions at the project sites. These visits were organized with attendance from the Sustainability Team along with other technical and loan personnel. Reporting to senior management with regard to the findings from these visits, along with the corresponding ESIAM results is conducted through the following process:

**Project and Acquisition Finance and Sustainability Department  
Corporate and Commercial Loans Unit**



Garanti Bank does not finance activities that are banned or restricted by national legislation and/or international agreements to which Turkey is a party.

The Bank also does not finance the activities, projects or companies listed below, without carrying out any environmental and social impact assessment and applying any limits.

Activities not financed by Garanti Bank	
1	Companies involved in the production of weapons of mass destruction and landmines
2	Individuals or companies found to employ child labor or who violate human rights
3	Individuals or companies that deal with the production and trade of asbestos fibers or radioactive substances (excluding healthcare equipment, quality control devices and situations in which use of radioactive substances is extremely limited or insignificant, or in situations where there is sufficient protection)
4	Fishing activities which are deemed to constitute overfishing
5	Forestry activities which cannot be sustainably managed
6	Individuals or companies involved in the production, warehousing, transport and trade of hazardous chemicals (petroleum and petrochemical products) in large quantities according to their industrial scale
7	Activities carried out in wetlands defined as RAMSAR (Convention on Wetlands of International Importance) areas
8	Individuals or companies involved with products and/or activities that fall under the scope of CITES
9	Activities that threaten the cultural heritage qualifications of sites classified as UNESCO World Cultural Heritage.

With the implementation of ESIAP, set up in accordance with international practices, the Bank has achieved significant progress towards compliance with the Equator Principles, which are internationally recognized by the financial sector.

Appendix 2 includes detailed information on the Bank's ESIAM.

**Loans not subject to the ESIAM**

The following types of loan are not subject to the Bank's ESIAM:

- Acquisition and privatization loans,
- Construction loans (excluding mass housing projects),
- Projects for which the Bank provides consultancy services,
- Loans that do not include the realization of any project,

- Loans provided to a project that is already operational (provided these projects do not create an additional impact), and
- Refinancing loans for ongoing projects (provided these projects do not create an additional impact).

The reason for excluding the above-mentioned loans from ESIAM is that Garanti's aim is to evaluate environmental and social impacts on previously undeveloped sites and therefore considers greenfield investments and projects with potentially material environmental and social impacts.

Table 17: Progress in Environmental and Social Risk Assessment

Target	Explanation	Progress and New Target
Review of ESIAP	Garanti Bank has reviewed its ESIAP based on the improvements in national and international environmental and social standards in 2013 and 2014.	Garanti Bank is planning to present the updated version of ESIAP to Sustainability Committee and the BoD in 2015.
Drafting plans to lower the monetary limit for ESIAP	In 2013, the Bank drafted plans to lower the US\$ 20 million limit designated for projects subject to the ESIAP in response to changes in the Equator Principles (EP III).	These plans are decided to be submitted for the consideration of the Sustainability Committee in 2015, instead of 2014 as previously targeted.

Table 17: Progress in Environmental and Social Risk Assessment (continued)

Target	Explanation	Progress and New Target
Expanding the Environmental and Social Risk Assessment System to Subsidiaries	During 2013, Garanti has targeted to expand its E&S Risk Assessment System to at least three of its subsidiaries by the end of 2014.	<p>In 2014, Garanti Factoring put its own Environmental and Social Loan Policies in place and Garanti Asset Management has started implementing the first step of its environmental and social risk management process after creating its Responsible Investment Policy.</p> <p>In addition, Garanti Moscow has established its Human Rights Declaration in 2014.</p> <p>Garanti aims to continue expanding its environmental and social risk assessment approach to the remaining of its subsidiaries in the coming years.</p>

Target	Explanation	Progress and New Target
Expanding the EMS to Customers	By the end of 2015, Garanti Bank will review its loan portfolio and will draft plans to expand the Environmental Management System (EMS) to its customers for the following years.	The target is in progress.

### Turkey's GHG Emissions Legislation

The Regulatory Framework on 'Monitoring GHGs Emissions' was published by the Ministry of Environment and Urbanization in the Official Gazette on 17 May 2014. The regulation will require companies from energy-intensive sectors to monitor, report and verify their CO<sub>2</sub> emissions. However, since the reporting

requirement will start in 2016 and most of the companies in Turkey do not yet calculate and monitor all of their GHG emissions on a regular basis, it is not currently possible for Garanti Bank to gather reliable CO<sub>2</sub> emissions data for all activities which it finances. Nevertheless, Garanti Bank is developing an inventory that covers energy-intensive sectors such as iron and steel and fossil fuel-based power plants in order

to have an indication of its indirect greenhouse gas emissions from its loan portfolio.

# Management of Indirect Water Footprint

In order to manage our indirect water footprint, we ensure, request and monitor that appropriate measures are taken to minimize environmental impacts and to reduce the consumption of water and other resources, ensure recycling is undertaken and that negative impacts on water quality are minimized.

One of the first issues we consider when determining whether to provide financing is whether the project is located in a RAMSAR area. In accordance with our Environmental and Social Loan Policies, Garanti Bank does not finance projects and or activities that are in RAMSAR zones, without any monetary limitations or undertaking any further E&S impact assessment.

Furthermore, based on our ESLP, we pay regard to the environmental and social impact of the projects we finance and the maximization of their positive impact. Accordingly, we consider projects' impact on water sources in our credit processes and request various measures towards the minimization of water use and impact on water quality, efficiency in water resource consumption and re-use/recycling, all of which are customized based on the sectors in question. Furthermore, we prioritize projects where energy and water conservation is taken into consideration.

Issues that are considered as part of our credit processes are as follows:



Niksar Hydroelectric Power Plant

- **Choice of location and project area:** Location of the project with respect to protected areas under international or national regulations, important water sources, shores and ground water operations are assessed. Projects located in RAMSAR areas are not financed by Garanti Bank. Furthermore, if the project location is found to be in close proximity to residential areas, sensitive wetlands, protected areas and the like, re-locating the project may be requested.
- **Current properties of water:** Prior to commencement of construction

works, studies to measure and assess the quality and properties of water in the project location are requested. Based on the finding of these studies, preventive and/or minimization measures regarding project impact are implemented.

- **Impact on ground water:** Negative impacts of projects on ground water during the construction and operation phases are assessed. In case of any negative impact, use of alternative water sources would be considered.



Port of İskenderun

- **Impact on surface water:** During the construction and operation phases of hydroelectric power plant projects, adverse changes to flow rate, drainage and flow are assessed. Preventive measures are requested for occurrences such as flow direction and flow rate changes, excavation in the water source, dredging and sediment accumulation due to possible adverse downstream effects.
- **Water quality:** Effluent water should be treated in treatment facilities. Furthermore, treatment systems should comply with discharge limits.

Each sector can have different effects on water sources in terms of consumption and quality. Accordingly, Garanti Bank has developed specific provisions in its Sectoral Principles and monitors and manages project impacts based on these principles. The following section gives some examples:

**Hydroelectric Power Plants**

- Environmental flow water is regarded as one of the critical issues in hydroelectric power projects. Garanti Bank places emphasis on ensuring that basin water rights are observed

and that environmental flow is sufficient to sustain the basin ecosystem and preserve river hydrology is realized. The adequacy of environmental flow water amounts in the project design is considered in this light and additional studies may be requested. Furthermore, based on the results of these studies, the Bank may request that the project technical design to be amended.

- Adverse changes to flow rate, drainage and flow are assessed. Preventive measures are requested for occurrences such as flow direction and flow rate

changes, excavation in the water source, dredging and sediment accumulation due to possible adverse downstream effects. During the operation phase, environmental water flow rates are periodically monitored.

**Thermal Power Plant Projects**

- Discharge of cooling and process water is one of the critical issues for projects of this type. Accordingly, Garanti Bank requests cumulative impact studies regarding discharge, particularly with respect to projects in coastal areas.

- Furthermore, minimizing the impact on the ecosystem of water consumption during construction and operational phases is a material issue. Garanti Bank requests alternative methods to obtain water.

**Geothermal Power Projects**

- In order to preserve groundwater equilibrium, reinjection would be required in geothermal projects.

**Mining Projects**

- Water management strategies are prioritized. Reduction measures regarding project water requirements as well as recycling and re-use components are assessed. Prevention of acid rock drainage needs to be assured through a water management plan.

**Other Projects**

- In industrial projects, management plans are necessary for industrial effluent water discharge. Best Available Technologies (BAT) are preferred with respect to treatment facilities. Projects which enable efficient usage, recycling and re-use are prioritized.

In 2014, Garanti Bank has decided to support CDP Water and the Program was launched in Turkey with Garanti as the main sponsor in 2015. Through extending its support for CDP Water, Garanti Bank aimed to help increase building the capacity of private sector in Turkey, especially large corporates, about the business risks associated to water.

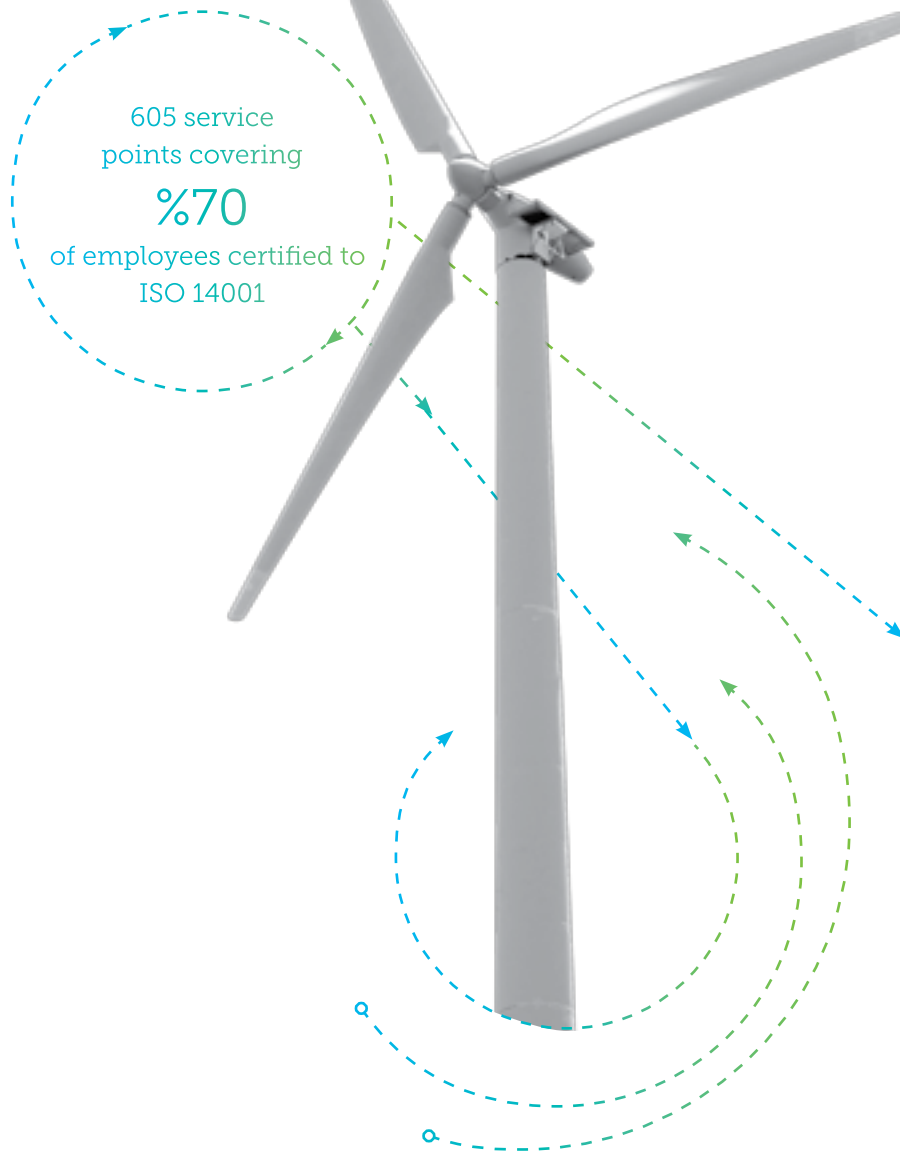
In 2014, Garanti Bank has decided to support CDP Water and the Program was launched in Turkey with Garanti as the main sponsor in 2015.



# Focusing on Managing Environmental Impact of Operations

## Key Highlights:

- 11% reduction in electricity consumption and 12% reduction in total energy consumption per employee (MWh/FTE).
- Pendik Technology Campus is up to 39% more energy efficient compared to conventional buildings.
- Ratio of non-travelling e-learning hours to total training hours throughout the Bank was 18%.
- 605 service points covering 70% of employees certified to ISO 14001.
- 42% increase in amount of waste sent to recycling.



## Environmental Policy

Garanti Bank's Environmental Policy is based on the following principles:

- To monitor and comply strictly with all environmental legislation;
- To monitor and analyse carefully national and international sustainability programs; go beyond the mere fulfilment of obligations under the programs joined and maximise the value added regarding sustainability;
- To respect the environment, embrace and spread environmental responsiveness;
- To enable and promote the efficient usage of all resources;
- To keep the direct environmental impacts caused by in-house operations to a minimum;
- To evaluate loans extended under "Environmental and Social Loan Policies" and their associated indirect environmental impacts and to keep to a minimum;
- To develop eco-friendly products and services;
- To bequeath a sustainable world to future generations by constantly improving environmental performance;
- To contribute to the awareness and development of all stakeholders by encouraging multi-channel communication.

## Garanti Bank's Environmental Management System

In 2012, Garanti Bank established an ISO 14001 Environmental Management System (EMS) with the support of two independent consultant firms in order to manage its direct and indirect environmental impacts in an effective and systematic way. The procedures were aligned with the Bank's ISO 9001 Quality Management System's Procedures. To ensure compliance with the EMS

requirements in all stages of its banking activities, Garanti Bank also began providing training to its employees. These training sessions also aim to keep the Bank's employees informed of the latest regulatory developments, initiatives and customer feedback regarding the environment. As with all the Bank's sustainability initiatives, the EMS is managed by the Sustainability Team in collaboration with the

Efficiency Team within the Bank's Construction Department under the leadership provided by the Sustainability Committee.

Garanti Bank's Handbook demonstrates how it fulfils the standards set out in ISO 14001 and its related strategies, policies and procedures that include:

- Bidding (Tender) Procedure
- Corporate Brand and Marketing Communication Procedure
- Corrective and Preventive Activities Procedure
- Customer Satisfaction Procedure
- Document and Data Control Procedure
- Emergency Environmental Impact Procedure
- EMS Internal Audit Procedure
- EMS Review and Sustainability Procedure
- Environmental Dimensions Assessment and Control Procedure
- Environmental Impact Assessment and Loan Procedure
- Human Resources Procedure
- Investor Relations Procedure
- Logistics and Purchase Procedure for Social Purposes
- Procedure to Determine and Keep Track of Environment-Related Legal Requirements and Other Requirements
- Quality Records Procedure

- Service Procedure
- Social Platforms Management Procedure
- Learning and Development Procedure
- Waste Control Procedure

Following its ISO 14001 accreditation in 2012, the Bank started to determine targets for energy consumption and other environmental impacts in order to improve its environmental performance.

By the end of 2014, Garanti Bank had 605 service points certified to ISO 14001, following the audits of an independent audit agency. With this result, Garanti is still the first and only bank that operates an Environmental Management System in such a large area and context in Turkey.

# Supply Chain Management



Pendik Technology Campus to be certified with LEED

Garanti Bank's supply chain is extensive, with a large number of suppliers providing goods and services to support the Bank's operations.

Garanti Bank meets the daily needs of its branch network by means of procurement from local suppliers. However, the Bank buys in bulk purchases, the products and services with price advantage from a single supplier. The Purchasing Department located at the Bank's Istanbul head-quarters ensures that nearly all (95%) of

the cleaning services and cleaning chemicals are purchased locally. During 2014, Garanti Bank paid a total of TL 106.2 million to its suppliers located throughout Turkey (2013: TL 94.2 million) with the main expenditure groups shown in Table 19. During the reporting period, Garanti Bank conducted all its direct procurement from suppliers in Turkey.

Table 18: Progress in Environmental Management System

Target	Explanation	Progress and New Target
Increasing the coverage of EMS	<p>The Bank has continued to effectively apply the EMS and expand its scope.</p> <p>The number of locations subject to the EMS was aimed to be increased to a minimum of 600 in 2014. In line with this target, the Bank has also targeted to increase the number of its internal auditors for EMS in 2014.</p>	<p>In 2014, Garanti Bank had 605 service points certified to ISO 14001 with a 133% increase compared to 2013. Garanti targets to certify 100% of its service points to ISO14001 by the end of 2015.</p>
Target	Explanation	Progress and New Target
Improving the data collection for EMS	<p>The Bank's data collection system was aimed to be improved in 2014 in order to better monitor the amount of waste produced.</p>	<p>In 2014, Garanti Bank has been working on new software that will be used to collect environmental data such as fossil fuel consumption, electricity consumption and recycled waste generated in ISO 14001 certified facilities.</p> <p>The new software for environmental data collection is planned to be launched Q1 2016.</p>

Table 19: Main Supplier Groups<sup>35</sup>

Function of provider	Details of Provider	Estimated annual value of payments (million TL)	Contract Renewal Date
Cleaning	8 companies in İstanbul and other local companies all around Turkey.	32.62	80% on 02.01.2015 20% spread out through 2015
Car rental	1 company	32.60	Evergreen
Transportation, portage and shipment	3 companies	20.51	01.07.2015
Printed paper and stationary	25-30 firms	9.63	No contract
Consumable materials for computers	2 suppliers	7.64	02.01.2015
Vehicle maintenance and repair costs	34 companies	3.23	No contract

<sup>35</sup> This table represents centralized procurement excluding energy purchase. Service points may undertake ad-hoc independent procurement of goods and services where necessary. Energy consumption data is separately reported in Table 21: Energy Consumption within the Organization.

In 2012, Garanti Bank started to include a requirement for compliance to Garanti Bank's Environmental Management System ("EMS") in supplier contracts. New catering and cleaning services contracts thus became compliant in 2012. In 2013, suppliers operating in sectors with a relatively higher footprint and constituting a substantial component (44%) of the Bank's total procurement were requested to provide information on how they manage their environmental impact.

After reviewing their suppliers' respective management strategies, the Bank communicated its criteria for suppliers' environmental performance and compliance methods through a variety of

platforms such as one-to-one meetings and teleconferences. As a result of this process, supplier contracts representing 6.4% of total procurement were revised to include specific provisions regarding compliance with Garanti Bank's EMS by the end of 2013.

In 2014, in order to expand the scope, Garanti Bank continued to work comprehensively on its supply chain's environmental management.

While supplier contracts contain provisions pertaining to environmental issues, they currently do not have any clauses pertaining to auditing for and reporting human rights' violations. They do, however, make reference to laws and regulations (including the Labor Law) pertaining to

the protection of workers. Such provisions give Garanti Bank the right to terminate any contract which is deemed to be in violation of worker protection regulations. During the reporting period, Garanti Bank was not aware of any supplier with which it was working that was under investigation for any issue related to human rights.

In addition, each year, Garanti Bank's internal auditors inspect a selection of the Bank's suppliers on a sample basis in order to assess their compliance with its EMS. In the event a supplier is found to be non-compliant, they are given a grace period to improve their performance and the Bank provides assistance when necessary.

# Climate Change Management at Garanti Bank

Climate change continues to be one of the biggest challenges facing the world today, as a global threat that may affect each and every aspect of our civilization. The risks for the banking industry in particular vary from rising operating costs to the uncertainty surrounding the legal framework governing the issue. However, banks that successfully manage these risks will not only be in a position to minimize these costs but will also benefit from various opportunities such as being able to address changing customer profile expectations and meeting the financing needs of "green" investments. For this reason, Garanti Bank believes that climate

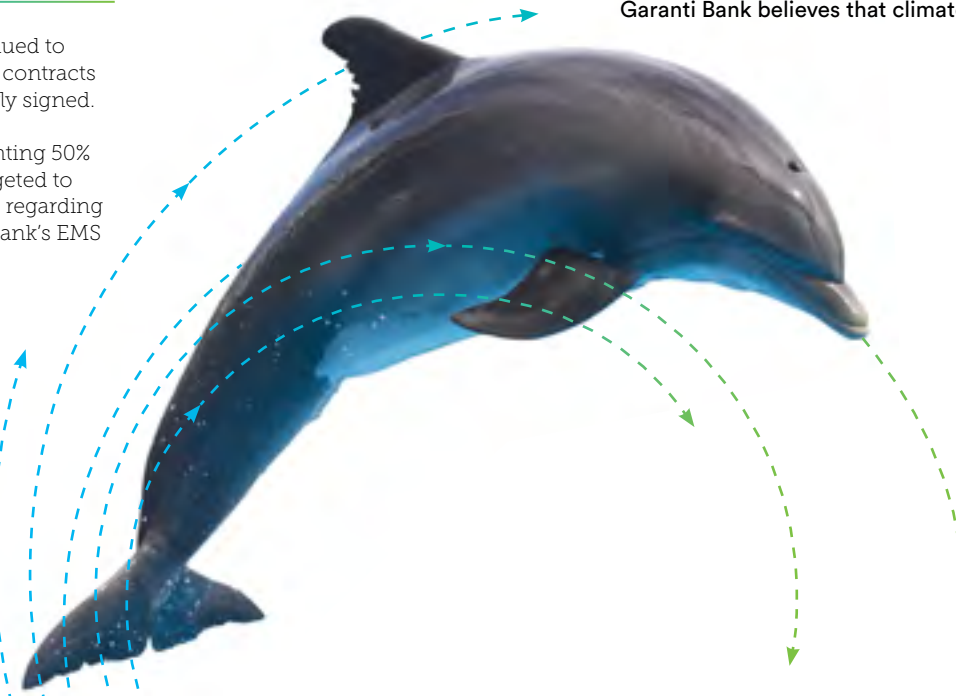
change is a strategic issue that merits full integration with all business processes and decision-making mechanisms.

Accepting that the first step to be taken in tackling climate change is to determine the greenhouse gas emission profile, Garanti has been measuring its carbon footprint and implementing an array of initiatives since 2009 in order to manage it. Assessing the risks and opportunities imposed by climate change on its activities, Garanti Bank reports all of its efforts to tackle climate change to the CDP. In 2014, Garanti was awarded the "CDP Turkey 2014 – Carbon Disclosure Leadership" award by CDP.

As summarised in Table 22, in 2014, Garanti Bank's total Scope 1 and 2 GHG emissions decreased by 15% to 66,077 tCO<sub>2</sub>e as a result of emission reduction activities, whereas total revenue grew by roughly 9.9% over the same period. Emissions included within the boundary were from Garanti Bank, Garanti Mortgage, Garanti Technology and Garanti Payment Systems. The Bank's carbon intensity decreased by 23.8% in 2014 and is defined as total Scope 1 and 2 emissions divided by total assets for 2014. The bank's Scope 3 emissions indicated in Table 22, i.e. 3,709 tonnes of CO<sub>2</sub>e, relate to emissions from business flights only. Beginning from 2013, Garanti Bank has also started to disclose its Scope 3 emissions associated to activities such as purchased goods and services, employee commuting, transportation and distribution and paper consumption, in addition to the indirect emissions associated with business travels. These are disclosed on an annual basis through the CDP reports<sup>36</sup> published every year.

Table 20: Progress in Environment-Friendly Supply Chain

Target	Explanation	Progress and New Target
Environment-Friendly Supply Chain	Increase the number of suppliers who apply the sustainability criteria that were included in the Bank's purchasing procedures in the short term.	In 2014, Garanti has continued to add EMS article in supplier contracts which are renewed or newly signed.  Supplier contracts representing 50% of total procurement is targeted to include specific provisions regarding compliance with Garanti Bank's EMS by the end of 2016.

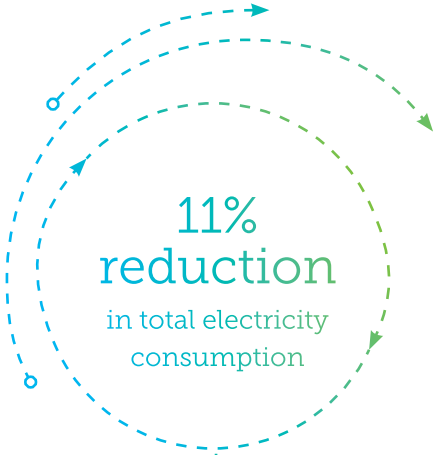


<sup>36</sup> [http://www.garanti.com.tr/en/our\\_company/sustainability/developments/reports.page?gbid2=202122](http://www.garanti.com.tr/en/our_company/sustainability/developments/reports.page?gbid2=202122)

# Climate Change Mitigation

Table 21: Energy Consumption within the Organization

Energy Source	Total Consumption (2013)	Total Consumption (2014)
Electricity (MWh)	130,388	116,010
Natural Gas for Heating (m <sup>3</sup> )	2,435,783	2,341,128
Natural Gas for Heating (MWh)	24,176	23,236
Diesel for Heating (litre)	296,219	172,276
Diesel for Heating (MWh)	3,091	1,798
Coal for Heating (ton)	152	159
Coal for Heating (MWh)	530	555
Diesel Consumption in Vehicle Fleet (litre)	1,198,842 <sup>37</sup>	1,108,205
Diesel Consumption in Vehicle Fleet (MWh)	12,510	11,564
Gasoline Consumption in Vehicle Fleet (litre)	29,855 <sup>38</sup>	2,885
Gasoline Consumption in Vehicle Fleet (MWh)	284	27
Total Energy Consumption (MWh)	170,979	153,191



Cingilli Solar Farm

By the end of 2014, Garanti was able to achieve its greenhouse gas emission goal to reduce total emissions by 3% per total assets under management compared to its 2013 baseline.

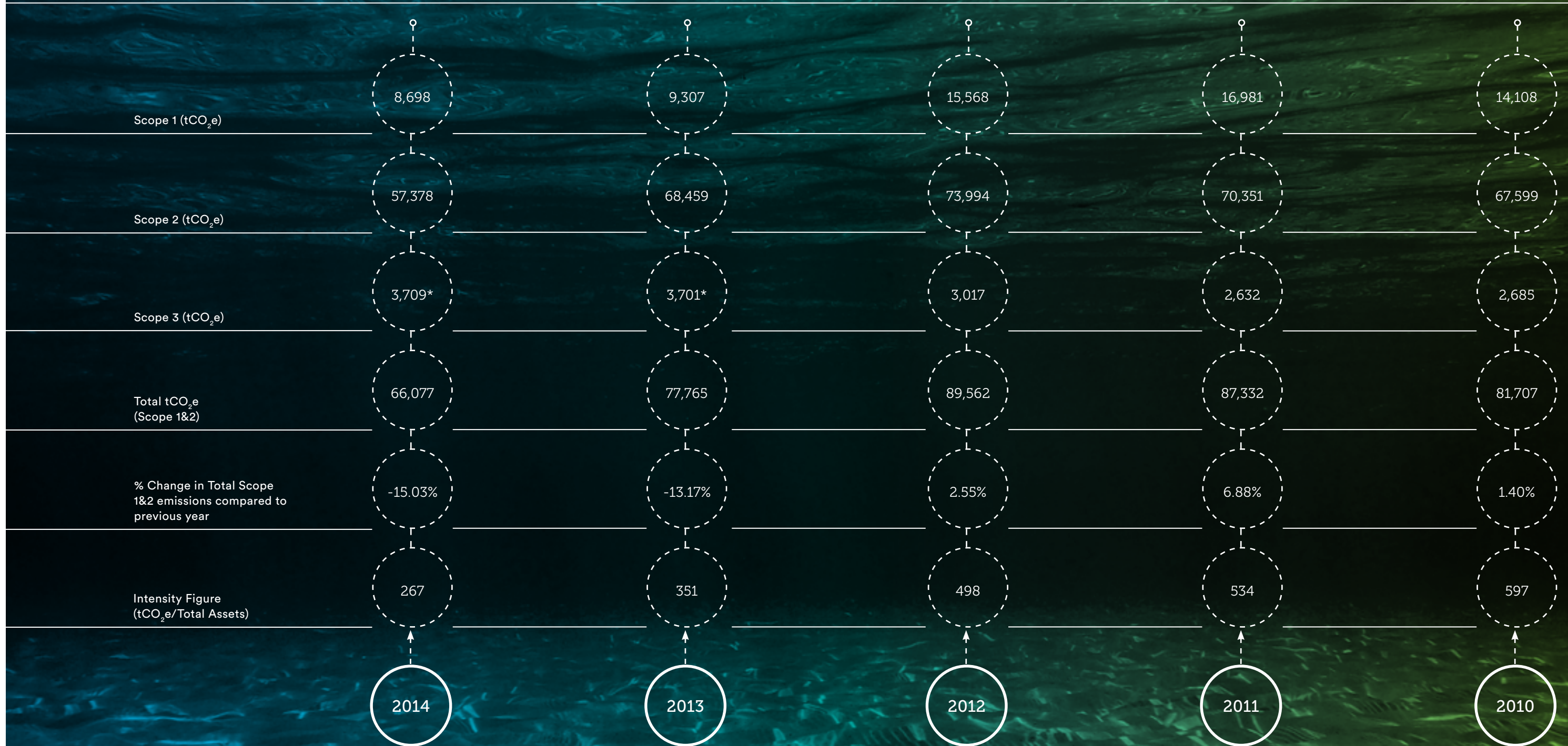
While Garanti Bank's direct emissions are lower than the emissions of many companies that operate in other sectors, it has an important role to play in helping its clients across many sectors to reduce their environmental footprint. By the end of 2014, Garanti was able to achieve its greenhouse gas emission goal to reduce total emissions by 3% per total assets under management by 2014 compared to its 2013 baseline. In 2014, Garanti Bank's Environmental Management System continued to be expanded reaching a total of 605 centers that covered nearly 70% of the Bank's employees. Being the first Bank with such a comprehensive Environmental Management System in Turkey, Garanti has reached a certain level of maturity about its knowledge and capabilities on GHG monitoring

and data management this year. Additionally, Garanti has received limited assurance for the second time from a third party for its 2014 Scope 1 and Scope 2 GHG emissions that were reported to CDP in 2015. These improvements have given us better confidence in our 2014 Scope 1 and Scope 2 GHG emissions data, against which we decided to benchmark our 2015 emissions. Therefore, Garanti has set a new short-term target to reduce Scope 1 and Scope 2 GHG emissions by 5% per total assets under management by 2015 compared to 2014 emissions. Garanti will continue to effectively apply its Environmental Management System, expand its scope and set new targets in the coming years. This will include improving the data collection and reporting process for Scope 3 GHG emissions, and as such setting GHG

reduction targets for Scope 3 in addition to Scope 1 and 2 emissions. In 2014, most of Garanti Bank's total Scope 1 and 2 emissions were indirect emissions from purchased electricity (87%). The other main components of the Bank's carbon footprint included its consumption of fossil fuels from stationary and mobile sources such as natural gas from boilers burnt for heating and petrol consumed in company-owned or leased vehicles respectively and from some of the refrigerants (13%) used in air conditioners. During 2014, the Bank continued to develop projects to reduce its emissions by carefully evaluating its greenhouse gas profile and the continued focus was on energy efficiency projects that will also help reducing its operating costs.

<sup>37</sup> G4-22: Restated based on a methodology update in 2015.  
<sup>38</sup> G4-22: Restated based on a methodology update in 2015.

Table 22: GHG Emissions (tCO<sub>2</sub>e)<sup>39</sup>



\*Includes Scope 3 emissions originating from business flights only.

<sup>39</sup> Garanti calculated its GHG emissions according to the Principles of the “WBCSD/WRI – The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)”. For further detail on calculation, please refer to Garanti Bank’s CDP reports at: [http://www.garanti.com.tr/en/our\\_company/sustainability/developments/reports.page?gbid2=202122](http://www.garanti.com.tr/en/our_company/sustainability/developments/reports.page?gbid2=202122)

Table 23: Energy Efficiency Indicators

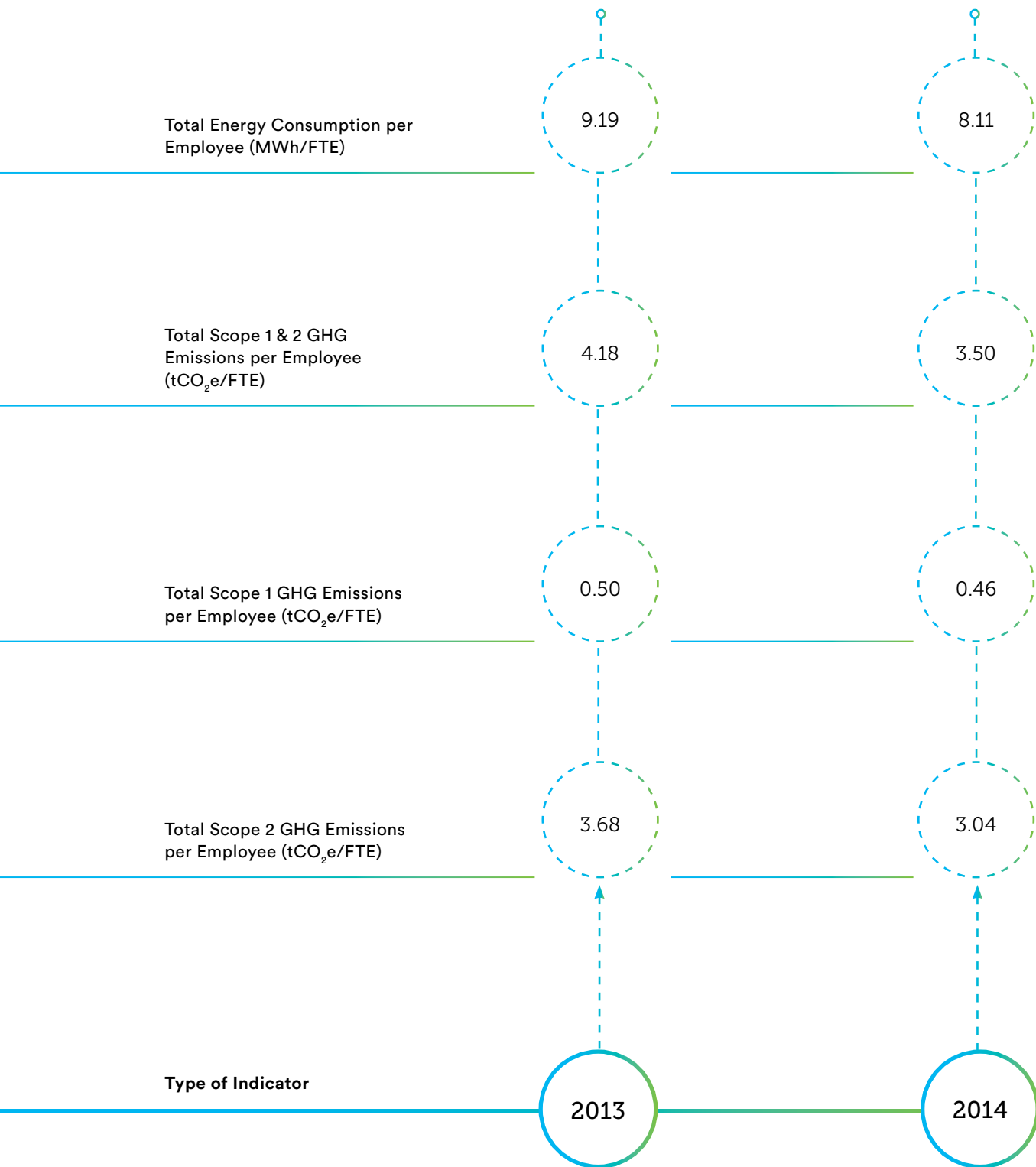


Table 24: Progress in GHG Reduction Target

Target	Explanation	Progress and New Target
Setting New GHG Reduction Target	By the end of 2014, the Bank aimed to reach its target of reducing the ratio of total Scope 1 & 2 greenhouse gas emissions (equivalent to tCO <sub>2</sub> ) in its total assets by 3%.	Garanti Bank has been able to achieve its GHG emissions reduction target by the end of 2014. By the end of 2015, the Bank aims to reduce the ratio of Scope 1 & 2 greenhouse gas emissions (equivalent to CO <sub>2</sub> ) in its total assets by 5%.

## Energy Efficiency Projects

### Technological Solutions that Reduce Travelling

During 2014, the Bank continued to focus on using technology to reduce its environmental impacts. In 2014, the ratio of nontravelling e-learning hours to the total training hours throughout the Bank was 18%.

### Server Virtualization in Data Centers

The highest carbon emissions per m<sup>2</sup> in Garanti Bank's physical service buildings are derived from the use of servers. In 2007, Garanti Bank began to virtualize servers in its data centers, resulting in an efficient use of server capacity as well as reductions in the electricity consumption and cooling requirement of the servers, compared to physical servers. As a result, Garanti Bank has saved 4.25 million kWh of electricity per year, corresponding to 2,102 tCO<sub>2</sub>e per year.

### Renovation of Energy and Lighting Systems

Garanti Bank has launched a number of practices to save energy in its lighting systems including:

- Increased efficiency through using hanging lights in lighting systems. Garanti Bank estimates that these have achieved energy savings of 156,562 kWh per annum,
- LED lighting systems for band lighting at ATMs and in advertising boards at branches,
- Astronomical time clocks, adjusted according to sunrise and sunset times, are used in the outer fronts of all ATMs and branches,
- LED lighting in new or renovated branches where feasible have achieved energy savings of 323,487 kWh per annum,

- focus on maximising the use of daylight (natural lighting) in new or renovated branches as this reduces energy expenses and provides a healthier working environment,
- installing heat insulation at its branch fronts where feasible to prevent energy losses,
- commitment to improving the energy efficiency of its head office building and obtaining its energy performance certificate.

**Use of R410 Gas and Switching to Energy-Efficient Air-Conditioning**

In recently opened or renovated branches, Garanti Bank has started using air-conditioning units that use R410 gas, as it does not contribute to ozone depletion like R22 used previously. The Bank is replacing old air-conditioning units with new generation energy efficient air-conditioning units in a bid to increase energy efficiency in its recently opened or renewed branches.

Use of the new systems, which improve efficiency by up to 40% through A+ class air-conditioning units, reduces total energy consumption by 10% in a typical branch. In 2014, a total of 1,237 new air-conditioning units were installed at service points and ATMs, saving about 807,812 kWh of energy in the year, compared to business as usual.

Moreover, the recently opened or renewed branches began to use heat recovery devices (working with plug fans) that consume less electricity.



*Pendik Technology Campus to be certified with LEED*

**Table 25: Progress in Environmental Measures Undertaken During Construction and Renovation of Garanti Bank's Facilities**

Target	Explanation	Progress and New Target
Usage of Environment Friendly Materials and Equipment	The Bank launched efforts to use renewable, recyclable and nontoxic materials during opening and renovation of branches, while using materials that offer the possibility of recycling and reuse at the end of their lifespan. With this approach, the Bank aimed to minimize its environmental impacts in the selection and use of materials.	In 2013 and 2014, Garanti Bank reviewed the list of materials and equipment which were used during branch renovations and construction of new branches. As a result of the feasibility assessments, Garanti Bank has decided to switch to more environment-friendly products for some of the materials and equipment that were reviewed.  In 2015, Garanti Bank will draft plans to expand the scope of environmentally friendly materials and equipments used during branch renovations and construction.

Target	Explanation	Progress and New Target
Energy Efficiency in Lighting	The Bank aimed to complete feasibility studies on the replacement of lighting fixtures in branches to be opened and renovated with low energy consumption LED fittings. Likewise, projects will be undertaken to ensure the maximum use of daylight.	Garanti has increased energy efficiency through using hanging lights and switching to LED systems in some of its facilities during the reporting period, resulting in a reduction of 477 tCO <sub>2</sub> e per annum compared to business as usual. Garanti has also taken into consideration of the maximum use of daylight in branch designs where possible during the construction of new branches.  In 2015, Garanti will continue to ensure energy efficiency in lighting systems through the usage of LED systems and other methods in branches that are renovated or newly constructed.

**Target**

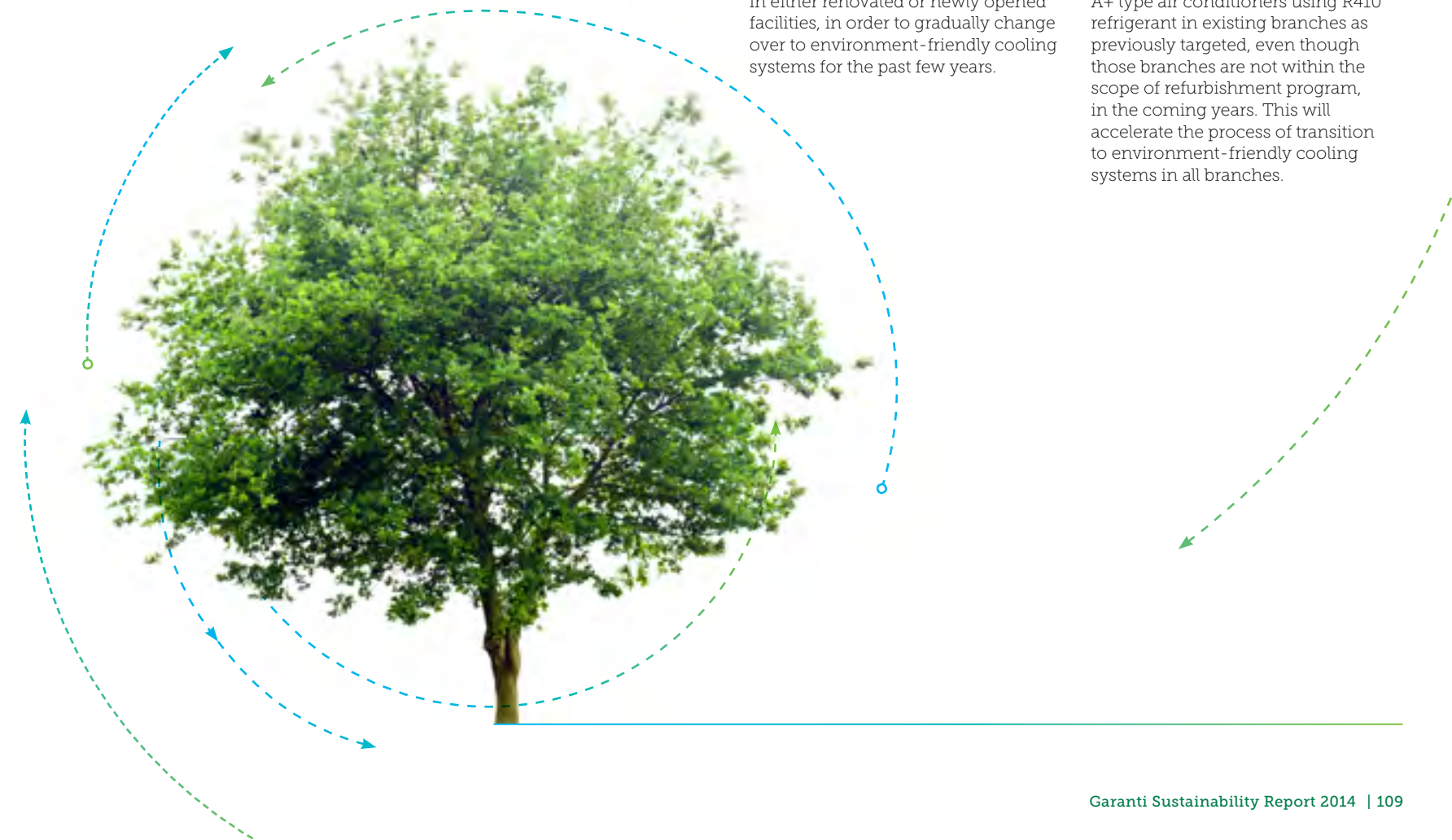
Switching to environmentally friendly refrigerants

**Explanation**

Garanti Bank has started switching to A+ type air conditioners using R410 in either renovated or newly opened facilities, in order to gradually change over to environment-friendly cooling systems for the past few years.

**Progress and New Target**

Garanti Bank's target is to replace the old air conditioners with A+ type air conditioners using R410 refrigerant in existing branches as previously targeted, even though those branches are not within the scope of refurbishment program, in the coming years. This will accelerate the process of transition to environment-friendly cooling systems in all branches.



# Waste Management



The Bank's Environmental Management System envisages the re-use of waste where possible and, wherever not, recycling or, where this is not appropriate, its disposal by an authorized disposal company. The table below summarises this approach.

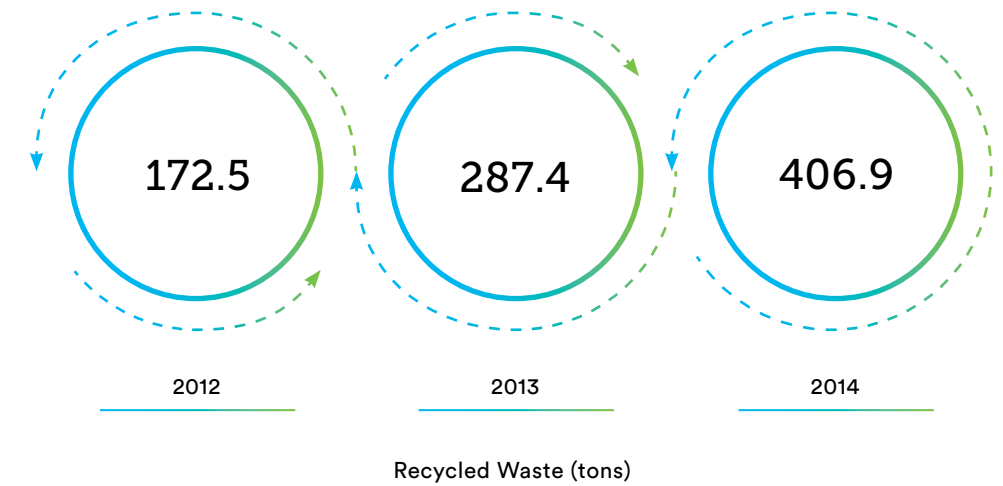
Table 26: Waste Management Approach

Method	Explanation	Method	Explanation
1. Re-use	<p>The re-use of waste is the first priority. Computers that are broken or redundant are delivered to Garanti Technology which examines their potential scope for re-use. Repaired computers are then donated to schools in need if deemed to be usable.</p> <p>Materials that are no longer in use due to Branch/Department/Unit renovations and concept changes are delivered to warehouses belonging to the Construction Department. Furniture that is no longer needed is donated to institutions in need. In addition, furniture that is in usable shape is kept in our warehouses for servicing and sent to branches/departments/units when the needs arise.</p>	2. Recycling	<p>Beginning with buildings subject to the EMS, the Bank began to deliver recyclable waste to authorized recycling and disposal facilities. Recyclable paper, plastic, metal and glass are delivered to whichever municipality the service point is located in or to a licensed recycling firm, where they are recycled.</p>
3. Management of Hazardous Waste	<p>Hazardous waste that is produced by the Bank is collected in accordance with determined rules and delivered to authorized recycling and disposal facilities.</p>	4. Excavation Waste	<p>Excavation waste and debris left over during branch openings or renewal is removed to disposal areas as designated by the municipality.</p>

## Amount of Waste Recycled

As Garanti continues to increase the coverage of its ISO 14001 certified Environmental Management System (EMS), the total number of offices that recycle and monitor their waste is also increasing. Garanti Bank is targeting extending its EMS, which is audited by an independent accredited third party every year, to all service points by the end of 2015. Once all offices are covered by EMS, Garanti will be able to monitor its total waste generated and set targets to reduce it.

Table 27: Recycled Waste<sup>40</sup>



# Water Management

Although the most significant impacts and opportunities for reducing water consumption are in the Bank's loan portfolio (i.e. indirect water footprint), the Bank is also striving to reduce consumption and improve performance in its offices and branches throughout Turkey. As an example of the seriousness with which the Bank takes water management, the Bank opted to become the sponsor of CDP Water in Turkey and will be one of the very first companies responding to the CDP Water Program in Turkey in 2015. In addition, the Bank has started a process for collecting more accurate water withdrawal data from its offices in Turkey.

Water consumption<sup>41</sup> from the Bank's facilities in 2014 is estimated as 0.381 million m<sup>3</sup> (2013: 0.331 million m<sup>3</sup>; 2012: 0.222 million m<sup>3</sup>). 0.074 million m<sup>3</sup> out of the total amount is withdrawn in the following three facilities: Zincirlikuyu Head Office, Güneşli Operation Center, Learning & Development Center. After increasing the quality of data collection process and establishing a robust base-line, Garanti Bank plans to set reduction targets for water use.

Measures aimed at saving water have been implemented at the Bank's existing service points, as well as its new branches. In this context, Garanti Bank aims to keep

daily water consumption under control through the use of new faucets with a lower flow rate. The Bank also treats and collects the rainwater from the roof of the head office building, using it in landscape irrigation. Furthermore, mains water is treated and used as drinking water at the head office building, which is not a widespread practice in Turkey where most drinking water is purchased. As a result, the Bank's initiative at its head office building eliminates use of plastic bottles and the greenhouse gas emissions caused by their transport.

<sup>40</sup> The calculation was made by multiplying the average waste recycled per employee by the total number of employees working at ISO14001 certified buildings.

<sup>41</sup> Here the term "water consumption" refers to "water withdrawal" which is defined as "the sum of all water drawn into the boundaries of the organization from all sources (including surface water, ground water, rainwater, and municipal water supply) for any use over the course of the reporting year".



# More Sustainability Initiatives from Garanti Bank

## Foundation for the Protection of Nature (WWF-Turkey)



Garanti Bank, as the main sponsor for 22 years of WWF Turkey<sup>42</sup>, is making a major contribution to the sustainable use and conservation of our nation's natural resources, through "Garanti for Nature". Due to its long-term support for WWF Turkey's nature conservation projects, Garanti was recognized in 2008 for the second time with the Golden Panda award and remains the only Turkish company to have won this award. In 2012, Garanti Bank joined the WWF green office program with the aim of ensuring increased energy efficiency in its headquarters and being proactive in the fight against climate change and qualified to receive WWF Green Office Certificate for its Headquarters in 2014. Garanti aims to get WWF Green Office Certificate for 6 new buildings in 2015.

## LEED Criteria Compliant Buildings

With construction work having begun in August 2011, Pendik Technology Campus is a sustainable project with its architectural and engineering solutions. During project design and construction work, LEED criteria such as the building's compatibility with the land, the reduction of energy and water consumption, selection of environmentally-friendly materials and waste management in construction work are taken into account. According to the US Green Building Council, LEED buildings typically save 18-39% of total energy use than comparable buildings and thus Garanti's new campus will make a significant contribution to energy reduction.

During the reporting period, Garanti has also continued working on a project in order to certify its Zincirlikuyu Head Office according to LEED criteria for existing buildings.

Garanti Bank, as the main sponsor for 22 years of WWF Turkey, is making a major contribution to the sustainable use and conservation of our nation's natural resources, through "Garanti for Nature".

# Focusing on Human Resources

Garanti was the first Turkish company to be awarded the "Gold" certificate, an accolade given to only 2.6% of companies holding the 'Investors in People' (IIP) certificate around the world.

## Key Highlights:

- 57% of employees are women.
- 16,200 employee suggestions and ideas collected.
- 40% of senior and middle level managers are women.
- On average, 44 hours of training per employee delivered in 2014.
- 1,297 hours of Sustainability E-learning program trainings delivered.
- The First Institution in Turkey awarded with "IIP Gold Certificate".

Garanti's most valuable asset is its human resources and the Bank views its human resources as the guarantee of its sustainable and efficient growth. The Bank continued to invest heavily in its people in 2014 and total training hours per employee was 44 hours.

# Human Resources and the Business Environment

Garanti's corporate target is to maintain a modern business environment where human rights are respected. Aiming to be a sustainable employer, Garanti's HR strategy is based on the fundamental consideration of offering its employees the best financial opportunities under the prevailing market conditions while encouraging them to continuously develop their personal and

professional talents and competencies. This continuous cycle of training and personal and professional development is one of the essential promises of Garanti to its employees.

<sup>42</sup> WWF Turkey is part of WWF, the world's largest environmental organization.

# Equality of Opportunity and Diversity

Garanti views equality of opportunity and diversity as a fundamental value and a driving force of its corporate culture. In line with this purpose, Garanti encourages its employees to think differently and improve their personal and professional competencies while supporting diversity in the workplace. One of the clearest indicators of successful diversity at Garanti is the comparatively higher number of female employees (57% overall at 31 December 2014 and 40% in senior/middle level management).

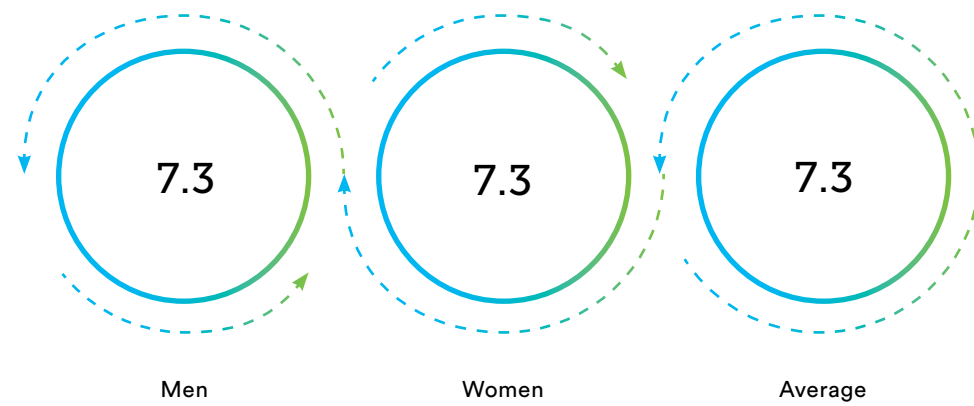
As a result of the importance it gives to gender equality and the strengthening of women, Garanti Bank was one of the first to implement the Equal Opportunities Model<sup>43</sup> (FEM) and was recognized in 2012 with the awarding of its certificate.

Garanti Bank is focused on attracting, supporting and retaining local talent, and actively improving the diversity of its team. The senior management including the CEO, EVPs and Coordinators are Turkish. Consequently, the Bank is better able to understand and

serve an increasingly wide range of customers across Turkey. In Garanti's overseas operations, local talent is also hired at various levels of the organisations.

The following tables show information regarding Garanti's workforce during the reporting period.

Table 28: Composition of Governance Bodies: Average Seniority per Gender (Years) for 2014



<sup>43</sup> Equal Opportunities Model (FEM) is a certification program initiated by Women Entrepreneurs Association of Turkey (KAGİDER) with the support of the World Bank, aiming to provide equal opportunities in business life by identifying inequalities in areas such as recruitment procedures, internal training programs, and career planning and development processes, and subsequently presenting companies with egalitarian practices as a solution. More information can be found here: <http://www.kagider.org/?Dil=1&SID=727>

Table 29: Employee Breakdown per Age and Gender for 2014

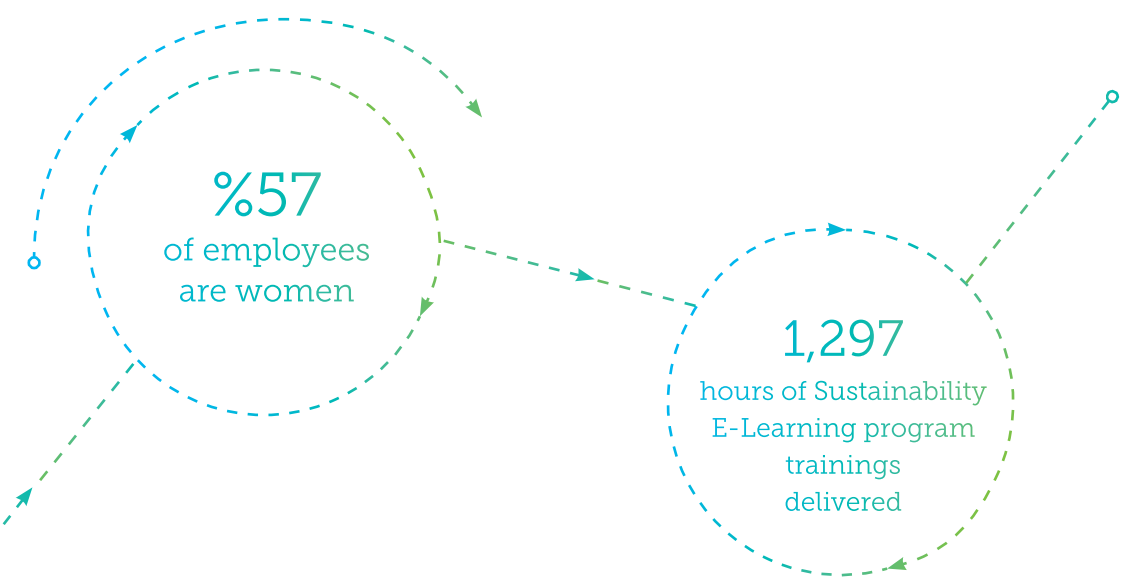


Table 30: Employment Type and Employment Contract by Gender in 2014

2014	Type	Men	Women	Total	Grand Total
Employment Type	Full Time	8,187	10,755	18,942	19,036
	Part Time	16	78	94	
Employment Contract	Permanent	7,986	10,408	18,394	19,036
	Temporary	217	425	642	

Table 31: Total Workforce, Employees Hired and Number of Leavers Broken Down by Region in 2014

2014	Workforce	Employees Hired	Number of Leavers
Aegean	1,396	120	139
Central Anatolia	2,303	236	262
Eastern Anatolia	368	38	32
Eastern Black Sea	399	31	33
Marmara	5,174	271	425
Mediterranean	1,020	86	103
Southeastern Anatolia	463	55	59
Western Black Sea	356	49	35
Garanti Bank TRNC	69	9	10
Branchless Banking	11	-	-
Other	7,477	1,772	1,296
Total	19,036	2,667	2,394

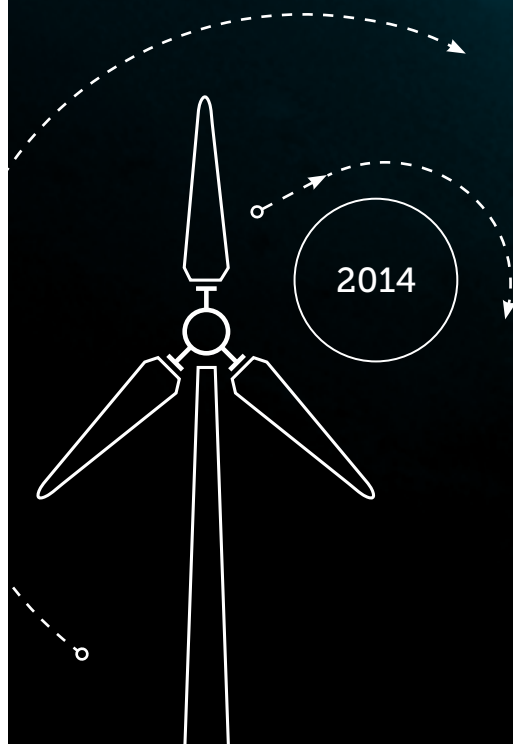


Table 32: Total Number of Joiners and Leavers During the Reporting Period by Age

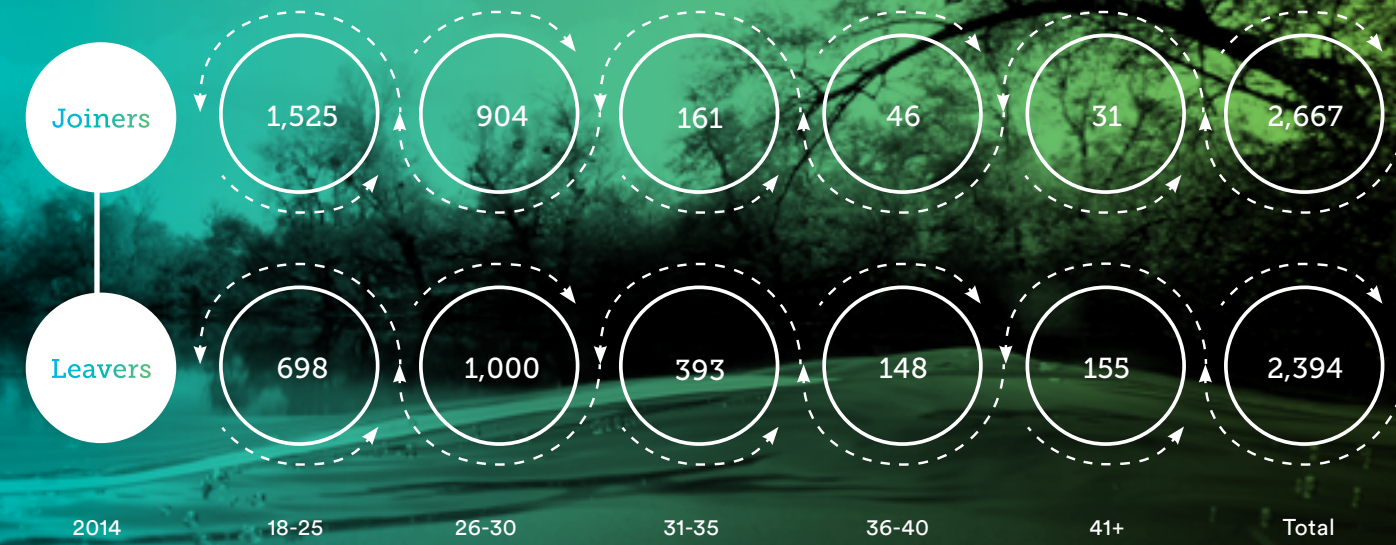


Table 33: Total Number of Joiners and Leavers During the Reporting Period by Gender



Table 34: Parental Leave

Metric	Result
The number of employees who returned to work after parental leave ended, by gender	6.8% (72) of female employees who took parental leave during the reporting period did not return to work.  Return to work data is not tracked for male employees.

Metric	Result
The number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender	A full year has not yet passed since the period covered by this report ended (to 31 December 2014). Therefore we are able to provide only the following rates:  The total number of female employees who took parental leave during the reporting period was 1,055. As of 31 <sup>st</sup> of December, 2014, 93.1% (983) of these employees were still employed by the Bank. The total number of female employees who were still employed, i.e. 983, includes both employees who returned to work and the ones who are still on parental leave during the reporting period.  Return to work data is not tracked for male employees



Metric	Result
The return to work and retention rates of employees who returned to work after leave ended, by gender	Since a full year has not yet passed from the end of the period covered by this report (to 31 December 2014), we are not yet able to provide the return to work and retention rate for employees that left to go on parental leave in 2014.

# Health, Safety & Well-Being

## OHS Management System

According to local regulations<sup>44</sup>, employers must either form a specialized unit or obtain the services of a third party for OHS Management to cover areas such as compliance with legal requirements. In addition, the establishment of an OHS Committee is a legal requirement in Turkey to help ensure effective management of these issues and is required to cover the following representatives:

- The employer representative (i.e. management);
- Human Resources;
- at least one employee representative;
- OHS specialist and physician.

Garanti Bank formed OHS units at locations with more than 50 employees. At present, 17 locations are subject to these units, including the Zincirlikuyu Head Office, Güneşli Operation Center, Learning & Development Center and some of the regional offices.

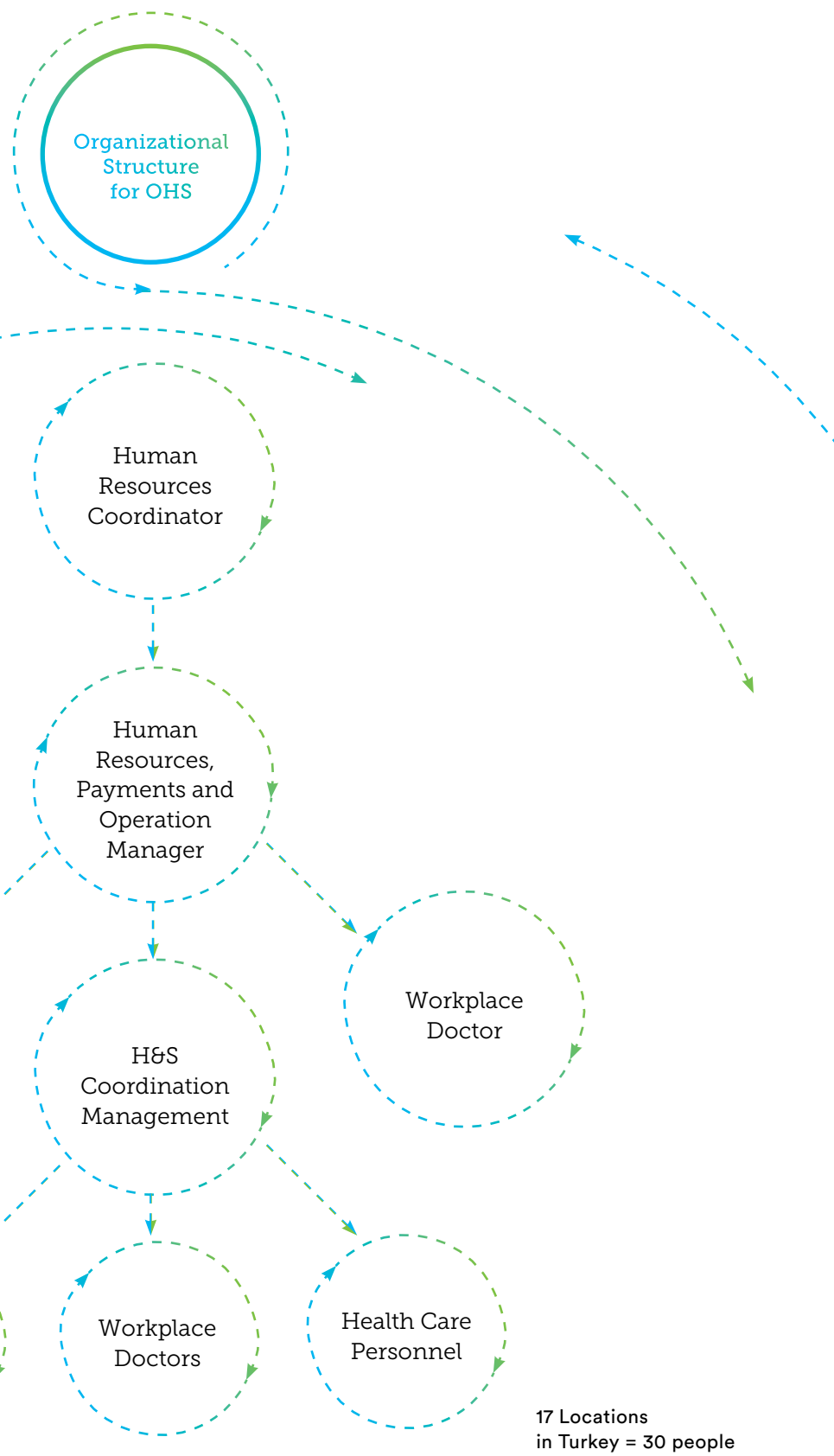
A specialized OHS software is adapted to Garanti Bank operations. Training modules on OHS issues are prepared and organized by the cooperation of the Learning and Development and OHS service. For example, “Occupational Safety and Health Training” is a training module delivered to all new starters and all employees once every three years. Other OHS-related training delivered to employees include

An OHS risk assessment process has been designed and specialized teams have started the implementation for all locations.

modules on office ergonomics, emergency management, detox, stress management, breathing techniques and meditation. An OHS risk assessment process has been designed and specialized teams have started the implementation for all locations. Garanti Bank’s OHS System is attached as an annex to its Construction Department’s general service contracts. The Construction Department’s agreement procedures have been updated and the respective adjustments made to the Employment Contract, Terms of Reference, Technical Terms of Reference, OHS Procedure, Risk Assessment Procedure, Disciplinary Regulations, Worksite Occupational Safety, Appointment Declaration, Supplier Employment Form and PPE<sup>45</sup> Ledger.



<sup>44</sup> The Law on Occupational Health and Safety No. 6331 (“Law No.6331”), which governs the health and safety standards to be adopted by employers in Turkey and was published on 30 June 2012.  
<sup>45</sup> Personal Protective Equipment



Garanti Bank  
H&S Management  
Team

### Work-Related Accidents

In the reporting period, there were 118 work-related incidents of injury; and no work-related deaths or diseases.

### Total Lost Working Days

The total lost working days were 43,265 days for women and 17,319 days for men in 2014. The total lost days data is collected on the basis of medical reports of sickness leave and injuries and is shown in the table adjacent.

	2010	2011	2012	2013	2014
Total Working Days	3,773,646	3,802,207	3,922,082	4,211,526	4,722,806
Change %	-0.91%	0.76%	3.15%	7.38%	12.14%
Total Lost Days	21,771	27,832	33,407	36,088	47,337
Change %	-1.64%	27.84%	20.03%	8.03%	31.17%
% of Lost Days in Total Working Days	0.58%	0.73%	0.85%	0.86%	1.00%

## Child Care

Employees who are nursing are granted flexible time for nursing until the infant is 1 year old and can take 2 hours off every day in this first year. Alternatively, they can elect to use this leave each day (or combine the hours into one additional day of leave each week, or aggregate all days and extend their maternity leave by approximately one month).

In order to support employees giving birth, Garanti offers additional insurance guarantees for

childbirth expenses. Our employees who become parents are supported in child development and can attend courses at the Mother-Father-Child Academy.

A new orientation program is planned in 2015 for women employees who are returning from maternal leave to ease their adaptation to work life and duties.



# Security Measures

In order to provide a safe and secure working environment for its employees, Garanti Bank has established robust safety and emergency procedures.

As per the Bank's Ethical Principles, employees are required to know the emergency plan and emergency procedures of the Bank and the duties to be carried out by them in a state of emergency. Emergency plans and procedures are available on the Bank's intranet.

The procedures that need to be followed by the security personnel of the Bank are governed under the relevant Security Procedure and published in the Bank's intranet. As per applicable regulations, all private security personnel employed by the Bank are required to complete 120 hours of training and satisfy minimum testing requirements. The training is overseen and monitored by the Ministry of Internal Affairs.

In addition to the regulatory training, Garanti Bank further requires its security personnel to complete on-the-job training for 15 days as well as 2 day in-class training. Security personnel also receive ad hoc training on various subjects during their employment.



Ebru Dildar Edin (EVP at Garanti Bank), having a speech at Pembe Suare, 2014.

# Good Work Life Relationship ("IYI") Program

In addition to special trainings and measures to foster employees' health and well-being, Garanti Bank has launched the Good Work Life Relationship ("IYI") program. IYI was set up in 2012 as a result of an intensive Employer Value Proposition program to enhance employee satisfaction and ensure a richer working experience by being able to share opinions and suggestions on a wide variety of subjects such as the strengthening of women's social and work lives.

- **Motivational meetings:** Regional (Four Season Meetings) and departmental meetings to enhance employee motivation and improve internal communications.
- **IYI Talks:** Talks with top management and subject experts to support institution ownerships of Garanti employees and work-personal life developments.
- **IYI Treats:** Surprise treats to lighten the office mood and make sure employees take a short break and enjoy pleasant moments with co-workers.

- **IYI Entertainment:** To liven the social lives of Garanti employees, discounted tickets for concerts, shows, and social activities and invitations for cultural and sports events the Bank is a corporate sponsor of are offered.
- **IYI Courses:** Hobby or personal development courses that employees can attend with co-workers for different experiences apart from work, where most of the fees are covered by the Bank.
- **Hobby Clubs:** Garanti employees with hobbies can

participate in Photography, Underwater Sports, Sailing, Hiking, Classical Turkish Music, Turkish Folk Music, Social Responsibility, Running, Movie and Theatre, and Winter Sports clubs where they can develop their hobbies and attend activities.

- **Garanti Women's Club:** A platform found in 2012 to support women's work life balance, where they can get together and share experiences.

In 2015, Garanti Bank has organized a gathering called "Pembe Suare", which aimed to inform female employees about the gender-equality and women's empowerment initiatives undertaken by Garanti Bank. In this meeting, Garanti Bank has also placed a wallboard, on which the women employees were asked to leave their handprints, in order to raise their awareness on violence

against women. This board, which was filled with female employees' handprints, was exhibited in Zincirlikuyu Head Office in the following weeks, in a bid to draw attention of male employees to the same topic. These activities were followed by an email sent to the entire staff by the CEO in order to explain Garanti Bank's ongoing activities and future plans about women's empowerment and ask male employees to demonstrate their support for HeforShe initiative.

In 2015, Garanti is planning to open a hot line for support on legal, psychological and other matters for female employees who are victims of domestic violence.

## Services

- **Employee Assistance Program:** Garanti Bank has started to provide all employees with call center support, i.e. a hotline

available to all employees and their family members. Experts in various fields including medical, legal, psychological and financial provide support to callers 24/7. As part of the assistance program, callers may be referred to psychologists and counsellors for 6 sit-down sessions free of charge.

- **Green Shuttle:** The routes of shuttle services provided to the Headquarters employees are automatically adjusted by a software to make it more efficient.
- **SadeMail:** This is a new mailing system to increase the quality of internal and external e-mails and to decrease unnecessary emailing, thus decrease the time loss and work stress.

In 2015, Garanti Bank has organized a gathering called "Pembe Suare", which aimed to inform female employees about the gender-equality and women's empowerment initiatives undertaken by Garanti Bank.

# Health and Nutrition

There are sports centers and internal nutritionists present in our Zincirlikuyu and Güneşli Head Offices. Additionally, Garanti agrees with local sports centers for special deals for its employees.

Garanti has implemented many innovations to its working environment for its employees. The chairs used in Zincirlikuyu and Güneşli Head Offices have been replaced with more user-friendly, ergonomic, certified and design

awarded ones. The chairs can be adjusted according to sitters' posture and 95% of the materials used in the chairs are recyclable. The furniture, as well as the chairs, has been designed taking the employees' physical comfort into consideration.

The Bank has recently started working on an application that can work on smart phones and computers which informs employees on exercise, nutrition and

ergonomics in the work place and in life.

The Bank has also recruited a food engineer to keep track of compliance with quality, taste and hygiene of food provided at Headquarters.

# Career Opportunities Program

Employees have priority of consideration for open positions at Garanti. Open positions and required qualifications are announced to employees through in-house job postings and the Career Opportunities Bulletin, which is shared with employees over the

intranet. Candidates who believe they are suitable for these positions may apply without obtaining approval from their managers or any other individual. Candidates who fit selection criteria notify their managers and are invited to the selection process.

# Promotion Opportunities

Promotion at Garanti Bank may be vertical or horizontal. Authority comes with responsibility and higher pay. Knowledge and experience are necessary requirements to move to a higher position. However, the most important factor is always

the performance level. Careers at Garanti are not limited to positions in banking. Transfer within Garanti subsidiaries is also possible. During the reporting period, 99% of all personnel, who have been working at least 3 months at the Bank, were

assessed in terms of performance and career opportunities. The development of managers' managerial competencies is a key element of Garanti's HR policies.

# Compensation and Rewards

Compensation and rewards are the other building blocks of Garanti's HR policies. In line with its target of being the employer of choice, the Bank applies a competitive, market-sensitive salary system, which aims to improve employees' quality of life. At Garanti Bank, the compensation system is essentially based on performance and it is totally gender-neutral. In addition to individual performance, the Bank keeps a close view of general macroeconomic circumstances, the current inflation rate in Turkey and trends in the sector in order to apply a proper and fair policy on salaries of its employees.

In implementing its compensation policy, the Bank takes into account the values set forth by this policy as approved by the Board of Directors. Every employee, including senior managers, meticulously upholds

these values in all salary-related practices. Garanti Bank goes to great lengths to ensure that its compensation system is always:

- fair;
- transparent;
- measurable and based on balanced performance targets;
- encourages sustainable success;
- complies with the Bank's risk management principles.

At Garanti, the salary package comprises various components including the monthly salary, bonus payments and premium payments each year, meal vouchers, foreign language payments and other benefits with variations depending upon level of seniority or scope of work and location of service. More

information about Garanti Bank's Compensation Policy is available on-line:

<https://www.garantiinvestorrelations.com/en/corporate-governance/Compensation-Policy/Compensation-Policy/100/411/0>

The Performance Management process is applicable to all employees who have been employed within Garanti Bank for at least three months. During the reporting period, 99% of those employees who had completed 3 months of service at Garanti Bank were deemed eligible for performance and career development evaluation.

# Fair and Transparent Premium Models

Garanti Bank employees are awarded with premiums based on a system that measures success based on balanced and objective criteria such as the realization of financial targets, risk management and customer satisfaction. Results are shared with the employees themselves and their managers periodically and transparently.

The First Institution in Turkey awarded with "IIP Gold Certificate".

# Garanti Bank Pension Fund Foundation



When employees join Garanti Bank, they automatically become members of the Garanti Bank Pension Fund Foundation, which was founded in accordance with temporary article no. 20 of the Social Securities Law no. 506. A health certificate is issued for employees, their spouses and children.

## Learning and Development

In a bid to create the best human resource in the financial services sector and to ensure continuous development, Garanti provides regular training programs on an ongoing basis so as to fortify the expertise of its people.

Employee expertise is backed with five main faculties: “Loans”, “Leadership”, “General Banking”, “Investment” and “Sales”. While this structure helps them build on their existing competencies, additional support is also offered for their development in various interest areas.

Need analysis are performed with one-to-one interviews, workshops or inventories for all units. Units are expected to gain internationally recognized expertise and to become global leaders of

the sector. Along these lines, there are training options diversified according to each job family. In addition to those, employees also participate in programs related with Garanti’s service culture and leadership concept for their development. Garanti Leadership Academy, in particular, offers long-lived and varied opportunities for getting equipped for the future. Furthermore, coaching, best practice sharing, project work and experiential learning have long been in use.

The training programs are designed with world-class standards and innovative methods. Speed and accessibility are provided by various platforms including live broadcasts, simulations, videos, e-library and mobile learning under the heading

“Garanti Learning Technologies” and they are accessible anywhere, any time through mobile devices.

Determination of business partners is a key performance indicator in all these activities. Distinctive and current information is captured and disseminated to employees via business partners such as the designers in each faculty, fulltime internal trainers, ICF-certified professional/full-time coach, reputable training companies, universities, and business schools abroad. Moreover, cooperation is established with the academic world so as to familiarize the universities with the business world.

Table 35: Communication Technology Used by the Bank

Technology	Description	Technology	Description
GET Kurs (Course)	Web-based training sessions that include video, animation, text and visual content	GET Sınıf (Classroom)	Web conference system set up within the Bank which facilitates audio and video remote
Simulation Branch	Allows participants to view critical issues concerning customer experiences in real life and to experience possible risks in advance in a safe environment	GET TV	Live broadcast portal allowing customers to quickly access information
Technology	Description		
GET Video	Video sharing website aimed at enhancing the learning process via experience sharing		

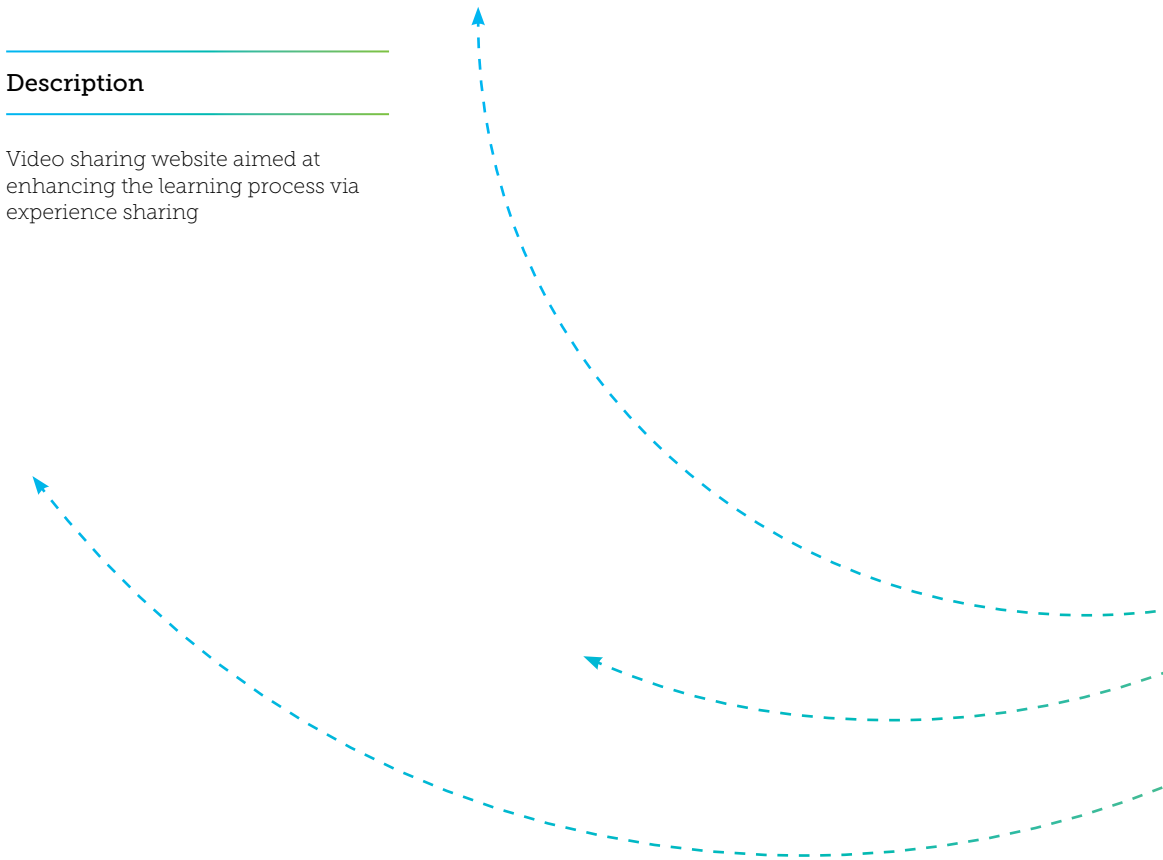
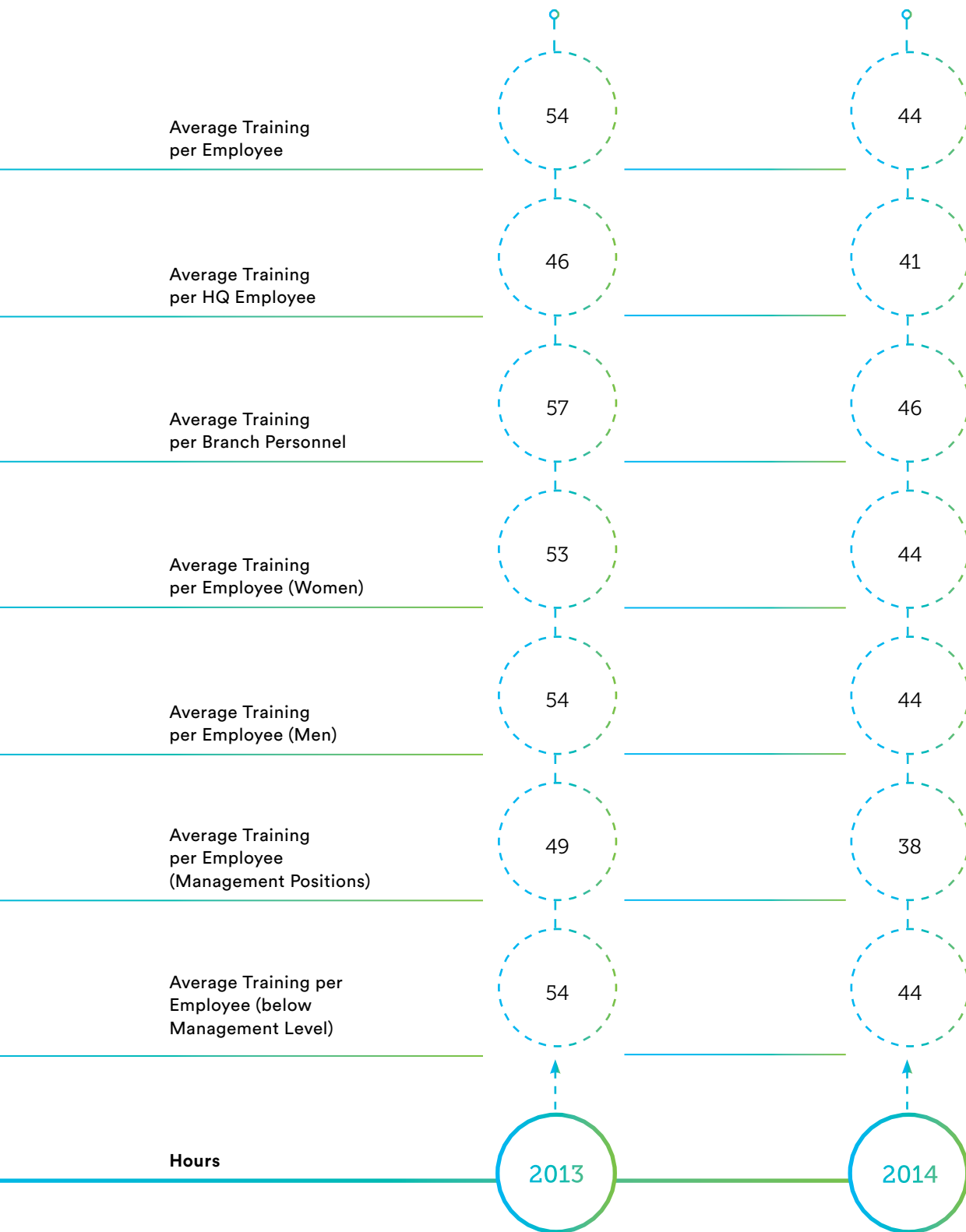




Table 36: Average Training per Employee During the Reporting Period



# Raising Awareness on Sustainability

Garanti Bank is aware that the effectiveness of its environmental management system (EMS) cannot be taken for granted without the support of its employees. The Bank is also aware of the importance of embedding sustainability into its culture and organizes numerous training programs on sustainability to ensure this. The Sustainability E-Learning program was designed for all bank personnel as a result of the Bank's commitment to raising the awareness of its employees, who form its most precious stakeholder mass. The Bank also added its view of the concept of sustainability to its

orientation training, spelling out its expectations of employees on this issue.

In 2013, Garanti has created an internal communications strategy and training program for sustainability, including the environmental initiatives, with the aim of increasing the awareness among our employees regarding the environmental issues and build their capacity on specific topics such as climate change, carbon trading and environmental and social risk management.

The awareness raising program included informative e-mails, videos,

exhibitions (e.g. artwork from electronic waste of the Bank) and an online sustainability platform on the intranet.

Additionally, Garanti has identified and selected sustainability representatives from all bank departments and all of the regional directorates and branches to support all sustainability efforts as needed. Those representatives receive Environmental Management trainings and became auditors after their election. They play a key role in disseminating their knowledge to their colleagues in their responsibility areas.

Table 37: Progress in Awareness Raising Activities

Target	Explanation	Progress and New Targets
Share of Learning Technologies	The target was to incorporate 26% of all training sessions with learning technologies by the end of 2014.	In 2014, 18% of all training sessions incorporated learning technologies.  However, the new target for learning technologies is 25% by 31 December, 2015.
Increasing Employee Awareness	In 2013, Garanti created an internal communications strategy and training program for sustainability.  The awareness raising program included informative e-mails, videos, exhibitions (e.g. artwork from electronic waste of the Bank) and an online sustainability platform in intranet. Garanti Bank will continue to update and improve its employees' awareness and knowledge about the Bank's sustainability approach through various methods like remote training programs.	In 2014, Garanti has continued this awareness raising and capacity building activities through various activities. For instance, Garanti Bank developed training videos for financing of solar power projects in 2014.  The Bank plans to increase the number of elective social responsibility trainings, which aim to increase employees' quality of life in 2015.  The Sustainability E-Learning Programme will be revised in 2015.

# Gelecek (Future) Meetings

Garanti Bank holds Gelecek (Future) Meetings that allow strategies for the new period to be discussed with a joint approach after the Bank's senior management undertakes an evaluation of the previous year's results with employees. These meetings reflect a corporate culture based on teamwork, joint thinking, sustainability and social benefit in which employees are able to comfortably express their thoughts and suggestions on different platforms. Since 2012, meetings

have been held in a "carbon neutral" setting; measures were taken to minimize carbon emissions from meetings and the remaining carbon emissions were offset by either supporting sustainable energy projects or planting trees.

Garanti Bank holds Gelecek (Future) Meetings that allow strategies for the new period to be discussed with a joint approach after the Bank's senior management undertakes an evaluation of the previous year's results with employees.

# 4 Season Meetings

Garanti Bank has been organizing regional 4 Season Meetings since 2009 with the aim of increasing employees' motivation, improving employee relations, and achieving communication more effectively within the Bank. 4 Season Meetings create an opportunity for branch employees in a certain region to get together and socialize in an informal environment.



Garanti Employees from 4 Season Meetings

# Garanti Managers Summit

Held annually, the Garanti Managers Summit brings together managers of Garanti Bank and its subsidiaries and is a special sharing and a common learning platform. The theme of the summit is determined particularly in accordance with the priorities of the Bank and the latest global developments and trends, financial projections, cultural changes and consumer behaviour.

# Employee Satisfaction

Measurement and systematic follow-up of employee satisfaction levels are important in terms of the success and sustainability of Garanti Bank's HR strategy, policies and practices. Through surveys held every year, the Bank listens to its employees' opinions and gathers information concerning their requests and expectations. Surveys held annually at Garanti Bank are explained in the following section.

**The Employee Engagement Survey** is carried out to gather employees' opinions concerning the working environment at Garanti Bank so as to create a better and more efficient working environment, taking into account feedback from its employees. The scope of the survey includes basic employee-related subjects, such as the performance system, salaries, work/private life balance, job satisfaction, the working environment, development facilities and managers.

**The Internal Customer Satisfaction Survey** allows Garanti

Bank employees to evaluate the service they have received and to offer their suggestions. The survey includes questions on such criteria as accessibility, teamwork, customer approach, communication, service quality and openness to criticism.

**The 360 Degree Feedback Survey** aims to contribute to managers' development by determining their competencies, as well as their strengths and areas open to development. The findings gathered from the surveys are shared with senior management and managers and used in the proper design of development plans in accordance with employees' needs.

Through surveys held every year, the Bank listens to its employees' opinions and gathers information concerning their requests and expectations.

# Suggestion and Idea Platforms

Garanti Bank uses the 'Önersen' and 'Atölye' idea platforms in order to collect the employees' various suggestions regarding the improvement of the products, services or processes.

Garanti Bank attaches considerable importance to its employees' contributions to innovation processes. For this purpose, Garanti Bank uses the 'Önersen' and 'Atölye' idea platforms in order to collect the employees' various suggestions regarding the improvement of the products, services or processes.

## Önersen

Önersen is an idea gathering platform which encourages all employees to submit their ideas or recommendations about the Bank's products, processes or operations.

There is also a category dedicated to environmental performance under Önersen. With this category for environment, all employees can submit their suggestions related to environmental performance directly to the Sustainability Team. The Sustainability Team consolidates the suggestions, determines the ones that are feasible and presents them to the Sustainability Committee. Once the Committee's approval is taken, the Sustainability team starts to work with relevant departments to implement the suggestions.

## Atölye

"Atölye" is a project-based idea platform, active since 2010, which collects innovative ideas from employees during the projects. By the end of 2014, 7 projects had been completed.

## Volunteer Clovers

Having carried out many valuable projects since its establishment, Volunteer Clovers (Gönüllü Yoncalar) Corporate Social Responsibility Club has defined



Garanti Volunteering Activities

its mission as to continuously and significantly increase the value that it produces for the community and the environment through its effectiveness, sensitivity and harmony.

The employees design and execute numerous projects under the roof of Volunteer Clovers Club, and ensure voluntary participation of all managers in these projects by organizing activities during the Future Meetings. In November 2014, two schools in Beldibi, Antalya were repaired and given a makeover with the voluntary participation of employees in an effort to contribute to the education and social development of the children. In addition, Volunteer Clovers gave support to the distribution of food and clothing items given away in Soma in cooperation with the Food Banking and Basic Needs Association (Gıda Bankacılığı ve Temel İhtiyaç Derneği - GBtider). Under the ongoing Our Book Box project, Volunteer Clovers donated books to more than 18 schools in different cities across Turkey.

# Focusing on Communities

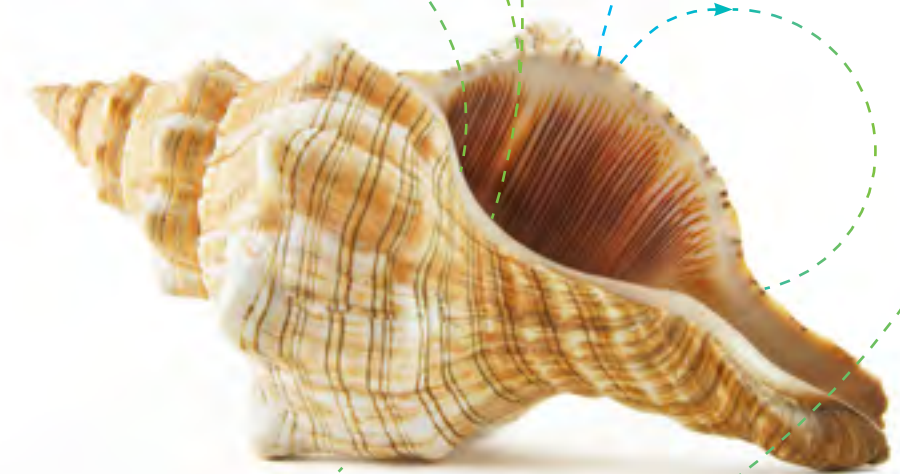
## Key Highlights:

- 'No Limits in Teaching' program had reached a total of 92,932 teachers across 80 cities by the end of 2014.
- With the 'Join the Workforce, Join Life' project, 108 disabled people were joined to the workforce with their mentors' help.
- Number of students who received basketball trainings from 12 Giant Men Basketball School during the reporting period was 3,114.
- Number of people who visited Salt Beyoğlu, Salt Galata and Salt Ulus free of charge reached 1,129,111 between 2011 to the end of 2014.

Garanti Bank views its systematic and long-term efforts, which it conducts within the scope of Community Investment, as an essential element of its sustainability approach.

These Community Investment programs, which generate a significant amount of added value for society, range from programs for sports to education, the arts, nature and also to informing the business world.

Community Investment programs, which generate a significant amount of added value for society, range from programs for sports to education, the arts, nature and also to informing the business world.



# Garanti Bank's Corporate Social Responsibility Policy

The Bank's Corporate Social Responsibility Policy is based on the following principles:

○ Driven by the importance we attach to the added value we offer to our country, society and individuals, to constantly monitor our country's and society's needs and establish our Community Investment efforts.

○ To create institutions that are open to social interaction and that will set an example in their operating areas; to address our stakeholders' needs and expectations by building a permanent structure with these organizations and by aiming to produce long-term benefits for larger masses.

○ To become an organization, of which all our stakeholders - including our employees - are proud to be a part, with our community-oriented activities, that we have been conducting with Community Investment awareness.

## Education



Following the completion of the Bank's preparatory work, The Teachers Academy Foundation (ÖRAV) was established in August 2008 by Garanti, in order to contribute to the personal and professional development of teachers, who will contribute to raising young generations aware of their individual and social responsibilities, who research and question, who are able to think



The first and only NGO in Turkey that focuses on this area, ÖRAV reached 92,932 teachers in 80 cities at the end of 2014 with its first project "No Limits in Teaching" started in May 2009.

analytically, are self-confident, care about the continuity of personal development, adopt universal values and able to protect the cultural heritage of the country.

In this period, ÖRAV supported the development of 99,692 educators in 80 cities in total, with the "High School-Learning Leader Teacher", "Solution-Oriented Communication", "The Chemistry of Teaching" and "Development Program for Education Executives" (EYGEP) programs alongside with the "No Limits in Teaching" project that continued under the title "Learning Leader Teacher". Today, 79,615 registered active users visit the "e-Campus" web site that was developed as a continuing education and information sharing platform to complement ongoing projects.



Since 2012, Garanti Bank has been providing support to the UNICEF initiative for the development and execution of school development plans to bring primary schools into alignment with the Primary Schools Standards with projects such as 'Now We Have a School'.



Since 2012, Garanti supports Tohum Autism Foundation that serves with the mission of early diagnosis of children with autism and generalized development disorders, and of reintegration of these children with a special education. Within this context, it intends to offer teachers of autistic children in Istanbul a theoretical and practical inclusive training. In addition, Garanti ensures that the training portal prepared by Tohum Autism Foundation for autistic children and their families is kept up to date. With this effort, it targets to increase the number of users and to popularize the portal that has 12,543 members.



Since 2010, Garanti Bank has been sponsoring the Young Life Foundation Anatolian Teacher High Schools Social Events and the related "Renk Çemberi" (Colour Circle) Project and has reached 22 high schools and 3,150 students so far.

Garanti Bank is the main corporate sponsor of TOG (Community Volunteers Foundation), which is a transformation project that aims to turn the energy of youth into social benefit. TOG youth has been active developing social sustainability projects based on the needs identified in the groups, social clubs and societies in their universities.

## Supporting the Participation of Disabled Individuals in Social and Economic Life



Seeking to support the participation of disabled individuals in social life, Garanti Bank began sponsoring women's, men's and juniors National Wheelchair Basketball Teams and the Wheelchair Basketball Leagues in April 2013.

In October 2014, the 'Join the Workforce, Join Life' project was initiated with the Ministry of Family and Social Policies. The project aims to make disabled individuals without a vocational education gain professional skills in accordance to their competences and

improvable qualities within the scope of the project.

With the "supported employment" model that was implemented for the first time in Turkey, disabled individuals are supported in matters such as choice of employment according to their qualities, skills and preferences, and adaptation to work environment and social life. After a training under the guidance of 60 business coaches a total of 300 disabled individuals are hired.

# Support for Culture and Cultural Heritage

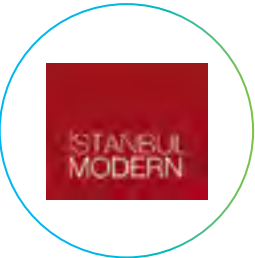


SALT Galata

SALT was formed by restructuring cultural organizations that operated within Garanti as an independent entity in 2011.

From 2011 until year-end 2014, Salt Beyoğlu, Salt Galata and Salt Ulus in Ankara hosted 51 exhibitions, 44 events in conjunction with the exhibitions, and 137 guided exhibition tours and workshops for students, as well as publishing 14 comprehensive publications. The number of people who visited Salt Beyoğlu, Salt Galata and Salt Ulus totaled 1,129,111 during the same period.

In addition, Garanti has organized the first film festival for children in Turkey in conjunction with Turkey Cinema and Audiovisual Culture Foundation (TURSAC) annually since 2004. This festival is called the Garanti Children's Films Festival. Through the Festival, around 78,000 children from thirteen cities in Turkey with a more limited access to cinema, including Kars, Ordu, Mardin, Konya, Aksaray, Mersin, Adana, Erzurum and Rize, found the opportunity to experience the art of cinema.



Since 2005, Garanti has supported the training program of Istanbul Modern, which is Turkey's first and only museum of contemporary art. The program aims to play a central role in helping develop creative and inquisitive individuals who are skilled and able to participate actively in the arts as well as in supporting classroom education. By the end of 2014, 541,684 children and young people had been trained on Istanbul Modern educational programs with the support of Garanti.

As a corporate supporter of SAHA Association, which aims to increase the recognition and awareness of contemporary art in Turkey, Garanti is helping to develop training places and creative environments for artists, curators, art historians and art critics and to improve their interaction with international networks.

# Community Investment Goals

Garanti reserved TL 25.3 million for its corporate responsibility activities' fund in 2014.

Garanti Bank considers systematic and long-term social investment responsibility projects as the basic component of its sustainability approach. Garanti reserved TL 25.3 million for its corporate responsibility activities' fund in 2014.

These initiatives which added significant value to society are implemented in different areas including sports, education, art, nature and even raising awareness in the business world. Through these initiatives, Garanti Bank aims to help raise added value to society and its stakeholders in a sustainable manner.



SALT Beyoğlu

Table 38: Progress in Community Investment Target

Target	Explanation	Progress and New Targets
By the end of 2014, Garanti Bank's target was to extend the impact assessment system to all projects with a holistic approach, thereby allowing comparative analysis of impact return and more efficient improvement works.	Implementing a new system that will report, assess and evaluate corporate responsibility investments and the social impacts of these investments	An improvement project was carried out with an impact analysis of people cooperating on a current program in 2014. Through this project, the program was transformed into two sub programs that will appeal to two different target audiences.  A community investment project which is material for the finance sector is planned by the end of 2015.

Appendix



# Appendix 1: Key Stakeholder Groups and Engagement Platforms

Table 1: External Stakeholders

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Customers	<ul style="list-style-type: none"> <li>-Banking service process (Branches)</li> <li>- Customer experience and market research</li> <li>-Customer Care Line</li> <li>-“Contact Customer Representative” Icon in internet banking platform</li> <li>- www.garanti.com.tr</li> <li>-Social media</li> <li>- www.facebook.com/Garanti</li> <li>- https://twitter.com/garanti</li> <li>- https://plus.google.com/+garanti</li> <li>-Social customer care (“Garanti’ye Sor”)</li> <li>-Seminars, conferences and sector-based information meetings</li> <li>-Communication activities</li> <li>-Activities within the scope of social responsibility projects</li> <li>-One to one meetings</li> <li>-Teleconferences</li> <li>-feedback received via sustainability@garanti.com.tr</li> </ul>	<p>Continuous interaction by email, social media accounts telephone and through branches.</p> <p>Ad hoc meetings as needed.</p>	<p>Garanti Bank engages with its customers as part of the banking service process. Customers are able to submit their feedback concerning the Bank’s environmental and social performance, as well as its products and services to Garanti Bank through a number of channels, including the Customer Care Line, which is a specialized line for receiving feedback from customers who have raised complaints. Through this line, Garanti Bank assesses its customers’ problems and improves itself accordingly to serve them better.</p> <p>Garanti Bank considers its customers the focus of all its activities. Please refer to the section on ‘Focusing through customers through sustainable finance’ for details of developments concerning the Bank’s relationships with its customers, as well as its products and services.</p>

Table 1: External Stakeholders

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Public authorities/ Regulatory institutions	<ul style="list-style-type: none"> <li>-Systematic reporting</li> <li>-Meetings, forums, conferences</li> <li>-Periodical Audits</li> <li>-Press releases</li> <li>-One-to-one meetings</li> <li>-Public Disclosure Platform</li> </ul>	<p>Varies from daily to once every three years depending on the type of engagement</p>	<p>Garanti Bank demonstrates the utmost care in complying fully with the law and regulations in all of its activities. The Bank is in regular contact with the BRSA – the regulatory authority of the Turkish banking industry – as well as with SDIF<sup>46</sup>. The Bank is in contact with the Undersecretariat of the Treasury, Central Bank of the Republic of Turkey, the Capital Markets Board of Turkey, respective ministries, other institutions and agencies as required by laws and regulations.</p> <p>In order to increase its support for sustainable development, the Bank takes advantage of any opportunities for cooperation that arise with such platforms as TBCSD, UNEP FI and the UN Global Compact, of which the Bank is a member or through direct engagement. Garanti Bank’s activities for ensuring compliance with laws and regulations are explained in the section ‘Focusing on Corporate Sustainable Governance’.</p>
Suppliers	<ul style="list-style-type: none"> <li>-Daily business cycle</li> <li>-Meetings</li> <li>-E-mail communication</li> <li>-Ongoing relation during EMS<sup>47</sup> (ISO14001)</li> </ul>	<p>Continuous as general course of business (e.g. by email)</p> <p>Meetings as required</p>	<p>Garanti Bank is committed to addressing the environmental impact caused by its suppliers, in addition to the direct environmental impacts resulting from its internal operations. In 2012, the Bank started to include a new article to supplier contracts requiring new suppliers, especially in cleaning and catering, to comply fully with Garanti Bank’s ISO 14001 Environmental Management System.</p>

<sup>46</sup> The Savings Deposit Insurance Fund

<sup>47</sup> Environmental Management System

Table 1: External Stakeholders

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Non - governmental organizations	<ul style="list-style-type: none"> <li>-Sponsorships</li> <li>-Strategic collaborations</li> <li>-Events</li> <li>-Regular Meetings</li> </ul>	Minimum once every three months	<p>Sharing with the communities in which it operates is one of the core values of Garanti Bank's corporate culture. Offering its expertise and knowhow to the service of the community and future generations, the Bank provides support to NGOs in Turkey regarding social, economic and environmental issues as well as carrying out joint projects with them.</p> <p>Please refer to "Focusing on Communities" section for further activities.</p>
Media	<ul style="list-style-type: none"> <li>-Press conferences</li> <li>-Press releases</li> <li>-Interviews</li> </ul>	Varies depending on the type of initiative, minimum once every three months	Garanti Bank is in a transparent relationship based on mutual respect with the media. Garanti Bank establishes dialogue with national and international media and undertakes efforts with the objective of raising awareness about the Bank and its operations, and answering questions forwarded to the Bank in the swiftest and most straightforward manner.

Table 1: External Stakeholders

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Community	<ul style="list-style-type: none"> <li>-Garanti Anatolian Meetings</li> <li>-Support for Women Entrepreneurs (Meetings with Women Entrepreneurs, Women's Entrepreneur Contest)</li> <li>-UNICEF – Now We Have a School (Şimdi Okullu Olduk)</li> <li>-Tohum Autism Foundation (Tohum Otizm Vakfı)</li> <li>-Community Volunteers Foundation (Toplum Gönüllüleri Vakfı)</li> <li>-Join the Workforce, Join Life (İşe Katıl Hayata Atıl)</li> <li>- KOBİLGİ (SME Informative) Meetings</li> <li>- ÖRAV (The Teachers Academy Foundation)</li> <li>- Genç Hayat Foundation (Young Life Foundation)</li> <li>- 12 Giant Men – Basketball Schools (12 Dev Adam Basketbol Okulları) Project</li> <li>- SALT</li> <li>- SAHA Foundation</li> <li>- Garanti Children Film Festival</li> <li>- Istanbul Modern Education Program</li> <li>- BUMED Business Angels</li> <li>- Entrepreneurship Foundation (Girişimcilik Vakfı)</li> <li>- WWF</li> </ul>	Varies depending on the type of initiative, minimum once every three months.	<p>Garanti Bank transparently announces all events – organized within the scope of its strategic collaborations with NGOs – with all of its stakeholders at Garanti Takvim's website <a href="http://www.garantitakvim.com">http://www.garantitakvim.com</a> and <a href="http://www.garanti.com.tr/en/our_company/sustainability/corporate_responsibility.page">http://www.garanti.com.tr/en/our_company/sustainability/corporate_responsibility.page</a> website.</p> <p>The <a href="http://www.ogretmeninsiniriyok.com">www.ogretmeninsiniriyok.com</a> website also provides information concerning the "No Limits in Teaching" project, of which the Bank is the main sponsor within the scope of the Teachers' Academy Foundation.</p> <p>For detail on these activities please refer to the sections 'Focusing on Communities' and 'Focusing on Customers through Sustainable Finance'.</p>



**Table 2: Internal Stakeholders**

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Employees	<ul style="list-style-type: none"> <li>-Talent Management Study</li> <li>-Assessment and Development Center</li> <li>-Garanti Leadership Academy</li> <li>-360 Degree Feedback Process</li> <li>-Internal Customer Satisfaction Survey</li> <li>-Employee Engagement Survey</li> <li>-Suggestion and Idea Platforms "Önersen" and "Atölye"</li> <li>-Career Opportunities Bulletin</li> <li>-4-Season Meetings</li> <li>-Sustainability Representatives Network</li> <li>-Future Meetings</li> <li>-Garanti Managers Summit</li> <li>-WWF Survey</li> <li>-Sustainability@garanti.com.tr</li> <li>-Interviews</li> </ul>	Varies depending on the type of engagement, minimum once every three months for trainings. In addition, we liaise with our employees on a continuous basis via e-mail from the sustainability e-mail account.	Garanti Bank's most important driving force is its human resources. Garanti Bank is a leading and model company in the finance sector in terms of training and support it provides to its human resources. A network of Sustainability Representatives has been established to maximize the positive contribution of the Bank's employees to Garanti's sustainability performance. Önersen and Workshop Platforms aim to encourage all employees to produce and submit recommendations about the Bank's environmental and social performance. Training sessions are organized to ensure employees' active participation. Please refer to the section 'Focusing on Human Resources' to learn more about the progress of Garanti Bank in the area of human resources.

**Table 2: Internal Stakeholders**

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Top Management	<ul style="list-style-type: none"> <li>-Sustainability Committee Meetings</li> <li>-E-mail Communication</li> <li>-Periodically published informative publications (Annual and Interim Reports; Weekly and Quarterly Stockwatch Publications, semi-annually published Garanti Corporate Profile Booklets, weekly and quarterly newsletters)</li> <li>-Sustainability Meetings with the Executive Vice President Responsible for the Project and Acquisition Finance Department</li> <li>-Sustainability Representatives Network</li> <li>-Future Meetings</li> <li>-Garanti Managers Summit</li> </ul>	Varies depending on the type of engagement, minimum once a week.	<p>The Sustainability Committee, which is chaired by a Board Member, convened several times during the reporting period, assessing a range of sustainability issues and opportunities.</p> <p>Moreover, through the Sustainability Meetings held at least once a week, the Executive Vice President of Project and Acquisition Finance and Sustainability, who is also a member of the Sustainability Committee, is kept informed, thus ensuring that senior management provides regular guidance and support. For details of the Organizational Structuring at Garanti Bank, please refer to the section 'Focusing on Corporate Sustainable Governance'.</p>
Shareholders, analysts and investors	<ul style="list-style-type: none"> <li>-Ordinary General Shareholders' Meetings</li> <li>-Meetings with analysts and investors</li> <li>-Phone calls/teleconferences, webcasts and e-mail communication with analysts and investors</li> <li>-Public Disclosure Platform</li> <li>-Periodically published informative publications (Quarterly newsletter Stockwatch, Semi-annually published Corporate Profile, CDP, Sustainability Report, Annual Reports, Earnings Presentation, Operating Budget Plan Presentation and Interim Reports – interactive or printed)</li> <li>-Social media</li> <li>-Perception Analysis Survey</li> <li>-Investor Feedback Mechanism</li> <li>-Shareholder Identity Analysis</li> <li>-Roadshows</li> </ul>	Varies depending on the type of engagement, minimum once a month.	<p>The Bank, which is in constant communication with its shareholders and investors through various channels, carried out all required information disclosures during the reporting period in line with applicable regulations and paid utmost care to keeping domestic and foreign investors informed in the most straightforward and transparent manner.</p> <p>Based on a proactive approach to the development of its understanding of sustainability, Garanti Bank surveys its investors' assessments and reshapes its routine communication practices to ensure maximum contribution from its stakeholders regarding sustainability.</p>

Table 2: Internal Stakeholders

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
International Financial Institutions	<ul style="list-style-type: none"> <li>-Meetings</li> <li>-Periodically published informative publications (CDP, Sustainability Reports, Annual Reports)</li> <li>-Phone calls/teleconferences, e-mail communication</li> </ul>	Minimum on quarterly basis.	The Bank collaborates with international financial institutions on topics such as renewable energy, energy efficiency, supporting women entrepreneurs and financial services offered to SMEs in order to meet Turkey's financial needs for sustainable growth.
Finance Sector	<ul style="list-style-type: none"> <li>-Member of the Banks Association of Turkey</li> <li>-Member of the United Nations Environmental Programme Finance Initiative (UNEP FI)</li> <li>-Member of the Turkish Business Council for Sustainable Development (TBCSD)</li> <li>-Member of the United Nations Global Compact (UNGC)</li> <li>-National and international conferences</li> </ul>	Minimum once every two months.	<p>The Bank engages in working groups with other banks in numerous organizations through its membership of initiatives such as UNEP FI and TBCSD.</p> <p>Garanti Bank has actively participated in the "Role of the Financial Sector in Sustainable Growth Workgroup" of the Banks Association of Turkey.</p> <p>Please refer to page 41 for details of Garanti Bank's national and international memberships.</p>

# Appendix 2: Environmental and Social Impact Assessment Model (ESIAM)

The ESIAM comprises of the following three stages:

## 1 - Category Selection

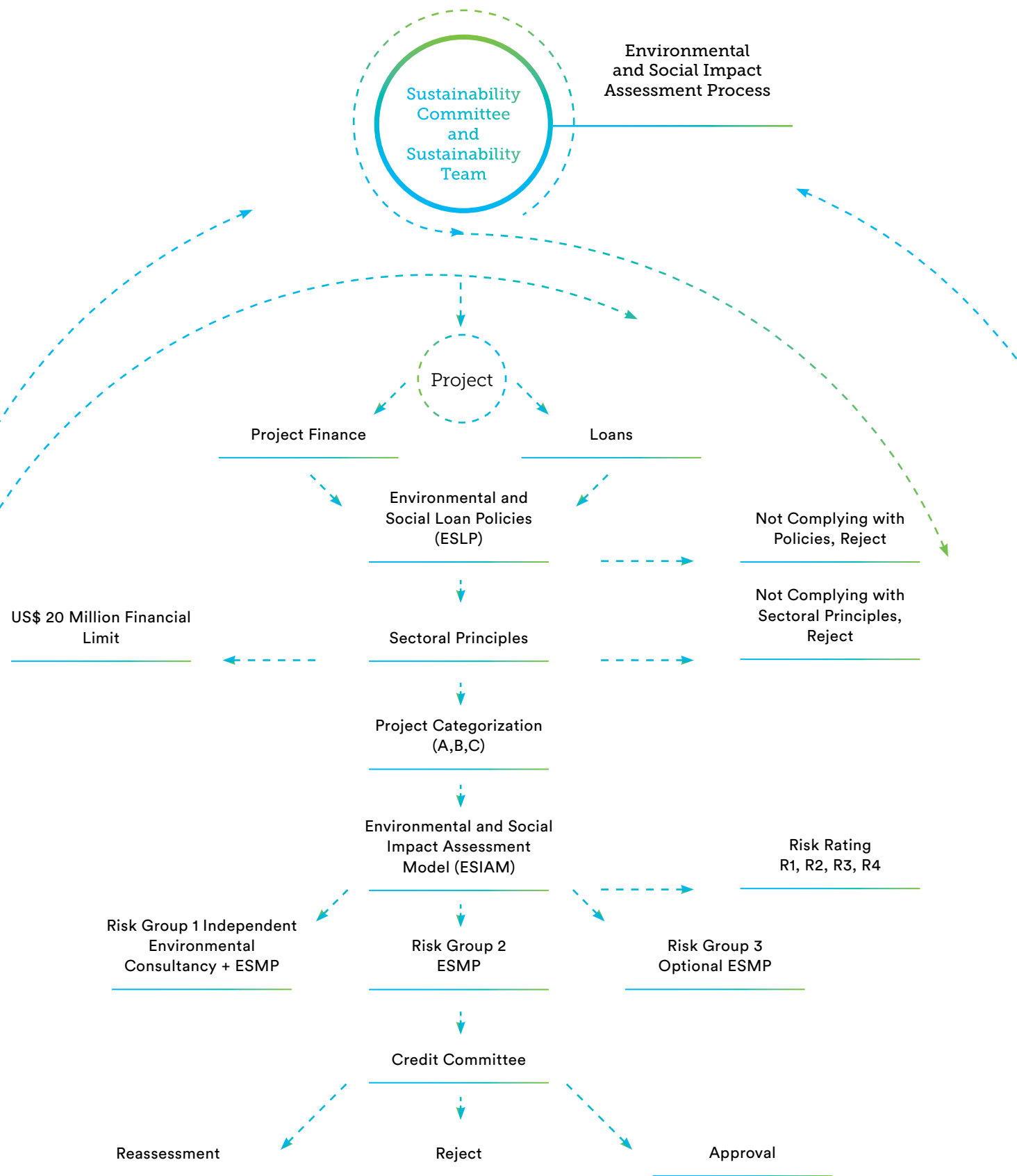
The project is assigned to the most appropriate of the three categories in the table below based on the impact assessment and then held subject to the ESIAM.

Category	Explanation
Category A	<ul style="list-style-type: none"> <li>○ Projects defined as subject to ANNEX-I of the Environmental Impact Assessment (EIA) Regulation,</li> <li>○ Projects carried out in or around sensitive areas defined in ANNEX-V of the EIA Regulation,</li> <li>○ Projects where there is strong public or NGO opposition.</li> </ul>
Category B	<ul style="list-style-type: none"> <li>○ Projects defined in ANNEX-II of the EIA Regulation (projects subject to the selection-elimination criteria and that require project introduction files),</li> <li>○ Projects attracting either strong interest or opposition from the public or NGOs,</li> <li>○ Projects which are exempt from the EIA.</li> </ul>
Category C	<ul style="list-style-type: none"> <li>○ Projects included in ANNEX-I or ANNEX-II of the EIA Regulation,</li> <li>○ Projects where there is no adverse interest in, or opposition from, the public or NGOs.</li> </ul>

## 2- Determination of a Project's Risk Rating

Questionnaires have been designed for each sector listed below in order to determine the project's risk rating:

- Cement, Glass, Ceramics Sector
- Foodstuff, Beverage, Feed and Agricultural Products Sector
- Geothermal Power Plants
- Hydroelectric Power Plant Projects
- Metallurgy/Machine/Petrochemicals/Chemicals Industry
- Mining Industry
- Nuclear Power Plants
- Paper-Cellulose Sector
- Petroleum and Natural Gas Industry
- Solar Power Plants
- Textiles and Leather Sector
- Thermal Power Plant Projects
- Tourism/Healthcare/Mass Housing/Mall Sector
- Transport/Infrastructure Sector
- Waste Utilization and Disposal Sector
- Wind Farms



These questionnaires assess a project's environmental and social impacts such as:

- Is the project carried out in areas protected by national or international legislation?
- Are cumulative impacts of other plants already in operation taken into account during the impact assessment?
- Are there any economic, social or physical losses associated with the land purchases (expropriation) or resettlement in the project?
- Are environmental and social factors taken into account in the master plan or during the evaluation of alternatives in the feasibility study?
- The ultimate risk rating of the project is determined from an evaluation of the question responses using an algorithm prepared with the support of a consulting firm.

Risk Rating	Explanation
R1	High Risk
R2	Medium Risk
R3	Low Risk
R4	Very Low Risk

	R1	R2	R3	R4
Category A	1	1	2	3
Category B	1	2	3	3
Category C	2	3	3	3

### 3- Determination of Risk Group

Projects are classified according to their risk rating and category, by using a risk matrix created by the Bank and finally their risk classes are identified based on this evaluation. Garanti Bank demands specific actions to be taken depending on this risk evaluation.

Risk Group	Action
1	The Bank asks an independent consultant firm to prepare a comprehensive report regarding the project's environmental and social impacts and also to prepare, apply and regularly report an ESMP <sup>48</sup> .
2	The Bank requests that the project owner(s) prepare, apply and regularly report an ESMP. The Bank expects a detailed ESMP reflecting the project's scale and risk level.
3	Actions are dependent on the decision of the Credit Committee.

<sup>48</sup> Environmental and Social Management Plan

# Appendix 3: Sustainability collaboration with International Financial Organizations

## Women in Business

Garanti Bank is supporting women in business in Turkey by providing a US\$ 60 million credit line in cooperation with EBRD. The funds have been entirely dedicated to female owners or managers of SMEs. For detailed information regarding the facility, please visit <http://www.ebrd.com/work-with-us/projects/psd/garantibank-women-owned-and-managed-smes-credit-line.html>

## EIB

Garanti Bank has secured a € 75 million loan from the European Investment Bank (EIB). The six-year facility will give the bank new funds to lend to small and medium-sized businesses.

## KfW

Garanti Bank signed a loan agreement worth € 20 million with 4 years maturity as part of the second phase of Small Enterprise Loan Programme (SELP II) initiated by the European Union, and implemented in cooperation with the Turkish Treasury, the Council of Europe Bank (CEB), KfW – Entwicklungsbank. The loan will be used to finance SMEs in 49 regions in Turkey.

## Mid-SEFF

Supported by the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), the facility covers mid-size investments in renewable energy, waste-to-energy and industrial energy-efficiency.

## SUFI

(Sustainable Financial Instrument) - another loan program mediated by Garanti Bank for SME's is SUFI. SUFI was designed to enhance industrial activity in the Ankara OSTIM and Konya clustering regions, bolster the competitive strength of enterprises carrying out R&D activities and support production.

## STEP

(Small Tourism Enterprise Program) - Garanti Bank continues to extend loans to SMEs through the STEP program, which is designed to enhance sustainability and the competitive strength of hotels and bed and breakfast accommodations in the tourism sector.

## TurAFF

(Turkey Agribusiness SME Financing Facility) - Garanti Bank supports agricultural enterprises that operate in development priority regions through TurAFF loans to SMEs in cooperation with EBRD. The process of supplying the € 40 million loan package is still under way. For detailed information regarding the TurAFF loan program, please visit [http://www.ebrd.com/work-with-us/projects/psd/turkey-agribusiness-sme-financing-facility-\(turaff\).html](http://www.ebrd.com/work-with-us/projects/psd/turkey-agribusiness-sme-financing-facility-(turaff).html)

## Proparco

Garanti Bank secured financing from Proparco of € 50 million with a tenure of 12 years in December 2011. Proparco is a subsidiary of the French Development Agency (AFD) that provides funds for private investments in developing countries with a focus on supporting clean energy projects.

# Appendix 4: Whistleblowing Programme

The Bank's Whistleblowing Programme covers practices and acts against the Bank's Code of Ethics including the following types of acts:

- Acts contrary to the management principles, policies and procedures or work practices of the Bank,
- Acts that would tarnish the Bank's credibility, transparency and image,
- Workplace practices contrary to public morality, work ethic and sexual harassment actions,
- Practices contrary to applicable laws and regulations,
- Misuse and/or wasting the Bank's resources,
- Fraudulent and dishonest acts,
- Deletion, forgery and tampering of documents, accounts and other records,
- Misuse of assets belonging to the Bank or its clients for illegal gain,
- False or misleading financial reporting or recording of banking transactions,
- Acts of bribery and corruption,
- Deriving unfair advantage from third parties by using an individual's position in the Bank, or by accepting gifts over the limit specified in the Manual of Ethical Principles,

- Theft or misuse of assets belonging to the Bank,
- Sharing customers' confidential information with 3rd parties and unauthorized persons in the bank,
- Purchases in violation of the Bank's procurement policies, any activity with suppliers that results in personal enrichment and /or financial loss to the Bank,
- Insider trading on the capital market,
- Gambling addiction regardless of whether the gambling occurs at the workplace,
- Selling any banking product or service to a customer without having explained the terms and conditions,
- Issuing a loan to ineligible customers, for example due to their poor creditworthiness, by manipulating the information used in the loan assessment process.

For any of the issues listed above, staff is required to report issues on a timely basis. All employees can contact the Compliance Department via a dedicated hot line or email directly to report suspected breaches. In the event that they failed to do so or deliberately misreported the situation, the individual could also be subject to disciplinary action by the Disciplinary Committee

(see Appendix 7). Employees' complaints are not used against the complainant and are addressed and resolved with due importance.

# Appendix 5: Anti-fraud Policy

Examples of unethical and fraudulent activities, including all types of corruption, bribery, deception, embezzlement cases and all other unlawful activities, which are prohibited as part of the Bank's Antifraud policy are listed below:

- Acts of deception towards the Bank's staff, customers or other stakeholders
- Embezzlement of property belonging to the Bank or to its customers.
- Using the Bank's confidential information to derive unfair personal advantage.
- Disclosure of confidential information regarding the Bank.
- Abuse of the performance and bonus system.
- Abuse of power and title to derive benefits for the individual and their relatives.
- Involvement in any types of bribery including facilitation payments.
- All the Bank's personnel are responsible for contributing to effective risk management against anti-fraud. The details of these responsibilities and duties are listed in the Bank's Anti-fraud Policy.
- Starting from the Bank's top management, all managers lead and encourage all personnel to develop and apply an internal control mechanism for anti-fraud and help adopt a culture of anti-fraud throughout the Company.

- In addition, it is the directors of the department or branch that are in charge of designing and adopting an effective internal control mechanism and having implemented the information security mechanism.
- The Bank does not tolerate fraudulent activities under any circumstance. All personnel are expected to faithfully fulfill their duties as to be in conformity with the Ethical Principles Guide and personnel rules.
- All acts that are suspected, attempted or proven are subject to administrative and penal sanctions in accordance with the rules, laws and regulations in force.
- Garanti Bank has 4 main strategies in order to prevent fraudulent activities as follows:
- Ethical Principles and integrity culture
- Risk management and internal controls system
- Awareness Raising and Trainings
- Review Process and Fraud Risk Matrix

Any reports regarding issues of abuse are periodically reported to the Audit Committee by the Internal Audit Department.

Any sanctions against personnel found to be involved in abuse activities are decided by the Disciplinary Committee in accordance with the Bank's personnel rules.

The relevant department or branch is obliged to ensure

remediation of any internal control mechanism deficiency identified to ensure conformity with the recommendations made in the investigation report arranged by the Audit Committee.

According to the Ethical Principles, any breach of the code may be subject to Disciplinary Committee enforcement including penalties such as "dismissal from job". Employees also get special training programs regarding prevention of corruption, bribery, forgery and fraud. In addition to the classroom trainings provided by the Learning and Development Department for branch personnel, Garanti Bank conducts online training sessions that include video, animation, text and visual content. An online training is delivered to every new employee on a mandatory basis, whilst all employees are required to receive refresher training on an annual basis. This training module includes an exam, which must be completed with a passing grade in order to successfully conclude the training. The Simulation Branch allows employees to view critical issues concerning customer experiences in real life and to experience possible risks in a safe environment.

# Appendix 6: Activities of the Bank's Compliance Department

Organized to address two main fields of activities so as to achieve goals under the names of Compliance Controls Team and Compliance Officer Team, the Compliance Department is assigned with the following tasks:

## Compliance Controls Team

The Compliance Controls Team carries out the following tasks:

- Performing the compliance function with respect to applicable laws and corporate standards, against situations that might lead Garanti Bank to suffer financial losses, cancellation of authorization or loss of reputation;
- Coordination and supervision of existing control mechanisms regarding the compliance of Garanti Bank's ongoing and future activities, new transactions and products with laws, internal policies and rules, and Banking practices;
- Monitoring the need for revising the processes according to regulatory changes in legislation and notification of such changes to employees;
- Forming its opinion on new products and transactions before they are implemented;
- Monitoring compliance risks arising from foreign legislation via assigned employees who

are responsible for overseeing compliance with local regulations at consolidated subsidiaries and branches abroad;

- Carrying out necessary studies aimed at continuous improvement of the compliance culture and awareness within Garanti Bank and consolidated subsidiaries and branches abroad.

## AML Compliance Officer

An Anti-Money Laundering Compliance Officer is employed with an independent function set up under the Board of Directors who reports directly to the designated member of the Board. The AML Compliance Officer carries out activities within the scope of the strategy for prevention of laundering of criminal activity proceeds and financing of terrorism, in order to ensure that the Bank complies with national and international regulations.

The responsibilities of the AML Compliance Officer at Garanti Bank are as follows<sup>50</sup>:

- Carrying out all necessary efforts to achieve Garanti Bank's compliance with the related laws and regulations and providing necessary coordination and communication with the Financial Crimes Investigation Board (in Turkish: MASAK);
- Ensuring that the compliance program is carried out and

developing policies and procedures within this scope; executing risk management, monitoring and control activities and following up the results of internal audit and training activities;

- Ensuring that the training program, approved by the designated member of Board of Directors on Prevention of Laundering Proceeds of Crime and Financing of Terrorism is carried out effectively;
- Looking into and evaluating information on potentially suspicious transactions that he/ she receives or becomes aware of sua sponte; reporting any transaction that he/ she deems to be suspicious to the Financial Crimes Investigation Board;
- Managing relations with relevant governmental or private agencies.

In performing the duties and responsibilities summarized above, Compliance Officer cooperates with the Internal Audit Department, Internal Control Unit, Learning and Development Department and Legal Department, and meets at certain intervals with the relevant executives to review ongoing activities. For more information please see page 120 of 2014 Annual Report which can be downloaded at [https://www.garantiinvestorrelations.com/en/images/pdf/garanti\\_bank\\_annual\\_report2014.pdf](https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf)

# Appendix 7: Role of the Disciplinary Committee

The roles and responsibilities of the Disciplinary Committee are as follows:

In the event where acts or practices that are not in compliance with laws, accepted banking practices, the Bank's ethical Principles, Personnel Communique or other notices, procedures and communiques, are identified, the role of the Committee is to investigate such acts and practices on its own authority (or requesting such investigation from the Internal Audit Department) and carrying out appropriate administrative sanctions as set out in the Personnel Communique.

The Committee is responsible for:

- Ensuring that employees are committed to the Bank's Ethical Principles in their acts and actions; carrying out oversight duties with respect to such commitment; acting as the advocate of the Bank's Ethical Principles across the Bank and with respect to its employees.
- Taking precautions with respect to all acts and practices that may lead to the Bank's reputation and image being harmed in view of laws, public opinion and customers and announcing such precautionary measures throughout the Bank.
- Ensuring that appropriate measures are taken by relevant departments to eliminate systematic problems or flaws in work flow processes or general practices, which are observed in the cases that are on its agenda; directing relevant subsidiaries and monitoring the measures taken.

## Sanctions Process

The Bank's Sanctions Process, including the roles and responsibilities, is explained in detail within the Personnel Communique and communicated to employees through intranet.

Any individual violating the Bank's rules or bringing the Bank into disrepute would be subject to disciplinary action regardless of whether their acts resulted in financial loss to the Bank.

The Disciplinary Committee is authorized to give the following penalties, based on the severity of the act committed: Written Notice, Warning, Censure, Aggravated Censure, Aggravated Censure with Loss of Title, Dismissal. Dismissal is applied in the following cases: any violation of the Bank's Ethical Principles and Ethical Sales Principles,

- Abuse of power;
- Bringing the Bank into disrepute;
- Causing significant financial loss to the Bank;
- Committing a criminal activity.

<sup>50</sup> Responsibilities Regarding "Regulation on Program of Compliance with Obligations of Anti-Money Laundering and Combating the Financing of Terrorism" within the scope of Law No: 5549 on "Prevention of Laundering Proceeds of Crime"

# Appendix 8: Garanti's Integrated Subsidiaries



For information on activities of the Bank's Subsidiaries, please see pages 75 to 87 of the 2014 Annual Report.

	Subsidiaries	Address (City/Country)	Bank's Share - if Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi ve Tic	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	Istanbul/Turkey	96.40	96.40
4	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	100.00
7	Garanti Faktoring Hizmetleri AŞ	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/The Netherlands	100.00	100.00
12	Garanti Bank Moscow	Moscow/ Russia	99.94	100.00
13	Garanti Holding BV	Amsterdam/ Netherlands	100.00	100.00

# Appendix 9: Changes to the Environmental Impact Assessment Regulation

		Old Regulation (October 2013)	New Regulation
<b>Hydropower</b>	<b>EIA</b>	Hydroelectric power plants with installed power of 25 MWm and higher	Hydroelectric power plants with installed power of 10 MWm and higher
	<b>EIA not necessary (PID*)</b>	Hydroelectric power plants with installed power between 1-25 MWm	Hydroelectric power plants with installed power between 1-10 MWm
<b>Solar</b>	<b>EIA</b>	Solar power plants that cover an area of 20 hectares or more	Solar power plants with installed power of 10 MWe and above
	<b>EIA not necessary (PID)</b>	Solar power plants that cover an area of 2 hectares or more	Wind power plants with installed power between 1 MWe - 10 MWe (excludes roof and exterior systems)
<b>Wind</b>	<b>EIA</b>	Wind power plants with turbine numbers of 20 or more	Wind power plants with installed power of 50 MWm and above
	<b>EIA not necessary (PID)</b>	Wind power plants with turbine numbers between 5 - 20	Wind power plants with installed power between 10 MWm - 50 MWm
<b>Hospital</b>	<b>EIA</b>	Hospitals with a capacity of 500 or more beds	-
	<b>EIA not necessary (PID)</b>	Hospitals with a capacity between 50-500 beds	-
<b>Shopping Malls</b>	<b>EIA</b>	Shopping malls with a covered construction area of 50,000 m <sup>2</sup> or more	-
	<b>EIA not necessary (PID)</b>	Shopping malls with a covered construction area between 10,000 - 50,000 m <sup>2</sup>	Projects with an area of 50,000 m <sup>2</sup> or more including closed parking lots

\*Project Introduction Document

# GRI G4 Content Index

→





G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from the CEO page 16	-	No
G4-2	Description of key impacts, risks and opportunities.	Message from the CEO page 16  Garanti in Brief page 20  Please visit pages 121-133 of the 2014 Annual Report to find more information on the Management of Market Risk, Interest Rate Risk Resulting from the Banking Book, Liquidity Risk, Credit Risk, Operational Risk, Reputational Risk and Other Risks: <a href="https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf">https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf</a>	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>ORGANIZATIONAL PROFILE</b>				
G4-3	Name of the organization.	Index. T. Garanti Bankası A.Ş.	-	No
G4-4	Primary brands, products, and/or services.	Garanti in Brief page 20  Please also see: <a href="http://www.garanti.com.tr/en/our_company/about_us.page?">http://www.garanti.com.tr/en/our_company/about_us.page?</a>	-	No
G4-5	Location of organization's headquarters.	G4 Index only. Nispetiye Mah. Aytar Cad. No: 2, 34340 Levent-İstanbul	-	No
G4-6	Number of countries where the organization operates.	Turkey.  Garanti Bank operates in Turkey and serves through international subsidiaries in the Netherlands, Russia and Romania.  Garanti in Brief page 20.  Please also see: <a href="http://www.garanti.com.tr/en/our_company/investor_relations/corporate_information/subsidiaries.page">http://www.garanti.com.tr/en/our_company/investor_relations/corporate_information/subsidiaries.page</a>	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>ORGANIZATIONAL PROFILE</b>				
G4-7	Nature of ownership and legal form.	Türkiye Garanti Bankası Anonim Şirketi was established in Turkey by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946. With an actual free float ratio of 49.95%, Garanti Bank's shares are traded on the Borsa İstanbul (BIST) under the "GARAN" ticker.  Garanti in Brief page 20.	-	No
G4-8	Markets served.	Garanti in Brief page 20.  Please also see: <a href="http://www.garanti.com.tr/en/our_company/about_us.page?">http://www.garanti.com.tr/en/our_company/about_us.page?</a>	-	No
G4-9	Scale of the reporting organization.	'Garanti in Brief' section page 20. In addition, Garanti Bank's financial and operational performance is available on pages 21-22 of the 2014 Annual Report:  <a href="https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf">https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf</a>	-	No
G4-10	Number of employees by employment contract, region and gender.	Focusing on Human Resources page 113.	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>ORGANIZATIONAL PROFILE</b>				
G4-11	Percentage of total employees covered by collective bargaining agreements.	G4 Index only. Garanti Bank respects the constitutional right to become a union member and for collective bargaining. All employees are free to act of their own free will with respect to union membership.	-	No
G4-12	Organization's supply chain.	Supply Chain Management on page 99, Focusing on managing Environmental Impact of Operations section page 96	-	No
G4-13	Significant changes during the reporting period regarding size, structure, form of ownership and supply chain.	G4 Index only. During the reporting period, there were not any changes significant at the Garanti Bank level regarding its size, structure, ownership, or its supply chain. Nevertheless, since Garanti Bank is a large company with extensive operations there were still some changes affecting the Bank's size in terms of number of physical locations as well as organisational changes to management that are detailed on pages 245 and 110 of the 2014 Annual Report respectively.	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>ORGANIZATIONAL PROFILE</b>				
G4-14	Explanation of whether and how the precautionary principle is addressed by the organization.	Focusing on Corporate Sustainability Governance section, page 44. Additionally, the pre-cautionary principle applies in all our business operations. Garanti Bank supports the precautionary principle under the UN Global Compact. Consistent with that principle, Garanti Bank implements a risk-based approach to its operations through extensive management systems.	-	No
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives, to which the organization subscribes or which it endorses.	Garanti Bank adopts various reporting initiatives and works in cooperation with a number of organizations with the aim of improving the reporting of the environmental and the social impacts of its activities, and to promote communication with other stakeholders. The initiatives we subscribe to are listed on page 41 with the date of adoption included in parenthesis. These are internationally adopted initiatives which have been developed with the participation of a wide range of stakeholders. However, Garanti was not involved in the development process of any of these initiatives and we are not able to comment in detail. See Focusing on Stakeholders section, page 37.	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>ORGANIZATIONAL PROFILE</b>				
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations.	Memberships of associations adopted and supported by Garanti Bank are listed on page 41.	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17	(a) List all entities included in the organization's consolidated financial statements or equivalent documents. (b) Entities included in the organization's consolidated financial statements or equivalent documents are not covered by the report.	Unless stated otherwise, this Report focuses on the operations of Türkiye Garanti Bankası A.Ş. only. The boundary for the Specific Standard Disclosures in this Report such as for the sections on the Bank's GHG Emissions is Türkiye Garanti Bankası A.Ş. plus the following subsidiaries: Garanti Konut Finansmanı Danışmanlık Hiz. A.Ş (Garanti Mortgage), Garanti Ödeme Sistemleri A.Ş. (Garanti Payment Systems) and Garanti Bilişim Teknolojisi ve Tic. TAŞ (Garanti Technology).  The economic indicator data in this report covers all the Garanti entities covered by the consolidated financial statements reported on page 217 to the 2014 Annual Report and the full list of these subsidiaries is also shown in Appendix 8 to this Sustainability Report.	-	No
G4-18	(a) Process for defining the report content and Aspect Boundaries. (b) How the organization has implemented the Reporting Principles for Defining Report Content.	Approach to Materiality section, page 42	-	No
G4-19	(a) List of all the material Aspects identified in the process for defining report content.	Appendix 9 on page 130 of the 1 July 2012 – 31 December 2013 Garanti Bank Sustainability Report. <a href="http://static.globalreporting.org/report-pdfs/2014/4cefc2d080f91b05a0561f08a4903f37.pdf">http://static.globalreporting.org/report-pdfs/2014/4cefc2d080f91b05a0561f08a4903f37.pdf</a>	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-20	(a) Materiality of Aspects within the organization	Appendix 9 on page 130 of the 1 July 2012 – 31 December 2013 Garanti Bank Sustainability Report. <a href="http://static.globalreporting.org/report-pdfs/2014/4cefc2d080f91b05a0561f08a4903f37.pdf">http://static.globalreporting.org/report-pdfs/2014/4cefc2d080f91b05a0561f08a4903f37.pdf</a>	-	No
G4-21	(a) Materiality of Aspects outside the organization.	Appendix 9 on page 130 of the 1 July 2012 – 31 December 2013 Garanti Bank Sustainability Report. <a href="http://static.globalreporting.org/report-pdfs/2014/4cefc2d080f91b05a0561f08a4903f37.pdf">http://static.globalreporting.org/report-pdfs/2014/4cefc2d080f91b05a0561f08a4903f37.pdf</a>	-	No
G4-22	(a) The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	There have been restatements due to improvements in the quality of the measurement methods used to calculate certain environmental data.  These restatements affect prior year data in the report. Restated data is highlighted in Tables 8 and 9 on page 70; Table 21 on page 102 and the table for Garanti's Sustainability-related indicators' (Corporate Governance and Economic) Table on page 35 to this Sustainability Report.	-	No
G4-23	a) Significant changes in the Scope and Aspect Boundaries.	G4 Index only. There have been no significant changes in scope or aspect boundaries from the previous reporting period.	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>STAKEHOLDER ENGAGEMENT</b>				
G4-24	(a) List of stakeholder groups engaged by the organization.	Focusing on Stakeholders section on page 37.	-	No
G4-25	(a) Basis for identification and selection of stakeholders with whom to engage.	Focusing on Stakeholders section, page 37.	-	No
G4-26	(a) Organization's approach to stakeholder engagement.	Focusing on Stakeholders section, page 37.	-	No
G4-27	(a) Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Table 5, page 55 in Focusing on Corporate Sustainability Governance section	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>REPORT PROFILE</b>				
G4-28	Reporting period.	G4 Index only. This Sustainability Report covers the 12-month period from 1st of January, 2014 to 31 December 2014.	-	No
G4-29	Date of the most recent previous report.	G4 Index only. The previous Sustainability Report covers the 18-month period from 1 July 2012 to 31 December 2013.	-	No
G4-30	Reporting cycle.	Recent sustainability reports have covered an 18-month period. We have switched to a 12-month reporting period based on calendar year starting with this report for 2014.	-	No
G4-31	Contact point for questions.	Project and Acquisition Finance and Sustainability Department, Sustainability Team, Ms Derya Özet Yalgi, Phone: +90 212 318 13 87, e-mail: <a href="mailto:DeryaO@garanti.com.tr">DeryaO@garanti.com.tr</a>	-	No
G4-32	GRI Content Index and 'in accordance' option.	Comprehensive Option, About this Report, page 7.	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>REPORT PROFILE</b>				
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	G4 Index only. Although Garanti Bank has not obtained external assurance of the full report, the Bank has obtained Limited Assurance on its Scope 1 and 2 GHG Emissions "for the second time" for calendar year 2014 that will be reported to CDP in the Bank's 2015 response. In addition, all significant sustainability data appearing in this report was subjected to our comprehensive internal metrics systems through which we employ a variety of internal and external processes to bring assurance that our operations are transparent and the information we report is accurate and truly reflective of our actual results. Garanti Bank's financial performance is independently audited and some of the indicators presented in this report are checked by periodical audits.	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>GOVERNANCE</b>				
G4-34	Governance structure of the organization.	Focusing on Corporate Sustainability Governance page 44	-	No
G4-35	The process for delegating authority for sustainability topics	Sustainability Committee, Corporate Governance section, page 54	-	No
G4-36	Executive-level positions with responsibility for sustainability topics	Sustainability Committee, Corporate Governance section, page 54	-	No
G4-37	Processes for consultation between stakeholders and the highest governance body	Sustainability Committee, Corporate Governance section, page 54	-	No
G4-38	Composition of the highest governance body and its committees	Table 3, page 45, Focusing on Corporate Sustainability Governance.  Please also see pages 99-116 of the 2013 Annual Report at: <a href="https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf">https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf</a>	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>GOVERNANCE</b>				
G4-39	Position of the chair of the board of directors	Focusing on Corporate Sustainability Governance page 44. The Chairman of the Board of Directors does not carry any executive duties. For further information please see Corporate Governance section pages 99-116 of the 2014 Annual Report.	-	No
G4-40	Nomination and selection processes for the highest governance body and its committees	Garanti Bank's Corporate Governance Structure, pages 99-116 of the 2014 Annual Report	-	No
G4-41	Avoiding conflicts of interest	Focusing on Corporate Sustainability Governance page 44, Corporate Governance Section of the Annual Report 2014 pages 99-116	-	No
G4-42	The role of the highest governance body and senior executives in setting purpose, values and strategy	Focusing on Corporate Sustainability Governance page 44, Corporate Governance Section of the Annual Report 2014 pages 99-116	-	No
G4-43	Measures taken to enhance the Board of Directors' collective knowledge of sustainability topics	Focusing on Corporate Sustainability Governance page 44.	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>GOVERNANCE</b>				
G4-44	Evaluating board performance with respects to sustainability topics	Focusing on Corporate Sustainability Governance page 44. Please see page 99-116 of the 2014 Annual Report at: <a href="https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf">https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf</a>	-	No
G4-45	The role of Board of Directors in the identification and management of economic, environmental and social impacts, risks and opportunities	Focusing on Corporate Sustainability Governance page 44	-	No
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Sustainability Committee page 54, Corporate Governance section.	-	No
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Sustainability Committee page 54, Corporate Governance section	-	No
G4-48	The highest committee or position to formally approve this report and its materiality review	Sustainability Committee page 54, Corporate Governance section	-	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>GOVERNANCE</b>				
G4-49	Process for communicating critical concerns to the highest governance body	Sustainability Committee page 54, Corporate Governance section	-	No
G4-50	Nature and number of critical concerns communicated to the highest governance body	Sustainability Committee page 54, Corporate Governance section	-	No
G4-51	Remuneration policies for the Board of Directors and senior executives	-	We are not able to declare this data since it is not a business norm in the markets where we operate and is commercially sensitive.	No
G4-52	Process for determining remuneration	Focusing on Corporate Sustainability Governance page 44, Corporate Governance Section of the Annual Report 2014 pages 99-116	-	No
G4-53	Inclusiveness of stakeholders' views regarding remuneration	Focusing on Stakeholders page 37, Focusing on Corporate Sustainability Governance page 44	-	No
G4-54	Ratio of the annual total compensation for the organization's highest paid individual to the median annual total compensation	-	We are not able to declare this data since it is not a business norm in the markets where we operate and is commercially sensitive.	No

G4 GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>GOVERNANCE</b>				
G4-55	Ratio of percentage increase with regards to G4-54	-	We are not able to declare this data since it is not a business norm in the markets where we operate and is commercially sensitive.	No



**G4 GENERAL STANDARD DISCLOSURES**

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>ETHICS AND INTEGRITY</b>				
G4-56	The organization's values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics.	Policies and Principles page 47, Focusing on Corporate Sustainability Governance, section, Whistleblowing Programme. <a href="http://assets.garanti.com.tr/assets/pdf/en/sustainability/anti_fraud_policy.pdf">http://assets.garanti.com.tr/assets/pdf/en/sustainability/anti_fraud_policy.pdf</a>	-	No
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour.	Policies and Principles page 47, Focusing on Corporate Sustainability Governance, section, Whistleblowing Programme. <a href="http://assets.garanti.com.tr/assets/pdf/en/sustainability/anti_fraud_policy.pdf">http://assets.garanti.com.tr/assets/pdf/en/sustainability/anti_fraud_policy.pdf</a>	-	No
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour.	Policies and Principles page 47, Focusing on Corporate Sustainability Governance, section, Whistleblowing Programme. <a href="http://assets.garanti.com.tr/assets/pdf/en/sustainability/anti_fraud_policy.pdf">http://assets.garanti.com.tr/assets/pdf/en/sustainability/anti_fraud_policy.pdf</a>	-	No

**G4 SPECIFIC STANDARD DISCLOSURES**

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>ECONOMIC</b>					
Economic Performance	DMA -	Focusing on Customers through Sustainable Finance page 62, Focusing on Corporate Sustainability Governance page 44	-	No	
Economic Performance	G4-EC1	Direct economic value generated and distributed	Annual Report 2014, Section 6 Consolidated Financial Report, pages 249 to 347	-	No
Economic Performance	G4-EC2	Risks and opportunities due to climate change	Index. Garanti's efforts to manage climate change related risks and opportunities can be classified into two categories,  - asset level risks and opportunities which are associated with the loan portfolio and company level risks and  - opportunities which are related to the physical infrastructure and the human resources of the Bank.	-	No
Economic Performance	G4-EC3	Coverage of defined benefit plan obligations	Detailed information is given at pages 264-265 of the 2014 Annual Report at: <a href="https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf">https://www.garantiinvestorrelations.com/en/images/pdf/garanti_bank_annual_report2014.pdf</a>	-	No
Economic Performance	G4-EC4	Financial assistance from government	G4 Index only. Garanti bank did not receive any financial assistance from Government during the reporting period.	-	No
Market Presence	DMA -	Focusing on Customers through Sustainable Finance Page 62, Focusing on Corporate Sustainability Governance page 44	-	No	
Market Presence	G4-EC5	Entry level wage by gender compared to minimum wage	G4 Index only. All Garanti bank staff are paid more than the minimum wage	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator		Page	Omissions	External Assurance
<b>ECONOMIC</b>					
Market Presence	G4-EC6	Local hiring	G4 Index only. The senior management including the CEO, EVPs and Coordinators is Turkish. By doing this the Bank is better able to understand and serve an increasingly wide range of customers across Turkey. In Garanti's overseas operations, local talent is also hired at various levels of the organisations.	-	No
Indirect Economic Impacts	DMA	-	Focusing on Customers through Sustainable Finance Page 62, Focusing on Corporate Sustainability Governance page 44	-	No
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	Focusing on Customers through Sustainable Finance Page 62	-	No
Indirect Economic Impacts	G4-EC8	Significant indirect economic impacts	Focusing on Customers through Sustainable Finance Page 62, Focusing on Communities, page 133	-	No
Procurement Practices	DMA	-	Material aspects and boundaries on page 42, Supply Chain Management section on Page 99, Environmental Management System on page 97	-	No
Procurement Practices	G4-EC9	Spending on local suppliers	Supply Chain Management section on page 99, Focusing on Managing Environmental Impact of Operations page 97	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator		Page	Omissions	External Assurance
<b>ENVIRONMENTAL</b>					
Energy	DMA	-	Material aspects and boundaries on page 42, Focusing on Managing Environmental Impact of Operations page 96, Focusing on Corporate Sustainability Governance page 44	-	No
Energy	G4-EN3	Energy consumption within the organisation	Focusing on Managing Environmental Impact of Operations page 96	-	No
Energy	G4-EN4	Energy consumption outside of the organisation	Focusing on Managing Environmental Impact of Operations page 96	-	No
Energy	G4-EN5	Energy intensity	*Includes Diesel, Natural Gas, Lignite, Diesel (mobile), Gasoline (mobile), Electricity within Garanti Bank facilities in Turkey, Garanti Mortgage, Garanti Payment Systems and Garanti Technology  **Includes Garanti Bank facilities in Turkey, Garanti Mortgage, Garanti Payment Systems and Garanti Technology	-	No
Energy	G4-EN6	Reduction of energy consumption	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Energy	G4-EN7	Reductions in energy requirements of products and services	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Emissions	DMA	-	Focusing on Managing Environmental Impact of Operations page 96, Focusing on Corporate Sustainability Governance page 44.	-	No
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Emissions	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Focusing on Managing Environmental Impact of Operations page 96.	-	No

**G4 SPECIFIC STANDARD DISCLOSURES**

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance
<b>ENVIRONMENTAL</b>				
Emissions	G4-EN17 Other indirect greenhouse gas (GHG) emissions (scope 3)	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Emissions	G4-EN18 Greenhouse gas (GHG) emissions intensity	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Emissions	G4-EN19 Reduction of greenhouse gas (GHG) emissions	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Emissions	G4-EN20 Emissions of ozone-depleting substances (ODS)	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Emissions	G4-EN21 NOx, SOx, and other significant air emissions	G4 Index only. Garanti Bank does not report on this indicator as the disclosure is not material to its business because the Bank's business activities and operations do not generate significant emissions of these substances.	-	No
Products and Services	DMA -	Focusing on Customers through Sustainable finance page 62, Focusing on Corporate Sustainability Governance page 44.	-	No
Products and Services	G4-EN27 Mitigation of environmental impacts of products and services	Focusing on Customers through Sustainable finance page 62, Focusing on Corporate Sustainability Governance page 44.	-	No
Products and Services	G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category	G4 Index only. This indicator is not material to the Bank since in the course of its operations it does not produce significant amounts of packaging materials.	-	No

**G4 SPECIFIC STANDARD DISCLOSURES**

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance
<b>ENVIRONMENTAL</b>				
Environmental Compliance	DMA -	Focusing on Customers through Sustainable Finance Page 62, Focusing on Managing Environmental Impact of Operations page 96, Focusing on Corporate Sustainability Governance page 44	-	No
Environmental Compliance	G4-EN29 Fines and sanctions for non-compliance with environmental regulations	G4 Index only. There have not been any significant fines or incidents of non-compliance with environmental laws and regulations during the reporting period.	-	No
Transport	DMA -	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Transport	G4-EN30 Significant environmental impacts of transportation	Focusing on Managing Environmental Impact of Operations page 96, Material Aspects and Boundaries on page 42	-	No
Overall	DMA -	Focusing on Customers through Sustainable finance page 62, Focusing on Managing Environmental Impact of Operations page 96, Focusing on Corporate Sustainability Governance page 44.	-	No
Overall	G4-EN31 Environmental expenditures and investments	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Supplier Environmental Assessment	DMA -	Focusing on Managing Environmental Impact of Operations page 96.	-	No
Supplier Environmental Assessment	G4-EN32 Percentage of new suppliers that were screened using environmental criteria	Supply Chain Management on page 99, Focusing on Managing Environmental Impact of Operations page 96.	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>ENVIRONMENTAL</b>					
Supplier Environmental Assessment	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain	Focusing on Customers through Sustainable finance page 62, Material Aspects and Boundaries on page 42.	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>SOCIAL: LABOUR PRACTICES AND DECENT WORK</b>					
Employment	DMA	-	Focusing on Human Resources page 113	-	No
Employment	G4-LA1	New employee hires and employee turnover	Focusing on Human Resources, page 113	-	No
Employment	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees	Focusing on Human Resources, page 113	-	No
Employment	G4-LA3	Return to work and retention rates after parental leave	Focusing on Human Resources page 113	-	No
Labour/ Management Relations	DMA	-	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44	-	No
Labour/ Management Relations	G4-LA4	Minimum notice periods regarding operational changes	Focusing on Human Resources page 113. Garanti Bank makes every effort to avoid redundancies. Whenever restructuring and/ or redeployment are unavoidable however, the Bank's processes and guidelines seek to minimize the impact on those who may be affected	-	No
Occupational Health and Safety	DMA	-	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44	-	No
Occupational Health and Safety	G4-LA5	Percentage of workforce represented in formal joint management-worker health and safety committees	Focusing on Human Resources page 113	-	No

**G4 SPECIFIC STANDARD DISCLOSURES**

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>SOCIAL: LABOUR PRACTICES AND DECENT WORK</b>					
Occupational Health and Safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	In the reporting period, there were 118 work-related incidents of injury; and no work-related incidents of death. There were not any work-related diseases. The total lost days data is collected on the basis of medical reports of sickness leave and injuries.  The number of total lost days is reported on page 121.	-	No
Occupational Health and Safety	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Index. None of our employees are subject to a high risk of any serious diseases from the Bank's occupational activities. Our Bank's intranet contains readily accessible information that is useful in dealing with a variety of subjects such as how to cope with the flu.	-	No
Occupational Health and Safety	G4-LA8	Health and safety topics covered in formal agreements with trade unions	G4 Index only. As per relevant regulations, all employees are required to notify their employer upon their becoming a member of a union. The number of employees who had made such notification at the beginning of the reporting period was zero and no such notification has been made to Garanti Bank during the reporting period.	-	No
Learning and Development	DMA	-	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44	-	No
Learning and Development	G4-LA9	Average hours of training per year per employee by gender, and by employee category	Focusing on Human Resources page 113	-	No
Learning and Development	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	G4 Index only. When employees join Garanti Bank, they automatically become members of the 'T. Garanti Bankası A.Ş. Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı' (Garanti Bank Pension Fund Foundation), which was founded in accordance with temporary article no. 20 of the Social Securities Law no. 506.	-	No

**G4 SPECIFIC STANDARD DISCLOSURES**

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>SOCIAL: LABOUR PRACTICES AND DECENT WORK</b>					
Learning and Development	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Focusing on Human Resources page 113	-	No
Diversity and Equal Opportunity	DMA	-	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44	-	No
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and employee breakdown	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44	-	No
Equal Remuneration for Women and Men	DMA	-	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44	-	No
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men	Garanti Bank's compensation system is totally gender-neutral and based entirely on performance. Salary variations result from relative experience levels of employees. For instance, upper level male managers have approximately 15% longer experience than upper level female managers.	-	No
Labour Practices Grievance Mechanisms	DMA	-	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44	-	No
Labour Practices Grievance Mechanisms	G4-LA16	Grievances about labor practices through Formal grievance mechanisms	Focusing on Human Resources page 113. No complaints were lodged on any matter pertaining to labour practices during the reporting period.	-	No

**G4 SPECIFIC STANDARD DISCLOSURES**

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>SOCIAL: HUMAN RIGHTS</b>					
Investment	DMA -	Focusing on Customers through Sustainable Finance page 62	-	No	
Investment	G4-HR1	Human rights screening or clauses included in significant investment agreements	100% of all significant investment agreements are assessed using the Bank's E&S Impact Assessment Process that covers human rights issues. Focusing on Customers through Sustainable Finance page 62	-	No
Investment	G4-HR2	Employee training on human rights	G4 Index only. Although no training was delivered that specifically focussed on Human Rights, the Bank does provide numerous sustainability trainings to all its personnel that incorporate material on some human rights topics such as ethics. For example, the total duration of trainings on Sustainability E-learning Program during the reporting period was 1,297 hours.	-	No
Non-discrimination	DMA -	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44.	-	No	
Non-discrimination	G4-HR3	Actions taken in incidents of discrimination	Index. There were no incidents of discrimination reported during the reporting period.	-	No
Freedom of Association and Collective Bargaining	DMA -	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44.	-	No	
Freedom of Association and Collective Bargaining	G4-HR4	Supporting right to freedom of association and collective bargaining in risk areas	G4 Index only. Garanti Bank respects the constitutional right regarding unionization and collective labor contracts. All employees are free with respect to union membership and act of their own free will. During the reporting period, Garanti Bank had no dealings with any supplier who, to the Bank's knowledge, was in violation of their employees' union rights, which is to say of their employees' right to join or not to join a trade or labor union.	-	No

**G4 SPECIFIC STANDARD DISCLOSURES**

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>SOCIAL: HUMAN RIGHTS</b>					
Security Practices	DMA -	Material aspects and boundaries on page 42, Focusing on Corporate Sustainability Governance page 44.	-	No	
Security Practices	G4-HR7	Percentage of security personnel trained in human rights policies or procedures	G4 Index only. The procedures required to be followed by the security personnel of the Bank are governed under the relevant Security Procedure and published in the Bank's intranet. As per applicable regulations, all private security personnel employed by the Bank are required to complete 120 hours of training and satisfy minimum testing requirements. The training is overseen and monitored by the Ministry of Internal Affairs. In addition to the regulatory training, Garanti Bank further requires its security personnel to complete on-the-job training for 15 days as well as 2 days of in-class training. Security personnel also receive ad hoc training on various subjects during their employment.	-	No
HR Assessment	DMA -	Focusing on Corporate Sustainability Governance page 44, Material aspects and boundaries on page 42	-	No	
HR Assessment	G4-HR9	Operations subject to human rights reviews or impact assessments	G4 Index only. No operations have been subject to human rights reviews and/or impact assessments during the reporting period	-	No
Human Rights Grievance Mechanisms	DMA -	Focusing on Human Resources page 113, Focusing on Corporate Sustainability Governance page 44, Material aspects and boundaries on page 42	-	No	
Human Rights Grievance Mechanisms	G4-HR12	Grievances about human rights through formal grievance mechanisms	G4 Index only. No complaints were lodged on any matter pertaining to human rights during the reporting period.	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>SOCIAL: SOCIETY</b>					
Local Communities	DMA -	Focusing on Communities page 133, Focusing on Corporate Sustainability Governance page 44, Corporate Profile page 30, Material aspects and boundaries on page 42	-	No	
Local Communities	G4-SO1	Local community engagement, impact assessments, and development programs	G4 Index only. The total amount of contributions and donations made by the Bank in 2014 was TL 17,186,001 (2013: TL 18,001,967). Based on its commitment to corporate social responsibility, the Bank makes donations and contributions mostly to persons, non-governmental organizations, societies or foundations, public entities and organizations that are engaged in the fields of education, culture, art, environment and sports throughout all regions of Turkey. Donations can also be made to promote the Bank's corporate identity and to expand the coverage of banking activities. Amounts and Beneficiaries of the donations made in 2014 are disclosed on page 140 of the 2014 Annual Report.	-	No
Local Communities	G4-SO2	Operations with significant negative impacts on local communities	G4 Index only. There were no in-house operations with significant potential or actual negative impacts on local communities during the reporting period. On the other hand, Garanti Bank aims to control its indirect impact on the environment and society through ESLP and ESIAP. Focusing on Customers through Sustainable Finance Page 62	-	No
Local Communities	FS-13	Access points in low-populated or economically disadvantaged areas.	G4 Index only. Garanti Bank does not have access points in low populated areas.	-	No
Local Communities	FS-14	Initiatives to improve access to financial services for disadvantaged people.	Focusing on Customers through Sustainable Finance Page 62	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance	
<b>SOCIAL: SOCIETY</b>					
Anti-corruption	DMA -	Focusing on Corporate Sustainability Governance page 44, Material aspects and boundaries on page 42	-	No	
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Focusing on Corporate Sustainability Governance page 44, Focusing on Customers through Sustainable Finance Page 62. Internal control monitoring activities are grounded in predefined fraud scenarios which have been formulated on the basis of early-warning signals that take the entire Bank into account. Virtually every headquarters unit is inspected at regular intervals by the Board of Inspectors. The Bank's Anti-Fraud Unit also continuously develops strategies which are capable of identifying, controlling, and preventing instances of externally-sourced fraud anywhere in the Bank.	-	No
Anti-corruption	G4-SO4	Communication and training on anti-corruption policies and procedures	Focusing on Corporate Sustainability Governance page 44, Focusing on Customers through Sustainable Finance Page 62.	-	No
Anti-corruption	G4-SO5	Confirmed incidents of corruption and actions taken.	G4 Index only. Investigation activities aim at detecting/preventing fraudulent activities and all applications, transactions and attitudes contrary to policies, procedures and Ethical Principles of the Bank. Investigation reports are evaluated and concluded by the Disciplinary Committee. A criminal report is made if necessary.	-	No
Anti-competitive Behaviour	DMA -	Focusing on Corporate Sustainability Governance page 44	-	No	
Anti-competitive Behaviour	G4-SO7	Total number of legal actions for anti-competitive behavior, and anti-trust and monopoly practices and their outcomes.	Focusing on Corporate Sustainability Governance page 44	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>				
Product and Service Labelling	DMA -	Focusing on Customers through Sustainable Finance Page 62, Focusing on Corporate Sustainability Governance page 44	-	No
Product and Service Labelling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	-	No
Product and Service Labelling	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	No
Product and Service Labelling	G4-PR5	Results of surveys measuring customer satisfaction	-	No
Marketing Communications	DMA -	Focusing on Customers through Sustainable Finance Page 62, Focusing on Corporate Sustainability Governance page 44	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator	Page	Omissions	External Assurance
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>				
Marketing Communications	G4-PR6	Sale of banned or disputed products.	-	No
Marketing Communications	G4-PR7	Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	-	No
Customer Privacy	DMA -	Focusing on Corporate Sustainability Governance page 44, Focusing on Customers through Sustainable Finance page 62	-	No
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	No



G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator		Page	Omissions	External Assurance
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>					
Compliance	DMA	-	Material aspects and boundaries on page 42, Focusing on Corporate Sustainability Governance page 44	-	No
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Focusing on Corporate Sustainability Governance page 44	-	No
Product Portfolio	DMA	-	Corporate Profile page 30, Focusing on Customers through Sustainable Finance Page 62	-	No
Product Portfolio	FS-6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Corporate Profile page 30. See also Annual Report 2014, page 184, note 4.2.2	-	No
Product Portfolio	FS-7	Monetary value of products and services designed to deliver specific social benefit for each business line, broken down by purpose.	Focusing on Customers through Sustainable Finance Page 62	-	No
Product Portfolio	FS-8	Monetary value of products and services designed to deliver specific environmental benefit for each business line, broken down by purpose.	Focusing on Customers through Sustainable Finance Page 62	-	No
Audit	DMA	-	Focusing on Corporate Sustainability Governance page 44	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA / G4 Indicator		Page	Omissions	External Assurance
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>					
Active Ownership	DMA	-	Annual Report 2014, page 184, note 4.2.2.	-	No
Active Ownership	FS-10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Focusing on Managing Environmental Impact of Operations page 96. The ESLP is applied to 100% of the companies in Garanti Bank's portfolio. Additionally, Garanti Bank applies ESIAM to projects with an investment amount of more than US\$ 20 million.	-	No
Active Ownership	FS-11	Percentage of assets subject to positive and negative environmental or social screening.	Focusing on Customers through Sustainable Finance Page 62	-	No

## Legal Disclaimer

Türkiye Garanti Bankası A.Ş. (the “**Bank**”) expressly disclaims any and all liability which is based on the information and statements or any part thereof contained in (or omitted from) this Sustainability Report.

---

## Contact

### **Sustainability Team**

[sustainability@garanti.com.tr](mailto:sustainability@garanti.com.tr)

Türkiye Garanti Bankası A.Ş.  
Levent Nispetiye Mah.  
Aytar Cad. No:2  
İstanbul 34340 Turkey

### **Reporting Consultant**

EY

---



This report is printed on recycled paper.



SUSTAINABILITY REPORT  
2014