

# Corporate Governance Principles Compliance Report

Garanti BBVA's **effective Board of Directors is at the heart of the Bank's well-functioning governance structure and goes beyond fiduciary responsibilities.** It acts as the ultimate internal monitor and contributes an outside view to corporate strategy, oversees performance against the strategy set out and helps Garanti BBVA thrive in the long run. **To ensure effective risk management, the Board monitors compliance, internal control and risk management policies and systems that are aligned with the Bank's strategy and risk appetite, as well as subsequently performing its oversight function.**

Every year, Garanti BBVA obtains **reasonable assurance from an independent auditor for the financial data** covered in its Integrated Annual Report, and **limited assurance for selected non-financial data** as defined in detail in the auditor's report. The Bank shares the independent assurance reports within its Integrated Annual Report on the website at [www.garantibbvaannualreport.com](http://www.garantibbvaannualreport.com).

 Further details about independent audit fees can be found in footnote 5.9 to financial statements under Library>Financials tab at the address [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).

## STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Türkiye Garanti Bankası A.Ş. ("Garanti Bank" or "Garanti" or "the Bank" or "Garanti BBVA") complies with the corporate governance principles set out by the banking legislation, capital market legislation, as well as the Turkish Commercial Code and other applicable legislation, and pays the utmost attention to implement these principles. Garanti BBVA accordingly updates its annual reports and website, making them available to all its stakeholders. The shareholders can access **comprehensive information**, get information about the latest **developments and activities** from the regularly updated **Garanti BBVA Investor Relations website** at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com),

and can address their **questions to the Investor Relations Department and to the Subsidiaries and Shareholders Service.**

In keeping with Garanti BBVA's commitment to corporate governance principles, information about the Bank's compliance with non-mandatory principles under the Corporate Governance Communiqué numbered II-17.1 is provided under the related headings of this report. In addition, disclosures within the scope of Sustainability Principles Compliance Framework as per the Communiqué (no: II.17.1a) amending the Corporate Governance Communiqué (no. II.17.1) whereby necessary additions were made on 02 October 2020 to Articles 1 and 8 of the Corporate Governance Communiqué are provided under the related headings.

The Corporate Governance Committee was established in February 2013, pursuant to the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency ("BRSA") and the Communiqué Serial: IV-56 on the Determination and Implementation of Corporate Governance Principles issued by the Capital Markets Board of Türkiye (CMB), which was effective at the time. The Committee is **responsible for overseeing compliance with corporate governance principles and for ensuring that relevant improvement efforts are carried out at the Bank. In 2021, the Committee held 3 meetings with full participation of its members. The Board of Directors deemed that the activities performed by the Corporate Governance Committee in 2021 were efficient, appropriate, adequate and compliant with the relevant legislation.** The activities of the Corporate Governance Committee are presented in detail in the Committees section.

On the other hand, Garanti BBVA, during 2021, achieved compliance with all of the mandatory principles of the Corporate Governance Communiqué No. II-17.1. **Compliance status with the Corporate Governance Principles**, including compliance with non-mandatory principles, is summarized in the table below.

Section	Full Compliance	Partial Compliance	N/A	Exempted	No Compliance
Shareholders	15	0	1	0	1
Public Disclosure and Transparency	5	0	0	0	0
Stakeholders	20	0	0	0	1
Board of Directors	19	3	1	0	2
Total	59	3	2	0	4

Compliance status with the sustainability principles is summarized in the table below:

Type	Full Compliance	Partial Compliance	Exempted	N/A
General	11	1	0	0
Environment	25	1	0	0
Social	16	0	0	0
Governance	6	0	0	0
Total	58	2	0	0

Garanti BBVA received its first **Corporate Governance Rating** in 2014. Based on the rating service continued to be received from JCR Eurasia Rating, the Bank's Corporate Governance Principles compliance rating was upgraded from **9.14 in 2014 to 9.79 in 2021**, and the rating was assigned a **Positive Outlook**. Garanti BBVA continues to be included in the **Borsa İstanbul Corporate Governance Index** as its Corporate Governance Rating score is above the threshold score of 7.

## I. BOARD OF DIRECTORS

Garanti BBVA has a **one-tier Board of Directors that is formed by 11 members with the composition of 2 female and 9 male board members** as of 31 December 2021. In accordance with the principle of **separation of powers and authority**, the **Chairman and the CEO have different roles** at Garanti BBVA. 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. **The CEO is the only executive member of the Board of Directors.**

Three non-executive members of the Board have board memberships in Garanti BBVA subsidiaries, four non-executive members have board memberships in other companies and three non-executive members have board of trustees memberships in foundations.

There are **four independent members** on the Board of Directors. CMB requirements regarding Corporate Governance Principles stipulate that **minimum three independent members must serve on the boards of directors of banks**. Since the Board members assigned as members of the **Audit Committee** are deemed as **independent Board members** according to CMB regulations, Jorge Saenz-Azcunaga Carranza, Sema Yurdum and Avni Aydın Düren, who currently serve as Audit Committee members, are independent Board members. In addition, Mevhibe Canan Özsoy was elected an independent Board member at the Ordinary General Shareholders' Meeting convened on 31 March 2021. Quoted below is the declaration of independence by Mevhibe Canan Özsoy:

TO TÜRKİYE GARANTİ BANKASI A.Ş. CORPORATE GOVERNANCE COMMITTEE,

I hereby declare that I stand for serving as an "independent member" on the Bank's Board of Directors pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board of Turkey. In this context, I hereby declare as follows:

- I have not held a seat on the Bank's Board of Directors for more than six years in the past ten years,
- Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Bank, any company in which the Bank has management control or significant influence, or any shareholder having management control or significant influence over the Bank or any corporate entity in which these shareholders have management control,
- I was neither a shareholder (5% and higher), nor have I

worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years,

d) I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,

e) I am not a full-time employee of public institutions and establishments as at the date of nomination,

f) I am considered to be a resident of Turkey as for the purposes of the Income Tax Law,

g) I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Bank's operations, maintaining my independence in possible conflicts of interest between the Bank's shareholders, and making decisions freely taking into consideration the rights of stakeholders,

h) I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Bank's affairs and to fully meet the requirements of the duties I undertake,

i) I am not serving as an independent board member in any company, which is controlled by the Bank or by shareholders having management control over the Bank,


j) I will be serving on the Bank's Board of Directors as a real person and in this context, I have not been registered and promulgated in the name of any corporate entity elected as a board member.

No circumstances arose in 2021 fiscal year, which prejudiced the independence of independent Board members.

During 2021, **Javier Bernal Dionis resigned from his seat on the Board of Directors and was succeeded by Pablo Alfonso Pastor Munoz.**

The **positions** held by our Bank's Board of Directors members **in and out of the group are stated in their résumés.** Pursuant

to Article 396 of the Turkish Commercial Code, the General Assembly authorized the members of the Board of Directors of Garanti BBVA to execute a transaction of a commercial business nature that falls under the Bank's field of operation on their own or other's behalf or to become a partner with unlimited liability in a company engaged in the same kind of commercial affairs, during the reporting period.

 [Résumés, terms of office and positions of the Board members can be found under the Corporate Governance tab at \[www.garantibbvaannualreport.com\]\(http://www.garantibbvaannualreport.com\).](#)

## **A. WORKING PRINCIPLES AND PROCEDURES OF THE BOARD OF DIRECTORS**

The Board of Directors of the Bank, as the **highest body of representation, direction, management** and oversight of the Bank, operates in order to fulfill the roles and responsibilities appointed to it by the Articles of Association and related legislation. The Board of Directors operates on the principle that it must **convene as and when necessitated by the Bank's affairs and transactions, but at least once a month.** Pursuant to the Articles of Association of the Bank, the Board of Directors **meets with the attendance of seven members minimum and resolutions** of the Board of Directors are **taken by affirmative votes of at least seven members present in the meeting.** In 2021, the Board of Directors **resolved 16 decisions by satisfying the required quorums for meeting and decision.**

 [Garanti BBVA's Internal Directive on the Working Principles and Procedures of the Board of Directors can be found under the Environment, Social and Governance > Policies tab at \[www.garantibbvainvestorrelations.com\]\(http://www.garantibbvainvestorrelations.com\).](#)

## **B. BOARD OF DIRECTORS SUSTAINABILITY AND DIVERSITY POLICY**

The Bank issued the **Board of Directors Sustainability and Diversity Policy on 8 July 2021.** The Policy sets out the principles and criteria governing the adequate composition, suitability and diversity of the members of Garanti BBVA Board of Directors. The Policy has set the **target that female directors will represent at least 25% of the Board of Directors by the end of the 2025 financial year** and beyond.



The Board of Directors Sustainability and Diversity Policy can be found under the Environment, Social and Governance > Policies tab at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).



The Compensation Policy can be found under the Environment, Social and Governance > Policies tab at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).

### C. REMUNERATION

As published on the Bank's website, a **Compensation Policy** has been formulated for the Bank's employees in accordance with the banking and capital market legislation, and it has been **approved by the Board of Directors**. Pursuant to the Bank's Compensation Policy, the policy encourages **fair, transparent, measurable and sustainable success** among employees and is **in alignment with the Bank's risk principles**. **The compensation structure consists of fixed income and variable income items**. The **Remuneration Committee** and the **Talent and Culture Unit** authorized by this Committee are responsible for reviewing and duly executing the compensation policies.

**The benefits provided to the Board of Directors members and senior executives are shown in the Financial Statements**, and the **upper limit of total remuneration** to be paid during any given year to Board members undertaking a specific role at the Bank and to independent Board members are **submitted for approval and determined at the General Shareholders' Meeting**. **As of 31 December 2021, the net payment provided or to be provided to the key managers of the Bank, including the members of the Board of Directors, including compensations paid to key management personnel who left their position during the year, amounted to TL 84 million 704 thousand**. As the public disclosures regarding the remunerations and benefits provided to key managers including Board members are subject the BRSA's regulations on the banks' qualitative and quantitative disclosures with regard to the remuneration policies, such remunerations and benefits are disclosed cumulatively. There is an employee stock ownership program for "identified employees", which is described within the Compensation Policy. **As at year-end 2021, there are 26 identified employees serving at the Bank**. In variable payments made to identified employees, **payment is made in cash and by non-cash means (linked to share certificates)** in line with the principles in the **"Guidelines on Good Compensation Practices in Banks"**. In payment practices that rely on non-cash means within the scope of 2021 variable payments of identified employees, **Banco Bilbao Vizcaya Argentaria S.A. share will be taken as basis**.

**Members of the Bank's Board of Directors** are paid **attendance fees**. The amount of the attendance fee is **determined and approved at the General Shareholders' Meeting**. In addition to the attendance fee paid to the Board members, it has been decided at the Ordinary General Shareholders' Meeting held in 2021 that payments to be made to those Board members who assume a specific position in the Bank and to independent Board members be determined by the Remuneration Committee that has been authorized by the Board of Directors pursuant to Corporate Governance Principles. It has also been resolved to **set a maximum limit of TL 23,000,000 net** for the total compensation so determined and will be paid until the first ordinary general shareholders' meeting to be convened in 2022.

Furthermore, **other financial rights to be provided to the Senior Management** consisting of the members of the Board of Directors, the CEO and Executive Vice Presidents are **determined by the Remuneration Committee** that is established in accordance with the Regulation on the Banks' Corporate Governance Principles published by the Banking Regulation and Supervision Agency (BRSA). Under the provisions of the said Regulation, the Remuneration Committee has **determined the manner of payments to Senior Management and the criteria for performance-based payments, by taking into account the European Union regulations and practices**. Accordingly, Senior Executives receive performance-based payments in addition to their monthly salaries, which payments are determined by the Remuneration Committee based on objective criteria including the economic profitability and key performance indicators of the Bank, as well as subjective criteria based on the respective personal performance. The Remuneration Committee **ensures that such payments do not negatively affect the Bank's capital adequacy ratio and continuity of the Bank's operations**. **Part of the performance-based payments are made in installments and spread over future periods**.

At the Ordinary General Shareholders' Meeting held in 2021, the following information has been provided to the shareholders "Our Bank has established and announced a compensation

policy for all employees pursuant to applicable legislation. A fair, performance and success-based remuneration policy has been created.

Our Bank's Compensation Policy has been implemented as approved and it is reviewed periodically. In addition to the compensation policy covering the Bank's entire personnel, the Remuneration Committee continued to implement the policies it has set in relation to remuneration and bonuses to be paid to the members of the Board of Directors who assume administrative roles and to senior executives, which do not rely solely on profit. The Committee reviewed the same at certain intervals. The policy, which has been developed in line with the local legislation and international practices, continued to be implemented.

**The portion of 10.56% of the total personnel expenses figure for the benefits provided in 2021 to the Bank's employees including the Board members and senior management in the financial statements results from the performance-based bonuses of all employees and variable salary payments.**

Subject to the restrictions imposed by the banking legislation, the Bank may extend loans to Board members and executives. On the other hand, the loans to be disbursed by Garanti BBVA to the members of the Board of Directors and managers are restricted to specific framework by Article 50 of the Banking Law. The Bank does not disburse loans to the members of the Board of Directors and managers outside of the above-mentioned framework."

Kurulu Üyelerine ve Yöneticilerine Garanti BBVA tarafından kullanılacak krediler, Bankacılık Kanunu'nun 50. maddesinde belirli bir çerçeve içinde kısıtlanmaktadır. Yönetim Kurulu Üyelerine ve Yöneticilerine bu çerçeve dışında kredi kullanılmamaktadır."

#### **D. RELATED PARTY TRANSACTIONS**

As of 31 December 2021, the concentration of transaction volumes and balances with the parent bank and its consolidated financial affiliates ("the Group") and pricing policy can be found in the footnote numbered 5.7.2.2 of the Bank's Financial Report as of 31 December 2021.

## **II. SUSTAINABILITY**

Based on its core values, Garanti BBVA defines sustainability as a **pledge to create a powerful and successful business model where long-term values are shared with its customers, employees, shareholders and all populations in places where it pursues operations, as well as minimizing the negative impacts to the environment and the society.** The Bank carries on with its efforts and initiatives in **sustainable development** with a focus on the **combat against climate change and inclusive growth** under Sustainability, which is one of Garanti BBVA's strategic priorities.

In line with the necessity to embed sustainability issues within decision-making mechanisms and business processes in order to create long-term value for stakeholders, Garanti BBVA **laid the foundations of the Sustainability Committee headed by a Board member in 2010.** In 2020, the Sustainability Committee merged with the Responsible Banking Committee. **The Committee meets at least four times a year and addresses sustainability matters that take place among strategic priorities.**

 [The Sustainability Policy can be found under the Environment, Social and Governance > Policies tab and information about the Responsible Banking and Sustainability Committee under the Environment, Social and Governance > Committees tab at \[www.garantibbvainvestorrelations.com\]\(http://www.garantibbvainvestorrelations.com\).](#)

 [Sustainability performance indicators can be found in the Sustainability section of the 2021 Integrated Annual Report.](#)

The Bank reports information on its environmental impact in comparison to prior periods in the light of environmental indicators (GHG emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts).

 [The report can be found under the Environment, Social and Governance > ESG Analyst Data & Presentation tab at \[www.garantibbvainvestorrelations.com\]\(http://www.garantibbvainvestorrelations.com\).](#)

The Bank talks about all of its innovative products and services presented in keeping with **responsible business, financial health**




**and inclusion** concepts and by taking into account the **United Nations Sustainable Development Goals**, together with how its business processes are shaped according to these concepts in the Our Material Matters, Stakeholder Engagement, Contribution to Sustainable Development Goals and Targets and Sustainability sections of 2021 Integrated Annual Report.

 Information about Our Material Matters, Stakeholder Engagement, Contribution to Sustainable Development Goals and Targets, Sustainability can be found in the relevant sections of 2021 Integrated Annual Report.

**In 2021, sustainability has been incorporated within performance system criteria.** Accordingly, **customer satisfaction, service quality, effective management of human resource and sustainability** are included among the fundamental factors affecting performance-based remuneration, in addition to the Bank's financial targets.

The steps Garanti BBVA takes to create value for the economy, the society and all its stakeholders are recognized by national and international authorities.

 The indices, international initiatives, reportings in which the Bank is included and all information on sustainability can be found in the **Environment, Social and Governance** section at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).

### III. INFORMATION SECURITY

Garanti BBVA carries out activities ensuring continued awareness of **compliance with laws and corporate standards, and development of processes that guarantee management of Information Technology (IT)/information security and IT related risks**, in order to effectively **manage reputational risk** across the Bank.

- In terms of governance, the **Information Security Committee** headed by the CEO coordinates all efforts within the Bank to guarantee information security and **monitors policies, procedures, and regulations.**

In 2021;

- **Data Security and Protection Security Committee** was set

up, which meets three times a year.

- The security organization was restructured in alignment with the BRSA's new information systems regulation, and **Enterprise Information Security team was set up, which reports to the CEO.** The Information Security Committee headed by the CEO was reorganized.
- **"Secure connection technologies (VPN)" were broadened** to respond to increased teleworking needs due to the pandemic, and **stricter blocking and tracking rules** were introduced to prevent possible breaches.
- **Cybersecurity Center reorganization project was initiated** to fight evolving and increasing cyber threats more effectively, and to make optimum use of current tools such as data analysis and machine learning and to offer operations on a 24/7 basis.
- Internal shared spaces, file servers are periodically scanned **to detect sensitive data and monitor possible unauthorized access.**
- **Information security training programs** were reviewed and updated.
- **100% alignment** was achieved with the **Swift Customer Security Program** as at year-end 2021; a similar task will be repeated until year-end 2022.
- **Effectiveness against cyber attacks** in the organization's systems was enhanced through development of system rules according to the MITRE ATT&CK matrix, which systematically defines and publishes the techniques, tactics and procedures used by cyber attackers on the basis of worldwide examination of the same.
- New security technologies were introduced to **detect abnormalities** in network traffic.
- As part of **security awareness efforts**, various tools are used which include internal bulletins, specific security recommendations, contests for increasing employees' knowledge and simulations for raising increased awareness against phishing attacks.
- A **new technology** has been developed **to detect and prevent potential data leakages** in the organization. A patent application has been filed for the technology.
- The **ID management system** managing employees' authorizations on different infrastructures and applications were **rolled over across subsidiaries**, resulting in their **centralized management.**

- **Log management system infrastructure** has been reconfigured **for more effective use in audits and reporting.**

#### IV. RISK MANAGEMENT

**Risk Management**, which is responsible for executing risk management activities, **reports to the Board of Directors via the Risk Committee, which is composed of the members of the Board of Directors.** Risk Management is composed of **Internal Capital and Operational Risk Department, Market and Structural Risk Department, Validation, Credit Risk Control and Risk Management Control functions**, which are under the execution and management of the Head of Risk Management.

Risk Management measures and monitors the Bank's risk exposure on consolidated and unconsolidated bases by using methods compliant with international standards, and in accordance with the applicable legislation. Risk Management handles the preparation of the ICAAP (Banks' Internal Systems and Internal Capital Adequacy Assessment Process) report by coordinating the related parties, which will be submitted to the BRSA. In addition, the stress test report is submitted to the BRSA, which addresses how the potential negative effects on macroeconomic data might alter the Bank's three-year budget plan and results within the framework of certain scenarios, as well as their impact upon key ratios including the capital adequacy ratio.

#### V. STAKEHOLDERS

##### A. DECLARATION OF HUMAN RIGHTS AND EMPLOYEE RIGHTS

**Within the frame of a responsible and sustainable banking approach, Garanti BBVA aims to create a contemporary working environment fully respectful of human rights and to disseminate this notion across all its stakeholders.**

The Bank is focused on fulfilling the requirements of, and achieving compliance with, the regulatory framework governing work life in our country, along with international covenants to which Turkey is a party, specifically:

- **The UN Universal Declaration of Human Rights**, and
- The basic tenets of the **International Labor Organization**, a

specialized United Nations agency working to promote human rights, social justice and labor rights.

In accordance with Garanti BBVA's **Code of Conduct**, employees at any level are obliged to conduct their relationships with each other in a way that will not injure the work climate and will not be perceived as harassment, discrimination or mistreatment in or out of the workplace.

Garanti BBVA Managers are obliged to take the necessary measures to prevent **mistreatment, discrimination or harassment of any type** in the workplace and to report suspected cases to the Human Resources Department. Employees are urged to report their **grievances** in this respect to their **line managers or directly to the Human Resources Department**. If, for any reason, this method is not relevant or not the best way for the resolution of the issue, the case is referred to the **Whistleblowing Channel**.

Such complaints are not used against the complainant and are addressed and resolved with due importance. Necessary administrative sanctions are implemented at the Bank against perpetrators of any kind of mistreatment, discrimination or harassment or actions to cover up such behavior. **In keeping with the equal opportunity principle, Garanti BBVA does not discriminate against its employees.** The fundamental criterion for choosing, promoting, or reassigning a person for a position is fitness for such position.

Garanti BBVA **respects the constitutional right regarding unionization and collective agreements.** All employees are free with respect to union membership and act of their own free will. The Bank takes utmost care to provide a physically and mentally healthy working environment for its employees. The Bank takes the necessary precautions prescribed in applicable legislation on Occupational Health and Safety (OH&S) and provides training to its employees. In addition to the measures taken and trainings provided to the employees, Garanti BBVA conducts the **Work Life Integration (IYI)** program, which seeks to **balance the work and personal life for enhancing employee satisfaction and offering a richer working experience.**

According to Garanti BBVA's **Environmental and Social Loan Policies**, operations which are prohibited or restricted by

national legislation and/or international covenants to which Turkey is a party, **will not be financed, without carrying out any additional assessment in relation to the matters mentioned below and regardless of amount:**

Garanti BBVA subjects new projects with an investment value of more than USD 10 million to its Environmental and Social Impact Assessment System and requests stakeholder involvement meetings to be held effectively if it deems necessary. Should Garanti BBVA identify any social risks, including those associated with human rights, in the course of its assessment, the Bank demands its customer to take necessary measures, and monitors their implementation throughout the duration of the loan.

- Companies with concrete evidence (based on court decisions and related legal disputes) that proves the violation of existing laws and regulations or human rights regardless of country,
- Individuals and organizations that employ children and/or young workers in contradiction with the working procedures established under the national legislation and are engaged in forced labor,
- Individuals and entities that violate the human rights as defined by the labor legislation in our country and the following principles:
  - The United Nations Universal Declaration of Human Rights,
  - The requirements set forth by the international conventions to which Turkey is a signatory, particularly the basic tenets of the International Labor Organization, a United Nations agency whose mandate is to advance human rights, social justice and promote decent work,
  - The United Nations Global Compact, an international initiative to encourage companies to adopt ten principles that address all aspects of sustainability, including human rights, across their business cycles and strategies.

Garanti BBVA's **product and service agreements with third parties** are managed in accordance with the relevant laws and the Bank's policies and procedures. Garanti BBVA requires compliance with the Turkish legislation, particularly the Turkish Labor Code where necessary, and **reserves the right to terminate agreements in the event of non-compliance** with regulations providing for worker protection.

Attaching importance to its relations with companies that it has commercial dealings with and regarding it a **key responsibility to integrate its supply chain with ethical, social and environmental factors**, Garanti BBVA sets out the **minimum ethical, social and environmental action standards** expected to be adhered to by its product and service providers within the Code of **Conduct for Suppliers** document. Garanti BBVA encourages the implementation of these standards in accordance with the principles and recommendations for actions in commercial dealings set out by the International Bill of Human Rights, UN Global Compact and UN, Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO). **All suppliers in a business relationship with Garanti BBVA are obliged to abide by the Code of Conduct during the term of their product or service provision.**

**Code of Conduct** sets out the standards that need to be adhered to for ensuring that the actions of Garanti BBVA Group employees are in harmony with the values. Garanti BBVA employees must act **honestly and transparently** in accordance with the laws and regulations in force, act with the **common sense and professionalism** commensurate with the social impacts of the finance sector, and be worthy of the trust held by Garanti BBVA **shareholders and customers.**

Garanti BBVA employees abide by the standards set forth under the headings **respect for the customers, each other, the job and the society.** They act respectfully in their business dealings, and **do not discriminate against people on the grounds of gender, race, age, nationality, religion, sexual orientation, disability, family origin, language, political ideology, political or union affiliation or any other characteristic not objectively associated with working conditions or the consideration of which is prohibited for such purposes by the applicable legislation.**


Garanti BBVA is against forced and compulsory labor and expects the same approach from its customers as set forth in various declarations and policies concerning human rights that it published. The Bank organizes remote trainings for its employees on its **Code of Conduct covering its principles in relation to human rights, Environmental and Social Loan Policies, and other policies and procedures of a similar nature**, which cover its principles in relation to human rights. The responsibility for



the implementation of these policies rests with all employees, and effective control and supervision of their implementation are carried out by related departments within the Bank. Garanti BBVA supports the activities of national and international initiatives on sustainability, to which it belongs, in order to spread these principles.

**The Responsible Banking and Sustainability Committee is responsible for approving, amending, improving and enforcing the Declaration of Human Rights.** The Bank conducts a sophisticated human rights due diligence process for its value chain. The **Human Rights Risk Assessment framework** is presented below.

 [Code of Conduct, Declaration of Human Rights, Human Resources Policy, Employee Compensation Policy, Environmental and Social Loan Policies](#) can be found under the [Environment, Social and Governance > Policies](#) tab at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).

 [Investments in employees and initiatives for ensuring employee satisfaction](#) can be found in [The Best and the Most Engaged Team](#) section in 2021 Integrated Annual Report.

	Issues	Measures
<b>EMPLOYEES</b>	CHILD LABOR VIOLATION OF HUMAN RIGHTS VIOLATION OF CODE OF CONDUCT OCCUPATIONAL HEALTH AND SAFETY HEALTH RISKS ECONOMIC AND SOCIAL LOSSES DUE TO EXPROPRIATION	Hard Controls: Retail, SME, Commercial and Corporate Customers (1) Additional clauses to Banking Service Agreements Risk-Based Assessment for Corporate and Commercial Customers: (2) Environmental and Social Impact Assessment Model for financing deals satisfying the amount/transaction definitions set out in the Environmental and Social Loan Policies (3) Action Plans (4) Monitoring Plans Soft Controls: (5) Environmental and social impact assessment trainings
<b>HUMAN RIGHTS</b>	EQUALITY, DIVERSITY AND INCLUSION DISCRIMINATION VIOLATION OF CODE OF CONDUCT OCCUPATIONAL HEALTH AND SAFETY	Hard Controls: (6) Garanti BBVA Code of Conduct (7) Whistleblowing Channel (8) HR Internal Control Mechanism (9) Integrity Committee (10) Audit Committee Soft Controls: (12) Gender Equality trainings (13) Communication strategy (14) Employee Support Line (15) Domestic Violence Hotline
<b>SUPPLY CHAIN</b>	CHILD LABOR VIOLATION OF CODE OF CONDUCT OCCUPATIONAL HEALTH AND SAFETY	Hard Controls: (15) Garanti BBVA Code of Conduct for Suppliers (16) Garanti BBVA Code of Conduct (17) Garanti BBVA Support Services Risk Assessment Program (18) Audit Committee (19) Additional clauses to service agreements Soft Controls: (20) Communication of Code of Conduct

Measures numbered (1) and (2) include all the criteria indicated in Garanti BBVA's E&S Loan Policies in addition to human rights issues. The measures mentioned are applied to all commercial loans.

Measures numbered (3), (4), (5), and (6) include all the relevant E&S criteria as required in our E&S Impact Assessment Model.

## B. ETHICAL AND SOCIAL RESPONSIBILITY

Enforced upon its approval by the Board of Directors, **Code of Conduct** describes the standards that need to be adhered to in order for actions to be in harmony with the values at the Garanti BBVA Group. There is an **Integrity Committee**, whose mandate is to contribute to preserve the corporate integrity of the Bank. An Integrity Committee is being set up which will be responsible for ensuring effective implementation of the Code of Conduct across all financial subsidiaries and affiliates.

The **Compliance Department** has been **authorized by the Board of Directors** to ensure, encourage and independently and objectively supervise that the right manner of action is taken with respect to anti-money laundering, attitudes towards customers, transactions on securities markets, anti-corruption, data privacy and other issues which might lead to reputational risk for Garanti BBVA.

The Compliance Department is responsible for raising increased awareness of the Code of Conduct, encouraging its implementation, ensuring further improvement and spreading of the procedures to be created, assisting in the resolution of possible hesitations arising during their interpretation, and for managing the Whistleblowing Channel. The **Whistleblowing Channel** can be accessed by all employees, customers and suppliers (E-mail: EtikBildirim@Garantibbva.com.tr, Phone: +90216 662 5156).

The Compliance Department processes all reports received carefully and promptly, ensuring they are investigated and resolved in accordance with the Whistleblowing Channel management procedures. Reports are analyzed objectively, impartially and are treated confidentially. The identity of the employee who reported is kept confidential. The information is made known only to those functions whose involvement is necessary for the investigation process. The result of the investigation is communicated to the departments that need to take appropriate measures to correct the transgression, as well as to the person being reported and the reporter, as appropriate.

Nobody, who reports any facts or activities through the Whistleblowing Channel in good faith, will be the target of reprisal nor will he/she suffer any other adverse consequence as a result.

The **Anti-Fraud Policy** is published with the aim of promoting honest and reliable working environment conditions against any act of misconduct across the Bank, raising awareness of potential fraudulent acts, and communicating the actions that can be taken for early detection.


Current announcements have been published in relation to Garanti BBVA Code of Conduct and **Ethical Sales Principles** documents. Ethical Sales Principles document emphasizes the "reputation" concept as the Bank's greatest asset, and details the expected code of ethical conduct for employees during sales activities.

**Social Media Policy** sets forth the rules as to how the Bank's employees will represent Garanti BBVA on social media.

Garanti BBVA is strictly adhered to the laws and ethical principles particularly in relation to anti-corruption. Garanti BBVA **rejects categorically any corrupt practice** and also expects the same from its employees and third parties; in addition, the Bank **pledges to play an active role in the eradication and prevention of corruption, both in public and in private sector**. To that end, Garanti BBVA has in place several internal policies, procedures and controls that complement, develop and elaborate on the principles and guidelines set out in section 4.3 of the Code of Conduct under the heading "**Anti-corruption Policy**".

Garanti BBVA's Anti-Corruption Policy has been prepared in accordance with the **most rigorous national and international standards** on the matter including the **US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act (UKBA)**, taking into account the guidelines of international organizations for the prevention of corruption as well as those outlined by the **International Organization for Standardization (ISO)**.

Garanti BBVA employees neither derive, nor offer or promise, **directly or indirectly, payments, gifts, donations, job offers, sponsorships, privileged treatment or any kind of benefit** to influence or attempt to **influence decisions** of third parties, individuals, public officers or authorities with the aim of obtaining **unfair profits or advantages** for the Bank's operations or for people working for the Bank. This prohibition also covers the so-called **facilitation payments**.

 Detailed information can be found in the [Anti-Corruption Policy and Code of Conduct documents under the Environment, Social and Governance > Policies tab at \[www.garantibbvayatirimciiliskileri.com\]\(http://www.garantibbvayatirimciiliskileri.com\)](#).

Garanti BBVA believes that fair competition is one of the essential principles of a well-functioning market, which benefits the development, progress and well-being of society. The purpose of **Garanti BBVA Competition Policy** is to create the framework of actions for preventing and detecting practices preventing competition at Garanti BBVA or situations putting the Group at risk; outline the general guidelines on competitive situations; help determine events that require special attention, and provide recommendations as appropriate in suspicious cases.

 The [Competition Policy](#) can be found under the [Environment, Social and Governance > Policies tab at \[www.garantibbvayatirimciiliskileri.com\]\(http://www.garantibbvayatirimciiliskileri.com\)](#).

Garanti BBVA's policies relating to the core components of the compliance system are documented in the **"Compliance Department Policy"**. The Compliance Department Policy emphasizes the compliance risk and reputation risk concepts, and underlines that employees are expected to comply with the laws, the Bank's Code of Conduct and corporate standards in their actions. The Policy defines the concept of integrity and lists the basic tasks and responsibilities within the compliance system. In this context, it is emphasized that compliance is not the responsibility of senior executives or certain business units only, but of each employee.

Engaged in the banking business with the goal of "bringing the age of opportunity to everyone", Garanti BBVA moves ahead with the target of **having a positive impact** on the people, businesses, and the **society at large** at all times in line with its corporate values. Various policies and internal guidelines of the Bank represent its **pledge to be a responsible bank and create value over the long term**, which it has communicated to all its stakeholders. Released in **July 2021 based on the Board of Directors decision**, the **Corporate Social Responsibility Policy** is intended to emphasize the Bank's principles, guidelines and commitments related to corporate social responsibility and adapt them to the priorities of the Bank and the society.

The Bank follows the principles below in relation to corporate social responsibility:

1. Focus on creating a positive impact for the society
2. Respect for human dignity and their inherent rights
3. Community investments
4. Involvement as an enabler of social change

 The [Corporate Social Responsibility Policy](#) can be found under the [Environment, Social and Governance > Policies tab at \[www.garantibbvainvestorrelations.com\]\(http://www.garantibbvainvestorrelations.com\)](#).

Garanti BBVA considers its **systematic and long-lived initiatives** carried out within the scope of its **Community Investment Programs** as a **key element of its responsible business concept**.

The Bank identifies its strategic priorities in this framework in line with the social sensitivities in the country and the world, BBVA Group priorities, stakeholders' expectations and necessity areas. Accordingly, the Bank creates shared value through its strategic community investment programs focusing on material topics such as **gender equality, quality education, culture and arts, entrepreneurship, and environment**.

### **Quality Education**

Worldwide failure to achieve sufficient progress with respect to **"Quality Education"**, which is **Goal 4 under the Sustainable Development Goals** espoused by the United Nations, exhibits the utmost importance of expanding educational opportunities in our day and of the shared value to be created in this respect.

**The Teachers Academy Foundation (ÖRAV), established by Garanti BBVA in 2008**, continues its activities with the goal of helping ensure that the society gives the much-deserved value to teachers as they practice a profession requiring specific knowledge, skills and attitude. The Foundation designs training programs for continuous development of the teachers assuming responsibility in the education of individuals possessing the mental, social, emotional and digital skills required by the 21st Century. Besides the Foundation's ongoing projects, **eKampüs Remote Learning Platform** is regularly revamped and enriched in terms of its usage scope, which was established as a continuous education and knowledge sharing platform and which currently hosts all of the training programs.

Launched in 2017 as a collaborative initiative of Garanti BBVA and the Teachers Academy Foundation, **5 Pebbles: Social and Financial Leadership Program** contributes to primary school teachers' **social and financial literacy** knowledge and helps them instill these skills in students employing a child-centered approach and active learning methods. While raising the students' awareness of social and financial topics, the ultimate goal is to **create a consciousness of "Good Citizenship"**. Under the program comprised of five modules, education is given and various activities are carried out in the areas of "**Self-Exploration and Understanding**", "**Rights and Responsibilities**", "**Saving and Spending**", "**Planning and Budgeting**" and "**Social and Financial Entrepreneurship**".

The Teachers Academy Foundation supports the teachers in acquiring the necessary skills and capabilities to handle the remote and blended education process as effectively as possible. One of the initiatives in this framework, **Teachers without Distance web seminar series** continues to be conducted on **EKampüs**. Covering various headings, the series was launched in 2020 and will be held in all 81 cities of Turkey throughout the year.

**Sports and physical education can motivate children and youth to attend and engage in formal and informal education, as well as improve their academic performance and learning success.** With this perspective, Garanti BBVA has been supporting 12 Giant Men (National Men's Basketball Team) since 2001, Pixies of the Court (National Women's Basketball Team) since 2005, 12 Brave Hearts (National Men's Wheelchair Basketball Team) and 12 Magical Wrists (National Women's Wheelchair Basketball Team) since 2013. **Launched in 2002 with the inspiration drawn from the 12 Giant Men, the 12 Giant Men Basketball Academies project finds and trains the 12 Giant Men and Pixies of the Court of the future from all over Turkey.**

### **Culture and Arts**

Cultural aspects, including active participation in cultural life, the development of individual and collective cultural liberties, the safeguarding of tangible and intangible cultural heritages, and the protection and promotion of diverse cultural expression are core components of **personal and also sustainable development**. Founded by Garanti BBVA in 2011 to unify Platform Garanti Contemporary Art Center, Ottoman Bank Museum and Garanti

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

Garanti BBVA also aims to make cultural activities become widespread. As the **main sponsor of İstanbul Jazz Festival for 24 years**, Garanti BBVA has also been supporting the leading music venues in İstanbul with "**Garanti BBVA Concerts**" and "**Turn Up the Music with Garanti BBVA**" projects.

As the main sponsor of **İstanbul Jazz Festival** for 24 years, Garanti BBVA has been supporting the leading music venues in İstanbul under the name of "**Garanti BBVA Concerts**" and "**Turn Up the Music with Garanti BBVA**".

### **Environment**

In 2021, Garanti BBVA, **in collaboration with the Turkish Marine Environment Protection Association / TURMEPA**, launched the **Blue Breath Project** (in Turkish: Mavi Nefes) to undertake waste surface cleaning in the Sea of Marmara and organize awareness trainings on sea cleaning in provinces in the region. **Two sea sweepers** that will clean the İstanbul Strait within the scope of the project are also dispatched to other locations for mucilage and solid waste cleaning in case of emergencies. **Training** forms the **second leg** of the project. The stops of the project this year were Kocaeli, İstanbul Asian Side and Bursa. Under the Blue Breath Project, the **Blue Breath Training Bus** also set on the road **in addition to online training programs. Inaugurated in Kocaeli, the bus stayed one week each in Beykoz and Üsküdar districts of İstanbul and in Bursa.**

On another note, Garanti BBVA has been the **main sponsor of WWF-Turkey (World Wide Fund for Nature-Turkey) for 30 years**. Contributing to the sustainability of the planet through its efforts and initiatives worldwide, WWF is one of the largest nature protection associations in the world, with 6,200 employees in more than 100 countries. WWF-Turkey conducts projects in the areas of seas, freshwater, wildlife, climate-energy, forests and

food. Garanti BBVA also **supports the Earth Hour movement** organized by the WWF every year in order to highlight the world's environmental problems.

In addition, Garanti BBVA is the **main sponsor of CDP Turkey**, the Turkey office of the **world's most powerful green non-governmental organization** which is engaged in the fight against climate change and conservation of natural resources.

Garanti BBVA **conducts Social Impact Analysis using the Social Return on Investment (SROI) method** assess the value and the social impact of its ongoing programs among the target audiences.

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

 Further details of the activities in 2021 can be found in the Sustainability section of 2021 Integrated Annual Report.

### C. INFORMATION ON DONATIONS AND GRANTS IN 2021

The total amount of donations and grants made by the Bank in the reporting period is TL16,637,802. Based on its commitment to add value to the society, the Bank makes donations and contributions mostly to persons, non-governmental organizations, societies or foundations, public entities and organizations that work in the fields of education, culture, art, environment and sports. Donations can also be made to promote the Bank's corporate identity and to expand the coverage of banking activities.

Information regarding the amounts and beneficiaries of donations and contributions made by the Bank during the reporting period is provided to the shareholders under a dedicated agenda item during the General Shareholders' Meeting.

Amounts and beneficiaries of the donations made in 2021 are as follows:

**TURKISH FOUNDATION FOR COMBATING SOIL EROSION, REFORESTATION AND THE PROTECTION OF NATURAL HABITATS (TEMA) - 10,000,300**

**TURKISH MARINE ENVIRONMENT PROTECTION ASSOCIATION (TURMEPA) - 2,500,000**

**UNIVERSITIES AND EDUCATIONAL INSTITUTIONS - 1,133,551**  
**İSTANBUL KÜLTÜR VE SANAT VAKFI (İSTANBUL FOUNDATION FOR CULTURE AND ARTS) - 1,240,000**

**VARIOUS FOUNDATIONS, SOCIETIES AND INSTITUTIONS - 1,763,951**

**TOTAL - 16,637,802**

### D. PERSONAL DATA PROTECTION AND PROCESSING POLICY

Garanti BBVA respects and cares for the privacy and confidentiality rights of its clients, employees, suppliers, providers and all other related people.

 The Personal Data Protection and Processing Policy can be found under the Environment, Social and Governance > Policies tab at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).

### VI. STAKEHOLDER COMMUNICATION

Given the great importance attached to them, Garanti BBVA maintains regular communication with its stakeholders, hear their opinions, and moves ahead with a keen focus on being an inclusive bank in every aspect. Continuous feedback from stakeholders allows the Bank not only to understand stakeholder expectations and meet their needs more precisely, but also presents it with a great opportunity to identify risks and opportunities, and set its priorities and strategy more comprehensively.

**Having blended trends and surveys with the engagement of its stakeholders and completed its materiality analysis with the addition of the double materiality approach, Garanti BBVA discloses its strategy and activities, its contribution to the Sustainable Development Goals and Targets, and its total value creation process in connectivity with integrated thinking in its Integrated Annual Report.**

 Further details can be found in the Materiality Analysis and Stakeholder Engagement sections of 2021 Integrated Annual Report.

Paying the utmost attention to openness, transparency and reporting, Garanti BBVA **simultaneously** makes the **public information, economy reports, extensive information and**



**policies related to ESG topics** available on the Investor Relations website at the address [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com) both **in Turkish and English**. The shareholders can access comprehensive information, get information about the latest developments and activities from the regularly updated Garanti BBVA Investor Relations website, and can address their questions to the Investor Relations Department and to the Subsidiaries and Shareholders Service.

## **GENERAL SHAREHOLDERS' MEETINGS**

General Shareholders' Meeting is held in accordance with the resolution adopted by the Board of Directors. For reaching the highest number of shareholders possible, the **General Meeting announcement** including the meeting date, venue, agenda and similar information is **duly announced at least three weeks prior to the meeting date** as per the provisions stipulated in the Communiqué **via the Turkish Trade Registry Gazette, Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)), e-Investor: Investor Information Center, e-Company Companies Information Portal ([www.mkk.com.tr](http://www.mkk.com.tr)), e-General Meeting Electronic General Meeting System ([www.mkk.com.tr](http://www.mkk.com.tr)), the Bank's websites and two national newspapers.**

The Bank **invites all stakeholders to the General Shareholders' Meeting, who will be voiceless during such meetings.** Before the meeting, **balance sheets, income statements and annual reports** are made **available for review by shareholders** within the timeframe determined in the applicable legislation on the **Garanti BBVA Investor Relations website, at the Head Office and at all branches.** In General Shareholders' Meeting, agenda items are discussed and submitted for the shareholders' approval. **Shareholders are entitled to ask questions, express their opinions and submit proposals regarding the agenda items.** Questions are handled and answered in accordance with the regulations of the Capital Markets Board as well as the principles and procedures specified in the Turkish Commercial Code. Proposals are submitted for approval at the General Shareholders' Meeting and become effective if approved by the specified majority. **The meeting minutes and the list of attendants of the General Shareholders' Meeting are posted on the Public Disclosure Platform (KAP), e-Company Companies Information Portal, e-General Meeting Electronic General Meeting System, and Garanti BBVA Investor Relations website**

**on the same day, and is published in the Trade Registry Gazette following its registration.**

Resolutions adopted in the General Shareholders' Meeting are carried out in accordance with the legal procedures within due time. Pursuant to the provisions of the Regulation on Electronic General Meeting at Joint Stock Companies and the Communiqué on Electronic General Meeting System Applicable at General Assemblies of Joint Stock Companies, **attendance to, and voting at, the General Shareholders' Meeting via the Electronic General Meeting System is permissible.** In addition, holders of depositary receipts have the right to vote and can do so at the General Shareholders' Meeting. The minutes and the list of attendants of the General Shareholders' Meeting are available to shareholders on Garanti BBVA Investor Relations websites. These documents can also be obtained from the Subsidiaries and Shareholders Service.

Garanti BBVA **held its Ordinary General Shareholders' Meeting for the period 01 January 2020-31 December 2020 on 31 March 2021 and the meeting quorum realized at 65.68%.** Media representatives did not attend the General Shareholders' Meeting. At the meeting, one shareholder lodged a statement of opposition, and expressed demands; in response, necessary information has been given within the frame of the CMB regulations and the principles and procedures set out in the Turkish Commercial Code.

There were no transactions in the reporting period for which the decision was left to the General Assembly of Shareholders by reason of dissenting votes cast by independent board members.