

SUSTAINABILITY REPORT 2015



SUSTAINABILITY REPORT 2015



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ABOUT THIS REPORT

This fourth 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 2015. Where relevant, the Bank has also included data from the previous reporting period for comparative purposes.

Scope 1 and Scope 2 greenhouse gas (GHG) emissions, water consumption, energy consumption, renewable energy portfolio and Environmental and Social Impact Assessment Process (ESIAP) data in this report as defined in "Customers through Sustainable Finance" and "Managing Environmental Impacts of Operations" sections were selected to be independently audited. KPMG provided a limited level of assurance on the selected information in this report.

The report has been prepared in accordance with Global Reporting Initiative's (GRI) G4 reporting guidelines to comprehensive option 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.



Materiality Disclosures
Türkiye Garanti Bankası A.Ş.

Mar 2016
Service

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 always approach our customers in a “transparent”, “clear” and “responsible” manner, improve customer experience continuously by offering products and services that are tailored to their needs, maintain sustainable growth by creating value for all our stakeholders.

Our Core Values

“Our customers...”

- »Are at the center of all our operations and efforts.
- »We always strive to satisfy our customers above and beyond their expectations.
- »Towards our customers, we are always clear, courteous, helpful, solution-oriented and pleasant.

“Garanti Bank and its employees have high moral values”

- »We conscientiously follow rules and regulations without exception.
- »Clear individual and organizational conscience is of paramount importance.

“The most important element for us is the human factor”

- »We continuously invest in our utmost valuable human resources.
- »Our quality is driven and ensured by our employees.
- »We put emphasis on delegating responsibilities and encourage our employees to take initiative.
- »We notice and value the recognition of good work and exemplary behavior.
- »We are energetic, we support each other, we share information and experience.
- »We are excited about our work and leaders in our field.

Continuous progress

- »We sustain our quality through continuous improvement.
- »Investing in our people and technology to achieve continuous progress is an inseparable element of our policy.
- »Our approach to improving quality is proactive; we aim to identify the needs and expectations of our customers even before they are voiced and strive to provide solutions.

Our environmental and social responsibilities

- »We undertake every effort to be beneficial to the society, the environment and humankind.
- »We believe the environmental and social values Garanti creates for its stakeholders will set an example not only for the banking sector but also for the entire economy and provide significant contributions to our national development.

Teamwork

- »We believe in effective teamwork and open lines of communication.
- »We work in collaboration towards common goals and produce results.
- »We are opposed to strict layers of hierarchy.
- »To realize our vision, we work as a single-heart and a single-mind.
- »We are always well-mannered and respectful in our speech and behavior among each other.

KEY SUSTAINABILITY HIGHLIGHTS IN 2015



»The only Turkish company to be selected for the Dow Jones Sustainability Emerging Markets Index.

»First bank in Turkey to sign the United Nations Global Compact's (UNGC) Business Leadership Criteria on Carbon Leadership.

»First Turkish bank to join the "Caring for Climate" (C4C) initiative, which supports the stance of the business world against climate change.

»First Turkish bank to become a member of "WeConnect International", a global initiative, which is aimed at including women entrepreneurs in the supply chain.

»The only Turkish Bank and one of only two Banks in the world to be included as a case study in the UN components¹ report named "The Business

Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience".

»The only Turkish company that was included in the CDP Global Leaders Report by being selected to the highest performance band (A) and was awarded with the CDP 2015 Climate Performance Leadership award.

»Obtained the highest score among the companies included in the Carbon Disclosure Leadership Index and became 1 of the 5 companies that were included in the top 10% of the index and won the CDP Turkey 2015 Climate Disclosure Leadership award.

»Attended the "Energy Efficiency Global Movement" panel organized by the Lima-Paris Action Agenda (LPAA) during COP21² as a speaker.

»Disclosed its Climate Change Position Statement & Action Plan

»Successfully qualified for the second year in a row for the Borsa Istanbul (BIST) Sustainability Index as 1 of the 29 Turkish companies that qualified.

»Obtained limited assurance for its water consumption, energy consumption, renewable energy portfolio and Environmental and Social Impact Assessment Process (ESIAP) for the first time for GRI G4 Comprehensive Sustainability Reporting, in addition to Scope 1 and Scope 2 greenhouse gas (GHG) emissions.

»Increased the number of facilities covered by its Environmental Management System (EMS) to 1,013, covering 100% of its employees.

»Supported the European Bank for Reconstruction and Development (EBRD) 2015 Energy Efficiency Finance Forum and declared a new commitment on energy efficiency.

»6,662 people attended the Women Entrepreneurship Meetings, which have been held in 31 provinces since 2008.

»Provided 2.8 billion TL loans to women entrepreneurs by the end of 2015.

»Share of women employees was retained at 57%.

»300 women received certificates in 5 provinces within the scope of the Women Entrepreneurs Executive School.

»Started to support HeforShe initiative that emphasizes men's support for women's right and gender equality.

»Examined 12 projects thoroughly in accordance with Environmental and Social Impact Assessment Model (ESIAM).

»Achieved an increase of 32% in the amount of recycled waste.

»Supported two workshops for responding companies by being the main sponsor to CDP Turkey Water Program.

»Established the Woman Steering Committee to empower women socially and economically.

»Continued its support for disabled customers with 150 disabled-friendly branches, 33 orthopedically impaired-friendly ATMs, 422 visually impaired-friendly ATMs, 147 visually and orthopedically impaired-friendly ATMs and 11,721 employees who completed disability-friendly training.

»Organized 100 meetings in 68 provinces with nearly 31,000 SMEs with Garanti Anatolian Meetings.

»Total loans provided to renewable energy investments since 2006 exceeded US Dollar 4 billion.

»Share in Turkey's total operational installed wind power capacity was 34%.

1. United Nations Global Compact (UNGC), United Nations Framework Convention on Climate Change (UNFCCC) and United Nations Environment Programme (UNEP).
2. The twenty-first session of the Conference of the Parties.

SUSTAINABILITY STRATEGY AND POLICY

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



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.

Responsibility for Sustainability Policy Framework

The Board of Directors is ultimately responsible for the approval of any changes to the Bank's 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

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.

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Focusing on Managing Environmental Impact of Operations

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 environmental-friendly solutions and expand sustainability across the supply chain.

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Focusing on Communities

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 well-being and lifestyle of Turkish communities.

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Focusing on Stakeholders

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.

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Focusing on Human Resources

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.

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Focusing on Corporate Sustainability Governance

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.

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MESSAGE FROM THE CEO

We believe in the importance of carrying out our banking activities in a responsible manner and recognize our responsibilities in contributing to sustainable growth.



Dear Stakeholders,

I am delighted to present our 3rd Sustainability Report prepared in accordance with the GRI G4 Sustainability Reporting Guidelines of the GRI to comprehensive option covering the 12-month period to 31 December 2015.

Contrary to optimism at the beginning of 2015, it was a challenging year. Global markets needed to deal with a burdensome agenda including the FED's rate hike decision, increased turmoil in Syria, growth pressure on developed economies, an economic slowdown in China and the plunging price of oil. In Turkey, it was a year when foreign currencies peaked due to the two elections and the uncertainty in global markets.

Turkey's banking sector was affected by rising uncertainty; growing at a lower rate compared to previous years. Fee rebates and regulatory limits to both consumer loans and the number of credit card payment installments lowered the sector's income and banking sector post the lowest profitability levels of the last decade. As Garanti, despite the challenging circumstances of 2015, we continued to deliver the highest profitability ratios among the private banks by leveraging our dynamic business model and innovative technology. While maintaining our commercial loan-driven growth, we strengthened our position as the leading private bank in the consumer loans. We have built our growth strategy on prioritizing risk return balance and we have been successful. Today, we are the sector's strongest private bank in terms of common equity Tier-1 ratio and this strength puts us in a position to support consistent growth.

In a year of fierce competition in TL deposits that reflected on prices, our demand deposit base expanded by 20%. Demand deposits currently correspond to nearly one quarter of our deposits, which shows us that Garanti is the preferred bank for customers.

As Garanti Bank, with nearly 20 thousand employees, we serve almost 14 million customers via various channels. We closely follow the changing world and emerging technology trends. In 2015, we increased the number of our digital customers

by 22% and reached 4 million digital customers. Our online branch has a 51% market share and our mobile banking a 29% market share in non-cash financial transactions. In the upcoming period, digitalization will accelerate and we will witness digital channels taking a more prominent role in increasing operational efficiency.

2015 has also been a year with important developments in the field of sustainability. For example, the 2030 Agenda for Sustainable Development, including the UN Sustainable Development Goals, was agreed by over 150 world leaders. These global goals comprise a total of 169 targets under 17 main topics such as poverty, hunger, environment, gender equality and justice and have helped us ensure our activities and existing commitments are aligned with the global agenda. The Climate Agreement that was reached by 195 countries on limiting an increase in temperature by 2 degrees as a result of the 21st Conference of the Parties in Paris. All these developments show that sustainability is among the most important issues at a global level today. As one of the largest companies in Turkey, we believe in the importance of carrying out our banking activities in a responsible manner and recognize our responsibilities in contributing to sustainable growth as our country has jointly committed to in the agreement.

The way we manage indirect impacts on the environment and society from our lending activities is a core component of our approach to responsible banking. In this context, we strive to manage risks in the value chain by implementing our Environmental and Social Impact Assessment Process in our financing activities. In addition, we help promoting green investments via marketing attractive financing solutions. Due to its critical importance in the transition to a low-carbon economy, Garanti continues to prioritize the financing of renewable energy investments. By the end of 2015, the total loans we had provided to renewable energy investments exceeded US\$ 4.0 billion. As a result of these investments, Garanti maintained its leading position as the bank with the highest share in Turkey's total operational installed wind capacity. We also became the only Turkish bank to establish an expert team under the



Project Finance Department for reviewing unlicensed solar power projects that will be the key tool to develop Garanti's foothold in the renewable energy market further.

At the same time, we continue our efforts to monitor, measure and manage our direct impact on the environment. Our Environmental Management System (EMS), certified to ISO14001 in 2012, covers all our facilities around Turkey by the end of 2015. As a result, we remain the bank which has implemented this system most extensively among Turkish banks.

We view climate change as one of the most important issues facing the Bank and the international community. As a result of this approach, Garanti Bank continued to commit significant resources in seeking to manage its climate change performance and recorded many new achievements during the year. For example, the Bank published its Climate Change Action Plan which represented our support of this subject in four main areas; carbon pricing and prioritizing renewable energy investments; helping to decrease deforestation; helping to manage water risks associated with climate change adaptation and design and implementation of green office standards. The Bank also became the first Turkish bank to sign the UN Global Compact's Business Leadership Criteria on Carbon Pricing in 2015 as well as becoming the first bank in Turkey to ratify the Caring for Climate (C4C) statement, an initiative aimed at advancing the role of business in addressing climate change. In addition to these initiatives, Garanti was named a CDP Climate Disclosure Leader in Turkey in 2015 and was also the only Turkish company that achieved an "A" performance in CDP 2015. Thereby was listed as one of only 113 companies on the Climate Performance Leadership Index for the year.

The management and abatement of our extended water footprint, which is adversely affected by trends like climate change and the increasing

global population, is considered as another material environmental issue. As the main sponsor of the CDP Water Program in Turkey, the Bank helped increase the awareness of many large corporations through its support of this initiative. We also introduced the Agricultural Irrigation Systems Loan at the beginning of 2015, which will help to increase investment in more water efficient irrigation systems. This can be important given that at present 74% of our country's total water consumption is for agricultural irrigation and 94% of irrigation is done via extremely inefficient traditional surface irrigation. With our holistic approach to managing water-related risks and opportunities, Garanti is the only Turkish bank and one of only two banks worldwide to be included as a case study in the UN components' report "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience".

This year we extended the scope of the external assurance of our sustainability data, which we share publicly in every platform considered to be material, to cover information relating to water withdrawal, energy consumption, our renewable energy portfolio and data relating to our Environmental and Social Impact Assessment Process in this report. We also obtained external assurance of our Scope 1 and 2 GHG Emissions for the third time.

As Garanti Bank, we continue to prioritize SMEs, as they collectively make up more than 74% of the total employment in Turkey, in recognition of their importance to financial inclusion and as a cornerstone of sustainable economic growth. By the end of 2015, we organized 100 meetings in 68 provinces that we reached nearly 31,000 SMEs as part of the Garanti Anatolian Gatherings. Loans provided to women entrepreneurs, which we consider as a special customer segment in our SME Banking platform, amounted to TL 2.8 billion by the end of 2015.

As part of our commitment to empower women, Garanti became the first bank to sign the United Nations Women's Equality Principles (UN WEPs) in Turkey. One important component of this initiative is to ensure that the ratio of women in the decision making process is at least 30% in a company. As an indicator of Garanti's performance in this area, women comprised around 41% of our top and middle level management teams, and 57% of our total workforce in 2015. We also established our Woman Steering Committee to help widen our efforts to empower women socially and economically at Garanti.

As another example of our commitment to empowering women in the workplace, we became the first Turkish bank to be a member of WeConnect International - a global organization that aims to include women entrepreneurs within the supply chain. In 2015, Garanti kept to organize the Women Entrepreneurship Meetings, in which we reached 6,662 women in 31 provinces since 2008. Through the Women Entrepreneurs Executive School that we support, 300 women received certificates in 5 provinces. During the year, Garanti also started to support the HeforShe initiative, through which men commit to support women's rights and gender equality.

Our "Disabled-Friendly Banking" program continue to be one of the key components of our financial inclusion initiatives. For example, by the end of the year, we increased the number of our disabled-friendly branches to 150 and disabled-friendly ATMs to 602. In addition, the number of employees who had completed disability-friendly training reached 11,721 by the end of the reporting period. Garanti also made our Internet Banking and Mobile Banking platforms accessible to visually impaired customers with the use of screen reader software. As Garanti Bank, we believe sustainable growth is only possible through investing in our human capital. Garanti is the first Turkish company to be recognized by "Investors in People" (IIP), which is the only international standard in the world to certify the quality of companies' HR practices. This

year Garanti proved that our success is sustainable and maintained our IIP Gold standard. As Garanti, our achievements in managing our sustainability related risks and applications which maximize adding value to society, our active stakeholder engagement processes and our successful work in the field of sustainability to date underscore how seriously we take sustainability. Garanti, as the only Turkish company to qualify for the global Dow Jones Sustainability™ Emerging Markets Index in 2015, has continued to prove that we are successfully integrating this issue across our activities and banking operations. As Garanti, we continue to strive to fulfil our responsibility towards our stakeholders in supporting the global effort for building a sustainable future.

I would like to extend my thanks to all our stakeholders for their valuable contributions, and their unfaltering trust and support of Garanti. With the continued unwavering commitment from our employees, coupled with the feedback and guidance received from other stakeholders, we will continue to pursue our mission to create value for our employees, customers, shareholders and all of our stakeholders.

Sincerely,



Ali Fuat Erbil,
President & CEO

GARANTI IN BRIEF ¹⁻²

POS Terminals*

600,989

Branches

983

Cash and Non-Cash Loans³

75.9 US Dollar billion

ATMs

4,504

Number of Customers

13,863,933

Number of Employees

19,692

Presence in Cities

81

Total Assets

US Dollar **96.2** billion

Market Capitalization

US Dollar **10.2** billion

Share of Digital Channels in Transactions

91%

3. US Dollar/TL Exchange Rate: 2.9080

* Includes shared POS

GARANTI IN BRIEF 2-2

Credit Cards

9,706,572

Digital Banking Customers**

3,982,065

Number of Teachers Reached with
'No Limits in Teaching' Program

102,507

Mobile Banking Customers**

2,504,845

Number of Garanti Anatolian Meetings

100

Number of Women Entrepreneurs that
Received Certificates from WEES⁴ in 2015

300

Market Share in Turkey's
Operational Installed Power Capacity

34%

Volume of Loans Supplied to
Renewable Energy Projects, (cumulative)

US Dollar **4** billion

Ratio of Employees Working in
ISO14001 Certified Facilities

100%

Share of Women Employees Working in
Senior/Middle Level Management Positions

41%

Total Amount of Loans Subjected to
ESIAM⁵ in 2015

US Dollar **1,621** million

Note: Numbers are based on the consolidated Banking Regulation and Supervision Agency (BRSA) financials as of December 2015. Market Capitalization figure is as of December 31, 2015.

** Active customers only

4. Women Entrepreneur Executive School.

5. Environmental and Social Impact Assessment Model.

Selected Consolidated Financial

Indicators of Garanti Bank (TL billion)

	31.12.2014	31.12.2015
Cash Loans	144.0	171.8
Non-Cash Loans	37.7	48.9
Total Assets	247.1	279.6
Shareholders' Equity	26.6	31.2
Total Deposits	133.4	156.1
Profit before Taxes and Provisions	7.0	7.4
Profit before Taxes	4.8	4.7
Net Profit	3.7	3.6

Key Financial Ratios (%)

	31.12.2014	31.12.2015
Average Return on Equity	14.8	12.8
Average Return on Assets	1.6	1.4
Non-Performing Loans Ratio	3.0	3.2
Capital Adequacy Ratio	13.9 (Basel III)	13.5 (Basel III)

Note: Figures are based on the December 2015 consolidated financials.

Market Shares* (%)

	31.12.2014	31.12.2015
Total Performing Loans	11.9	11.8
TL Performing Loans	10.6	10.7
FC Performing Loans	15.3	14.0
Credit Cards - Issuing Volume (Cumulative)	18.3	19.2
Credit Cards - Acquiring Volume Cumulative)	19.8	20.6
Consumer Loans**	13.8	14.3
Total Customer Deposits	11.7	11.6
TL Customer Deposits	9.9	9.6
FC Customer Deposits	14.8	14.2
Customer Demand Deposits	14.0	13.6
Mutual Funds	10.8	10.4

* 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

	31.12.2014	31.12.2015
Branch Network	1,005	983
+ Domestic	994	971
+ Abroad	11	12
Personnel	19,036	19,692
ATM	4,152	4,504
Total Customers	13,075,181	13,863,933
Internet Customers***	3,264,206	3,982,065
Mobile Banking Customers ***	1,547,579	2,504,845
Credit Cards	9,379,003	9,706,572
Debit Cards (Paracard)	8,020,023	8,640,478

*** Active customers only

GROUP STRUCTURE

Garanti Bank's Ownership Structure and Share Holdings:

	Number of Shares	Nominal (TL)	Share (%)
Banco Bilbao Vizcaya Argentaria S,A, (BBVA)	167,580,000,000	1,675,800,000.00	39.9000
Doğuş Grup	42,000,715,584	420,007,155.84	10.0002
Others	210,419,284,416	2,104,192,844.16	50.0998
Total	420,000,000,000	4,200,000,000.00	100

Garanti Bank initially offered its shares to the public in 1990 and became the first Turkish company to offer its shares on international markets in 1993. 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 the Bank of New York Mellon, Garanti has established itself among the top 30 Depository Receipts traded on the OTCQX marketplace, which are selected based on their market capitalization, volume and liquidity. In addition, in 2015, Garanti was named in the 2015 OTCQX® Best 50, which is a ranking of 50 top performing companies traded on the OTCQX marketplace. With its superior performance in 2014, Garanti stands as the only Turkish company among the best 50 companies of OTCQX.

Garanti Bank has a market capitalization of TL 29.9 billion (US Dollar 10.2 billion) as of the end of 2015 and is the most valuable company in Turkey. With a free float ratio of 50.02% and TL 15 billion floating market capitalization, Garanti also has the highest free float in the BIST 100.

Garanti's Depository Receipts program reached a size of 116 million shares as of 2015 year-end.

The Garanti Bank share (GARAN) is the most traded stock with an average daily turnover of TL 836 million and had a market share of 22% of the BIST 100 turnover in 2015. With a total foreign transactions turnover of US Dollar 33.7 billion, a weight of 9.5% in the BIST 100 and 11.4% in BIST 30 makes GARAN the most traded stock by foreign investors.

During 2014, Garanti Bank lent support with the coordinated efforts of its Sustainability Team and Investor Relations Department, to the rating process carried out by EIRIS, the international independent research company that Borsa Istanbul collaborated for the launch of the Sustainability Index. Based on the rating of Garanti's approach to sustainability according to a number of criteria including the environment, biodiversity, climate change, human rights, structure of the board of directors, anti-bribery, Occupational Health and Safety (OHS), Garanti earned a place among the 15 BIST 30 companies that qualified for the Borsa Istanbul Sustainability Index on 4 November 2014. In 2015, when the Index was expanded to the BIST 50, Garanti was 1 of the 29 Turkish companies that qualified.

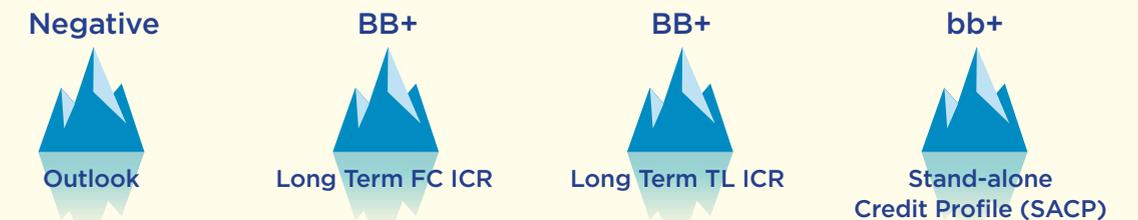
In addition to Borsa Istanbul Sustainability Index, Garanti became the only Turkish company to qualify for the Dow Jones Sustainability TM Emerging Markets Index and proved once again that it successfully integrated sustainability into all of its activities and banking operations. Garanti Investor Relations also managed the

corporate governance rating process with JCR Eurasia Rating in 2015, as a result of which Garanti's Corporate Governance Rating score has been increased to 9.20 over 10, from 9.14 over 10 for its superior compliance with Capital Markets Board Corporate Governance Principles as specified in the report published on 10 December 2015.

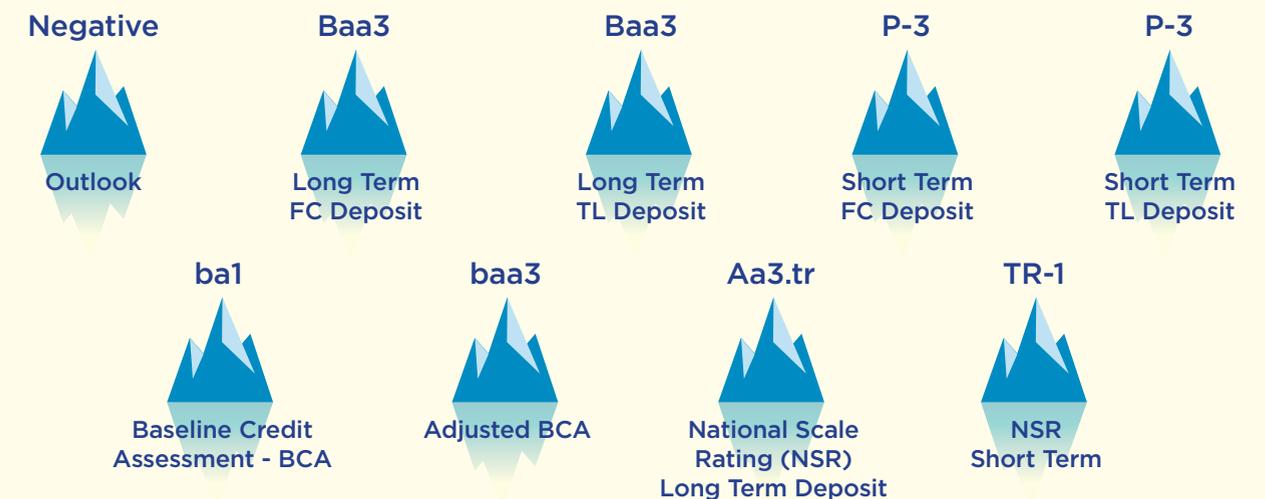
In addition, by virtue of the fact that the Bank's compliance score is above the threshold score of 7, Garanti continues to be included in the Borsa Istanbul (BIST) Corporate Governance Index.

GARANTI BANK'S CREDIT RATINGS 1-2

Standard & Poor's (August 07, 2015)

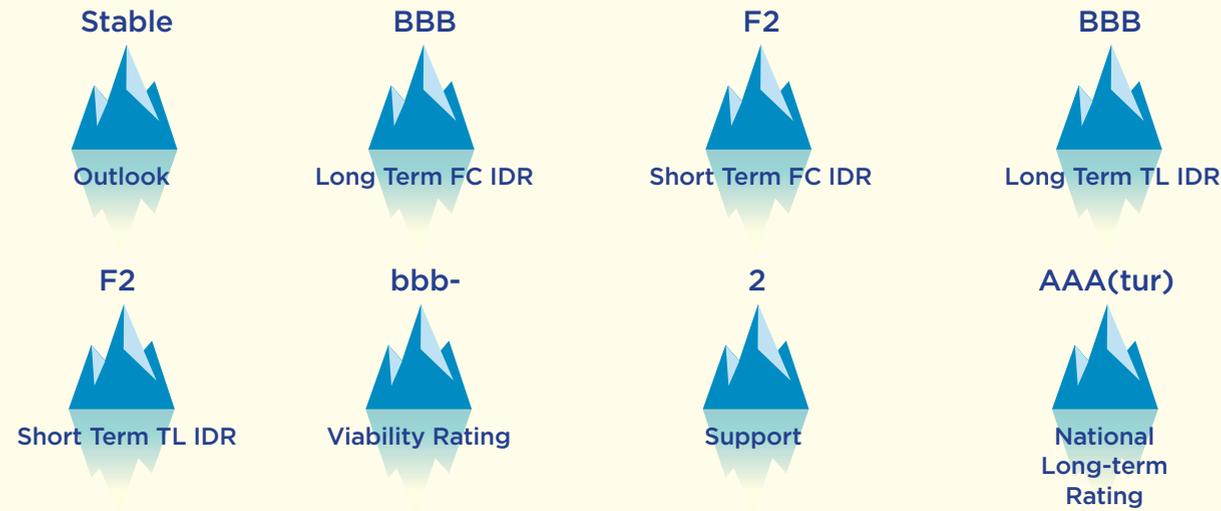


Moody's (September 28, 2015)

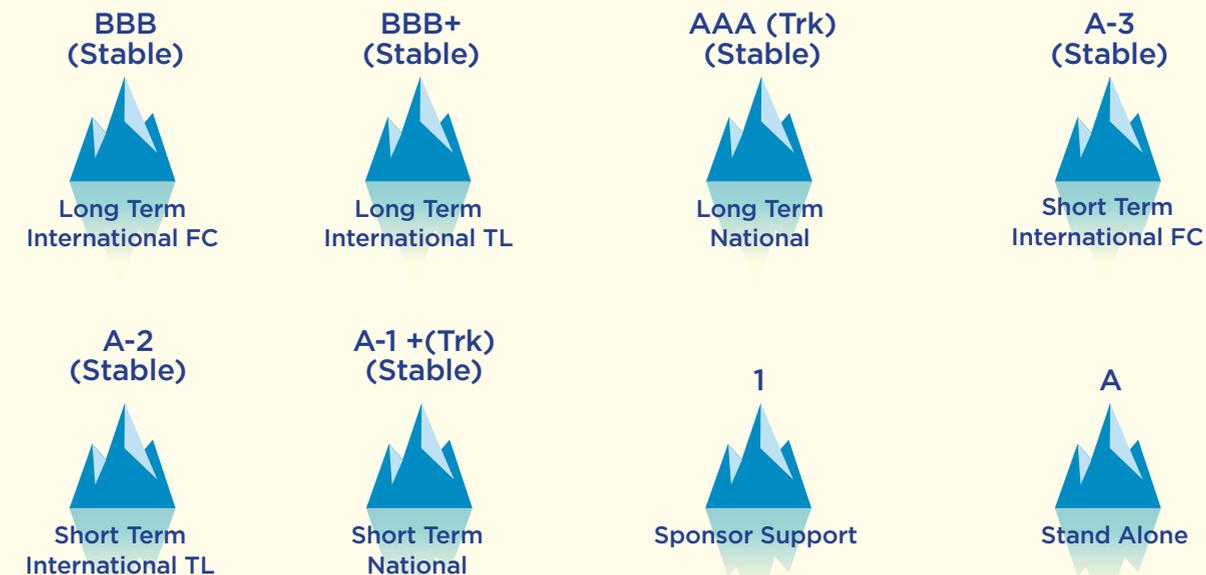


GARANTI BANK'S CREDIT RATINGS 2-2

Fitch (July 31, 2015)



JCR Eurasia (May 20, 2015)



GARANTI BANK'S CORPORATE GOVERNANCE RATINGS

JCR Eurasia Rating (December 10, 2015)

Main Sections	Weight	Score	Convergence Level	Notch Degree	Outlook
Shareholders	25%	9.07	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Public Disclosures and Transparency	25%	9.25	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Stakeholders	15%	9.23	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Board of Directors	35%	9.25	AAA (Trk) (Distinctive)	(aa) (Superior)	Positive
Corporate Governance Overall Score	-	9.20	AAA (Trk) (Distinctive)	(aa) (Superior)	Positive



CORPORATE PROFILE

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.

Established in Ankara in 1946, Garanti Bank is Turkey's second largest private bank with consolidated assets of US Dollar 96.2 billion as of December 31, 2015.

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, 2015, Garanti provides a wide range of financial services to more than 13.9 million customers with 19.7 thousand employees through an extensive distribution network of 971 domestic branches; 7 foreign branches in Cyprus, one in Luxembourg and one in Malta; 3 international representative offices in London, Düsseldorf and Shanghai with 4,504 ATMs, an award-winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

Moving forward to maintain sustainable growth by creating value to all its stakeholders, Garanti builds its strategy on the principles of always approaching its customers in a "transparent", "clear" and "responsible" manner, improving customer experience continuously by offering products and services that are tailored to their needs. 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 controlled by two powerful

entities, Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and Doğuş Group with shares of 39.9% and 10.0%, respectively. Having shares publicly traded in Turkey, depositary receipts in the UK and the USA, Garanti has an actual free float of 50.02% in Borsa Istanbul as of December 31, 2015.

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 wide product variety play a key role in reaching US Dollar 75.9 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.

Building on the Bank's Core Values, Garanti Bank defines sustainability as a commitment to build 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 further strengthens its sustainable banking approach through community investment programs in a variety of topics ranging from sports to education, arts to nature and informing the business world.

GARANTI'S PRODUCTS AND SERVICES

Garanti facilitates life for its millions of customers with its rich product range and the following section summarizes our main products and services. For a detailed description of Garanti Bank's products and services, please see pages 48 to 101 of the 2015 Annual Report.

<https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf>

GARANTI'S INTEGRATED SUBSIDIARIES

A list of Garanti's subsidiaries and their respective shareholdings are provided in Garanti Investor Relations website.

<https://www.garantiinvestorrelations.com/en/about-garanti/detay/Garanti-Integrated-Subsidiaries/18/27/0>

For a detailed descriptions of the different subsidiaries, please see pages 82 to 93 in the 2015 Annual Report.

<https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf>

MILESTONES

2015

Became the only Turkish company to be listed in the Dow Jones Sustainability™ Emerging Markets Index.

2014

»Became the first bank to adopt the Women's Empowerment Principles (WEPs) developed by the United Nations.

2010

»Established its Sustainability Committee.

2011

»Became a member of United Nations Environment Program Finance Initiative (UNEP FI).

2013

»Obtained external assurance on its Scope 1 and 2 GHG emissions reported to CDP for the first time.

2012

»Joined the WWF Green Office Program.

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.

For a detailed list of key milestones in the Bank's history, please see pages 12 to 13 of the 2015 Annual Report.

<https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf>

Table 1 provides examples of the Bank's key sustainability milestones since 2010.

Table 1: Selection of Key Sustainability Milestones since 2010

2015

»Became the only Turkish company that was listed in the Dow Jones Sustainability™ Emerging Markets Index.

»Became the only Turkish company that was included in the CDP Global Leaders Report by being selected to the highest performance band (A) and was awarded with the CDP 2015 Climate Performance Leadership award.

»Obtained the highest score among the companies included in the Carbon Disclosure Leadership Index and became 1 of the 5 companies that were included in the top 10% of the index and won the CDP Turkey 2015 Climate Disclosure Leadership award.

»Became the main sponsor for CDP Turkey Water Program to increase awareness to water scarcity and published its first CDP Water Report.

»Started offering an Agricultural Irrigation Systems Loan in the first quarter in 2015 to support Turkey's battle with climate change and provide solutions to risks such as droughts.

»Supported HeforShe, an initiative emphasized on men's support for women rights and gender equality.

»Established the Woman Steering Committee to empower women socially and economically.

»Became a member of the Professional Women's Network (PWN), a network organization aiming to bring senior level

businesswomen around the world together.

»Increased the number of facilities covered by its ISO14001 certified Environmental Management System to 1,013, covering 100% of its employees.

»Became the first bank in Turkey to sign the UNGC's Business Leadership Criteria on Carbon Leadership.

»GarantiPartners, an entrepreneurship fast-track program that supports SMEs that have investment and growth potential and start-ups from all sectors and sizes with mentorship and funding, became the first platform where a bank and an investor network comprising angel investors (BUBA) came together.

»Became the first Turkish bank to become a member of "WeConnect International", a global initiative, which is aimed at including women entrepreneurs in the supply chain.

»"Women Entrepreneurs Research" towards profiling of women entrepreneurs, which the Bank believes will guide the roadmap and research in women's entrepreneurship was produced in collaboration with Prof. Dr. Yıldız Ecevit, Head of Middle East Technical University (METU) Gender and Women Studies Department.

»Became the main supporter of the W20 initiative that was established first time in the scope of Turkey's G20 Presidency.

2014

»Garanti's model and research on support for women entrepreneurs was shown as a case study in the international context from a report by the International Finance Corporation (IFC).

»Qualified for the BIST Sustainability Index and BIST Corporate Governance Index. »Became the first bank to adopt the Women's Empowerment Principles (WEPs) developed by the United Nations.

»Became the first bank in Turkey to prepare a sustainability report in accordance with the comprehensive option of the new 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 Program 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 EMS to 605.

»Released 4 training videos on investment and financing processes of unlicensed electricity generation with solar power systems.

»Within the Disabled-friendly Banking project scope, online training design consisting of comprehensive video and applications for the use of employees who require "Sign Language" has been completed.

»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.

»Engaged in a strategic partnership with BUBA, which brings together entrepreneurs seeking financing and angel investors seeking ventures with high growth potential.

2013

»Signed the "Energy Efficiency in Buildings" manifesto developed by the Turkish Business Council for Sustainable Development (BCSD Turkey).

»Increased the number of service points which are included in the EMS to 260.

»Launched an e-learning program about its Environmental and Social Risk Management for its employees involved in lending operations.

»Became the first Turkish Bank to declare an A level for its Sustainability Report according to GRI (Global Reporting Initiative) Guidelines.

»Recognized as the "Best Bank for Sustainability in Turkey" by World Finance Magazine.

»Awarded by IAIR⁶ with the "Best Bank for Sustainability - Europe" award.

»Joined the pilot program 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 UNGC.

»First bank in Turkey to become a member of the Turkish Business Council for Sustainable Development BSCD Turkey.

»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 EMS and Environmental Policy.

»In achieving its ISO14001 certificate, became the Turkish bank with an EMS 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 a member of the Global Banking Alliance for Women (GBA), the world's leading international consortium of financial institutions and other organizations interested in

6. International Alternative Investment Review, the first-ever magazine that emphasizes sustainability from the perspective of the global economy.
7. Leadership in Energy and Environmental Design is a green building certification program, developed by the United States Green Buildings Council (USGBC).

building women's wealth 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 environmentally supply chain by including a binding provision concerning full compliance with Garanti Bank's EMS 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.

2011

»Became a member of United Nations Environment Program Finance Initiative (UNEP FI).

»Launched its Environmental and Social Loan Policies (ESLPs).

»Established its Environmental and Social Impact Assessment Process (ESIAP).

»Construction of the Pendik Technology Campus started - to be designed according to the LEED⁷ 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 GHG emissions and climate change strategy to CDP.

»Established its Sustainability Committee.

»Established "Atölye" (Workshop) - project-based innovation platform.

GARANTI'S SUSTAINABILITY-RELATED INDICATORS

Corporate Governance and Economic

	31.12.2014	31.12.2015
Market Value (US Dollar billion)	16.71**	10.23
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 (%)*	2.98	3.21
Earnings Per Share (TL)*	0.87	0.85
Net Income (TL)*	3,678,881	3,615,114
Number of Meetings of the Sustainability Committee	4	3

* Based on BRSA consolidated financials.

**G4-22: restated for 2014

Environment

	31.12.2014	31.12.2015
Fossil Fuel Consumption (MWh)	37,180	48,482*
Electricity Consumption (MWh)	116,010	115,693*
Scope 1 Emissions (1,000 tCO ₂ e)	8.7	11.8*
Scope 2 Emissions (1,000 tCO ₂ e) ⁸	57.4	63.9*
Scope 3 Emissions (1,000 tCO ₂ e) associated with Business Travel	3.7	3.6
Reduction in annual GHG Emissions caused by Operational Renewable Energy Projects financed by the Bank (million 1,000 tCO ₂ e)	3.2	5.7*
Ratio of Scope 1&2 GHG Emissions to the Bank's Total Assets (tCO ₂ e/TL billion)	274.1	270.5
GHG Emissions Caused by Business Travel (tCO ₂ e/number of employees)	0.20	0.18

8. For 2015 Scope 2 emissions calculation, the grid emission factor based on 2014 TEİAŞ data - the most recent available official data_ was used

	31.12.2014	31.12.2015
Ratio of Technology Based Learning Hours to the Total Training Hours (%)	18	16
Total Paper Consumption (x1,000 tons)	1.68	1.80
Water Consumption (x1,000 m3)	381	270*

*Externally assured by KPMG, see assurance report on page 136

Customers

	31.12.2014	31.12.2015
Number of Cities visited within the Scope of GAM ⁹	7	3
Number of SMEs visited within the Scope of GAM	1,835	1,000
Volume of Loans supplied to Renewable Energy projects (cumulative, US Dollar billion)	3.5	4.0

Human Resources

	31.12.2014	31.12.2015
Ratio of Women Employees to Total Employees (%)	57%	57%
Number of Women Employees in Senior Management (number of women managers/total number of managers)	21/75	23/75
Average Seniority (years)	7.3	7.6
Average Age of Employees	32.6	32.9
Average Training Duration per Employee (hours)	44	44

Social Responsibility

	31.12.2014	31.12.2015
Number of new teachers reached through the ÖRAV ¹⁰	14,597	122,249
Number of people reached through "SALT". ¹¹	1,129,111	1,638,107

9. Garanti Anatolian Meetings.

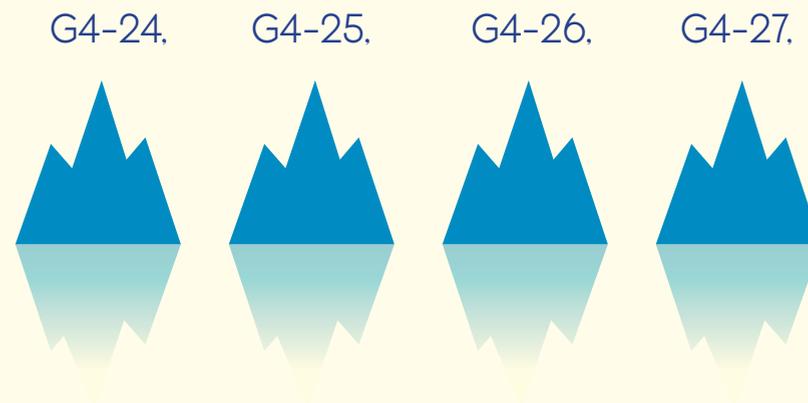
10. The total number of the "High School-Learning Leader Teacher", "Solution-Oriented Communication", "The Chemistry of Teaching" and "Development Program for Education Executives" (EYGEP) programs alongside with the "No Limit in Teaching" project that continued under the title "Learning Leader Teacher".

11. SALT numbers are given as cumulative since the year 2012.

FOCUSING ON STAKEHOLDERS

Garanti Bank has identified its main stakeholders, as its customers, employees, top management, shareholders, investors, suppliers and finance sector.

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:

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

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 the feedback to determine the strategically important issues with stakeholders 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. 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. For example, Garanti started studies to keep its interests in line with the new trend on the effects of carbon pricing on investment decisions after a meeting with several stakeholder groups and desktop research in a workshop organized by an ESG¹² rating agency in London in May 2015. After these studies, Garanti became the first Turkish bank to sign the UNGC's Business Leadership Criteria on Carbon Leadership. After signing the criteria, Garanti also declared its Climate Change Position Statement & Action Plan at the link below.

https://www.garantiinvestorrelations.com/en/images/pdf/climate_change_position_statement_action_plan_v6_081015.pdf

Similarly, Garanti also supported the EBRD Energy Efficiency Finance Forum in 2015 and declared a new commitment on energy efficiency.

Garanti held a workshop on Management of Environmental and Social Risks in the Energy and Infrastructure Sectors on October 9, 2015 for its 22 customers in the energy and infrastructure sectors based on feedback from corporate clients in previous years. In addition to Garanti, executives from EBRD, an expert on responsible

12. Environmental, Social and Governance

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.

investing, an academic from Boğaziçi University and 2 representatives from an international consultancy firm gave presentations during the training. In the scope of the training, customers were informed on local and international regulations on environmental and social issues, best practices on these issues, good and bad examples on the issue of sustainability and the environmental and social standards of banks. Additionally, Garanti provides one-on-one informative meetings on sustainability for its customers and other banks in other countries like Russia.

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. As a result, the Bank gave training to students from The London School of Economics and Political Science's (LSE) Executive Global MSc Management Program during the reporting period about economic developments in Turkey, the project finance sector and the Bank's strategy to integrate sustainability to its main operational activities.

Many experts from Economic Research, Investor Relations, Project Finance and Sustainability Teams gave presentations to students on

a variety of topics including what Garanti is undertaking to increase its sustainability performance. Similarly, Garanti gave a presentation on women's role in the business world and Garanti's strategy to support women's empowerment to students from MEF University.

Garanti gave a presentation on how its activities on women's empowerment intersects with its brand strategy during "People Make the Brand", Turkey's first employer branding conference where Garanti is the main sponsor. With this presentation, Garanti's goal was to raise awareness to the contribution adds to companies' long term sustainability performance.

As part of this ongoing stakeholder engagement program 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.

KEY STAKEHOLDER GROUPS AND ENGAGEMENT PLATFORMS

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 in Appendix 1 of this report.

Critical issues raised by key stakeholder groups and the Bank's replies on these issues are available in Table 5. For more information, please examine Appendix 1.

In addition to the above, Garanti attended and participated as speaker to many conferences on sustainability in 2015, including the 21st UNFCCC Conference on Parties (COP 21) in Paris; UN WEPs meeting, which is held in New York every March; 12th United Nations Convention to Combat Desertification (UNCCD) in Ankara, W20 Summit, UNGC +15 and Boğaziçi University Center for Research in Corporate Governance and Financial Regulation's "Sustainable Financial Innovation and Leadership Workshop Series: Environmental & Social Risk Management" workshop were among these conferences.



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 the Environmental and Social Risk Assessment Program whose content was set by the UNEP FI in 2013 and III. Sustainable Finance Forum that was organized in 2015 by co-operation of BCSD Turkey, UNEP FI and UNGC Turkish Local Network in 2013.

Additionally, Garanti supported the “Sustainable Finance Meeting”, held by BCSD Turkey on March 30, 2015 in the English Consulate. The meeting brought together approximately 80 people and the goal was to increase the awareness of financial organizations other than the banking sector on the importance of sustainable finance.

As Garanti Bank, we were the first bank in Turkey to become a member of WeConnect International, a global organization which aims to include women entrepreneurs in the supply chain. We aim to train, support and unite women entrepreneurs in our customer portfolio and to include them in the supply chain to empower them by WeConnect International membership which is supported by many international companies.

In 2015, Garanti also extended its support to HeforShe initiative that is a solidarity campaign

for gender equality initiated by United Nations Entity for Gender Equality and Empowerment of Women (UN) Women and emphasizes on men’s support for women rights and gender equality. In addition, Garanti became a member of the PWN, a network organization aiming to bring senior level businesswomen around the world together.

During the reporting year, Garanti also became first Turkish bank to sign the Business Leadership Criteria on Carbon Pricing with the “Caring for Climate” (C4C) initiative, which supports the stance of the business world against climate change.

Having the objective of spreading this approach across all of its stakeholders, Garanti continued to cooperate with its integrated subsidiaries during 2015. In 2015 Garanti Pension and Garanti Securities also started working on relevant topics. After Garanti Pension established a sustainability team, it signed the UNGC and UN WEPs in September 2015. In addition to these developments, the firm also started working with a consulting firm to establish an ISO14001 Environmental Management System

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
Caring for Climate (C4C)	2015	Voluntary
UN Global Compact Carbon Pricing Champion	2015	Voluntary
‘HeforShe’	2015	Voluntary
CDP Water Program	2015	Voluntary
Professional Women’s Network (PWN)	2015	Voluntary
Integrated Reporting Business Network	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 program	2013	Voluntary
UN Global Compact	2012	Voluntary
Business Council for Sustainable Development Turkey	2012	Voluntary
HP Planet Partners	2012	Voluntary
Equal Opportunities Model (FEM)	2012	Voluntary
United Nations Environmental Program Finance Initiative (UNEP FI)	2011	Voluntary
CDP Climate Change Program	2010	Voluntary
The Banks Association of Turkey	1958	Mandatory

APPROACH TO MATERIALITY



G4-18

In order to be able to identify and prioritize risks and opportunities to Garanti, the Bank places great importance on listening to the views of its key stakeholder groups as part of this process. During the reporting period, Garanti Bank undertook a detailed critical assessment of its existing GRI G4 materiality assessment to ensure its continued relevance and completeness of material issues for its GRI G4 reporting.

As part of the materiality assessment for this Sustainability Report, the Bank applied the GRI Principles for Defining Report Content and Quality so as to identify information to be reported and by paying regard to the Bank's activities, impacts, and the substantive expectations and interests of our main stakeholder groups. As part of this process, the Bank considered the main feedback received from its principal stakeholder groups during the reporting period and applied the Principle of Materiality by ensuring that the issues regarded as most important were addressed and prioritized in this report. Examples of the impact on this report's content and prioritization of issues of applying the Principle of Materiality are included in the following section.

The method for how the GRI Principle of Stakeholder Inclusiveness was applied is explained in the section on Stakeholders in this report.

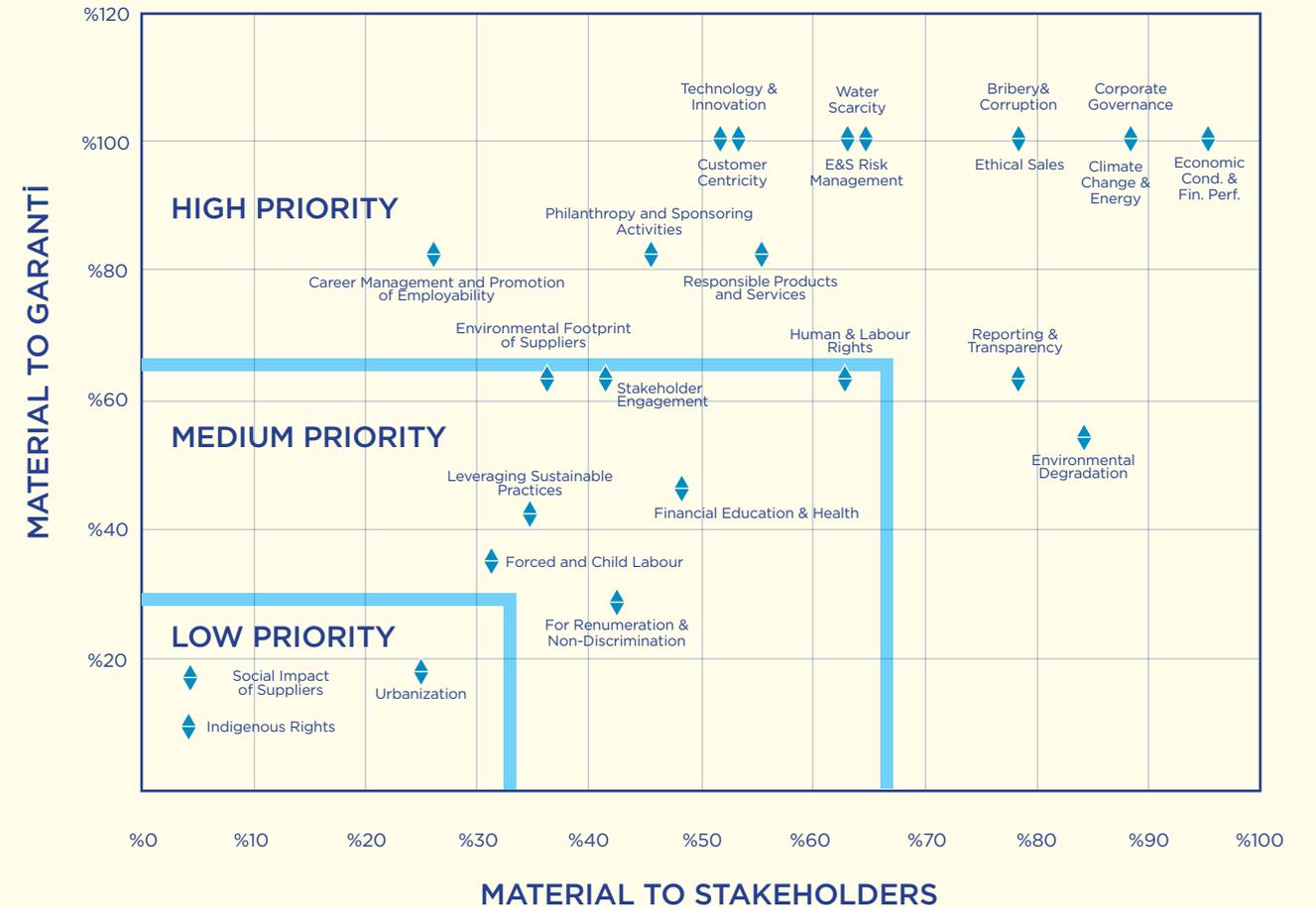
The Bank applied the Principle of Sustainability Context by having regard to the latest trends in sustainability in Turkey and internationally, which also helped us cross-check the completeness of issues covered by this report. The review of the report's content by our sustainability experts and top management also helped us ensure that the report was materially complete and accurate and that we had applied the GRI Principles such as for Sustainability Context, Completeness, Materiality and Stakeholder Inclusiveness.

The following figure summarizes the results of the Bank's materiality analysis for GRI G4. As part of the G4 materiality analysis, the Bank assessed the topics relevant to our organization and to our stakeholders making use of a variety of sources such as the Bank's commitments, media searches, questionnaires and surveys and comparison against peer companies nationally and internationally. The Bank then linked these issues to the corresponding GRI G4 aspects having regard to whether the aspect was material within our organization, outside the organization, or both. Topics were prioritized based on their significance of impact - their potential influence on Garanti Bank's ability to deliver on its vision and strategy as well as their potential influence on the decision-making of the Bank's main stakeholder groups. Significance of impact was determined based on applying 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 prioritization process, which were approved by the Executive Vice President for Project Finance and Sustainability, and a member of the Sustainability Committee, determined the focus and level of detail provided for each topic in this report. In addition, disclosures of management approaches to each single material aspect are documented in the GRI G4 Index to this report.

Figure 1: Garanti Bank's Materiality Matrix for Sustainability Issues¹³



13. As a result of 2015 assessment, no major changes observed in the data used for materiality assessment in 2015 in comparison to 2014.

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 of December 31, 2015 with 8 male and 2 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+
Ergun Özen	Board Member	Male	50+
Ali Fuat Erbil*	CEO and Board Member	Male	30-50
Dr. M. Cüneyt Sezgin	Independent Board Member	Male	50+
Maria Isabel Goiri Lartitegui**	Board Member	Female	50+
Jaime Saenz De Tejada Pulido	Board Member	Male	30-50
Javier Bernal Dionis**	Board Member	Male	50+
Manuel Pedro Galatas Sanchez-Harguindey	Independent Board Member	Male	50+
Sema Yurdum	Independent Board Member	Female	50+

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

* After Ergun Özen left the CEO position, Ali Fuat Erbil started his duties as CEO and Member of the Board of Directors as of September 2, 2015.

** As of July 27, 2015, Ahmet Kamil Esirtgen resigned from the Board of Directors; Maria Isabel Goiri Lartitegui and Javier Bernal Dionis were assigned as new members to the Board of Directors.

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 see pages 105 to 112 of the 2015 Annual Report.¹⁴

14. <https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf>

COMMITTEES

Garanti Bank has numerous committees and a Discipline Board Presidency, which are the basic elements of the Bank's corporate management structure.

For detailed information regarding committees such as committee name, number of attendees, ratio of women, etc. please refer to:

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 see pages 117 to 123 of the 2015 Annual Report.¹⁵

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 see pages 126 to 128 of the 2015 Annual Report. The details operations of Compliance Department are provided in Appendix 1.

Please see pages 128 to 131 of the 2015 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.¹⁶

15. <https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf>

16. <https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf>

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/Disciplinary-Committee/787/3228/0>

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:

»Risk Management Policies

»Garanti Code of Conduct¹⁷

»Declaration of Human Rights

»Disclosure Policy

»Dividend Distribution Policy

»Human Resources Policy

»Anti-Money Laundering Policy

»Donation and Contribution Policy

»Compensation Policy

»Employee Compensation Policy

»Sustainability Policy

»Environmental Policy

»Environmental and Social Loan Policies

»Climate Change Position Statement & Action Plan

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. For further information please see pages 126 to 135 of the 2015 Annual Report.¹⁸

17. The Whistleblowing Channel is in the scope of Garanti Code of Conduct.

18. <https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf>

GARANTI CODE OF CONDUCT

Garanti Code of
Conduct defines
the responsibilities
of employees
towards customers,
other employees,
business and society.

In parallel to the Bank's commitment to corporate governance principles and ethical values, and also considering the requirements of today's working life, our existing 'Ethical Principles' document has been revised and "Garanti Code of Conduct" has been approved and entered into force at the meeting of the Board of Directors on October 9, 2015. Being announced to the whole Bank via the CEO's message, the document is available for employees on the Intranet and also available to the public on the Investor Relations web page of the Bank.¹⁹

Garanti Code of Conduct defines the responsibilities of employees towards customers, other employees, business and society.

The Code emphasizes employees' responsibilities towards customers, principles of transparency, non-discrimination and financial responsibility. It is stated that employees should avoid any unjustified discrimination in relation to customers' access to our products and services.

Regarding responsibilities towards colleagues, the Code stresses principles of working as a team, fostering a respectful working environment, objectivity and health and safety issues. It is stated that employees should not discriminate or allow others to 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 which is not related objectively with work conditions or the consideration of which is prohibited for such purposes by the applicable legislation.

Employee responsibilities towards business deals with conflicts of interest, confidentiality, data protection, media relations, retention of documents and investment transactions titles. The section contains the standards of professional and personal behavior to ensure that employees behave with integrity and care with regard to Garanti.

The context of the conduct towards society covers anti-money laundering and prevention of financing terrorist activities, anti-corruption, commitment in relation to Human Rights and environment, investment in society and commitment to political neutrality sections. It is emphasized that Garanti does not tolerate any form of corruption or bribery in any of the activities which it undertakes. Under the title of commitment to political neutrality, it is declared that at Garanti business activities are performed with respect for the political pluralism of the societies in which Garanti is present and also Garanti does not make contributions to electoral campaigns or donations to political parties.

The Ethical Sales Principles emphasize that "reputation" is the Bank's most important value and set out the expected code of conduct, in detail, for employees who engage in sales activities.

In line with its ESLPs, 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.

19. https://www.garantiinvestorrelations.com/en/images/pdf/Garanti_Bank_Ethical_Principles.pdf

ANTI-FRAUD POLICY

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

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 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 are 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.



WHISTLEBLOWING CHANNEL

The Whistleblowing Channel forms an essential part of Garanti's compliance system, as one of the processes established to guarantee the effective application of the procedures and standards of the Code of Conduct. The channel is also a resource to assist the employees to report transgressions that they observe or which are reported to them by their team members, customers, suppliers or colleagues. Communications through this channel include, but are not limited to the reporting of suspicious illegal conduct or professionally unethical conduct.

In case of an actual or suspected breach of the Garanti Code of Conduct, the incident should be reported immediately via the Garanti Whistleblowing Channel, by e-mail on etikbildirim@garanti.com.tr or by telephone on +90 212 318 2375.

The Compliance Department, responsible for managing the Whistleblowing Channel, processes all reports received carefully and promptly, ensuring that they are investigated and resolved, in accordance with the Whistleblowing Channel management procedures. Information is analyzed objectively, impartially and confidentially. The

identity of the person who raised the report is kept confidential. The information is made known only to those departments whose cooperation is necessary for the investigation process. The result of the investigation is communicated to the departments which need to take appropriate measures to mitigate or correct the transgression, as well as to the person being reported and the reporter, as appropriate.

During the investigation process, personnel are expected to cooperate with the Compliance Department and other related parties, and required to maintain confidentiality about their involvement in the process and any information about the subject.

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

Developed in line with the Bank's Anti-Fraud Policy, the Whistleblowing Program covers the activities, processes and actions that are detailed in Appendix 4.

TRANSACTION MONITORING

External fraud activities are monitored centrally 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 a 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 new technologies.

PREVENTION OF CONFLICTS OF INTEREST

Garanti Code of Conduct covers situations where a conflict of interest occurs and where it might influence an employee's professional conduct.

A conflict of interest is assumed to exist when a personal or family relationship or friendship, or any other type of outside circumstance, might affect professional objectivity and duty to act in the best interests of Garanti and its customers.

It is mentioned that if employees find themselves in a situation where a conflict of interest exists, or where they think a conflict of interest might be perceived, they should always communicate this to their line managers and, if there is any doubt about how to resolve it, consult with Compliance.

In all circumstances, employees should avoid participating in decisions on matters affected by the conflict of interest and influencing individuals responsible for making such decisions. It is realized that conflicts may arise subsequently and in such cases, the conflict should be communicated as soon as it occurs and the activity which it relates to should be ceased immediately.

It is emphasized that the conflict of interest management policies should be applied and, in particular, policies on conflict of interests on capital market transactions.

Any failure to comply with the Code of Conduct may give rise to disciplinary action in accordance with employment laws, in addition to any legal obligations which may be applicable.

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 Capital Markets Board (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 151 of our 2015 Annual Report.

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 website;

<http://www.kap.gov.tr/en/companies/traded-companies/all-companies/detail.aspx?sid=1081>

IMPLEMENTATION OF BASEL REGULATIONS

Garanti Bank continues 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.

Regulatory reporting in line with Basel II began in July 2012. The Basel regulations contribute to a stronger and more powerful banking industry. Risk Management Department continues 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 with various regulations issued by the BRSA for compliance with these requirements coming into force from January 1, 2014. As part of the Regulatory Consistency Assessment Program (RCAP), which is conducted by the Bank for International Settlements (BIS), Turkey's compliance level with Basel regulations is being assessed as of the last quarter of 2015 and an assessment report regarding Turkey's compliance level with Basel regulations will be published in 2016. BRSA published some revisions and also new regulations considering full compliance with Basel regulations. BRSA published revisions for some regulations, major ones are: Regulation on the Measurement and Evaluation of Leverage Levels of Banks and the Regulation on

Measurement and Evaluation of Capital Adequacy of Banks, Regulation on Equity of Banks and Communique on Credit Risk Mitigations Techniques. In addition, for the third pillar of Basel II, namely market discipline, BRSA published its Communique on Risk Management Disclosures. All revisions and new regulations will come into force in March 2016.

Regarding internal capital adequacy calculation methods, the Communiqués on calculation of credit risk with the internal rating based approach (IRB) and calculation of operational risk with advanced measurement approach (AMA) came into force in 2015. Based on these communiqués, draft guidelines 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 year coming will be an important period with intensive preparation for all parties including the Board of Directors, senior management and risk management for those banks that will file applications for IRB and AMA.

In terms of the Internal Capital Adequacy Assessment Process (ICAAP) within the second pillar of Basel II, the target is to construct and operate an internal capital adequacy assessment process that is compatible with the Bank's risk profile, activity environment and strategic plans. The ICAAP report is prepared every year-end. The Bank's ICAAP and ICAAP report studies are coordinated by the Bank's Risk Management department.

Garanti Bank continues 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. The efficiency and adequacy of the audit and risk management systems are supervised by the Board of Directors and the necessary work concerning the management of risks, which the Bank will be exposed to, will be coordinated by the relevant risk committees in 2016.

Fines Incurred during the Reporting Period

During 2015, payments made for administrative fines imposed by regulatory and supervisory authorities against the Bank

amounted to TL 89,989,700.75. Based on the audit report issued by the inspectors of the Ministry of Customs and Trade within the frame of the Law on Consumer Protection no. 6502 (abolished Law no. 4077), the Provincial Directorate of Trade of the Istanbul Governorship has imposed an administrative fine against our Bank in the amount of TL 110,110,000. Our Bank has benefited from the outright payment discount as per Article 17/6 of the Law on Misdemeanors no. 5326, paid the said amount as TL 82,582,500.00 and filed a lawsuit for the annulment of the fine. The litigation is still ongoing.

Based on the audit report issued by the Ministry of Labor and Social Security Labor Inspection Board, Turkish Employment Agency Istanbul Provincial Directorate of Labor and Employment has imposed an administrative fine against our Bank in the amount of TL 4,433,002.

Our Bank benefited from the outright payment discount as per Article 17/6 of the Law on Misdemeanors no. 5326, paid the said fine as TL 3,324,751.50 and filed a lawsuit for the annulment of the fine. The litigation is still ongoing.

For detailed information regarding the fines incurred during the reporting period please see page 134 of the 2015 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 relevant lines of business and departments throughout its organization.

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 in 2015 and the current membership of the Committee is as follows:

Table 4: Sustainability Committee Members

Sustainability Committee Member	Title
Dr. M. Cüneyt Sezgin (Committee Chair)	Independent Board Member
Ali Fuat Erbil (Permanent Member)	CEO and Board Member
Ali Temel (Permanent Member)	EVP, Loans
Aydın Güler (Permanent Member)	EVP, Finance and General Accounting
Ebru Dildar Edin (Permanent Member and Committee Secretary General)	EVP, Project Finance and Sustainability
Nafiz Karadere (Permanent Member)	EVP, SME Banking
Osman Tüzün (Permanent Member)	EVP, Human Resources and Support Services

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. By the end of 2015, the committee has met a total of 20 times since its inception in 2010 and met 3 times in 2015.

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.



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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
Action Plan against Climate Change	Investors Top Management Non-Governmental Organizations	In 2015 the Bank's Climate Change Action Plan was published. The full text of the Action Plan can be found in Appendix 9.
Lack of a Responsible Investment Strategy	Investors Top Management	Garanti Bank continued to support its subsidiaries in developing their own ESG policies and risk management systems. In 2015, Garanti Pension established its own Sustainability Committee and Department, initiated the process for establishing ISO14001 Environmental Management System and signed the UNGC and UN WEPs.



Critical Concern	Stakeholder Group that raised the Critical Concern	Garanti's response to Critical Concern
Need of assurance for Scope 1 and 2 GHG emissions, energy and water consumption	ESG rating agencies Top Management	The Bank's 2015 Sustainability Report, prepared according to GRI G4, obtained external assurance from an independent audit firm. The scope includes renewable energy portfolio, energy and water consumption, ESIAM ²⁰ data in scope of our indirect effects and Scope 1 and 2 GHG emissions.
Increasing stakeholder awareness about our sustainability activities.	Top Management Employees Investors	<p>The Bank has arranged a training course for 22 of its customers from the energy and infrastructure sectors to inform them about its ESIAM and current Environmental Impact Assessment (EIA) conditions.</p> <p>The Bank has supported UNEP-FI in translating their Sustainable Banking Manual to Turkish.</p> <p>Several half-day workshops with firms from real economy and banks in other countries were held to inform these organizations on Garanti's sustainability experience and how they can tackle these issues themselves.</p> <p>Additionally, Garanti supported the "Sustainable Finance Meeting", held by BCSD Turkey on March 30, 2015 in the English Consulate. The meeting brought together approximately 80 people and the goal was to increase the awareness of financial organizations other than the banking sector on the importance of sustainable finance.</p>
Supporting women's empowerment	Top Management Non-Governmental Organizations Media Community	<p>Garanti Bank signed the Women's Empowerment Principles (UN WEPs) which was developed together by UNGC and UN Women in 2010. Garanti is in Mentoring & Support working group and is a member of the UN WEPs Support Team.</p> <p>Additionally, the Bank established the Woman Steering Committee in 2015 to expand the activities in the Bank to support the empowerment of women.</p>

20. Environmental and Social Impact Assessment Model. Please see Appendix 2 for details.

Critical Concern	Stakeholder Group that raised the Critical Concern	Garanti's response to Critical Concern
Reducing the impact on water resources due to industrial and agricultural activities	Top Management Non-Governmental Organizations	<p>Garanti Bank decided to support the CDP Water Program and the program was launched in Turkey with Garanti as the main sponsor in 2015.</p> <p>To reduce the impacts of agricultural activities on water resources, Garanti launched a new loan product for financing efficient agricultural irrigation systems in 2015.</p>
Improving the Health and Safety precautions in the projects financed by the Bank	Top Management Media Community	In 2015, Garanti Bank started to work on a new rating system that will be used to rate the H&S performance of projects financed.
Making the processes in the Bank about ethical matters publicly available	ESG rating agencies Investors Top Management	Garanti Bank, with the support of a consulting firm, united all processes related to ethics under one policy called the Garanti Code of Conduct and made it publicly available in 2015.



SUSTAINABILITY TEAM

In 2012, Garanti Bank established a full-time Sustainability team which is based in the Project 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 Finance, the team included three environmental engineers amongst its members as at the end of 2015.

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 2015, Garanti Bank had more than 1,000 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 in 2015 and is as currently shown in Figure 2.

Coordination among the Branches, Regional Directorates and Teams for the purposes of the EMS is achieved via the Efficiency Team, established under the Construction Department. The Efficiency Team is comprised of 5 members including the Senior Vice President of Construction Department. The Efficiency Team is responsible for the application of the EMS in the bank and ensuring the environmental sustainability of the Bank's internal activities.

Project Supervisors from the Construction Department, Mechanical/ Electrical Engineers and the Efficiency Team received 'Managing Safely' training from the Institution of Occupational Safety and Health (IOSH). The primary purpose of IOSH, which is recognized by the International Labor Organization (ILO), is to provide a more secure, safe and sustainable business environment worldwide.

Figure 2: Sustainability Governance at Garanti Following the Restructuring in 2015

SUSTAINABILITY COMMITTEE



Dr. M. Cüneyt Sezgin
Chairman



Ali Fuat Erbil (CEO)
Permanent Member



Ali Temel
Permanent Member



Aydın Güler
Permanent Member



Ebru Dildar Edin
(Committee Secretary General)
Permanent Member



Nafız Karadere
Permanent Member



Osman Tüzün
Permanent Member

SUSTAINABILITY TEAM WORKING GROUPS



AWARDS

»Became the only Turkish company to enter the CDP Climate Change A list in 2015 and was awarded the CDP 2015 Climate Performance Leadership award.

»Obtained the highest score among the companies included in the CDP Turkey 2015 Climate Disclosure Leadership Index and also won the CDP Turkey 2015 Climate Disclosure Leadership award.

»Received “Bank of the Year Award-Turkey” in “Sustainability” category from ACQ Global Awards 2015 and became the “National Champion” at European Business Awards in the category of “Environmental & Corporate Sustainability”.

»Sustained its International IIP Gold standard, demonstrating its commitment in employee centric management and banking approach, its perfection standards and promise to invest in employees to achieve higher performance.

»Named as the “Silver Winner in Most Socially or Environmentally Responsible Company of the Year” in Best in Biz Awards 2015 International.

»Borusan Wind Bundle project, which Garanti has participated in financing, have been recognized as the “Best Sustainability Deal” in Europe, Middle East and Africa by EMEA Finance.

»Honored with the “Most Ethical Company Award” at Turkey Ethics Awards (ETİKA) by Ethical Values Center Association (EDMER) for fulfilling more than 70 out of 80 criteria on issues such as corporate governance, corporate social responsibility, leadership, innovation and legal compliance.

»Received the “Corporate Transparency Award” from Transparency International in Turkey’s first Transparency Awards with its Investor Relations website and iPad application two key components of the Bank’s proactive, transparent and consistent communication with stakeholders.



FOCUSING ON CUSTOMERS THROUGH SUSTAINABLE FINANCE

Key Highlights:

- »34% share* in Turkey's total operational installed wind power
- »Loans totalling TL 5 billion had been provided to agriculture*
- »10 projects evaluated in depth in line with the Bank's ESIAM in 2015;
- »3 cities visited as part of Garanti Anatolian Meetings in 2015;
- »First bank in Turkey to establish an expert team under Project Finance Department on licensed and unlicensed solar power projects.

*As of December 31, 2015.

Garanti Bank has already developed numerous products and services that support sustainable development, ranging across 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 place sustainability at the center of its service cycle to generate long-term added value.

IMPORTANCE OF CUSTOMER EXPERIENCE AND SATISFACTION

Listening to customers, identifying their needs and addressing areas where they are not satisfied are amongst 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, insights are shared according to the results of root cause analysis and according to improvement areas, different projects are designed to develop 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 customer satisfaction initiatives in place that are explained in Table 6.



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.
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.
Speech Analytics System	Speech Analytics is a technology that transcribes the recorded audio to digital text. By using Speech Analytics Technology, the Customer Hotline can reach the conversation texts and generate additional reports to increase the customer satisfaction.
Bottom-Up Net Promoter Score Studies (After Service Surveys)	<p>After Service Surveys are conducted both for branch services and for Customer Hotline Services.</p> <p>In the Customer Hotline Services surveys, the satisfaction level of customers regarding the service given, solution offered and the manners of customer representatives are assessed.</p> <p>In the Branches, we conduct After Service Surveys with customers who went through critical journeys. We reach customers within 48 hours after the interaction and collect their feedback in order to understand what we do well and what we need to improve.</p> <p>We plan to expand After Service Surveys to digital channels and Call Center services for the years ahead.</p>

Initiative	Explanation
Customer Experience Research	<p>Garanti Bank conducts market research to listen to customer opinions, track their needs closely and receive feedback on its products and services.</p> <p>Other than scheduled periodic research, ad hoc market research to receive detailed information about certain services or products is also conducted.</p> <p>Market research conducted in 2015 included:</p> <p>»Open Market Net Promoter Score studies (NPS) 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 2015 was conducted with Retail Upscale, Retail Mass, SME -Small Business and SME-Micro- customers as well as Digital Channels. For the Private Banking and Commercial segment, NPS with Garanti customers are conducted.</p> <p>»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.</p> <p>»Customer experience research was conducted with the users of @garantiyesor service which aims to receive feedback through Garanti Bank's Facebook and Twitter accounts.</p> <p>»Customer experience research was conducted with the users of our 'TeşvikBul' service, which aims to inform SMEs about the most convenient incentive program for their businesses.</p> <p>»Customer experience research was conducted with the users of our 'ŞirketKur' service, which aims to inform entrepreneurs about the incorporation processes and legislations.</p> <p>»Mystery Shopping research is conducted to find out if the branches are offering services that are up to the established service standards.</p>

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.

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

»Garantili Gelecek (Guaranteed Future) for Kids.

»Bonus Genç (Bonus Young),

»Retirement Banking,

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 (Bonus Young) 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, Harçlık Hesap (Allowance Account), 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 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.

With the **Agriculture 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, 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 customers' of the Bank's 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.

Garanti is working through all channels so that its customers have easy access to their financial statuses. In this context:

»Customers without access to the internet can easily reach the Bank's banking service and products through the Alo Garanti channel,

»Offers such as personalized loans and savings are easily communicated through dynamic offers and systems such as IVN,

»Our Apple Watch application enables our customers to access market information, locations of closest ATM/branches and exchange rate conversions,

»The "Notification Today Widget" for iPhones and iPads enables our customers to access market information, locations of closest ATM/branches and exchange rate conversions,

»With the option of QR withdrawal, the possibility of withdrawing cash without the necessity to carry their debit and credit cards are offered to customers.

»Since March 2016, money transfer without using internet or mobile banking is enabled through Money transfer via BİP messaging application. This way Garanti Bank customers can transfer money to people who are unbanked also via this new channel.

Online Banking Personal Finance Management

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

The Bank also provides many options to allow its customers to manage their personal finances on the internet via the Internet Banking website²¹ as explained by the following examples:

»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 the 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.

21. http://www.garanti.com.tr/en/personal_banking/delivery_channels/internet_banking.page

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

»**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 analyze their financial situations in detail. Moreover, each spending is categorized and each category can be visualized by graphs.

»**Mobile Banking Notifications:** Within Mobile Banking and iGaranti applications, there is a system 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. Moreover, users can be reminded of current campaigns through notifications..

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. For this necessity, Garanti 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.

Products that Promote Saving

Garanti Bank aims to raise the number of savings products in a bid to raise the propensity to save in Turkey. With this target, 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,

»The “Spend and Save” product which offers customers the chance to turn credit card expenses into savings.

»Investment Accounts

Financial Inclusion: Solutions for the Unbanked Population

According to World Bank Global Financial Inclusion data, 2 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 lack access, Garanti offers its products and services to customers as well as to non-customers without access to financial services.

»**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. Non-Garanti customers can perform their transactions without credit or debit cards through Garanti ATMs as well as Garanti customers. A few examples of cardless transactions are explained below.

»**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.

Garanti Bank aims to include people who make savings without benefiting from financial services.

Gold Branches and Gold Service Point Jewelers :

Our customers' physical scrap gold is accepted in Gold Branches and Gold Service Point Jewelers so that the assets can be registered in the banking system and in the economy as a whole. The Gold Branches in Turkey accept customers on Tuesdays, Wednesdays and Saturdays whereas Gold Service Point Jewelers serve customers every day of the week.

Customers can easily perform gold account transactions through their TL or US Dollar accounts. Our customers 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 customers to earn interest on their gold investments in gold terms. Customers who wish to make their investments in gold terms, preserve their gold investments and to earn interest can open a Gold Time Deposit Account with a minimum of 100 gr of gold.

Gold Saving Account:

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



RENEWABLE ENERGY

A new separate and specialised team was formed under the Project Finance Department in 2015 to provide financing and support to solar energy projects.

Garanti Bank considers financing of renewable energy projects a critical part of enabling Turkey to reduce its GHG emissions. The Bank gives most support to wind and solar 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 operational installed capacity of wind power among Turkish Banks is 34%.

As of December 2015, the total emission reduction of operational wind power plants that were financed by Garanti Bank was 5.7 million tCO₂e based on the latest available TEİAŞ data of electricity generation in Turkey.

As of December 31, 2015, Garanti Bank had allocated:

»US Dollar 2.13 billion to wind farm projects which will have a total installed capacity of 1,932 MW once all commissioned,

»US Dollar 1.65 billion to hydroelectric power plant projects which will have a total installed capacity of 2,131 MW once all commissioned, and

»US Dollar 204 million to geothermal power plant projects which will have a total installed capacity of 202 MW once all commissioned.

»US Dollar 21 million to solar energy projects which will have a total installed capacity of 23 MW once all commissioned.

More than half of the funding provided by the Bank to energy projects has been allocated to renewable energy generation projects.



Koru Wind Farm

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
MW	70	220	385	540	626	874	1,216	1,223	1,696	1,932 ²²
Loan Limit (US Dollar, millions)	84	281	502	694	806	1,138	1,511	1,526	1,962	2,134

Table 8: Total Installed Capacity of the Hydroelectric Power Portfolio by Year (Cumulative)

	2007	2008	2009	2010	2011	2012	2013	2014	2015*
MW	50	118	211	882	1,962	2,080	2,123	2,123	2,131 ²³
Loan Limit (US Dollar, millions)	60	107	277	627	1,350	1,481	1,550	1,534	1,646

Table 9: Portfolio of Total Installed Geothermal Power Plants by Year (Cumulative)²⁴

	2010	2011	2012	2013	2014	2015*
MW	75	75	75	95	112	202
Loan Limit (US Dollar, millions)	70	70	70	90	128	204

*Externally assured by KPMG, see assurance report on page 136

The increasing impact of climate change necessitates the timely transition to a low carbon economy. This urgency is reflected in the efforts of public institutions, 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. In line with this, 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 new loan product for PV systems in late 2013 and rolled it out in 2014. In order to more effectively monitor processes in scope of these new loan products, a new separate and specialized team was formed under the Project Finance Department in 2015 to provide financing and support to PV projects.

22. Includes corporate loans allocated to small-scale WPPs.

23. Includes corporate loans allocated to small-scale HEPPs. Was restated for years 2012-2014.

24. G4-22: Restated for years 2010-2012.

GARANTİ BANK AND SMES

According to TUIK's latest data which were released in 2015, SMEs account for 74.2% of total employment in Turkey, as well as 63.8% of total sales and 53.3% of total investments in Turkey²⁵. 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 Meeting

25. http://www.garanti.com.tr/en/personal_banking/delivery_channels/internet_banking.page

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

Target	Progress in 2015
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 digitalization 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 have attended the trainings at the Future Digital SMEs Summit held in collaboration with Google, Microsoft and Turkcell.
To ensure SMEs have easier access to information by designing information and consultancy services	<p>»Teknosor: With this service introduced in December 2015, regardless of being a Garanti Customer, SMEs can get support on technical and technological issues which they frequently have problems with.</p> <p>»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, 300 women in 5 cities received certificates.</p> <p>»Both occupational and personal thematic training programs in conjunction with UN Food and Agriculture Organization (FAO) and Boğaziçi University Lifelong Learning Center continued with 5 hours long training sessions held in Konya this year and 116 family establishments received training support.</p>
To undertake efforts to assist the development of SMEs in cities that currently lack sufficient financial support from banks	<p>»With GAM, Women Entrepreneur Meetings, KOBİLGİ SME Informative Meetings and similar gatherings, the Bank works to help SMEs, the backbone of the economy, move forward.</p> <p>»GAMs began 13 years ago and in 2015 the Bank visited 3 cities, getting together with more than 700 SMEs.</p> <p>»The KOBİLGİ meetings, which 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.</p>
Providing employees of the Bank with training related to SMEs' digital transformations	»3 rd "Future is Digital SME" summit was organized focusing on our employees in collaboration with industry leaders, to increase awareness and efficiency in business life of the SMEs.

GarantiPartners

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

GarantiPartners 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 program is speeding up entrepreneurship with the help of the platform and 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 is 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 can 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 presented with advantageous conditions.

The Bank's doors are wide open to entrepreneurs who dream of establishing their own businesses, but cannot find the courage or capital; do not know about the proper channels or resources to realize their dreams and invites entrepreneurs to GarantiPartners, which adds value to all stakeholders.

By the end of 2015, 569 applications had been received by GarantiPartners, which was launched in February 2015 to fast-track entrepreneurs and 12 entrepreneurs won the right to participate in the program.

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

Disabled-Friendly Banking

In 2015, Garanti Bank continued initiatives to ease the access of disabled customers to banking services. In 2012, the Bank started to make its branches and ATMs disabled-friendly. Garanti trains employees on critical points of services provided to disabled people and targets to continue easing the lives of its disabled customers in 2016 through training its employees on the important points in services provided to disabled customers.



Table 11: Assisting the Mobility Impaired at ATMs and Branches

Initiative	Progress in the Reporting Period
Disabled-friendly ATMs	Garanti Bank has introduced its disabled-friendly ATMs alongside its existing machines and put them into service. These machines have lower screens; their keyboards are easily visible for disabled people and can be approached easily by them. In addition, visually disabled customers have the opportunity to perform transactions on these ATMs with the help of audio guidance.
Disabled-friendly branches	<p>In disabled-friendly branches:</p> <ul style="list-style-type: none"> »Branch entrances are accessible to the orthopedically-disabled customers; »The visually-impaired are guided by floor surface features; »Priority is given to disabled customers in the Qmatic queuing system, if information related to their situation is kept in the Bank's records; »Counters have lower tellers for serving orthopedically-disabled customers <p>Garanti has created 'experience standards' to highlight important points in communicating with disabled customers, to help ensure a standardized approach and quality service to our disabled customers. Various trainings are 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. All employees that communicate directly with customers have received the training, as did volunteers from head-quarters.</p> <p>Garanti Bank has also completed design works for Sign Language trainings that are going to be rolled out in 2016.</p>
Internet branch and credit card transactions for the visually-impaired customers	<p>Garanti Bank's internet branch and mobile branches were made compatible with screen reader software, enabling them to perform audio transactions by listening to the internet branch menu.</p> <p>The Bank is planning to send text message notifications to visually-impaired customers regarding their credit card transactions. The target is to complete the works on this issue in 2016.</p>

Table 12: Assistance to Disabled Customers and Future Targets

Target	Explanation	Progress and Future Target
Disabled-Friendly (DF) Branches	<p>Rendering teller counters and branch entrances wheelchair-accessible</p> <p>Applying surface features on branch floors to guide visually-impaired customers</p>	<p>150 branches had been transformed into DF branches by the end of 2015.</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>
Disabled-Friendly ATMs	<p>Ensuring that visually-impaired customers can carry out audio transactions at ATMs</p> <p>Widening easy-to-use ATMs for orthopedically-impaired customers</p>	<p>The Bank had 33 orthopedically-disabled and 422 visually-disabled friendly ATMs by the end of the year. In addition, there were 147 ATMs that were both orthopedically- and visually-impaired friendly ATMs.</p>
Distance learning programs for Bank personnel	<p>Distance learning programs to ensure that branch personnel provide a better service to disabled customers.</p>	<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 2015, 16,884 employees were registered for the distance learning program with 11,721 having completed (completion rate 69%).</p> <p>Design works for Sign Language trainings are completed and are going to be rolled out in 2016.</p>
Give priority to disabled customers in branch transactions	<p>Keeping information related to disabled customers in the Bank's records and giving them priority in the Qmatic queuing system.</p>	<p>All customers recorded as disabled in the branch and call center database are given priority in the Qmatic system.</p>

Target	Explanation	Progress and Future Target
Help visually-impaired customers carry out their transactions through the internet branch	<p>Implementing the necessary improvements in the internet branch to ensure that visually-impaired customers are able to perform audio transactions.</p>	<p>Internet and mobile banking branches were made compatible with screen reading software used by visually impaired customers.</p>
Inform visually-impaired customers of their credit card transactions	<p>Informing visually-impaired customers of credit card transactions through audio SMS notifications</p>	<p>A pilot study is being targeted before the end of calendar year 2016.</p>

SUSTAINABILITY COLLABORATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS

Garanti Bank offers long-term financing 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 financing to small and medium-sized businesses on energy efficiency and renewable energy subjects 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 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 Bank signed the goodwill letter for the "Financing and Consulting Support Program for Establishments Managed by Women" that was initiated by the 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 Euro 300 million loan package that will be given to establishments managed by women.

Additionally, 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.

GARANTİ BANK SUPPORTS WOMEN ENTREPRENEURS

Garanti Bank sees supporting women entrepreneurs as a major responsibility for Turkey's social and economic development. Apart from extending financing to women entrepreneurs, the Bank also supports activities encouraging entrepreneurship and educational projects. Table 13 summarizes some of the Bank's recent successes. Loans extended by Garanti Bank to women entrepreneurs had reached TL 2.8 billion as at the end of 2015.

Table 13: Progress in Women Entrepreneurship Programs

Target	Explanation	Progress and Future Target
Women Entrepreneurship Program	The Program was aimed to be rolled out to 4 new provinces in 2015	In 2015, 5 new provinces were reached. 4 more provinces are due to be added in 2016 to the education program for women entrepreneurs to transform their businesses into sustainable ones.

Women Entrepreneurs Meetings and Turkey's Women Entrepreneur Competition

Between 2008 and 2015, Garanti Bank organized 32 Women Entrepreneurs Meetings in 31 cities in collaboration with the Women Entrepreneurs Association of Turkey KAGİDER to further support women entrepreneurship and reached 6,662 women. The Turkey's Women Entrepreneur Competition that we initiated in cooperation with the Economist magazine and KAGİDER was held for the ninth time.

Garanti Bank became the first Turkish Bank to become a member of the WeConnect International, an organization aiming to include women entrepreneurs in the supply chain. We aim to strengthen women entrepreneurs in our customer portfolio by this international platform.

Financing Women Entrepreneurs

With the intention of solving women entrepreneurs' warrant problems related to borrowing issues GCF renewed 'Garanti Women Entrepreneur's Bail Support Protocol'. Natural entities owned by women who fall into the SME criteria, who are active for a maximum of 3 years, less than 60 years old, holding a primary school or a higher diploma and women who own a minimum of 51% of a company and in the specified age bracket can benefit from financing.

Women Entrepreneur Research

'Women Entrepreneur Research' program, coordinated and run by Dr. Yıldız Ecevit, Head of Department of Women Studies at Middle East Technical University (METU), and supported by the Bank, which aims to identify potential women entrepreneurs along with identifying their problems, expectations and requests and mechanisms that support women entrepreneurs was completed in 2015 and the results were disclosed.



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 aims to become

a solution partner that provides for the needs, advice and consulting services in the sector.

By the end of 2015, the amount of loans provided to customers with the agriculture and husbandry sector codes had reached TL 5 billion, and the number of customers had reached 31,000, while 22,000 of these customers were SMEs.

Garanti was the first private Bank in Turkey to not request the use of Farmers Register System (FRS) as the Bank is directly integrated with this system. As a result, Garanti has eliminated the cost of FRS for farmers.

Agricultural Irrigation Systems Loan

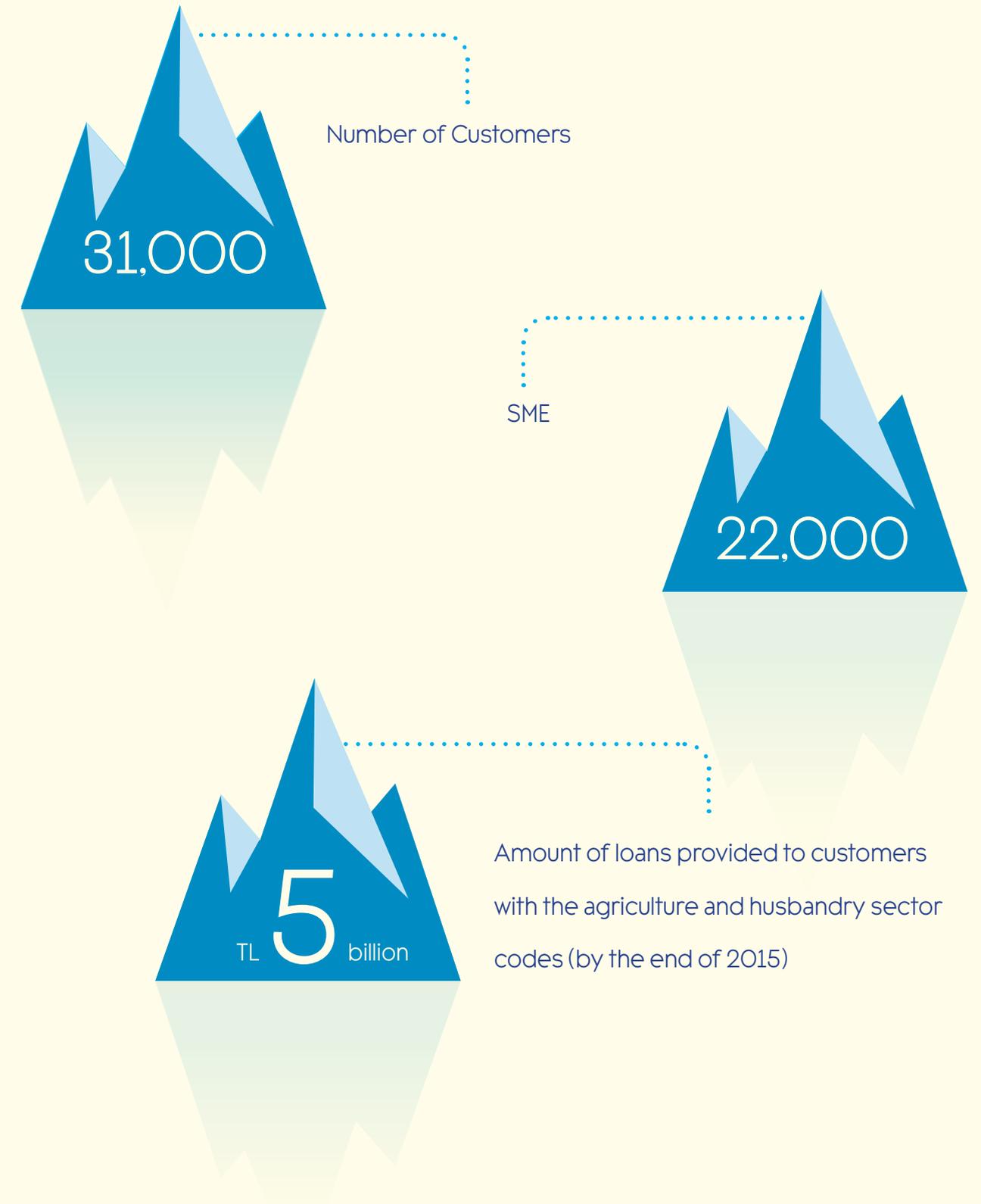
Garanti finances agricultural irrigation systems that use solar power with modern agricultural irrigation system loans.

Field Days

Garanti has established a strong partnership with German Agriculture Union (Deutsche Landwirtschafts-Gesellschaft - DLG) which brought a new approach to the Field Days with Fair Organization and Leader Farmer Project. The ‘Field Days’ and ‘Agriculture and Technology Days’ have hosted many national and international participants. Garanti, which is the main organization sponsor for the 6th year in a row, tries to introduce the most innovative techniques and technologies to growers.

Supporting Farmer Families in Agricultural and Rural Development

‘Supporting Farmer Families in Agricultural and Rural Development’ program organized by Garanti Bank, Boğaziçi University Lifelong Learning Center and the UN Food and Agriculture Organization continued with trainings held in Konya this year. Both personal and professional improvement was targeted in the 5 hours long sessions which 116 growers attended.



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 also organizes foreign trade training sessions and 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, also offers 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

In 2015, EBRD selected Garanti Bank as one of the best practices for its trainings for financial institutions on strong sustainability policy and implementation on Environmental and Social Risk Assessment among the financial institutions.

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 organization, 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 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, that 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 contributes to raising awareness regarding non-financial risks in the non-financial and financial sectors by explaining its ESIAM to its external stakeholders via a variety of platforms. For example, Garanti organized a workshop together with

Boğaziçi University on environmental and social risk management to its corporate customers and presented the bank's approach and best practices. In the workshop, besides Garanti Bank, a specialist from the EBRD, a responsible investment specialist and two international independent advisor companies presented their knowledge and experiences.

In 2015, EBRD selected Garanti Bank as one of the best practices for its trainings for financial institutions on strong sustainability policy and implementation on Environmental and Social Risk

Assessment among the financial institutions. Garanti was also selected by the UN for one of the best cases for policies on mitigating water risks and financial sustainability. Garanti was the only Turkish company and one of the two banks

Environmental and Social Loan Policies (ESLPs)

Garanti Bank initially set up its Environmental and Social Loan Policies 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 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;

mentioned in the report called "The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience" published by UNGC, UNFCCC and UNEP on climate change adaptation.

» 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 supporting the transition to a low carbon economy.

During the reporting period, 100% of the loan requests received by the Bank were subjected to the ESLPs.



3rd Bridge Afforestation Area

Environmental and Social Impact Assessment Model (ESIAM)

Garanti Bank subjects loan requests for investments, which it defines as new projects with an investment total of more than US Dollar 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 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 Environmental and Social Management Plan (ESMP) prepared by customers (project owners) in order to help monitor and improve their compliance with the Bank's environmental and social policies.

Updating ESIAP

During 2015, the Bank continued to apply its Environmental and Social Impact Assessment Process while having regard to the changes in local and international regulations, standards and issues brought by our stakeholders.

In terms of the ESIAP update, the following points were agreed following confirmation by the Sustainability Committee.

»Agreed to lower the monetary limit for projects subject to ESIAM to US Dollar 10 million from US Dollar 20 million.

»Agreed to apply ESIAP to projects financed outside Turkey as well. If the country is a "designated" country within the scope of Equator Principles, its own environmental and social standards are also applied. If the country is listed as "non-designated", international best IFI practices are applied as well as Garanti's ESIAP.

»If the GHG emissions of the Project are expected to exceed the 100,000 ton/year CO₂ equivalent GHG emissions limit, it will be reported to Garanti and published on the website of the Project.

»Environmental and social impacts of the Project to be financed should be assessed. If there is no EIA report or it has been exempted from an EIA by Turkish legislation, an EIA will be requested by Garanti.

»For the projects requiring tree removal, Garanti asks the borrowers to plant 4 to 5 trees per each tree to be cut down. If the Project is a greenfield fossil fuel based power plant, Garanti requires the borrowers to plant 1 tree per 10 MWh annual gross energy production for at least 10 years after commissioning.

»Projects that receive financial advisory are also in the scope of the ESIAM.

»For high risk projects, the sponsors' compliance to OHS related local legislation and international best practices should be ensured. If any non-compliance is present, the preparation of an action and monitoring plan by an independent technical/environmental/OHS consultant will be requested from the sponsors.

»High risk and medium risk projects are to be monitored via site visits by an independent adviser and/or Garanti Sustainability Team, once every six months during the construction phase and annually during the operation phase.

»An ESIA summary of the high risk projects is to be published on the projects' website by the sponsor.

»Sectoral principles have been updated.

Detailed information on ESIAM is presented in Appendix 2.

ESIAP Results in 2015

During the reporting period, all loan requests were subjected to the ESLPs regardless of the loan type and size. 8 loan requests were directly rejected due to non-compliance with the ESLPs before ESIAM. In Table 14: investments;

» which are rejected due to non-compliance with ESLPs;

» 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 fundamental criteria of ESIAM due to their potential environmental and social risks

are provided for the reporting period.

Table 14: Breakdown of Investments which were Subjected to ESIAP in 2015*²⁶

	Loan Limit (US Dollar, million)	Number of Projects
Loan requests rejected as per the ESLPs	-	8
Loan requests within the scope of ESIAM and assessed as per the ESIAM	1,621	10
Loan requests ²⁷ which are approved with conditions after a basic evaluation despite being out of the scope of ESIAM	70	2

*Externally assured by KPMG, see assurance report on page 136

26. Includes projects assessed only in 2015

27. Although these projects are not subjected to ESIAM, these were assessed according to a set of standard environmental and social criteria more detailed than the scope of ESLP.

Table 15: Breakdown of New Investments²⁸ subjected to ESIAM in 2015*

Assessment Result Breakdown Loan Limit (US Dollar, million) Number of Projects

Category	Category A	925	6
	Category B	766	6
	Category C	0	0
Risk Rating	R1	950	4
	R2	219	1
	R3	522	7
	R4	0	0
Final Score	1	1,169	5
	2	342	3
	3	180	4

Following the ESIAM process, Garanti Bank may request from the project owners that a detailed 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 Loan Committee. The limit for the total investment amount stated under the scope of ESIAM, 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 required by ESLPs and/or 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 corrective and mitigating actions requested from the Sponsors and projects in 2015 are listed below:

28. New investments in scope of ESIAM that exceed US Dollar 20 million limit.

Impacts on Flora and Prevention of Deforestation

To help mitigate carbon emissions and impacts of deforestation, forestation plans that cover the activities below were requested from Sponsors and were implemented:

»A thermal power plant privatization project: Planting and care of 1 million trees a year during ten years

»An infrastructure project: Planting and care of 4 trees for every tree that is cut down.

»A geothermal energy project: Relocation of the trees instead of cutting them down

»An infrastructure project: Biodiversity action plan prepared and sensitive flora species have been relocated to suitable habitat and being monitored.

Impacts on the Fauna

»On infrastructure and wind power projects, sponsors were requested to determine assessment of the impacts of the project on the bird population and the migration routes by comprehensive ornithological studies and impacts minimized by views of experts and scientific methods.

»On an infrastructure project, sensitive fauna species have been relocated to suitable habitat and been monitored

Cumulative Impacts / Additional Impacts

»The sponsors were requested to conduct cumulative impact analyses at many energy projects including wind, hydroelectricity and thermal power plants, even though the regulations do not have such requirements.

»The sponsors were requested to have a supplementary individual ESIA and an Environmental Social Action Plan (ESAP) for a new loan and accordingly additional afforestation was requested to compensate additional impacts.

Environmental and OHS Management Systems

For 6 high and medium risk projects financed in the power and infrastructure sectors sponsors were requested to:

»establish an EMS and obtain certification in accordance with ISO14001

»establish an OHS Management System and obtain certification in accordance with OHSAS18001

Mitigations and Actions towards Social Impacts

»On an infrastructure project, the sponsors were requested to conduct a social impact assessment study to determine people affected by the project and possible impacts. Accordingly, relevant covenants were included in the loan agreement. If resettlement is required in the following phases of the project, a resettlement action plan will be requested.

»On two infrastructure projects, the sponsors were requested to conduct a stakeholder engagement process including public consultation, disclosure of the environmental and social impacts of the project transparently on the website and establishment of a grievance mechanism.

»On an infrastructure project, the sponsors were requested to prepare and implement a plan and procedures on labor / working conditions, occupational and community health and safety in line with international standards.

HEPP Acquisition Projects

During acquisition financing process of hydropower projects,

»Current environmental impacts of the project were assessed and the readings from the power plant's environmental water release were checked; and

»A management plan was requested from the sponsor to manage existing environmental and social impacts.

Impacts to Groundwater

For geothermal power projects:
»100% reinjection of groundwater was achieved;

»Pollution prevention measures related to drilling and operations were included in scope of monitoring with a management plan.

Project Emissions

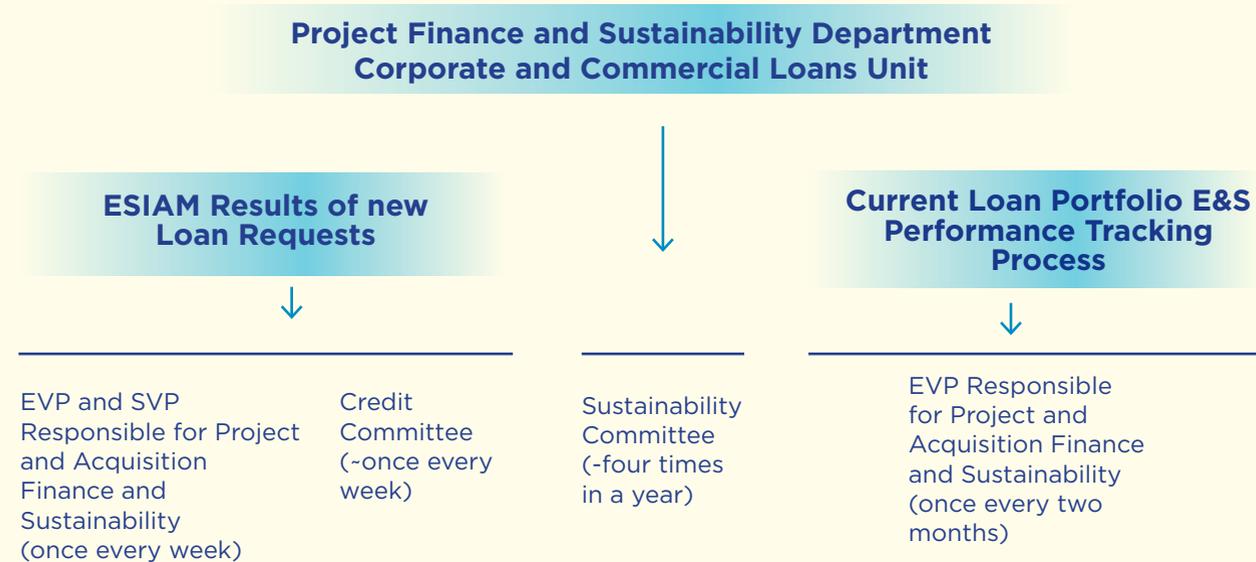
»For thermal power plant projects, the sponsors were requested to make sure the projects comply with the EU SO₂ emission standards during the rehabilitation process via design changes. For existing plants, European emission standards are 200 mg/Nm³, while Turkish standards are 400 mg/Nm³.

MONITORING AND REPORTING

Garanti Bank conducted 30 site visits in 2015 in order to be able to identify the current environmental and social conditions at the project sites. These visits were organized by the Sustainability Team directly and/or with other technical and loan personnel along with the Sustainability Team.

Reporting to senior management with regard to the findings from these visits, along with the corresponding ESIAM results is conducted through the process shown in the following figure.

Table 16: Reporting to Senior Management on Environmental and Social Impact of Loans



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.

Table 17: 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 protection²⁹)
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) sites
8. Individuals or companies involved with products and/or activities that fall under the scope of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)
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 ESIAM

The following types of loans are not subject to Bank’s ESIAM:

- »Acquisition and privatization loans,
- »Construction loans (excluding mass housing projects),

- »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 Garanti’s aim to evaluate environmental and social impacts on previously undeveloped sites; therefore the Bank considers greenfield investments and projects with potentially material environmental and social impacts.

²⁹. Example: Power plant projects

Table 18: Progress in Environmental and Social Risk Assessment

Target	Explanation	Progress and New Target
Review of ESIAP	Garanti Bank aimed to review its ESIAP based on the improvements in national and international environmental and social standards.	Garanti Bank reviewed and updated ESIAP in 2015. These updates and improvements were presented to the Sustainability Committee in 2015 and the Committee's approval was obtained. Garanti aims to implement the amendments in the following years.
Drafting plans to lower the monetary limit for ESIAP	In 2014, 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).	Lowering the US\$ 20 million limit designated for projects subject to the ESIAP to US\$ 10 million limit was submitted to the Sustainability Committee in 2015 and approval was obtained. Garanti aims to implement the approved changes in the upcoming years.
Expanding the Environmental and Social Risk Assessment System to Subsidiaries	Garanti has targeted expanding its Environmental and Social Risk Assessment System to all its subsidiaries during the upcoming years.	In 2015, Garanti Pension signed the UNGC. Garanti aims to continue working with its subsidiaries in the coming years.
Expanding the EMS to Customers	In 2015, Garanti Bank will review its loan portfolio and will draft plans to expand the EMS to its customers for the following years.	In 2015, the Sponsors from 8 high risk projects that were financed were requested to establish EMS and Occupational HS management systems and to certificate these systems with ISO 14001 and OHSAS18001. In 2016, this approach will continue.
Implementing the application of the OHS grading system	An OHS Risks Assessment System is being designed for financed projects.	Garanti has started implementing a project for the assessment of these risks, which is due to be implemented by the end of 2016.

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 CO₂ emissions. However the reporting requirement starts in 2016 and the first year's reporting requirement ends 30 April 2016. Therefore it is not currently possible for Garanti Bank to gather reliable CO₂

emissions data for all activities which it finances, since most of the companies in Turkey do not yet calculate and monitor all of their GHG emissions on a regular basis. Nevertheless, Garanti Bank has developed an inventory that covers fossil fuel-based power plants in order to have an indication of its indirect GHG emissions from its loan portfolio. Garanti is using this inventory to place a price on carbon to the cash flow on these projects.

MANAGEMENT OF INDIRECT WATER FOOTPRINT

In order to manage the Bank's indirect water footprint from financed projects, the Bank ensures, requests and monitors that appropriate measures are taken to minimize environmental impacts, reduce the consumption of water and other resources, ensure recycling is undertaken and that negative impacts on water quality are minimized.

Based on the ESLP, Garanti does not finance projects and activities on RAMSAR sites under any circumstances. In addition, following the ESLP, Garanti pays regard to the environmental and social impact of the projects it finances and the maximization of their positive impact. Accordingly, the Bank considers the projects' impact on water sources in its loan processes and requests 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, projects where energy and water conservation is taken into consideration are prioritized.

One of the main consequences of climate change in Turkey will be its effect on the water cycle. For example, individual regions (those prone to flooding or that experience climate change-led severe weather) and sensitive sectors of the economy (those unable to transition to a low carbon business model or dependent on stable weather patterns, such as agriculture) could suffer significant loss of income.

In this context, the following criteria are taken into consideration during the financing of new projects.



Kizildere Geothermal Power Plant



Fuat Wind Farm

»**Choice of location and project area:** Location of the Project with respect to protected areas under international or national regulations (e.g. RAMSAR sites), important water sources, shores and ground water operations. Projects located in RAMSAR sites 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 water properties:** 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 findings 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 the case of any negative impact, the use of alternative water sources would be considered.

»**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 from the Sectoral Principles:

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. It should be ensured that environmental water is calculated specific to project location considering Ecosystem Assessment Report by related technical experts besides meeting minimum standards set by official authorities. Furthermore, based on the results of these studies, the Bank may request that the project technical design be amended. Environmental water release data and impacts on river habitat are monitored periodically by Garanti Bank.

»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.

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 modelling and/or cumulative impact studies regarding thermal 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 Plant Projects

»In order to preserve groundwater equilibrium, 100% reinjection is required in geothermal projects.

»However, necessary precautions should be taken during the process to prevent contamination of groundwater in relation to reinjection.

Transportation / Infrastructure projects:

»Impacts on aquatic / marine ecosystem should be assessed, and should be included in the mitigation and monitoring plan.

»Oceanographic/hydrographic reports should be prepared for ports/coastal facilities, filling/dredging impacts should be assessed,

»Emergency Action Plans should be prepared for events like as accidents, collisions or leakages to the sea and systems to prevent dispersion of contaminants in the marine environment such as barriers, foams, etc. should be in place in case of such incidents.

Mining Projects

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

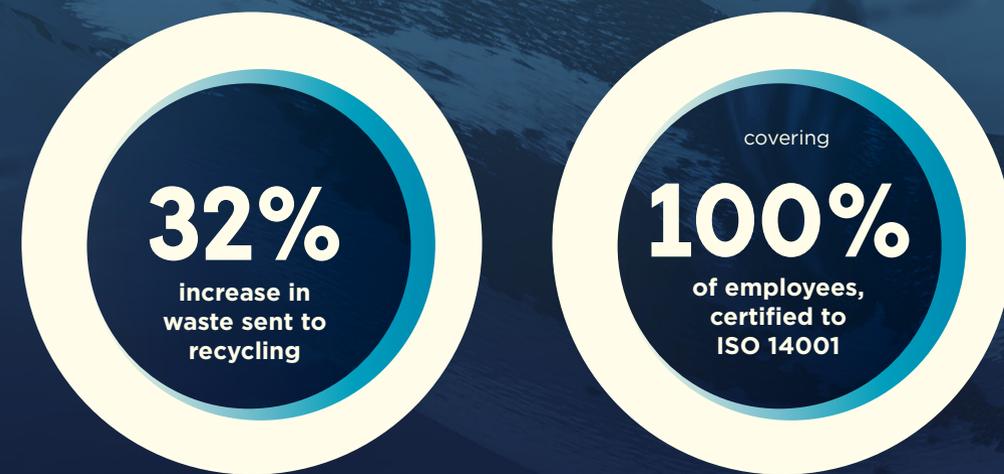
Other Projects

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

FOCUSING ON MANAGING ENVIRONMENTAL IMPACT OF OPERATIONS

Key Highlights:

- »1,013 service points, covering 100% of employees, certified to ISO 14001;
- »First Turkish bank to be awarded with the Green Office Diploma by WWF-Turkey;
- »The new Pendik Technology Campus being built based on LEED criteria;
- »Ratio of e-learning hours to total training hours throughout the Bank was 16%;
- »32% 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 analyze carefully national and international sustainability programs; go beyond the mere fulfilment of obligations under the programs joined and maximize 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 ESLPs 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 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 legal developments, voluntary initiatives and customer feedback regarding the environment. 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; and

»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 in 2012.

By the end of 2015, Garanti Bank had 1,013 service points certified to ISO 14001 and had increased its coverage to 100%, following the audits of an independent audit agency. As a result, Garanti is still the first and only bank that operates an EMS in such a large area and context in Turkey.

Table 19: Progress in Environmental Management System

Target	Explanation	Progress and New Target
Increasing the coverage of EMS	<p>The Bank will continue 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 1,013 in 2015. In line with this target, the Bank will also increase the number of its internal auditors for EMS.</p>	<p>In 2015, Garanti Bank had 1,013 service points certified to ISO 14001 covering all its buildings and employees. Garanti's target for the following years is to expand its ISO 14001 certification scope to its subsidiaries</p>
Improving the data collection for EMS	<p>Improvement of the Bank's data collection system in order to better monitor the amount of waste produced.</p>	<p>In 2015, 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 due to be launched in 2017.</p>

SUPPLY CHAIN MANAGEMENT

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 2015, Garanti Bank paid a total of TL 112.7 million to its suppliers

located throughout Turkey (2014: TL 106.2 million) with the main expenditure groups shown in the table below. During the reporting period, Garanti Bank conducted all its direct procurement from suppliers in Turkey.

Table 20: Main Supplier Groups³⁰

Function of Supplier	Details of Supplier	Estimated annual value of payments (million TL)	Contract Renewal Date
Cleaning	8 companies in Istanbul and other local companies all around Turkey.	33.33	80% on January 2, 2015 20% during 2015
Car rental	1 company	36.04	Permanent
Transportation, portage and shipment	3 companies	29.86	July 1, 2015
Printed paper and stationary	25-30 firms	12.37	No contract
Consumable goods for computers	2 suppliers	7.27	January 2, 2015
Vehicle maintenance and repair services	34 companies	3.45	No contract

30. This table covers 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 22.

In 2012, Garanti Bank started to include a requirement for compliance to Garanti Bank's EMS in supplier contracts. New catering and cleaning services contracts thus started to become compliant by 2012. In 2015, 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 2014.

In 2015, in order to expand the scope, Garanti Bank continued to work comprehensively on its supply chain's environmental management and included legal Environmental regulations and ISO 14001 EMS compliance rules to all its contracts made with its suppliers.

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' rights. 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 case that a supplier is found to be non-compliant, they are given a grace period to improve their performance and the assistance provided by the Bank when necessary.

Table 21: Progress in Environment-Friendly Supply Chain

Target	Explanation	Progress and New Target
Environmentally-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.	<p>Renewed or new supplier contracts were reviewed to include specific provisions regarding compliance with Garanti Bank's EMS by the end of 2015.</p> <p>The Bank's target is that supplier contracts representing 50% of total procurement will include specific provisions regarding compliance with Garanti Bank's EMS by the end of 2016.</p>

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 climate change related risks for the banking industry vary from rising operating costs to the uncertainty in the legal framework. Banks that successfully handle and manage these risks will not only be in a position to minimize these costs but will 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 requires 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 GHG 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 Climate Change program. In 2015, Garanti was awarded the "CDP Turkey 2015 - Carbon Disclosure Leadership" award and CDP 2015 Carbon Performance Award by CDP, making it the only Turkish company to get on the global A list in 2015.

In addition, Garanti published its Climate Change Action Plan Statement for combating climate change in 2015. Garanti focuses its activities on combatting climate change on four main areas: pricing of carbon and prioritization of renewable energy investments, reducing deforestation, management of water risks related to climate change, and establishing green office standards. For more detailed information, please review the Climate Change Action Plan in Appendix-9.

Garanti also became the first Turkish company to sign the UNGC's Business Leadership Criteria on Carbon Pricing. The Plan represented the business world's support for carbon pricing prior to the Paris COP 21 Meeting.

As summarized in Table 23, in 2015, while Garanti Bank's total emissions increased by 14.47% to 75,637 tCO₂e, its emission per total assets decreased by about 1.5% to 270.5 tCO₂e/billion TL. Emissions from Garanti Bank, Garanti Mortgage, Garanti Technology and Garanti Payment Systems were included in the boundary. Garanti Bank also included its fuel consumption in generators to Scope 1 emissions calculations in 2015, which caused an artificial increase in the total emissions reported. The Bank's Scope 3 emissions, indicated in the Table 23, decreased 4% compared to 2014 i.e. 3,571 tons of CO₂e, are related to emissions from business flights only. Beginning from 2013, Garanti Bank has also started to disclose its Scope 3 emissions associated with 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 reports³¹ published every year.

31. http://www.garanti.com.tr/en/our_company/sustainability/developments/reports.page?gbid2=202122

Table 22: Energy Consumption within the Organization

Energy Source	Total Consumption (2014)	Total Consumption (2015)*
Electricity (MWh)	116,010	115,693
Natural Gas for Heating (m3)	2,341,128	3,039,563
Natural Gas for Heating (MWh)	23,236	29,144
Diesel for Heating (liter)	172,276	199,668
Diesel for Heating (MWh)	1,798	1,965
Coal for Heating (ton)	159	180
Coal for Heating (MWh)	555	628
Diesel Consumption in Generators (liter)	-	183,860
Diesel Consumption in Generators (MWh)	-	1,809
Fuel Oil (liter)	-	25,475
Fuel Oil (MWh)	-	270
Diesel Consumption in Vehicle Fleet (liter)	1,108,205	1,508,848
Diesel Consumption in Vehicle Fleet (MWh)	11,564	14,846
Gasoline Consumption in Vehicle Fleet (liter)	2,885	9,965
Gasoline Consumption in Vehicle Fleet (MWh)	27	89
Total Energy Consumption (MWh)	153,191	164,443

*Externally assured by KPMG, see assurance report on page 136

CLIMATE CHANGE MITIGATION

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 different sectors to reduce their environmental footprint. In 2015, Garanti set a 5% reduction target for its 2015 Scope 1 & 2 emissions per total assets against 2014 baseline. The main reason preventing this target being achieved is the increase in Turkey's grid emission factor by 12%. For 2015 Scope 2 emissions calculation, the grid emission factor based on 2014 TEİAŞ data - the most recent available official data- was used. The reason for 12% increase in Turkey's 2014 grid emission factor compared to 2013 is the reduced amount of hydroelectric power production due to low precipitation rate in 2014. A decrease of 10% in Garanti Bank's Scope 1&2 per its total assets is observed when the grid emission factor of the previous year, i.e. 2013, is used for Scope 2 emissions calculation. In 2015, Garanti Bank's EMS continued to be expanded reaching a total of 1,013 centers that covered 100% 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 from a third party for its 2015 Scope 1 and Scope 2 GHG, energy consumption, water consumption, renewable energy portfolio and ESIA data from an external assurance firm in 2016. 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 2016 compared to 2015

levels. Garanti will continue to effectively apply its EMS, 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.

The GHG Protocol sets the global standard for how to measure, manage and report GHG emissions. On January 20, 2015 the Scope 2 Guidance of GHG Protocol was updated. The updated version requires companies to report Scope 2 emissions based on both market-based and location-based methods. However, as supplier-specific data for Garanti Bank's electricity consumption is not available, Garanti's market based Scope 2 emission is same with the location based Scope 2 emissions (63,874 tCO₂e).

In 2015, most of Garanti Bank's total Scope 1 and 2 emissions were indirect emissions from purchased electricity (84%). The other main components of the Bank's carbon footprint included its GHG emissions from stationary and mobile sources such as natural gas from boilers burnt for heating and petrol and diesel consumed in company-owned or leased vehicles respectively and from some of the refrigerants (16%) used in air conditioners.

During 2015, the Bank continued to develop projects to reduce its emissions by carefully evaluating its GHG profile and the continued focus was on energy efficiency projects that will also help reducing its operating costs.

Table 23: GHG Emissions (tCO₂ equivalent)³²

	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂)	Scope 3 (tCO ₂ e)	Total tCO ₂ e (Scope 1 & 2)	% Increase in Total Scope 1 & 2 tCO ₂ e	Intensity Figure (tCO ₂ e / Total Assets)
2015	11,763***	63,874***	3,571*	75,637***	14.47%	271
2014	8,698	57,378	3,709*	66,077	-15.03%	274**
2013	9,307	68,459	3,701*	77,765	-13.17%	351
2012	15,568	73,994	3,017	89,562	2.55%	498
2011	16,981	70,351	2,632	87,332	6.88%	534
2010	14,108	67,599	2,685	81,707	1.40%	597

*Only Scope 3 emissions from business travel is included

**G4-22: Intensity figure for 2014 is restated because of changes to the total assets in the consolidated financial statements. Please refer to note 3.24 to the consolidated financial tables in page 179 of the 2015 Annual Report.

***Externally assured by KPMG, see assurance report on page 136

Table 24: Energy Efficiency Indicators

Type of Indicator	2014	2015
Total Energy Consumption per employee (MWh/FTE)	8.11	8.41
Total Scope 1 & 2 GHG emissions per employee (tCO ₂ e/FTE)	3.50	3.87
Total Scope 1 GHG emissions per employee (tCO ₂ e/FTE)	0.46	0.60
Total Scope 2 GHG emissions per employee (tCO ₂ e/FTE)	3.04	3.27

32. 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

Table 25: Progress in GHG Reduction Target

Target	Explanation	Progress and New Target
Setting a new GHG Reduction Target	By the end of 2015, the Bank aimed to reach its target of reducing the ratio of total Scope 1 and Scope 2 greenhouse gas emissions (equivalent to tCO ₂) per its total assets by 5%.	In 2015, Garanti set a 5% reduction target for its 2015 Scope 1 & 2 emissions per total assets against 2014 baseline. The main reason preventing this target being achieved is the increase in Turkey's grid emission factor by 12%. For 2015 Scope 2 emissions calculation, the grid emission factor based on 2014 TEİAŞ data - the most recent available official data - was used. The reason for 12% increase in Turkey's 2014 grid emission factor compared to 2013 is the reduced amount of hydroelectric power production due to low precipitation rate in 2014. A decrease of 10% in Garanti Bank's Scope 1&2 per its total assets is observed when the grid emission factor of the previous year, i.e. 2013, is used for Scope 2 emissions calculation. By the end of 2016, the Bank aims to reduce the ratio of Scope 1 and Scope 2 GHG emissions (CO ₂ equivalent) per its total assets by 5%.

*2014 Grid Emission Factor: 552 tons/GWh,
2013 Grid Emission Factor: 495 tons/GWh

ENERGY EFFICIENCY PROJECTS

Technological Solutions that Reduce Travel Needs

During 2015, the Bank continued to focus on using technology to reduce its environmental impacts. For example, there was a focus on reducing the traveling needs for training purposes and an avoidance of 1,373 flights in 2015 was achieved. In 2015, the ratio of non-travelling e-learning hours to the total training hours throughout the Bank was 16%.

Server Virtualization in Data Centers

The highest carbon emissions per m² in Garanti Bank's physical service buildings are derived from the use of servers. With the server virtualization project that was started in 2007, servers in the Bank's data centers throughout Turkey started to be virtualized. With the use of this technology that allows the efficient utilization of server capacity, reductions in the electricity consumption and cooling requirement of the servers were achieved. In 2015, growth, including the virtualization of the Call Center physical servers, was 45%. When the last 4 years' average is taken into account, Garanti Bank has saved 4.73 million kWh of electricity per year, corresponding to 2,338 tCO₂ equivalent.

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 portfolio rooms. Estimated energy savings of 258,342 kWh,

»LED lighting in new or renovated branches where feasible have achieved energy savings of 421,657 kWh

»Astronomical time clocks, adjusted according to sunrise and sunset times, are used in the outer fronts of all ATMs and branches,

»LED lighting systems for band lighting at ATMs and in advertising boards at branches,

»Design focusing on maximizing 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 buildings and obtaining their energy performance certificates.

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 the R22 gas 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 renovated branches.

Use of the new systems, which improve efficiency by up to 30% through A+ class air-conditioning units, reduces total energy consumption by 10% in a typical branch. In 2015, a total of 1,264 new air-conditioning units were installed at service points and ATMs, saving approximately 825,444 kWh³³ of energy throughout the year.

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

Table 26: 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 non-hazardous 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 aims to minimize its environmental impacts in the selection and use of materials.	In 2015, Garanti Bank worked on plans to expand the scope of environmentally friendly materials and equipment used during branch renovations and construction.
Energy Efficiency in Lighting	All the branches opened in 2015 were designed to maximize the usage of daylight and also used lighting fixtures with low energy consumption LED fittings.	In 2016, 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. Likewise, projects maximizing the use of daylight in branch designs will be continued.
Switching to Environmentally Friendly Refrigerants	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.	In 2016 Garanti Bank will continue to save energy with the use of A+ type air conditioners using R410 refrigerant in new and existing branches.

33 . Calculated based on the last year's data.

WASTE MANAGEMENT

The Bank's EMS 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. Table 27 summarizes this approach.

Table 27: Waste Management Approach

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.</p> <p>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.</p> <p>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>Toner cartridges, which is hazardous waste produced by the Bank, are 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 sent to disposal areas as designated by the municipality.</p>

Amount of Waste Recycled

As Garanti has been continuing to increase the coverage of its ISO 14001 certified EMS, the total number of offices that recycle and monitor their waste has also been increasing. Garanti Bank achieved its target of extending its EMS, which is audited by an independent accredited third party every year, to all service points by the end of 2015.

Table 28: Amount of Recycled Waste³⁴

Recycled Waste (tons)



34. The calculation was made by multiplying the average waste recycled per employee by the total number of employees working at ISO 14001 certified buildings.

WATER MANAGEMENT

Although the most significant risks and opportunities related to water are in the Bank's loan portfolio (i.e. indirect water foot-print), the Bank is also striving to reduce consumption and improve performance in its offices and branches throughout Turkey. The Bank opted to become the sponsor of CDP Water in Turkey and was one of the first companies to respond to the CDP Water Program in Turkey in 2015.

Water consumption³⁵ from the Bank's facilities in 2015 is estimated as 270 thousand m³ (2014: 381 thousand m³). 76 thousand m³ 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 baseline, Garanti Bank plans to set reduction targets for water use. In addition to this, Garanti has included water consumption in the scope of the external assurance it obtained for the first time for its Sustainability Reporting this year.

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 GHG emissions caused by their transport.

In addition to the above, flushes have 3 or 6 liters options available in new branches. Reduction in water consumption from flushing is targeted with this arrangement.

CDP Water Program

In 2015, the CDP Water Program was implemented for the first time in Turkey under the main sponsorship of Garanti Bank. The launch of the CDP Water Program was organized on 27 February 2015 at Grand Hyatt Istanbul. 50 companies from the top 100 companies in the BIST were invited to respond to the Program. These 50 companies were determined by applying a sectoral filter regarding water usage related risks and were subsequently invited to two workshops on the subject at SALT Galata before they prepared their responses. Results of the CDP Water Program in Turkey and globally were also announced in a press conference held at Salt Galata. Opening speeches were given by Prof. Dr. Sondan Durkanoğlu from Sabanci University and Ebru Dildar Edin from Garanti Bank, and results from Turkey and globally were presented by the CDP Turkey Director, Melsa Ararat.

35. 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

WWF-Turkey



Garanti Bank, as the main sponsor for 23 years of WWF-Turkey³⁶, 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 pro-active in the fight against climate change and qualified to receive WWF Green Office Diploma for its Headquarters in 2014. Garanti aims to obtain the WWF Green Office Diploma for 6 new buildings in 2016.

Buildings with LEED Criteria Compliant Design

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% to 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.

In addition to the Pendik Technology Campus and the Head Office, the Bank has started to work on obtaining LEED green building certification for the recently built İzmir Karşıyaka and Ankara Kızılay Service buildings.

36. WWF-Turkey is part of WWF, the world's largest environmental organization.

FOCUSING ON HUMAN RESOURCES

Key Highlights:

- »57% of employees are women.
- »41% of managers are women
- »16,200 ideas and suggestions collected from employees
- »An average of 44 hours of training per employee
- »1,938 hours of Sustainability E-learning program trainings
- »The first institution in Turkey awarded with “IIP³⁷ Gold Certificate” for the second time

Garanti's most valuable asset is its human resources and the Bank views its human resource as the guarantee of its sustainability and efficient growth. The Bank continued to invest heavily in its people in 2015 and total training hours per employee were 44 hours.

Garanti was the first Turkish company to be awarded the “Gold” certificate, an accolade given to only 2.6% of companies holding the IIP certificate around the world.

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.

37. Investors in People

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% among

all employees at December 31, 2015 and 41% in senior/ middle level management).

As a result of the importance it gives to social gender equality and the empowering of women, Garanti Bank was one of the first to implement the Equal Opportunities Model³⁸ (FEM) and was awarded its certificate in 2012.

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 organizations.

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

Table 29: Average Seniority per Gender for 2015

Men	Women	Average
7,6	7,6	7,6

Table 30: Employee Breakdown per Age and Gender for 2015

	18-25	26-30	31-35	36-40	41+
Women	1,547	3,582	2,975	1,701	1,403
Men	1,033	2,758	2,249	1,313	1,131
Total	2,580	6,340	5,224	3,014	2,534

38. Equal Opportunities Model (FEM) is a certification program initiated by Women Entrepreneurs Association of Turkey (KAGIDER) 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 equal practices as a solution. More information can be found here: <http://www.kagider.org/?Dil=1&SID=727>

Table 31: Employment Type and Employment Contract by Gender in 2015

2015	Type	Men	Women	Total	Grand Total
Employment Type	Full Time	8,482	11,197	19,679	19,692
	Part Time	2	11	13	
Employment Contract	Permanent	8,289	10,895	19,184	19,692
	Temporary	195	313	508	

Table 32: Total Workforce, Employees Hired and Number of Leavers Broken Down by Region in 2015

2015	Workforce	Employees Hired	Number of Leavers
Aegean	1,398	95	100
Central Anatolia	2,420	238	158
Eastern Anatolia	374	34	19
Eastern Black Sea	351	24	29
Marmara	5,090	364	306
Mediterranean	993	86	98
South-Eastern Anatolia	463	42	26
Western Black Sea	369	37	27
Garanti Bank Trnc	69	9	10
Other*	8,157	1,896	1,461
Total	19,692	2,831	2,233

* Branchless banking which is shown separately in previous years, integrated into the 'Other' group by 2015.

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

2015	18-25	26-30	31-35	36-40	41+	Total
Joiners	1,579	1,051	134	36	31	2,831
Leavers	588	845	396	193	211	2,233

Table 34: Total Number of Joiners and Leavers During the Reporting Period by Gender

2015	Women	Men	Grand Total
Joiners	1,548	1,283	2,831
Leavers	1,232	1,001	2,233



Table 35: Parental Leave

Metric	Result
The number of employees who returned to work after parental leave ended, by gender:	All female employees who left for parental leave returned to work after their parental leave ended. Return to work data is not traced for male employees.
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:	Since a full year has not yet passed after the end of the period covered by this report (December 31, 2015) we are able to provide only the following ratios: The total number of female employees who took parental leave during the reporting period was 726. As of December 31, 2015, 100% of these employees were still employed by the Bank. The total number of female employees who were still employed includes both employees who returned to work and the ones who were still on parental leave during the reporting period. Return to work data is not tracked for male employees
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 after the end of the period covered by this report (to December 31, 2015), we are not yet able to provide the return to work and retention rate for employees that left for parental leave in 2015.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

OHS Management System

In line with local regulations³⁹ on OHS, Garanti Bank formed a specialized OHS unit in 2013 under HR and accelerated its work in the field. As of 2015, the unit which has been identified as OHS Management continues its work throughout Turkey with a team of 34 (OHS experts, occupational physician, occupational nurses). Locations with less than 50 employees are taken care of by the Head office OHS team and locations with more than 50 employees are served by an appointed occupational physician and OHS experts.

Continuous OHS communications is provided with OHS champions in all locations.

The OHS outlook section placed in the Garanti Code of Conduct Manual that was published in 2015 demonstrated how, as a corporation, Garanti pays importance to OHS.

As a pioneer amongst the Turkish Banks of its size, Garanti adopted a specialized OHS software for its operations in all locations. Using this software,

issues such as risk assessments, health reviews, trainings, OHS Councils, near miss work accidents, review of occupational illnesses, coordination and audit of precautions were pursued. Enhancing satisfaction and welfare of the employees and stakeholders was targeted with these outcomes.

A total of 31,224 hours of service was provided by OHS experts, Occupational Physicians and Nurses at Garanti Bank sites.

A total of 9,554 hours of OHS trainings and other trainings with various contents were provided through 8 hour long face-to-face and 4-hour long distant training courses. Specialised trainings included IOSH Managing Safely, Ergonomics in the Office and Assessing Risk Training. In addition, groups that use their voices often such as Call Center, Internal Training were able to receive 'Correct Use of Voice' trainings.

In 2015, with the use of OHS software, a risk assessment in all locations was started.

Improvement points in 1,000 branches and in all buildings were determined with the help of the Garanti Bank OHS Criteria set by the software. Based on implementing the action points from these findings, improvements were made in terms of selection in computers, office furniture or in technical arrangements.

Garanti Bank formed OHS units at 18 locations where there are 50 or more employees. Occupational Physicians provided pre-job and periodical examinations. OHS Committee Meetings were held every 3 months in line with the regulation.

Figure 3: Organizational Structure for OHS



39. The Law on OHS 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.

Work-Related Accidents

In the reporting period, there were 124 work-related incidents of injury.

Total Lost Working Days

The total lost working days were 32,566 days for women and 13,610 days for men in 2015. The total lost days data is collected on the basis of medical reports of sickness leave and injuries and is shown in the table below.

Table 36: Lost Days

	2010	2011	2012	2013	2014	2015
Total Working Days	3,773,646	3,802,207	3,922,082	4,211,526	4,722,806	4,500,266
Change %	-0.91%	0.76%	3.15%	7.38%	12.14%	-4.71%
Total Lost Days	21,771	27,832	33,407	36,088	47,337	67,460
Change %	-1.64%	27.84%	20.03%	8.03%	31.17%	42.51%
% of Lost Days in Total Working Days	0.58%	0.73%	0.85%	0.86%	1.00%	1.50%

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 prefer 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 2016 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.

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.

GOOD WORK LIFE RELATIONSHIP ("IYI") PROGRAM

Garanti Bank presents various events and services in the Good Work Life Relationship ("IYI") program in order to enhance employee satisfaction, and to ensure a richer and easier life for Garanti employees. In 2015, the annual average of İYİ events and services organized per employee within Employer Brand Management works increased to 20 from 13.

In the scope of the platform that will go live in the first months of 2016 and that is planned to be the voice of all employees under the scope of İYİ, the target is for Garanti employees to share ideas and suggestions for workplace improvements.

Activities

»**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.



Ebru Dildar Edin (EVP at Garanti Bank) having a speech at COP 21

In 2015, Garanti Bank 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 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 both male and female 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 2016, Garanti is aiming to launch a separate 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 provides 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 them 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 decreasing time loss and work stress.

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. Specific use areas at employees’ desks have been increased. User specific working areas have been created with a more minimal design at branches as well.

Another recent initiative in the pipeline is to design special areas for employees to have fun during their recreation time at the office. The development of recreation rooms and playgrounds

at headquarter buildings and branches will continue in the upcoming period.

In addition to all these efforts, an application called İyilik Sağlık (Wellness & Health) has been developed to serve as a healthy life platform providing information on exercise, nutrition and ergonomics to employees. Employees can access their specific diet program through running the application on their smart phone or computer. Active users of the application have reached 5,486 in November, 2015.

The Bank has also a food engineer recruited in 2014 to keep track of compliance with quality, taste and hygiene of food provided at Headquarter buildings.

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. Acquiring necessary knowledge and experience identified in the relevant terms of reference is a must in order to move to a higher position. The development of managers’ managerial competencies is a key element of Garanti’s HR policies. However, the most important factor is always the performance level. During the reporting period, 100% of all personnel, who have been working at least 3 months at the Bank,

were assessed in terms of performance and career opportunities. Careers at Garanti are not limited to positions in banking. Transfers between Garanti subsidiaries are also possible.

During the reporting period, Garanti Bank introduced the requirement to include at least one woman candidate for a vacancy so as to support the empowerment of women employees and help increase the number of women in senior management.

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 macro-economic 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. These values strictly apply to every employee's salary, including senior managers. 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>

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.

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 enhance the expertise of its people.

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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.

Needs analysis is 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 been in use for long.

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, anytime 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, full-time 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 37: Communication Technology Used by the Bank

Technology	Description
GET Kurs (Course)	Web-based training sessions that include video, animation, text and visual content.
GET Sinif (Classroom)	Web conference system set up within the Bank and via corporate tablets 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.
GET Video	Video sharing website aimed at enhancing the learning process via experience sharing.

Table 38: Average Training per Employee during the Reporting Period

Hours	2014	2015
Average Training per Employee	44	44
Average Training per HQ Employee	41	49
Average Training per Branch Personnel	46	42
Average Training per Employee (Women)	44	43
Average Training per Employee (Men)	44	45
Average Training per Employee (Management Positions)	38	44
Average Training per Employee (below Management Level)	44	44

RAISING AWARENESS ON SUSTAINABILITY

Garanti Bank is aware of the importance of embedding sustainability into its culture and organizes numerous training programs on sustainability to ensure this. The Bank's 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.

Garanti has also 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 39: Progress in Awareness Raising Activities

Target	Explanation	Progress and New Targets
Share of Learning Technologies	25% of all training sessions were aimed to be incorporated to learning technologies by the end of 2015.	In 2015, 16% of all training sessions incorporated learning technologies. The new target for learning technologies is 23% by December 31, 2016.
Increasing Employee Awareness	Garanti has carried on with its internal communications strategy and training program for sustainability, which was created in 2013. The awareness raising program includes informative e-mails, videos, exhibitions (e.g. artwork from electronic waste of the Bank) and an online sustainability platform on the intranet.	In 2016, the new Sustainability E-Learning Program will be opened for all of our employees. Additionally, informative training programs related to financing of solar power projects will be held in 2016.

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.

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.



Nafiz Karadere (EVP at Garanti Bank), Awards Ceremony of the 8th Women Entrepreneurship Competition.

GARANTİ 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 behavior.

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.

SUGGESTION AND IDEA PLATFORMS

Suggestions and ideas submitted through "Önersen" and "Atölye" platforms by Employees are assessed for continuous improvement.

In addition to Önersen and Atölye platforms, employees can share ideas and suggestions regarding all topics through the "Ask/Share" section of the new intranet portal opened in 2015. Suggestions shared by employees are assessed by related departments and necessary adjustments are made to business procedures.

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 and 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.

"Önersen" has been running since 2007 and collected 2,257 suggestions in 2015. In total, 18,500 suggestions have been collected since the platform was launched.

Atölye

In the scope of "Atölye", a project-based idea platform, active since 2010, departments seek employees ideas on a subject of interest by opening a project on the platform for a certain period of time.

Volunteer Clovers

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

2,400 wishes were granted in 2015 as part of the Wish Tree project, which was initiated in 2014 with the collaboration of Human Resources and Volunteer Clovers for granting the wishes of children in Anatolia.

FOCUSING ON COMMUNITIES

Key Highlights:

»'No Limits in Teaching' program reached a total of 122,249 teachers across 81 cities

»With the 'Join the Workforce, Join Life' project 170 disabled people joined the workforce

»Number of people who visited Salt Beyoğlu, Salt Galata and Salt Ulus free of charge reached 1,638,107, starting from 2011

»Basketball trainings were given to more than 55 thousand students through 12 Giant Men Basketball schools in 75 centers and the Turkish Republic of North Cyprus.

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 from sports to education, from art to nature, and to enlightening 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 a larger group of people,

»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

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

The first and only NGO in Turkey that focuses on this area, ÖRAV reached 122,249 teachers in 81 cities at the end of 2015 with the "High School-Learning Leader Teacher", "Solution-Oriented Communication", "The Chemistry of Teaching", "Development Program for Education Executives" (EYGEP), "Unlabeled Teaching" and "Creative Kids Creative Minds" programs alongside with the "No Limits in Teaching" project that continued under the title "Learning Leader Teacher".

80,000 registered active users visit the "e-Campus" web site that was developed as a continuing education and information sharing platform to complement ongoing projects.

Garanti became the main sponsor of the "Math and Science Learning with Fun" training program which is developed in partnership with the Turkish Education Volunteers Foundation (TEGV) in order to increase the problem solving ability and science-math skills of primary education students.

The TEGV program, which will be organized with the support of volunteers, is aimed at reaching 100,000 students from 37 cities in 3.5 years.

Tohum Autism Foundation established its Continuous Education Unit in April 2015 with the support of Garanti. The Continuous Education

Unit works on increasing the capacity of Special Education Practice Center teachers, combining schools and branch teachers who take care of the education of individuals with autism, planning parental trainings, developing the foundation portal and maintaining its continuity and contributing to the development of training materials and methods.

Garanti became the main sponsor of the Young Life Foundation's Ben de Varım (I Am Here As Well) project, which began in 2014, and aims to achieve employment and social inclusiveness of the students and teachers from Girls' Technical and Vocational High Schools. The project is aiming to raise awareness towards social gender equality, increasing the knowledge of parents on the recruitment of young girls and informing the internship sponsors in the institutions where students complete their internships on working with students and providing feedback.

Garanti Bank is the main corporate sponsor of TOG (Community Volunteers Foundation), which is a change and transformation project that aims to turn the energy of youth into social benefit and ensure the organization of youth and development of social responsibility projects based on the needs identified. TOG youth has been active developing social responsibility 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 along with the Wheelchair Basketball Leagues in April 2013.

'Join the Workforce Join Life' project, which aims to increase disabled individuals' involvement in work life and was initiated with the leadership of the Ministry of Family and Social Policies and the support of Garanti Bank in October 2014, enabled 170 disabled individuals to be employed along with business coaches in Ankara and Sakarya in 2015. The project is being continued in Samsun, Gaziantep and Istanbul provinces.



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 the end of 2015, Salt Beyoğlu, Salt Galata and Salt Ulus in Ankara hosted 67 exhibitions, 1,241 events in conjunction with the exhibitions, and 459 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 1,638,107 during the same period.

In addition, Garanti has organized the first film festival, which is called the Garanti Children's Film Festival, for children in Turkey in conjunction with Turkey Cinema and Audiovisual Culture Foundation (TURSAK) annually since 2004. Through the Festival, around 85,000 children from fifteen cities in Turkey with a very limited access to cinema found the opportunity to experience the art of cinema.

Garanti continues to support Turkey's first and only modern art museum, Istanbul Modern since 2005. Program aims to raise creative, questioning individuals who are interested in art. By the end of 2015, more than 550,000 children and young individuals had received training within this training program.

Garanti Bank has supported the establishment of structures, which encourage artists to perform innovative research, through a special exhibition prepared in 2015 in Istanbul Modern. "YAP İstanbul Modern: New Architecture Program" which is carried out by Istanbul Modern in collaboration with The Museum of Modern Art (MoMA) and MoMA PSI, gives young architects the opportunity to design a temporary building in the open area of Istanbul Modern. The program aims to encourage architects to use innovative design research about the possibilities of increasing open areas' utilization and suggesting environmental friendly solutions.

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 Bank considers systematic and long-term social investment responsibility projects as the basic component of its sustainability approach. Garanti reserved TL 22.6 million for its corporate responsibility activities' fund in 2015.

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.

Table 40: Progress in Community Investment Target

Target	Explanation	Progress and New Target
By the end of 2015, implementing a community investment project material to the finance sector	Implementing a community investment project that is material for the finance sector. In other words, a project that will add value to the sustainable growth of the economy in the medium-long run and will help some crowds overcome financing difficulties..	An important investment for entrepreneurship, a material topic for the finance sector and one that is being considered a locomotive for growth and employment, was realized. The GarantiPartners program, which has the target of supporting and accelerating entrepreneurial projects from every scale and sector, SMEs and growing entrepreneurs, went live. Garanti will continue its materiality assessment with the support of an independent research and consulting firm through the inclusion of stakeholders' feedback by the end of 2016. By including independent stakeholder feedback and conducting a materiality assessment, the Bank is targeting to improve its community investment strategy.



SALT Beyoğlu

INDEPENDENT AUDITOR'S ASSURANCE REPORT



To the Board of Directors of T. GARANTİ BANK A.Ş.

Independent Auditor's Assurance Report 2015

Our Conclusion

We have reviewed (limited assurance) the selected indicators of the Sustainability Report 2015 (hereafter: The Selected Indicators) of T. GARANTİ BANK A.Ş. (hereafter: Garanti Bank). The following indicators were in scope:

- »Total Scope 1 and 2 Greenhouse gas (GHG) emissions
- »Energy consumption
- »Water consumption
- »For the Environmental Impact Assessment Process related to projects financed by Garanti Bank
 - »Number of assessed projects;
 - »Number of rejected projects;
 - »Risk ratings
 - »Number of site visits performed during 2015
- »Amount of investments in renewable energy projects.

Based on our review, nothing has come to our attention to indicate that the information for The Selected Indicators are not presented, in all material respects, in accordance with the internally developed criteria.

Basis for our conclusion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagement other than Audits or Reviews of Historical Financial Information" and ISAE 3410: "Assurance Engagements on Greenhouse Gas Statements", issued by the International Auditing and Assurance Standards Board. Our responsibilities under Standards ISAE3000 and ISAE 3410 and procedures performed have been further specified in the paragraph titled "Our responsibility for the review of The Selected Indicators".

We do not provide any assurance on the achievability of the objectives, targets and expectations of Garanti Bank.

We are independent of T. GARANTİ BANK A.Ş. in accordance with the Regulation regarding the independence of auditors in case of assurance engagements ('Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO)) and other relevant independence requirements in The Netherlands. Furthermore we have complied with the Regulation code of conduct and professional practice for auditors ('Verordening gedrags- en beroepsregels accountants' (VGBA)). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of Management for The Selected Indicators

The Management is responsible for the preparation of The Selected Indicators in accordance with the internally developed criteria as described in About this Report section. It is important to view The Selected Indicators in the context of these criteria. As part of this, Management is responsible for such internal control as it determines is necessary to enable the preparation of The Selected Indicators that is free from material misstatement, whether due to fraud or error.

Our responsibility for the review of The Selected Indicators

Our objective is to plan and perform the review assignment in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

We apply the Further Regulations for Audit Firms Regarding Assurance Engagements ('Nadere voorschriften accountantskantoren ter zake van assurance opdrachten') and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our review engagement has been performed with a limited level of assurance. Procedures performed in a limited assurance engagement are aimed at determining the plausibility of information and therefore vary in nature and timing from - and are less extensive than - a reasonable assurance engagement.

The procedures selected depend on our understanding of The Selected Indicators and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. The following procedures were performed: Reviewing the suitability and application of the internal reporting criteria [including conversion factors] used in the preparation of the reported data in scope and accompanying notes.

Evaluating the design and implementation of the reporting processes and the controls regarding the qualitative and quantitative information in the data related to The Selected Indicators.

An analytical review of the data and trend explanations submitted by all locations for consolidation at corporate level.

Amsterdam, 22 April, 2016
KPMG Sustainability,
Part of KPMG Advisory N.V.

W.J. Bartels, Partner



— 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"> »Banking service process (Branches) »Customer experience and market research »Customer Care Line »“Contact Customer Representative” Icon in internet banking platform »www.garanti.com.tr »Social media »www.facebook.com/Garanti »https://twitter.com/garanti »https://plus.google.com/+garanti »Social customer care (“Garanti’ye Sor”) »Seminars, conferences and sector-based information meetings »Communication activities »Activities within the scope of social responsibility projects »One to one meetings »Teleconferences »feedback received via sustainability@garanti.com.tr 	<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>

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"> »Systematic reporting »Meetings, forums, conferences »Periodical Audits »Press releases »One-to-one meetings »Public Disclosure Platform 	Varies from daily to once every three years depending on the type of engagement	<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 . The Bank is in contact with the Under Secretariat 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 platforms such as BCSD Turkey, UNEP FI and the UNGC, of which the Bank is a member or through direct engagement.</p> <p>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"> »Daily business cycle »Meetings »E-mail communication »Ongoing relation during EMS (ISO 14001) 	<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>
Non - governmental organizations	<ul style="list-style-type: none"> »Sponsorships »Strategic collaborations »Events »Regular Meetings 	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>

Table 1: External Stakeholders

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Media	<ul style="list-style-type: none"> »Press conferences »Press releases »Interviews 	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.
Community	<ul style="list-style-type: none"> -Garanti Anatolian Meetings -Support for Women Entrepreneurs (Meetings with Women Entrepreneurs, Women’s Entrepreneur Contest) »UNICEF –Now We Have a School (Şimdi Okullu Olduk) »Tohum Autism Foundation (Tohum Otizm Vakfı) »Community Volunteers Foundation (Toplum Gönüllüleri Vakfı) »Join the Workforce, Join Life (İşe Katıl Hayata Atıl) »KOBİLGİ (SME Informative) Meetings »ÖRAV (The Teacher Academy Foundation) »Genç Hayat Foundation (Young Life Foundation) »12 Giant Men – Basketball Schools (12 Dev Adam Basketbol Okulları) Project »SALT »SAHA Foundation »Garanti Children’s Film Festival »Istanbul Modern Education Program »BUMED Business Angels »Entrepreneurship Foundation (Girişimcilik Vakfı) »WWF 	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 www.garanti.com.tr and http://www.garanti.com.tr/en/our_company/sustainability/corporate_responsibility.page websites.</p> <p>For the “No Limits in Teaching” project, of which the Bank is the main sponsor within the scope of the Teachers’ Academy Foundation, please visit: www.ogretmeninsiniriyok.com. All information regarding Join the Workforce, Join Life project is shared transparently with all stakeholders through the http://www.isekatilhayatakatil.com and http://www.garanti.com.tr/en/our_company/sustainability/corporate_responsibility.page websites.</p> <p>For detail on these activities please refer to the sections ‘Focusing on Communities’ and ‘Focusing on Customers through Sustainable Finance’.</p>

Stakeholder Group	Engagement Platforms	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
International Financial Institutions	<ul style="list-style-type: none"> »Meetings »Periodically published informative publications (CDP, Sustainability Reports, Annual Reports) »Phone calls/teleconferences, e-mail communication 	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"> »Member of the Banks Association of Turkey »Member of the United Nations Environmental Program Finance Initiative (UNEP FI) »Member of the Turkish Business Council for Sustainable Development (BCSD Turkey) »Member of the United Nations Global Compact (UNGC) »National and international conferences 	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 UNGC, UNEP FI and BCSD Turkey.</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 Table 2 in the International Memberships section for details of Garanti Bank’s national and international memberships.</p>

Table 1: External Stakeholders

Stakeholder Group	Engagement Platform	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Shareholders, analysts and investors	<ul style="list-style-type: none"> »Investor Relations website »Investor Relations iPad Application »Social media (Garanti IR Twitter Account) »Face-to-face meetings with analysts and investors »Phone calls /teleconferences, webcasts/telepresences and e-mail communication with analysts and investors »Roadshows/conferences »Public Disclosure Platform »Ordinary General Shareholders' Meetings (Electronic AGM) »Periodically published informative publications (Monthly newsletter, Quarterly newsletter Stockwatch, Semi-annually published Corporate Profile, CDP, Sustainability Reports, Interim and Annual Reports, Earnings Presentations, Operating Plan Guidance Presentations) »Perception Analysis Survey »Investor Feedback Mechanism »Shareholder Identity Analysis »Management Interviews 	Varies depending on the type of the engagement. Continuous access is available through IR website, IR iPad app, e-mail and phone.	<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. During 2015, Garanti Investor Relations took part in 21 national and international investor conferences held in 12 cities in Asia, USA and Europe with the participation of the administrative team, in addition to one-on-one meetings with 811 international investment funds, and held due diligence meetings with four rating agencies.</p>

Table 2: Internal Stakeholders

Stakeholder Group	Engagement Platform	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Employees	<ul style="list-style-type: none"> »Talent Management Study »Assessment and Development Center »Garanti Leadership Academy »360 Degree Feedback Process »Internal Customer Satisfaction Survey »Employee Engagement Survey »Suggestion and Idea Platforms "Önersen" and "Atölye" »Career Opportunities Bulletin »4-Season Meetings »Sustainability Representatives Network »Future Meetings »Garanti Managers Summit »WWF Survey »sustainability@garanti.com.tr »Interviews 	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.	<p>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 have been established to maximize the positive contribution of the Bank's employees to Garanti's sustainability performance.</p> <p>Önersen and Atölye 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.</p> <p>Please refer to the section 'Focusing on Human Resources' to learn more about the progress of Garanti Bank in the area of human resources.</p>

Table 2: Internal Stakeholders

Stakeholder Group	Engagement Platform	Frequency of Stakeholder Engagement	Evaluation of Engagement in the Reporting Period
Top Management	<ul style="list-style-type: none"> »Sustainability Committee Meetings »E-mail Communication »Periodically published informative publications (Annual and Interim Reports; Weekly and Quarterly Stockwatch Publications, semi-annually published Garanti Corporate Profile Booklets, weekly and quarterly newsletters) »Sustainability Meetings with the Executive Vice President Responsible for the Project and Acquisition Finance Department »Sustainability Representatives Network »Future Meetings »Garanti Managers Summit 	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>

APPENDIX 2: ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT MODEL (ESIAM)

The ESIAM comprises of the following three stages:

1 - Category Selection

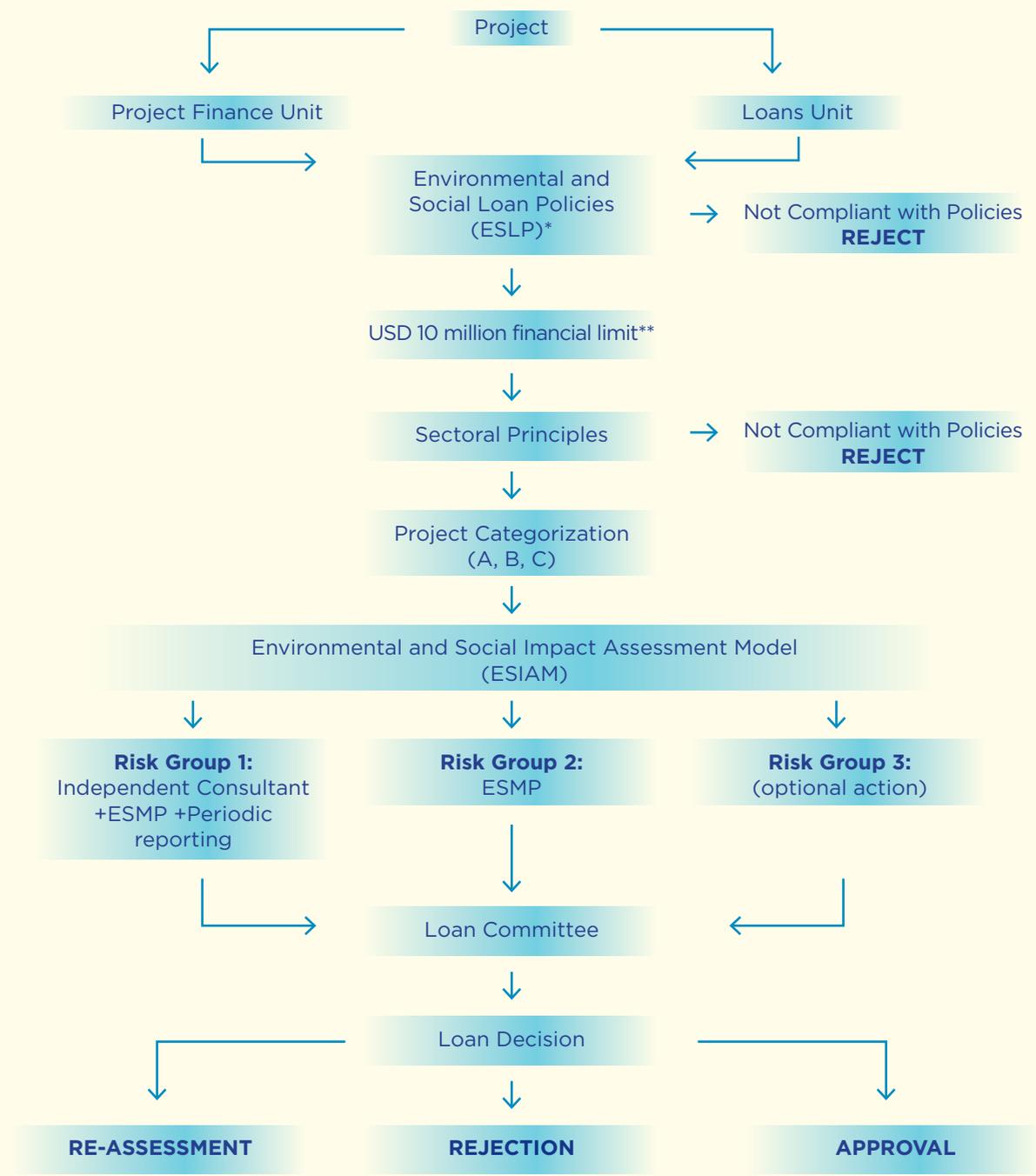
The project is assigned to the most appropriate of the three categories in the table below based on the impact assessment and then held subject to the ESIAM.

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

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
- » Food, 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



* In the scope of the ESPLs, apart from Garanti's general environmental and social principles, a list of banned activities, which Garanti doesn't finance in any condition, is also available.

** With the exception of the projects that are not assessed under the Garanti Bank Environmental Loan Policies (A.6)

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

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

If a project fails to meet the environmental and social criteria under ESIAM, the Bank may reject the project or ask the customer to take additional measures, monitor identified impacts and report these impacts in detail on a regular basis.

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 € 175mn loan from the European Investment Bank (EIB). The six-year facility will be lent to small and medium-sized businesses.

KfW → Garanti Bank signed a loan agreement worth € 20million with 4 years maturity as part of the second phase of Small Enterprise Loan Program (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 → covers mid-size investments in renewable energy, waste-to-energy and industrial energy-efficiency. EBRD and EIB supported Garanti Bank in the amount of €150 million in 2010 and Garanti Bank secured financing from EBRD of \$100 million in 2015.

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 CHANNEL

The Bank's Whistleblowing Program covers practices and acts against the Bank's Code of Conduct 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 and all other unlawful activities, which are prohibited as part of the Bank's Anti-fraud 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.

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 circumstances. All personnel are expected to faithfully fulfill their duties as to be in conformity with Code of Conduct and personnel rules.

All suspicious acts, 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 Bank's Code of Conduct, 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.

For the full text of the Garanti Code of Conduct, please refer to the following link:
http://www.garantiinvestorrelations.com/en/images/pdf/Garanti_Bank_Ethical_Principles.pdf

APPENDIX 6: ACTIVITIES OF THE BANK'S COMPLIANCE DEPARTMENT

Managing “compliance risks” that the Bank may be subjected to and carrying out its activities in order to seek prevention of potential risks by detecting before the implementation; the Compliance Department aims to contribute a constant development of the compliance culture and to establish a world-class compliance culture at the Bank. To achieve these objectives, the Department functions on 6 main areas which are given below.

According to regulations on Prevention of Laundering Proceeds of Crime and Terrorist Financing, the following activities are performed by the Compliance Officer;

»Carrying out all necessary efforts to achieve Garanti Bank's compliance with the regulations issued to prevent money laundering and countering the financing of terrorism and provide necessary coordination and communication with the Financial Crimes Investigation Board (in Turkish: MASAK),

»Ensuring that the compliance program is carried out; developing policies and procedures within this scope; executing risk management, monitoring and control activities; following up the results of internal audit and training activities,

»Laying down the efforts related to the training program about prevention of money laundering and countering the financing of terrorism for the approval of the Board of Directors, and ensuring that the approved training program 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.

Within the scope of customer compliance activities, the compliance of products and processes with related

regulations are evaluated. In addition, the Compliance Department carries out compliance controls in accordance with Article 18 of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks. Supervision and coordination of the existing control mechanisms is realized for the compliance of Bank's performed/planned actions and new products and services in parallel with the related regulations, the Bank's domestic policies and regulations and banking practices. By following changes in regulations, revision requirements in processes are followed up and the Bank's related personnel is informed about those changes. The Compliance Department also forms its opinion on new products and transactions before they are implemented.

Within the scope of corporate compliance activities, the responsibilities of the Compliance Department include promoting the awareness and application of the Garanti Code of Conduct, developing and disseminating the procedures developed by it, assisting the personnel in resolving any doubts they may have in its interpretation and managing the Whistleblowing Channel.

In terms of the securities compliance function, within the context of the “Communique on Obligation of Notification Regarding Insider Trading or Manipulation Crimes” of Capital Markets Board (CMB), periodic investigations are carried out to detect any suspicious stock transactions.

In terms of coordination of subsidiaries, the compliance functions of the Bank's Subsidiaries and overseas

branches are supervised by the Compliance Department. In this context, periodical meetings are held with the compliance functions' responsables of those entities. In line with the related regulation, a separate personnel is assigned in each of the Bank's overseas branches and subsidiaries subject to consolidation, to control the compliance functions consistency with abroad regulations. Aforementioned personnel, periodically report to Compliance Department.

Within the scope of personal data protection compliance, related regulations are followed-up and related required policies and procedures are created. Moreover, in order to increase the awareness at the Bank, bulletins are published and trainings are organized.

The Compliance Department fulfills the duties and

responsibilities outlined above, in collaboration and in coordination with the relevant parties, such as; the Internal Audit Department primarily and Internal Control Unit, Training Department, Anti-Fraud Management Department and Legal Services Department.

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 Code of Conduct, 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 Code of Conduct in their acts and actions; carrying out oversight duties with respect to such commitment; acting as the advocate of the Code of Conduct 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 gross violation of Code of Conduct and Ethical Sales Principles,

»Activities that harm the Bank's commercial identity and reputation,

»Providing or attempting to provide unfair financial benefits to her/himself, relatives or third parties

»Causing significant losses to the Bank as a result of misconduct in his/her duties and conduct,

»Committing any activities considered crimes by the Turkish Criminal Law and the Turkish Banking Law (document forgery, malfeasance of security as a result of services, fraud, thievery, etc.).

APPENDIX 8: GARANTI'S INTEGRATED SUBSIDIARIES

	Title	Address (City/Country)	Bank's Share - Vote Share if different (%)	Related Party Share Rate (%)
1	Garanti Bilişim Teknolojisi ve Tic.T.AŞ	İstanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	İstanbul/Turkey	99.96	100.00
3	Garanti Hizmet Yönetimi AŞ	İstanbul/Turkey	96.40	99.40
4	Garanti Kültür AŞ	İstanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danış. Hiz.AŞ	İstanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama AŞ	İstanbul/Turkey	100.00	100.00
7	Garanti Faktoring Hiz.AŞ	İstanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	İstanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	İstanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	İstanbul/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 B.V.	Amsterdam/The Netherlands	100.00	100.00

APPENDIX 9: CLIMATE CHANGE POSITION STATEMENT AND ACTION PLAN

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.

For this reason, Garanti believes that climate change is a strategic issue that merits full integration with all business processes and decision-making mechanisms.

Garanti has acknowledged that the main climate change risks and opportunities lie with the downstream impacts arising from financing activities. Nevertheless, Garanti is also managing its climate related risks in its office buildings and upstream activities, i.e. supply chain.

The following principles are the cornerstones of how we integrate climate change to the way we do business.

I. Putting a 'shadow' price on carbon

The phrase "put a price on carbon" has become increasingly common as discussions of how to address climate change move from concern to action.

Despite the difficulties in determining the cost of carbon in the absence of a regulatory framework, Garanti has been utilizing a fixed 'forestation' fee for carbon-intensive projects in order to reflect the cost of carbon in project financing. However, we are now enhancing our approach to better reflect the global trend on carbon pricing among the private sector and to further increase the share of low-carbon investments in our loan portfolio. The principles below explain our new carbon pricing scheme in order to build on existing efforts about putting a shadow price on carbon.

»We apply our own shadow carbon price in evaluating the economics of all greenfield/ brownfield fossil fuel⁴⁰ based and renewable energy production investments in our project finance activities.

»If the host country already implements an emissions trading scheme (both voluntary and regulatory) or a carbon tax, then we use the actual price for carbon. If not, we use a fixed price per ton of CO₂e emitted. The price is determined taking into consideration the market dynamics and is reviewed by the Sustainability Team on a regular basis and updated when necessary.

»As a pioneer in financing renewable energy projects and being by far the largest lender for wind projects in Turkey, setting a carbon pricing scheme will allow us to further prioritize renewable investments. As a result, we expect that a minimum of 60% of the total funds allocated to greenfield energy production facilities will be directed to renewable investments. With the current 50% renewable investments ratio, this means an increase of at least 10% compared to BaU as of December, 2014.

»For the rest, we will implement our Environmental and Social Impact Assessment System including the following principles, allowing us to ensure highest environmental standards in thermal power plants;

»implementation of BAT where applicable, to ensure minimum GHG emissions;

»setting emission limits for sulfur dioxide, nitrogen oxides, and dust based on EU standards;

»requiring the annual reporting of GHG emissions publicly based on the host-country's regulatory GHG reporting guidelines.

II. Reduction of Deforestation

Forests are vital for life, home to millions of species, they protect soil from erosion, produce oxygen, store carbon dioxide, and help control climate.

Therefore, we are taking the following measures to help control deforestation.

»As per our Environmental and Social Loan Policies, we are not involved in the financing of forestry activities which cannot be sustainably managed without implementing any monetary limit.

»Furthermore, when financing greenfield investments above a certain monetary threshold and a risk rating which are set and reviewed by our Sustainability Committee, we conduct a detailed due diligence about the impacts of the projects on deforestation and ask for measures to minimize the impacts if there are any, where applicable and necessary.

»Additionally, for projects that are subject to our Environmental and Social Impact Assessment Model;

»We make sure that the borrowers make every effort to mitigate deforestation effects. In projects where these effects cannot be avoided, we ask the borrowers to plant 4 to 5⁴¹ trees per each tree to be cut.

»If the Project is a greenfield fossil fuel based power plant, we require the borrowers to plant one tree per 10 MWh annual gross energy production for at least 10 years after commissioning.⁴²

III. Green Office Standards

In addition to our leading position in sustainable energy financing, we are committed to take action to further enhance our contribution to environmental sustainability by making progress on the following areas:

»100% of our employees in Turkey are working at ISO14001 certified buildings. Thus each office sets its own GHG emission target.

»Garanti has been the first bank in Turkey to receive a Green Office Diploma from WWF Turkey and is committed to increase the number of offices having the Diploma moving forward.

»Garanti is building its Pendik Technology Campus under LEED Gold criteria. According to the US Green Building Council, LEED buildings typically save 18-39% of total energy use than comparable buildings. Garanti is also working on a project in order to certify its Zincirlikuyu Head Office according to LEED criteria for existing buildings.

»Garanti sets GHG emissions reduction targets and submits its annual progress report to CDP each year. By the end of 2015, our target is to reduce our Scope 1 and Scope 2 emissions by 5% per total assets under management compared to 2014 emissions.

»Garanti is also targeting to increase the number of supplier contracts which include specific provisions regarding compliance with Garanti Bank's Environmental Management System.

»Garanti has been implementing an internal communications strategy and training program for sustainability since 2012, and enables all employees

40. For a 20-year time horizon, Well to Tank (WTT) carbon footprint of shale gas and natural gas should also be taken into consideration, especially in a scenario where pre-production emissions are not captured and flared. As a result, we apply a carbon price to those power plants, besides coal fired power plants and we take into consideration the upstream emissions in all our calculations.

41. The exact number is determined depending on the environmental and social risk level of the Project.

42. The number of trees to be planted for a coal fired production facility with a total installed capacity of 1,230 MW is 9.5 million.

to submit recommendations about increasing the environmental performance of the Bank's operations. These programs allow us to embed sustainable practices such as energy savings in our employees' daily life.

IV. Adaptation to Climate Change: Mitigation of Water Risks

Impact on water cycle will be one of the major consequences of climate change in Turkey. For example, individual regions (e.g., those prone to flooding or that experience climate change-led severe weather) and entire sectors of the economy (those unable to transition to a low carbon business model or dependent on stable weather patterns, such as agriculture) could suffer significant loss of income. 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.

The following criteria are being considered in financing greenfield investments:

»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.

»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.

»Sector-based criteria: 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. In addition, Garanti Bank is supporting CDP Water. The Program was launched in Turkey with Garanti as the main sponsor in 2015. Through extending its support for CDP Water, Garanti Bank aims to help increase building the capacity of private sector in Turkey, especially large corporates, about the business risks associated to water.

Responsibility for this Declaration:

The Sustainability Committee is responsible for approving and putting into effect this declaration, its amendment and improvement.

APPENDIX 10: UNGC AND WEPS PRINCIPLES ANALYSIS AGAINST GRI G4 CONTENT

A. UN Global Compact Principles Linkage to GRI Content⁴³

UNGC Requirements - Active Level	GRI G4 Disclosures	Page References
High-level Commitment and Strategy	G4-1	Message from the CEO, page 16
Governance	G4-1	Message from the CEO, page 16
Stakeholder Engagement	G4-24; G4-25; G4-26; G4-27	Focusing on Stakeholders, page 36. Focusing on Corporate Sustainability Governance, Table 5, page 55.
Describe Practical Actions	G4 Disclosures on Management Approach (DMA)	GRI G4 Content Index.
Disclose Results and Outcomes	GRI G4 Content Index.	GRI G4 Content Index.

43. <https://www.globalreporting.org/resourcelibrary/UNGC-G4-linkage-publication.pdf>

UNGC Four Issue Areas	GRI G4 Disclosures	Page References
Human Rights	G4-HR2; G4-HR7; G4-HR9; G4-HR12; G4-SO1; G4-SO2	GRI G4 Content Index. Focusing on Customers through Sustainable Finance, page 64.
	G4-HR1	GRI G4 Content Index. Focusing on Customers through Sustainable Finance, page 64.
Labour	G4-11; G4-HR4; G4-LA4	GRI G4 Content Index. Focusing on Human Resources, page 112.
	G4-10; G4-EC5; G4-EC6; G4-LA1; G4-LA3; G4-LA9; G4-LA11; G4-LA12; G4-LA13; G4-HR3	GRI G4 Content Index. Focusing on Customers through Sustainable Finance, page 64.
	G4-EC2; G4-EN3; G4-EN15; G4-EN16; G4-EN17; G4-EN20; G4-EN21; G4-EN27; G4-EN31	GRI G4 Content Index. Focusing on Managing Environmental Impact of Operations, page 96; Focusing on Corporate Sustainability Governance, page 44.
Environment	G4-EN3- G4-EN33 All GRI-EN Indicators)	Focusing on Managing Environmental Impact of Operations, page 96; Focusing on Corporate Sustainability Governance, page 44.
	G4-EN6; G4-EN7; G4-EN19; G4-EN27; G4-EN31	Focusing on Managing Environmental Impact of Operations, page 96.
Anti-Corruption	G4-56; G4-57; G4-58; G4-SO3; G4-SO4; G4-SO5	Policies and Principles, page 47; Focusing on Corporate Sustainability Governance section, Code of Conduct, page 48; Focusing on Customers through Sustainable Finance, page 64.

B. WEPs Reporting on Progress Linkage to GRI Content ⁴⁴

WEPs	GRI G4 Disclosures
Principle 1 – Leadership Promotes Gender Equality	G4-38; G4-40
Principle 2 – Equal Opportunity, Inclusion & Non-discrimination	G4-LA1; G4-LA12; G4-LA13; G4-EC5; G4-LA3; G4-HR3
Principle 3 – Health, Safety and Freedom from Violence	G4-HR3; G4-LA6
Principle 4 – Education and Training	G4-LA9; G4-LA11
Principle 5 – Enterprise Development, Supply Chain and Marketing Practices	G4-DMA
Principle 6 – Community Leadership and Engagement	G4-SO1
Principle 7 – Measure and publicly report on gender equality	G4-DMA

44. http://wellkes.org/files/attachments/WEPs_Reporting_Guidance_G4_Sept2014pdf.pdf

— GRI G4 CONTENT INDEX

G4 GENERAL STANDARD DISCLOSURES

G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
STRATEGY AND ANALYSIS				
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 see pages 126 to 129 of the 2015 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: https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf	-	No

G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
ORGANIZATIONAL PROFILE				
G4-3	Name of the organization.	Index. T.C. Garanti Bankası A.Ş.	-	No
G4-4	Primary brands, products, and/or services.	Garanti in Brief, page 20. Please also see: http://www.garanti.com.tr/en/our_company/about_us.page?	-	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 http://www.garanti.com.tr/en/our_company/investor_relations/corporate_information/subsidiaries.page	-	No



G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
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ORGANIZATIONAL PROFILE

G4-7	Nature of ownership and legal form.	T. Garanti Bankası A.Ş. 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 50,02%, Garanti Bank's shares are traded on the Borsa Istanbul (BIST) under the "GARAN" ticker as of December 31, 2015. Garanti in Brief page 20.	-	No
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G4-8	Markets served.	Garanti in Brief, page 20. Please also see: http://www.garanti.com.tr/en/our_company/about_us.page?	-	No
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G4-9	Scale of the reporting organization.	'Garanti in brief', page 20. In addition, Garanti Bank's financial and operational performance is available on pages 18 to 19 of the 2015 Annual Report: https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf	-	No
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G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
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ORGANIZATIONAL PROFILE

G4-10	Number of employees by employment contract, region and gender.	Focusing on Human Resources, page 114.	-	No
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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
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G4-12	Organization's supply chain.	Supply Chain Management, on page 101; Focusing on managing Environmental Impact of Operations section, page 98.	-	No
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G4-13	Significant changes during the reporting period regarding size, structure, form of ownership and supply chain.	G4 Index only. 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 organizational changes to management that are detailed on pages 252 and 114 of the 2015 Annual Report respectively. https://www.garantiinvestorrelations.com/tr/images/pdf/Garanti-Bankasi-2015-Faaliyet-Raporu.pdf	-	No
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G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
ORGANIZATIONAL PROFILE				
G4-14	Explanation of whether and how the precautionary principle is addressed by the organization.	Focusing on Corporate Sustainability Governance section, page 46. Additionally, the precautionary principle applies in all our business operations. Garanti Bank supports the precautionary principle under the UNGC. 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 43 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 38.	-	No
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations.	National and International Memberships, page 42.	-	No

G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
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.	G4 Index only. 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 Mortgage, Garanti Payment Systems and Garanti Technology. The other subsidiaries listed in Garanti's investor relations' website https://www.garantiinvestorrelations.com/en/about-garanti/detay/Garantis-Integrated-Subsidiaries/18/27/0 The economic indicator data in this report covers all the Garanti entities covered by the consolidated financial statements reported in the 2015 Annual Report. Presented on page 221 of 2015 Annual Report and the list of integrated subsidiaries presented in Appendix 8 of this 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 44.	-	No

G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
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IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-19	(a) List of all the material Aspects identified in the process for defining report content.	Garanti Bank July 1, 2012 – December 31, 2013 Sustainability Report, Appendix-9. http://www.garanti.com.tr/proxy/novaform/press-room?file=/assets/pdf/en/other/sustainability_report_07.2012_12.2013.pdf	-	No
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G4-20	(a) Materiality of Aspects within the organization.	Garanti Bank July 1, 2012 – December 31, 2013 Sustainability Report, Appendix-9. http://www.garanti.com.tr/proxy/novaform/press-room?file=/assets/pdf/en/other/sustainability_report_07.2012_12.2013.pdf	-	No
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G4-21	(a) Materiality of Aspects outside the organization.	Garanti Bank July 1, 2012 – December 31, 2013 Sustainability Report, Appendix-9. http://www.garanti.com.tr/proxy/novaform/press-room?file=/assets/pdf/en/other/sustainability_report_07.2012_12.2013.pdf	-	No
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G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
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IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

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 on Table 9 on page 73, Table 23 on page 104 and table on Garanti's Sustainability-related indicators (Corporate Governance and Economic), on page 36.	-	No
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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
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G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
STAKEHOLDER ENGAGEMENT				
G4-24	(a) List of stakeholder groups engaged by the organization.	Focusing on Stakeholders , page 38.	-	No
G4-25	(a) Basis for identification and selection of stakeholders with whom to engage.	Focusing on Stakeholders , page 38.	-	No
G4-26	(a) Organization's approach to stakeholder engagement.	Focusing on Stakeholders , page 38.	-	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. 20-21	Focusing on Corporate Sustainability Governance, Table 5, page 57.	-	No

G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
REPORT PROFILE				
G4-28	Reporting period.	G4 Index only. This Sustainability Report covers the 12-month period from January 1, 2015 to December 31, 2015.	-	No
G4-29	Date of the most recent previous report.	G4 Index only. The previous Sustainability Report covers the 12-month period from December 1, 2014 to December 31, 2014.	-	No
G4-30	Reporting cycle.	First sustainability report covers 18-month period. Based on 2014 calendar year, Garanti switch to 12-month period.	-	No
G4-31	Contact point for questions.	Project Finance and Sustainability Department, Sustainability Team, Ms. Derya Özet Yalçı, Phone: +90 212 318 13 87, e-mail: DeryaO@garanti.com.tr.	-	No
G4-32	GRI Content Index and 'in accordance' option.	Comprehensive Option, About this Report, page 7.	-	No

G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
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REPORT PROFILE

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 calendar year 2015 for the third time, and its renewable energy portfolio, energy consumption, water consumption and ESIAM data for the first time. 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
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G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
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GOVERNANCE

G4-34	Governance structure of the organization.	Focusing on Corporate Sustainability Governance, page 46.	-	No
G4-35	The process for delegating authority for sustainability topics	Sustainability Committee, Corporate Governance section, page 56.	-	No
G4-36	Executive-level positions with responsibility for sustainability topics	Sustainability Committee, Corporate Governance section, page 56.	-	No
G4-37	Processes for consultation between stakeholders and the highest governance body	Sustainability Committee, Corporate Governance section, page 56.	-	No
G4-38	Composition of the highest governance body and its committees	Focusing on Corporate Sustainability Governance, Table 3, page 47. Please also see pages 105 to 123 of the 2015 Annual Report at: https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf	-	No



G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
GOVERNANCE				
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 of the 2015 Annual Report.	-	No
G4-40	Nomination and selection processes for the highest governance body and its committees	Garanti Bank's Corporate Governance Structure, pages 105 to 123 of the 2015 Annual Report.	-	No
G4-41	Avoiding conflicts of interest	Focusing on Corporate Sustainability Governance page 46, Corporate Governance Section of the Annual Report 2015 pages 105 to 123.	-	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 46, Corporate Governance Section of the Annual Report 2015 pages 105 to 123.	-	No

G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
GOVERNANCE				
G4-43	Measures taken to enhance the Board of Directors' collective knowledge of sustainability topics	Focusing on Corporate Sustainability Governance, page 46.	-	No
G4-44	Evaluating board performance with respects to sustainability topics	Focusing on Corporate Sustainability Governance page 46. Please see page 123 of the 2015 Annual Report at: https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf	-	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 46.	-	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.	Focusing on Corporate Sustainability Governance section, Sustainability committee, page 56.	-	No
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Focusing on Corporate Sustainability Governance section, Sustainability committee, page 56.	-	No



G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
GOVERNANCE				
G4-48	The highest committee or position to formally approve this report and its materiality review	Focusing on Corporate Sustainability Governance section, Sustainability Committee, page 56.	-	No
G4-49	Process for communicating critical concerns to the highest governance body	Focusing on Corporate Sustainability Governance section, Sustainability Committee, page 56.	-	No
G4-50	Nature and number of critical concerns communicated to the highest governance body	Focusing on Corporate Sustainability Governance section, Sustainability Committee, page 56.	-	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 46; Corporate Governance Section of the Annual Report 2015 pages 105 to 123	-	No
G4-53	Inclusiveness of stakeholders' views regarding remuneration	Focusing on Stakeholders, page 38; Focusing on Corporate Sustainability Governance, page 46.	-	No

G4 General Standard Disclosures	Description	Page	Omissions	External Assurance
GOVERNANCE				
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
G4-55	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

	Description	Page	Omissions	External Assurance
ETHICS AND INTEGRITY				
G4-56	The organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethics.	Policies and Principles, page 49; Focusing on Corporate Sustainability Governance, section, Code of Conduct. http://www.garantiinvestorrelations.com/en/images/pdf/Garanti_Bank_Ethical_Principles.pdf	-	No
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior.	Policies and Principles, page 49; Focusing on Corporate Sustainability Governance, section, Code of Conduct. http://www.garantiinvestorrelations.com/en/images/pdf/Garanti_Bank_Ethical_Principles.pdf	-	No
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior.	Policies and Principles, page 49; Focusing on Corporate Sustainability Governance, section, Code of Conduct. http://www.garantiinvestorrelations.com/en/images/pdf/Garanti_Bank_Ethical_Principles.pdf	-	No

G4 SPECIFIC STANDARD DISCLOSURES

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
ECONOMIC				
Economic Performance	DMA -	Focusing on Customers through Sustainable Finance, page 66; Focusing on Corporate Sustainability Governance, page 46.	-	No
Economic Performance	G4-EC1	Direct economic value generated and distributed	-	No
Economic Performance	G4-EC2	Risks and opportunities due to climate change	-	No
		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; - Risks and opportunities which are related to the physical infrastructure and the human resources of the Bank.		
Economic Performance	G4-EC3	Coverage of defined benefit plan obligations	-	No
		Detailed information is given at pages 266-267 of the 2015 Annual Report at: https://www.garantiinvestorrelations.com/en/images/pdf/Garanti-Bank-2015-Annual-Report.pdf		



Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
ECONOMIC					
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 66; Focusing on Corporate Sustainability Governance, page 46.	-	No
Economic Performance	G4-EC5	Entry level wage by gender compared to minimum wage	G4 Index only. All Garanti bank staff is paid more than the minimum wage.	-	No
Economic Performance	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 organizations.	-	No

Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
ECONOMIC					
Indirect Economic Impacts	DMA	-	Focusing on Customers through Sustainable Finance, page 66; Focusing on Corporate Sustainability Governance, page 46.	-	No
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	Focusing on Customers through Sustainable Finance, page 66.	-	No
Indirect Economic Impacts	G4-EC8	Significant indirect economic impacts	Focusing on Customers through Sustainable Finance, page 66; Focusing on Communities, page 129.	-	No
Procurement Practices	DMA	-	Supply Chain Management section, page 101; Environmental Management System, page 98.	-	No
Procurement Practices	G4-EC9	Spending on local suppliers	Supply Chain Management section, page 101; Focusing on Managing Environmental Impact of Operations, page 98.	-	No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
ENVIRONMENTAL				
Energy	DMA	-	Focusing on Managing Environmental Impact of Operations, page 98; Focusing on Corporate Sustainability Governance, page 46.	-
Energy	G4-EN3	Energy consumption within the organization	Focusing on Managing Environmental Impact of Operations, page 98.	- Yes
Energy	G4-EN4	Energy consumption outside the organization	Focusing on Managing Environmental Impact of Operations, page 98.	- 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

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
ENVIRONMENTAL				
Energy	G4-EN6	Reduction of energy consumption	Focusing on Managing Environmental Impact of Operations, page 98.	- No
Energy	G4-EN7	Reductions in energy requirements of products and services	Focusing on Managing Environmental Impact of Operations, page 98.	- No
Emissions	DMA	-	Focusing on Managing Environmental Impact of Operations, page 96; Focusing on Corporate Sustainability Governance, page 46	-
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Focusing on Managing Environmental Impact of Operations, page 98.	- Yes
Emissions	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Focusing on Managing Environmental Impact of Operations, page 98.	- Yes
Emissions	G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	Focusing on Managing Environmental Impact of Operations, page 98.	- No
Emissions	G4-EN18	Greenhouse gas (GHG) emissions intensity	Focusing on Managing Environmental Impact of Operations, page 98.	- No
Emissions	G4-EN19	Reduction of greenhouse gas (GHG) emissions	Focusing on Managing Environmental Impact of Operations, page 98.	- No

Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
ENVIRONMENTAL					
Emissions	G4-EN20	Emissions of ozone-depleting substances (ODS)	Focusing on Managing Environmental Impact of Operations, page 98.	-	No
Emissions	G4-EN21	NO _x , SO _x , 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 64; Focusing on Corporate Sustainability Governance, page 46.	-	No
Products and Services	G4-EN27	Mitigation of environmental impacts of products and services	Focusing on Customers through Sustainable finance, page 64; Focusing on Corporate Sustainability Governance, page 46.	-	No

Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
ENVIRONMENTAL					
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
Environmental Compliance	DMA	-	Focusing on Customers through Sustainable Finance, page 66; Focusing on Managing Environmental Impact of Operations, page 98; Focusing on Corporate Sustainability Governance, page 46.	-	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 98.	-	No
Transport	G4-EN30	Significant environmental impacts of transportation	Focusing on Managing Environmental Impact of Operations, page 96; Material Aspects and Boundaries, page 44.	-	No



Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
ENVIRONMENTAL				
Overall	DMA	-	Focusing on Customers through Sustainable finance, page 66; Focusing on Managing Environmental Impact of Operations, page 96; Focusing on Corporate Sustainability Governance, page 46.	No
Overall	G4-EN31	Environmental expenditures and investments	Focusing on Managing Environmental Impact of Operations, page 98.	No
Supplier Environmental Assessment	DMA	-	Focusing on Managing Environmental Impact of Operations, page 98.	No
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Supply Chain Management, page 101; Focusing on Managing Environmental Impact of Operations, page 98.	No
Supplier Environmental Assessment	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain	Focusing on Customers through Sustainable finance, page 66; Material Aspects and Boundaries, page 46.	No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
SOCIAL: LABOR PRACTICES AND DECENT WORK				
Employment	DMA	-	Focusing on Human Resources, page 114.	No
Employment	G4-LA1	New employee hires and employee turnover	Focusing on Human Resources, page 114.	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 114.	No
Employment	G4-LA3	Return to work and retention rates after parental leave	Focusing on Human Resources, page 114.	No
Labor/ Management Relations	DMA	-	Focusing on Human Resources, page 114; Focusing on Corporate Sustainability Governance, page 46.	No
Labor/ Management Relations	G4-LA4	Minimum notice periods regarding operational changes	Focusing on Human Resources, page 114. 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

Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
SOCIAL: LABOUR PRACTICES AND DECENT WORK					
Occupational Health and Safety	DMA	-	Focusing on Human Resources, page 114; Focusing on Corporate Sustainability Governance, page 46.	-	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 114.	-	No
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 124 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 120.	-	No

Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
SOCIAL: LABOUR PRACTICES AND DECENT WORK					
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 114; Focusing on Corporate Sustainability Governance, page 46.	-	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 98.	-	No



Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
SOCIAL: LABOUR PRACTICES AND DECENT WORK				
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
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 114.	- No
Diversity and Equal Opportunity	DMA	-	Focusing on Human Resources, page 114; Focusing on Corporate Sustainability Governance, page 46.	- No
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and employee breakdown	Focusing on Human Resources, page 114; Focusing on Corporate Sustainability Governance, page 46.	- No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
SOCIAL: LABOUR PRACTICES AND DECENT WORK				
Equal Remuneration for Women and Men	DMA	-	Focusing on Human Resources, page 112; 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
Labor Practices Grievance Mechanisms	DMA	-	Focusing on Human Resources, page 114, Focusing on Corporate Sustainability Governance, page 46.	- No
Labor Practices Grievance Mechanisms	G4-LA16	Grievances about labor practices through Formal grievance mechanisms	Focusing on Human Resources, page 114. No complaints were lodged on any matter pertaining to labor practices during the reporting period.	- No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
SOCIAL: HUMAN RIGHTS				
Investment	DMA	-	Focusing on Customers through Sustainable Finance, page 66.	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 66.	No
Investment	G4-HR2	Employee training on human rights	G4 Index only. Although no training was delivered that specifically focused 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 1,938 hours.	No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
SOCIAL: HUMAN RIGHTS				
Non-discrimination	DMA	-	Focusing on Human Resources, page 114, Focusing on Corporate Sustainability Governance, page 46.	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 114, Focusing on Corporate Sustainability Governance, page 46.	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



Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
SOCIAL: HUMAN RIGHTS					
Security Practices	DMA	-	Material aspects and boundaries on page 44; Focusing on Corporate Sustainability Governance, page 46.	-	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

Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
SOCIAL: HUMAN RIGHTS					
HR Assessment	DMA	-	Focusing on Corporate Sustainability Governance, page 46; Material aspects and boundaries, on page 44.	-	No
HR Assessment	G4-HR9	Operations subject to human rights reviews or impact assessments	G4 Index only. 100% of operations have been subject to human rights reviews under Garanti Code of Conduct and Environmental Social Loan Policies.	-	No
Human Rights Grievance Mechanisms	DMA	-	Focusing on Human Resources, page 81; Focusing on Corporate Sustainability Governance, page 46; Material aspects and boundaries on, page 44.	-	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

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance	
SOCIAL: SOCIETY					
Local Communities	DMA -	Focusing on Communities, page 131; Focusing on Corporate Sustainability Governance, page 46; Corporate Profile, page 18; Material aspects and boundaries, page 44.	-	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 2015 was TL 18,492,241 (2014: TL 17,186,001). 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 2015 are disclosed on page 146 of the 2015 Annual Report.	-	No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance	
SOCIAL: SOCIETY					
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 66.	-	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 66.	-	No



Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
SOCIAL: SOCIETY				
Anti-corruption	DMA -		Focusing on Corporate Sustainability Governance, page 46; Material aspects and boundaries, page 44.	- 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 64. 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 Internal Audit Department. 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 46; Focusing on Customers through Sustainable Finance, page 66.	- No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
SOCIAL: SOCIETY				
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 Code of Conduct of the Bank. Investigation reports are evaluated and concluded by the Disciplinary Committee. A criminal report is made if necessary	- No
Anti-competitive Behavior	DMA -		Focusing on Corporate Sustainability Governance, page 46.	- No
Anti-competitive Behavior	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 46.	- No

Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
SOCIAL: PRODUCT RESPONSIBILITY					
Product and Service Labelling	DMA -		Focusing on Customers through Sustainable Finance, page 66; Focusing on Corporate Sustainability Governance, page 46.	-	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	G4 Index only. Garanti Bank complies with laws and regulations pertaining to the disclosure of information about the products and services that it provides. To this end, the bank supplies any and all manner of currently applicable information about the products and services that it offers its customers both as may be required by law and as Garanti Bank believes may be necessary for consumers to make objective decisions.	-	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	G4 Index only. There were no incidents of significant non-compliance reported during or after the reporting period.	-	No
Product and Service Labelling	G4-PR5	Results of surveys measuring customer satisfaction	For the Bank's engagement with Customers please see the section Focusing on Customers through Sustainable Finance though it is not customary in the Bank's sector in Turkey to disclose information on survey results	-	No

Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
SOCIAL: PRODUCT RESPONSIBILITY					
Marketing Communications	DMA -		Focusing on Customers through Sustainable Finance, page 66; Focusing on Corporate Sustainability Governance, page 46.	-	No
Marketing Communications	G4-PR6	Sale of banned or disputed products.	Focusing on Customers through Sustainable Finance, page 66; Focusing on Corporate Sustainability Governance, page 46. Garanti Bank complies with laws and regulations pertaining to the disclosure of information about the products and services that it provides. The Bank also diligently strives to be in full compliance with the requirements of applicable laws and regulations in Turkey in the conduct of all of its marketing and communication activities. Garanti Bank does not finance any activities which are restricted or banned under national legislation and/or international agreements that Turkey is a party to or the projects or the activities of people or corporations which have been proven to employ child workers or violate human rights. Garanti Bank rejects loan demands for such projects or activities without holding them subject to any social and environmental impact evaluation and without any limit on the size of the loan.	-	No



Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance	
SOCIAL: PRODUCT RESPONSIBILITY					
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.	G4 Index only. There were no incidents of non-compliance reported during or after the reporting period.	-	No
Customer Privacy	DMA	-	Focusing on Corporate Sustainability Governance, page 46; Focusing on Customers through Sustainable Finance, page 66.	-	No
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	G4 Index only. There were no substantiated complaints of breaches of customer privacy reported during or after the reporting period.	-	No
Compliance	DMA	-	Material aspects and boundaries, page 44; Focusing on Corporate Sustainability Governance, page 46	-	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 46.	-	No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance	
SOCIAL: PRODUCT RESPONSIBILITY					
Product Portfolio	DMA	-	Corporate Profile, page 32; Focusing on Customers through Sustainable Finance, page 66.	-	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 2015, page 188, footnote 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 66.	-	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 66.	-	No
Audit	DMA	-	Focusing on Corporate Sustainability Governance, page 46.	-	No



Aspect	DMA/ G4 Indicator		Page	Omissions	External Assurance
SOCIAL: SOCIETY					
Active Ownership	DMA -		Annual Report 2015, page 188, footnote 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 dollar 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 66.	-	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.

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