

# A lot has changed at Ziraat Bank...



# Contents

<b>Introduction</b>	<b>2</b>
Ziraat Bank in Brief	2
Key Sustainability Indicators	6
Milestones in the History of Ziraat Bank	8
Ziraat Finance Group	10
Chairman's Message	14
CEO's Message	18
<b>Ziraat Bank and Sustainability</b>	<b>22</b>
2014 Prioritization Analysis	24
Sustainability and Corporate Governance	32
Sustainability at Ziraat Bank-We shape the future	40
<b>The Value Created and Shared</b>	<b>46</b>
In Brief	48
Customers	50
Suppliers	70
Employees	72
<b>Corporate Social Responsibility</b>	<b>86</b>
<b>Ziraat Bank and the Environment</b>	<b>92</b>
<b>Report Profile and G4 Content Index</b>	<b>102</b>
Report Profile	102
G4 Content Index	103
A Glossary of Sustainability Terminology	126
Contact	128





...but our passion to create added value for our country and world **has been the same for 151 years.**

With our new outlook and revamped structure, we are now better focused on sustainability. And that's why we are Turkey's Oldest New Bank.



## Ziraat Bank in Brief

### A strong, leading, and global financial services brand

Both the founder and the inherent leader of the Turkish banking industry, in 2014 Ziraat Bank continued to serve and create value for customers everywhere in Turkey from east to west and north to south as well as in cities around the world from New York to Almaty.

📍 G4-4, G4-6, G4-8, G4-FS13

As of end-2014, Ziraat Bank's 12.4% share of the Turkish banking industry's total assets made it the sector's leader.

In 2014, Ziraat Bank continued to create even more points of contact with its customers by enlarging its branch network and opened 53 new branches. As of year-end, total number of domestic branches reached 1,682 consisting of 1,486 branches, 24 Corporate Branches, 80 Entrepreneurial Branches, and 90 Entrepreneurial Dynamic Branches, and two Mobile Vehicles. The total number of units in the Bank's ATM network grew by 12.89% and reached 6,043.

In more than 400 of Turkey's county seats and townships, Ziraat Bank is still the only financial services provider with a physical presence. The Bank's huge geographical reach enables its expert staff to supply banking products and services that have been designed to meet the needs of nearly every type of customer.

Operations at 85 locations in 16 countries around the world mean that Ziraat Bank's direct global reach is also more extensive than that of any other bank in Turkey. A global service network consisting of 7 international subsidiaries, 21 international branches, 4 sub-branches, and 1 representative's office make it possible for Ziraat Bank to serve customers just about anywhere in the world. It also serves as a natural bridge in Turkey's commercial relationships with international markets.

A progressive and innovative approach that enables Ziraat Bank to keep pace with constantly-changing economic conditions in Turkey and around the world also ensures that the bank remains a sought-after and preferred brand in national and international markets.

Ziraat Bank also possesses an extensive portfolio of subsidiaries and equity stakes that are active in the areas of banking, insurance, private pensions, investment banking, portfolio management, leasing, and financial service technologies. This portfolio generates synergies that continue to power the Bank's surefooted advance.

#### As "Turkey's Oldest New Bank", Ziraat Bank is committed to:

- making an increasingly bigger contribution to the environment, society, and Turkey's economic development through the deployment of its many years of knowledge and experience and its young and dynamic structure,
- changing, evolving, and being one of the leading advocates of sustainable banking no less in the future as in the present,
- creating ever more value through the other members of the Ziraat Finance Group.

**12.4%**  
market  
share

**1,682**  
domestic  
branches

Sole financial  
services provider at  
**400+** locations





### Our Mission

To be a bank that understands customer needs and expectations, thereby offering them the best solutions and value proposition from the most appropriate channel; a bank that brings to every segment of society a wide range of products and services in the fastest, most effective way through its extensive network of branches and alternative distribution channels; a bank that operates with profitability and productivity at global standards by recognizing its ethical values and social responsibility; a bank that holds customer satisfaction to be more important than anything else.

### Our Vision

To be a leading bank that is universal, respected and has high market value; a bank that provides extensive, reliable service everywhere in Turkey and the world at the same quality, and meets the needs of every segment; a bank that sees human resources as its most valuable asset; a bank that continuously makes a difference and creates value in a way that befits its deep-rooted past; a bank that promises more from a bank at every stage and serves as a model for its competitors.

⊕ G4-7

### Ziraat Bank's shareholder structure

Ziraat Bank is a wholly-owned entity of the Undersecretariat of the Treasury of the Republic of Turkey.

Operations in  
**16** countries

**Strong brand  
recognition**

As the founder  
of the Turkish  
banking sector,  
Ziraat Bank...

**is committed to making an increasingly bigger contribution to the environment, society, and Turkey's economic development through the deployment of its many years of knowledge.**







## Key Sustainability Indicators

⬇️ G4-9

### Economic



Total number of non-corporate customers  
**30.4 million**

Deposits  
**TL 153,255 million**  
**13.6% market share**

Total number of internet banking customers  
**3.8 million**

Equity  
**TL 28,540 million**  
**12.3% market share**

Loans  
**TL 141,915 million**  
**11.1% market share**

CAR  
**18.22%**

Return on equity  
**16.4%**

Total assets  
**TL 247,600 million**  
**12.4% market share**

Net profit growth  
**21.63%**

Return on assets  
**1.8%**

Please also see pages 6-7 of 2014 Annual Report for Financial Indicators at:  
<http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReports.pdf>



⬇ G4-9

## Environment<sup>1</sup>



Scope 1 emissions

**3,661.20 tCO<sub>2</sub>e**  
(2013: 2,566 tCO<sub>2</sub>e)

Water consumption

**81,569 m<sup>3</sup>**  
(2013: 91,751 m<sup>3</sup>)

Scope 2 emissions

**4,402.42 tCO<sub>2</sub>e**  
(2013: 4,732 tCO<sub>2</sub>e)

## Human Resources



Number of employees

**23,617**

Number of 2014 training person

**54,017**

Ratio of personnel who took part training issues related to “Prevention of money-laundering and terrorism-financing”

**97.97%**

## Community



Number of customers supplied with financing in agricultural sector

**607,197**

Number of agricultural support payments made to producers and associations

**4,413,082**

The rank of Ziraat Bank among the top one hundred companies in Turkey based on the number of women on their payroll

**5<sup>th</sup>**

<sup>1</sup>The data of Ziraat Bank Head Office buildings. For details of environment indicators, please see page 101.

## Milestones in the History of Ziraat Bank

Benefiting from the unrivaled knowledge and experience that it has built up in the course of its corporate history, Ziraat Bank is focused on making an increasingly bigger contribution to Turkey's sustainable development.

### 1863-1888

- On 20 November 1863 Mithat Paşa spearheaded the establishment of Memleket Sandıkları (Homeland Funds) in the town of Pirot/Serbia which formed the core of Ziraat Bank.
- Turkey's first statutorily regulated credit system is launched.
- Memleket Sandıkları (Homeland Funds) are reconstituted as Menafi Sandıkları (Benefit Funds). The funds are reorganized to make them stronger and more sustainable.
- Ziraat Bank's headquarters are opened in İstanbul.

### 1889-1913

- Ziraat Bank extended credit to the Imperial Treasury for the first time.
- Ziraat Bank supplied credit for grain to needy refugees and others in drought-stricken İzmit.
- A project to fund purchases of European agricultural equipment using Ziraat Bank's capital is studied.
- Ziraat Bank offices are opened in Kerek, İpek, Prizren, Timișoara, and Karacasu.
- Ziraat Bank provided drought-stricken Kosovo farmers with low-cost credit on convenient terms.
- Ziraat Bank opened a branch in Medina.
- Ziraat Bank branches opened in Baghdad and Basra
- Ziraat Bank branches provide earthquake-stricken farmers with loans.

### 1914-1938

- Ziraat Bank began lending to commercial enterprises.
- The first seed-finance loans are provided.
- First general deferment is granted on agricultural loans.
- With the opening of the Grand National Assembly in Ankara, the city's Ziraat Bank branch is made responsible for the administration and oversight of all bank branches and offices in localities controlled by the Nationalists.
- Control of Ziraat Bank's İzmir and İstanbul operations was given to Ankara.
- Under an Act of Parliament, Ziraat Bank ceases to be a state-owned bank and is transformed into a joint-stock company.

### 1939-1963

- Work is completed on the set of operational regulations called for by Statute 3202. Consisting of 198 articles, the regulations governing the operations of Türkiye Cumhuriyeti Ziraat Bankası went into effect.
- Ziraat Bank became a member of Confédération Internationale du Crédit Agricole (CICA), a non-profit worldwide association of banks and other entities interested and involved in rural financial processes.
- Under Statute 7052, Ziraat Bank was authorized to restructure agricultural loan repayments.

# 1863-2014

## 1964-1988

- Ziraat Bank's representative office opened in Hamburg.
- Ziraat Bank opened its Lefkoşe, Gazi Magosa, and Güzelyurt branches in the Turkish Republic of Northern Cyprus.
- Ziraat Bank's representative's office in New York is transformed into a branch while new offices are opened in Duisburg, Berlin, Munich, Stuttgart, and Rotterdam.
- Under the Ziraat Bank 86 project, the first steps to adapt improvements in technology to banking services so as to deliver them faster, more efficiently, and at better quality are taken with the automation of a total of seven branches located in Ankara and İstanbul.
- Ziraat Bank ranks 452nd among the world's 500 biggest banks as measured by equity according to Euromoney, a magazine.

## 1989-2013

- The Ziraat Bank Banking School began instruction in order to keep the Bank supplied with the qualified human resources that it needs.
- The first investment fund (Fund I) was established.
- Gold sales were initiated under the name of Ziraat Gold. The first consumer loan was issued, along with the first credit card.
- The Bingöl-Muş Rural Development Project was initiated.
- "Self-Service Banking" is introduced. As well as ATM machines, foreign currency exchange machines were brought into service for the first time in Turkey, along with self-service information terminals, voice messaging systems which included a branch not requiring human staffing, aiming to provide uninterrupted 24-hour service.
- Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank) and Uzbekistan Turkish Bank (UT Bank) were established and entered operation.
- Ziraat Bank was ranked 202<sup>nd</sup> in Euromoney's top 500 banks, 41<sup>st</sup> in terms of net profit, and the world's first in terms of its return on equity. Moreover, the Bank ranked 12<sup>th</sup> in the "World's 50 most rapidly developing banks" listing.
- The Sofia Branch entered operation.
- The Stuttgart, Hannover, Frankfurt and Duisburg representative offices began to operate as branches. Newly-launched banking software made it easier to create and offer new products and services.
- Turkish-Ziraat Bank Bosnia DD received Visa and Europay International licenses and began processing Visa acquiring and issuing transactions for the first time in Bosnia- Herzegovina in coordination with Ziraat Kart AŞ.
- The Law numbered 4603 passed on 25 November 2000 paved the way for Ziraat Bank to be transformed into a joint-stock company.
- The scope of the banking software centralization project (Fin@rt) is expanded.
- In Greece, the Athens and Komotini branches entered operation.
- The Bank announced TL 3.51 billion net profit, the highest profit ever announced by a Turkish company until 2009.
- Branches were opened in Baghdad, Erbil and Jeddah.
- Ziraat Bank purchased the rights to the Turkish Cup name.
- Ziraat Bank launched its "Together, to a Better Future" Change & Transformation Project.
- Ziraat Bank celebrated its first century and a half in business with its employees.

## 2014

- Ziraat Bank announced the Turkish banking sector's highest profit with a net profit of TL 4,051 million.
- On 30 September 2014, the Board of Directors approved and announced the Sustainability Policy which summarizes Ziraat Bank's sustainability vision, goals and approach and defines the Bank's stance on the pillars of the environment, society and products and services.
- Ziraat Bank published its first sustainability report, which was GRI rated at A+ standards.



## Ziraat Finance Group

Ziraat Bank possesses an extensive portfolio of domestic and international subsidiaries and equity stakes that are active in the areas of banking, insurance, private pensions, investment banking, portfolio management, leasing, and financial service technologies.

Considered as a whole, the individual members of the Ziraat Finance Group make up an extensive and global structure that makes it possible for the Ziraat brand's sustainability performance to be achieved and shared at the broadest scale. This in turn defines the outermost boundaries of the domain of the bank's influence.<sup>2</sup>

⬇️ G4-6, G4-8, G4-17

### Abroad...

With branches, subsidiaries, and representatives at 85 locations in 16 different countries, Ziraat Bank continues to strengthen its position as the Turkish bank whose direct global reach is more extensive than that of any other bank in Turkey.



## International branches and representative office

## International subsidiaries



<sup>2</sup>Information about the Ziraat Bank subsidiaries whose results are included in its consolidated financial statements may be found on page 220 of the Bank's 2014 annual report.

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# The fundamental responsibility of Ziraat Bank...

**is to pass on a livable world and a sustainable future for the next generations.**







## Chairman's Message

In Ziraat Bank's view, sustainability means ensuring the viability of an ecosystem that will allow all of its stakeholders to completely satisfy all of their needs not just today but equally so in the future as well.



Muharrem KARSLI  
Chairman of the Board of Directors

Ⓢ G4-1, G4-2, G4-EC2

Esteemed stakeholders,

The years 2013 and 2014 mark a watershed for Ziraat Bank from the standpoint of internalizing sustainability and authoring exemplary projects to achieve it. The publication of a sustainability report for the first time, the quantification and public disclosure of our carbon footprint, the increasingly greater adoption of a sustainability-minded approach in our service processes, and environmental protection-focused and social responsibility projects undertaken by our various units are all among the milestones passed during these years.

Within this period, Ziraat Bank formulated a Sustainability Policy and, with that policy's approval and publication by the Board of Directors introduced yet another Ziraat Bank best practice to the Turkish banking industry.

We regard our customers, our human resources, our strength to produce long-term performance, our strong balance sheet, and our corporate governance structure as the cornerstones of our approach to sustainability.

⊕ G4-1, G4-2, G4-EC2

### Another important innovation that is in keeping with our goal of constant improvement in our sustainability journey is our transition to the G4 standard in this year's report.

As our stakeholders may recall, Ziraat Bank's first sustainability report was prepared according to the G3.1 standard and it was verified as being fully compliant with GRI's A+ level reporting parameters. Our 2014 report was prepared to be compatible and fully compliant with new-generation global reporting criteria. For this report, which has been composed according to the "Comprehensive" option (the broadest expression of the G4 standard), we have adopted a methodology that requires us to be much more transparent and much more focused. Furthermore because this report is the first such to be prepared according to the G4 standard by a state-owned bank in Turkey, it also constitutes a valuable model and reference.

### Our fundamental responsibility is to pass a livable world and a sustainable future on to the generations that come after us.

In the process of achieving robust development and building the future, we regard sustainability as one of the essential elements that show Ziraat Bank and its stakeholders the way forward.

We conduct our activities in a state of synergetic interaction with a community of stakeholders that is extensive and global in scale. Our core stakeholders consist of our shareholder, our employees, our customers, and our suppliers; in the broadest sense our stakeholders also include regulatory agencies, international financial institutions and investors, media concerns and professional organizations, and society at large. We focus on conducting our operations in collaboration with all of our stakeholders in a manner which is mutually respectful and which balances everyone's interests. We believe that this approach is crucially important to sustainability.

In Ziraat Bank's view, sustainability means ensuring the viability of an ecosystem that will allow all of its stakeholders to completely satisfy all of their needs not just today but equally so in the future as well. The Ziraat Bank Sustainability Policy sets out the conditions that must exist in order for people and nature to interact in productive harmony. It provides a way not just for us but for future generations as well to satisfy their social, economic, and communal needs.

In line with this, we have come to recognize issues that are of the utmost concern on the global agenda-among them climate change, the transition to a low-carbon economy, and social development-as being high-priority matters of our own. Our invariable objective is to make a beneficial difference in these areas in the conduct of our business. We believe that in order to ensure the sustainability of their growth and profitability, companies need to be mindful of the futures of the community and environment in which they live and that they should engage in comprehensive efforts for the sake of improvement and progress.

### Our objectives and change

A successful pioneer and leader under every condition throughout its long history and a financial institution that has constantly contributed to the development of the surroundings in which it operates, Ziraat Bank's immutable aims are:

- to contribute to economic, environmental, and social wellbeing,
- to create enduring value for its stakeholders,
- to pursue growth while remaining mindful of the principles of sustainable profitability and productivity.

The means whereby we may achieve these aims are embodied entirely in the transformation that we have been managing strategically for the last three years.

We are aware that transformation is an ongoing process and that it demands steadfastness. Ziraat Bank continues to renew itself, regards the customer as the focal point of all of its operations, and fulfills the stringent requirements of today's competitive environment as a pioneering and responsible leader.



## Chairman's Message

Ziraat Bank for its part stands ready to assume even more duties on a journey which is of concern to the future of our planet and to the people who live on it and which will affect the affluence and living conditions of each and every one of us.

### 📍 G4-1, G4-2, G4-EC2

Ziraat Bank operates at 85 locations in 16 countries around the world. Besides being a global service provider, Ziraat Bank is also a natural bridge in Turkey's commercial relationships with international markets.

It is when all of these attributes are taken into account together that the meaning, importance, and indispensability that strategic management has for us becomes evident.

### The cornerstones of our approach to sustainability

We regard our customers, our human resources, our strength to produce long-term performance, our strong balance sheet, and our corporate governance structure as the cornerstones of our approach to sustainability.

Our customers are the reason for our existence and the bedrock of our sustainability. Their regard, confidence, and loyalty make up the cement that has held together the sectoral leadership of the Ziraat Bank brand for a hundred and fifty-two years. Our fundamental and immutable goal is to give our customers the experience of the very best service that our sector has to offer and to make our strongly-valued products and services a part of their lives. Feedback received from our customers shows that they are becoming increasingly more satisfied with what we do and that is what encourages us to act even more imaginatively.

Let no one doubt but that Ziraat Bank owes its sustainability to its employees as well. In order to ensure that this fact remains true, we constantly invest in our human resources and equip our personnel with the competencies made necessary by today's rapidly changing and developing business world. At Ziraat Bank we give special importance to cultivating a motivational environment that encourages teamwork.

It gives me pleasure to say that, as demonstrated by quantifiable performance criteria of every kind, our Bank is successfully maintaining a consistent human resources experience.

Under the heading of our sustainable and long-term performance objective, we are undertaking all of our investments with an approach that is mindful of operational costs and effectiveness. We are successfully keeping our cost base under control while pursuing without letup our efforts to diversify our sources of revenue in ways that are compatible with market conditions.

Advanced corporate governance practices that are fully compliant with the requirements of law are of crucial importance to our ability to create, maintain, and increase brand and stakeholder value. At the same time we also give importance to sustainability management and regard it as an essential element of our corporate governance structure.

### On the future

2015, the year we have prepared this report for publication, was witness to new undertakings and successes on our Bank's part. It was also a year in which Ziraat Bank abided by its Sustainability Policy as it pursued its goals of:

- making a bigger contribution to Turkey's economic development,
- protecting the environment,
- constantly expanding the value that it adds to society.

We are determined both to take a multidimensional approach in the conduct of our activities with respect to such issues and to deploy the extraordinary financial leverage that the scale of our operations makes possible in order to expand the scope of sustainability.

We are of the opinion that not just governments but also private sector concerns, civil-society initiatives, universities and indeed everyone else have important duties and responsibilities with respect to sustainable development.

⊕ G4-1, G4-2, G4-EC2

When our suppliers, employees, and the millions of firms and individuals to which we have lent are taken into account as a whole, the dimensions and extent of Ziraat Bank's contributions to and impact on economic development and social wellbeing become unmistakably apparent. Ziraat Bank seeks to provide this huge community with guidance and leadership in order both to strengthen the foundations of sustainability throughout society at large and to create a multiplier effect that amplifies the added value that the Bank generates itself.

Helping our country's farmers to make the best possible use of water and other natural resources, to increase their productivity, and to strengthen themselves competitively; increasing the production capacity of our country's SMEs and encouraging them to further improve their operational conditions in light of universal values; and achieving greater energy and all other resource use efficiency in every business in every sector are just a few of the countless ways in which we can work together with our stakeholders to create more value.

We are of the opinion that not just governments but also private sector concerns, civil-society initiatives, universities and indeed everyone else have important duties and responsibilities with respect to sustainable development.

Ziraat Bank for its part stands ready to assume even more duties on a journey which is of concern to the future of our planet and to the people who live on it and which will affect the affluence and living conditions of each and every one of us.

One of Ziraat Bank's most vital goals therefore is to achieve this by marshalling all of its self-confidence, energy, dynamism, institutionalized business processes, IT infrastructure, superior human resources, and unrivaled financial strength.

In closing and speaking both personally and on behalf of the Board of Directors, I offer my appreciation to everyone for their confidence in, contributions to, support for, and choice of the Ziraat brand.

I also invite our stakeholders to share with us their own views and opinions about our sustainability performance by sending them to our e-mail address on [surdurulebilirlik@ziraatbank.com.tr](mailto:surdurulebilirlik@ziraatbank.com.tr)

Very truly yours,



## CEO's Message

The results that we have achieved in terms of customer and market-focus show that we are making sound progress consistent with our goals and that our customers are demonstrating an ever-greater preference for the Ziraat brand.



Hüseyin AYDIN  
CEO

⬇️ G4-1, G4-2

Esteemed stakeholders,

We take pleasure in presenting you with this sustainability report, which we have prepared in full compliance with the “comprehensive option” of the new G4 global reporting standard.

### **Our sector, sustainability, and Ziraat Bank**

We believe that the financial services industry, of which Ziraat Bank is a member and inherently a leading player in our country, is charged with a number of critical and essential duties related to the sustainability of a healthy and properly functioning economy, of a strong social structure, and of a livable environment.

Because we are more than just a bank, it is both our obligation and our responsibility to contribute to the long-term wellbeing of society and to provide all-out support for the Turkish economy's developmental processes by effectively deploying our scale, our knowledge and experience, and our reach.



We have identified a set of sustainability priorities that we believe will affect Ziraat Bank's success in the future as much as it does today as a result of a comprehensive study that takes into account the views of both our internal and external stakeholders.

#### ⊕ G4-1, G4-2

We have a broad and diversified customer base ranging from farmers who make a living in our country's towns and villages and whose agricultural endeavors create value for all of us to corporate customers whose exports contribute to the national economy, from the SMEs that are the backbone of our economy to people engaged in every sort of occupation. The products, services, and solutions that we provide to this huge group ourselves and through the subsidiaries that make up the Ziraat Finance Group shape the future of our country as much as they do its present while our strategic decisions and actions contribute as much to the efficient functioning of markets as they do to economic stability.

### Our sustainability priorities

One of the fundamental innovations that we have achieved under the heading of our sustainability-related efforts is that, as a result of a comprehensive study that takes into account the views of both our internal and external stakeholders, we have identified a set of sustainability priorities that we believe will affect Ziraat Bank's success in the future as much as it does today.

On the basis of our prioritization findings, details of which are presented in the appropriate sections of this report, market- and customer-focus rank foremost among the issues that are of key importance to Ziraat Bank's performance. This result, which is the shared opinion of our stakeholders, coincides with the fundamental objective of the strategic transformation program that our Bank has been conducting for the last three years. That is because, given the competitive conditions that prevail nowadays, a service provider's sustainable future and strong performance are possible if and only if there also exists a strategy which puts one's customer at the focal point of everything and which seeks to maximize the value that one proposes to offer.

In addition to market- and customer-focus, our prioritization study also revealed that our rich array of banking products and

services, our extensive geographical reach and degree of customer access, and our diversified deposit base also rank high among the reasons why customers prefer Ziraat Bank. Other issues cited by our stakeholders as being as crucial to Ziraat Bank's future performance as to that of the present are: specific support for agriculture as embodied in Ziraat Bank's mission, provision of services to the SMEs and entrepreneurs who are so important to the national economy, safeguarding customer data, and effective corporate governance and risk management in a manner that also embraces sustainability management.

The priorities that emerged from this study are important not just for our Bank but for all of the members of the Ziraat Finance Group as well. These findings will serve as our guide when shaping our roadmap and strategies in the period ahead and will also play a significant role in further strengthening our ability to create added value.

### What we promised to do and what we did

This year Ziraat Bank once again concentrated on integrating its sustainability approach into all aspects of its banking business. As a result of the efforts made in line with this, Ziraat Bank further developed its banking products and services, introduced innovative new products to the market, streamlined its service processes and made them more efficient, and-most important of all-came up with new solutions that addressed its customers' needs. While continuing to develop our organizational structure in response to current needs and expand our service network, our primary focus was on making additional improvements in our customers' service experience.

What individuals and companies alike demand is banking-market products that are easily accessible, understandable, comparable, and consumer-friendly. For this reason, Ziraat Bank engages in an ongoing effort to satisfy that demand for every customer segment in every business line in which it is active.

## CEO's Message

Today we stand more ready than ever to work with our stakeholders in order to properly manage our risks and business opportunities and to make use of both in order to power our performance.

### 📌 G4-1, G4-2

Similarly the new internet banking modules which we recently brought online and which we are continuing to develop have been received with high levels of customer appreciation and satisfaction. Each and every product, service, and process that we digitize by integrating technology into every aspect of our business processes achieves tremendously important gains for us in terms of improving our resource efficiency, environmental performance, and overall productivity. Besides enabling us to make the best and most productive use of our resources, this approach also leads to substantial savings in our costs.

In 2014 we launched our “Banking Without Barriers” project, whose aim is to give our customers with disabilities a better and more comfortable banking experience and which we believe to be extremely important in terms of its social benefits. We are focusing our attentions on giving such customers more convenient access to our banking products and services through such means as physical changes at our service venues, call buttons, Braille-equipped information panels, specially-designed ATM units, and an online branch that can be used by the visually impaired.

In 2014 we completed worthy projects aimed at managing not just our carbon footprint but our entire ecological footprint in the best and most efficient way possible while also achieving significant savings in the process. One of the most important inputs that a bank uses is paper. The digitalization projects that we have been conducting over the last few years have led to extremely important gains and enabled us to achieve substantial savings in paper consumption. Similarly and as a result of changes that have been made, we have achieved notable improvements in water, electricity, and natural gas consumption in the conduct of our headquarters services operations.

All of the activities which I have summarized here we see as being important progress towards the fulfillment of our sustainability goals and we therefore regard 2014 as a year in which we

advanced surefootedly in the direction of making Ziraat Bank a more customer-focused bank.

Thus it gives me pleasure to say that the progress we achieved throughout 2015, demonstrates our commitment to fulfilling our promise to be “Turkey’s oldest new bank”. The results that we have achieved- particularly in terms of customer- and market-focus- show that we are making sound progress consistent with our goals and that our customers, who make up our core stakeholder group, are demonstrating an ever-greater preference for the Ziraat brand.

### The Ziraat Change and Transformation Project in 2014: “Moving Forward Together”

Recognizing that change is a never-ending journey and aware of the need to constantly renew itself and adapt to today’s tough competitive environment. Ziraat Bank continued to advance together with its stakeholders in 2014.

The Change and Transformation Project that Ziraat Bank launched in 2012 reached a new stage in 2014 that may be summed up by its “Moving Forward Together” watchword. The efforts to implement the infrastructural change and corporate transformation components of that project will continue in the future as well.

The goal of the Ziraat Change and Transformation Project is to shepherd the Ziraat Finance Group’s essential Corporate Banking, Branch Banking, and International Banking operations into the future and finalize the group’s global transformation. Under this project, our Bank’s sustainability priorities are rooted in the principles of sound customer relationship management, institutionalized business processes, operational excellence, objective and transparent human resources management, effective information technology, and of course a strong balance sheet. That being so, efforts were made in line with the Annual Strategic Roadmap, which was laid out to guide the bank towards its strategic goals and which is overseen by the Strategic Steering Committee, and enduring value was created as a result.

The goal of the Ziraat Change and Transformation Project is to shepherd the Ziraat Finance Group's essential Corporate Banking, Branch Banking, and International Banking operations into the future and finalize the group's global transformation.

⊕ G4-1, G4-2

With respect to integrating globally-accepted sustainability principles into our business processes, we will be continuing to add environmental and social risk-management criteria to our lending processes and to undertake new projects in order to incorporate a wider range of dimensions into our structural development.

### Risks and opportunities

Having been a leading and trend-setting industry actor for a hundred and fifty-two years, Ziraat Bank intends to remain one in the future as well. Our Bank calls upon the strengths of its extensive service network, professional management team, strong corporate governance, in-depth market acumen, unrivalled knowledge and experience, and-most important of all-rock-solid brand as it continues to shape the future.

Both the banking industry as a whole and the other domains of financial services in which the subsidiaries that make up the Ziraat Finance Group are active in particular necessarily interact with the swiftly changing and evolving demands of the global and national economies.

The rapid developments to which we are witness today clearly point to the birth of a new global economic balance. That process will continue to affect not just our country but our business as well. At the same time, we regard all of the top issues on the world's sustainability agenda-but especially the impairment and misuse of natural resources together with climate change and global warming-as both risks and opportunities for both Ziraat Bank and its stakeholders alike.

### On the future

Today we stand more ready than ever to work with our stakeholders in order to properly manage our risks and business opportunities and to make use of both in order to power our performance. We regard 2015 and the years that follow as a crucially important period in which our potential will impact on our performance. We intend to continue engaging in a multidimensional effort in line with our sustainability priorities and to generate increasingly more synergies throughout the Ziraat Finance Group. In this way, we will also be creating increasingly more value that we can share with our stakeholders and with our country as a whole.

In closing and speaking both personally and on behalf of the Ziraat Bank Board of Directors, I want to thank our employees for the efforts that are the enduring source of our performance, our customers for preferring to do business with us, and our other stakeholders for their confidence in the Ziraat name.

Very truly yours,









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## Ziraat Bank and Sustainability

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Ziraat Bank identified its material topics...

**as social wellbeing and economic development.**

## 2014 Prioritization Analysis

During the preparation of its 2014 sustainability report, Ziraat Bank realized a detailed evaluation process in compliance with GRI G4.

### ⬇ G4-18

For the preparation of its 2014 sustainability report, Ziraat Bank made changes in its prioritization analysis approach so as to make it compatible with GRI G4 reporting principles.

The focal point of this prioritization was to identify the economic, environmental, and social topics that are of the greatest concern both to the bank and to its internal and external stakeholders.

### Identifying material topics

In the process of identifying the elements that would be cited in the conduct of the priority analysis, attention was given both to Ziraat Bank's own activities and their impact and to shareholder expectations. For this purpose, GRI-published principles pertaining to the nature and content of reports were adhered to.

In the process of determining material topics, Ziraat Bank made use of:

- 1- comprehensive surveys conducted among the Bank's unit managers and personnel (its internal stakeholders),
- 2- analyses of feedback received from external stakeholders through a variety of channels throughout 2014,
- 3- conclusions drawn from discussions with international financial institutions and rating agencies,
- 4- the results of desk-based work carried out by the Ziraat Bank Sustainability Project Team.

Internal stakeholders' views were determined by means of a comprehensive survey conducted among the Bank's unit managers and personnel.

### ⬇ G4-26

The views of external stakeholders (customers, suppliers, international agencies and organizations, etc) were taken up at meetings with representatives of the Bank units that are in regular communication with such groups. During these meetings, the findings of items 2 and 3 in the list above were discussed and stakeholder priorities were ascertained accordingly.

Having thus been identified based on information drawn from a variety of sources, these priorities were then considered in light of GRI G4 criteria and the bank-internal and bank-external impacts of each one were determined.

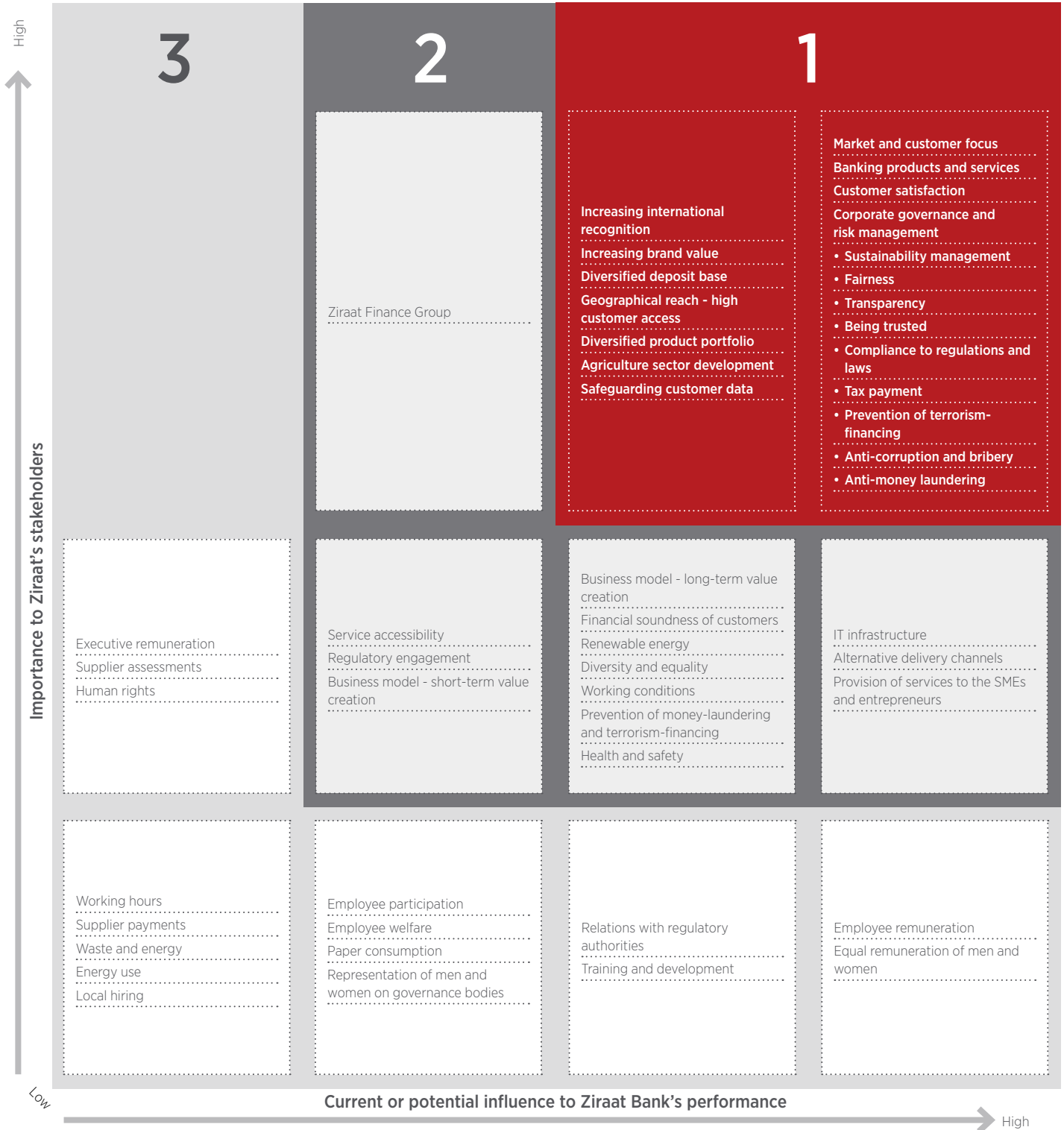
### ⬇ G4-19

As a result of this prioritization analysis, topics that Ziraat Bank and its stakeholders deemed to have material relevance were identified and ranked in order of their significance to them. This information was then used as input for the creation of the 2014 Ziraat Bank Priority Matrix.



G4-19

### Ziraat Bankası 2014 sustainability priorities



## 2014 Prioritization Analysis

All of the topics identified as a result of the 2014 prioritization analysis have direct and close impact on both Ziraat Bank's business lines and its external stakeholders.

### Validation

Validation of the prioritization analysis and subsequent processes was carried out by the sustainability project team.

### Material topic framework

⊕ G4-20, G4-21

All of the material topics identified as a result of the 2014 prioritization analysis have significance for and impact strongly on both Ziraat Bank and its stakeholders. These material topics may be assigned to one of three categories indicative of the degree of their significance and impact.

The topics in the first category are the most important issues affecting Ziraat Bank's current and future performance. These consist of:

- market- and customer-focus, banking product and service range diversity, customer satisfaction, brand value and international reputation enhancement, extensive geographical reach and customer accessibility, diversified deposit base,
- support for agriculture as embodied in Ziraat Bank's mission, provision of services to the SMEs and entrepreneurs who are so important to the national economy,
- safeguarding customer data,
- effective corporate governance and risk management in a manner that also embraces sustainability management.

All these topics are of direct and immediate concern, without exception, to all of the bank's business lines, to the members of the Ziraat Finance Group (even though they are not covered by this report), to Ziraat Bank employees, and to all other external stakeholders.

Ziraat Bank is a financial services provider that is also the center of the most extensive bank branch network in Turkey. According to 2014 figures, there were more than 400 towns and villages in Turkey in which Ziraat Bank was the only financial services provider with a physical presence. This unrivaled geographical reach is what determines the bank's position in the Turkish economy; it also shows how important and influential the material topics of the first category are to the country's economic and social development. All these topics will additionally be crucial to the added value that can be generated and shared in the short, medium, and long terms.

The topics in the second and third categories are issues whose significance and priority may vary from one stakeholder to another. Examples of these include:

- A high priority issue for Ziraat Bank is the services that we provide to the SMEs and entrepreneurs, all of which are of the utmost importance to the Turkish economy.
- New investment in IT infrastructure and alternative delivery channels: While this is extremely important for Ziraat Bank and its customers, other external stakeholders deem it to be of low priority.
- Employee participation, employee welfare, employee training & development, employee remuneration, etc: While such issues are significant to personnel, who make up one of Ziraat Bank's most important stakeholder groups, they are of relatively less importance among external stakeholders.

**400+**  
Ziraat Bank is the sole bank  
in more than 400 towns and  
districts.

**G4-23**

While there were no changes in Ziraat Bank's operational framework during the reporting period, this report is the first time that Ziraat Bank has formally defined a material topic framework and publicly disclosed it.

### Concordance between material topics identified in the Ziraat Bank 2014 Prioritization Analysis and GRI G4 topics

	Market- and customer-focus, banking product and service range diversity, customer satisfaction, brand value and international reputation enhancement, extensive geographical reach and customer accessibility, diversified deposit base	G4 EC, SO, FS
	Support for agriculture, provision of services to SMEs and entrepreneurs	G4 EC, SO, FS
	Safeguarding customer data	G4 SO, PR
	Corporate governance and risk management (including sustainability management)	G4 SO
	Development of IT infrastructure and alternative delivery channels	G4 EC, SO
	Financial soundness of customers	G4 EC, SO
	Renewable energy	G4 EN
	Ziraat Finance Group	G4 EC
	Access to services	G4 SO
	Participation in legislative/regulatory development processes	G4 SO, PR
	Business model: Short and long-term value creation	G4 EC
	Employee participation, employee welfare, employee training & development, employee compensation	G4 LA, G4 HR

## 2014 Prioritization Analysis

Ziraat Bank engages in interactive communication with its shareholder, employees, customers, and suppliers in the conduct of its activities.

### Ziraat Bank's stakeholders

Ziraat Bank's primary stakeholder group consists of its shareholder, employees, customers, and suppliers. The bank engages in interactive communication with the members of this group in the conduct of its activities. Because the largest part of this stakeholder communication takes place in the conduct of day-to-day operations, it provides an extremely important way for the bank to correctly understand and assess stakeholders' wishes and expectations.

In addition to this primary stakeholder group, there is a secondary tier of stakeholders with which Ziraat Bank engages closely. The members of this group consist of regulatory authorities, international financial institutions, investors, rating agencies, media concerns, professional and industry associations and organizations and society at large.

📌 G4-24, G4-26

	Stakeholder group	Contact frequency	Communication channels
<b>Primary Stakeholders</b>	Employees	Conduct of business - daily	Recruitment processes, personnel training programs, performance evaluation meetings, internal communication channels, employee-manager meetings, information/communication meetings.
	Customers	Conduct of business - 24/7	Ziraat Bank branches and alternative delivery channels (ATMs, internet banking, mobile banking, call center), customer relations managers, customer visits.
	Suppliers	Conduct of business - daily	All processes involving the procurement of materials and services from outside Ziraat Bank.
	Shareholder	General meetings and on other occasions when required	General Meeting (annual). Ziraat Bank also engages in a variety of public disclosure activities through its Financial Institutions And Investor Relations Unit. These activities include the publication of annual reports, the conduct of presentations, and Public Disclosure Platform announcements.
<b>Other Stakeholders</b>	Regulatory authorities	Conduct of business - when required	Mandatory reporting, correspondence, and meetings.
	International financial institutions & investors	Conduct of business - daily	Meetings and discussions with representatives of financial institutions (World Bank, European Investment Bank, etc) with which Ziraat Bank works.
	Professional associations & organizations	Conduct of business - daily	Meetings, presentations, day-to-day communication.
	Media concerns	Conduct of business - when required	Press conferences, press releases, interviews, responses to directed questions etc in order to ensure transparent and unhindered communication between the bank and the public.
	Society at large	Conduct of social responsibility projects	Corporate social responsibility projects and charitable activities.

For the determination of its 2014 sustainability priorities, Ziraat Bank made use of feedback and expectations gleaned from its routine interactions with the different groups (customers, employees, suppliers, shareholder) that make up its primary stakeholders and this informed the report's material topics. (Please refer to "Identifying material topics" on page 24)



Regulatory authorities, international financial institutions, investors, rating agencies, media concerns, professional and industry associations and organizations and society at large make up Ziraat Bank’s secondary tier of stakeholders.

⬇ G4-25

Ziraat Bank takes the following criteria into account when recognizing its stakeholders:

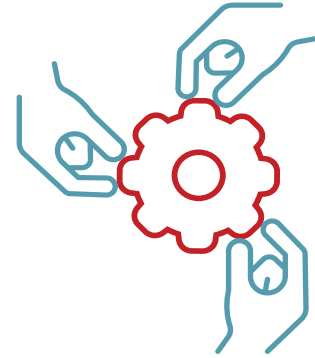
Criteria for recognizing stakeholders		
<b>By dependency</b>	Stakeholders who depend on Ziraat Bank now and are likely to do so in the future	Customers, employees, etc
<b>By impact</b>	Stakeholders who have an impact on Ziraat Bank’s performance now and are likely to do so in the future	Customers, employees, suppliers, etc
<b>By involvement</b>	Stakeholders whose interactions with Ziraat Bank on any matter entail sustainability issues	Institutions and organizations for which corporate social responsibility projects are being conducted, consultancies, etc
<b>By accountability</b>	Stakeholders towards which Ziraat Bank is financially and/or legally accountable now and is likely to be so in the future	Shareholder, regulatory authorities, international banks and investors, etc
<b>By affinity</b>	Stakeholders who interact with Ziraat Bank the most intensively on a long-term basis	Customers, suppliers, etc
<b>By representation</b>	Stakeholders that Ziraat Bank interacts with in the conduct of its dealings with regulatory mechanisms and with market/social groupings	Professional and industry associations and organizations, media concerns, etc

⬇ G4-27

The material issues that emerged in the context of stakeholder engagement are considered and discussed in detail in different sections of this report.

## 2014 Prioritization Analysis

Ziraat Bank has long-term, strong business relationships with initiatives in which it takes part or which it supports.



⬇️ G4-15, G4-16

### Initiatives in which Ziraat Bank takes part or which it supports

- BANKS ASSOCIATION OF TURKEY
- FOREIGN ECONOMIC RELATIONS BOARD
- TURKISH NATIONAL COMMITTEE OF THE INTERNATIONAL CHAMBER OF COMMERCE
- CREDIT BUREAU OF TURKEY
- TBB RISK CENTER
- ECONOMIC RESEARCH FOUNDATION
- INTERNET FRAUD ALARM SYSTEM (IFAS)
- ASSOCIATION OF NATIONAL DEVELOPMENT FINANCE INSTITUTIONS IN MEMBER COUNTRIES OF THE ISLAMIC DEVELOPMENT BANK (ADFIMI)
- INSTITUTE OF INTERNATIONAL FINANCE-IIF
- BANKALARARASI KART MERKEZİ (BKM)

#### **BANKS ASSOCIATION OF TURKEY (TBB)**

TBB plays a leading role in the Turkish financial services industry's efforts to achieve international dimensions and clout through improvements in productivity and effectiveness. Ziraat Bank's CEO Hüseyin AYDIN is also the chairman of the association's board of directors.

[www.tbb.org.tr](http://www.tbb.org.tr)

#### **FOREIGN ECONOMIC RELATIONS BOARD**

The fundamental duty of the Foreign Economic Relations Board (DEİK) is to establish, through the business councils that make it up, relationships that the business world requires. By providing information that firms need for their business plans and strategies and by dealing with problems that adversely affect the emergence of new business collaborations, DEİK makes it possible for local firms to get together with their international interlocutors.

[www.deik.org.tr](http://www.deik.org.tr)

#### **TURKISH NATIONAL COMMITTEE OF THE INTERNATIONAL CHAMBER OF COMMERCE**

The national committees that make up the International Chamber of Commerce (ICC) form a great global network. ICC policies are shaped by its members who, through their national committees, convey the concerns of the business world to their respective governments.

<http://icc.tobb.org.tr/index.php>

#### **CREDIT BUREAU OF TURKEY (KKB)**

KKB was set up in 1995 with participation of eleven banks. KKB shares necessary information between financial institutions active in money- and capital markets and in insurance sector in need to monitor and control retail credit accounts.

[www.kkb.com.tr](http://www.kkb.com.tr)

⊕ G4-15, G4-16

#### **TBB RISK CENTER**

Founded under Banks Association of Turkey, The Interbank Risk Center serves as a single platform for the sharing of information about financial institutions' exposures to customer risk as deemed appropriate by Banking Regulation and Supervision Agency (BDDK) and lenders. Under certain conditions, the center may also provide such information to individuals and organizations that are not its members.

[www.riskmerkezi.org](http://www.riskmerkezi.org)

#### **ECONOMIC RESEARCH FOUNDATION**

The Economic Research Foundation was chartered in 1962 for the purpose of conducting research into issues touching upon Turkey's economic, social, and fiscal problems as well as more general matters and to recommend solutions for dealing with them.

[www.iav.org.tr](http://www.iav.org.tr)

#### **INTERNET FRAUD ALARM SYSTEM (IFAS)**

Internet Fraud Alarm System (IFAS) is a KKB-hosted service through which members communicate and share information about fraudulent acts performed online. IFAS also encourages and helps banks to develop new methods to counter efforts to circumvent their own security systems.

<http://rapor2012.kkb.com.tr/eng/guvenlik-sistemleri.asp>

#### **ASSOCIATION OF NATIONAL DEVELOPMENT FINANCE INSTITUTIONS IN MEMBER COUNTRIES OF THE ISLAMIC DEVELOPMENT BANK (ADFIMI)**

ADFIMI is an association of state-owned banks in countries that are members of the Islamic Development Bank. Ziraat Bank is one of the founding members of ADFIMI and its CEO is therefore entitled to take part in the association's general meetings by virtue of his office.

[www.adfimi.org](http://www.adfimi.org)

#### **INSTITUTE OF INTERNATIONAL FINANCE (IIF)**

IIF is one of the biggest global associations of finance-industry concerns. With 500 members from 70 countries, IIF serves as an important education and information-sharing platform.

[www.iif.com](http://www.iif.com)

#### **BANKALARARASI KART MERKEZİ (BKM)**

The Interbank Card Center (BKM) was established in 1990 with the partnership of 13 public and private Turkish banks for the purpose of providing solutions to the common problems and developing the rules and standards of credit and debit cards in Turkey, within the card payment system.

As an internationally recognized system thanks to its efficient operations and high transaction capacity, BKM continues to provide its members, retail sector, public sector and individuals with the best payment system services through its advanced technological hardware, infrastructure and human resources.

[www.bkm.com.tr](http://www.bkm.com.tr)

## Sustainability and Corporate Governance

Scrupulously mindful of corporate governance principles in the conduct of any operation, Ziraat Bank strives to meet the expectations of all of its stakeholders and to achieve a sustainable performance in line with that approach.



### Ⓢ G4-DMA

#### The sustainability of one's successful performance is achievable only if confidence-building cooperation among stakeholders is cultivated and maintained.

By fostering the climate of teamwork that is essential for improving one's competitive strength, corporate governance encourages active cooperation among all stakeholders and thus helps progress towards their planned objectives.

Scrupulously mindful of corporate governance principles both during and subsequent to the conduct of any operation, Ziraat Bank strives to meet the expectations of all of its stakeholders and to achieve a sustainable performance in line with that approach.

In all matters pertaining to corporate governance, Ziraat Bank focuses on the four fundamental principles of fairness, transparency, accountability, and responsibility. The bank provides for performance-enhancing mechanisms by engaging its stakeholders in its decision-making processes.

Ziraat Bank recognizes that in the context of corporate governance, its own financial success and profitability, the health and safety of its employees, and the interests of its other stakeholders are all intimately and mutually interconnected.

### Ⓢ G4-34, G4-38, G4-39, G4-40, G4-41, G4-49, G4-50

#### The corporate governance structure at Ziraat Bank

The Ziraat Bank Board of Directors consists of nine members. This number is deemed to be sufficient for the bank to effectively organize and conduct its business activities. The duties of board chairman and CEO are performed by different individuals. The chairman of the Ziraat Bank Board of Directors has no executive duties.

#### Ziraat Bank Board of Directors

Member	Duty
Muharrem Karslı	Chairman
Yusuf Dağcan	Deputy Chairman and Member
Hüseyin Aydın	CEO and Member
Fahrettin Özdemirci	Member
Feyzi Çutur	Member
Metin Özdemir	Member
Mustafa Çetin	Member
Cemalettin Başlı	Member
Salim Alkan	Member

*For more detailed information about Ziraat Bank's Board of Directors, please refer to pages 62-65 of the 2014 annual report.<sup>3</sup>*

The Ziraat Bank CEO is fully authorized and responsible for the conduct, administration, and coordination of the bank's day-to-day business in the broadest sense. There are ten assistant general managers, each one of whom is responsible for a designated aspect of the bank's business. Ziraat Bank's senior management consists of its CEO and its assistant general managers.

*For more detailed information about Ziraat Bank's senior management, please refer to pages 66-69 of the 2014 annual report.<sup>4</sup>*

<sup>3</sup> <http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReport2014.pdf>

<sup>4</sup> <http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReport2014.pdf>



# 4 Committees

The activities of the 4 Committees in Ziraat Bank include strict fulfillment of the duties and powers specified in the Banking Law and Turkish Commercial Code.

Ⓢ G4-DMA, G4-14, G4-34, G4-38, G4-39, G4-40, G4-41, G4-49, G4-50

Because Ziraat Bank is a state-owned bank, it has no real-person ultimate controlling stockholders. Ziraat Bank's sole shareholder is the Undersecretariat of the Treasury of the Republic of Turkey.

The highest governing body at Ziraat Bank is the Ziraat Bank Board of Directors. The selection of that board's members and of other committees at the Bank is subject to the provisions of the third section of the bank's charter. For more detailed information please refer to <http://www.ziraatbank.com.tr/en/InvestorRelations/CorporateGovernance/Pages/ArticlesofAssociation.aspx>

Some of the professional managers who are members of the Ziraat Bank Board of Directors and also of the bank's senior management serve as members of the boards of directors of the Ziraat Bank subsidiaries that make up the Ziraat Finance Group.<sup>5</sup>

Principles pertaining to the involvement of Ziraat Bank Board of Directors members in duties outside the bank are subject to the provisions of the Banking Act, the Turkish Commercial Code, and other relevant laws, regulations, and administrative provisions.

## There are four committees at Ziraat Bank.

These committees, whose formation is mandated by the Turkish Commercial Code, the Banking Act, and other applicable regulations, consist of the following:

- Credit Committee
- Audit Committee
- Corporate Governance Committee
- Remuneration Committee

The Ziraat Bank Board of Directors is authorized to set up other committees as it deems to be necessary.

For more detailed information about Ziraat Bank committees and their membership, please refer to page 73 of the 2014 annual report.<sup>6</sup>

## Internal audit, internal control, and risk management

Internal audit, internal control, and risk management activities at Ziraat Bank are performed by the Board of Auditors, the Internal Control and Compliance Department, and the Risk Management Department. These units' duties and responsibilities, which are segregated from one another, are coordinated by the Assistant General Manager Office for Internal Systems.

This organization is structured so as to embrace all Bank units and branches as well as Bank-owned subsidiaries subject to the Bank's oversight. Its purpose is to minimize any risks that might adversely affect the thoroughgoing and secure conduct of banking operations, the fulfillment of long-term profit targets, the reliability of financial and administrative reporting, and/or the Bank's reputation and financial stability.

## Internal audit system

The Board of Auditors takes a risk-focused approach in the fulfillment of its responsibilities to ensure that the activities and operations of the Bank's headquarters units, domestic and international branches, and subsidiaries are compliant with the requirements of laws and regulations and are compatible with the Bank's own strategies, policies, principles, and objectives. The board conducts its activities in such a way as both to keep the Bank's senior management informed and to contribute to their decision-making processes.

The Board of Auditors has 184 bank inspectors on its staff. The board conducts its activities in line with internationally-accepted internal auditing standards. Besides checking the Bank's operations for their compliance with statutorily mandated procedures, in 2014 the board also reviewed and assessed the effectiveness and efficiency of the transaction procedures involved in both primary and secondary processes. In addition, processes governed by Banking Regulation and Supervision Agency (BRSA) regulations pertaining to information systems and banking processes were also audited by information technology inspectors in line with the Bank's own practices.

<sup>5</sup> For details about the Ziraat Finance Group please refer to page 10

<sup>6</sup> <http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReport2014.pdf>

## Sustainability and Corporate Governance

# 244 branches

During 2014, 244 of the Bank's branches were centrally inspected by a Central Inspection Team.



⬇️ G4-DMA, G4-14

Activities taking place within the Board of Auditors in 2014 are summarized below.

- The Central Audit Team continued its intensive operations in 2014 by performing scenario analyses which not only identify irregularities that may have occurred but which also are influential in preventing potential ones from being committed.
- The R&D Team kept a close watch on the business processes of the Board of Auditors and of all other Bank units, engaged in activities to make necessary revisions in such processes and their rules, examined completed audit reports and advised appropriate units of its findings when this was deemed to be necessary, and kept abreast both of current statutory and regulatory requirements and of changes proposed by senior management and headquarters units in order to ensure the ongoing effectiveness of control points.
- A Scenario Team has been set up and charged with formulating scenarios both to identify shortcomings in Bank processes and to develop and improve the effectiveness of such processes, with implementing these scenarios, and with devising speedy and effective solutions for dealing with them throughout the Bank. In 2014 the results of this team's activities that were made available for use by other units of the Bank led to the taking of much beneficial action.
- A Central Inspection Team that was set up to increase the frequency and effectiveness of inspections by constantly and centrally monitoring designated branch groups has commenced operations. During 2014, 244 of the Bank's branches were centrally inspected by this team in accordance with the same criteria employed for on-site inspections.
- The Management Statement, a practice which was introduced in 2011 and which involves giving assurances concerning the effectiveness, adequacy, and conformity of internal controls over information systems and banking processes, was submitted to the Bank's external auditors in January 2014. In these statements, the Board of Directors assesses the effectiveness, adequacy, and conformity of internal controls performed on the Bank's information systems and banking processes during the conduct

of information system audits and it declares that such audits accurately reflect the Bank's operations and the current situation.

- An information systems and banking processes auditing handbook has been composed in compliance with the requirements of Regulation on Bank Information System and Banking Process Audits to be conducted by independent auditing firms, which was published in issue 27461 of Official Gazette dated 13 January 2010.
- Branch Riskiness Study: As a result of activities conducted within the Board of Auditors in order to rank branches according to their riskiness, specific criteria have been identified that allow branches to be assigned points according to their risk exposures during particular periods of time. This allows risky branches to be spotted so that priority may be given to them when planning inspections.
- Under the Bank's Virtual Archives Project, every inspector has been assigned an electronic signature for use on reports. So-called "wet" (ie handwritten) signatures on such reports are no longer accepted.

Inspectors are given the opportunity to constantly improve their professional knowledge and experience by conducting inspections at different Bank units from time to time. They also continued to be provided with training on personal and professional issues at regular intervals during 2014.

The practice of recruiting qualified human resources for the Bank's administrative staff by allowing inspectors to transfer to such positions continues. Fifty-four new assistant inspectors were also recruited and hired by the Bank in 2014.

Along with the inauguration of the Operations Center and following the Board of Auditors' assessment of systematic changes arising from revisions in the Bank's organizational structure, from new modules added to lending decision-making processes, and from centralized credit allocation structures, a new auditing model incorporating all business processes was put into use. The results of inspections are now being made available for all Bank units to use.

Internal control activities are conducted so as to be compatible with the Bank's primary objectives and strategies from the standpoint of their scope and methodology.

⊕ G4-DMA, G4-14

Under a newly-introduced Findings Follow-Up Mechanism, issues that are identified during inspections are no longer just reported; attention is now also being given to the need to eliminate or correct, within a designated period of time, whatever shortcomings and errors are at issue.

In keeping with its strong sense of responsibility and awareness of its duties, the Board of Auditors will continue to execute the internal auditing plan in line with goals and policies set forth by the Bank's senior management and within the framework of current auditing approaches, to report its findings to the Board of Directors through the Audit Committee, and to monitor measures that are taken on the basis of the findings.

#### Internal control and compliance system

Internal control activities are structured so as to embrace the operations of all headquarters units and of all domestic and international branches as required by "Regulation on Bank Internal System and Intrinsic Capital Adequacy Assessment Processes". Such activities are constantly reviewed and revised in line with the Bank's requirements.

While internal control activities are conducted so as to be compatible with the Bank's primary objectives and strategies from the standpoint of their scope and methodology, a proactive approach has been adopted in order to more readily accommodate changes in strategies and conditions arising from altered risk perceptions and from the changeover to a new service model. To this end, the Bank formulated and put into effect its New Control Model. The goal of this more proactive structure is to help ensure that Bank's operations exceed sectoral norms and that they are conducted in a manner that is compatible with both internal and external regulations as well as with the demands of competition.

Domestic branch checks are performed both on location and centrally within the framework of a program that is prepared taking into account branches' current levels of risk exposure.

Internal control operations at all branches located outside Turkey are carried out in line with control programs that are prepared for each year.

Headquarters unit control cycles are determined taking into account their functions, potential risks, terms of reference, and impact on the Bank's balance sheet. These cycles are revised as needs may require.

The findings ascertained as a result of all of these activities are compiled under specific headings in reports that are circulated among appropriate units and the members of senior management.

In the case of issues which are identified during internal control activities and which are deemed to be in need of more detailed attention, a preliminary examination is performed by internal control personnel on location. This practice continued in 2014 as well. Based on the reports of such preliminary examinations, appropriate action was taken by the Bank in a timely manner. Instances of suspected misconduct were reported to the Board of Auditors so that a full examination/investigation could be conducted as circumstances warranted.

In addition to such matters, compliance reviews were also carried out by internal control personnel as required by article 18 of "Regulation on Bank Internal System and Intrinsic Capital Adequacy Assessment Processes". In the course of such reviews, all operations conducted or planned by the Bank as well as new transactions and products are checked to be sure that they comply with laws and regulations, with the Bank's own policies and rules, and with commonly accepted banking practices. During these compliance reviews, existing bank-internal rules and proposed changes in them are also examined and views concerning them are circulated among appropriate units.

Besides their conduct of internal control functions, internal control personnel also continued to prepare and issue reports containing suggestions of ways to improve existing processes at the Bank and

## Sustainability and Corporate Governance

Ziraat Bank's approach to risk management is rooted in fostering a risk culture throughout the entire Bank and in keeping its risk management functions at the "best practices" level.

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### Ⓣ G4-DMA, G4-14

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to mitigate the risks inherent in them. The objective of this practice is to preclude risks by spotting them in advance, to make the Bank more competitive by improving its business processes, and to increase customer satisfaction while also taking measures to cut costs.

The practice of recruiting qualified human resources for the Bank's administrative staff by allowing internal control personnel to transfer to such positions continued.

#### **Risk management system**

Ziraat Bank's approach to risk management is rooted in fostering a risk culture throughout the entire Bank that is compatible with the requirements of Regulation on Bank Internal System and Intrinsic Capital Adequacy Assessment Processes and in keeping its risk management functions at the "best practices" level by constantly improving both its systems and its human resources.

Care is given to ensure that all risk management system activities are coordinated through the involved participation of the operational branches with which each type of risk is associated. The principal risk categories are defined as "Credit Risk", "Market Risk", "Operational Risk", and "Balance Sheet Risks". The last category includes the interest rate risks and liquidity risks to which the Bank is exposed on account of its banking operations. A fundamental goal of all risk management is to abide by internationally recognized best practices.

Under the heading of credit risk management, Basel III-compatible methods are used to define, measure, monitor, and report credit risk. The Bank has been calculating its core credit risk exposure and reporting it monthly on the basis of its solo and consolidated accounts to BRSA ever since this practice was mandated by law as of 1 July 2012.

Under the heading of measuring creditworthiness using advanced quantification methods, work is currently being carried out at the Bank based on the results generated by applying scoring models to different loan portfolios. Statistical methods are employed to confirm both the validity of these rating models and to quantify the effectiveness of their performance. Credit risk limits approved by the Board of Directors are also monitored while scenario analyses and stress tests are carried out based on non-performing loan ratios.

Under the heading of operational risk management, the operational risks to which the Bank is exposed are defined, classified, measured, and analyzed. The results of such analyses are supported by means of stress tests. Such operational risk limits as may be approved by the Board of Directors are also monitored at regular intervals. The operational risk loss database in the Finart environment allows incidents of operational risk to be tracked. Information technology risks and associated actions are followed up. Risk exposure assessments are conducted for companies providing outsourced support services as required by current BRSA regulations.

Under the heading of market risk and balance sheet risk management, market, liquidity, and interest rate risks arising from banking accounts are measured, analyzed, delimited, reported, and monitored. Analyses are also supported by means of stress tests. Such market risk and liquidity risk limits as may be approved by the Board of Directors are also monitored at regular intervals. A "Liquidity Coverage Ratio" is now being calculated as per BRSA regulations published in line with Basel III criteria. This ratio is also reported to BRSA every week on a solo and every month on a consolidated basis. In the case of market risk, backtest analyses are performed for the bank-internal models that are used.



# 97.97%



During 2014, 97.97% of all Ziraat Bank employees took part in the training related to the prevention of money-laundering and terrorism-financing.

Ⓢ G4-DMA, G4-14

To determine the amount of shareholders' equity that is associated with losses that the Bank may sustain due to its risk exposure, a capital adequacy assessment is conducted using the economic capital approach. The results of this assessment are reported to senior management.

The results of the risk management analyses and the associated risk indicators are reported to the Board of Directors and the Audit Committee at six-month intervals and to executive units and internal system units on a daily, weekly, and monthly basis.

Ziraat Bank will continue to make use of internationally-recognized advanced risk management techniques in order to carry out its risk management activities for all risk categories and to make such risk management an integral part of its strategic decision-making processes in the future as well.

## Prevention of money-laundering and terrorism-financing at Ziraat Bank

Ziraat Bank's efforts to prevent money-laundering and terrorism-financing are conducted in accordance with a policy concerning such issues that is publicly disclosed on the Bank's corporate website. Ziraat Bank is committed to preventing any of its products or services from being used either to legalize the proceeds of criminal activities or to finance terrorism by ensuring that all of its managers and other employees comply with this policy fully and without exception.

The Ziraat Bank Audit Committee is charged with all duties, authorities, and responsibilities pertaining to the conduct of the compliance program governed by "Regulations Concerning Compliance Programs for Obligations Pertaining to the Prevention of Money-Laundering and Terrorism-Financing" and also set out in all laws, regulations, and administrative provisions applicable to such issues.

Ziraat Bank's efforts to prevent money-laundering and terrorism-financing are conducted in accordance with a policy concerning such issues and current laws.

Ziraat Bank conducts its activities in line with the principle of "Know Your Customer". Besides requiring its customers and anyone acting on behalf of a customer to prove their identity, the Bank also ensures that all statutorily-mandated records are maintained in full.

Ⓢ G4-SO4

## Training

Ziraat Bank personnel are provided its systematic training on issues related to the prevention of money-laundering and terrorism-financing.

Such training is prepared and carried out with the involvement of appropriate units under the supervision and coordination of a designated compliance officer.

While all personnel at Ziraat Bank are provided with training on issues related to the prevention of money-laundering and terrorism-financing, priority is given especially to the training of employees who come into direct contact with customers. Training on such matters is also provided to newly-hired employees as part of their orientation program.

During 2014, 97.97% of all Ziraat Bank employees took part in this training. For more detailed information on this subject, please refer to page 79.

## FATCA compliance

The Ziraat Finance Group has initiated a project to bring its members' operations into alignment with the requirements of the US Foreign Account Tax Compliance Act (FATCA). For FATCA, please refer to page 130.

## Sustainability and Corporate Governance

Under a project that is scheduled to start in 2016, Ziraat Bank will begin developing and implementing a corporate social responsibility policy that will apply to its investment-financing loans.



⬇️ G4-42, G4-43

### Policies currently in effect at Ziraat Bank

Many of the policies adopted and put into effect by the Ziraat Bank Board of Directors are as much concerned with sustainability management as they are with the effective operation of its corporate governance structure.

#### Sustainability Policy

For Sustainability Policy of Ziraat Bank, please refer to page 42.

#### Disclosure Policy

<http://www.ziraatbank.com.tr/en/InvestorRelations/CorporateGovernance/Pages/DisclosurePolicy.aspx>

#### Prevention of Money-Laundering and Terrorism-Financing Policy

<http://www.ziraatbank.com.tr/en/InvestorRelations/CorporateGovernance/Pages/AMLPolicy.aspx>

The following issues are integral elements of the Ziraat Bank Human Resources Policy, which is accessible to all personnel on the Bank's intranet:

- Human resources
- Remuneration
- Indemnification
- Prevention of bribery and corruption

Environment-related issues at Ziraat Bank are dealt with in the context of Sustainability Policy.

Under a project that is scheduled to begin in 2016, Ziraat Bank will begin developing and implementing a corporate social responsibility policy that will apply to its investment-financing loans. This project will be focusing on strengthening the oversight of environmental and social risk management processes and on developing tools for the management of bank-financed investments' environmental and social risks. Another aspect of the project consists of involving all concerned units in the formulation of a Ziraat Bank Environmental & Social Risk Management Procedure.

⬇️ G4-56, G4-57, G4-58

### Ethical principles and Ziraat Bank

Ziraat Bank has adopted a code of ethics that was prepared and published by Banks Association of Turkey in accordance with the requirements of article 75 of the Banking Act (Statute 5411). In line with this, Ziraat Bank regards the following as core tenets:

- All Bank managers and other employees behave in accordance with the Ziraat Bank Code of Ethics.
- The principles embodied in the Ziraat Bank Code of Ethics are espoused by all Bank personnel.
- All of the Bank's activities and operations are conducted in line with the Ziraat Bank Code of Ethics.

In keeping with the Ziraat Bank Code of Ethics and in order to safeguard the rights and interests of accountholders, to maintain financial market confidence and stability, to ensure the effective operation of deposit, credit, and payment systems, and to prevent

From the “Sustainability” tab on the website, visitors have access both to Ziraat Bank’s Sustainability Policy and to the sustainability reports.

transactions and practices that might lead to serious economic losses and also to be mindful of social wellbeing and environmental protection, Ziraat Bank gives consideration to the following:

- Honesty
- Impartiality
- Trustworthiness
- Transparency
- Respect for social wellbeing and the environment
- Combating money-laundering and terrorism-financing
- Abuse of proprietary information

### Ziraat Bank Financial Institutions & Investor Relations Unit

The Ziraat Bank Financial Institutions & Investor Relations Unit is charged with managing shareholder relations and with maintaining statutorily-prescribed transparency in its dealings with shareholders in the event of a public offering of its shares. This unit is ready to play an active role in the protection and convenient exercise of shareholder rights such as the right to obtain information and the right to perform examinations. Thus although the Bank has not yet undertaken a public offering, it is already behaving as if it has done.

### Ziraat Bank corporate website

Ziraat Bank’s corporate website, which is located at [www.ziraatbank.com.tr](http://www.ziraatbank.com.tr), plays an important role in the Bank’s public disclosure processes by providing access to up-to-date information about the bank. Although Ziraat Bank is not a publicly-traded company, it nevertheless already complies with corporate governance principles to a substantial degree. The extensive offerings of information and documents on the Ziraat Bank corporate website, which are published in both the Turkish and the English languages, range from the Bank’s trade registry information to its current partnership and management structure, from its articles of association to its material event disclosures, and from its financial statements to its annual reports.

From the “Sustainability” tab on the website, visitors have access both to Ziraat Bank’s Sustainability Policy and to the sustainability reports that the Bank has published.



## Sustainability at Ziraat Bank- We shape the future

Work on the infrastructural transformation and corporate development projects that were initiated in 2012 under the “Together, to a Better Future” slogan continued in 2014 as well.

Recognizing that change is a never-ending journey and aware of the need to constantly renew itself and adapt to today's tough competitive environment, Ziraat Bank continued to advance together with its stakeholders in 2014.

The comprehensive transformation journey that the Bank embarked upon in 2012 was summed up in its “Together, Further Ahead” slogan in 2014 and projects to that end were initiated.

Under the heading of “Together, Further Ahead”, the Bank is engaged in an ongoing effort to carry out the infrastructural transformation and corporate development projects conforming to the Ziraat Customer Business Model, which was formulated in order to provide customers with the right value at the right time and in the right way. The Bank's goal in this is to put what it has learned from these projects to good use in the future and to complete its global transformation projects.

The intended aim of the Ziraat Bank Change & Transformation Project is to support the Ziraat Finance Group's future movement into three main business lines:

- Corporate Banking
- Branch Banking
- International banking

With this in mind, much valuable work continued on the 2014 Strategic Roadmap that was laid out to achieve the Bank's strategic goals. Progress on the development of this roadmap is being monitored by the Ziraat Bank Strategic Guide Committee.

### Ziraat Bank Change & Transformation Project priorities

Ziraat Bank also regards the following issues that it has identified under its Change & Transformation Project as being high-priority agenda items from the standpoint of its sustainability performance:

- Customer relationship management
- Institutionalized business processes
- Operational excellence
- Objective and transparent HR management
- Effective IT
- Strong balance sheet

Ziraat Bank's 2014 Strategic Roadmap is rooted in six fundamental principles that are discussed below.

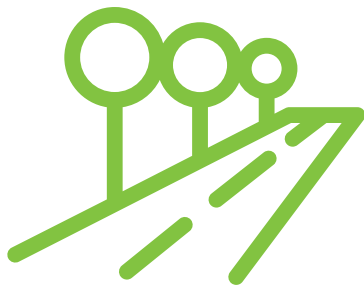
#### 1) Customer Relationship Management

Recognizing that its customers are its most valuable asset, the establishment of sustainable and added-value-creating relationships between them and the bank was once again one of Ziraat Bank's most important objectives in 2014.

The principle of changing from a “Product/Customer-Based Approach” to a “Bank Customer-Based Approach” that was identified in 2012 was taken to the next level in 2013 by replacing the concept of “bank customer” with that of “Ziraat customer”. In 2014, infrastructure work was undertaken so as to make it possible to satisfy all of a customer's financial product and service needs within the Ziraat Finance Group. The same attention and priority will be given to efforts undertaken in line with that principle in 2015 as well.

Guided by its principle of serving its customers effectively through every channel, Ziraat Bank not only increased the number of its service locations but also speeded up its efforts to provide its disabled customers with more convenient and accessible service at those locations in line with its recognized service-accessibility standards.

The branch and non-branch channel design work undertaken as part of the “Banking Without Barriers” project in order to make



Rooted in six fundamental principles, Ziraat Bank's 2014 Strategic Roadmap plays a crucial role from the standpoint of its sustainability performance.

it easier for physically-challenged customers to access financial services has been completed. Modification work will begin in 2015 with the aim of encompassing all branches by the end of 2016.

Seeking to be a strong player in global markets in line with its Change & Transformation Project, Ziraat Bank is committed to being a bold leader and to authoring best practices in the area of customer relationship management.

## 2) Institutionalized Business Processes

Ziraat Bank's review of its business processes in order both to digitize those that are still being conducted manually and to simplify existing digitized processes continued in 2014 within the scope of a process-management methodology.

In order to power its ongoing development, Ziraat Bank is engaged in efforts to systematically quantify process performance and to improve processes in line with its strategic priorities and budget targets. A "Ziraat Finance Group Quality Policy" is to be formulated with the aim of ensuring that the same levels of service quality are achieved both within the Bank and among all of its subsidiaries.

Ziraat Bank constantly develops its lending processes as a tool for extending its institutionalized appetite for risk into every place in which it is active.

The essential prerequisites for the effective management of credit risk consist of:

- Correctly conveying dynamic lending policies to those who must implement them in the field
- Fostering a commonly-understood and accepted lending culture
- Effectively monitoring and managing credit risk.

Support systems that were introduced in 2012 continued to be developed with the addition of new features in both 2013 and 2014. Newly-introduced practices made it possible for lendings to be monitored and collected more effectively. As part of efforts to integrate sustainability principles into all business processes, it is planned to incorporate environmental- and social-risk management criteria into lending processes in 2015 as well.

## 3) Operational Excellence

During 2014 Ziraat Bank continued to improve the quality of the customer experience in customers' interactions with branch personnel. Efforts were made to reduce branches' operational workloads through process improvement and headquarters centralization so that branch personnel could devote more time to properly identifying customers' financial product and service needs and recommending the best options to them. In 2014 the number of employees directly involved in operational functions was reduced by 1,204. In the three years to end-2014, the number of bank employees reassigned to added-value-generating positions reached 3,220.

## 4) Objective and Transparent HR Management

Ziraat Bank's human resources policy is structured so as to make people central to it. An important tenet of this policy is to promote employee job satisfaction by ensuring that people are employed in positions that are compatible with their competencies and in which they can enjoy doing their jobs.

In 2012 Ziraat Bank initiated a changeover from a title-based, largely vertical organizational structure to a more horizontal structure based on job descriptions. This process continued in 2014 with the introduction of practices enabling employees to advance in their job positions according to their abilities and competencies and also to be promoted based on their testing performance.

A Management Trainee Program for existing personnel has been started in order to create an in-house pool of candidates capable of undertaking management positions. The training provided under this program focuses on creating the managers of the future.

The Ziraat Individual Performance Evaluation System was introduced in 2013 to make it possible for employees to be evaluated objectively on the basis of their performance. That system was augmented in 2014 with the introduction of the Ziraat Competency Management System, whose aim is to allow employees to be assessed on the basis of their competencies and then to identify the kinds of training that are needed so that those competencies may be further improved.



## Sustainability at Ziraat Bank - We shape the future

As a financial services provider, Ziraat Bank's sustainability approach is shaped in light of its responsibilities, its obligations to the environment and the community, and its duties.



As required by Ziraat Bank's principle of transparency, employees are involved in and made aware of all innovations in matters affected by the Change & Transformation Project. As part of this project, a variety of in-house communication channels were opened in 2012 to keep personnel informed about changes that are being made. These channels continued to be used in 2014 in order to keep employees informed about the project's progress.

### 5) Effective IT

It is Ziraat Bank's principle to maximize the use of information technology in all of its business processes. The IT infrastructure and IT hardware replacement projects that were initiated in order to ensure that all operations can be conducted without interruption and also to optimize costs continued in 2014 as well. Work was also begun last year on projects to renovate the Bank's data center.

### 6) Strong Balance Sheet

The principle of equity-compatible balance sheet management continued to be an important source of guidance for the strategic decisions that were made in 2014. Profits, which are the most important element of a company's equity, are retained by Ziraat Bank as a way of further strengthening the Bank's equity resources.

In keeping with the principle that rational bigness is better than just bigness, Ziraat Bank seeks to achieve sustainable profitability and growth and in 2014, it continued its efforts to do so. Steadily increasing the weight of customers' accounts in its balance sheet in order to create increasingly more value for the national economy, the Bank continued to provide financing support to the real sector in 2014.

In order to increase the diversity of its funding, the Bank once again sought to make greater use of non-deposit resources, renewed its syndicated loans, and issued bank bonds and bills. Last year Ziraat Bank issued its first eurobonds and tapped international finance markets on a long-term basis.

Approved and announced on 30 September 2014 by Ziraat Bank Board of Directors, the Sustainability Policy summarizes Ziraat Bank's sustainability vision, goals and approach and defines the Bank's stance on the pillars of the environment, community, and products and services.

## Sustainability Policy of Ziraat Bank

### Our sustainability vision

To use the unrivalled experience and knowledge that we have built up over a century and a half for the benefit of the economy, the environment, and the community; to produce enduring value for our stakeholders; to be a globally-competitive bank through the principles of sustainable profitability and efficiency.

### Our sustainability goal

To further develop both the Bank's strong position in the domestic market and its global competitive strength by increasing the medium- and long-term leverage effect of the Change and Transformation Project through corporate sustainability practices to be implemented under this Sustainability Policy.

# 2014

Announced 2014 by Ziraat Bank Board of Directors, the Sustainability Policy summarizes the Bank's goals and approach.

Considering its customers as the essential justification for its existence, Ziraat Bank attaches great importance to perpetuate and amplify customer satisfaction and loyalty.

## Our sustainability approach

Our sustainability approach is shaped in light of our responsibilities as a financial services provider, of our obligations to the environment and the community, and of our duties as an employer.

- Ziraat Bank is a strong, leading, and trusted bank. We desire to perpetuate our existing success in economic sustainability into the future by supporting it with long-term environmental and social sustainability perspectives.
- In our decision-making processes, we take a careful and thoughtful approach when dealing with environmental and social issues and the potential risks associated with them in the management of our resources and our service infrastructure.
- We regard environmental sustainability -including climate change and the transition to a low-carbon economy- as an important item on our agenda.
- As an employer, we believe in the importance of humane working conditions. In our business model we give importance to equality of opportunity among all of our employees: we regard diversity in our workforce as a component of Ziraat Bank's richness and therefore we support it.
- As a service provider, we regard customer focus and customer satisfaction as being fundamental to everything. Our goal is to offer banking products and services to all of our customers in formats that are practical, intelligible, and accessible and also to enrich the banking industry through innovative and exemplary practices.

- As a business partner, our relationships with suppliers are grounded in the principles of mutual respect, responsibility, and fairness and we are committed to developing them accordingly. We support our suppliers' success through cooperative projects that we carry out together.
- We are committed to continuously developing and implementing projects whose aim is to integrate universally-accepted sustainability principles into our business model.
- We attach importance to having a presence and playing an active role in multilateral sustainability initiatives and collaboration platforms at both the national and international levels.

Taking the foregoing fundamental tenets as our point of departure, we are focused on promoting, developing, and maintaining sustainability throughout our value chain.

## Our sustainability structure

Our sustainability plan is structured under the aegis of the Ziraat Bank Board of Directors. Its implementation is informed by a straightforward and effective organizational structure.

- Sustainability practices at Ziraat Bank are conducted under the guidance of the Bank's CEO.
- The Ziraat Bank Strategic Steering Committee is responsible for the coordination of sustainability efforts.
- Sustainability activities are monitored by the Organization Department.

## Sustainability at Ziraat Bank - We shape the future

As the bank with the most extensive physical network and one of the biggest employers in the Turkish banking industry, Ziraat Bank's goal is to curb its direct and indirect environmental impact.

### Our dialogue with stakeholders

Ziraat Bank's long-term success depends on its stakeholders' trust and continued goodwill. The sustainability projects we undertake play a role in further strengthening stakeholder confidence and loyalty.

- Employees make up one of our most crucial stakeholder groups. We support our employees in their efforts to proactively identify with Ziraat Bank's sustainability approaches and commitments.
- We regard the training and development of our employees as an important element of the progress that we seek to make in the area of sustainability. Constantly changing and transforming ourselves as we move forward, we continue to invest in training that will contribute to the steady advancement of our human resources.
- Our customers are the essential justification for our existence. Our goal is to perpetuate and amplify customer satisfaction and loyalty by supplying high-value products and services under globally competitive conditions through all of Ziraat Bank's distribution channels.
- We engage with our customers on a variety of collaboration and awareness platforms. We regard efforts to increase financial literacy and awareness of sustainability as an essential part of our social responsibility.
- Developing mutually beneficial relationships with our suppliers is another of our priorities. We regard it as important that our suppliers recognize and abide by universally-accepted sustainability principles and we accordingly encourage them to do so.
- We believe in mutually frank and respectful communication with our stakeholders. In stakeholder communication, we focus on the transparent disclosure of our progress on environmental and social matters as well as of our economic performance.
- We believe that the success of corporate sustainability practices will enhance the Bank's sustainability index performance.

### Ziraat Bank and the environment

As the bank with the most extensive physical service network and one of the biggest employers in the Turkish banking industry, our goals are to curb our direct and indirect environmental impact, to effectively manage that impact by means of appropriate strategies and technologies, and to constantly improve our performance in this direction.

To this end:

- We engage in ongoing efforts to quantify the greenhouse gas emissions generated by our service processes and to reduce them.
- We strive to structure the physical components of our service network in line with the principle of making efficient use of energy and all other natural resources.
- Aspiring ourselves to achieve full compliance with all mandatory environmental standards in Turkey, we also encourage the proliferation of globally-recognized best practices and benchmarks pertaining to such matters by engaging in an ongoing, multidimensional dialogue with our stakeholders.
- We regard it as important that our customers and suppliers have a greater awareness of environmental issues and we encourage them to make a greater effort for the sake of environmental sustainability.

### Ziraat Bank and the community

As a company which employs about 25 thousand people, which helps millions of individuals to make their dreams come true, and which supplies financial products and services at locations all over the country, in more than 400 of which it is the only such service provider, Ziraat Bank contributes to the community in many different ways.

We continue to create value for society and to take multidimensional approaches in support of social development through efforts capable of maximizing their socially beneficial impact.



Constantly improving its sustainability performance in keeping with the principles of transparency, accountability, compliance with the law, ethical behavior, and risk management, Ziraat Bank is focused on being a financial institution that is more than a bank in the area of sustainability as well.

### Our products and services

In the processes of satisfying evolving customer needs and expectations, of supplying the right product and service to the right customer at the right time, and of productively exploiting new business opportunities presented by markets, Ziraat Bank always takes environmental and social issues into account as well.

To this end:

- We continue to support the agricultural sector, which was the core of our original mission in 1863, through sophisticated financing methods. We are involved in and will continue to support agribusiness because we believe it to be vitally important to the success of our country's agricultural sector.
- In the conduct of our business as a bank, we provide products and services with the potential to be environmentally and socially benign such as renewable energy project finance, loans to improve energy efficiency, and financing packages for small- and medium-sized businesses and entrepreneurs.
- We regard expanding this line-up of environmentally and socially benign products and services through collaboration with international financial institutions as an essential element of our sustainability vision.

### Summing up

Having been proving that it is more than just a bank in its history exceeding a century and a half, Ziraat Bank's innate compatibility with sustainability principles springs from its passion to create value for the country and for the world.

Given the general framework encompassing its sustainability policy, Ziraat Bank is committed to pursuing and maintaining sustainably profitable and efficient growth as a competitive, strong, high-market-value, and globally-integrated bank.

Constantly improving our Bank's sustainability performance in keeping with the principles of transparency, accountability, compliance with the law, ethical behavior, and risk management, we remain on course as a financial institution that is more than a bank in the area of sustainability as well.

📍 G4-35, G4-36, G4-37, G4-44, G4-45, G4-46, G4-47, G4-48

### Ziraat Bank's sustainability structure

Sustainability issues at Ziraat Bank are coordinated by the Strategic Guidance Committee.

Sustainability-related activities at Ziraat Bank are conducted with the knowledge and oversight of the Board of Directors.

Sustainability projects that may be undertaken at the Bank are considered and dealt with by the Strategic Guidance Committee.

The officer with the most senior decision-making authority with respect to the day-to-day conduct of sustainability practices is the Ziraat Bank CEO. The Ziraat Bank Organization Department is responsible for the conduct of sustainability practices in the context of the day-to-day business model.

Ziraat Bank's objectives in the period ahead will be to accelerate its sustainability performance by identifying those who are responsible for sustainability issues throughout the entire organization, by improving sustainability-related processes, and by preparing job descriptions for those personnel charged with responsibility for sustainability-related matters.

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## Creating and Sharing Value

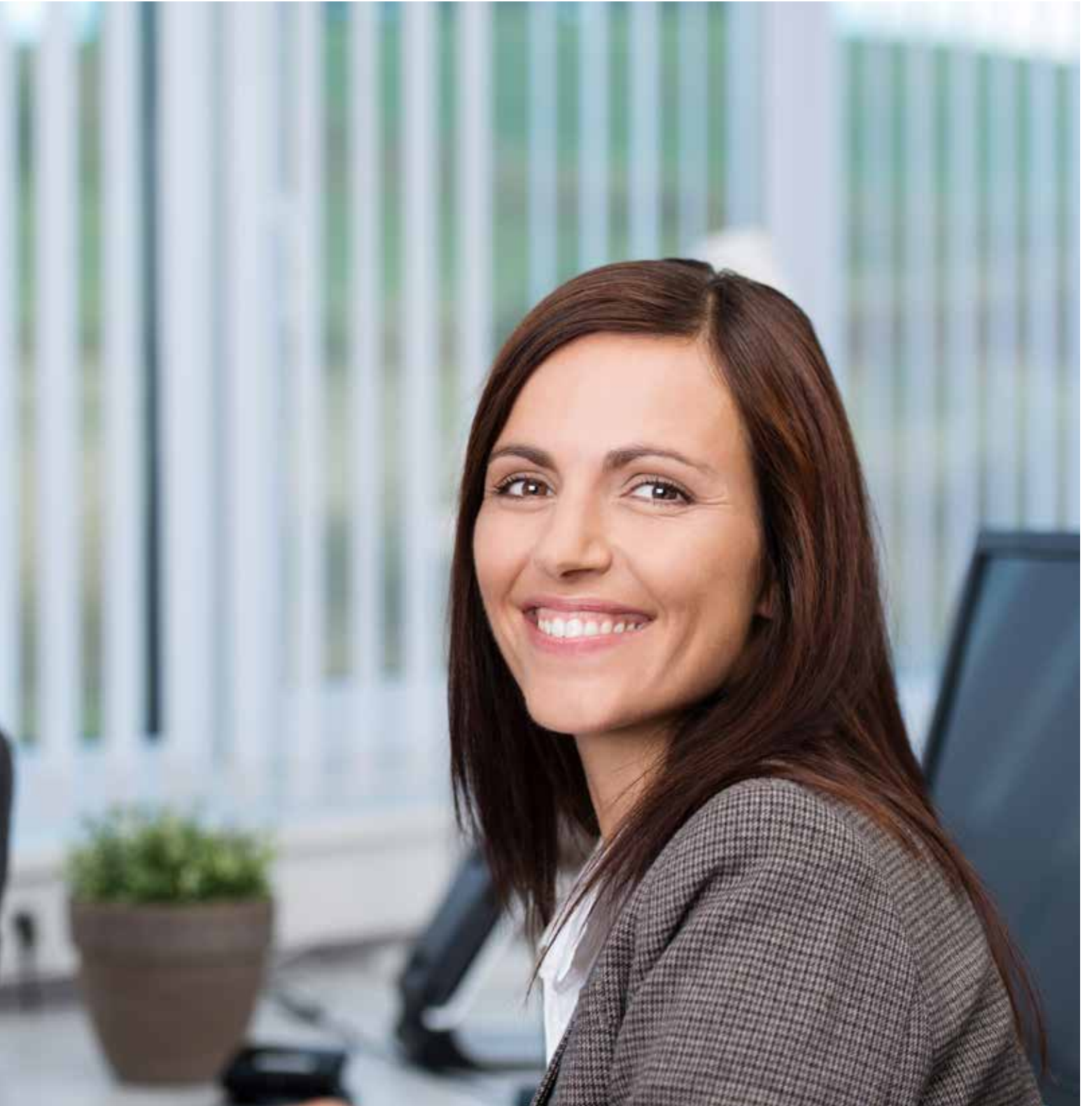
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Committed to a customer-focused banking model, Ziraat Bank...

**continues to meet the financial needs of its customers by providing them through the right delivery channels, on time, and on favorable terms.**







## In brief

As of 31 December 2014, Ziraat Bank had a total of 23,617 people on its payroll.

Ⓢ G4-DMA, G4-EC1

### Ziraat Bank plays a key role in the Turkish economy.

Besides being a financial services provider, Ziraat Bank is also an employer and a taxpayer. Indeed in its capacity as an employer it ranks among the country's biggest: as of 31 December 2014, Ziraat Bank had a total of 23,617 people on its payroll.

As a taxpayer, Ziraat Bank also contributes substantially to the national budget while the procurements that it makes from its suppliers help support economic activity throughout the country.

Ziraat Bank's direct contributions to general economic wellbeing are revealed by the existence of a profitable and sustainable business model that allows it to pay salaries to its employees, recompense to its suppliers, taxes to the state, and dividends to its shareholder.

### Economic value created directly by Ziraat Bank in 2014\*

2014 Net Operating Income  
(TL million)

**10,716.9**

\* All figures taken from Ziraat Bank's independently audited financial statements dated 31 December 2014.



Shared Value in 2014 (TL million)

Operating expenses **447.9**

Personnel outlays **1,820.3**

Taxes **1,826.4**

Dividends **276.6**

Charitable donations and other support **0.4**

⬇ G4-EC1

Taxes (TL million)

**In 2014...**

Taxes paid directly by Ziraat Bank  
**1,826**

Taxes withheld from employees and  
paid to the state **333**

Taxes withheld from customers and  
paid to the state **2,601**

## Customers

A key Ziraat Bank goal and priority consists of fostering and strengthening a customer-focused business culture throughout the Bank and of increasing customer satisfaction in all segments.

⬇️ G4-DMA, G4-EC7, G4-EC8, G4-FS7, G4-FS14, G4-PR5

### Customer focus is a fundamental issue for Ziraat Bank.

In order to create a truly customer-focused business culture it is just as necessary to effectively manage information and include customers in business processes as it is to do the right thing in the right way. This approach makes it possible to analyze customers' wishes, satisfaction levels, and willingness to recommend the bank to others while also pointing to the organizational changes that are needed to achieve this.

Similarly, companies that have truly internalized a customer-focused business culture are also more likely to have customers who are happily satisfied as well as employees who are highly motivated. This convergence is an important part of making and keeping a business enterprise sustainable.

### Ziraat Bank is mindful of customer satisfaction in all of its business processes.

Customers are ultimately one of the reasons for Ziraat Bank's existence and that is also why they occupy such a crucial place in the corporate structure that the bank has been building since 1863. Recognizing the centrality of customer-focused banking, Ziraat Bank has been standing by its customers and supporting them during even the most trying times for over a century and a half.

### Change & Transformation Project: Enhanced productivity

Initiated and comprehensively carried out at Ziraat Bank in order to provide customers with the right value at the right time and in the right way, the Change & Transformation Project has already brought about significant improvements in the effectiveness and productivity of the Bank's:

- operations
- customer relations
- lending policies and processes.

The story of Ziraat Bank's success in this endeavor was reported to the extensive readership of Harvard Business Review Türkiye in an article that appeared in the October 2014 issue of that magazine.

Ziraat Bank supplies banking and financial products and services through the Turkish banking industry's biggest and most extensive branch network consisting of 1,682 service points as well as a variety of alternative delivery channels. Besides giving its customers convenient access to its offerings, Ziraat Bank also enjoys a position as a preferred business partner owing to its ability to come up with fast and efficient solutions to customers' technology needs.

Addressing all three customer segments -corporate, entrepreneurial, and retail- Ziraat Bank has the ability to go on increasing the value it creates year after year thanks both to its deep-rooted knowledge and experience and to its extensive portfolio of domestic and international subsidiaries.

### Projects to improve service delivery effectiveness continue without letup.

Seeking to further strengthen the solid and sustainable relationships that it has with its existing customers, Ziraat Bank improved and expanded its contacts and dealings with them in every channel. Some of the innovations introduced as a result of the optimization of the Bank's branch and non-branch channels during 2014 are summarized below:

- Ziraat Bank's website for its corporate customers was renovated and a mobile banking app was developed for them.
- A new feature called "Avans Bankkart" that was added to Ziraat Bank-issued debit cards allows collections to be deferred when the cards are used to pay for domestic, international, and online purchases without being subject to any merchant or amount limits and without any interest being charged. In December 2014 the Bank introduced its "Combo Kart", a product designed for younger customers that combines the features of both a credit card and a debit card.



# 19%



Ziraat Bank's total assets increased by 19% and reached TL 247.6 billion.

Ziraat Bank introduced a lot of innovations as a result of the “channel optimization” activities during 2014.

⊕ G4-DMA, G4-EC7, G4-EC8, G4-FS7, G4-FS14, G4-PR5

- “Hızlı Başakkart” was launched. This is essentially a version of the Bank's existing Başakkart product intended for agricultural sector customers whose issuance procedures have been streamlined and speeded up.
- Ziraat Bank's retail banking applications were updated and the transaction set was further expanded.
- With the introduction of a mobile banking app, it is now possible for online and mobile banking customers to perform banking transactions without the need for passcodes.
- Ziraat Bank Mobile ATM units went into service in 2014.
- Ziraat Bank's marketing and sales functions were separated from each other and both headquarters and regional organizational structures were revised accordingly. Data analysis and screen design projects that are currently in progress will allow branches to get to know and serve their customers better.
- The branch and non-branch channel design work of the “Banking Without Barriers” project that will make it easier for physically-challenged customers to access financial services has been completed. A pilot project is currently under way.
- The IT systems of Ziraat Bank and of Ziraat Hayat Emeklilik, the Bank's life insurance and pension provider subsidiary, have been fully integrated in line with the goal of enabling customers to take care of all of their financial product and service needs within the Ziraat Finance Group.

### Proactive service quality management through more productive lending processes

In 2014 Ziraat Bank once again continued to improve its existing creditworthiness-assessment modules and lending processes in order to increase its credit-placement competencies. In line with the Bank's strategy of focusing on Branch Banking, a new assessment module designed specifically for small businesses was added to existing assessment modules and went into use in October of the year.

### Ziraat Finance Group Quality Policy

Ziraat Bank's goal is to formulate a “Ziraat Finance Group Quality Policy” in order to support its ongoing development, to systematically quantify process performance, to improve processes consistently with strategic priorities and budget targets, and to deliver the same levels of quality and service not just within the Bank but in all of its subsidiaries too.

⊕ G4-FS6

### In 2014 Ziraat Bank's lending grew faster than the sector average while its support for the real economy also grew stronger.

In 2014 Ziraat Bank registered a rate of growth in its lending that was above the sector's average. The Bank's total assets increased by 19% and reached TL 247.6 billion in value as of year-end. Total lendings accounted for a 57% share of total assets in a year in which cash loans and non-cash credit increased by rates of 28% and 36% respectively. With Ziraat Bank bolstering its operational and financial infrastructure and deploying both in order to contribute to the Turkish economy, the 28% expansion in cash loans brought the total to TL 142 billion while total non-cash credit reached TL 183 billion in value.

For more detailed information about a breakdown of Ziraat Bank's loan portfolio, please refer to pages 34-37 of the Bank's 2014 annual report.



## Customers

Its regularly updated social media accounts enable Ziraat Bank to communicate much more closely with its customers. As of end-2014, the Bank's Facebook page received the 581,151 "Likes" while its Twitter page had reached 51,600 followers.





### ⤵ G4-PR5

#### Customer satisfaction: Digital platforms and field research

Ziraat Bank engages in efforts to ensure that its corporate identity is used in accordance with Bank-specified standards so that its brand image is correctly perceived among customers, that its corporate identity is properly integrated into all appropriate environments, and that any misapprehensions of the Ziraat brand and identity are avoided. As part of this effort, all branches were visited and checked for their compliance with the Bank's Visual Identity standards.

Seeking to satisfy customers' wishes and expectations in the best way possible and to maximize customer satisfaction on every platform where it has a presence, Ziraat Bank also makes active use of social media channels as one way of achieving this. As of end-2014, the 581,151 "Likes" received by the bank's Facebook page made it one of the most active of those owned by members of its sector while its Twitter page had 51,600 followers. Ziraat Bank's participation in these and similar platforms continues to strengthen the Bank's social media presence day by day.

Brief details about Ziraat Bank's social media presence are provided below.

As of 22 December 2014				
	Ziraat Bank	Ziraat Bank	Ziraat Sanat	Ziraat Bank
<b>Account opened on</b>	13.09.2012	10.11.2010	23.05.2011	01.10.2012
<b>Likes (Facebook), Followers (Twitter), Total views (YouTube), Total hits (Google Plus)</b>	581,151	51,600	2,007	684,214
<b>Total Shares</b>	560	1,093	236	508



SMEs are the most dynamic elements of the Turkish economy and account for substantial shares of the country's total employment (78%), added value creation (55%), investment (50%), and exports (59%).

⬇️ G4-DMA, G4-PR5

## SMEs and Ziraat Bank

⬇️ G4-FS7

### The Small-Business Model allows loan applications to be responded to more quickly.

In 2014 Ziraat Bank continued to engage in activities and to work on projects aimed at accelerating and simplifying lending processes while also making its risk management functions more effective. In line with this the Bank launched a new Small-Business Model (KİM) which ensures that the creditworthiness of individual and groups of startup-segment small-business customers is assessed and quantified:

- In line with the Bank's corporate risk perceptions
- In a manner stripped of all subjectivity
- Quickly and accurately.

This model is structured so as to make it possible for loan applications to be evaluated and finalized quickly.

⬇️ G4-FS7

### Ziraat Bank's goals with this model are to increase the ability of microbusinesses in particular to create and sustain employment by strengthening their operational capabilities and in this way to have a strong and positive social impact.

#### The design and development of special products and services for startup microbusinesses gained momentum in 2014.

The businesses collectively referred to as "small- and medium-sized enterprises" (SME) form the backbone of the Turkish economy and account for substantial shares of the country's total employment (78%), added value creation (55%), investment (50%), and exports (59%). What's more, SMEs are widely recognized as the most dynamic elements of the national economy.

In the last quarter of 2014, Ziraat Bank decided to expand its focus on this segment in parallel with the increasingly greater importance of SMEs in the global and Turkish economies. The immediate outcome of this decision was the creation of a Startup Microbusiness Marketing department at the Bank, the aim of which is to take a fully professional approach in the startup-business and small-business banking lines.

By means of analytical customer relationship management, Ziraat Bank models customer data to determine not just what particular mixes of products and services should be offered to which customers but also when and through what channels these offerings should take place. Similarly, customers' financial market product and service needs are also analyzed and the results of these analyses are used to generate cross-sale opportunities through Ziraat subsidiaries.

Ziraat Bank has reached the final stage in its proliferation of the product and service packages that it puts together for different sectors. It will begin offering these packages to the appropriate customer groups in 2015.

⬇️ G4-FS14

In 2014 Ziraat Bank introduced its "Pharmacy Services Package" for pharmacist customers. In addition to profession/trade-specific packages like this, the Bank also offers such customers a range of credit products capable of addressing their particular needs such as loans to buy places of business and vehicles and to pay commercial vehicle registration fees. Work has begun on a "Services Without Barriers" package of products and services designed to help people with physical disabilities to run their own businesses. It is planned to introduce this product in 2015.

## Customers

Ziraat Bank provided TL 13.8 million worth of financing support to Akçakale and Ceylanpınar townships to activate the economy.



### 🔴 G4-FS7

#### **New procedures are being introduced to make it easier for startups and SMEs to make use of credit.**

The majority of the assets owned by those engaged in production activities in Turkey consist of movable properties (chattels), which the country's banks are often reluctant to accept as collateral. Moreover the legal framework governing chattels is fragmented and inconsistent and is subject to several independent and incompatible registration systems. All of this makes chattel-based lending problematic in Turkey.

In recognition of this, Ziraat Bank is taking part in a project, which is being coordinated by the Treasury Undersecretariat, to prepare the draft of a comprehensive Secured Transactions Act that will make it easier for SMEs and producers to borrow against their movable assets.

Examples of Ziraat Bank's activities in this area in 2014 are presented below.

- Under new rules introduced recently by tax authorities, all merchants are required to make use of so-called "new-generation payment-recording devices" (smart-terminal cash registers) in the conduct of their business. To ease the changeover to this system, Ziraat Bank has completely integrated itself into the Electronic Payment System and has also been conducting campaigns to make it easier for its startup and SME customers to acquire these units.
- Under a cash loan suretyship project undertaken jointly with the European Investment Fund (EIF), a total of TL 1.3 billion in cash credit was disbursed to microbusinesses which had been active for five years or less, which employed at most nine people, whose annual turnover did not exceed the equivalent of EUR 2 million, and which had difficulties posting collateral. Under this program, which ended as of 31 December 2014, financial support was provided to microbusinesses against the personal guarantees of their owners. EIF guarantees covered 75% of such loans.

- Ziraat Bank signed a protocol with Credit Guarantee Fund Incorporated (KGF) setting out principles and procedures pertaining to the guarantees of "microloan" credit products supplied to microbusinesses under the fund's "Portfolio Guarantee System". The TL 5 million worth of credit covered by the first phase of this agreement was lent out within the first two days of the program. Work is currently in progress to lend out the TL 10 million that is being made available to Ziraat Bank customers in the second phase of the KGF program.
- "Non-Export FX Credit" is a foreign-currency loan product for customers who cannot give export guarantees but who nevertheless have FX earnings owing to rent or other receivables.

#### **Support for KOSGEB members suffering from hardship**

Ziraat Bank signed a "Working Capital Loan Support" protocol with the Small and Medium Enterprises Development Organization (KOSGEB) to provide credit support to the organization's members in Manisa province's Soma and Kirkağaç townships, where economic activity was hampered by a coal mine disaster, and also to those in Şanlıurfa province's Akçakale and Ceylanpınar townships, which have suffered greatly from the violence in Syria just over the border.

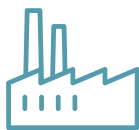
Under this agreement, Ziraat Bank provided TL 13.8 million worth of KOSGEB financing support to small businesses in the four townships.

## **International Collaboration to Provide More Resources to the Real Sector**

**Under the heading of its international collaborations, in 2014 Ziraat Bank continued to steadily expand the total volume of resources that it makes available to the real sector for use in domestic and international business projects.**

In 2014 Ziraat Bank continued to tap international financial institutions for resources that it could use to provide financing support to small, medium, and larger-sized businesses.

# USD 300 million



The fund received from World Bank supplied to SMEs through agreed leasing companies during 2014.

The loan granted by EIB to Ziraat Bank to finance rural development projects is also the first IPARD agreement that EIB has entered into with a bank in Turkey.

## ⬇️ G4-DMA

### Compliance with environmental laws and regulations; restricted lists

Although the credit agreements that Ziraat Bank enters with international financial institutions contains specific provisions pertaining to environmental and social impact, general compliance with current environmental laws and regulations is a requirement of them all. Such agreements may also contain lists of businesses that are exposed to particular environmental risks and/or are not to be financed.

As a requirement of lending agreements entered into with international financial institutions, SME customers that receive financing through Ziraat Bank must sign an addendum to their main loan agreement in which they specifically commit themselves to abide by the particular environmental and social terms stipulated by the prime lender.

During the reporting period, representatives of the international financial institutions with which Ziraat Bank collaborates conducted inspections at the Bank and at borrowers' places of business to check for compliance with such terms.

Information about the credit agreements that Ziraat Bank has entered into with international financial institutions and the borrowers these agreements apply to is summarized below.

## ⬇️ G4-FS8

### World Bank credit for SMEs and larger-sized enterprises

Owing to their flexible repayment terms and periods of grace and to their ability to serve as long-term investment financing and operating capital, World Bank credit ranks among the value-creating financial solution and support options that Ziraat Bank offers. In 2014 the Bank continued to supply its customers with World Bank-sourced loans.

In May 2013 Ziraat Bank signed a USD 67 million credit agreement with the World Bank under which Ziraat Bank undertook to finance the energy-efficiency investments of SMEs and larger-sized enterprises. As per this agreement, in 2014 Ziraat Bank began lending to its customers resources in the form of a grant received from the Global Energy Fund. As also required by the agreement, Ziraat Bank is working with a consultancy to provide such customers with the technical support that they need to carry out their energy efficiency projects.

In August 2013 Ziraat Bank signed an "Enhancing SME Access to Finance Project" agreement with the World Bank. Under this project Ziraat Bank received USD 300 million worth of funding to be supplied to SMEs both through leasing companies and through banks licensed to provide leasing products and services.

These resources were supplied to leasing companies during 2014. While encouraging SMEs to support their growth plans through leasing-financed investments, this program had the additional benefit of giving the Turkish leasing industry access to medium- and long-term funding as well.

### EIB credit financing for SMEs and larger-sized enterprises

In 2012 Ziraat Bank and the European Investment Bank (EIB) signed an agreement to supply a total of EUR 100 million in financing to SMEs. The last of these EIB resources were lent out in 2014 not only to finance projects that supported SMEs' growth by increasing their output, productivity, and job-creation capabilities but also to provide SMEs with operating capital and investment financing needed to undertake investments in Turkey capable of reducing interregional disparities in development levels.

## Customers

Ziraat Bank continues to diversify its collaborations with international financial institutions in order to supply its customers with value-creating financial solutions that are both right for their needs and compatible with its own customer-focused business model.

### 📌 G4-FS8

Such was the success of this program that EIB authorized granting Ziraat Bank a second round of funding in the amount of EUR 200 million. An agreement covering the first EUR 100 million tranche of this was signed in September 2013, after which Ziraat Bank began lending it out to SMEs and larger-sized enterprises. Disbursements of the first tranche were completed in 2014. An agreement covering the second EUR 100 million tranche was signed in July of the same year and the process of lending it out to SMEs and larger-sized enterprises to meet their investment financing and operating capital needs began immediately thereafter.

#### **The first IPARD credit to be granted to a bank in Turkey**

In the wake of these successfully undertaken projects, Ziraat Bank began exploring ways in which to expand the scope of its collaboration with EIB into other areas as well. One outcome of this was the signing, in September 2014, of a 14-year Instrument For Pre-Accession Assistance In Rural Development (IPARD) agreement to provide EUR 100 million worth of credit to finance rural development projects in Turkey.

This line of credit, which is to be used to fund projects that have been approved by the Turkish Agricultural and Rural Development Support Agency (TKDK), is not only the first IPARD agreement that EIB has entered into with a bank in Turkey but is also the longest-term agreement which EIB has entered into with any Turkish bank. These resources are to be lent out to microbusinesses as well as to SMEs and larger-sized enterprises in order to help overcome the difficulties that rural areas have when accessing financing.

#### **EIB-guaranteed “My First Business/My First Bank” and “Young Entrepreneur” loans**

The goal of this project is to support young entrepreneurs and to enhance SMEs’ access to funding by enabling them to finance their activities without the need for obtaining additional guarantees.

The project got under way with an initial TL 300 million line of credit supported by EIB guarantees. This amount was increased first to TL 1.3 billion and then again to TL 2.1 billion under annex agreements signed in 2013 and 2014. The entire project, which was intended to support tradesmen and artisans as well as new firms in need of collateral and startup capital, was wound up as of end-2014.

#### **Saudi Export Program (SEP)**

In 2013 Ziraat Bank secured a USD 50 million line of credit from the Saudi Export Program to finance the importation of goods of Saudi Arabian origin into Turkey. Disbursements, which began the same year, continued successfully in 2014 as well. Under this program, customers who import a wide range of goods other than petroleum from that country are provided with low-cost financing on terms of up to three years to pay for them.

#### **Ziraat Bank-KfW collaboration in priority-development regions**

In June 2014 Ziraat Bank signed a 10-year agreement with the German Development Bank (KfW) to supply EUR 150 million in financing to SMEs that are located in rural areas or are part of the agricultural value-creation chain. Under this project credit is now being provided to micro-, small-, and medium-segment customers whose businesses are based in “priority-development regions” or in a few other localities that are stipulated in the agreement. The goals of this KfW project are to help reduce interregional disparities in development levels and to provide medium- and long-term financing support to firms involved in the agricultural value-creation chain.

#### **AFD support for SMEs that process animal-source foods**

In December 2014 Ziraat Bank signed a twelve-year agreement with the French Development Agency (AFD) to supply a total of EUR 100 million in financing to agricultural-sector SMEs that process animal-source foods.





Ziraat Bank continues to collaborate with international financial institutions in an ongoing effort to expand its product lineup in ways that will give its customers a financial competitive advantage.

**G4-DMA**

Under the terms of this agreement, whose aim is to ensure that end-consumers have access to safe and wholesome food, loans are to be provided to SMEs engaged in the non-primary (ie other than animal husbandry) aspects of animal-source food production in order to finance modernization projects that will bring them into compliance with EU hygiene and environment standards and with the requirements of Turkish law governing veterinary services, plant health, food, and feed (Statute 5996).

**Joint Ziraat Bank-CEB support to improve employment conditions among microbusinesses and SMEs**

In December 2014 a seven-year agreement was signed with the Council of Europe Development Bank (CEB) to provide a total of EUR 50 million in credit through Ziraat Finansal Kiralama AŞ, Ziraat Bank's leasing subsidiary. The main goals of this project are to help micro-, small-, and medium-sized enterprises create new jobs and to improve their ability to protect existing ones. Other goals include creating a positive social impact and supporting the leasing industry.

**Ziraat Bank continues to collaborate with international financial institutions in an ongoing effort to expand its product lineup in ways that will give its customers a financial competitive advantage.**

Ziraat Bank expects to be making the following credit packages available to its customers in 2015.

- The second tranche of EIB credit financing for SMEs and larger-sized enterprises. The agreement covering this project to supply SMEs and larger-sized enterprises with operating capital and investment financing has been signed.

- EIB IPARD credit: Under this agreement, which has been signed, Ziraat Bank will be supplying IPARD credit to support the TKDK standard-compliant production, processing, packaging, and marketing of meat, dairy, fish, poultry, fruit, vegetable, and seafood products and to finance rural-area projects such as tourism, handicrafts, etc.
- CEB SME credit: The agreement for this project has been signed.
- AFD credit: The agreement for this project, whose aim is to provide modernization project financing to SMEs engaged in non-primary (ie other than animal husbandry) aspects of animal-source food production has been signed.

**Disbursement status of lines of credit provided by international financial agencies**

(As of 31 December 2014)

Agency	Total Disbursed	# SME
World Bank	USD 567 million	182
European Investment Bank	EUR 300 million	332
European Investment Fund	TL 1.3 billion (non-cash)	29.487
German Development Bank	EUR 150 million	882







Supporting the sector through its agricultural banking activities, Ziraat Bank...

**constantly increases both its resources and its financing for all aspects of agricultural endeavors from production to consumption.**

## Customers

During 2014, 219,000 customers charged TL 3.2 billion worth of their aggregate TL 4.2 billion credit limit using Başakkart at Ziraat Bank.

⬇️ G4-DMA, G4-FS7

### Ziraat Bank and Agricultural Sector

Originally founded in 1863 to support agricultural endeavors, in the 151 years since then Ziraat Bank has:

- played a key role in efforts to make Turkey's agricultural sector more modern, more productive, and more competitive
- made substantial and systematic contributions to the sector's advancement
- been the partner, supporter, and bank of tens of millions of farmers.

As Turkey's leading supplier of credit and loans for agricultural endeavors, Ziraat Bank seeks firstly to be a customer's primary and proactive bank in all aspects of agricultural production up to and including the final consumer in order to strengthen both individual producers and agroindustry and help both become internationally competitive and secondly to contribute to the growth and development of agroindustry by simultaneously supporting all links in the agricultural value-creation chain.

#### Strengthening Turkey's agricultural sector and helping it to become internationally competitive

Continuing to provide financing support in parallel with national agriculture policy for the creation and modernization of agricultural enterprises that are equipped with new technologies and are big enough to benefit from economies of scale, Ziraat Bank seeks to increase the share of high-added-value products in total production through agricultural finance resource diversification. To this end, the Bank will continue to diversify its financial product offerings, to revise existing ones in line with requirements, and to be the first address that agricultural-sector customers have recourse to when they are in need of financing.

#### Total agricultural-sector financing credit reached TL 27.8 billion in value in 2014.

Supporting all aspects of agricultural endeavors from production to consumption through its agricultural banking activities, Ziraat Bank constantly both its resources and its financing.

As of end-2014:

- Ziraat Bank's total lendings to finance the agricultural sector amounted to TL 27.8 billion while the number of its credit customers reached 607,197.
- Credit and loans amounting to TL 16.8 billion had been provided to 351,181 individual and corporate customers from the Bank's own resources while another TL 491 million from special-purpose funds had been provided to 18,194 people.
- 42% of Ziraat Bank's agricultural loan portfolio consisted of investment credit worth TL 10,704 million while the remaining 58%, worth TL 14,829 million, consisted of operating credit.

#### Başakkart continues to reduce the burden of financing production processes.

Başakkart, the principal bankcard and financing tool that Ziraat Bank provides to its agricultural-sector customers, helps reduce the burden of financing agricultural production processes by making it easier for producers to get credit.

With Başakkart, agricultural enterprises have the ability to finance their production processes by purchasing such inputs as fuel, seed, fertilizer, pesticides, feed, and veterinary services on interest-free terms of up to five months. During 2014, 219,000 customers charged TL 3.2 billion worth of their aggregate TL 4.2 billion agricultural credit limit using Başakkart.

A new-generation Başakkart issued in 2014 and the ability of agricultural-sector customers to obtain cards immediately just by walking into a Ziraat Bank branch made it possible for them to take care of their banking business faster and more conveniently.

#### A financial model that contributes to agroindustry-producer collaboration

In 2014 Ziraat Bank signed protocol agreements with eighteen firms that are purveyors of seed and other supplies to producers of sugar beets, farmed trout, and poultry.

Under these protocols, the aggregate credit limit of which amounts to TL 131 million, the Bank extends operating and investment credit to about 16,200 of the firms' contractual customers.

# 607,197

Ziraat Bank's total number of credit customers in financing the agricultural sector reached 607,197.



Ziraat Bank seeks to contribute to the development of agroindustry as well as to be a customer's primary and proactive bank in all aspects of agricultural production up to and including the final consumer.

⊕ G4-DMA, G4-FS7

### Expansion of the interest-free livestock credit program

In August 2010 Ziraat Bank began offering its customers interest-free livestock credit in order to meet the financing needs both of new livestock enterprises and of modernization and capacity-expansion projects to be undertaken by existing livestock breeding and feedlot operations.

In 2014 the Bank disbursed cash loans amounting to TL 831 million to 48,897 customers under this program. Since the introduction of the interest-free livestock credit program in 2010, Ziraat Bank has supplied TL 7.9 billion worth of such funding to 298,198 customers.

### Sustainable animal husbandry in Turkey

In support of animal husbandry in Turkey, Ziraat Bank develops projects that will:

- increase the number of livestock being raised and ensure that animal husbandry operations are conducted sustainably,
- permit essential financing needs to be satisfied more effectively,
- give producers more convenient access to the credit they require,
- contribute to the national economy by giving animal husbandry the broadest possible assistance.

One example of Ziraat Bank's efforts in this direction is a project that the Bank is working on with the agriculture ministry to develop acceptable forms of collateral other than real estate properties that will make it easier for farmers to obtain credit. Under this project, the animal lien registry's technological infrastructure is being upgraded and integrated with those of the government's TÜRKVET (veterinary information) and KKKS (sheep and goat registry) systems.

### Since 2004, TL 5,877 million worth of fixed-rate tractor financing loans have been extended.

In 2014 Ziraat Bank extended fixed-rate tractor financing loans amounting to TL 1,583 million to 35,749 customers. Since this credit product was originally launched in 2004, TL 5,877 million worth of such loans have been extended to 169,686 of the Bank's customers.

### TL 2.5 billion worth of credit for commercial greenhouse enterprises in eleven years

In 2014 Ziraat Bank extended TL 440 million worth of commercial greenhouse financing loans to 6,138 customers. Over the last eleven years, 89,697 customers have received a total of TL 2.5 billion in credit and loans to finance their greenhouse construction, modernization, and production operations.

### Pressurized irrigation system credit from Ziraat Bank

In 2014 Ziraat Bank extended a total of TL 215 million worth of loans to finance the modern pressurized irrigation system projects of 6,238 of its customers. Through its involvement in these projects, which have so far brought about the installation of modern pressurized irrigation systems on about 540,000 decares of land, Ziraat Bank helps expand the amount of arable land in Turkey.

### Broad-based Ziraat Bank payment systems at the service of agriculture

In 2014 Ziraat Bank once again served as the main conduit for government payments to farmers:

- TL 8,616 million worth of price-support payments were made to 4,413,082 individual producers and their associations
- TL 113 million worth of payments were made on behalf of the Turkish Grain Board
- TL 655 million worth of payments and advances were processed on behalf of Türkiye Şeker Fabrikaları AŞ, the state-owned sugar mills company.

### Single-digit interest rates on agricultural credit and loans

In 2013 Ziraat Bank reduced the rates of interest that it charged on agricultural credit to 8% in the case of loans with maturities of a year or less, to 10% in the case of loans with one to four-year maturities, and to 11% in the case of loans with maturities of more than four years. This meant that the effective interest rates on loans to customers qualifying for crop and other subsidies governed by Council of Ministers decrees were in the 0% to 8.25% range.

In 2014 Ziraat Bank extended TL 13.2 billion worth of reduced-rate loans to 289,579 individual and corporate customers. Ziraat Bank also offers reduced-rate loans to agricultural enterprises to finance projects with such aims as protecting,



## Customers

In all of the financing projects Ziraat Bank was involved during 2014, as much attention was given to environmental and social-impact issues as it was to national economic benefit.

### Ⓢ G4-DMA

conserving, and developing natural resources; making production operations more environmentally sustainable; improving food crop quality and engaging in organic farming and computer-controlled greenhouse cultivation; and complying with good agricultural practices. Reduced-rate loans are also provided to customers investing in projects aimed at deriving energy from renewable sources such as solar and biomass.

### Ⓢ G4-S01





#### Ziraat Bank continued to interact with its agricultural-sector stakeholders on different platforms in a variety of ways.

In 2014 Ziraat Bank once again took part in sector-oriented activities while also supporting activities aimed at increasing individuals' financial awareness and literacy.

- Bank representatives took part in fourteen fairs in which the exhibits of 3,000 firms were seen by 917,433 visitors. The Bank also sponsored fourteen events organized by various sectoral associations and cooperatives.
- Meetings that were organized for sectoral associations at various times were attended by about 2,000 people. During such gatherings, bank representatives conducted presentations and contributed to the improvement of participants' financial literacy.

#### Ziraat Bank - Agricultural Sector Key Indicators

(End of 2014)

			
<b>Number of livestock-financing loan customers since 2010</b>	<b>Number of tractor-financing loan customers since 2004</b>	<b>Number of greenhouse-financing loan customers in the last 11 years</b>	<b>Number of agricultural loan customers borrowing against their Başakkart cards in 2014</b>
<b>282,198</b>	<b>169,686</b>	<b>89,697</b>	<b>219,000</b>

#### Ziraat Sigorta single-handedly accounted for 45% of TARSİM's total premium production.

The number of agricultural insurance policies issued through TARSİM, Turkey's national agricultural insurance pool, increased by 22% in 2014 while total premium production was up by 30% year-on and reached TL 683,535,994.

Ziraat Sigorta is a wholly-owned Ziraat Bank subsidiary through which the Bank works in order to help its agricultural sector customers protect themselves against risk. In 2014 this company easily defended its undisputed standing as the leading supplier of agricultural risk insurance in Turkey. A 36% year-on rise in Ziraat Sigorta's crop insurance premium production contributed significantly to sector's performance in 2014.

Ziraat Sigorta single-handedly accounted for 45% of TARSİM's total premium production.

#### Turkey's total agricultural insurance premium production and change ratio in policies issued in 2014

Premiums Sectoral Share		Net Premiums (TL)		Net Policies Issued	
		Sector	Ziraat Sigorta	Sector	Ziraat Sigorta
End 2013	End 2014	Change (2013-2014)	Change (2013-2014)	Change (2013-2014)	Change (2013-2014)
45%	45%	30%	30%	22%	15%

### Ⓢ G4-EC2, G4-FS10

#### Project Finance and Sustainability

Supplying its customers with value-creating financial solutions that are both right for their needs and compatible with its own customer-focused business model, Ziraat Bank carries out its project finance activities so as to simultaneously:

- expand its product lineup
- give its customers a financial competitive advantage.

# Renewable

Ziraat Bank provides financing support to renewable energy projects to reduce imported energy dependency and to maintain sustainable economic growth through the use of locally-available resources.

## 📌 G4-DMA

In all of the financing projects Ziraat Bank was involved during 2014, as much attention was given to environmental and social-impact issues as it was to national economic benefit.

Projects to recycle wastepaper, highway construction projects intended to achieve economies of fuel and time in transportation, renewable energy projects, projects to prevent electrical power grid fraud and theft, and projects to create local jobs by exploiting new production opportunities are among the projects to which such consideration was given.

### **Ziraat Bank gives importance to environmental and social risk assessment in project finance.**

In the conduct of project finance, Ziraat Bank has environmental and social impact assessments carried out and it draws up specifically-termed lending agreements as particular circumstances may require.

The international financial institutions with which Ziraat Bank frequently collaborates are especially scrupulous about the projects that the Bank finances being in compliance with national laws and regulations and with international norms pertaining to environmental issues. They do not approve projects with the potential to cause substantial environmental harm unless the projects have been duly licensed and are adequately financed.

Similarly when working on projects in which international financial institutions are involved, Ziraat Bank requires and oversees the conduct of an environmental impact study as part of its creditworthiness assessment. Projects whose environmental risks are deemed to be unacceptably high are rejected and not financed.

When considering a project finance application, Ziraat Bank requires the investors and/or customers to submit either an approved environmental impact assessment (EIA) report or else an official ruling that such a report is not necessary. The Bank also demands that all of the licenses and permissions required by a project be obtained from the authorities concerned and be submitted to it for its own inspection. In situations where this documentation is not forthcoming, the absence is noted in the Bank's reports and the point is stressed that this lack must be taken into account when making any decision to lend.

During 2014 Ziraat Bank appointed environmental consultants to oversee, monitor, and report on eight active projects.

Ziraat Bank develops financing packages capable of addressing the needs of small-scale undertakings.

## 📌 G4-FS11

### **IFC performance standards and the Equator Principles**

Whenever Ziraat Bank is involved in the financing of a project being undertaken by a consortium of which the International Finance Corporation (IFC) or European Bank for Reconstruction and Development (EBRD) are members, the project documentation includes investors' pledges to abide by IFC performance standards and the Equator Principles as may be applicable.

In such cases, compliance with these additional criteria is monitored and reported on by technical and/or environmental consultants.

During 2014 there were no reported instances of any contraventions of such criteria.

### **Ziraat Bank is increasing its financing support for renewable energy projects.**

Turkey's existing energy resources are insufficient to meet demand and this significantly increases the country's dependence on energy imports. Furthermore the present intensive use of fossil fuels results in environmentally harmful emissions besides being expensive and subject to rapid resource depletion. For these and other reasons therefore increasingly greater attention is being given to renewable energy resources and to the technologies needed to exploit them. In line with such considerations, Ziraat Bank provides financing support to renewable energy projects such as hydroelectric power plants, wind power plants, and solar power plants not only for their environmental benefits but also to reduce imported energy dependency and to support sustainable economic growth through the use of locally-available resources. The Bank is currently working on the development of financing packages capable of addressing the needs of small-scale undertakings in this business line.

In order to finance energy efficiency investments and projects, Ziraat Bank has received a World Bank line of credit from which it extends loans to customers on terms of up to eight years, during the first two of which principal need not be repaid.

## Customers

# No Ziraat Bank-financed project was deemed to be in breach of its lending agreement terms in 2014.

In 2014 Ziraat Bank supplied credit financing to hydroelectric, thermal, wind, and geothermal power plant projects. Particular attention was given to the financing of solar power plant and wind power plant projects.

The environmental, social, and economic benefits which were achieved in 2014 through the active energy projects being financed by Ziraat Bank are summarized below.

- These projects create employment opportunities for local communities while also reducing dependence on external energy resources.
- As sources of clean and sustainable energy, renewable energy projects reduce fossil fuel consumption and help counter the greenhouse effects which such consumption contributes to.
- Ziraat Bank provides financing support to private-sector firms building military vessels under contracts with the Ministry of National Defense and the Navy Department. Besides encouraging domestic industry and manufacturing, this project also creates employment opportunities for the Turkish workers and engineers employed on them.

### ⬇️ G4-FS11

Two of the projects being financed by Ziraat Bank were deemed to be exposed to potentially unacceptable levels of environmental risk. In one instance, a suit that was lodged against the project's favorable EIA report resulted in the report's suspension on the grounds that its terms were not being complied with, whereupon the Bank's lending to the project was also suspended. An environmental consultant is to be appointed to conduct a review and assessment of the project's environmental risks and then report to the members of the financing consortium on whether or not the project's non-compliance with environmental laws and regulations has been rectified.

In the other instance, the favorable EIA report of a project being financed by Ziraat Bank was cancelled but a new (and also favorable) report was obtained the same year. An environmental consultant has been appointed to monitor and report on the situation. The Bank is keeping a close watch on these reports in order to determine both whether or not the project owners are fulfilling their environmental commitments and whether or not the project is in compliance with environmental laws and regulations.

These two projects together account for 9% and 1% shares of the Bank's overall loan portfolio as measured by lending limits and risk exposure respectively. No bank-financed project was deemed to be in breach of its lending agreement terms in 2014.

## Environmental and Social Risk Assessment at Ziraat Bank

The criteria that Ziraat Bank makes use of when determining a project's environmental and social risks within the framework of its borrower assessment methodology (system) are summarized below.

**When evaluating agricultural projects**, points are given for the inclusion of "Good Agricultural Practices" and for adherence to "Organic Farming" criteria and practices. The inclusion of such practices impacts favorably on a customer's risk score.

**In the case of manufacturing firms** and the compliance of their production facilities, the absence of installations such as ecological purification, flue filtration, and similar systems in sectors where such equipment is deemed to be necessary or whose use is legally mandated results in "negative" points that reduce the project's overall score.

**In both agricultural and manufacturing sector projects**, attention is given to such criteria as the environmental impact of production/manufacturing processes, whether or not such processes have been properly set up so as to be sustainable, and the appropriateness of the location selected for the project. Both before and after financing is provided, projects' compliance with stipulated criteria is described in investment monitoring reports. Instances of non-compliance are referred to appropriate Bank units so that action may be taken as required.

The results of onsite inspections are readily accessible to appropriate personnel via the Bank's internal system. Whenever a customer or project is deemed to be in breach of their terms as a result of an inspection, this fact is made known and bank personnel are able to monitor the progress of the issue. This approach ensures that projects' environmental auditing processes are conducted fairly and transparently throughout Ziraat Bank.



Ziraat Bank continues to handle agricultural support payments in 2014 and processed transactions amounting to TL 8,617 million.

⊕ G4-DMA, G4-HRI

**Attention is also given to social impact in project finance.**

While the credit agreements that Ziraat Bank has entered into with international financial institutions contain no specific provisions pertaining to human rights, agreements with the World Bank do stipulate that projects and sub-projects in whose financing that institution is involved must not result in the involuntary relocation of local communities. In other words compulsory purchases of land for these projects are prohibited under these agreements.

**Further strengthening our environmental and social risk management mechanisms**

In 2015 Ziraat Bank plans to provide SMEs with food safety and quality consultancy services to improve their internal capacity to deal with such issues. Through such projects, the Bank will be seeking to engage with its SME customers in order to increase both their awareness of good agricultural practices and their ability to comply with them.

Another of Ziraat Bank's priorities in 2015 will be to undertake projects that will strengthen both its own environmental and social risk management mechanisms and those of its customers as well. The Bank plans to engage an outside firm to act as a consultant on matters related to the formulation of a comprehensive Ziraat Bank corporate responsibility and social responsibility policy so that the environmental and social risks inherent in its portfolio may be managed more consistently and effectively.

**Creating Value for Public Agencies and Organizations**

**In its capacity as a state-owned financial institution, Ziraat Bank seeks to interact with other public agencies and organizations in a coherent and effective manner.**

Ziraat Bank is the primary conduit through which public-sector disbursements and receipts flow in Turkey. Every year the Bank handles tens of millions of payments on behalf of many different public agencies and organizations while also serving as the main channel for disbursements made in line with government social policy.

In 2014, Ziraat Bank focused attention on increasing the number of branches actively involved in the provision of these services while also supplying increasingly more financial products and services to firms that serve the public sector.

In 2014 Ziraat Bank successfully handled:

- Agricultural Support Payments
- Home-ownership Assistance Payments
- Employee Savings Incentive Payments
- Payment/Collection Protocol Transfers

These activities are discussed briefly below.

**Agricultural Support Payments**

Ziraat Bank continues to handle agricultural support payments as mandated by laws, decrees, and communiques. In 2014 the Bank processed 4,413,082 such transactions amounting to TL 8,617 million in aggregate.

**Home-ownership Assistance Payments**

Ziraat Bank processes payments for Emlak Konut GYO (EGYO), a recently-privatized real estate investment trust that focuses mainly on the construction, management, and sale of affordable housing, under agreements which the Bank has entered into with that company. The Bank makes payments to beneficiaries as instructed by EGYO. In 2014 Ziraat Bank handled TL 6.6 million worth of such payments for 28,429 beneficiaries.

**Employee Savings Incentive Payments**

Ziraat Bank handles Employee Savings Incentive Program payments on behalf of the Treasury in accordance with principles and procedures set forth in applicable laws and regulations. In 2014 the Bank paid a total of TL 148.9 thousand to 199 beneficiaries under its agreement with the Treasury.

**Social Security Benefits**

Ziraat Bank is the primary channel through which pensions and other social security entitlements are paid under agreements that the Bank has entered into with various public agencies and organizations. In 2014 the Bank processed 54,974,079 social security transfers worth a total of TL 62.8 billion, 790,503 income/monthly transfers worth a total of EUR 318 million, and 6,57,160 other transfers worth a total of TL 4.1 billion.

## Customers

At end-2014, the number of bank customers registered to use the Ziraat Bank's "New Generation Internet Branch" reached 3.8 million with 40.7% increase.



### Services that Make a Difference

**As of end-2014, the number of Ziraat Bank's retail (non-corporate) customers topped 30.4 million.**

Ziraat Bank is continuing, with no loss of momentum, projects aimed at delivering service that makes a difference in all branch and non-branch channels through a process of channel optimization that is in line with its projects to supply its customers with effective banking service in every possible way.

In 2014 the Bank made intensive use of alternative delivery channels in order to appeal and reach out to a numerically greater customer audience.

The performance highlights achieved as a result of services supplied through the Bank's electronic delivery channels in 2014 are presented below.

**Credit Cards:** As of end-2014 Ziraat Bank had issued 3,133,588 credit cards. These gave the Bank a 2.99% share of the Turkish banking industry's credit card turnover last year.

**Bank Cards:** As of end-2014, Ziraat Bank had issued 23,377,408 bank (ie debit) cards. These helped sustain the Bank's leadership with a 17.54% share of the sector's debit card payments turnover.

**TSK Smart Card Project:** Under the e-wallet project being conducted for the Turkish Armed Forces (TSK), the total number of military units in which the system is installed has reached 415. This project's card issuances as of end-2014 consisted of:

- TSK Credit Cards: 49,104
- TSK Chip Debit Cards: 1,214,678
- TSK Temp Cards: 978,537.

**Youth Debit Card and Campus Card:** As of end-2014 there were 1,333,434 Youth Debit Card (Genç Bankkart) and 214,908 Campus Card (Kampüs Kart) issuances. The number of customers making active use of these cards' "Kazandıran" (loyalty points) feature was 429,693.

**Merchant Partners & POS:** As of end-2014, Ziraat Bank was working with 113,026 merchant partners at whose premises 123,291 POS units were installed. Merchant partner turnover last year amounted to TL 11.3 billion.

**The number of Ziraat Bank customers signed up for online banking reached 3.8 million in 2014.**

In 2013 Ziraat Bank launched its "New Generation Internet Branch", having redesigned its existing branch to make it faster and easier for customers to use and also to make it more functional. At end-2014, the number of Bank customers registered to use the branch reached 3.8 million, which was 40.7% higher than the number of registered users in 2013.

In the twelve months to end-2013, a total of 35 million financial transactions were performed by the Bank's online branch's users. In 2014 this number increased by 37.1% and reached 48 million as of year-end. The total value of performed transactions increased by 18.2% year-on and reached TL 107.5 billion.

**Ziraat Bank continues to introduce innovative new practices and processes to the Turkish banking industry.**

One of Ziraat Bank's unwavering objectives is to keep its customers supplied with banking products and services in formats that are intelligible and practical. In 2014 the Bank continued to introduce innovative new practices and processes to the Turkish banking industry.

**Pensioner loyalty program**

A loyalty program called "Retirement Plus at Ziraat" has been designed for retirees who receive their monthly pension payments through Ziraat Bank. The Bank has entered into agreements not only with its own subsidiaries (Ziraat Life & Pension, Ziraat Insurance, and Ziraat Securities) but also with independent firms that are active in such businesses as travel, tourism, and the like under which the Bank's pensioner customers qualify for a variety of discounts.



# 29 branches

In 2014, Ziraat Bank made changes in the design and layout of 29 pilot branches in order to make them more convenient for physically-challenged customers.

## 📍 G4-FS14

### Addressing the needs of disabled customers

Ziraat Bank designs product and service formats to make them more convenient for disabled customers to use.

In 2014 Ziraat Bank began making changes in the design and layout of pilot branches in order to make them more convenient for disabled customers to use and to bring the branches into compliance with mandatory criteria concerning the accessibility rights of the physically handicapped that were introduced in 2013.

Twenty-nine branches are taking part in this pilot program, which involves the design and integration into Ziraat Bank branch concepts of the following:

- Interior and exterior flooring surfaces whose textures make them suitable for the visually impaired
- Call buttons that can be used by the physically-challenged to summon help when they enter a branch
- Braille-equipped information panels on exterior doors.

Nine ATM units specially designed so that they can be used by people suffering from orthopedic difficulties have also been installed in some locations in Ankara and İstanbul. Ziraat Bank's online branch has also been designed to be usable by visually impaired customers.

Ziraat Bank will continue its efforts to make it easier for the disabled customers to avail themselves of branch, ATM, and online banking services in the future as well. The Bank's near-term objectives include extending the scope of changes introduced in pilot projects to encompass all branches. ATM units will also be altered and equipped with features that allow the units to be used by the visually impaired as well as by those with orthopedic difficulties. Work is currently in progress on the development of spoken menus that will start being added to ATM units for the

As of end-2014 the number of Ziraat Bank domestic branches reached 1,682. The Bank is also mindful of the environmental impact of its efforts to make itself more accessible to its customers.

benefit of the visually impaired in 2015. The goal is to have at least one ATM usable by the disabled customers in every city at the outset.

Another plan involves introducing a chat channel by the end of 2016 in order to enable hearing-impaired customers to benefit from call center services. Work is also being carried out on making changes in Ziraat Bank's mobile banking apps so as to better accommodate disabled customers' needs.

### Service network growth: An eco-friendly point of view

As of end-2014 the number of Ziraat Bank domestic branches was 1,682. When expanding the reach of its service network, Ziraat Bank is also mindful of the environmental impact of its efforts to make itself more accessible to its customers. For example the number of vehicles allocated for branches' use is minimized so as to help reduce their carbon footprints.

With the introduction of the Bank's New Auditing Model in 2014, it is now possible for an increasingly greater number of the Bank's branches to be audited from headquarters. Considering that Ziraat Bank has branches based even in some of Turkey's remotest locations, this practice generates substantial savings in terms of time, cost, and resource use.

In the medium term, Ziraat Bank's goal is to increase the size of its branch network to 2,000 so as to give its customers convenient, quick, and top-quality access to its financial products and services in every locality.

## Customers

As Turkey's pioneering and leading financial services provider, Ziraat Bank regards contributing to financial literacy by providing consumers with truthful, impartial, comparable, and up-to-date information about financial services as one of its fundamental values.

### Financial Literacy

The degree to which a society is financially literate is tremendously important to its ability to construct a sustainable future for itself. For individuals, financial literacy means having access to the information they need in order to make decisions about financial issues that are vital to their future wellbeing.

As Turkey's pioneering and leading financial services provider, Ziraat Bank regards contributing to financial literacy by providing consumers with truthful, impartial, comparable, and up-to-date information about financial services through every possible channel and supporting financial literacy through educational activities as being among its fundamental corporate responsibilities.

Some of Ziraat Bank's efforts in this direction are summarized below.

- Ziraat Bank focuses on making effective use of the internet in order to improve the financial literacy of its SME customers. To this end, the Bank is currently developing separate internet websites whose content is structured specifically for the particular needs of its trade and manufacturing sector customers on the one hand and for its agricultural sector customers on the other.
- Representatives from Ziraat Bank's Entrepreneurial Banking Department visit branches at regular intervals at which time they provide branch managers, customer representative officers, and customer representative assistants with training on financial literacy issues. During such training, which is informed by the financial particulars of each branch's non-retail customers, branch employees and customers are given financial literacy guidance. In 2014 a special seminar on the subject of foreign trade finance was conducted for the customers of the Bank's branch in the Dudullu Organized Industrial Zone in Istanbul.
- Ziraat Bank publishes materials and sponsors activities in support of increasing people's awareness about financial issues. Such activities include promoting financial products and services in newspapers, magazines, and other publications and sponsoring TV programs about economic issues.

- Members of Ziraat Bank's senior management regularly attend economics gatherings as speakers and panelists every year and they are also interviewed by newspapers and magazines. During such encounters, they use the platforms and media as an effective way to convey information about financial literacy to the broadest possible audiences.

#### Financial literacy education and training

During 2014 Ziraat Bank engaged in a variety of education and training activities aimed at informing consumers about financial product concepts and use and at making them aware of the various alternatives from which they were able to choose. Information about these activities and programs is briefly summarized below.

#### *E-learning for children and teenagers*

The issue of thriftiness, which is becoming increasingly more important throughout the world nowadays, is a matter of crucial importance for Ziraat Bank.

Ziraat Bank organizes educational activities for youngsters that help make them aware of the importance of thriftiness and saving in ways that are both entertaining and informative.

"Ziraat Bank Information Islands" is a series of themed e-learning modules that teach young people about such things as the relationship between money and banks, how banks function, how to use borrowing and credit cards wisely, and how to use resources like money, electricity, and water economically.

The modules in this program consist of:

- "Money & Bank Island"
- "Savings Island"
- "Borrowing & Credit Card Island"
- "Budget Island"



Recognizing ethical marketing communication as an indispensable form of competition, Ziraat Bank's foremost concern is to provide its audiences with information that is truthful, impartial, and up-to-date in the conduct of its marketing and advertising activities.

### ***E-learning for farmers and other customers***

In keeping with its mission of supporting agriculture and agricultural endeavors, Ziraat Bank organizes and conducts educational programs for its farmer customers.

One of these programs deals with modern irrigation methods and focuses on such matters as proper irrigation techniques, how to use water resources efficiently, and how to maximize crop yields and quality.

Another Ziraat Bank program designed for farmers is concerned with agricultural insurance. This program focuses on the importance of insurance by making participants aware of the risks they face and how insurance can help them deal with the losses that such risks can lead to.

"How Does Credit Card System Work?" is an informative and instructive program designed for Ziraat Bank customers that focuses on the importance both of credit cards as an essential part of everyday life nowadays and of using them knowledgeably.

Ziraat Bank recently reviewed and revised its customer e-learning materials for children, teenagers, and farmers in order to bring the materials up to date in light of recent developments. These revised materials will go into use in 2015.

### **⬇ G4-DMA, G4-PR7**

In today's world, advertising, promotion, other marketing tools, and social media have become crucially important as communication channels between service providers and consumers. As a form of communication, marketing helps increase efficiency and maximize social benefit in both national and international markets.

Ziraat Bank recognizes ethical advertising as an indispensable form of market communication and competition. In the conduct of its marketing and advertising activities, Ziraat Bank's foremost concern is to provide its audiences with information that is truthful, impartial, and up-to-date.

Ziraat Bank:

- Is mindful that the advertising that it publishes is both legal and compatible with the rules of fair competition
- Is mindful that its marketing communication approach and behavior is responsible, principled, and honest
- Takes great pains to ensure that its marketing communication embodies nothing that is contrary to its country's and its culture's generally-accepted rules, customs, and practices
- Gives attention to designing its marketing communications in such a way as neither to abuse its customers' trust nor to take any advantage of their lack of experience or knowledge
- Gives attention to timing and conveying messages that might influence customers' product and service purchasing decisions in ways that are proper, not misleading, and understandable.

In line with these principles, Ziraat Bank ensures that all aspects of the preparation and production -including photography, texts, slogans, music, visual design, and imagery- of all advertising materials that are needed and to be used to promote the Bank itself, or members of the Ziraat Finance Group, or each and every one of their products or services is properly coordinated with advertising agencies.

Recognizing that sponsorships are a highly effectual public relations method, Ziraat Bank makes use of them both to serve the best interests of society and to contribute to the enhancement of its own brand image. For more detailed information about Ziraat Bank's sponsorship activities in 2014, please refer to page ... of this report.

During the reporting period, there were no instances of any Ziraat Bank advertisements or of any Ziraat Bank publicity or sponsorship activities being in contravention either of mandatory marketing communication regulations or of its own voluntarily-adhered to rules.

## Suppliers

Served by a huge chain of suppliers, Ziraat Bank procures a volume of products and services ranging from cleaning materials to training and advertising from different companies.

📍 G4-DMA, G4-12, G4-EC9, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-HR4, G4-HR5, G4-HR6, G4-HR10, G4-HR11, G4-SO9, G4-SO10,

As the center of one of Turkey's geographically most extensive service networks, Ziraat Bank is also served by a huge chain of suppliers as well.

Just for the ordinary conduct of the everyday operations of its branch and headquarters units Ziraat Bank must procure, from a huge number of companies, organizations, and individuals, a volume of products and services ranging from office supplies to cleaning materials, from food and beverage services to employee transportation, and from maintenance & repairs to training and advertising. Likewise for the conduct of its core business activity, banking, it must also procure an extensive lineup of critical and essential products and services ranging from IT services to payment-card printing and from premises security to legal and valuation services.

Insofar as is possible, Ziraat Bank procures the everyday materials and services -mainly cleaning supplies, food and beverages, and transportation services- that its branches need from local suppliers.

In 2014, Ziraat Bank paid out about TL 267 million to suppliers located all over the country. Summarized details of these procurements, suppliers, and payments are given in the chart below. During the reporting period, the majority of Ziraat Bank's direct procurements were made from suppliers based in Turkey.

Breakdown of Ziraat Bank's procurements, suppliers, and payments in 2014

Supplier Functional Category	Number of Suppliers	Total Estimated Payments Made to Suppliers (TL million)
Security	4	78.2
Cleaning	5	64.0
IT hardware & expendables	53	53.6
Transport & delivery services (branch-ATM-personnel)	7	18.5
Furniture	17	16.9
Vehicle rental	2	15.3
IT software & licenses	24	10.0
Stationary & office supplies	10	5.5
Vehicle maintenance	Miscellaneous	4.2

# TL 267 million

Ziraat Bank paid out about TL 267 million to its main suppliers.



When selecting suppliers, Ziraat Bank gives attention to their compliance with universally accepted criteria and laws pertaining respect to human rights.

⊕ G4-DMA, G4-12, G4-EC9, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-HR4, G4-HR5, G4-HR6, G4-HR10, G4-HR11, G4-SO9, G4-SO10

## Ziraat Bank's approach to supply chain management

In the management of its supply chain, Ziraat Bank engages in a statutorily-mandated tendering process that is scrupulous, cost-competitive, and transparent. When selecting suppliers from which to procure goods and services, simultaneous consideration is given to several interacting parameters.

Before purchasing products or services from an existing supplier and in order to identify potential suppliers from which procurements might be made in the future, attention is given to the following issues, the determination of which involves a visit to the supplier's business premises:

- Previous performance if any
- Technological capabilities
- Financial standing (based on turnover, tax-assessment base, etc)
- Management profile
- Employee qualification and training levels
- Nature/location/area of business
- Reliability
- Market position
- Machinery & equipment park
- Environmental policies and practices
- References
- Delivery capabilities
- Evidence of service quality and/or quality management competencies (ISO certification etc).

Ziraat Bank identifies any environmental and/or social risks inherent in its goods and services procurements and stipulates these in its technical specifications. Examples of the Bank's adherence to this practice are to be seen in the requirement that cleaning service provider employees' garments must not contain azo dyes or other carcinogens, that thermal paper be used for the printing of ATM and POS receipts, and that IT equipment be rated as energy-efficient.

## Full compliance with laws and regulations in all aspects of supply chain management

Ziraat Bank seeks to be in full compliance with the requirements of laws and regulations in all aspects of its supply chain management and such compliance is an integral part of all of the contracts that the Bank enters into with its suppliers.

When selecting suppliers, Ziraat Bank gives attention not only to their compliance with laws and regulations pertaining to human rights and to workplace and employee health and safety standards but also to their attitudes towards the prevention of compulsory labor and exploitation, of child labor, of discrimination, and of similar abuses. If the Bank uncovers any evidence of any violations of such universally accepted criteria, it severs its contractual relationship with the supplier and may even impose sanctions such as banning the suppliers from bidding in future tenders.

During the reporting period, Ziraat Bank was not knowingly working with any supplier whose activities were subject to investigation for reasons involving human rights or environmental issues.

In addition to being governed by contractual law in general, Ziraat Bank's relations with its suppliers are subject to the particular rules set out in "Regulation Concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services" published by the Banking Regulation and Supervision Agency. Ziraat Bank periodically reviews its suppliers' performance to be sure that they are in compliance with the requirements of this regulation.

A detailed list of suppliers subject to this regulation is given on page 74 of Ziraat Bank's 2014 annual report.

In the period ahead, Ziraat Bank will be giving attention to making its suppliers increasingly more aware of the environmental and social aspects and ramifications of its sustainability policy and to expanding the scope of that policy's applicability.



As a people-oriented employer, Ziraat Bank...

**enables its personnel to view the future with confidence thanks to the rights and opportunities that it offers to them.**





## Employees

Ziraat Bank owes its leading position in the Turkish banking industry to its employees. Taking this simple fact as its point of departure, Ziraat Bank manages a human resources policy which puts the employee at its center and whose aim is to let the Bank's personnel view the future with confidence.

### G4-DMA

Regarding its employees as the architects of its banking business sustainability, Ziraat Bank fulfills its obligations towards its personnel by compensating them appropriately and equitably and by providing them with modern working conditions and with opportunities for professional and personal progression.

Believing that its employees should be individuals who are capable of keeping pace with the demands of the day and are open to change and improvement and who have an affinity for teamwork and an advanced sense of responsibility, Ziraat Bank supports its personnel throughout their careers in line with its philosophy of constant progress.

### Ziraat Bank human resources highlights

#### G4-LA2

- As of 31 December 2014, Ziraat Bank had 23,617 people on its payroll, all of whom are employed on a full-time basis.
- More than 85% of Ziraat Bank's employees have a university bachelor's degree or higher academic qualifications. The average age of its employees is 35. The average length of service as of the reporting date was 11 years.
- Ziraat Bank has more master's and doctorate degree-holders on its payroll than any other bank in Turkey.
- In 2014 Ziraat Bank added 38 new employees to the contingent of its staff that it allocates for people with physical disabilities.
- Ziraat Bank gives importance to the presence of women in the workforce. According to Capital, a magazine, Ziraat Bank ranks fifth among the top one hundred in a survey of companies in Turkey based on the number of women on their payroll.

### Ziraat Bank's fundamental mission in the area of human resources is to be the bank that the best people in its industry most want to work for.

In its recruitment processes, Ziraat Bank always focuses on seeking out and getting the right people for the right jobs and this principle informs every aspect of those processes. The rights and opportunities that the Bank offers its personnel also enable them to view the future with confidence.

Every year Ziraat Bank conducts a review of its staffing requirements. Available positions and the qualifications required for them are published in the human resources sections of nationally circulating newspapers and they are also announced on Ziraat Bank's corporate website.

Recruitment exams are conducted by a specialist organization working under contract with the Bank in order to identify potential candidates for employment. Anyone who satisfies the minimum requirements to sit for these exams may apply to do so. Those who receive at least a passing grade are called in for an interview that is conducted by experienced Ziraat Bank personnel. Those who pass the interview successfully are hired. Signing the Ziraat Bank Code of Ethics is one of the requirements of hiring.

Although no new personnel were hired in this way in 2014, the application and testing procedure was initiated and completed during the year in order to identify a large number of people who are to be recruited and hired in 2015.

#### G4-EC6

In keeping with its principle of hiring locally where possible, in 2014 Ziraat Bank asked candidates during the recruitment process to specify which province (city) they preferred to work in.

#### G4-LA1

A total of 1,596 Ziraat Bank employees left the Bank for various reasons in 2014. The Bank's employee turnover rate last year was 7%.

More than 85% of Ziraat Bank's employees have a university bachelor's degree or higher academic qualifications.

⬆ G4-DMA

**Ziraat Bank creates a workplace environment that is modern, respectful of human rights, and mindful of employee happiness.**

Seeking to increase employees' company loyalty by motivating them and to reward employees for their individual contributions to the company's success, Ziraat Bank has introduced a performance management system whose scope is steadily being expanded to embrace all units of the Bank, including those at its headquarters.

Work is also being conducted on projects to make information more generally available more quickly and more economically through e-learning and mobile training methods. The aim of these projects is to ensure that employees have access to information whenever they need it.

Explicit and transparent notifications about job descriptions and assignments and about performance and reward criteria are sent out by email and published so as to be accessible to all via the Ziraat Bank internet portal. All instances of suspected or alleged irregularities, abuse, etc concerning such matters are investigated by appropriate headquarters units.

**The Ziraat Bank Individual Performance Management System is designed to support the constant development and progression of the Bank's employees.**

The Ziraat Bank Individual Performance Management System is a system for measuring at regular intervals the individual success and ranking of employees based on objective, quantifiable, and previously-specified criteria and information. This system was designed and introduced in 2013 in order to reward superior performance. Its primary function is to enhance the effectiveness of sales personnel.

The Ziraat Bank Individual Performance Management System has been set up so as to allow personnel to be rated in two different ways based either on their numerical performance or else on their competencies. Numerical performance is an expression of

the degree to which an employee's performance conforms to the Bank's strategic targets as measured by objective criteria associated with each one, the indications of an employee's competencies (such as their ability to be customer-focused, profitable, and efficient and to manage risk) can significantly raise or lower their numerical performance score.

In the implementation of this system, a current bonus budget was allocated taking the Bank's profitability and operational results in 2014 into account with the proviso that their total amounts not exceed 8% of the Bank's aggregate monthly salary payments. This allocation is paid out to recipients as an individual performance bonus at three-month intervals along with their February, May, August, and November salaries based on objectively defined and numerically expressible specific criteria. In this system, which has been set up to focus mainly on marketing in line with the Bank's strategies and targets, bonuses are calculated so as to enhance the earnings of those who contribute more to the realization of those strategies and targets and paid to employees according to:

- branch segment and scale group,
- rankings that have been determined according to individual performance report cards in line with the numerical performance measurement results at three-month intervals,
- employees' performance bonus coefficients.

The different coefficients that are used when calculating bonuses are determined jointly by business units according to branch segment and scale, individual performance ranking, and job position criteria.

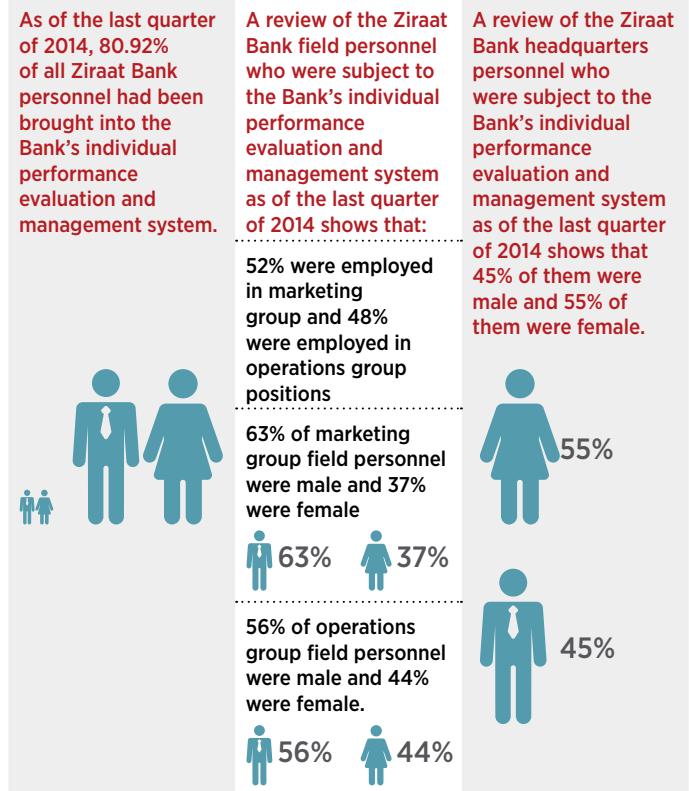
Under a new procedure introduced for the third quarter of 2014, marketing group personnel bonuses were calculated in direct proportion to the numerical performance points in each section. Beginning with the fourth quarter of that year, the bonuses of counter personnel were calculated based on the performance of the counter to which they were assigned.

## Employees

Most of the work related to Competency-Based Performance Management project had been completed as of end-2014.

G4-DMA, G4-LA11

### Performance management and career progression highlights at Ziraat Bank



Performance evaluation results are used as input when determining employees' assignments and promotions as well as their performance bonuses. Field personnel who are subject to numerical-based performance evaluation consist of those who are employed in coordinatorships and regional offices and in branches and those who are employed in portfolio and operations units. Headquarters personnel who are subject to the system consist of those who are employed in Company Analysis, Project Analysis, and Operations Center units.

In the case of Competency-Based Performance Management, position- and unit-based competency specifications together with most of the evaluation system design and software work had been completed as of end-2014. Ziraat Bank plans to have its Competency-Based Performance Management System up and running some time in 2016.

### In 2015 Ziraat Bank will continue to provide its employees with modern working conditions and career progression opportunities appropriate to their positions.

The Bank will also continue to enrich career path opportunities both through in-position advancements and through promotions to higher positions.

Personnel who have reached the Authorized level and whose participation in the Ziraat Bank Management Trainee Program in 2015 is successful will continue to be appointed to branch manager positions as needs arise.

A project is currently being conducted to allow requests and opinions concerning changes in employees' job assignments and locations to be submitted online covering the periods of June-July and December-January.

The Bank plans to update its HR rules and revise some of its HR processes in order to bring them into accord with changes and practices introduced by the collective bargaining agreement that was signed with the Öz Finans-İş trade union on 31 December 2014.

### Employee Performance Evaluation at Ziraat Bank: Secret Customer Program

The Ziraat Bank Secret Customer Program was introduced in 2014 in order to obtain additional performance evaluation input by determining such issues as:

- the degree to which employees are complying with business targets and standards,
- the adequacy of employees' efforts to acquire new customers for the Bank,
- how effective employees are in imparting their product knowledge to customers.



# 4,006 employees

In the conduct of the promotions program in 2014, a total of 4,006 Ziraat Bank employees received promotions as a result of their successful performance during the exams.

## Ⓢ G4-DMA, G4-LA11

The results of the coordinated quarterly (three-monthly) Secret Customer Program performance evaluations that were conducted during 2014 were compiled in reports that were sent out to appropriate units of the Bank for their information. Authorized Branch, Regional Department, and Headquarters users are now able to display polling result details from the web reporting page.

This program will continue to be conducted at three-month intervals until the end of 2016.

## Ziraat Bank is an employer that adheres to a transparent career-management approach.

As a requirement of its people-focused HR policy, it is very important for Ziraat Bank that people be employed in positions that are compatible with their competencies. Similarly, the Bank also endeavors to fill its management position vacancies in-house from among its own staff.

In keeping with this, Ziraat Bank has moved away from a vertical, title-based organizational structure in favor of a more horizontal structure that is based on job descriptions. With this changeover, the concept of "job position" has also been incorporated into the Bank's career management processes. Besides holding a title that defines their place in the professional hierarchy, every employee is also associated with a "job position" that describes what they do, what customer segment they do it for, and whether they are involved in marketing or operations.

A Management Trainee Program has been started in order to meet the Bank's need for management personnel. The training provided under this program focuses on creating the managers of the future.

In the conduct of its promotions program in 2014, 25.16% of Ziraat Bank employees took part in written examinations and/or interviews determine their readiness to be promoted to a higher position. A total of 4,006 employees received promotions as a result of their successful performance during these exams.

## Ⓢ G4-51, G4-52, G4-53

## Ziraat Bank's pay policy is rooted in the principle of fairness.

The salaries and compensation paid to Ziraat Bank personnel undergo a year-end annual review for each coming year.

Ziraat Bank's remuneration system was reviewed during 2013 and a number of changes that were identified in light of existing needs went into effect on 1 January 2014. One of these is a supplementary payment that is made in lieu of promotion to personnel who have satisfied the minimum seniority requirement for promotion to a higher position than their current one but are not promoted. This payment is made in addition to their regular salary.

### Remuneration Committee

The Ziraat Bank Remuneration Committee is responsible for monitoring and supervising remuneration practices on behalf of the Bank's Board of Directors. This committee reviews and assesses remuneration policies and practices in order to determine their compatibility with the Bank's code of ethics, strategic objectives, and risk management principles and it makes recommendations concerning them to the Board of Directors at regular intervals.

The remuneration that is paid to the Bank's CEO and to the members of its board of directors is decided upon at each year's general meeting. Such payments are determined in line with a proposal that is made by the representative of the Treasury Undersecretariat.

## Ⓢ G4-DMA, G4-LA13

All salary compensation and other emoluments at Ziraat Bank are paid to employees exclusively on the basis of their job titles and duties without consideration being given to gender or any other distinction.

## Employees

70.2% of Ziraat Bank's employees are union members as a consequence of the Bank's respectful and protective attitude to employee rights.



### G4-DMA

#### Collective Bargaining Agreement

A number of provisions applicable to remuneration policy and contained in the collective bargaining agreement with the Öz Finans-İş trade union went into effect as of 1 January 2015.

The Öz Finans-İş trade union was authorized to negotiate collective bargaining agreements with Ziraat Bank under letter 75014829/103.03/16164 dated 7 September 2014 from the Ministry of Labor and Social Security (General Directorate of Labor). Negotiations, which were conducted pursuant to article 47 of Statute 6356, were concluded as of 31 December 2014 and resulted in Ziraat Bank's signing the first collective bargaining agreement in its history.

Under this two-year contract, which went into force on 1 January 2015, Bank personnel who are members of the Öz Finans-İş trade union enjoy a number of additional rights that include supplementary payments in their monthly salary and leave time.

### G4-I1, G4-LA4

The contract also specifies notice periods that must be complied with when work agreements are to be terminated by the employer or by an employee.

70.2% of Ziraat Bank's employees are union members.

#### Pensions and Retirement Benefits

A group pension scheme to which the employer also contributes went into effect for Ziraat Bank employees as of 1 January 2013. This scheme is being managed by Ziraat Hayat ve Emeklilik AŞ, Ziraat Bank's life insurance and pension provider subsidiary. Under the original terms of the agreement, Ziraat Bank agreed to pay an employer's contribution of not more than 3% of a participating employee's gross monthly salary, provided that the employee did the same, except that in neither case could the contributions be less than TL 50 a month.

Effective 1 January 2014, the employer's monthly contribution was fixed at a flat-rate TL 50 while the matching employee contribution requirement was abolished. The employer's contribution was increased to TL 100/month as of 1 January 2015. Under the terms of

the same pension scheme, Bank employees and their relatives who sign up for the plan do not have to pay entrance or administrative fees and they also qualify for a management fee discount.

#### Overtime

In principal, employees are expected to complete a regular day's work within regular working hours. In 2014 a system was introduced at the Bank that enables the overtime that branch and regional unit personnel put in to be tracked methodically. Besides standardizing payments for overtime throughout the Bank and making them more transparent, this system has also made it possible to determine units' staffing requirements more effectively.

Attention is given to units and personnel claiming large amounts of overtime, the reasons for excessive overtime are investigated, and measures are taken to reduce it.

#### Healthcare and benefits

Ziraat Bank employees who are not civil servants and their family members qualify for regular Social Security Agency healthcare and benefits. Principles and procedures have also been laid out that allow additional healthcare benefits to be paid to them out of Ziraat Bank's budget subject to allocations authorized by the Board of Directors. Bank personal who are members of the TZHVakfi Health & Pension Fund receive payments from its budget.

The Bank has also entered into special agreements with healthcare providers such as hospitals, medical imaging centers, and doctors' surgeries where its employees qualify for discounts. Information about such places is accessible to all employees via the Bank's internet portal.

#### Employee leave

Ziraat Bank employees' paid annual leave entitlements are subject to general provisions of labor law governing such matters. Union-member employees who have been working for the Bank for less than five years qualify for fourteen rather than sixteen days of paid annual leave. Ten days of this leave must be taken as a single, uninterrupted block of time. Announcements concerning this rule are made regularly. Employees' use of their leave time is tracked closely.

118,277 employees took part in the Ziraat Bank’s e-learning programs in 2014 which even make their own indirect contribution to environmental wellbeing.

⊕ G4-DMA, G4-LA10, G4-HR2

### A wide range of training activities took place at Ziraat Bank in 2014.

Ziraat Bank conducts many different training programs in its ongoing efforts to ensure that its employees have the knowledge and skills they need to perform their jobs effectively.

Training activities in 2014 were conducted under the following headings:

- “Banking School & Orientation Training”, which is given to newly-recruited personnel to introduce them to the Bank, to help them adapt to its corporate culture, and to equip them with basic knowledge and skills,
- “Career Training”, which is given to existing personnel in order to equip them with the knowledge, skills, and competencies demanded by their jobs,
- “Management Trainee Program Training”, which is given to personnel who have reached the Authorized level in order to ready them for management-level positions and duties,
- “Development Training”, which is given to employees sometimes to satisfy the training requirements of the Bank’s goals and strategies and sometimes to inform them about new products and services or about changes in the legal framework,
- “Mandatory Training”, which is training given to employees as mandated by law,
- “Licensing & Certification Training”, which is given to employees to help them prepare for national and international licensing and certification examinations.

During 2014, training was provided to 14,719 employees. Average training time per person was 15.46 hours.

### Contributing to the environment through extensive use of e-learning

Owing to the dimensions and reach of its service network, Ziraat Bank makes extensive use of e-learning in the conduct of its training activities in support of regular classroom training. Besides making it possible to provide more training to more people in less time and without interrupting work schedules, e-learning also

means that people can access training materials and resources whenever and wherever it is convenient and also proceed at their own pace. By reducing the need to travel to and from training venues, e-learning even makes its own indirect contribution to environmental wellbeing. 118,277 employees took part in the Bank’s e-learning programs in 2014.

⊕ G4-SO4

During the year, Bank employees were also provided with training on issues related to the prevention of money-laundering and terrorism financing. Detailed information about this training is provided in the accompanying chart. 97.97% of all Ziraat Bank personnel have taken part in this training.

Ratio of training recipients/ total employees (%)	Headquarters	Classroom	0.84	97.97
		Distance	93.33	
Branches/ Agencies	Classroom	0.46		
	Distance	98.42		

⊕ G4-LA9

Position	Male		Female	
	Individual Trainees*	Average Training Time/ Person	Individual Trainees*	Average Training Time/ Person
Managerial	6,353	1.84	1	0.67
Other	30,600	15.40	12	12.09
Total/ Average	36,953	17.23	17,064	12.76

\* Individual trainee: This term is used in the Bank’s training statistics. If one employee takes part in three different training programs during a year, he counts as three “individual trainees” even though he is only one person.

## Employees

Ziraat Bank considers every kind of training as a component of its activities and its business practices. In 2014, 2,080 university students received training under the Bank's internship program.

Ⓣ G4-DMA, G4-LA9, G4-LA10

### Other training activities

Professional skills training was provided to 970 vocational highschool and 20 university students in 2014 while 2,080 university students received training under the Bank's internship program.

"Ziraat'e Hoşgeldiniz" ("Welcome to Ziraat") is a booklet which has been prepared and is distributed to newly-hired personnel as a handy source of information to introduce them to the Bank and its corporate culture and to ease them into their jobs.

### Training activities planned for 2015

#### 1) The Ziraat Bank Learning Management System will be commissioned. This system will allow:

- Training activities to be designed more effectively,
- E-learning resources to be created faster,
- Personnel who take training-related tests and respond to polls to see their results immediately,
- Faster and more convenient access to information about employees' classroom training and e-learning activities, to information about classroom and accommodation availability and use, and to training documentation,
- Online monitoring of the progress of training processes such as requests, approvals, and cancellations etc,
- Faster and more accurate tracking, quantifying, and reporting of training activities as they take place.

#### 2) Distance learning modules based on the findings of the New Auditing Model

These modules will allow the New Auditing Model's findings to be used in order to formulate training that is entirely needs-based and even personalized. Distance learning modules will be designed so as to ensure that such training is made accessible to bank employees faster. This will have the additional benefit of allowing an individual to complete identified training requirements as well.

#### 3) Mobile training materials for managers and authorized personnel

Training materials in the form of mobile apps will allow these personnel to do their training whenever and wherever it is convenient. Designed to be succinct and brief, such training can be

supported by means of video, audio, visuals, and text without any need for additional infrastructure investment.

#### 4) Use of performance management data to analyze training requirements

The Bank plans to organize training and development programs that target areas in which its employees need to improve their basic, functional, and managerial competencies.

Ⓣ G4-DMA, G4-LA5, G4-LA6, G4-LA7, G4-LA8

### Employee health and safety concerns are fundamental elements of Ziraat Bank's human resources policies and practices.

Ziraat Bank ensures that it is in full compliance with the Occupational Health & Safety Act (Statute 6331). The Bank is classified as a "low-risk workplace environment".

As required by that act, a Ziraat Bank Occupational Health & Safety Coordination Committee has been set up and is charged with fulfilling its occupational health and safety duties and responsibilities as an employer. This committee is presided over by the Assistant General Manager for Financial Coordination. Its members consist of relevant department heads, workplace physicians, safety officers, and employee representatives.

The duties and authorities of the Ziraat Bank Occupational Health & Safety Coordination Committee include:

- Preparing internal occupational health & safety directives appropriate to the workplace environment; submitting these for the consideration and approval of employer and employee representatives; monitoring compliance with directives; reporting the results of such monitoring; identifying issues and bringing them to the attention of the Committee,
- Ensuring that employees are provided with occupational health & safety guidance when they are in need of it,
- Assessing workplace occupational health & safety risks and the effectiveness of measures to counter them; identifying measures that need to be taken and notifying employer/employee representatives accordingly,

Employee health and safety concerns are fundamental elements of Ziraat Bank's HR policy. During 2014, 3,752 people were provided with occupational health & safety training at Ziraat Bank.

⊕ G4-DMA, G4-LA5, G4-LA6, G4-LA7, G4-LA8

- Investigating and examining every workplace accident, any potentially harmful incident even if it is not treated as a workplace accident, any instance of work-related illness, and any threat to workplace health and safety; identifying and reporting on measures that need to be taken and notifying employer/employee representatives accordingly,
- Planning workplace occupational health & safety training and instruction; preparing programs concerning such issues and the rules applicable to them; submitting these for the consideration and approval of employer and/or employee representatives as appropriate; monitoring compliance and reporting infractions,
- Planning safety measures that need to be taken during the conduct of workplace maintenance and repairs; checking that such measures are properly taken,
- Observing the adequacy and effectiveness of measures and teams for dealing with workplace risks arising from fire, natural disasters, sabotage, and the like,
- Preparing annual reports concerning workplace occupational health & safety issues; assessing each year's occupational health & safety performance; identifying issues based on experience that need to be addressed in the next year's program; submitting these to the employer,
- Urgently convening and deciding what to do whenever employees exercise their right to refrain from work on the grounds of article 13 of the Occupational Health & Safety Act (Statute 6331),
- Developing a coherent and comprehensive occupational health & safety policy that embraces and deals with all aspects of workplace technology, organization, conditions, social interactions, and environment.

As mandated by law, the Ziraat Bank Occupational Health & Safety Coordination Committee convenes regularly at least once every three months. During these meetings, participants discuss issues applicable to their duties and authorities such as Bank employee H&S training, first aid training, regular health checkups, regular tests and care, risk assessment reporting, drills and evacuation procedures, and issues involving subcontractors.

During 2014, 3,752 people were provided with occupational health & safety training at Ziraat Bank.

No Bank personnel are employed in jobs that expose them to high risk of accident or of contracting particular illnesses.

During 2014, no workdays were lost at the Bank for such reasons as workplace-related injuries, occupational illnesses, strikes, lockouts, natural disasters, or building destruction or collapse.

Similarly neither were there any fatal workplace accidents at Ziraat Bank in 2014.

The collective bargaining agreement between Ziraat Bank and the Öz Finans-İş trade union also contains occupational health & safety provisions governed by Statute 6331 and its applicable regulations and directives.

### **Ziraat Bank strives to ensure the sustainability of a participatory and collaborative work environment.**

Because it gives great importance to employee communication, Ziraat Bank makes use of a variety of channels in order to ensure the effectiveness of such communication.

#### **Ziraat Bank Employee Suggestion System**

Adhering to and supporting innovative approaches in employee communication, Ziraat Bank regards its employees' suggestions and feedback as opportunities to constantly make improvements.

In 2014 Ziraat Bank introduced an employee suggestion system which is actively used by all Bank employees and which ensures that their suggestions are directed quickly to appropriate persons and dealt with. The objectives of the Ziraat Bank Employee Suggestion System are to involve employees in decision-making mechanisms, to have the benefit of employees' knowledge and experience, to encourage employees to come up with improvements, and to constantly enhance service quality and efficiency.

Thanks to this system, it is possible for employees' suggestions to be received and acted upon immediately by the units concerned with them. During 2014, 7,205 suggestions were sent through the Ziraat Bank Employee Suggestion System and acted upon as deemed necessary.



## Employees

Under the new transfer requests system introduced in 2014 at Ziraat Bank, employees wishing to be reassigned to a different place may forward their request to the Human Resources Department with the approval of their supervisor.

### Transfer Request System

In 2014 a new system for receiving and handling employees' transfer requests was introduced. Under this new system, employees wishing to be reassigned to a different place may forward their request to the Human Resources Department at designated times of the year and with the approval of their supervisor.

This system includes a scoring module that allows these requests to be evaluated objectively. Another feature of this system is that it allows managers to contribute to the employee career progression process by recommending changes in an employee's job assignment based on their own assessment of the individual's abilities.

In situations where such changes would have an impact on an employee's entitlement rights, the individual is notified in writing and given six business days in which to accept or reject the changes.

⬇️ G4-LA1, G4-LA12

A breakdown of below mentioned positions at Ziraat Bank by gender, age group, and educational level is presented below.

**Table 1 (Gender breakdown)**

Position/Gender	Male (%)	Female (%)	Total (individuals)
Assistant General Manager	100		11
Group Head	85.71	14.29	7
Department Head	95.45	4.55	44
Regional Coordinator	100		9
Regional Manager	100		38
<b>Total</b>	<b>97.25</b>	<b>2.75</b>	<b>109</b>

**Table 2 (Age breakdown)**

Position/Age	30-40	41-50	51+	Total (individuals)
Assistant General Manager		9	2	11
Group Head		4	3	7
Department Head	16	28		44
Regional Coordinator		3	6	9
Regional Manager	2	26	10	38
<b>Genel Toplam</b>	<b>18</b>	<b>70</b>	<b>21</b>	<b>109</b>

**Table 3 (Educational level breakdown)**

Position/Education	Associate degree (%)	Bachelor's degree (%)	Master's degree (%)	Doctorate (%)	Total (individuals)
Assistant General Manager		81.82	18.18		11
Group Head		85.71	14.29		7
Department Head		56.82	36.36	6.82	44
Regional Coordinator	11.11	66.67	22.22		9
Regional Manager		73.68	23.68	2.63	38
<b>Total</b>	<b>0.92</b>	<b>67.89</b>	<b>27.52</b>	<b>3.67</b>	<b>109</b>

At Ziraat Bank, who gives importance to young employment, the 33.27% of employees are under 30.

⊕ G4-LA1, G4-I0, G4-LA12

A breakdown of Ziraat Bank human resources by gender, age group, and educational level is presented below.

Table 1 (Breakdown by gender)

Gender	# individuals	%
Male	14,235	60.27
Female	9,382	39.73
<b>Total</b>	<b>23,617</b>	<b>100.00</b>

Table 2 (Breakdown by age group)

Age	# individuals	%
30 -	7,858	33.27
30-50	13,816	58.50
51+	1,943	8.23
<b>Total</b>	<b>23,617</b>	<b>100.00</b>

Table 3 (Breakdown by educational level)

Educational Level	# individuals	%
Middle school	65	0.28
Highschool	3,009	12.74
Associate degree	2,961	12.54
Bachelor's degree	15,484	65.56
Master's degree	2,064	8.74
Doctorate	34	0.14
<b>Total</b>	<b>23,617</b>	<b>100.00</b>

Table 4 (Breakdown by assigned unit)

Unit	# individuals	%
Regional	281	1.19
Headquarters	4,530	19.18
Branch	18,714	79.24
International	92	0.39
<b>Total</b>	<b>23,617</b>	<b>100.00</b>

Employee assignments to positions in Ziraat Bank's organizational structure and broken down by gender are shown below.

Unit	Male (%)	Female (%)	Total
Headquarters Office	62.05	37.95	4,530
Regional Coordinator's Office	68.63	31.37	51
Regional Office	76.96	23.04	230
Corporate Branch	52.6	47.4	384
Entrepreneurial Branch	59.9	40.1	1,778
Branch	59.67	40.33	16,552
International	73.91	26.09	92
<b>Total</b>	<b>60.27</b>	<b>39.73</b>	<b>23,617</b>

## Employees

In 2014, 5,943 Ziraat Bank employees with various titles took part in examinations to be promoted to a higher position.

The data related to parental leave at Ziraat Bank in 2014 is as follows:

In 2014	Female	Male
a. Number of employees entitled to parental leave	842	856
b. Number of employees taking parental leave	842	856
c. Number of employees returning to work at the end of parental leave	840	846
d. Number of employees who returned to work at the end of parental leave and were still working for the Bank twelve months later	839	842
e. Rates at which employees who take parental leave return to and remain in their jobs	99.6%	98%

Ⓢ G4-LA1, G4-LA3

The breakdown of employees who took part in exams to be promoted to a higher position in 2014 at Ziraat Bank is as follows:

Job category	Male	%	Female	%	Total
Attorney	3	33.33	6	66.67	9
Engineer	7	100	-	0	7
Service Chief	1,432	59.79	963	40.21	2,395
Service Officer	1,210	68.25	563	31.75	1,773
Specialist	100	56.82	76	43.18	176
Assistant Specialist	63	49.22	65	50.78	128
Assistant Manager	407	53.62	352	46.38	759
Support Assistant	657	94.4	39	5.6	696
<b>Total</b>	<b>3,879</b>	<b>65.27</b>	<b>2,064</b>	<b>34.73</b>	<b>5,943</b>

 G4-LA1

Ziraat Bank's organizational structure and personnel turnover based on age breakdown is shown below:

Unit	2014 New Hires			2014 Terminations			Personnel Turnover Rate		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Headquarters</b>				<b>264</b>	<b>73</b>	<b>337</b>	<b>10</b>	<b>5</b>	<b>8</b>
19-30				45	16	61	6	3	5
31-40				28	17	45	3	3	3
41-50				33	25	58	5	7	5
51+				158	15	173	39	23	36
<b>Coordinator's Office</b>	<b>246</b>	<b>174</b>	<b>420</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>4</b>
19-30	124	83	207		1	1	0	8	4
31-40	98	81	179	1		1	7	0	5
41-50	24	10	34	1		1	11	0	10
51+							0	0	0
<b>Regional Office</b>				<b>26</b>	<b>13</b>	<b>39</b>	<b>7</b>	<b>8</b>	<b>7</b>
19-30				3	1	4	1	2	2
31-40				2	3	5	2	4	3
41-50				4	4	8	7	19	10
51+				17	5	22	77	167	88
<b>Corporate Branch</b>	<b>1</b>		<b>1</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>2</b>
19-30	1		1		3	3	0	5	3
31-40							0	0	0
41-50				1	1	2	9	7	8
51+							0	0	0
<b>Entrepreneurial Branch</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>27</b>	<b>17</b>	<b>44</b>	<b>3</b>	<b>3</b>	<b>3</b>
19-30		1	1	10	6	16	3	2	3
31-40	2	1	3	3	4	7	1	2	1
41-50	1		1	2	3	5	2	4	3
51+				12	4	16	59	100	65
<b>Branch</b>	<b>41</b>	<b>21</b>	<b>62</b>	<b>853</b>	<b>301</b>	<b>1,154</b>	<b>8</b>	<b>4</b>	<b>7</b>
19-30	25	13	38	129	90	219	3	3	3
31-40	13	6	19	53	25	78	2	1	2
41-50	3	2	5	105	82	187	5	6	6
51+				566	104	670	41	42	41
<b>International</b>				<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>
19-30							0	0	0
31-40							0	0	0
41-50							0	0	0
51+				2	1	3	44	33	40
<b>Total</b>	<b>291</b>	<b>197</b>	<b>488</b>	<b>1,175</b>	<b>410</b>	<b>1,585</b>	<b>8</b>	<b>4</b>	<b>7</b>

\* Because of closing or segment changing of Commercial Branches (conversion into Corporate Branch, Entrepreneurial Branch, Branch) in the beginning of 2014, 378 Commercial Branch employees are not included in the average personnel number.

\*\* The 11 employees who resigned from Commercial Branches in 2014 are not included in the number of total personnel.

Engaging in a wide range of activities intended to contribute to the communal heritage, Ziraat Bank...

**gives particular attention to endeavors in the areas of culture, art, sport, and education.**







## Ziraat Bank's approach to corporate social responsibility

Ziraat Bank conducts enduring social responsibility projects whose aims are to protect cultural values, to contribute to the communal heritage, and to uphold traditions and customs.

Corporate social responsibility (CSR) is a concept involving the integration of social and environmental criteria into a company's business activities and the establishment of a voluntarily dialogue between the company and its stakeholders about such matters.

CSR is beneficial not just because it makes a company more competitive in international markets, encourages its employees to be more active in business processes, helps protect the environment, and contributes to the development of civil society collaborations but also because it is an important element of its sustainable development and success in the social arena.

For a company to incorporate CSR into its business strategies not because it is legally required to but because it wants to is regarded as the most ideal approach and the most sustainable way of achieving such beneficial results.



### For over a century and a half Ziraat Bank's actions have been informed by its spirit of social collaboration and by its conscientious contributions to social wellbeing.

While the Bank engages in a wide range of activities intended both to create communal value and to nurture individual improvement, it gives particular attention to endeavors in the areas of culture, art, sport, and education.

Ziraat Bank designs and conducts enduring social responsibility projects whose aims are to protect cultural values, to contribute to the communal heritage, and to uphold traditions and customs. The Bank regards this as more than just a duty and rather as an outcome of its mission.

Ziraat Bank's corporate social responsibility activities in 2014 are summarized below.

### The first of its kind: The Ziraat Bankası Banking Museum

Turkey's first museum devoted to banking, the Ziraat Bankası Banking Museum opened its doors to the public on 20 November 1981. Occupying the ceremonial hall of the Bank's original headquarters building in the Ulus district of Ankara, the museum provides a look at the Bank's 151-year history.

Besides being an important source of information about Imperial- and Republican-period history, the Ziraat Bankası Banking Museum also houses examples of objects used in the Turkish banking industry together with peerless examples of Turkish art. Also on display is a panoramic view of the progress and development of banking in Turkey.

In the 1990s Ziraat Bank increased its support for art. The 34 exhibitions that were mounted in the Bank's Ankara Kuğulu and İstanbul Tünel galleries in 2014 were attended by more than 28 thousand people.

### An enduring Ziraat Bank tradition: Supporting art and artists

Guided by its slogan "Through Art For Art", Ziraat Bank has been displaying its support for art and artists through the systematic projects that it has undertaken throughout its corporate history.

In the 1990s Ziraat Bank increased its support for art by providing new venues for artists and art lovers to come together and opening its Kuğulu, Tünel, and Kızıltan Ulukavak art galleries and the Ömer Nafi Güvenli Exhibition Hall.

The 34 exhibitions that were mounted in the Bank's Ankara Kuğulu and İstanbul Tünel galleries in 2014 were attended by more than 28 thousand people.

### Enhancing our value to society: The Ziraat Bank Art Collection

Ziraat Bank is aware of the important role that culture and art play as mirrors of society in efforts to reach audiences and convey messages about social progress and advancement to them.

It is because of this awareness that the Bank has been actively engaged in programs to promote cultural and artistic activities since 1863. Throughout its history Ziraat Bank has acquired precious paintings and sculptures by leading artists of the day and added them to an ever more-distinguished collection.

That collection begins with examples from the early 19th century that bear the historical stamp of Ottoman-period society while embracing its progressive development and continues with others that bear witness to the developmental changes that the arts have gone through ever since, right down to the present day.

The Ziraat Bank Art Collection is a vast treasure-trove of works ranging from Romantic landscapes to Impressionist and Symbolist interpretations, from Expressionist approaches to Cubist explorations, from the bold abstractions of the Paris School to Gestural and Geometrical Abstraction, and from compositions rooted in traditional values and social realities to avant-garde experimentation and the works of Modern and Postmodern artists.

Beside behaving as an exemplar of a conscientious art collector, Ziraat Bank's commitment to being a pioneer in society's cultural progress is shown by the way in which it shares the works in its collection with the public through the comprehensive exhibitions that it organizes and through a book that documents the implications and results of informed, proper, sound, and methodically- and systematically-supported collecting that is consistent with artistic criteria.

The Ziraat Bank art collection consists of more than 2,500 works, the majority of which are oil paintings but which also include watercolors, gouaches, pastels, prints, ceramics, and sculptures. The collection continues to be enriched through acquisitions from among works exhibited by artists at Ziraat Bank's galleries.

A project is currently under way to restore a bank-owned 19th-century building in İstanbul's Cağaloğlu district. When completed, this structure will serve as the Ziraat Bank Museum of Painting and Sculpture, a venue in which the bank plans to make the works in its collection accessible to art lovers.





## Ziraat Bank's approach to corporate social responsibility

Ziraat Bank has set its eye on the goal of nurturing volleyball players who are talented enough to wear the national colors through its “Ten National Athletes in Ten Provinces” project.



### Protecting the culture heritage: Ziraat Bank building conservation

Ziraat Bank is the owner of buildings located in Ankara and İstanbul as well as in many other cities that are important in the history of Turkish architecture. The Bank regards and protects these buildings as precious elements of the country's culture heritage.

Fifty-two of these buildings belonging to the Bank are listed/protected monuments that were erected after 1910 and are still in active use today. Ziraat Bank plays a part in protecting Turkey's cultural heritage by carrying out maintenance and repair work that is faithful to the structures' original architectural spirit.

### Systematic and sustainable support for Turkish volleyball

Ziraat Bank has been supporting volleyball as a sport in Turkey for years through the Ziraat Bank Sports Club. The club has launched a campaign to make the sport appealing to children all over the country. In the first stage of this program, the club attracted four hundred children through free-of-charge “volleyball schools” in the ten provinces of Adana, Bartın, Diyarbakır, Eskişehir, Hatay, Kahramanmaraş, Konya, Kocaeli, Mersin, and Tekirdağ.

In the second stage of the program, Ziraat Bank has set its eye on the goal of nurturing volleyball players who are talented enough to wear the national colors through its “Ten National Athletes in Ten Provinces” project.

### Ziraat Bank the Turkish Cup name sponsor once again in the 2014/2015 season

Both in keeping with its efforts to support sports in general and in recognition of their contributions both to social wellbeing and the Bank's public face, Ziraat Bank once again served as the Turkish Cup name sponsor for the 2014/2015 season.

Ziraat Bank has been the Turkish Cup name sponsor since the 2009/2010 season and will remain so until the end of the 2016/2017 season.

In the 2014/2015 season, Ziraat Bank continued to sponsor a sports club that has been successfully representing the bank in the Aroma Men's Premier Volleyball League since the 2007/2008 season.

In 2014 new versions of the bank's “Shadows” and “Football Machine” TV spots were broadcast.



In 2014, Ziraat Bank supported the “Osmanlı Kent Yıllıklarında Ankara: Salname-i Vilayet-i Ankara”, “Kütahya Atlas” and “Turkish Poets and Poetries of the Century” projects.

### Support for scholarly publications

Under the “Yunus Emre Institute’s 100 Turkish Libraries” project, which was launched in 2012, Ziraat Bank continued to make an important contribution to scholarly research by supporting the establishment of one hundred Turkish libraries in different countries around the world in 2014.

### Support for historical and cultural publications

Ziraat Bank also engages in projects whose aim is to ensure that the country’s historical and cultural heritages are handed on intact to future generations. In 2014 the bank supported the “Osmanlı Kent Yıllıklarında Ankara: Salname-i Vilayet-i Ankara” adlı eser ile “Kütahya Atlas” and “Turkish Poets and Poetries of the Century” projects.

### “Kids On Vacation/School Under Repairs”

Under the “Kids On Vacation/School Under Repairs” project, schools located in government-designated “Priority Developments Regions” undergo repairs and refurbishment. In 2014 Ziraat Bank continued to make an important contribution to the future of the country by fixing up and fitting out its children’s schools.

### “Seyyah: Ulu Çınarın İzinde” Project

First introduced in the summer of 2012 with Ziraat Bank support to contribute to the individual and social development of economically deprived children and youths by taking them on trips to interesting places around the country, this program continued in 2013 and 2014.

### Participation in conferences and other events

Ziraat Bank seeks to contribute not just to the growth and development of Turkey’s agriculture and industry but also to sociocultural and economic development as well. In keeping with this aim, in 2014 the Bank once again took part in and supported many different culture & art festivals and other events such as World Food Day, World Environment, and the annual “Golden Pen Awards” ceremony for economics journalists.



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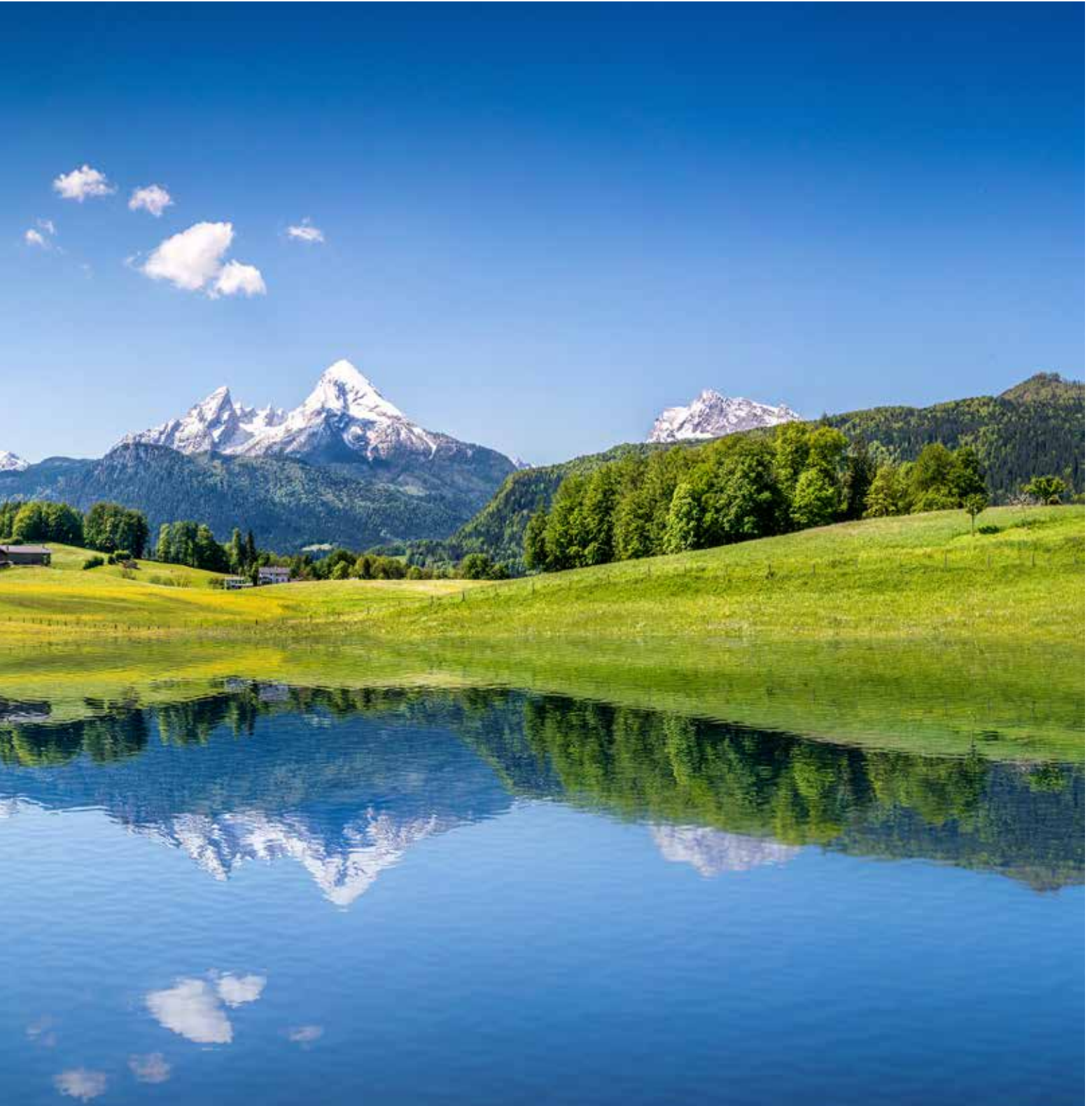
## Ziraat Bank and the Environment

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Under the Sustainability Policy that was announced in 2014, Ziraat Bank...

**has embarked upon a process of creating a new and systematic structure for its efforts to manage its direct environmental impact.**





# Ziraat Bank and the Environment

Continuing its efforts to optimize its natural resource use in 2014 with no loss of momentum, Ziraat Bank made significant gains on many fronts.

⬇️ G4-DMA, G4-EN31

Ziraat Bank engages in an ongoing effort to make efficient and economical use of the resources such as energy, water, natural gas, and paper that it consumes in the conduct of its business and service processes. Under the Sustainability Policy that was announced in 2014, the Bank has embarked upon a process of creating a new and systematic structure for its efforts to manage its direct environmental impact.

Some of the projects that the Bank undertook in this area in 2014 are discussed briefly below.

## Paper Use and Optimization Projects

### Paper ranks high among the supplies used the most at Ziraat Bank.

For Ziraat Bank, recycling and recovering waste paper to make it economically useful is just as high a priority as is optimizing its paper consumption.

As of 19 September 2012, Ziraat Bank stopped using paper for the dispatch of internal communications throughout the bank. Since then, all such communications have been in electronic format. In 2014 alone this practice prevented the use of 5,764,660 sheets of A4 paper.

### Double-sided hard-copy printouts and e-faxes

When hard-copy printouts must be taken, the multifunction printers installed at Ziraat Bank reduce paper consumption by printing on both sides of the sheet. Besides conserving paper this practice is also calculated as having reduced the bank's total CO<sub>2</sub> emissions by 523 tons in 2014.

Handling about a million fax communications on average every year in the conduct of its business, in 2014 Ziraat Bank completed its changeover to electronic-format fax transmissions. All of the Bank's headquarters, regional, and branch units now send, receive, and archive only electronic-format faxes and no hard-copy printouts of them are taken. Besides conserving paper, this practice has also increased the security and accountability of the Bank's fax communication processes.

### Double-sided printing project: 2014 Environmental Report

CO <sub>2</sub> emissions prevented (kg)	# pages saved through double-sided printing	# trees saved from harvesting by double-sided printing
523,134	16,248,951	2,029

### # faxes processed in 2014

Incoming	Outgoing
482,105	513,162





# 3.5 million sheets

It is estimated that Virtual Loan-Account File Project prevented the use of about 3.5 million sheets in 2014 alone.

## Virtual Loan-Account File Project

The goal of the Virtual Loan-Account File Project is to handle all credit and loan-related documentation from creditworthiness investigations and offers to disbursements and servicing entirely in electronic format both by scanning paperwork and creating electronic-format documents. When this project becomes operational, it will also be possible for all involved/authorized units to access and view this documentation online.

In the first stage of this project, the paper forms formerly used in the credit proposal/allocation process were prepared in electronic format instead and without taking hardcopy printouts. The second stage of the project involved the electronic-format documentation of the credit-rating and proposal processes. It is expected that this project will substantially reduce Ziraat Bank's use of paper. It is estimated that it prevented the use of about 3.5 million sheets in 2014 alone.

In 2014 efforts continued to be made in the case of documents that the law requires are obtained from other agencies and organizations when making credit allocation decisions to get these from their sources in electronic format as well. Not only will that help such outside concerns in their own efforts to reduce paper use; for the Bank, it will increase employee motivation and customer satisfaction by speeding up processing.

In January 2013, the Bank began obtaining electronic-format documents and information required of firms taking out loans to finance investments. This also saves paper, labor, time, and space. Documentation used in performing firms' financial analyses is also being circulated among units in electronic format.

The practice of sending out documents concerning loan applications approved by Ziraat Bank by mail or fax has been terminated. These documents are now being transmitted in electronic format along with the original application appended to them. A centralized retail credit allocation system encompassing all Ziraat Bank branches became operational as of 12 March 2013. Ziraat Bank is taking part in the Treasury Undersecretariat's

In 2014 the Centralized Bulk Statement Dispatch Project prevented the use of 12,762,354 sheets of A4 paper.

program of converting all bookkeeping records and other documentation to electronic format. In 2015 the bank's branches will begin maintaining their daybook and general ledger accounts in electronic format only. It is expected that this will prevent the use of at least a million sheets of A4 paper a year.

## Substantial amounts of paper were saved in 2014 thanks to the Centralized Bulk Statement Dispatch Project.

Ziraat Bank now sends statements of all transactions performed by its Operations Center to customers by email.

Under the Centralized Bulk Statement Dispatch Project, transaction notes and statements for transactions which must be so reported as well as for those which requests are made are sent to customers by email.

In 2014 the Centralized Bulk Statement Dispatch Project prevented the use of 12,762,354 sheets of A4 paper.

## Conserving paper with electronic-format statements and invoices

The project that was begun in 2013 to send out electronic-format rather than paper invoices documenting communication services continued in 2014. Considering that more than 170,000 telephone bills were handled last year alone, the huge savings in paper use that result from this procedure may be appreciated.

## Ziraat Bank is the first and only bank in Turkey that issues electronic-format mortgage deeds of release.

Ziraat Bank works together with many different agencies and organizations in order to provide its customers with faster and better-quality service. One example of this is to be seen in the protocol which the bank signed with the General Directorate of Deeds & Cadastral Surveys to permit mortgages on real estate properties to be released electronically. Under this agreement, mortgage loan borrowers' requests for deeds of release are sent electronically to the Ziraat Bank Operations Center, which then sends them electronically to the appropriate deeds registry.



## Ziraat Bank and the Environment

At Ziraat Bank, it is assumed that the project to transfer investigatory processes to the central system will prevent the use of at least 20,000 sheets of A4 paper every year.



📌 G4-DMA, G4-EN23

In August 2014 Ziraat Bank became the first financial institution in Turkey to issue electronic-format mortgage deeds of release. It is still the only one capable of doing so. The issuance of electronic-format mortgage deeds of release prevented 2,540 sheets of A4 paper from being used last year.

### Electronic-format inspection and internal control reporting saved 174,000 sheets of A4 paper.

Under a project being carried out to issue electronic-format bank inspection and internal control reports at Ziraat Bank, new auditing and control models have been introduced. All such reports for branches are now being issued in this way. As a result of this project, hard-copy reports are no longer being issued for branches and this practice has generated substantial savings in paper. The audit reports for headquarters and other units can now be prepared and viewed online. This has already made it possible to reduce paperwork costs.

The electronic-format preparation, issuance, and circulation of audit reports by the Ziraat Bank Board of Inspectors and of internal control reports by the Ziraat Bank Department of Internal Control & Compliance prevents the use of about 174,000 sheets of A4 paper every year.

### E-signature & Virtual Inspection Archives Project

Under the Board of Auditors' E-Signature & Virtual Archives Project, handwritten signatures are no longer accepted on documents at Ziraat Bank; electronic signatures must be used instead.

Now that the virtual archives project has become operational, all audit reports and Board of Auditors documentation are being archived digitally. This practice is generating substantial savings both in paperwork processing costs and in time. The digital archiving of audit reports has already prevented the use of about 25,000 sheets of A4 paper. Compared with the cost of maintaining physical archives, digital archives are also considerably more economical as well.

Potentially risk-fraught transactions are identified by means of a variety of scenarios deployed on a daily and monthly basis

by the Board of Auditors' Centralized Audit Team. This allows necessary checks to be made through the system without any physical documentation being required while also increasing the operational security of the Bank's business and transactions.

### A project to transfer investigatory processes to the central system will be completed in 2015.

In 2014 the Board of Auditors initiated a project to incorporate its investigatory processes into the central system as well. With the completion of this project, which is expected in early 2015, it will be possible for investigation reports to be composed, issued, circulated, and viewed online.

The preparation and dissemination of electronic-format rather than hard-copy investigation reports will generate considerable savings not only in paper but also in time, cost, and energy. If the investigation reports prepared in 2014 are taken as a benchmark, this project is likely to prevent the use of at least 20,000 sheets of A4 paper every year.

## Waste Management

### 500 tons of used paper was recycled at Ziraat Bank in 2014.

Since 2003, documents whose retention by Ziraat Bank is no longer mandated by law together with the waste paper that the Bank's units and branches generate has been sold to licensed firms for use in recycling.

In this way, the Bank helps reduce the amounts of new raw materials needed in paper manufacturing.

In 2014 a total of 192 tons of waste paper generated by headquarters units was disposed of in this way. Another 500 tons generated by the Bank's branches was sold under contract to two licensed recycling firms.

The process of reducing paper use in the conduct of the Bank's operations continues. In 2014 the Bank purchased 1,915 tons of paper, of which 775 tons (290,000 packs) consisted of A4 and 1,140 tons consisted of untrimmed raw paper.



During 2014, nine of the Ziraat Bank's service buildings underwent controlled demolition and their materials were recovered. The Bank has set itself a target of increasing the number of its sustainability-friendly branches to 400 in 2015.

Ⓢ G4-DMA, G4-EN23, G4-EN27, G4-EN31

### IT and other electrical and electronic scrap

Ziraat Bank sells discarded IT equipment (computers, printers, photocopiers, etc), equipment consisting largely of sheet metal (air conditioner units, housings, etc), storage batteries, and ATM units to environment ministry-licensed firms authorized to transport and process such scrap. This prevents the scrap from causing environmental harm while also ensuring that it is recycled for use as inputs by others.

### Chemical waste

When replacing the chemicals in fire extinguishers that have passed their expiration date, Ziraat Bank works with firms licensed to collect and dispose of such materials. By working only with duly supervised and authorized firms, the Bank ensures that the chemicals are properly disposed of without causing environmental harm.

### Destruction of spent toner cartridges

As required by the Ministry of Environment and Urban Planning's "Regulation on the control of electrical and electronic equipment waste" published in issue 28300 of the official gazette on 22 May 2012, Ziraat Bank has begun surrendering its branches' spent toner cartridges for destruction by their original manufacturers.

## Improvements in Ziraat Bank Service Premises

In keeping with its environmental protection approach, Ziraat Bank seeks to constantly improve the eco-friendliness of all aspects of its branch network and other service premises.

Ziraat Bank takes an R&D approach when identifying the plumbing, electrical components, fittings, furniture, furnishings and similar inputs that it uses in its own construction projects. Attention is given to the functionality and recyclability of such materials and preference is given to concepts whose environmental impact is potentially the least.

As part of its efforts to minimize the environmental impact of its construction projects, Ziraat Bank has waste generated during the conduct of work transferred under supervision to locations

designated by local municipal authorities. In all such undertakings, efforts are made to contribute beneficially to the environment through effective supervision that ensures that waste is properly removed from building sites.

### In 2014, 274 Ziraat Bank branches were rehabilitated in light of sustainability criteria.

In keeping with its efforts to expand the scope of sustainability concepts throughout the Bank, alterations were carried out at 274 of the Bank's branches. In the project design and application stages, precedence was given to the use of innovative, composite materials which transcended classical criteria and whose environmental impact was considered as well. In the case of structures that are likely eventually to be demolished, attention is given as early as the project-costing stage to the recovery and reuse of materials.

In architectural design, attention is given to projects that make use of natural daylight, potentially eco-harmful materials are avoided, and precedence is given to applications that will quickly pay for themselves within two years or so.

During 2014, nine of the Bank's service buildings underwent controlled demolition and their materials were recovered. The Bank has set itself a target of increasing the number of its sustainability-friendly branches to 400 in 2015.

Ⓢ G4-DMA, G4-EN6, G4-EN7

## Initiatives to Reduce Energy Use

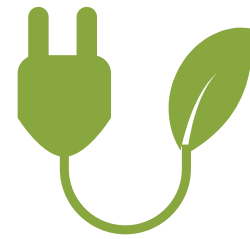
During 2014 Ziraat Bank continued to work on a large number of projects aimed at reducing its energy use.

### The Ziraat Bank Data Centers Project

Ziraat Bank is in the process of reorganizing its data centers in light of its current needs.

## Ziraat Bank and the Environment

One of the goals of Ziraat Bank Data Centers renovation project is to reduce the Bank's annual energy consumption to around 4,226,700 kWh.



📌 G4-DMA, G4-EN6, G4-EN7, G4-EN27, G4-EN31

The Ziraat Bank Data Centers Project has a twofold IT focus that concentrates separately on:

- the organizations to which services are provided (Ziraat Bank, Ziraat Katılım Bankası, Ziraat Sigorta, Ziraat Emeklilik, etc)
- the diversity of the services being provided (online banking, ATM network access, credit cards, etc).

In the design, construction, installation, and relocation of data centers, attention is to be given to the interactions among all of these services.

The gains that will be achieved through the Ziraat Bank Data Centers Project may be summed up as follows:

1. Risk management functions will be improved by the changeover to technology that is newer and more secure.
2. A higher level of performance will be achieved.
3. Less energy will be consumed.
4. The overall structure's modularity will make more flexible and expandable.

The Ziraat Bank Data Centers are currently operating with infrastructure which has been in service for more than a decade and which consumes about 6,570,000 kWh of electricity a year on average. One of the goals of these centers' renovation is to reduce their average annual energy consumption to around 4,226,700 kWh.

This estimated 2,343,300 kWh reduction in energy use should generate cost savings on the order of USD 300 thousand a year.

### Green IT Project

One of Ziraat Bank's sustainability priorities is to conserve energy by making more efficient use of energy resources.

The Green IT project that Ziraat Bank first initiated in 2005 to optimize the energy use of the computers employed in its branch, regional, and headquarters units has been continuing successfully ever since.

- If computers at the Bank remain on outside normal office hours, their users are messaged notices at specified times advising them to shut down their machines. Units will automatically shut down unless the user takes action to prevent it.

- When computers at Ziraat Bank remain idle for 10 minutes, their monitors automatically go into sleep mode in order to help conserve energy.
- Microsoft's System Center 2012 Configuration Manager systems management software opens in vPro mode outside of office hours, on weekends, and in the event of an emergency so that security patches and updates may be installed more efficiently.
- Hardware failures can be detected and identified centrally even if the remote operating system is not functioning. This speeds up the intervention and repair process by ensuring that technicians show up with the spare parts etc that they need.

The savings generated by the automatic shutdown of the Bank's computers when they are not actively being used and adherence to other Green IT policies and practices are put at about TL 5 million a year. The benefits of Green IT to Ziraat Bank consist of:

- Enhanced productivity
- Lower operating costs
- Improved customer satisfaction.

### E-signatures in tendering processes

Ziraat Bank has adopted the use of e-signatures in its tendering processes in order to save on time as well as on the fuel and paper that would otherwise be used by/for personnel and travel. This helps minimize the use of expendables in the conduct of tendering procedures, averts the environmental harm such use might cause, and also permits labor and time to be used for other purposes.

### Centralized spot-checks

Performed by the Ziraat Bank Centralized Spot-Check Team, centralized spot-checks are a method of randomly checking ordinary transactions according to different scenarios at predetermined intervals.

Centralized spot checks are performed by the team online and without any physical documentation being required. The results of these checks are reported in the same way. This saves time, expense, and energy while also eliminating the need for paper.

# TL 5 million

The savings generated by the automatic shutdown of the Bank's computers and adherence to other Green IT policies are put at about TL 5 million a year.

⬇️ G4-DMA, G4-EN6, G4-EN7, G4-EN27, G4-EN31

## Instant controls

An Instant Control Project is to be undertaken that will allow internal controllers to check branches' transactions the moment they take place. Whenever a branch transaction crosses a specific risk threshold, it will be examined immediately by the Instant Control Team. If the transaction is determined to be in error, the branch will be notified immediately so that it can be corrected the same day. Besides reducing the costs incurred by inadvertencies, this project will also save on time, energy, and paper use.

## Fuel-consumption criteria in vehicle procurements

Another way in which Ziraat Bank seeks to minimize the adverse environmental impact of its operations is the attention that it gives to fuel-consumption criteria when purchasing or leasing vehicles. The fuel that vehicles being considered for purchase or rental require is treated as an element of total cost of ownership while fuel economy is included as one of the criteria of tendering specifications. Besides lowering the vehicles' environmental impact, this practice also incidentally reduces total fossil fuel consumption at the national level.

## Changeover to LED illumination

Ziraat Bank seeks to conserve energy as much as possible in the conduct of its service operations. The Bank reduces its illumination costs by installing more energy-efficient LED lighting systems in its branches, signage, and ATM housings. Ziraat Bank is also minimizing its use of fluorescent lighting owing to the human and environmental health and safety issues that it poses.

## Ziraat Bank completed its changeover to a new WAN structure in 2014.

A project to convert all branch data lines to a new WAN (wide area network) structure was completed in 2014. Under this project, data transfer speeds were increased and cabling was also simplified without the need for new hardware.

Seeking to conserve energy as much as possible in its service operations, Ziraat Bank reduces its illumination costs by installing more energy-efficient LED lighting systems.



## Centralized monitoring of ATM units

Ziraat Bank owns and operates an extensive ATM network. A project to monitor these units centrally and also to equip them with biometric access-control features that is currently in progress is slated for completion in February 2016.

With the completion of this project, it will also be possible to centrally monitor ATM housings' ambient temperatures and energy use. By collecting and analyzing such data, energy use can be reduced by making fine-tuned adjustments.

## Ziraat Bank achieves substantial savings in time, cost, and resource use through the centralized inspection of its branches.

With the commissioning of the New Auditing Model at Ziraat Bank in 2014, it has become possible to perform inspections on a number of small-scale branches based on an analysis of their year-long risk exposure directly from headquarters and without having to actually visit a branch's physical premises. This achieves significant savings in terms of time, cost, and energy.

## Identifying risky transactions by the Inspection Scenario Team saves time, cost, and energy.

Scenarios have been composed for use by the Inspection Scenario Team to identify transactions that are incompatible with Ziraat Bank's corporate risk attitudes. These scenarios enable the team's members to spot potential risks among thousands of transactions

By enabling Bank inspectors to focus their attentions on such risks, this practice achieves significant savings in terms of time, cost, and energy.

⬇️ G4-DMA, G4-EN30

## Environmental impact mitigation

- In 2014 Ziraat Bank procured 1,956 split air conditioners equipped with high energy-efficiency inverter technology and non-ozone-depleting R-410A refrigerant.
- Of these units, 256 that the Bank procured to help reduce its heating costs and improve its energy efficiency comply with the newly-introduced Variable Refrigerant Flow/Volume (VRF/VRV) standard that reduces energy use while also maximizing comfort.

## Ziraat Bank and the Environment

Ziraat Bank gives particular importance to supporting projects which will generate added value for the national economy. In this respect, the Bank supports energy sector. The ratio of the energy sector loans in Ziraat Bank's corporate lending portfolio is 6%, with outstanding balance of TL 7.5 billion.



### Ⓣ G4-DMA, G4-EN30

- The specifications for Ziraat Bank's procurements of the cleaning materials used by its branches and units stipulate that they must be manufactured from chemicals that are not harmful to either human or environmental health. Although the cleaning equipment (vacuum cleaners, mops, floor polishers, etc) and the cleaning supplies (detergents, soaps, polishes, disinfectants, etc) used to clean service buildings are procured by outside cleaning service providers, their compliance with specifications is periodically checked by the Bank.
- In line with its efforts to reduce the adverse environmental impact of its personnel transportation services, Ziraat Bank has begun using routing software that shortens travel distances and thus saves fuel. The Ankara phase of this project, which seeks both to maximize service quality and to minimize cost, was completed in 2014. The Bank plans to undertake the same project in Istanbul and İzmir in 2015.

### Ziraat Bank's indirect environmental impact

Ziraat Bank's indirect environmental impact manifests itself in its product and service presentation processes.

Ziraat Bank provides financing support to a wide range of undertakings, especially in the areas of renewable energy and energy efficiency, which are capable of playing a key role in combating environmental degradation and climate change. For the same purpose, the Bank also supplies high added-value products and services to tens of thousands of individuals and SMEs that are active in agriculture and many other business lines all over Turkey.

More detailed information about the Bank's activities under this heading during the reporting period is given in the "Customers" section beginning on page 50 of this report.

### More effective indirect environmental impact management through sectoral specialization

Believing in the value and importance of sectoral specialization and in keeping with its corporate strategies, Ziraat Bank has begun more effectively managing the indirect impact that its products and services have on the environment and on climate change. The Bank has set up organizational units that specialize in manufacturing, construction, agriculture, and energy project

investments. This makes it possible for the Bank to keep a much closer watch on sector-specific issues such as technology, changes in the legal framework, and investment tax incentives and thus to propose potent value-creation solutions to its customers.

### The importance of the energy sector and its contribution to Ziraat Bank's loan portfolio

Ziraat Bank gives particular importance to supporting sectors and projects which are capable of generating added value for the national economy while also reducing the country's foreign dependency, especially in the case of energy.

Keeping Turkey supplied with the energy it needs currently accounts for some 60% of the country's foreign trade deficit. Investments in the energy sector will therefore not only help reduce that deficit but will also ensure that energy is available when and where it is required.

According to 31 December 2014 figures published by the Banking Regulation and Supervision Agency, Ziraat Bank accounted for a 7.7% share of all the lendings made to the Turkish energy sector.

As of the same date, the outstanding balance of the energy sector loans in Ziraat Bank's corporate lending portfolio amounted to TL 7.5 billion or about 6% of the total. An analysis shows that TL 4.1 billion consisted of cash loans while the remaining TL 3.4 billion reflected the Bank's non-cash credit exposure.

Ziraat Bank provides financing support to energy projects based on its assessment of the nature, terms, and merits of the investment. The Bank also serves as a conduit for funding made available for such projects by international financial institutions such as the World Bank. For more detailed information, please refer to page 62.

Electronic-format documentation concerning Ziraat Bank's energy sector financing activities, including the outcomes of reporting processes and detailed analyses of sectorally-important issues is accessible to internal stakeholders through the bank's online portal.

In order to improve Ziraat Bank's ability to identify and meet the funding needs of the energy sector, bank personnel take part in training on a variety of energy-related issues that is provided by external consultants.

# 11.1%

The water consumption of Ziraat Bank headquarters reduced by 11.1% in 2014.

Ⓢ G4-DMA

### Ziraat Bank will remain steadfast in its commitment to protecting the environment.

Behaving as a responsible corporate citizen and abiding by the principles and goals set out in its Sustainability Policy, Ziraat Bank will remain steadfast in its commitment to protect the environment in 2015 and the years that follow. Among its efforts to enhance the environmental added value that it creates, the Bank plans to have Leadership in Energy & Environmental Design (LEED) certification obtained for the Ziraat Towers project that is being built at the International Financial Center Complex in Istanbul's Ataşehir district.

### Ziraat Bank's Energy Consumption and Carbon Footprint in 2014

Ⓢ G4-EN3, G4-EN4, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19

#### Aggregate 2014 carbon footprint of all Ziraat Bank headquarters units

The aggregate carbon footprint of all Ziraat Bank headquarters units is calculated as 8,063.62 tons in 2014. Of this total, 3,661.20 tons consists of direct and 4,402.42 tons consists of indirect greenhouse gas emissions.

#### Total energy consumed and emissions generated directly by Ziraat Bank headquarters units (Scope 1)\*

Headquarters	2014		2013	Scope 1: % change
	Direct Energy Consumption	Direct Greenhouse Gas Emissions (Scope 1) - tCO <sub>2</sub> e	Direct Greenhouse Gas Emissions (Scope 1) - tCO <sub>2</sub> e	
Natural gas (m <sup>3</sup> )	509,790	963.79	1,470	-34.44
Gasoline (liters)	29,395	79.14	81	-2.30
Diesel (liters)	972,479	2,618.27	1,015	157.96
<b>TOTAL</b>		<b>3,661.20</b>	<b>2,566</b>	<b>42.68</b>

\* The 42.68% rise in Scope 1 emissions is due essentially to an increase in the number of diesel-powered vehicles used by headquarters units.

The aggregate carbon footprint of all Ziraat Bank headquarters units is calculated as 8,063.62 tons in 2014. Of this total, 3,661.20 tons consists of direct and 4,402.42 tons consists of indirect greenhouse gas emissions.

#### Total energy consumed and emissions generated indirectly by Ziraat Bank headquarters units (Scope 2)

Headquarters	2014		2013	Scope 2: % change
	Indirect Energy Consumption	Indirect Greenhouse Gas Emissions (Scope 2) - tCO <sub>2</sub> e	Indirect Greenhouse Gas Emissions (Scope 2) - tCO <sub>2</sub> e	
Electricity Procurements (kwh)	9,588,280	4,402.42	4,732	-6.96

Ziraat Bank keeps track of the energy-use and emissions performance of its regional offices and branches located all over Turkey. In 2014 the Bank's regional offices and branches consumed a total of 3,465,799 liters of gasoline and diesel fuel, the direct (Scope 1) emissions of which are calculated as 9,331.19 tons of equivalent CO<sub>2</sub> (tCO<sub>2</sub>e). In 2014 the Bank's regional offices and branches also consumed 6,052,905 kWh of electricity, the indirect (Scope 2) emissions of which are calculated as 29,868.70 tCO<sub>2</sub>e.

Ⓢ G4-DMA, G4-EN8

#### Ziraat Bank's water consumption and water footprint in 2014

Water Consumption	2013 Consumption	% change	2014 Consumption
Water consumption - Headquarters units (m <sup>3</sup> )	91,751	-11.10	81,569.69
<b>TOTAL</b>	<b>91,751</b>	<b>-11.10</b>	<b>81,569.69</b>



# Report Profile

This is the second sustainability report to be published by Türkiye Cumhuriyeti Ziraat Bankası AŞ (Ziraat Bank / "the Bank"), a financial institution that has been contributing to the economic development of Turkey since 1863. This report (1) summarizes the performance which the Bank achieved during the reporting period (1 January to 31 December 2014) with respect to priorities which it had ascertained based on stakeholder feedback and (2) presents the Bank's goals and plans for the future. The report covers Ziraat Bank's activities in the areas of economic, environmental, and social sustainability from the standpoints of its stakeholders, its corporate structure, its banking business, its environment, its human resources, and its community.

Ⓣ G4-32

## The report's compatibility level, scope, and limits

This report has been prepared so as to be compatible with the G4 ("Comprehensive") option of G4 Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI). A copy of the GRI G4 Content Index may be found on page 103 of this report. The scope of this report is limited exclusively to the activities and operations of Ziraat Bank itself and does not cover those of its subsidiaries.

Ⓣ G4-28, G4-29

## The reporting period

Unless otherwise indicated, this report covers only the period beginning on 1 January 2014 and ending on 31 December 2014. Specific data points cited in this report will serve as benchmarks for any future sustainability reports that Ziraat Bank may publish. The most recent previous sustainability published by the Bank report was concerned with 2013.

Ⓣ G4-30

## The reporting cycle

Ziraat Bank will continue reporting its sustainability performance on a yearly basis.

## Reporting language and format

The Ziraat Bank 2014 Sustainability Report is being published in Turkish and English.

Because it regards the conservation of natural resources as a fundamental duty and in order to help save on the use of paper, Ziraat Bank is not publishing its 2014 sustainability report in printed form. Online and PDF versions of the report may be found at the link given below.

<http://www.ziraat.com.tr/tr/Bankamiz/Surdurulebilirlik/Pages/SurdurulebilirlikRaporlari.aspx>

Ⓣ G4-31

Contact information concerning this report is provided in the GRI Index on page 103.

# GRI G4 Content Index - Comprehensive



## ↓ G4-32

For the 2014 report, Ziraat Bank has successfully completed the GRI context index service in line with the Global Reporting Initiatives guidelines which points the high level of transparency of its performance. You can find below the entire GRI-G4 content index table with the general standard disclosures and specific disclosures.

GENERAL STANDARD DISCLOSURES					
General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>STRATEGY AND ANALYSIS</b>					
<b>G4-1</b>	Chairman's Message, page 14-17  CEO's Message, page 18-21				Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability
<b>G4-2</b>	Chairman's Message, page 14-17  CEO's Message, page 18-21				Key impacts, risks, and opportunities
<b>ORGANIZATIONAL PROFILE</b>					
<b>G4-3</b>	T.C. Ziraat Bankası A.Ş.				The name of the organization
<b>G4-4</b>	Ziraat Bank in Brief, page 2				Primary brands, products, and services
<b>G4-5</b>	Anafartalar Mahallesi, Atatürk Bulvarı No: 8, Altındağ, Ankara/ TURKEY				Location of the organization's headquarters
<b>G4-6</b>	Ziraat Bank operates in 16 countries around the world including Turkey with its international subsidiaries, international branches, sub-branches, and representative office. These countries except Turkey are: Germany, Bosnia and Herzegovina, Russia, Kazakhstan, Uzbekistan, Turkmenistan, USA, UK, Bulgaria, Iraq, Saudi Arabia, Georgia, Greece, TRNC, and Iran.				The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report
<b>G4-7</b>	Ziraat Bank is a wholly-owned entity of the Undersecretariat of the Treasury of the Republic of Turkey.				The nature of ownership and legal form
<b>G4-8</b>	Ziraat Finance Group, page 10				The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)
<b>G4-9</b>	Key Sustainability Indicators, page 6-7				The scale of the organization

## GRI G4 Content Index - Comprehensive

General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>G4-10</b>	Employees, page 83				<p>a. The total number of employees by employment contract and gender.</p> <p>b. The total number of permanent employees by employment type and gender.</p> <p>c. The total workforce by employees and supervised workers and by gender.</p> <p>d. The total workforce by region and gender.</p> <p>e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>f. Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p>
<b>G4-11</b>	70.2%				The percentage of total employees covered by collective bargaining agreements
<b>G4-12</b>	Please see: Employees, page 78				The organization's supply chain
<b>G4-13</b>	Suppliers, page 70-71				Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain
<b>G4-14</b>	There has not been any significant change during the reporting period regarding the organization's size, structure, ownership, or its supply chain.				Whether and how the precautionary approach or principle is addressed by the organization
<b>G4-15</b>	Sustainability and Corporate Governance, page 33-37				Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses
<b>G4-15</b>	Initiatives in which Ziraat Bank takes part or which it supports, page 30-31				

General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>G4-16</b>	Initiatives in which Ziraat Bank takes part or which it supports, page 30-31				<p>The memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> <li>• Holds a position on the governance body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul>
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>					
<b>G4-17</b>	<p>Ziraat Sigorta A.Ş., Ziraat Hayat ve Emeklilik A.Ş., Ziraat Finansal Kiralama A.Ş., Ziraat Yatırım Menkul Değerler A.Ş., Ziraat Portföy Yönetimi A.Ş., Ziraat Bank International AG (Germany), Ziraatbank BH d.d. (Bosnia and Herzegovina), Ziraat Bank (Moscow) CJSC, Kazakhstan Ziraat International Bank (KZI Bank) (Kazakhstan), Uzbekistan-Turkish Bank (UTBank) (Uzbekistan), Turkmen Turkish JSC Bank (Turkmenistan), Arab-Turkish Bank A.Ş.</p> <p>For more information, please see Ziraat Bank 2014 Annual Report, page 220.</p> <p><a href="http://www.ziraatbank.com.tr">www.ziraatbank.com.tr</a></p>				All entities included in the organization's consolidated financial statements or equivalent documents
<b>G4-18</b>	2014 Prioritization Analysis, page 24				The process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content
<b>G4-19</b>	2014 Prioritization Analysis, page 24				All the material Aspects identified in the process for defining report content
<b>G4-20</b>	Material topic framework, page 26				The Aspect Boundary within the organization for each material Aspect
<b>G4-21</b>	Material topic framework, page 26				The Aspect Boundary outside the organization for each material Aspect

## GRI G4 Content Index - Comprehensive

General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
G4-22	There is no any restatement.				The effect of any restatements of information provided in previous reports, and the reasons for such restatements
G4-23	Ziraat Bank has identified the Scope and Aspect Boundaries for the first time.				Significant changes from previous reporting periods in the Scope and Aspect Boundaries
<b>STAKEHOLDER ENGAGEMENT</b>					
G4-24	Ziraat Bank's stakeholders, page 28				List of stakeholder groups engaged by the organization
G4-25	Ziraat Bank's stakeholders, page 29				The basis for identification and selection of stakeholders with whom to engage
G4-26	2014 Prioritization Analysis, page 24  Ziraat Bank's stakeholders, page 28				The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process
G4-27	Key topics and concerns that have been raised through stakeholder engagement are addressed in different sections of this report in detail.  Ziraat Bank's stakeholders, page 29				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. Report the stakeholder groups that raised each of the key topics and concerns
<b>REPORT PROFILE</b>					
G4-28	1 January 2014 - 31 December 2014				Reporting period (such as fiscal or calendar year) for information provided
G4-29	1 January 2013 - 31 December 2013				Date of most recent previous report (if any)
G4-30	Annual				Reporting cycle (such as annual, biennial)
G4-31	Ms. Deniz Kabukçu dselvi@ziraatbank.com.tr  Ms. Şeyda Kulaç Ünal, skulac@ziraatbank.com.tr				The contact point for questions regarding the report or its contents



General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>G4-32</b>	a. Comprehensive b. GRI G4 Index, page 103- c. The report has not been externally assured.				a. The 'in accordance' option the organization has chosen b. The GRI Content Index for the chosen option c. The reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines
<b>G4-33</b>	The report has not been externally assured.				a. The organization's policy and current practice with regard to seeking external assurance for the report b. The scope and basis of any external assurance provided if not included in the assurance report accompanying the sustainability report c. The relationship between the organization and the assurance providers d. Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report
<b>GOVERNANCE</b>					
<b>G4-34</b>	Sustainability and Corporate Governance, page 32-33				The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts
<b>G4-35</b>	Ziraat Bank and Sustainability, page 45				The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees

## GRI G4 Content Index - Comprehensive

General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>G4-36</b>	Ziraat Bank and Sustainability, page 45				Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body
<b>G4-37</b>	Ziraat Bank and Sustainability, page 45				Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body
<b>G4-38</b>	Sustainability and Corporate Governance, page 33				The composition of the highest governance body and its committees
<b>G4-39</b>	The duties of board chairman and CEO are performed by different individuals. The chairman of the Ziraat Bank Board of Directors has no executive duties.  Sustainability and Corporate Governance, page 32				Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)
<b>G4-40</b>	Sustainability and Corporate Governance, page 32				The nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members
<b>G4-41</b>	Sustainability and Corporate Governance, page 32				Processes for the highest governance body to ensure conflicts of interest are avoided and managed and whether conflicts of interest are disclosed to stakeholders
<b>G4-42</b>	Sustainability and Corporate Governance, page 38				The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts

General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
G4-43	Sustainability and Corporate Governance, page 38				The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics
G4-44	Ziraat Bank and Sustainability, page 45				<p>a. The processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, whether such evaluation is independent or not, and its frequency and whether such evaluation is a self-assessment</p> <p>b. actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice</p>
G4-45	Ziraat Bank and Sustainability, page 45				<p>a. The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities and the highest governance body's role in the implementation of due diligence processes</p> <p>b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities</p>
G4-46	Ziraat Bank and Sustainability, page 45				The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics
G4-47	Ziraat Bank and Sustainability, page 45				The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities

## GRI G4 Content Index - Comprehensive

General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
G4-48	Ziraat Bank and Sustainability, page 45				The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered
G4-49	Sustainability and Corporate Governance, page 32				The process for communicating critical concerns to the highest governance body
G4-50	Sustainability and Corporate Governance, page 32				The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them
G4-51		The whole indicator	Subject to specific confidentiality constraints	The information is subject to specific confidentiality constraint in the market where the Bank operates.	The remuneration policies for the highest governance body and senior executives and how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives
G4-52	Employees, page 77				The process for determining remuneration, whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Any other relationships which the remuneration consultants have with the organization
G4-53	Employees, page 77				How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable
G4-54		The whole indicator	Subject to specific confidentiality constraints	The information is subject to specific confidentiality constraints in the market where the Bank operates.	The ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country

General Standard Disclosures	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
G4-55		The whole indicator	Subject to specific confidentiality constraints	The information is subject to specific confidentiality constraints in the market where the Bank operates.	The ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country
<b>ETHICS AND INTEGRITY</b>					
G4-56	Sustainability and Corporate Governance, page 38				The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics
G4-57	Sustainability and Corporate Governance, page 38				The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines
G4-58	Sustainability and Corporate Governance, page 38				The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines



## GRI G4 Content Index - Comprehensive

<b>SPECIFIC STANDARD DISCLOSURES</b>					
<b>DMA and Indicators</b>	<b>Page</b>	<b>Identified Omission(s)</b>	<b>Reason(s) for Omission(s)</b>	<b>Explanation for Omission(s)</b>	<b>Description</b>
<b>CATEGORY: ECONOMIC</b>					
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>					
<b>G4-DMA</b>	Customers, page 51, 53				Generic disclosures on management approach
<b>G4-EC1</b>	Economic value created directly by Ziraat Bank in 2014, page 48-49				Direct economic value generated and distributed
<b>G4-EC2</b>	Chairman's Message, page 14-17				Financial implications and other risks and opportunities for the organization's activities due to climate change
<b>G4-EC3</b>	Customers, page 62 For information, please see Ziraat Bank 2014 Annual Report, page 220. <a href="http://www.ziraatbank.com.tr">www.ziraatbank.com.tr</a>				Coverage of the organization's defined benefit plan obligations
<b>G4-EC4</b>	Ziraat Bank does not receive any type of financial assistance from government.				Financial assistance received from government
<b>MATERIAL ASPECT: MARKET PRESENCE</b>					
<b>G4-DMA</b>	Employees, page 74-77				Generic disclosures on management approach
<b>G4-EC5</b>	At Ziraat Bank, entry-level salaries are at least equal to, if not higher than, the statutory minimum.				Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation
<b>G4-EC6</b>	All Ziraat Bank senior management is Turkish.				Proportion of senior management hired from the local community at significant locations of operation
<b>MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS</b>					
<b>G4-DMA</b>	Customers, page 48				Generic disclosures on management approach
<b>G4-EC7</b>	Customers, page 50				Development and impact of infrastructure investments and services supported
<b>G4-EC8</b>	Customers, page 50				Significant indirect economic impacts, including the extent of impacts
<b>MATERIAL ASPECT: PROCUREMENT PRACTICES</b>					
<b>G4-DMA</b>	Suppliers, page 70-71				Generic disclosures on management approach
<b>G4-EC9</b>	Suppliers, page 70				Proportion of spending on local suppliers at significant locations of operation

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>CATEGORY: ENVIRONMENTAL</b>					
<b>MATERIAL ASPECT: ENERGY</b>					
<b>G4-DMA</b>	Ziraat Bank and the Environment, page 97-101				Generic disclosures on management approach
<b>G4-EN3</b>	Ziraat Bank and the Environment, page 101				Energy consumption within the organization
<b>G4-EN4</b>	Ziraat Bank and the Environment, page 101				Energy consumption outside of the organization
<b>G4-EN5</b>		Energy intensity	Currently not available	Since the carbon footprint calculation of Ziraat Bank comprises only headquarters units, energy intensity was not calculated for the reporting period. The Bank is currently in the process of setting the carbon footprint tracking system to cover the whole organization.  This is going to be done as soon as possible.	Energy intensity
<b>G4-EN6</b>	Ziraat Bank and the Environment, page 97-99				Reduction of energy consumption
<b>G4-EN7</b>	Ziraat Bank and the Environment, page 97-99				Reductions in energy requirements of products and services

## GRI G4 Content Index - Comprehensive

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: WATER</b>					
G4-DMA	Ziraat Bank and the Environment, page 101				Generic disclosures on management approach
G4-EN8	Ziraat Bank and the Environment, page 101				Total water withdrawal by source
G4-EN9		The whole indicator	Not applicable	Ziraat Bank does not report on this indicator as the disclosure is not material to its business.	Water sources significantly affected by withdrawal of water
G4-EN10		The whole indicator	Not applicable	Ziraat Bank does not report on this indicator as the disclosure is not material to its business.	Percentage and total volume of water recycled and reused
<b>MATERIAL ASPECT: EMISSIONS</b>					
G4-DMA	Ziraat Bank and the Environment, page 99-101				Generic disclosures on management approach
G4-EN15	Ziraat Bank and the Environment, page 101				Direct greenhouse gas (GHG) emissions (Scope 1)
G4-EN16	Ziraat Bank and the Environment, page 101				Energy indirect greenhouse gas (GHG) emissions (Scope 2)
G4-EN17	Ziraat Bank and the Environment, page 101				Other indirect greenhouse gas (GHG) emissions (Scope 3)
G4-EN18	Ziraat Bank and the Environment, page 101				Greenhouse gas (GHG) emissions intensity
G4-EN19	Ziraat Bank and the Environment, page 101				Reduction of greenhouse gas (GHG) emissions
G4-EN20		The whole indicator	Not applicable	Ziraat 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.	Emissions of ozone-depleting substances (ODS)

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
G4-EN21		The whole indicator	Not applicable	Ziraat 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 <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions
<b>MATERIAL ASPECT: EFFLUENTS AND WASTE</b>					
G4-DMA	Ziraat Bank and the Environment, page 96-97				Generic disclosures on management approach
G4-EN22		The whole indicator	Not applicable	Ziraat Bank does not report on this indicator as the disclosure is not material to its business because all water is discharged to public waste water treatment across its operations.	Total water discharge by quality and destination
G4-EN23	Ziraat Bank and the Environment, page 96-97				Total weight of waste by type and disposal method
G4-EN24	There have been no significant spills from any Ziraat Bank facility in the reporting period. In addition, the Bank's business activities do not have a material risk of significant spills of hazardous substances.				Total number and volume of significant spills
G4-EN25		The whole indicator	Not applicable	Ziraat Bank does not report on this indicator as the disclosure is not material to its business.	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally

## GRI G4 Content Index - Comprehensive

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
G4-EN26		The whole indicator	Not applicable	Ziraat Bank does not report on this indicator as the disclosure is not material to its business.	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff
<b>MATERIAL ASPECT: PRODUCTS AND SERVICES</b>					
G4-DMA	Ziraat Bank and the Environment, page 100				Generic disclosures on management approach
G4-EN27	Ziraat Bank and the Environment, page 97-99				Extent of impact mitigation of environmental impacts of products and services
G4-EN28		The whole indicator	Not applicable	Ziraat Bank does not report on this indicator as the disclosure is not material to its business.	Percentage of products sold and their packaging materials that are reclaimed by category
<b>MATERIAL ASPECT: COMPLIANCE</b>					
G4-DMA	Ziraat Bank and the Environment, page 97-101				Generic disclosures on management approach
G4-EN29	There have been no fines or non-monetary sanction for non-compliance with environmental laws and regulations.				Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
<b>MATERIAL ASPECT: TRANSPORT</b>					
G4-DMA	Ziraat Bank and the Environment, page 100				Generic disclosures on management approach
G4-EN30	Ziraat Bank and the Environment, page 100				Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce
<b>MATERIAL ASPECT: OVERALL</b>					
G4-DMA	Ziraat Bank and the Environment, page 97-99				Generic disclosures on management approach
G4-EN31	Ziraat Bank and the Environment, page 97-99				Total environmental protection expenditures and investments by type
<b>MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>					
G4-DMA	Suppliers, page 71				Generic disclosures on management approach
G4-EN32	Suppliers, page 70-71				Percentage of new suppliers that were screened using environmental criteria
G4-EN33	Suppliers, page 70-71				Significant actual and potential negative environmental impacts in the supply chain and actions taken



DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS</b>					
G4-DMA	Ziraat Bank and the Environment, page 94				Generic disclosures on management approach
G4-EN34	There have been no grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms during reporting period.				Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms
<b>CATEGORY: SOCIAL</b>					
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>					
<b>MATERIAL ASPECT: EMPLOYMENT</b>					
G4-DMA	Employees, page 74-77				Generic disclosures on management approach
G4-LA1	Employees, page 82-85				Total number and rates of new employee hires and employee turnover by age group, gender and region
G4-LA2	All Ziraat Bank personnel are employed under full-time.				Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation
G4-LA3	Employees, page 84				Return to work and retention rates after parental leave, by gender
<b>MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS</b>					
G4-DMA	Employees, page 74-77				Generic disclosures on management approach
G4-LA4	Employees, page 78				Minimum notice periods regarding operational changes, including whether these are specified in collective agreements
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>					
G4-DMA	Employees, page 80-81				Generic disclosures on management approach
G4-LA5	Employees, page 80-81				Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
G4-LA6	In the reporting period, there were not any work-related incidents of death or injury; and occupational diseases.				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

## GRI G4 Content Index - Comprehensive

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
G4-LA7	Employees, page 80-81				Workers with high incidence or high risk of diseases related to their occupation
G4-LA8	Employees, page 80-81				Health and safety topics covered in formal agreements with trade unions
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>					
G4-DMA	Employees, page 79-80				Generic disclosures on management approach
G4-LA9	Employees, page 79-80				Average hours of training per year per employee by gender, and by employee category
G4-LA10	Employees, page 79-80				Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
G4-LA11	Employees, page 76				Percentage of employees receiving regular performance and career development reviews, by gender and by employee category
<b>MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>					
G4-DMA	Employees, page 74-77				Generic disclosures on management approach
G4-LA12	Employees, page 82-83				Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
<b>MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>					
G4-DMA	Employees, page 77				Generic disclosures on management approach
G4-LA13	As the salary system is completely based upon performance, there is not an application that tracks the difference between male and female employees' salaries.				Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>					
G4-DMA	Suppliers, page 71				Generic disclosures on management approach
G4-LA14	Suppliers, page 70-71				Percentage of new suppliers that were screened using labor practices criteria
G4-LA15	Suppliers, page 70-71				Significant actual and potential negative impacts for labor practices in the supply chain and actions taken

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS</b>					
G4-DMA	Employees, page 74-77				Generic disclosures on management approach
G4-LA16	There have been no grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms during reporting period.				Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms
<b>SUB-CATEGORY: HUMAN RIGHTS</b>					
<b>MATERIAL ASPECT: INVESTMENT</b>					
G4-DMA	Customers, page 65				Generic disclosures on management approach
G4-HR1	Employees, page 74-77 Customers, page 65				Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
G4-HR2	Employees, page 79				Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
<b>MATERIAL ASPECT: NON-DISCRIMINATION</b>					
G4-DMA	Ziraat Bank does not tolerate or support discrimination of any kind.				Generic disclosures on management approach
G4-HR3	There were no incidents of discrimination reported during the reporting period.				Total number of incidents of discrimination and corrective actions taken
<b>MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>					
G4-DMA	Suppliers, page 70-71				Generic disclosures on management approach
G4-HR4	Employees, page 78 During the reporting period, Ziraat 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.  On the other hand, during the reporting period, there were no violation of the right to exercise freedom of association and collective bargaining at Ziraat Bank.				Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

## GRI G4 Content Index - Comprehensive

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: CHILD LABOR</b>					
<b>G4-DMA</b>	Ziraat Bank does not tolerate the use of child labor in business. Additionally, companies which employ child labor will not be financed at all, whenever identified.				Generic disclosures on management approach
<b>G4-HR5</b>	There have been no incidents during 2014.				Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor
<b>MATERIAL ASPECT: FORCED OR COMPULSORY LABOR</b>					
<b>G4-DMA</b>	Ziraat Bank does not tolerate or support the use of forced or compulsory labor.				Generic disclosures on management approach
<b>G4-HR6</b>	There have been no incidents during 2014.				Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor
<b>MATERIAL ASPECT: SECURITY PRACTICES</b>					
<b>G4-DMA</b>	Ziraat Bank ensures the safety of employees and customers and takes all necessary precautions.				Generic disclosures on management approach
<b>G4-HR7</b>	Every kind of training for security personnel, as per the laws numbered 5188 and 6136, at Ziraat Bank is under the responsibility of the supplier company which provides the Bank with Private Security Personnel service. Ziraat Bank always procures the security services from suppliers who strictly adhere to the requirements of laws and regulations pertaining to private security services in Turkey.				Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations
<b>MATERIAL ASPECT: ASSESSMENT</b>					
<b>G4-DMA</b>	Employees, page 74-77				Generic disclosures on management approach
<b>G4-HR9</b>	No operations have been subject to human rights reviews and/or impact assessments during the reporting period.				Total number and percentage of operations that have been subject to human rights reviews or impact assessments

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>					
G4-DMA	Suppliers, page 71				Generic disclosures on management approach
G4-HR10	Suppliers, page 70-71				Percentage of new suppliers that were screened using human rights criteria
G4-HR11	Suppliers, page 70-71				Significant actual and potential negative human rights impacts in the supply chain and actions taken
<b>MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>					
G4-DMA	Employees, page 74-77				Generic disclosures on management approach
G4-HR12	There have been no grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms during reporting period.				Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms
<b>SUB-CATEGORY: SOCIETY</b>					
<b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>					
G4-DMA	Customers page 60-64				Generic disclosures on management approach
G4-SO1	In the projects that Ziraat Bank financed in 2014, careful attention was given not just to their contributions to Turkey's economic development but also to their environmental and social benefits as well. Examples of such undertakings include financing projects that enhance local producers' ability to compete and projects to increase local employment through the creation of new production opportunities.				Percentage of operations with implemented local community engagement, impact assessments, and development programs
G4-SO2	There have been no operations with significant actual and potential negative impacts on local communities during the reporting period.				Operations with significant actual and potential negative impacts on local communities
G4-FS13	Ziraat Bank in Brief, page 2				Access points in low-populated or economically disadvantaged areas by type
G4-FS14	Customers, page 67				Initiatives to improve access to financial services for disadvantaged people



## GRI G4 Content Index - Comprehensive

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: ANTI-CORRUPTION</b>					
G4-DMA	Sustainability and Corporate Governance, page 33-37				Generic disclosures on management approach
G4-SO3	No corruptive practices were encountered in 2014, so there were no operations assessed for risks related to corruption.				Total number and percentage of operations assessed for risks related to corruption and the significant risks identified
G4-SO4	Sustainability and Corporate Governance, page 37				Communication and training on anti-corruption policies and procedures
G4-SO5	There have been no confirmed incidents of corruption and actions taken during the reporting period.				Confirmed incidents of corruption and actions taken
<b>MATERIAL ASPECT: PUBLIC POLICY</b>					
G4-DMA	Ziraat Bank is not a participant in the political and public policy making process.				Generic disclosures on management approach
G4-SO6	Ziraat Bank is not providing any financial and in-kind assistance to political party, politician or to the relevant institutions.				Total value of political contributions by country and recipient/beneficiary
<b>MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR</b>					
G4-DMA	Sustainability and Corporate Governance, page 33-37				Generic disclosures on management approach
G4-SO7	There have been no legal actions for anti-competitive behavior, anti-trust, and monopoly practices during the reporting period.				Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
<b>MATERIAL ASPECT: COMPLIANCE</b>					
G4-DMA	Sustainability and Corporate Governance, page 33-37				Generic disclosures on management approach
G4-SO8	There have been no fines or non-monetary sanction for non-compliance with laws and regulations.				Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>					
G4-DMA	Suppliers, page 71				Generic disclosures on management approach
G4-SO9	Suppliers, page 70-71				Percentage of new suppliers that were screened using criteria for impacts on society
G4-SO10	Suppliers, page 70-71				Significant actual and potential negative impacts on society in the supply chain and actions taken

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY</b>					
G4-DMA	Sustainability and Corporate Governance, page 33-37				Generic disclosures on management approach
G4-SO11	There have been no grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms during reporting period.				Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>					
<b>MATERIAL ASPECT: PRODUCT AND SERVICE LABELING</b>					
G4-DMA	Ziraat Bank complies with all the laws and regulations currently in force in Turkey related to product and service information.				Generic disclosures on management approach
G4-PR3	Ziraat Bank complies with laws and regulations relating to the disclosure of information about the products and services it provides. For example, the Bank is obliged to provide product disclaimer statements, terms and conditions and offer copies of legally binding documentation to consumers. The Bank also assists customers in comparing its products to peers' products available in the market by providing objective, transparent and understandable information and consultancy.				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-PR4	There have been no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling during reporting period.				Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes
G4-PR5	Customers, page 50-53				Results of surveys measuring customer satisfaction

## GRI G4 Content Index - Comprehensive

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: MARKETING COMMUNICATION</b>					
G4-DMA	Customers, page 69				Generic disclosures on management approach
G4-PR6		The whole indicator	Not applicable	Ziraat Bank does not report on this indicator as the disclosure is not material to its business.	Sale of banned or disputed products
G4-PR7	The practices in relation to the marketing and promotion of the financial products are strictly governed by legislation.  Ziraat Bank complies with laws and regulations relating to marketing and promotion of products and services. There were no incidents of non-compliance during reporting period.				Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes
<b>MATERIAL ASPECT: CUSTOMER PRIVACY</b>					
G4-DMA	Ziraat Bank complies with all the laws and regulations currently in force in Turkey related to customer privacy.				Generic disclosures on management approach
G4-PR8	There were no complaints regarding breaches of customer privacy and losses of customer data during reporting period.				Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
<b>MATERIAL ASPECT: COMPLIANCE</b>					
G4-DMA	Ziraat Bank complies with all the laws and regulations currently in force in Turkey related to the provision and use of products and services.				Generic disclosures on management approach
G4-PR9	There have been no fines or non-monetary sanction for non-compliance with laws and regulations concerning the provision and use of products and services during reporting period.				Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

DMA and Indicators	Page	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	Description
<b>MATERIAL ASPECT: PRODUCT PORTFOLIO</b>					
G4-DMA	Customers, page 51, 53, 60				Generic disclosures on management approach
G4-FS6	Customers, page 51				Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector
G4-FS7	Customers, page 60-62				Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose
G4-FS8	Customers, page 55				Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose
<b>MATERIAL ASPECT: AUDIT</b>					
G4-DMA	Sustainability and Corporate Governance, page 33-37				Generic disclosures on management approach
<b>MATERIAL ASPECT: ACTIVE OWNERSHIP</b>					
G4-FS10	Customers, page 62				Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues
G4-FS11	Customers, page 63-64				Percentage of assets subject to positive and negative environmental or social screening

# A Glossary of Sustainability Terminology

**Carbon footprint:** A carbon footprint is a measure, expressed in carbon dioxide equivalent units, of the direct (primary) and indirect (secondary) impact that greenhouse gas emissions resulting from human activities have on a particular area.

**Climate change:** Climate change is a change in the average distribution of weather patterns when that change lasts for an extended period of time. The term “climate change” nowadays is frequently used in the meaning of “global warming”.

**Corporate social responsibility:** Corporate social responsibility (CSR) is a form of corporate self-regulation in which companies behave as good corporate citizens by adhering to approaches that are mindful of social, cultural, environmental, and ethical values as well as economic ones in the conduct of their business and relations with their stakeholders. “Advanced CSR” goes beyond compliance with mandatory requirements and involves investing in socially-beneficial goods.

**Ecological footprint:** The ecological footprint is a measure of the impact of human activities expressed as the area of biologically productive land and water required to produce the goods that are consumed and to assimilate the wastes that are generated.

**Ecosystem:** An ecosystem is a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit.

**Energy density:** Energy density is the amount of energy stored in a system or region of space per unit volume or mass. In common use, energy density only refers to the useful or extractable energy available in the system.

**Energy efficiency:** Energy efficiency means doing the same thing with less energy or doing more with the same energy. Energy efficiency may be improved or worsened not only through technology that changes the amount of energy needed to produce a good or a service but also through non-technological measures that lead to organizational, managerial, and/or behavioral changes.

**Foreign Account Tax Compliance Act:** The Foreign Account Tax Compliance Act (FATCA) is a United States federal law requiring United States persons (including those living outside the US) to have yearly reported themselves and their non-U.S. financial accounts to the Financial Crimes Enforcement Network. It also requires all non-US (foreign) financial institutions to search their records for suspected US persons for reporting their assets and identities to the US Treasury.

**Fossil fuel:** A fossil fuel is any fuel that is formed by naturally-occurring processes acting on carbon-based materials such as anaerobic decomposition of buried dead organisms over millions of years. Fossil fuels contain high percentages of carbon and include coal, petroleum, and natural gas.



**Global Reporting Initiative:** The Global Reporting Initiative (GRI) is an international independent standards organization founded in 1997 in Boston and headquartered in Amsterdam that pioneered and sets out international recognized principles and approaches applicable to sustainability reporting.

**Global warming:** Global warming refers to observed rises in average atmosphere, sea, and land temperatures. The chief cause of global warming is believed to be changes in climate caused by human activities that upset the chemical composition of the atmosphere through the release of greenhouse gases like carbon dioxide, methane, and butane.

**Greenhouse gas:** Greenhouse gases (GHG) are gases such as water vapor, carbon dioxide, methane, nitrous oxide, ozone, and chlorofluorocarbons among others whose presence causes atmospheric heat to be trapped rather than released into space.

**GRI G4:** GRI G4 is the most recent set of sustainability reporting guidelines that were announced at an international conference held in Amsterdam in May 2013.

**LEED certification:** Leadership in Energy and Efficiency Design (LEED) certification is one of the most commonly-accepted building certification programs used worldwide. It was originally developed by the US Green Building Council (USGBC) and aims to help building owners and operators to be environmentally responsible and to use resources efficiently.

**Natural resource:** A natural resource is any useful thing that exists in nature in and of itself without the need for any human intervention. Examples are air, water, land (including minerals), vegetation, animal life, sunlight, geothermal energy, etc. Some natural resources are renewable, others are not. Some natural resources are readily available everywhere, others may only be available locally.

**Renewable energy:** Renewable energy is energy that comes from resources which are naturally replenished on a human timescale. Examples of renewables are sunlight, wind, rain, tides, waves, geothermal heat, and biological processes.

**Sustainability:** Sustainability may be defined as managing economic, environmental, and social resources in such a way as not to deplete them so that they may be used by future generations as well.

**Sustainable development:** Sustainable development is a process for meeting human development goals while maintaining the ability of natural systems to continue to provide the natural resources and ecosystem services upon which the economy and society will depend in the future no less than it does today.

# Contact

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