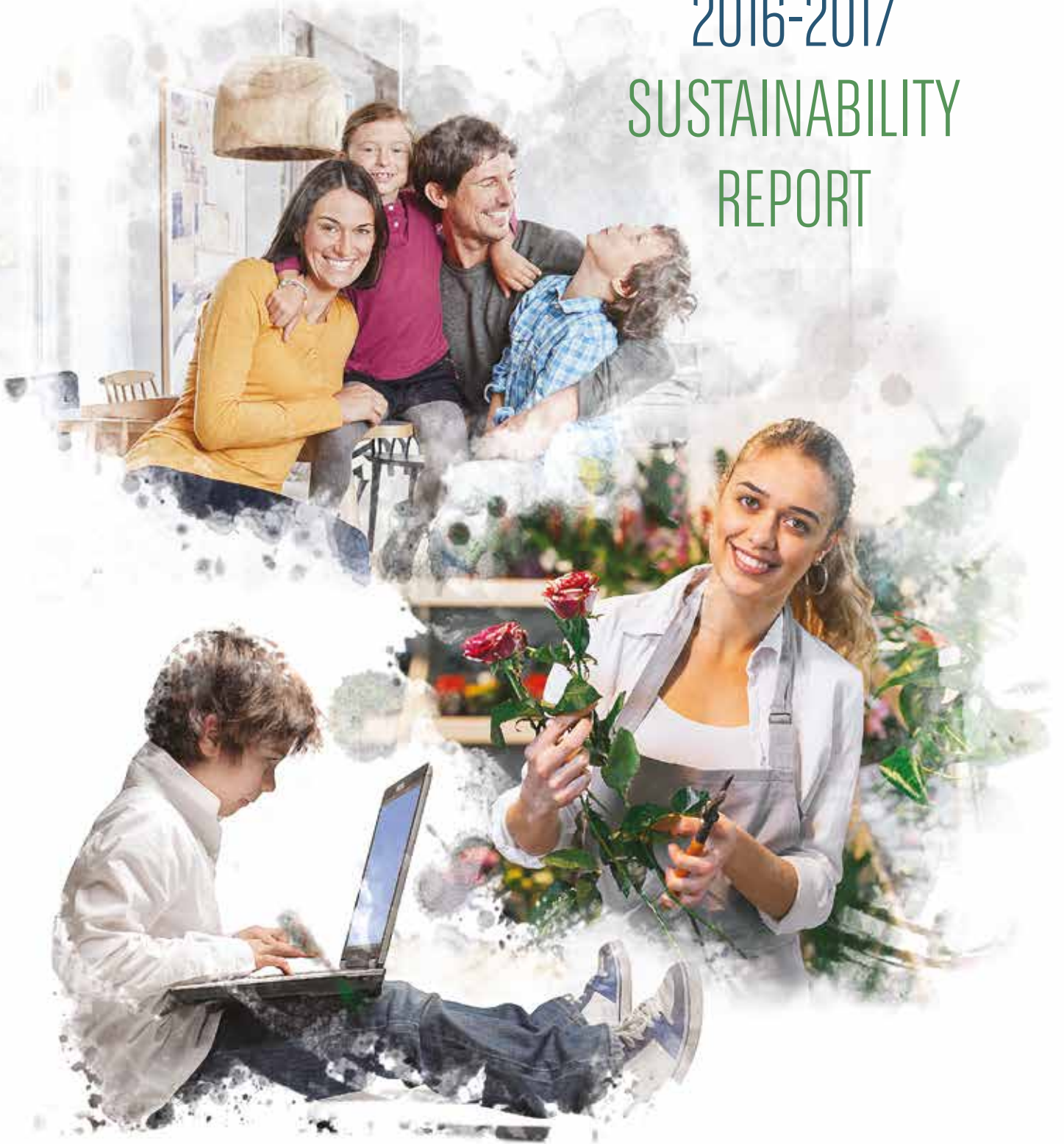


# TEB 2016-2017 SUSTAINABILITY REPORT



**TEB**  
BNP PARIBAS JOINT VENTURE

[teb.com.tr](http://teb.com.tr) / 0 850 200 0 666

**TEB**  
**2016-2017**  
**SUSTAINABILITY REPORT**

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## ABOUT THE REPORT

The third Sustainability report of Türk Ekonomi Bankası A.Ş. (TEB) provides insights into the Bank's social, environmental and economic performance in the period from 01.01.2016 to 31.12.2017<sup>102-50</sup> and its contributions to sustainable development. The previous editions of these reports, published every two years, covered the years 2012-13 and 2014-15.<sup>102-51, 102-52</sup> In determining the content of the report, Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness principles were taken as basis.<sup>102-46</sup> This report has been prepared in accordance with the GRI Standards: "Core" option.<sup>102-54</sup>



**MANAGEMENT  
AND  
STRATEGY**

## MESSAGE FROM THE CHAIRMAN<sup>102-14</sup>



Esteemed Stakeholders,

The bond of humanity with the environment is at a critical stage today. In shaping the future of humanity, what we do now and will do next will matter as much as what we will not do. Climate change and its outcomes, the depletion of natural resources, the extinction risk of many species, emerging geopolitical breakdowns together with their socio-economic consequences and the impact of all these developments on communities, countries, and international relations are providing us with a new perspective at global level.

Sustainability is at the core of this new perspective. As individuals, communities, governments, and businesses, we all need to operate on a sustainable basis. We must do so to safeguard our presence today and in the future.

Within this scope, we should emphasize that the sustainability concept is not a luxury today but has a value of vital importance, because it constitutes the core approach of successful and permanent companies to conduct their businesses. As an institution aware of these facts, Türk Ekonomi Bankası (TEB) designs and implements its corporate policies and business processes accordingly. Our economic activities promote improving quality of life for people and communities, while our focus always remains on considering the big picture and anticipating the possible outcomes of the steps we take, as our Responsible Banking approach entails.

We build collaborative relations with our stakeholders based on the principle of creating benefit and value. Our business strategies are developed in line with societal goals, the United Nations Sustainable Development Goals in particular. We support the community and deliver benefits with products and services that make a difference in key areas such as combating poverty, improving quality of life, achieving gender equality in the society, ensuring productive employment through sustainable and inclusive economic growth, and building resilient and high-quality infrastructures.

We work to instill sustainability as an integral part of our corporate culture and encourage all our colleagues to embrace and adopt it. For this purpose, we develop viable policies, define goals and measurable performance criteria, and measure our performance

regularly. We assess the results and introduce enhancements to build on our performance.

We attach special importance to reinforcing corporate governance at our Bank and fully meeting its legal and ethical requirements.

As an institution engaged in banking activities and providing financing opportunities for companies to enable investments, we are well aware that our responsibilities are beyond conducting our business in a sustainable manner.

Contributing to activities in real economy through sustainable policies and investments, encouraging all companies we finance, no matter their size, to adopt a sustainability approach, and raising awareness in this field are also among our responsibilities. We contribute to the favorable efforts of our customers in sustainability topics and support them in reducing their negative impact on the environment and society.

We embarked on this journey to do our part in creating a better life for the generations of today and tomorrow. I am confident that we will take even more permanent steps together with the support of our stakeholders and elevate the Bank's sustainability performance to much higher levels.

Sincerely,

**Yavuz Canevi**  
Chairman of the Board of Directors

## MESSAGE FROM THE GENERAL MANAGER <sup>102-14</sup>



### Esteemed Stakeholders,

As a bank with deep roots and long years of experience, Türk Ekonomi Bankası (TEB) adopts sustainability as a core policy, uses it as a basis for all its activities and strives to become a good corporate citizen of this country, keeping up with the necessities of our age. Therefore, we build relations with all our stakeholders, including our shareholders, customers and employees in particular, on the pillars of integrity, transparency and accountability, and manage our risks successfully. We assess our efforts to meet the social, environmental, economic and ethical expectations of our stakeholders within this scope.

The products and services we provide as a bank are focused not only on profitability but also creating social benefits, and engaging in activities that add value to the society, environment and human life. The products and services we offer to a diverse portfolio of customers, from SMEs to start-ups and from corporations to women business owners, contribute to the economic development of our country and its global integration. As we create added value through the products and

services with our Responsible Banking approach, we also assist our customers in achieving their economic goals. I would like to provide some examples with tangible results in the following.

TEB is a bank specialized in foreign trade, empowered by the global network of our strategic partner BNP Paribas. TEB's Trade Centers, located in Istanbul, Bursa, Izmir, Ankara and Adana, the five cities that account for

approximately 70% of Turkey's foreign trade volume, provide foreign trade financing and consultancy services, marking a first in the Turkish banking sector.

Since we formed the Public Banking Department to work more effectively and extensively with the public sector, we collaborated with nearly 500 municipalities and their subsidiaries. We provided financing for local administrations with our Public Banking approach and contributed to faster completion of infrastructure and superstructure investments.

We provided guidance for SMEs by continuously improving the value-added services through our "Consultant Bank" approach. We hosted TEB SME Academy Industry 4.0 Meetings in various cities to help SMEs adapt to the "Industry 4.0" process and stay ahead of the competition. These meetings began on April 14, 2017 in Istanbul and continued in Izmir, Konya, Denizli and Adana. The impact of Industry 4.0 and digitalization on business processes was presented in TEB SME TV, which keeps the pulse of the market and guides SMEs, with over 10 thousand news, reaching a monthly average of 1.5 million views in 2017.

Through the TIM-TEB Start-Up Houses, opened in partnership with the Turkish Exporters Assembly (TIM), we provided end-to-end support to entrepreneurs to develop the start-up ecosystem in Turkey. Within this scope, we hosted 315 training sessions on 23 different topics in 17 cities, reaching 10,000 prospective and active entrepreneurs.

We developed loan products without material collateral and special financing packages to support women entrepreneurs. With the "Financing and Consultancy Support for Enterprises Run by Women" program, offered in collaboration with the European Union, the European Bank for Reconstruction and Development, Turkish Ministry of Labour and Social Security, and Turkish Employment Agency to support businesses owned and managed by women as well as to promote entrepreneurship among women, we extend the funds allocated to the Bank as loans for women entrepreneurs. With loan utilizations that began in 2015, we created resources in excess of TL 245 million for more than 6,000 customers as of 2017 year-end.

TEB Women Academy, designed to provide women business owners with the information they would need to grow their business, hosted nine events in eight cities, reaching more than 600 business women in 2017. In total, we reached nearly three thousand people through 25 Women Academy events in 17 cities.

With TEB Agricultural Banking, we created resources for agricultural enterprises, producers of all sizes and producer associations to finance their agricultural input as well as investment projects. Given the benefits that the TEB SME Consultants project has delivered, 21 agricultural banking customer representatives began taking training courses as part of the program in 2017. The number of TEB Agricultural Banking Specialists, who assist agricultural enterprises and businesses in several aspects such as management, development and planning, reached 45 by the end of the year. During TEB Agricultural Meetings, we also delivered technical information and training on management and development of agricultural enterprises for more than 1,500 producers.

In addition to the services that we provide for a wide range of industries, TEB also reviews and improves business processes continuously with the aim of reducing environmental impact and elevating employee and customer satisfaction. We assess and monitor the performance of our suppliers in these fields. As we continue to improve our business processes and operations with respect to the Bank's economic, social, civic and environmental impact, we also encourage our employees' volunteering efforts so that they can be a part of the solution to the civic issues.

We are pleased to present the Bank's third sustainability report, which provides detailed information on our sustainability activities and a summary of our performances.

Sincerely,

**Ümit Leblebici**  
General Manager

## ABOUT TEB<sup>102-2, 102-6</sup>

Starting out as Kocaeli Halk Bankası TAŞ in 1927, a small local bank based in İzmit, TEB was acquired by the Çolakoğlu Group in 1982. The same year its name was changed to "Türk Ekonomi Bankası A.Ş."<sup>102-1</sup> and its headquarters were relocated to İstanbul<sup>102-3</sup>. Having focused its attentions on the foreign trade finance and investment banking business lines in the 1980s, TEB undertook an initial public offering in February 2000 after which its shares began trading on the İstanbul Stock Exchange's national market and was simultaneously quoted on the London Stock Exchange's depository receipt market.

On 10 February 2005, TEB entered into a partnership agreement with BNP Paribas, a leading Europe-based international financial services group whose members had operations in 74 countries as of end-2017. By joining forces with the BNP Paribas Group, one of the most respected names in international markets, TEB further expanded the scope of its global vision.

In 2009 the BNP Paribas Group acquired majority stakes in Fortis Bank Belgium and Fortis Bank Luxembourg, as a result of which purchases the group also became the biggest shareholder in Fortis Bank's Turkish subsidiary. Subsequently the BNP Paribas Group, which now indirectly controlled a majority stake in TEB and the Çolakoğlu Group reached an agreement under which it was decided to merge Fortis Bank Turkey into TEB. This merger formally took place on 14 February 2011. As a result

of this merger, TEB Holding now controls a majority (55%) stake in TEB while the Çolakoğlu Group and BNP Paribas each control an equal (50%) stake in TEB Holding.

At a time when TEB's publicly-traded shares were listed on Borsa İstanbul National Market, on 14 November 2014, BNP Paribas Fortis Yatırımlar Holding A.Ş., acting on behalf of shareholders controlling a sufficient majority in TEB, applied to exercise their squeeze-out rights as provided for under current capital market regulations. With the completion of the delisting process on 25 June 2015, the shares in TEB A.Ş. were delisted from the stock exchange and TEB A.Ş. was excluded from the scope of Capital Market Law as a share issuer. Following an application from TEB, which is listed on the London Stock Exchange, depository receipts were also closed to processing and delisted as of 31 March 2015. Furthermore, the depository receipt program was terminated on 6 June 2015.

Having celebrated its 90<sup>th</sup> year in business in 2017, TEB once again endorsed its support to the economy by working in line with its vision of being a 'Good Bank'. Benefitting from the worldwide organization and expertise of the BNP Paribas Group, TEB provides its customers with a complete array of corporate, small-business, treasury, capital market, retail and private banking financial products and services as well as an extensive line-up of investment, leasing, factoring, insurance and portfolio management products and services through its subsidiaries and group companies.

As of 2017 year-end, TEB serves<sup>102-7</sup>

 **5.4 million customers with**



**1,743 ATMs**

 **9,464 employees**



**Online banking at  
www.teb.com.tr and**

 **504 branches  
(500 in Turkey, 4 in Northern Cyprus)<sup>102-4</sup>**



**Customer Engagement Center at  
0850 200 0 666**

Supported by BNP Paribas' strength and its presence in 74 countries, TEB gives its customers access to BNP Paribas' global vision and operational capabilities. A synergetic collaboration with BNP Paribas also makes it possible for the Bank to keep a close and constant watch on developments taking place in global markets as they unfold.

## TEB's Capital and Shareholding Structure<sup>102-5</sup>

Distribution of the paid-in capital as of December 31, 2017:

Shareholder's Name/Title	Of the TL 2,204,390,000 Capital	
	Amount	Share
TEB Holding A.Ş.	1,212,414,500.002	55.00%
BNPP Yatırımlar Holding A.Ş.	518,342,498.520	23.51%
BNPP Paribas Fortis Yatırımlar Holding A.Ş.	467,879,148.835	21.22%
BNPP Paribas SA	5,253,352.000	0.24%
Kocaeli Chamber of Commerce	500,500.643	0.02%
<b>Total</b>	<b>2,204,390,000.000</b>	<b>100%</b>

TEB Holding A.Ş. is a member of the Çolakoğlu Group and BNP Paribas Group of Companies. A total of 50% of the shares in TEB Holding A.Ş. are controlled by BNP Paribas Fortis Yatırımlar Holding A.Ş., while the other 50% of the shares are controlled by the Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA, which holds 100% of the shares in BNP Paribas Fortis Yatırımlar Holding A.Ş. On the other hand, BNP Paribas S.A. controls BNPP Yatırımlar Holding A.Ş. by 100% of the shares.

## TEB's Position in the Sector<sup>201-1</sup>

(TL million)	31.12.2017		
	TEB	Sector	Bank's Share
Total Assets	85,758	3,257,819	2.63 %
Total Loans	63,291	2,154,280	2.94 %
Total Deposits	55,577	1,804,280	3.08 %
Number of Branches	504	11,585	4.35 %
<b>Number of Employees</b>	<b>9,464</b>	<b>208,280</b>	<b>4.54 %</b>

Source (for sector figures): BRSA Monthly Bulletin, December 2017

For detailed, up-to-date information on TEB's financials and operations, please see the Annual Reports (<https://www.teb.com.tr/about-teb/annual-reports/>).



MEMBERSHIPS AND COLLABORATIONS<sup>102-12, 102-13</sup>

Organization	Member
Balkan Rumeli Industry & Business Association	Macide Şengirgin
Banking and Market Intelligence Professionals Association	TEB
Borsa İstanbul	TEB
BUSİAD (Bursa Industry & Businessmen Association)	Sedat Genç, Macide Şengirgin
Clinton Global Initiative	TEB
Call Centers Association	Zeynep Solmaz
DEİK (Foreign Economic Relations Board)	Yavuz Canevi
EBAN (European Business Angels Network)	Esra Atsan
Chamber of Electrical Engineers	Buket Aydın
FODER (Financial Literacy Association)	Çisem Ulusoy, Özlem Yücelener
GBA (Global Banking Alliance for Women)	Sara Hepşen
GYODER (The Association of Real Estate and Real Estate Investment Companies)	Yiğit Kozalı
IASB (International Accounting Standards Board)	TEB
IIF (Institute of International Finance)	TEB
Interactive Advertising Bureau	Ceylan Ay, Kağan Öge
KALDER (Turkish Quality Association)	Nilsen Altıntaş
Northern Cyprus Banks Association	TEB
Advertising Self-Regulatory Board	Ceylan Ay, Zeynep Demirkol
Advertisers Association	Ceylan Ay, Kağan Öge, Zeynep Demirkol
Risk Managers Association	Elif Akpınar, Neşe Çankaya, Dilşat Şenkal, Metin Vatanserver, Orhun Yılmaz
TEDAR (Supply Chain Management Association)	Arda Polat
Belgian-Luxembourg Chamber of Commerce in Turkey	Pascal Gilliard
Turkish - French Commerce Association	Xavier Guilmineau
The Institute of Internal Auditors - Turkey	Hakan Tıraşın
Corporate Social Responsibility Association of Turkey	Ceylan Ay
Turkey ICC (International Chamber of Commerce)	Gonca Akyıldız, Ahmet Ayhan Köseoğlu
Turkish Capital Markets Association	Göker Özsoy
TÜSİAD (Turkish Industry & Business Association)	Yavuz Canevi
WCD (Women Corporate Directors)	Nilsen Altıntaş
WeConnect	Sara Hepşen
Investor Compensation Center	TEB

## COLLABORATIONS



## ABOUT BNP PARIBAS

BNP Paribas is a leading bank in Europe with an international reach. It has a presence in 72 countries, with more than 202,000 employees, of which more than 154,000 in Europe. The Group has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. The Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporations and institutional clients) to realize their projects through solutions spanning financing, investment, savings and protection insurance.

In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the European leader in consumer lending.

BNP Paribas is rolling out its integrated retail-banking model in Mediterranean countries, in Turkey, in Eastern Europe and a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

## SUSTAINABILITY AT TEB

## Responsible Banking

TEB adopts sustainability as its way of doing business and acts with the mission of being a bank that embraces the priorities and core values of its stakeholders as its own material issues while protecting the social heritage.

Therefore, designing products and services not only to improve profitability but also to benefit the key stakeholders, including the society, is therefore gaining of utmost importance. TEB approaches sustainability with the same perspective and considers all activities that aim to meet the stakeholders' social, environmental, economic and ethical expectations within this framework while also monitoring the developments. At TEB, we evolve and prosper by contributing more to the income and welfare of the society, of which we are a part, every day. We embarked on a journey to provide a better life for today's and tomorrow's generations, and we intend to move forward by taking firm steps with the support of our stakeholders.

While investing in future generations, TEB also promotes practices that contribute to building a sustainable economy, society and environment. TEB continuously improves its business processes and operations related to the economic, social, civic and environmental areas in its impact and also encourages its employees' voluntary engagement to become a part of the solution to social issues.

## SUSTAINABILITY STRATEGY

TEB's Sustainability strategy is integrated with the Bank's corporate strategy, and aims:

- To ensure the trust of our stakeholders by fulfilling responsibilities while our social, environmental and economic impacts expand,
- To be one of the leading banks that is technologically

superior and makes a difference with its services and products with an ethical, reliable, transparent corporate governance and accurate risk management approach,

- To contribute to building a sustainable environment and society by investing in future generations,
- To become a steady-growth oriented institution that invests in its employees.



### Sustainability Approach

#### Management and Strategy



### SUSTAINABILITY MANAGEMENT

Since the launch of the sustainability management activities with organizational and operational applications in 2012, TEB has primarily aimed for establishing an umbrella structure within the Bank. The Sustainability Council, consisting of senior executives from different departments, has identified TEB's key stakeholders and issues, and defined relevant strategies and policies, which were implemented upon approval of the Board of Directors.<sup>102-29</sup> In the following years TEB's economic, social, civic and environmental performances have also been disclosed to public through Sustainability Reports, which were approved by the Sustainability Council, Sustainability Committee and the Board of Directors.<sup>102-32</sup> The infrastructure required for the Sustainability Committee to function as an official committee reporting to the Board of Directors has been carried out in this reporting period.

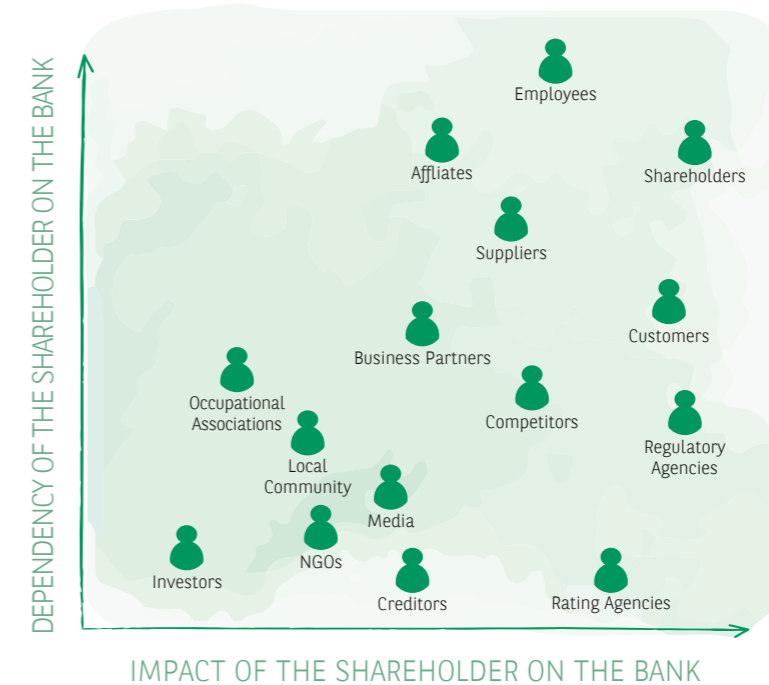
One of the primary goals of TEB, as a provider of financial products and services, is to contribute to the economic development in the regions where it operates by conducting its business ethically and fulfilling its responsibilities. The Bank's priority goals include designing products and services to meet the

expectations and needs of key stakeholders, improving profitability while looking out for the development of all the stakeholders that the Bank engages in business relations with, and increasing its direct and indirect contributions to the economy every day. Reducing its environmental impact to leave a better world to future generations and fulfilling its environmental responsibilities, while ensuring that the stakeholders within its impact do the same, and developing products and services accordingly are essential for the Bank as well. The Bank reviews all processes continuously to improve operational efficiency within the widest scope possible from customer relations to logistics management and from business technology systems to social media communications, and to actively manage change in a rapidly evolving world. The activities that TEB carries out to ensure the development and satisfaction of its employees, who are the most important cornerstones of its existence, make up the first step of the Bank's social responsibility efforts.

Empowered by the experiences of BNP Paribas, TEB strives to become a role model both in Turkey and in its sector by attaining global standards in sustainability.

### STAKEHOLDERS<sup>102-40, 102-42</sup>

TEB's Sustainability approach centers on its stakeholders, which include individuals and organizations that are directly or indirectly impacted by the Bank's products and services, or those that may have an impact on TEB's processes and strategies. TEB's stakeholders were identified through activities conducted in 2012 with the Sustainability Council in accordance with the AA1000 SES standard, and shared publicly. The Bank's stakeholders and engagement platforms are as follows:



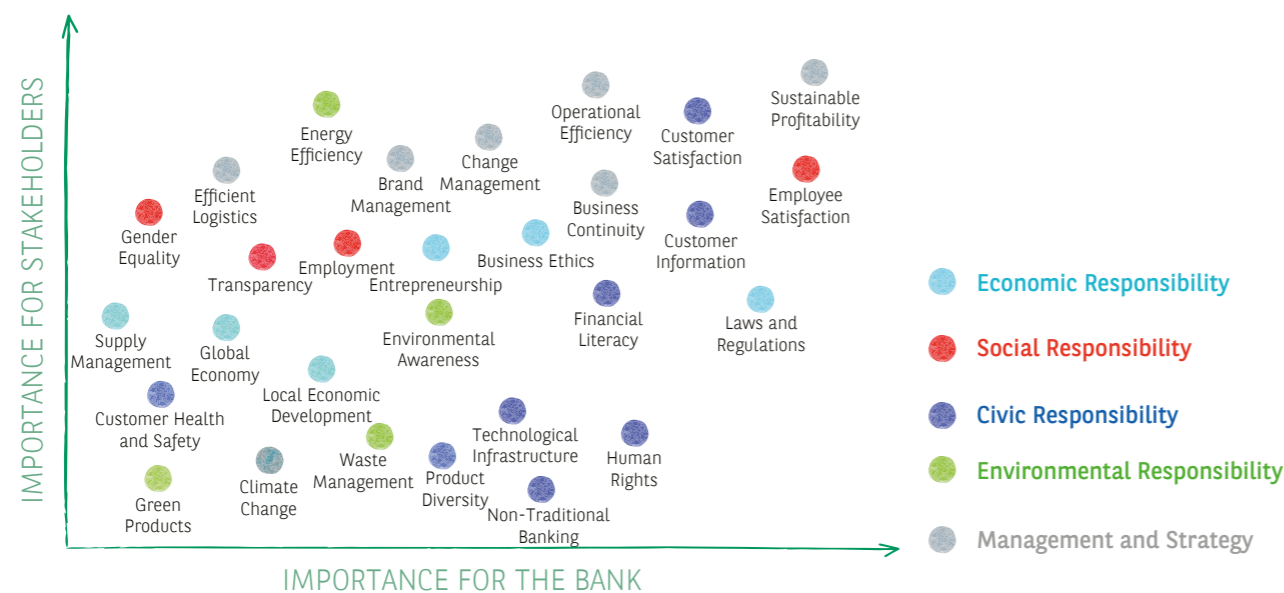
Stakeholder Groups	Stakeholder Engagement Platforms <sup>102-43</sup>
Employees	Satisfaction Surveys (annual), One-to-One Meetings, E-mail, Intranet, Dinner/Lunch with Management (each quarter), Sales Tournaments, Birthday/Child Birth/Wedding Celebrations, Photography, Folk Dance and other Club Activities, New Year's Party
Shareholders	Briefings (3-5 times/year), Presentations, Website, General Assembly Meetings (annual), Annual Reports
Affiliates	Briefings (3-5 times/year), Presentations, Website, General Assembly Meetings (annual), Annual Reports
Suppliers	Regular Meetings (twice a year), E-mail, Phone Calls, Site Visits (when needed)
Customers	Customer Satisfaction Surveys (annual), Customer Engagement Center, Website, E-mail, Phone Calls, Branch Representatives, Financial Literacy Activities, NPS Net Promoter Score Study (annual), TEB SME Academy Industry 4.0 Meetings (3-5 times/year), SME TV, Career Days Events
Competitors	Website, E-mail, Trade Associations and Organizations, Annual Reports
Business Partners	Website, E-mail, Trade Associations and Organizations, Annual Reports

Stakeholder Groups	Stakeholder Engagement Platforms <sup>102-43</sup>
Trade Associations	Meetings, Conferences (3-5 times/year), Seminars (annual), Training Programs, Correspondences to Exchange Views
Regulatory Agencies	Conferences and Panel Sessions (5-10 times/year), Meetings (5-10 times/year), Collaboration Platforms
Local Communities	TEB SME Academy, Agricultural Meetings (2-4 times/year), Public Sector Meetings
Non-Governmental Organizations	Conferences (3-5 times/year), Panels (8-10 times/year), Financial Literacy Activity
Media	Press Releases (10-15 times/year), Press Conferences (2-4 times/year), Launches, Product Promotions, Newsletters, Website, Interviews
Creditors	Annual Reports, Meetings (10-15 times/year), Website, E-mail
Rating Agencies	Annual Reports, Meetings (10-15 times/year), Website, E-mail
Investors	Annual Reports, Meetings (annual), Website, E-mail, Conferences (2-4 times/year)

**MATERIAL ISSUES**<sup>102-47</sup>

TEB's material issues were identified in workshops with the Sustainability Committee. In this respect, the demands and expectations of different stakeholder groups were considered together with the dynamics of the banking sector and the country. The results were also aligned with the material issues of BNP Paribas, taking their final shape after the comments and approval of the Senior Management. The material issues were shared with all stakeholders in a transparent manner through the previous Sustainability Reports.

TEB's material issues are shown in the chart below:



TEB's material issues are aligned with those of BNP Paribas and presented under main headings. The key performances are described under these headings, which also make up the structure of this Report.

**KEY IMPACTS AND OPPORTUNITIES**

TEB's key impacts on economic, social, civic and environmental issues are addressed in two aspects. The Bank's direct impact includes the financial value it creates, its contributions to the national economy, operational standards and human rights practices with respect to its employees and suppliers in particular, and its environmental impact caused mainly by its infrastructure and branch network. The indirect impact, equally or more important and created as a result of its services, covers a much wider sphere. The impact is further strengthened by serving as a role model for responsible behavior for institutions making use of financial services, guiding them and sometimes even ensuring that they undertake similar responsibilities through services with special terms (such as environmental loans).

Managing environmental and social impact accurately, especially in lending processes, also reduces risks significantly. Mitigating the risks that the borrowing institution may face can lead to healthier operations, making it possible to maintain high repayment capabilities.

With accurate management of the impacts, access to resources such as AFD, EBRD, IFC that promote social and environmental performance and offer financing at more advantageous terms is also improved. Examples of these loans are provided in the Environmental Responsibility section of this Report.

The products and services developed in line with the Bank's responsibility approach also make it possible to provide added value to various customer groups. These services include SME Banking, Women Banking, Agricultural Banking and Gold Banking.

**THE CONTRIBUTION OF TEB'S MATERIAL ISSUES TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS**



## CORPORATE GOVERNANCE<sup>102-18</sup>

The highest decision-making body at TEB, operating in the banking sector as a public joint stock corporation in accordance with the Turkish Commercial Code and Banking Law, is the General Assembly. A Board of Directors, elected and appointed<sup>102-24</sup> by the General Assembly, is responsible for the management and administration of the Bank. The Bank's management is carried out by the Senior Management consisting of the General Manager, Assistant General Managers and Group Heads. There are also committees, established pursuant to applicable regulations, to ensure coordination, and assist the functioning of the Board of Directors and the Bank's Senior Management.

As of December 31, 2017, TEB Board of Directors consists of 12 members. The Chairman of the Board of Directors does not have any executive duties.<sup>102-23</sup> TEB Board of Directors does not include any independent members. More information on the Board of Directors and Committee members is available in the annual reports<sup>102-22</sup> (<https://www.teb.com.tr/about-teb/annual-reports/>).

Members of the Board of Directors may benefit from loans to the extent allowed by laws as well as bonuses based on criteria such as the Bank's performance, their

### SENIOR EXECUTIVE COMMITTEE

- Monitoring and surveillance of TEB's and TEB Group's operational performance on behalf of TEB's Board of Directors and in accordance with its directions.

### CREDIT COMMITTEE

- Evaluating and approving loans within its authorization limits.

### RISK POLICIES COMMITTEE

- Approving general risk management strategies for credit risk and other types of risk,
- Approving credit policy documents, related amendments and if necessary, submitting to the approval of the Board of Directors,
- Reviewing risk portfolios.

respective roles and the time they dedicate.<sup>102-28</sup>

The Bank's<sup>102-19, 102-26</sup> highest governance body in economic, ethical, social and environmental issues is the Board of Directors and the highest executive body is the Senior Executive Committee<sup>102-20</sup>. The duties and responsibilities in these areas can be delegated to different departments and individuals, particularly the General Manager, Assistant General Managers and the Sustainability Council.

The shareholders are offered opportunities to communicate their opinions and requests to the senior management during annual and/or extraordinary general assembly meetings within the scope of TEB's stakeholder engagement platforms and feedback evaluation mechanisms. On the other hand, the opinions and requests of the stakeholders regarding economic, social, civic and environmental issues can also be reported to the Board of Directors through the General Manager, various committees, Assistant General Managers or other individuals.<sup>102-21</sup>

TEB's official committees and their key responsibilities are described below:

### AUDIT COMMITTEE

- On behalf of the Board of Directors, supervising the efficiency and adequacy of the Bank's internal systems,
- Supervising compliance with the provisions hereof concerning internal control and with the internal policies and implementation procedures approved by the Board of Directors and making recommendations to the Board of Directors in relation to measures considered necessary,
- Together with senior management and independent auditors, evaluating the results of independent audits, annual and quarterly financial statements and related documents, and the independent audit report,
- Evaluating the independence of the rating agencies, the independent audit institutions, including those

which carry out audits of information systems, and the valuation institutions with which the Bank will sign contracts and of their presidents, directors, auditors, managers and employees, in their activities related with the Bank, and the sufficiency of the allocated resources.

### SELECTION AND COMPENSATION COMMITTEE

- Establishing a documented compensation policy that is aligned with the scope and structure of the Bank's activities, strategies, long-term goals and risk management practices, that prevents taking excessive risks and contributes to effective risk management as stipulated in the BRSA's "Regulation Amending the Regulation on the Banks' Corporate Governance Principles" published in the Official Gazette issue 27959 on June 9, 2011, and "Guidelines on Good Compensation Practices in Banks",
- Determining, monitoring and supervision of remuneration implementations (including salaries, performance bonuses, premiums, awards and fringe benefits),
- Annual submission of the proposals with respect to the evaluation of remuneration policy and implementations under risk management to the Board of Directors,
- Determining the criteria for the payments of performance bonuses to the employees based on their performances and announcement of such criteria to the employees and regular review of such criteria according to the determined standards and special duty responsibilities,
- Identifying and approving organizational structure, norms, job descriptions, authorization and delegation for Group Directors and higher positions.

### COMPLIANCE COMMITTEE

- Supervising compliance policies and practices,
- Monitoring changes in the legislation.

### CORPORATE GOVERNANCE COMMITTEE

- Overseeing compliance with corporate governance principles, engaging in improvement efforts in this respect

and submitting proposals to the Board of Directors.

### ASSETS AND LIABILITIES COMMITTEE

- Regarding TEB Group's Financial Markets activities, evaluating industry developments and expectations, determining strategies, evaluating markets and the strategies to be adopted, and comparing the risk sizes to be taken,
- Reviewing financial indicator reports,
- Discussing expectations and developments in the domestic and international markets,
- Reviewing the general presentation of marketing groups,
- Reviewing ALM's presentation in terms of deposits and credit structure,
- Examining the funding cost and spread improvement for business segments,
- Evaluating analyses of the Bank's weekly balance-sheet, income and expense, profit and loss statements.

### NEW PRODUCT COMMITTEE

- Deciding on the products, activities and organizations which are defined as "new" within the scope of the Regulation on New Product, Activity and Organization.

### MARKET AND LIQUIDITY RISK COMMITTEE

- Monitoring market risks and derivative risks,
- Reviewing market and customer derivative risk policies and submitting them to the Board of Directors,
- Examining stress scenarios and if necessary, making recommendations to the Board of Directors for amendment,
- Reviewing market risk limits and submitting proposals to Board of Directors,
- Discussing the topics deemed necessary by Financial Markets, Asset and Liability Management/Treasury, Financial Affairs and Group Risk Management,
- Monitoring the liquidity of the Bank; analyzing and following up the borrowing capacity and other possible funding sources to avoid any default risks,

- Analyzing and monitoring the interest rate exposure of the Bank,
- Reviewing the limits regarding both interest and liquidity risks and submitting recommendations to Board of Directors,
- Preparing guidelines and policies for interest rate and liquidity risks and submitting recommendations to Risk Policies Committee,
- Recommending interest, liquidity, market and counterparty credit risk measurement methods to the Risk Policy Committee.

## RISK MANAGEMENT<sup>102-15</sup>

The aim of Risk Management system is to define, measure and monitor the Bank's risk exposure stemming from its operations and to ensure that these risks are controlled through established policies, guidelines and limits.

The organizational structure for the operation of internal control, internal audit and risk management systems at TEB was established in accordance with the provisions of the "Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation" published in the Official Gazette on 11 July 2014. This structure is aligned with the scope and nature of the Bank's operations and is also of the quality and effectiveness required to respond to changing conditions.

Risk Management functions of the Bank and all subsidiaries are gathered under Group Risk Management, which reports to TEB Group Boards of Directors via the Audit Committee at TEB A.Ş. Group Risk Management, is tasked with overseeing the risks and delivering warnings and recommendations on behalf of the Boards of Directors in line with the principles stipulated in the said regulation.<sup>102-30</sup>

The objectives of Risk Policies are:

- To identify the Bank's exposure to key risks and to take such risks within controlled set limits,
- To define the duties and responsibilities required to identify, analyze, measure, monitor and check the major risks that the Bank is exposed to or other risks that may arise due to the nature of its operations and the changes in economic conditions,

- In transactions that may lead to uncontrollable risks, to determine the volume of these activities by considering the strength of the Bank's equity or to reduce the activities affected by such risks.

Risk policies and related implementation principles are prepared in accordance with the Banking Law, external legislation and general banking practices and submitted to the Senior Management/Board of Directors for approval. Responsibility for adopting the risk culture and ensuring compliance with risk policies, which includes criteria for each department within the Bank, falls on all executives. TEB Risk Academy has been established for this purpose.

Risk Management activities involve:

- risk measurement,
- monitoring the risks, and
- checking and reporting the risks.

TEB has developed specific policies for the following risk types:

### CREDIT RISK

Credit risk is the risk of a contracting party to default in fulfilling its contractual obligations, thus causing the other party to incur a financial loss. The TEB Group is exposed to credit risks basically through trading, trade finance, treasury and leasing activities, but credit risk may also arise in other circumstances and for other reasons as well.

### INTEREST RATE RISK

Interest rate risk involves possible losses that may be incurred due to fluctuations and volatilities in interest rates depending on maturity mismatches or the structures of interest rate-sensitive products in the balance sheet.

### MARKET RISK

Market risk involves possible losses a bank may incur as a result of the exposure of its balance sheet and off-balance sheet accounts to interest rate risk, equity position risk or exchange rate risk resulting from fluctuations in the financial markets, in interest rates, exchange rates or stock prices.

### LIQUIDITY RISK

Liquidity risk is defined as the risk resulting from lack of sufficient cash holdings or cash inflow to fully meet

cash obligations in due time because of imbalanced cash flow.

### EXCHANGE RATE RISK

Exchange rate risk is defined as a possible loss that the Bank may incur due to mismatches in its FX assets and liabilities in the event of changes in exchange rates.

### OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from ordinary or extraordinary external events.

### CLIMATE CHANGE

For TEB, climate change and related risks are among material issues, which are also announced by BNP Paribas as a material issue across the Group in 2011. Banking institutions impact climate change directly, not only as a result of their own operations but also –and on a much larger scale– due to their financing activities. TEB demonstrates its active approach to this matter clearly and addresses its related practices under various headings in this report. These are:

- Reducing Environmental Impact at Customers
- Reducing Environmental Impact in Operations
- Systematic Integration of Environmental and Social Risks
- Economic Responsibility Policy
- Energy Efficiency Policy

### BUSINESS CONTINUITY IN INFORMATION TECHNOLOGIES

Various improvement activities are carried out according to a specific plan to ensure business continuity in banking processes. For this purpose, regular system tests are conducted at three proxy office locations. The remote access scenario, which involves employees being unable to come to work due to reasons such as epidemics, is also regularly tested. Once a year, all critical and less critical services are initiated from the Emergency Situation Center and tested for their functionality. The critical services are provided via the Emergency Situation Center for a day while the customers are also serviced through this center. Any faults or malfunctions, if any, identified during the tests, as well as new requirements are regularly analyzed. Best practices are continuously monitored, while business continuity awareness and applications are enhanced.

### BRAND VALUE AND MANAGEMENT

TEB acts diligently to protect its brand value and enhance it in line with the strategies. By undertaking a variety of applications across a wide range from innovations to sports, from financial literacy to entrepreneurship with the aim of creating value for all its stakeholders, TEB contributes to elevating the brand value of both the Bank and Turkey.

TEB also has in place a Brand and Communication Directorate to ensure systematic communication between the Bank and its stakeholders.

### SYSTEMATIC INTEGRATION OF ENVIRONMENTAL AND SOCIAL RISKS

While keeping its focus on financing the real economy, TEB has also established a management system to monitor the impact of its funding, anticipate the possible risks and take measures to mitigate them as a part of its sustainability approach, since many of the industries that the Bank works with are directly affected by environmental and social issues. The objectives of this Environmental and Social Risk Management System are to identify the environmental and social risks, including and occupational health and safety risks, that may arise in the event of funding, managing them systematically and integrating them into business processes. In building this system, TEB carefully considers industry best practices, the approach of BNP Paribas and the dynamics of the national economy.

TEB does not approve any funding, investment or transaction that results in serious impact on human health and safety, protected species, or the environment as a whole, and that involves products subject to nationally accepted restrictions. To enforce this decision, TEB has created a list of activities excluded from the scope of all related operations. This list is based on internationally recognized agreements, laws, regulations and conventions that regulate the production and trade of such products.

The Bank also develops sectoral policies for certain sensitive sectors that may particularly impact social life and the environment. These policies ensure that the Bank's commitment to environmental and social issues are considered as part of loan conditions. Such practices mitigate the risks that TEB and its customers may be exposed to and minimize the possible adverse effects as well.



# ECONOMIC RESPONSIBILITY

103-1, 103-2, 103-3

### TEB Economic Responsibility Policy

**Türk Ekonomi Bankası A.Ş. adopts a sustainable profitability approach, and considers contributing to the economic development of suppliers, customers and other key stakeholders, and supporting social development among its corporate priorities.**

#### Accordingly, TEB:

- Contributes to the real economy and creates added value for all its stakeholders.
- Assists the customers in achieving their goals by providing financial support with competitive products and services, supporting economic development.
- Aims to spread the “right to accessing financial means” across the entire society by identifying the challenges that small businesses and households face in benefiting from financial services, and contributes to elevating social welfare.
- Believes that SMEs are the cornerstones of the nation’s economy, and stands by them with financial support and consultancy services available at every stage of their economic development processes.
- Aims to raise the awareness in the society about conscious saving through financial literacy activities.
- Takes into consideration climate change-induced risks for a sustainable environment and community, and steers its activities according to the environmental policy.

## GOOD BANKING SOLUTIONS

TEB embraces ‘Good Banking’ as a responsibility in offering solutions to support the development of its customers and the national economy as well as their integration into the global economy. The products and services offered to a wide range of customers from SMEs to micro businesses, from women entrepreneurs to farmers constitute a key area where TEB makes a difference in local economic development.

### FOREIGN TRADE SOLUTIONS

TEB, supported by BNP Paribas’ global service network, is in the position of a distinguished bank specialized in foreign trade. BNP Paribas ranks first in Europe and among the world’s top three banks in foreign trade finance. The Trade Centers, which benefit from BNP Paribas’ operations, are active at more than 100 locations in over 60 countries, serving to enhance TEB’s competitive edge in trade finance business. These Centers give the Bank with the capability to provide specialized operational solutions such as Foreign Trade Legislation Consultancy Hotline and Letter of Credit Document Preparation, and to offer more competitive pricing and terms.

#### TEB TRADE CENTERS

TEB Trade Centers, located in Istanbul, Bursa, İzmir, Ankara and Adana, which together account for approximately 70% of Turkey’s total foreign trade volume, mark a first in the Turkish banking sector in terms of the foreign trade financing and foreign trade consultancy products. Currently operating out of five locations, TEB Trade Centers develop foreign trade finance models that can be tailored to customer requirements thanks to the trade finance expertise and extensive correspondent networks of TEB and BNP Paribas.

### FOREIGN TRADE TRAINING PROGRAMS

TEB provides specialized consultancy services to its customers with foreign trade operations and international investments. TEB’s “Foreign Trade Development Program” that aims to expand the horizon of SMEs in foreign trade was delivered in four modules including growth management, mitigating foreign trade risks, market research and current situation analysis of the businesses’ foreign trade operations. The training program that was launched in 2016 and lasted six months ended in February 2017.

### PUBLIC SECTOR BANKING

The Public Sector Banking Department, established with the aim of expanding the scope of business with the public sector and increasing cooperation opportunities, has worked with nearly 500 municipalities and their affiliates. The Public Sector Banking approach has enabled local administrations to find financing more easily, contributing to faster actualization of infrastructure and superstructure investments. Offering the first online/real-time collection service as a cash management solution, TEB has also helped people to fulfill their obligations to the municipalities, more easily and quickly. As a first in 2017, foreign trade transactions in TL were made possible for public institutions. Foreign trade, structured trade finance, cash management and alternative financing options are among the priorities of the Public Sector Banking Department.

In addition to borrowing markets, the Bank is also in the process of developing systems to provide public institutions with access to capital markets

### SME BANKING

As part of SME Banking, which the Bank has offered with its “consultant banking” approach since 2005, TEB builds on the products and services offered to SMEs, helping them with different solutions in challenging areas such as growth and competition.

TEB monitors the economic and technological changes and developments closely, guiding SMEs in these rapidly evolving times to gain different perspectives and prepare for the future of business life and production.

The participants completed four training modules in 32 hours. After the completion of the training program, TEB’s International Marketing and Sales Specialists identified the participating companies’ foreign trade requirements and created roadmaps for them. The Bank also partners with sectoral and regional Exporters’ Associations, Chambers of Commerce and Industry, Organized Industrial Zone Managements and similar institutions to develop foreign trade products, training programs and trade learning seminars specific to the needs of companies across Turkey.

through traditional and Islamic banking products and to facilitate financing to small and medium-sized businesses that work with public institutions.

### MULTINATIONALS DESK

As the first bank in Turkey to set up a Multinationals Desk back in 2006, TEB provides multinationals as well as Turkish firms with international operations with significant advantages and convenience in keeping with BNP Paribas’ “One Bank for Corporates” slogan, calling upon the resources of its own extensive network of domestic branches in Turkey as well as those of BNP Paribas with more than 23 million customers and over 7 thousand branches. TEB delivers the ultimate service quality and standard that global partners of multinationals have come to expect from BNP Paribas to the extent allowed by the local regulatory framework. The objective of the Multinationals Desk, structured under the Corporate Banking division, with its specialized professionals is to become the preferred bank of all multinationals with operations in Turkey.

In the field of SME Banking, TEB is organized to cover separate business lines to offer boutique service to its customers that require different products and services of a different scale. Besides the solutions that the Bank designed in the Women Banking, Microbusiness Banking, Agricultural Banking and Startup Business Banking business lines in a spectrum broad enough to overcome the financial problems facing the customers, TEB also provides support in non-financial aspects such as access to information, training and networking.

### AFD CORPORATE SOCIAL RESPONSIBILITY (CSR) LOAN

In 2007, the French Development Agency (Agence Française de Développement – AFD) granted a twelve-year funding of Euro 40 billion to TEB to raise CSR awareness in SMEs. TEB and AFD, which collaborated for this project during the reporting period, offered financing opportunities at attractive terms and prices for SMEs that needed Working Capital and/or Investment Loans. As part of this funding, available for businesses with annual revenues up to TL 50 million, each company can take out a loan ranging from Euro 85,000 to Euro 850,000. While the first apparent goal of this loan is to finance SMEs with long-term loans at attractive interest rates, its main purpose is to actually create Corporate Social Responsibility awareness among SMEs by allocating a portion of the proceeds generated through this loan for CSR-related activities.

Beyond simply financing the various needs of the SMEs, this loan also aims to encourage them today to take steps toward CSR, which will soon become an important parameter of global competition. In addition to raising this awareness among SMEs, informing TEB employees on the same matter and training them to guide our customers are also objectives of the loan.

#### The project resulted in the following activities:

- CSR Awareness-Level Survey
- CSR Awareness Training
- CSR Check-Up
- TEB SME Academy Events
- EB SME TV – CSR-related Programs
- CSR Conferences
- Book/seminar, etc. Sponsorships

### SUPPORTING SMES IN TECHNOLOGICAL TRANSFORMATION

The value-added services that TEB designs with its mission of serving as the Consultant Bank of SMEs are developed to guide SMEs in the technological transformation as well. For this purpose, TEB began to host SME Academy Industry 4.0 Meetings in various cities to introduce SMEs to the Industry 4.0 concept and help them stay ahead of the curve. The meetings that first began on April 14, 2017 in Istanbul continued with events in Izmir, Konya, Denizli and Adana. In addition to meetings at provinces, trainings sessions were organized at industrial zones, which are the heart of the industry. The objective of the series that was launched in Tuzla Organized Industrial Zone is to provide more in-depth training in regions with specific needs. The Industry 4.0 meetings held for over 2,000

business people provided information on topics such as the Industry 4.0 concept, its impact on the Turkish industry and economy, and methods for adapting to Industry 4.0. As of 2017 year-end, TEB SME Academy reached over 26,000 business people in 113 events.

#### TEB SME TV

TEB SME TV is focused on guiding SMEs in digitalization. As the first internet-based television in Turkey dedicated to SMEs, TEB SME TV sets TEB apart in the sector. In 2017, it continued to be a trusted source of online information/news with programs dedicated to business and career development of the employee world in general, and SMEs in particular.

In addition to news that keep the pulse of the economy, the markets and business life, TEB SME TV also focuses on guiding the SMEs about technology-oriented

production, sector-specific Industry 4.0 processes, how digitalization influences ways of doing business and how companies should adapt to the process. Following the thematic channels “Technological Solutions,” “Woman Manager Screen” and “Career and Personal Development” that went live in earlier years, the “Industry 4.0” channel was launched and began broadcasting inspirational SME success stories to encourage adaptation to the process. The number of TEB SME TV’s news content exceeded 10,000 with an average monthly viewing of 1.5 million in 2017.

#### “tebledisticaret.com”

TEB serves businesses with export aspirations through its informative digital platform [www.tebledisticaret.com](http://www.tebledisticaret.com) (foreign trade with TEB), which offers a guide to exploring international markets and makes life easier for them. “tebledisticaret.com” platform is designed to provide 360-degrees accurate, up-to-date and refined information to companies currently or potentially

engaged in foreign trade. These companies are able to find all the information they seek to access new markets through [tebledisticaret.com](http://tebledisticaret.com) in one source. Meanwhile the “TEB Foreign Trade Development Program” designed specifically for exporters and importers provides training and specialized support on how to leverage this information.

In addition to information on over 1,500 businesses and 20,000 suppliers from more than 160 countries as well as market research data, over 10,000 industry-specific reports are also available on [tebledisticaret.com](http://tebledisticaret.com). Users can access detailed information from the general profile to geographic location, from economic conditions to cultural differences of the markets they are interested in, through [tebledisticaret.com](http://tebledisticaret.com). Additionally, the website offers information on exporters/importers of products subject to international trade in certain countries as well as the opportunity to view the trade fairs by industry and country to find potential clients.

### MICROBUSINESS BANKING

With its Microbusiness Banking segment, TEB caters to the financial and non-financial needs of micro businesses. The Bank’s Patron Kart (Boss Card) product provides tradesmen and small enterprises with the opportunity to quickly access credit facilities through alternative distribution channels using a single card. TEB customers can access their full limits in commercial installment loans, seasonal loans, overdraft accounts and company credit cards over a single card with the TEB Boss Card and meet their commercial loan needs with terms of up to 36 months from TEB ATMs and the TEB Corporate Internet branch 24/7. Bills, cheques, social security contributions and HGS label charges (bridge and road tolls) can be paid on time with the overdraft account linked to the Boss Card, saving them a trip to the branches.

In addition to the financial solutions offered to the customers, TEB also delivers guidance services designed to help them use the funding to grow their businesses. Through the TEB Microbusiness Guidance Program, micro business owners are advised on how to grow their businesses or use risk management to meet their specific needs. Microbusiness Experts who help

business owners develop with analyses and roadmaps continued to provide guidance in 2017. 108 customer representatives attended the TEB Microbusiness Guidance trainings, with 40 completing the program and 68 still in training as of year-end 2017. The number of customer representatives who qualified for the guidance service provided to businesses within the scope of TEB SME Consultancy Program and delivering service as ‘TEB Business Guides’ reached 153 in the reporting period.

#### GOLD BANKING

For over 20 years, TEB has been responding to the short and long-term needs of the jewelry industry and became one of the most important players in the sector as of 2017 year-end. According to BRSA data, the Bank maintained its leadership position in the sector with 36% market share.

TEB Gold Banking offers its own “Milyem Card” product as a solution to the payment and maturity problems in trade of products for both wholesale and retail jewelers. With a range of products including current/



time Gold Deposit Accounts, Silver Deposit Account, Drop Gold Account, Type B Gold Fund and the New Golden Age, TEB Gold Banking continued to serve individual and corporate customers wishing to make saving in 2017.

As the market leader, TEB has developed strong relationships with the jewelry industry and become the main sponsor of major industry events. In keeping

with tradition, the Bank sponsored JEWEX as well as "Istanbul Jewelry Show, the world's 5<sup>th</sup> biggest jewelry fair in 2017, which hosted more than 1,250 local and international companies operating in the jewelry and watchmaking industry from Eastern Europe to Russia, from the Middle East to North Africa and Turkic Republics of Central Asia. In 2017, the trade fairs have been instrumental in bringing the Bank together with market professional visitors.

## AGRICULTURAL BANKING

Agriculture is the rising sector of the recent years and a key focus of our banking activities. TEB Agricultural Banking aims to stand by the producers with agricultural banking products designed to meet the needs of the sector and producers based on the conditions and dynamics of agricultural production. Carrying out its operations with a focus on offering the right products at favorable prices and terms, TEB Agricultural Banking provides resources to support agricultural input finance as well as financing investment projects for agricultural enterprises of all sizes, producers and for producer organizations (associations, cooperatives and chambers) in line with its "consultant bank" mission.

In view of the benefits achieved by the TEB SME Consultants project, a similar program was created based on the unique dynamics of the agricultural sector. In 2017, 21 agricultural customer representatives began to take training within the scope of the program. By the end of the year, the number of TEB Agricultural Specialists who provide consultancy services needed by agribusiness establishments in various fields such as administration, development and planning reached 45. TEB Agricultural Specialists Program is intended to help producers transform into agricultural enterprises.

TEB Agricultural Meetings organized under TEB SME Academy continued in 2017. The events, expanded from province level down to districts in 2016 with a new approach, and in 2017, they focused on building deeper relationships with producers. These meetings, which aimed to meet the needs of local producers directly, concentrate more on local issues and resolve them, were held in Bayındır (Izmir), Develi (Kayseri), and Kadirli (Osmaniye). To date, more than 1,500 producers have been trained on technical topics including fertilization, pesticides, seeds, and equipment, as well as business topics such as managing and growing agribusiness; thus, an environment was created where the local agricultural issues and their solutions could be addressed.

Lexus, the automated surveying system for producers wishing to obtain cash loans collateralized with land lien, was launched as a pilot project in a number of regions to facilitate the process. As opposed to prior applications, the survey and appraisal process can be completed within seconds with Lexus. The Bank participated in 12 national and international agricultural fairs in 2017 to promote its financial and non-financial products, and to reinforce relations with stakeholders from the agricultural sector.

### HARVEST CARD

TEB expanded its collaborations and industry partnerships with various organizations to spread the use of "TEB Harman Kart" (TEB Harvest Card). In addition to offering financing opportunities considering the seasonality of the agriculture sector, TEB Harman Kart also plays an important role in procuring essential inputs for producers. Petrol Ofisi and OPET, two of the leading brands in the fuel oil industry, and İGSAŞ Gübre, a top fertilizer brand, are covered under Harman Kart. Fuel oil companies ranked in the top three in the sector in terms of market share are now added to the ongoing cooperation with Shell.

## START-UP BUSINESS BANKING

Through TEB Start-up Business Banking, entrepreneurs, who embark on the business world with limited resources, are able to seize the opportunities that come up to grow their businesses while serving to develop the start-up ecosystem further. Within this scope, TEB aims to strengthen start-ups as they play an increasingly more important role in the economy, and to contribute to social welfare through enabling sustainable growth.

The activities carried out since 2013 as part of Start-up Business Banking to provide wide-ranging and effective support for entrepreneurs, who want to start and grow their own businesses, continued in 2017. Being the only bank to have organized a dedicated synergy for the entrepreneurial system within its organization, TEB provides entrepreneurs with guidance on a variety of topics from how they can turn their ideas into business with the funding they secure to how they can commercialize their projects. Through Start-up Business Banking, entrepreneurs can benefit from opportunities such as access to public sector incentives, presenting their innovative products on domestic and international platforms, building and growing their companies, and acquiring new customers. With its business model and strong business partners, TEB Start-up Business Banking has become a nation-wide hub for activities to transform business ideas with high

added value into entrepreneurial potential.

### START-UP HOUSES

The TEB-TİM Start-up Houses, first launched in 2013 to provide consultancy for entrepreneurs in partnership with Turkish Exporters Assembly (TİM) in 10 cities including Istanbul, Izmir, Konya, Gaziantep, Denizli, Bursa, Trabzon, Edirne, Mersin and Erzurum, offer end-to-end support. With a work environment custom-designed for entrepreneurs, Start-up Houses expanded the variety of their activities in 2017 by following the latest trends, continuing to provide comprehensive and effective support as well as various applications for periodic requirements to help entrepreneurs, who have business ideas with high technological or added value, and who want to start their own businesses.

In addition to the 10 provinces where TİM-TEB Start-up Houses are located, six more cities in Antalya, Tekirdağ (Çorlu), Edirne (Keşan), Kırklareli (Lüleburgaz), Rize, and Samsun joined the system in 2017. 315 training programs on 23 different topics were provided to 9,950 prospective and active entrepreneurs in 17 cities. The 'Wake UP' programs, organized at universities to raise awareness about entrepreneurship among the young generation, reached more than 1,000 students, who were taught the "design thinking" approach and encouraged to give life to their own business ideas.

### TEB is the Only Bank among the 20 implementing institutions in TÜBİTAK's BiGG Program

Accepting applications from entrepreneurs for three years as the only private company taking place among the 20 accredited enterprises under TÜBİTAK's Young Enterprise (BiGG) Program, TEB has performed highly successfully based on the grant results announced. In 2017, the Bank received 1,400 applications. Through 73 valuable projects submitted to TÜBİTAK, TEB created funding support amounting to TL 6 million for 40 entrepreneurs, and thus become one of the top two organizations to intermediate the highest amount of grants among the 20 implementing institutions. Let's UP, another value-added program that TEB runs jointly with the US Embassy, delivers trainings on entrepreneurship, the new economy, information society and flourishing entrepreneurial ecosystem in major universities across Turkey to raise awareness about these topics.

Three of the four Turkish entrepreneurs that won the opportunity to present at Slush, one of the world's major entrepreneurship and innovation events organized in December 2017 in Helsinki, Finland, were

from TİM-TEB Start-up Houses, a fact that TEB takes great pride in. Furthermore, 10 Turkish entrepreneurs from TİM-TEB Start-up Houses were taken to the Slush event, giving technology-focused start-ups with

export potential a chance to reach the international audience and engage with technology communities. At the "Turkish Innovation and Entrepreneurship Week" organized by TIM on December 6-9, 2017, 85 entrepreneurs from TIM-TEB Start-up Houses under

the roof of TEB's Start-up Business Banking, presented their business ideas. Taglette Tech (Istanbul), one of the top three start-ups in the national category and a TIM-TEB Start-up House entrepreneur, won TL 50,000 as third prize.

### TEB introduced children to the 'Maker' movement!

After opening the TIM-TEB Start-up Houses to elementary school students in 2017 and turning them into workshops, TEB introduced the children to the 'Maker' movement, which combines the 'do-it-yourself' culture with technology. TEB believes that today's children will be the entrepreneurs of tomorrow and supports them with 'TEB Little Makers at Work', a project that aims to give children in Anatolia the same opportunities as their peers in big cities. Acting on this idea, TEB held 3D printing, Arduino, Coding and 'Makey Makey' trainings at nine TIM-TEB Start-up Houses in Istanbul, Izmir, Denizli, Gaziantep, Trabzon, Mersin, Bursa, Konya and Edirne, reaching more than 500 third and fourth graders from 72 schools in these cities.

## WOMEN BANKING

Increasing women's participation in the business world and strengthening their presence in every area is crucial in terms of bringing added value to the economy. Acting on this premise, TEB continued to provide services designed to meet the needs of women business owners with an integrated approach. In this context, the Bank focused on providing support for financial and non-financial needs of women business owners, and aims to unleash their hidden potential in keeping with its vision of being the "women's consultant bank" and "the bank women want to work with the most".

Women face problems in accessing financial resources, and especially the challenges of finding collateral and obtaining loans may cause them to give up at early

stages of starting their businesses. Solving these problems can play a key role in preparing the stage for women to take part in the economy, not only as consumers but also as producers. For this purpose, TEB has developed loans without material collateral and special financing packages to support women entrepreneurs. With the "Financing and Consultancy Support for Enterprises Run by Women" program, offered in collaboration with the European Union, the European Bank for Reconstruction and Development (EBRD), Turkish Ministry of Labour and Social Security, and Turkish Labour Agency to support businesses owned and managed by women as well as to promote entrepreneurship among women, TEB extends the funds allocated to the Bank in the amount of Euro 50 million as loans for women entrepreneurs.

### Incentives for Women Entrepreneurs

EBRD's Euro 50 million fund is used to finance customers of Women Banking in the Microbusiness and Agriculture segment with loans up to TL 75,000, and customers of Women Banking in the SME segment with loans up to 125,000 TL without material collateral. With loan utilizations that began in 2015, TEB created resources in excess of TL 245 million for more than 6,000 customers as of 2017 year-end.

TEB develops a number of quality solutions to provide women business owners with the information they need to grow their businesses. TEB Women Academy, established to meet this objective, is a special program

that offers women business owners training to build on their leadership and business management skills through workshops, and brings them together with inspiring women from the business world at various

events. Aiming to reach higher number of women business owners, TEB Women Academy collaborated with the Women Entrepreneurs Board of TOBB (The Union of Chambers and Commodity Exchanges of Turkey), and enriched its offering with more workshops and trainings in some cities by considering region-

specific needs. In 2017, nine Women Academy events were hosted in eight cities, reaching more than 600 business women. The total number of people that attended the 25 Women Academy events in 17 provinces was close to 3,000.

### TEB offers support programs to meet women business owners' coaching and mentoring needs.

Worldwide research demonstrates that women display heightened levels of confidence, awareness and skill use when they receive mentoring. Therefore, TEB offers Women Banking support programs with mentoring service, a major need for women business owners. One of these programs is TEB Star Cluster, a project launched to train selected TEB branch managers as "Enterprise Coaches" with a special curriculum to support women business owners. The objective of this project, which is a first for a bank in Turkey to design a program with such depth, is to provide coaching to women business owners to help them solve the day-to-day problems they face and take the actions they need to grow their businesses.

Studies show that women business owners, compared to men, have a harder time dealing with sociocultural norms and creating means to access new markets. Such difficulties sometimes cause women business owners to miss opportunities. TEB joined "WeConnect International," a platform in Turkey to promote women entrepreneurs' presence in the economy and support women business owners to access new markets.

Through this membership, TEB aims to help businesses with women leaders become a part of the global supply chain and to elevate women entrepreneurs' position among the competition. As of year-end 2017, the Bank supported 54 customers to become a part of the global supply chain and reach new markets. TEB also adds WeConnect member companies to its own supplier pool to involve women in the procurement processes.

### TEB helps women business owners overcome obstacles!

With Women Banking, TEB keeps its focus on women business owners and addresses their needs with a holistic service approach. In addition to offering financing options to grow their businesses, TEB also provides women business owners with special training programs, consultancy and mentoring opportunities on key topics such as access to information, access to new markets and building networks, helping them overcome the obstacles they may face in various aspects of business life. TEB Women Academy delivers a wide range of information that women business owners seek to grow their businesses while the @teblekadin (TEB and women) Facebook page broadcasts the weekly program 'TEB'le Kadın On-Air' to support the development and growth of prospective and current women business owners. On the other hand, TEB SME TV, the first Internet television dedicated to SMEs, features the Women Bosses Screen, a program that delivers information and news to women in the business world.

## ANGEL INVESTMENT PLATFORM

TEB analyzes the assets and financial standing of its Private Banking customers to offer investment consultancy services that align with their risk preferences and long-term plans. TEB Private Banking Angel Investment Platform, launched in 2013, explores

and provides new investment opportunities for clients that seek options other than traditional financial instruments to invest their assets while also enabling entrepreneurs to participate in the economic cycle with their promising projects. As the first and only bank

to assist investors in obtaining Private Participation Investor license through the Angel Investment Platform, TEB supports the investment process by submitting the documentation and information related to the investments made through the network to the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

CXO Club- the Leaders of the Future Club, founded in 2017 as an initiative of TEB Private Banking Angel Investor Platform, aims to share information, the most valuable asset of this era, with the senior decision makers of the established Turkish enterprises, with the objective of turning it into an investment opportunity for both private and corporate investors. The topics that the CXO Club addresses in closed-circuit meetings include digital transformation and entrepreneurship ecosystem, the players of the ecosystem and reasons for taking part in the ecosystem, new business models, global trends and concepts, and threats for large enterprises. They aim to strengthen business partnerships and support the entrepreneurial ecosystem to have a healthier structure.

TEB has signed a partnership agreement with Ashoka, an NGO recognized worldwide as a leading social entrepreneurship network. This partnership aims to promote the social entrepreneurship concept to the existing and prospective Angel Investors within the network that TEB has built through the Angel Investors Platform, and to create financial benefits for start-ups with social missions. The primary objective of the partnership between TEB and Ashoka, which is a first in Turkey in terms of supporting social entrepreneurship through Private Banking, is to strengthen social start-ups and contribute to their

success not only with seasonal donations but also long-term social investments in their business ideas. As part of this partnership, various workshops were organized to inform Private Banking clients on social entrepreneurship and considerations for investing in social start-ups. These activities, which are to the benefit of the society, will continue in the future.

### TEB FINTECH FUTURE FOUR PROGRAM

TEB Fintech Future Four is a special, brand new support program dedicated to start-ups with ideas and projects on financial technologies. The program aims to support and encourage fintechs to design and develop groundbreaking banking and finance technologies in Turkey. With this program, TEB's objective is to provide fintechs with the financing they need to develop their ideas as well as consultancy in the commercialization process, helping them achieve success at a global scale. TEB issued the first call in 2016 on the topics of Know Your Customer/Information Security, Roboadvisory, Virtual Customer Relations Management, Real Time Marketing, Next Generation Payment/Merchant Technologies, and Loyalty/Gamification, and received nearly 50 fintech applications for consideration. Following evaluations, eight fintechs were shortlisted and asked to deliver their presentations to a jury of TEB senior management and independent judges, and finally four were selected to join the development program. In 2017, two fintech companies, which offer robotics consultancy and chatbots, were selected among these four, and a cooperation agreement was signed with each to integrate them into the Turkish banking system. As the TEB Fintech Future Four program continues in the coming years, call for a new program will be announced with international fintech accelerators as solution partners.

## HIGH ETHICAL STANDARDS <sup>102-16</sup>

Ethical principles constitute a key factor in ensuring the success of both the Group and also the individuals. Creating an environment that fully complies with the Bank's ethical principles across all departments, regions and branches is the responsibility of the respective managers. Accordingly, the managers:

- First and foremost, recognize the importance of ethical principles and uphold them in all circumstances.
- Serve as role models for their subordinates with their actions and thoughts.
- Accept it as their primary responsibility to implement the ethical principles within their own companies as well as in the entire TEB Group, and to ensure that they are followed.
- Work to instill the corporate culture, and to make

sure that the employees adopt the required norms, values and principles.

- Create an environment that promotes open communication and encourages employees to freely raise issues concerning the company's transactions as well as ethical principles.
- Are always consistent in their behavior and decisions.

Employees of TEB Group Companies are required to adhere to the ethical principles addressed under four categories: Using Company Resources, Relations, Obligations toward the Company, and General and Specific Rules. All details of ethical principles are disclosed to the public on the corporate website. For more information: (<https://www.teb.com.tr/teb-hakkinda/etik-ilkeler/>).

In the event that employees detect unethical behaviors that breach corporate integrity such as fraud, corruption, forgery, unethical behavior, non-compliance with laws and regulations, or violation of

financial sanctions, they can report such cases directly to the Head of Compliance and Internal Control Group via the internal notification line dedicated for this purpose. There are also a number of other notification platforms, including an email address for internal notifications, internal notification hotline, face-to-face meeting and mail to enable the reporting employee directly contact the Head of Compliance and Internal Control Group or direct notification to the Head of the Bank's Audit Committee in cases deemed critical.

These notification channels are confidential. As a Bank procedure, the Internal Notification Regulation provides information on communication channels also lays out the principles for notifications, reporting and privacy.

Violations of financial sanctions can also be reported via the Bank's main shareholder BNP Paribas Sanctions Communication Hotline. The employees are advised through the Internal Notification Regulation that such notifications must not contain customer and bank information, which are considered confidential.

### Full Compliance with Laws and Regulations

All TEB employees, suppliers and business partners are obliged to work in full compliance with the applicable laws and regulations of the countries where they operate.

## FIGHT AGAINST CORRUPTION <sup>205-1, 205-2</sup>

TEB implements various measures to prevent corruption. The job descriptions of the relevant departments include responsibilities and the necessary systematic control mechanisms are established. Furthermore, the Internal Control and the Inspection Committee perform on-site/remote audits with activities in this scope.

The Legislation Division published various ethical regulations. Topics such as prioritizing customer interests, preventing discrimination, the importance of fighting corruption and laundering criminal proceeds, managing conflict of interests, honesty in market transactions, the importance of data privacy and the impact of operations on the community are emphasized in these regulations to contribute to sustaining a healthy economic system and protecting customer/employee rights. All relevant documents are published

on the TEB Group Intranet on a platform accessible to all employees.

Internal Notification channels such as a dedicated phone line and email address, etc. are in place to contact the Head of the Compliance and Internal Control Group, which is established to ensure that cases related to corruption, fraud, violation of ethical principles and international financial sanctions are detected and reported. <sup>102-17</sup>

The inspection system is established to cover all activities and departments of the Bank and its subsidiaries. As of 2017 year-end, TEB Inspection Committee operates with a team consisting of the committee head, three assistant committee heads, four audit managers, one inspection and investigation manager, three supervisor

inspectors, two senior inspectors, 26 inspectors, eight authorized deputy inspectors, 26 assistant inspectors, two senior IT inspectors, one IT inspector, two assistant IT inspectors, one Inspection Committee support and coordination manager and one executive assistant.

The Board of Directors has taken all necessary measures to ensure that the Inspection Committee performs its inspection duties across the Bank and its subsidiaries included in the consolidations without limitation. In the reporting period (January 1, 2016 – December 31, 2017), the Inspection Committee conducted 210<sup>12-1</sup>

branch inspections in total. These included 82 General Inspections, 26 Credit Portfolio Valuation Inspections, 61 Credit Portfolio Management Inspections, 16 Operations Special Inspections, and 25 Solo Operation Inspections. The inspections are conducted to evaluate loan utilization and collateral conditions, loan repayment performance, customer and guarantor morality, effectiveness and governance of branch risk management, the respective branch's compliance with legal and internal legislation, management of risks that may arise from operational transactions and the operational effectiveness of the internal control system.

- In General Inspections, 84% of the branches were found to be **"Generally Adequate"**,
- In Credit Portfolio Valuation Inspections, 88% of the Branches were found to have **"Standard and Low Risk"** exposure,
- In Credit Portfolio Management Inspections, 74% of the branches were found to be **"Generally Adequate"**,
- In Operations Special Inspections, 75% of the branches were found to be **"Generally Adequate"**, and
- Solo Operation Inspections, 72% of the branches were found to be **"Generally Adequate"**.

#### Inspections of and investigations into corruption and fraud risks are carried out on the basis of:

- Any notification, claim or complaint communicated directly or via other Head Office departments to the Inspection Committee,
- Evidences and documents of suspicious incidents of malicious intent or acts and incidents against the Bank that the inspectors witness or detect during routine branch inspections.

#### The inspection or investigation report at the conclusion of the activity is submitted to the Disciplinary Committee, the final decision-making body, for consideration of:

- Administrative recommendations about the employees that bear responsibility,
- Financial recommendations regarding the Bank's or customer's losses,
- Legal recommendations about possible actions with respect to the legal process, and
- Technical recommendations for process improvements if the findings point to lack of control or system-based errors.

Another function established to manage corruption and fraud risks is the Remote Monitoring Department, which is responsible for reviewing the alerts generated to monitor fraud and corruption risks, generally run on a daily basis and that contain a varying number of warnings because they are updated according to needs. When deemed necessary, signatures are checked by requesting information and documents from the branches and surveillance footage is examined.

Training programs, mandated by the BNP Paribas group, on Ethical Principles, International Financial Sanctions and Embargoes, Prevention of Laundering Criminal Proceeds, Prevention of Financing Terrorism, Market Fraud, US CFTC Swap Dealer, AEOI, Volcker and French Banking Law, and Know Your Data were made available for relevant audiences, and the Roosevelt Project exams were completed by relevant employees.

#### The number and scope of the trainings on anti-corruption practices are as follows:

2016			
Training	Participants	%	Training Hours
Forgery / Basic Electronic Banking Forgery and Precautions	393	4	694
Forgery and Fraud	92	1	319
Fraud / Fraudulent Banking Activities with Examples	400	4	796
Prevention of Laundering Criminal Proceeds	69	1	490
Compliance Training	3,340	35	14,677
Compliance Training (e-learning)	8,786	91	11,696
Capital Market Crimes Information Abuse and Market Fraud Training (e-learning)	249	3	126
Information Security Awareness Training	4,165	43	2,191
TEB Information Security Policy	6,091	63	6,091
<b>Total</b>			<b>37,080</b>

2017			
Training	Participants	%	Training Hours
Forgery / Basic Electronic Banking Forgery and Precautions	266	3	455
Forgery and Fraud	112	1	386
Forgery in International Trade	31	1	217
Fraud / Fraudulent Banking Activities with Examples	265	3	441
Prevention of Laundering Criminal Proceeds and Financing Terrorism (AML / CTF) (e-learning)	8,698	92	21,960
Compliance Training	1,549	16	7,398
Compliance Training (e-learning)	8,916	94	14,410
Capital Market Crimes Information Abuse and Market Fraud Training (e-learning)	49	1	25
Methods of Identifying and Preventing Fraudulent Banking Activities (e-learning)	12	1	11
Information Security Awareness Training	9,247	98	7,707
TEB Information Security Policy	9,907	100	8,256
<b>Total</b>			<b>61,265</b>

## CONFLICTS OF INTEREST<sup>102-25</sup>

A conflict of interest is defined as the inverse relationship between the interests of an organization and individuals/customers. Personal interests must never be held above the interests of the institution. Bank employees are always expected to perform their duties with full objectivity, never hold their personal interests above those of the customers, and never give rise to a situation where a choice must be made between their own interests and those of the customers. Whenever the interests of the customer are concerned, direct or indirect personal interests of the employee should be no topic of consideration.

With respect to conflicts of interest, TEB complies with the relevant provisions of the Turkish Commercial Code, Banking Law, TEB Human Resources Regulation and other applicable internal regulations. These rules apply for the Board of Directors and all employees.

During branch audits, possible conflicts of interest are checked as well. Pursuant to the Ethical Principles Regulation, adherence to various criteria such as whether or not the employees comply with the rule of not having close relatives in their portfolios, or credit line restrictions of companies where employees or their spouses are shareholders, etc. are respected, is also checked during audits.

## SUPPLY CHAIN MANAGEMENT<sup>102-9</sup>

TEB procures a wide range of products and services, works with suppliers, mostly SMEs, from diverse industries. As a bank with multiple branches and a strong technological infrastructure, TEB's main procurement item is technology purchases while electricity, mechanical, construction and contracting purchases are also among the highest volumes.

After signing agreements with numerous vendors in 2017, TEB began to serve TEB A.Ş. and the BNP Paribas subsidiaries in Turkey with its centralized supply chain and supplier management. The Bank worked with approximately 1,400 active suppliers in 2016 and 2017, with procurement payments (excluding lease and contribution costs) amounting to TL 620 million in 2016 and TL 720 million in 2017.

The procurement processes in the Bank are carried out in an electronic (paperless) medium across all stages from request to billing. Orders are managed with zero-stock policy, and not from the internal warehouse. In addition to the main procurement process, suppliers are registered and evaluated according to a number of criteria, using Supplier

Selection, Supplier Evaluation and Supplier Risk Assessment forms as part of supplier management.

In the event that fraud, money laundering, theft, violation of general ethical principles, defective products, and late delivery etc. are identified during supplier evaluation, the company is permanently blocked. In order to lift this permanent blockage, the selection process is restarted for the company, and if conformity is determined, the blockage is lifted. The problems experienced with the suppliers are also recorded in the Purchase Approval Forms.

Before starting to work with a supplier, the Bank sends the companies a Supplier Selection Form. Based on the answers provided by the suppliers, scores and the suitability of the suppliers are determined. The companies are also asked to provide various information and documentation, and these are checked for their validity and compliance. The selection form criteria, and general terms and conditions of purchase also include the opinions of the Sustainability Committee.

### The selection form criteria include the following questions:

- Has any criminal suit been filed against the company due to its operations (environmental pollution, noise pollution, acts to the detriment of the local communities' rights, etc.)?
- Does the company provide the necessary safety precautions and equipment for its employees?
- Does the company offer training on these issues?
- Does the company hold environmental certifications (ISO 14000, etc.)?

Pursuant to Article 37 of the General Procurement Terms and Conditions, suppliers are requested to agree and declare that they comply with Labor Law No. 4857, Social Insurance and Universal Health Insurance Law No. 5510, and the Regulation on the procedures and principles of Child Labor and Young Employees. Article 49 of the General Procurement Terms and Conditions addresses the sustainability issues in paragraphs on Protecting the Environment, Compliance with Labor Legislation, Inspection and Access to Information, while Article 50 stipulates the acceptance of the TEB Supplier Corporate Social Responsibility Agreement. This agreement has been incorporated into the general procurement terms and conditions as of August 2015, and contains the corporate responsibility principles of TEB. Prospective suppliers can pass the selection process only after by marking the tick box stating 'I have read the document, and I agree to the conditions' and signing the General Procurement Terms and Conditions, which is an integral part of this process, and then become a supplier of the Bank.

### DEVELOPING THE SUPPLIERS

TEB engages with its suppliers via e-mail, phone calls, company visits, meetings, audits and briefings. The suppliers are assessed according to their performance in the categories that the Bank has set. During the annual Supplier Day events, sessions and meetings are held

with suppliers to discuss TEB's agenda items or topics that pertain to the market. The suppliers identified as top performers are awarded during this event. At the awards ceremony, the reasons for successful performances are shared with all the participants to motivate them for next year's performance.

All standard agreement templates signed with the suppliers, as well as the General Procurement Terms and Conditions attached to the Supplier Selection Form contain provisions regarding occupational health and safety.

Since the beginning of 2016, measurement of suppliers' compliance with service level commitments stated in the agreements are entered into the system by the business lines and the results are reported to the senior management. A monitoring system also influences suppliers' development positively.

### LOCAL PROCUREMENT<sup>104-1</sup>

In procurements, local sources are preferred whenever possible. In 2016, the Bank worked with 1,309 local suppliers, paying them TL 605 million in total. There figures were 1,327 and TL 689 million in 2017. The payments made to local suppliers accounted for 97% and 96% of the total procurement volume in 2016 and 2017, respectively.



**SOCIAL  
RESPONSIBILITY**

# DIVERSITY AND EQUAL RIGHTS

The Bank promotes equal rights for its employees under all circumstances. Employee rights are advised to the employees in the Human Resources regulation and the implementation guidelines published as its addendum. Furthermore, the provision on the "Actions

Prohibited for Bank Employees" in the Human Resources Regulation stipulates "discriminating by reason of age, language, religion, race, political opinion, health conditions, gender, and marital status is not allowed".

## PRINCIPLES OF EMPLOYEE RIGHTS<sup>103-1, 103-2, 103-3</sup>

Respect for human rights is an important part of the Value and Respect for Employees approach and lies at the core of TEB's Human Resources practices and policies. TEB's Employee Rights principles are:

- Prohibiting forced labor
- Prohibiting child labor
- Non-discrimination
- Ensuring occupational health and safety
- Ensuring working conditions in compliance with the laws
- Providing suitable working hours and wages

When the employees feel that there are inconsistencies between the principles and policies and the actual practices in the workplace, they can communicate

their questions and complaints safely to the senior management, executives and the human resources group without feeling any pressure.

### No discrimination against any employee is made in any Human Resources practice, including:

- Recruitment and resignation process,
- Working hours and leaves,
- Wages, benefits and rewards,
- Career development, competency and performance assessments,
- Working order principles,
- Disciplinary offenses and penalties, etc.

Breakdown of TEB employees and Board of Directors by gender and age groups, and basic salary ratios by position and gender are shown in the following tables:<sup>405-1, 405-2</sup>

2016	Female Employees		Age Groups		
	Female Employees - Total	Female Employment Ratio (%)	Employees - Total		
			Under 30	30-50	Over 50
Board of Directors, Executive Committee	-	-	-	-	3
Senior Executives	3	17	-	5	13
Mid-level Executives	360	35	-	904	125
Other	4,792	56	2,313	6,155	122

2017	Female Employees		Age Groups		
	Female Employees - Total	Female Employment Ratio (%)	Employees - Total		
			Under 30	30-50	Over 50
Board of Directors, Executive Committee	1	33	0	0	3
Senior Executives	4	22	0	6	12
Mid-level Executives	367	35	0	880	182
Other	4,722	56	1,744	6,451	186

Ratio of Basic Salary of Female Employees to Male Employees	
2016/2017	Head Office
Salary Ratio (%)	98

# GOOD PLACE TO WORK

## EMPLOYEES AND DECENT WORK POLICY<sup>103-1, 103-2, 103-3</sup>

TEB;

- respects the rights of its employees, who are protected by laws and regulations in line with human rights, and treats them equally and without discrimination by reason of religion, language, race and gender.
- surveys the expectations of its employees using various methods, and implements necessary policies to provide the best work environment.
- takes all necessary measures for the health and safety of its employees, and informs them of such.
- Provides all kinds of training programs to keep the employees' basic professional know-how up-to-date, help them manage their careers and support their sectoral development; assesses their performances fairly, and ensures that they benefit from opportunities equally.

EMPLOYMENT<sup>102-8</sup>

TEB employed 9,464 people as of 2017 year-end. Of this, 56% are in the branches while over half of them (54%) are female employees. Furthermore, approximately one thousand people work in jobs such as cleaning and security, etc. as employees of subcontractors.

	2016		2017	
	Branches	Employees	Branches	Employees
Local Branches	511	9,578	500	9,398
Cross-border Branches (TRNC)	4	62	4	66
<b>Total</b>	<b>515</b>	<b>9,640</b>	<b>504</b>	<b>9,464</b>

Note: In 2017, 1 new branch office was opened and 12 were closed.

Employees by Function	Head Office			Regional Offices			Branches			Customer Engagement Center			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Full-time Employees	2,625	2,688	2,777	971	899	834	5,753	5,469	5,331	567	566	515	9,916	9,622	9,457
Part-time Employees	11	18	2	0	0	0	0	0	0	0	0	5	11	18	7
Total Workforce	2,636	2,706	2,779	971	899	834	5,753	5,469	5,331	567	566	520	9,927	9,640	9,464
Female Employees	1,384	1,447	1,489	426	400	357	3,038	2,900	2,869	418	408	379	5,266	5,155	5,094
Male Employees	1,252	1,259	1,290	545	499	477	2,715	2,569	2,462	149	158	141	4,661	4,485	4,370

Full/Part-time Employees by Gender	2015	2016	2017
Full-time Employees	9,916	9,622	9,457
Full-time Female Employees	5,261	5,145	5,090
Full-time Male Employees	4,655	4,477	4,367
Part-time Employees	11	18	7
Part-time Female Employees	5	10	4
Part-time Male Employees	6	8	3
<b>Total Employees</b>	<b>9,927</b>	<b>9,640</b>	<b>9,464</b>
<b>Total Female Employees</b>	<b>5,266</b>	<b>5,155</b>	<b>5,094</b>
<b>Total Male Employees</b>	<b>4,661</b>	<b>4,485</b>	<b>4,370</b>

Employees by Region	2015	2016	2017
Mediterranean Region	479	366	369
Anatolia 1 Region	437	410	401
Anatolia 2 Region	453	445	450
Ankara Region	485	549	530
Europe 1 Region	420	378	355
Europe 2 Region	416	390	369
Çukurova Region	510	495	495
Aegean Region	486	486	476
Southeastern Anatolia Region	476	439	412
Izmir Region	382	383	372
Black Sea Region	352	344	341
Marmara Region	526	512	495
Thrace Region	504	483	468
Turkish Republic of Northern Cyprus	64	61	64
Active Sales Region	351	261	191
Head Office/Non-regional	3,586	3,638	3,676
<b>Total</b>	<b>9,927 (11)</b>	<b>9,640 (18)</b>	<b>9,464 (7)</b>

Note: Regional data refers to the total number of employees in the regional offices and branches. (Figures in parentheses are the numbers of part-time employees.)

## The Bank's Temporary Employee by Years:

	2015	2016	2017
Female	16	17	20
Male	6	4	6
<b>Total</b>	<b>22</b>	<b>21</b>	<b>26</b>



Recruitments<sup>401-1</sup>

2016	Head Office	Regional Offices	Branches	Customer Engagement Center
Number of new recruits	291	206	478	188
Ratio of new recruits to total workforce (%)	11	28	9	33
Number of new recruits – male employees	136	113	239	72
Ratio of new recruits – male employees (%)	47	55	50	38
Number of new recruits – female employees	155	93	239	116
Ratio of new recruits – female employees (%)	53	45	50	62
Number of new recruits under 30	167	165	235	153
Ratio of new recruits under 30 (%)	57	80	49	81
Number of new recruits aged 30 to 50	123	41	242	35
Ratio of new recruits aged 30 to 50 (%)	42	20	51	19
Number of new recruits over 50	1	0	1	0
Ratio of new recruits over 50 (%)	0.3	-	0.2	-

2017	Head Office	Regional Offices	Branches	Customer Engagement Center
Number of new recruits	317	127	509	149
Ratio of new recruits to total workforce (%)	11	19	9	29
Number of new recruits – male employees	162	71	215	39
Ratio of new recruits – male employees (%)	51	56	42	26
Number of new recruits – female employees	155	56	294	110
Ratio of new recruits – female employees (%)	49	44	58	74
Number of new recruits under 30	206	107	217	138
Ratio of new recruits under 30 (%)	65	84	43	93
Number of new recruits aged 30 to 50	110	18	291	10
Ratio of new recruits aged 30 to 50 (%)	35	14	57	7
Number of new recruits over 50	1	2	1	1
Ratio of new recruits over 50 (%)	0.3	2	0.2	1

Employee Turnover<sup>401-1</sup>

2016	Head Office	Regional Offices (Excluding Active Sales)	Branches	Customer Engagement Center
Number of employees who left	150	18	298	93
Employee turnover rate (%)	1.52	0.18	3.01	0.94
Number of male employees who left	84	7	154	36
Male employee turnover rate (%)	0.85	0.07	1.55	0.36
Number of female employees who left	66	11	144	57
Female employee turnover rate (%)	0.67	0.11	1.45	0.57
Number of employees who left under 30	58	4	90	74
Turnover rate of employees under 30 (%)	0.59	0.04	0.91	0.75
Number of employees who left between 30-50	92	14	206	19
Turnover rate of employees between 30-50 (%)	0.93	0.14	2.08	0.19
Number of employees who left over 50	0	0	2	0
Turnover rate of employees over 50 (%)	0	0	0.02	0

2017	Head Office	Regional Offices (Excluding Active Sales)	Branches	Customer Engagement Center
Number of employees who left	182	16	270	67
Employee turnover rate (%)	1.91	0.17	2.83	0.70
Number of male employees who left	98	9	143	20
Male employee turnover rate (%)	1.03	0.09	1.50	0.21
Number of female employees who left	84	7	127	47
Female employee turnover rate (%)	0.88	0.07	1.33	0.49
Number of employees who left under 30	57	3	69	51
Turnover rate of employees under 30 (%)	0.60	0.03	0.72	0.54
Number of employees who left between 30-50	121	13	198	16
Turnover rate of employees between 30-50 (%)	1.27	0.14	2.08	0.17
Number of employees who left over 50	4	0	3	0
Turnover rate of employees over 50 (%)	0.04	0	0.03	0

## EMPLOYEE BENEFITS<sup>401-2</sup>

All Bank employees are entitled to equal rights. There is no difference in the fringe benefits provided for full-time and part-time employees.

### REMUNERATION<sup>102-35, 102-36, 102-37</sup>

The Bank has a Remuneration Policy in line with the principles of the "Regulation on Corporate Governance Principles of Banks" of the Banking Regulation and Supervision Agency (BRSA) and in accordance with the guidelines of the "Good Remuneration Practices in Banking" within reasonable limits. The policy is designed to suit its activities, structure, strategies, long-term targets and risk structure in alignment with applicable local regulations. The regulation aims to prevent excessive risk-taking and to recognize active contributions to risk management. The objective of the Remuneration Policy is to attract and retain employees with right skills and expertise to serve the Bank's strategic goals in both business lines and support functions.

SECOM (Selection and Compensation Committee) is responsible for preparing the remuneration policy regulations on behalf of the Board of Directors in accordance with local regulations as well as those of BNP Paribas. SECOM manages the principles of the remuneration policy by seeking the opinions of Human Resources, Financial Affairs, Risk, Compliance and Internal Control Groups. After reviewing the remuneration policy, the Selection and Compensation Committee submits it to the Board of Directors for approval. The remuneration policy is reviewed annually.

At TEB, salaries are paid on the last working day of each month, in net amount after legal deductions. In addition to monthly salaries, all TEB employees are entitled to merit, sales or annual performance bonuses based on the results of their performance appraisals in terms of achieving quantitative and qualitative goals. Such bonuses are intended in to reward collective and individual achievements.

The General Assembly resolved on March 27, 2017 at its ordinary annual meeting to pay one Independent Board Member a monthly gross salary of TL 6,000 and not to pay honoraria to the other Board Members for the duration of for their terms. All rights, benefits

and salaries paid to the Board members and senior executives in 2017 amounted to TL 34,280,610 while their travel, accommodation and representation expenses were TL 1,846,158. Members of the Board of Directors can be granted loans to the extent allowed by law, and they can also be rewarded based on criteria such as the Bank's performance, their respective roles and the time they allocate.

### PERFORMANCE BONUS AND SALES BONUS

An annual performance bonus pool is set by considering the Bank's profitability, financial results and target realizations in line with market practices (local and/or professional). Performance bonus can be paid if at least 80% of the targets are met for the relevant year. The employees who qualify for Merit and Sales Bonuses are entitled to receive payment depending on the level of their target realizations for the relevant year. In 2017, the annual average amount of performance-based bonuses that the Bank paid was approximately twice the monthly salaries of the employees who received such payments.

### PENSION<sup>201-3</sup>

The Bank offers Private Pension with employer contribution in the amounts determined individually for different positions. The employees are required to participate with at least the same amount as the employer's contribution.



### MATERNITY LEAVE<sup>401-3</sup>

TEB offers maternity leave in accordance with applicable laws. The employees who took such leaves are provided in the following table:



	2016	2017
Number of employees who took maternity leave	416	395
Number of employees who returned to work after maternity leave	322	314
Number of employees who took paternity leave	297	268
Number of employees who returned to work after paternity leave	296	268

## EMPLOYEE HEALTH AND SAFETY<sup>403-1, 403-4</sup>

The Bank has in place an occupational health and safety committee, consisting of executives and occupational health and safety professionals, that aims to manage the health and safety of the employees accurately. Duly elected employee representatives also submit their opinions and suggestions at the committee meetings. The number of employee representatives is determined according to the provisions of the "Communiqué on the Qualifications and Election Procedures and Principles of the Occupational Health and Safety Employee Representative". The Occupational Health and Safety Committee, consisting of 22 members including the employer representative, occupational safety specialists, workplace physicians and human resources representatives, convenes quarterly. The committee members and employee representatives are given trainings on their duties, rights and responsibilities by occupational health and safety professionals.

Pursuant to the Occupational Health and Safety regulation to protect employees from occupational diseases, the precautions to prevent work-related accidents and occupational diseases are implemented with the support of the workplace physicians and

occupational safety specialists. Occupational health and safety trainings also cover topics related to work-related accidents and occupational diseases. All hazards and risks are identified in risk assessments and their results are reported to ensure that corrective and preventive actions are implemented.

All Bank employees are subject to the Republic of Turkey Social Security Institution (SGK) and also offered private health insurance. In-house physicians working in the head office buildings provide periodic medical examinations for the employees. If necessary, the physicians refer the employees to specialists, and their examination, diagnosis and treatment costs are covered by insurance. Employees working in the Customer Engagement Center also undergo ODIO (hearing) tests every year. Employees in certain positions are also provided with check-ups in addition to private health insurance.

Basic Occupational Health and Safety Trainings, as mandated by the Occupational Health and Safety Law, are held for all field, regional and Head Office employees. Other legally required trainings on Basic First Aid, Search & Rescue and Evacuation, Evacuation Planning and Fire are also delivered to the relevant employees.

The following training programs on the following Occupational Diseases and Occupational Safety were provided for the employees:

2016				
Training	e-learning (# of employees)	e-learning (training hours)	In-class Learning (# of employees)	In-class Learning (training hours)
Basic Occupational Health & Safety	-	-	6,326	25,721
Occupational Health and Safety Responsibilities of Involved Parties & Safety Culture	899	1,798	-	-
Prevention of Possible Work-related Accidents and Occupational Diseases	933	1,866	-	-
Search & Rescue, Evacuation	-	-	51	164
Evacuation Drill/Evacuation Planning Training	-	-	212	742
First Aid Certification Refresher Course	-	-	29	203
Basic First Aid Training	-	-	83	1,162

2017				
Training	e-learning (# of employees)	e-learning (training hours)	In-class Learning (# of employees)	In-class Learning (training hours)
Basic Occupational Health & Safety	-	-	965	3,992
Occupational Health and Safety Responsibilities of Involved Parties & Safety Culture	1,110	740	-	-
Prevention of Possible Work-related Accidents and Occupational Diseases	1,108	739	-	-
Fire	-	-	13	46
Search & Rescue, Evacuation	-	-	17	60
Evacuation Drill/Evacuation Planning Training	-	-	71	71
Basic First Aid Training	-	-	51	714
Training for Using Evacuation Chair in Emergencies	-	-	54	54
Emergency Trainings	-	-	36	144

Diseases and Work-related Accidents, and days lost due to these reasons are shown in the following table:<sup>403-2, 403-3</sup>

2016/ 2017	Head Office*	Branches
Days lost due to illness - Full time employees**	2016: 2% 2017: 2%	2016: 1% 2017: 1%
Days lost due to illness - Subcontractors	-	-
Number of accidents recorded	2016: 61 workplace accidents 2017: 84 workplace accidents	2016: 7 workplace accidents 2017: 9 workplace accidents
Accident-related lost days	2016: 79 days 2017: 202 days	2016: 30 days 2017: 86 days
Fatal incidents - Full time employees	2016: 0 2017: 0	2016: 0 2017: 0
Fatal incidents - Subcontractors	2016:0 2017:0	2016:0 2017:0
Days lost due to occupational diseases	None	None

\* The Head Office figures include Active Sales, Customer Engagement Center, Private Banking and Regions.

\*\* The sick days taken by the employees are calendar days, which are also taken as basis for calculating the total number of work days in the relevant year. If an employee worked for a full year, it is calculated as 360 days.

## EMPLOYEE SATISFACTION

TEB is driven with the mission of becoming the best place to work for the employees and the most preferred employer in the banking sector, therefore it has implemented several practices since the launch of its "Great Place to Work Project" in late 2012. A key contributor to TEB's success in this area is the fact that the mission to become the best place to work has been embraced and owned by the entire management team as well as the sincere and convincing steps taken by the management.

TEB has created the **Employee's Sounding Board Voice Platform** ("Çalışanın Sesi Platformu") consisting of 600 employees representing all groups within the organization, marking a first in the sector. The Platform communicates all employee feedback in TEB's great place to work journey to the Human Resources Group and the management team, and reports on the projects implemented according to the feedback to the Bank. Employee's Sounding Board Voice Platform is an exemplary and successful application that supports all TEB employees to be included in the decision-making processes in issues of concern. Together with this platform, a 'Great Place to Work Action Plan' was created, and intensive activities have been launched to implement them with the support of the Bank's leadership.

### EMPLOYEE SATISFACTION SURVEYS

At TEB, employee satisfaction is measured primarily through surveys. The feedback obtained from these surveys is communicated to the relevant units to develop action plans, which are then implemented according to the project plan.

The results of the "GPTW (Great Place to Work) Trust Index Survey" have improved by 18 points since 2012. Percentage of employees who responded, "Overall, this is a great place to work," which is the basis for the Overall Perception Score in the survey, has increased by 25 points since 2012. In the "2016 Turkey's Best Employers" Survey, conducted by Great Place to Work, TEB ranked among Turkey's top employers in the category of companies with over 2,000 employees. TEB was the first and only bank to be included in the list, as well as the only financial institution in this category to be recognized with an award.

TEB also conducts the Global People Survey, which all BNP Paribas Group employees take every year, and the Internal Customer Survey, and then shares the results in detail with the entire Bank. In addition to the Great Place to Work results, TEB has also recorded an increase of 11 points in the Global People Survey since 2012.

### TEB FORMATION ACADEMY SAKLIKÖY

TEB Formation Academy in Saklıköy is both a training center and also a facility where employees and their families can take advantage of the sports, arts and workshops activities and the restaurant. TEB Formation Academy also serves as a venue for important meetings of head office groups, business lines, Group companies and BNP Paribas.

### HR SOLUTION CENTER

The Human Resources Solution Center, established with the objective of serving as the first point of reference to rapidly and accurately respond to the questions and requests that the internal customers may submit with respect to TEB's Human Resources practices, increasing their satisfaction, and building a communication platform supported by the latest technology, continued its activities in 2017. As part of the internal customer satisfaction efforts, the center also made it possible to hold one-to-one interviews with employees to answer questions or find solutions to their problems.

### TRADITIONAL TEB TALENT DAY

TEB Talent Day has become an annual event since it was first organized in 2009. It is a cordial meeting with a new theme every year, bringing talents together, putting innovation on the center stage, serving to nurture the talents, promoting internal recognition and fostering relationships. TEB Talent Day 2017 took place with the theme "The World is in BETA - Are you ready?".

### TEB PASSPORT

TEB Passport, also available on the TEB intranet, is prepared to facilitate the onboarding process of the newly-hired employees during their first days at TEB and to accelerate their orientation, offering a guide into priority issues.



## TEB SPORTS ACADEMY

TEB Sports Academy organizes sporting events with the aim of promoting employee wellbeing, building team spirit and “us” awareness, instilling a stronger sense of corporate commitment and creating social and civic benefits as part of social responsibility. The employees are also encouraged to participate in sporting events outside the organization and represent the Bank.

In 2017, TEB Sports Academy organized various activities in different disciplines:

- Internal Football Tournament and Corporate Football League
- Corporate Games Basketball League
- Corporate Volleyball League and Corporate Games Volleyball League
- Istanbul, Runatolia and Iznik Marathons
- Istanbul Tennis Champions Cup and Interbank Tennis Tournament
- Pilates Classes

TEB Football Team ranked fourth among 15 teams in the 2017 Corporate Football League, while TEB Women's and Men's Volleyball Teams both won the 2017 Corporate Games Volleyball Championships.

TEB Men's Volleyball Team became the world

champion at the 2017 World Corporate Games League in Houston, with TEB Women's Volleyball Team winning second place in the same event. TEB Tennis Team won first place in its group at the 2017 Interbank Tennis Championship. TEB Running Team, on the other hand, was the winner of the 2017 Corporate Games Sports Championship, bringing home five medals in women's and men's categories.

## TEB CLUB ACTIVITIES

TEB Club organizes activities in areas of interest for company employees that are intended to bring them together outside the workplace as well. TEB's orchestra TEB Band, Turkish Classical Music Choir, TEB Photography Club and TEB Choirs are among the most active clubs.

## HR FACE-TO-FACE MEETINGS

In 2017, TEB Human Resources Group came together with 5,000 employees from the Head Office and Regional Offices in 47 HR Face-to-Face (BizBize) meetings. In these meetings,

- Results of the employee survey conducted throughout the year are shared,
- Practices concerning the employees and actions taken according to survey results are explained, and
- Feedback was received from employees, and all questions were answered clearly.

## A Number of Engagement Platforms to Enhance Transparency<sup>102-43</sup>

Engagement Platforms	About the Platform	Frequency
Executives' Meeting	An event where the Bank's future targets and strategies are shared with all the executives.	Annual
Satisfaction Surveys	GPTW, Global Employee Survey and Internal Customer Survey to measure employee satisfaction levels.	Annual
Leaders' Café	Talks where senior executives share their knowledge and experiences.	Every 2 months
TEB Talent Day	An event where the Bank's talents come together and are introduced to increase their recognition.	Annual
TEB Talks	Talks by experts in their respective fields about their inspiring careers and success stories.	Quarterly
HR Solution Center	The first point of reference for questions and requests of internal customers regarding TEB Human Resources practices.	Regularly
Face-to -Face (BizBize) Meetings	Regional meetings, where the results of employee surveys are shared with all groups and regions, and questions and suggestions are received and replied.	Annual
TEB Idea Sharing Platform: Idea Magicians (Fikirbazlar)	Regular meetings, where TEB Executives, known as Masters, come together with Apprentices, the Bank's young talents, to conceive innovative and creative projects.	Monthly
TEB Sports Academy	Sports activities in and out of the office to help employees maintain their health, build team spirit and reinforce “us” awareness.	Regularly
TEB Club Activities	Activities that allow employees to be actively engaged in their interests and meet out of office as well.	Regularly
Intrapreneurship Program	A program to train intrapreneurs.	Regularly
Innovation Summit (Akıl Fikir Yarışması)	A competition that reflects innovation efforts outside the organization significantly.	Annual
Spark (Kıvılcım) Portal	In-house innovation portal.	Regularly
Breakfast Meetings	Breakfast meetings where the newly recruited employees meet the Senior Executives.	Monthly
Talents Meet Leaders	Informal meetings, where employees considered as “Talents” due to their high performance and potential, come together with the Assistant General Managers they report to.	Monthly
CEO Roadshow	CEO meets with the Head Office Groups and Regional Offices.	Biannual
Efficiency Meetings	Regional meetings of business lines to convey their messages across the field.	Monthly
“What's up at TEB?” (TEB'de Ne Var Ne Yok) - Bulletin	E-bulletin that features a range of relevant topics such as daily highlights, recent news about business lines, achievements of colleagues and messages of executives to follow the latest developments in TEB's world.	Weekly
Happy Hours	Social breaks to motivate the employees during office hours.	Regularly

# DYNAMIC CAREER MANAGEMENT

## EMPLOYEE DEVELOPMENT

TEB believes that operating with a “visionary, well-equipped and trained human resource aligned with corporate culture” sets organizations apart in today’s financial services sector, and aims to support the personal and professional development of its employees in the most effective manner.

### EMPLOYEE TRAINING PROGRAMS<sup>404-2</sup>

The Bank continuously develops training plans to ensure that the employees improve their performance levels and build their careers in line with their skills. The training programs aim to support the employees’ professional and personal development, and they are reviewed regularly based on the requirements and expectations.

TEB training programs include subjects like development and change projects and “internal customer service standardization” in training centers conducted by both internal and external resources.

The in-class trainings were attended by 10,006 TEB employees in 2016 and 9,127 in 2017. The percentages of trainings delivered by in-house trainers were 66% and 56% in 2016 and 2017, respectively. The following programs were held within the framework of the Bank’s Training and Development strategies and goals:

- Orientation, Basic Training Programs, on the job trainings and mandatory trainings were organized for onboarding of the new employees. 1,047 new employees took these programs in 2016, and 1,040 in 2017.
- More comprehensive, 18-month Personal Development Plans have been introduced for the Bank employees with high potential and excellent performance.
- Trainings on Leadership, Developing Management Skills, and Coaching were held for executives as part of the Leadership Academy activities.
- TEB employees attended various trainings both in-house and outside the Bank (in Turkey, abroad, in BNP Paribas) depending on their job descriptions and needs.

- In-class English language courses continued, with 193 benefiting from this opportunity in 2016 and 61 in 2017, respectively.
- Several employees have taken the required licensing exams and trainings (capital markets board - CMB, private pension, insurance training center) in their respective fields of expertise. Aiming to increase the number of CMB-licensed employees, training programs are regularly repeated, with CMB license still a prerequisite of qualifying for the promotion and evaluation process. In addition to the in-class trainings on this topic, mobile trainings are also available for employees to use 24/7 and take trial tests.
- Training programs on Ethical Principles, International Financial Sanctions and Embargoes, Prevention of Laundering Criminal Proceeds, Prevention of Financing Terrorism, Market Fraud, US CFTC Swap Dealer, AEOI, Volcker and French Banking Law, and Know Your Data were made available for relevant audiences, and the Roosevelt Project exams were completed by relevant employees.
- A Financial Learning Map was created in 2017 using a different teaching methodology to introduce TEB’s focus areas to the field employees and to reinforce the factors that affect profitability in more depth, and the target audiences took these trainings. After training 260 moderators, all branch managers and all RMs participated in the program, facilitated by these moderators.
- In 2017, a Corporate Banking Role-Based Upskilling Program was developed. The objective of this program, designed in line with the 2020 Transformation strategies of the Bank and the Corporate Banking Group, is to upgrade the knowledge and skills of all roles in Corporate Banking branches.

Training programs, broken down by position, gender and average man/hours are shown in the tables below: <sup>404-1</sup>

Man/Hours 2016	
<b>Senior Level</b>	<b>15</b>
Female	17
Male	14
<b>Mid-level</b>	<b>36</b>
Female	37
Male	36
<b>Other</b>	<b>41</b>
Female	40
Male	43
<b>TOTAL</b>	<b>41</b>

Man/Hours 2017	
<b>Senior Level</b>	<b>22</b>
Female	26
Male	21
<b>Mid-level</b>	<b>32</b>
Female	34
Male	31
<b>Other</b>	<b>31</b>
Female	33
Male	29
<b>TOTAL</b>	<b>31</b>

### CAREER DEVELOPMENT

For the career development of the employees, developing opportunities and implementing special programs are as important as supporting them in improving their skills.

TEB adopts an objective and open communication approach to recruitment, and announces all vacant positions at BNP Paribas and TEB Group across the Bank and Group companies, offering all employees a chance to apply. TEB fills most of the managerial positions with existing bank employees. In 2016, 59 Managers, 9 Directors and 484 employees in non-managerial positions were promoted to the next higher level. In 2017, the promotion figures were 84 Managers, 12 Directors, and 506 employees in non-managerial positions. Furthermore, 354 employees were appointed to different positions in other functions in 2016, and 208 in 2017.

With respect to promotions and transfers to sales positions in Branch Operations, the exam system continued and was improved with the addition of interviews in transfers to enable a more objective opinion in evaluations. The Human Resources Business Partners team, consisting of experts in their respective fields, offers career advice for all TEB employees and ensures that they are considered for the best-fit positions in line with their skills and performance. At TEB, all job descriptions and career maps are available on the IntraTEB, which is accessible to all employees.

In the reporting period, TEB employees continued to benefit from international career opportunities. In 2017,

Career Committees convened with the participation of employee representatives, creating a platform where opinions about the proposed promotions are openly discussed.

### PERFORMANCE MANAGEMENT

The Bank has in place a Performance and Skill Development Assessment System designed to manage and improve the company and employee performances by planning and measuring the direct contributions of the employees to the organization’s efficiency and effectiveness as well as their individual performances. This assessment system also aims to obtain the potential and actual performance reviews, which are part of the Talent Management processes.

The Performance and Skill Development Assessment System aims to steer the focus of the employees toward their goals, strengthen and improve their performances, and subsequently reward the high performing employees. The Performance and Skill Development Scorecard, which aims at a balanced distribution of targets, is based on the idea of the superior to measure the performance and skills of the subordinate as well as the level of reaching targets. The Performance and Skill Development Scorecards of all the Bank employees are created by the Human Resources Group in the paperless TEBFlow medium. The process that begins with setting and tracking goals at the start of the assessment period continues with interim reviews and is completed with the final evaluations at the end of the year. The Human Resources Group announces these actions in a timely manner.

- Goals are set to be specific, measurable, agreed upon and achievable with time-limits.
- The assessor conducts verbal assessments in quarterly period and written assessments every six months to review the progress of the assessed employees toward reaching their performance and competency goals.
- The Performance and Skill Assessment spans the whole year; however, an interim review of performance and skill development is conducted in July.
- The employees' requests for promotion are recorded in the Performance Form and considered during the year-end assessments.

### TALENT MANAGEMENT AND TALENT DEVELOPMENT PLANS

The Talent Management processes involves identifying high performing employees with strong potential, and monitoring their development closely by the Talent Management team together with the respective superiors of the employees through individual talent development plans.

Talent Development Programs constantly evolve depending on the experience and managerial levels of the talents. The main purpose of these programs is to support the development of leadership skills for each level and to prepare the talents for their future roles.

### GLOBAL TALENT MANAGEMENT

As part of the "Leaders for Tomorrow" program launched by BNP Paribas Group Global Talent Management, the form developed for identifying global talents was integrated into the system, which is now used for performing the assessments.

Employees identified as global talent are also offered the opportunity to join the BNP Paribas Global Talent Development Programs. In 2017, 68 employees participated in the global talent programs.

Within the scope of another program, "Learn from Each Other", 24 Global Young Talents of BNP Paribas from six countries (France, Italy, Luxembourg, Morocco, Ukraine and Poland) were hosted by TEB in 2017. They had the opportunity to take part in various field visits and on-the-job trainings to gain an insight into the

Turkish Banking Sector and TEB. Similarly, 24 young talents from Turkey visited these countries to have the same experience.

### TEB MENTORS

The objective of the TEB Mentors Program is to enable TEB employees benefit from the experiences of senior employees to develop their personal competencies and job skills. By 2017 year-end, 1,078 TEB employees have received mentoring support.

### IN-HOUSE TRAINERS

Employees with the experience, product and system knowledge sufficient to serve as in-house trainers can take the "Train the Trainer" program. Upon completion of the training program, which consist of courses in specific areas of expertise, these employees can perform as in-house trainers.

### TEB IDEA SHARING PLATFORM: IDEA MAGICIANS

The Idea Magicians project, designed to build a bridge between TEB's young professionals of Y generation and the senior management, to ensure that they develop joint projects as a team employing the Design Thinking Methodology, and thus to maximize interaction between different generations and to increase idea exchanging opportunities, was launched in April 2016. The platform matches one Master with three Apprentices, who get together during a six-to-eight month period to exchange their knowledge and experience about a jointly identified topic, and employ the design thinking methodology to generate and complete a project. During this timeframe, they meet at least once a month to work on their project. At the end of the program, the projects are presented to the senior management of TEB and the viable proposals are implemented within the Bank. The first Idea Magicians Platform presented eight projects to the Executive Committee in February 2017, and some were selected for implementation. 27 Apprentices we selected from the applications for the 2017-2018 period. The next period of the Idea Magicians Platform is set to begin in January 2018.

## VOLUNTEERING

### SOCIAL RESPONSIBILITY ACTIVITIES

Several TEB employees regularly take part in the marathons in Turkey and sports events organized by Adım Adım Organization to support foundations and associations like TOFD and Koruncuk by volunteering to run or donating on behalf of TEB runners.

Every year, TEB runners participate in the Istanbul Marathon and Runatolia Marathon to support a foundation, and TEB employees support these charity runs with their donations on behalf of TEB runners.

TEB has been participating in these charity marathons with its runners since 2008, and recognized as one of the "Institutions with a Kind Heart" by winning in several categories among the financial institutions that run for a charitable cause.

TEB Running Team, which ran for the benefit Koruncuk Foundation for Children in Need of Protection in the

2017 Vodafone Istanbul Marathon, came first among all participants in the "Social Responsibility Awareness" category while TEB volunteers ranked among the top 15 heroes that raised the highest donations.

In 2017, TEB employees also participated in the "Keep Children Warm" ("Çocuklar Üşümesin") campaign, launched as part of TEB's "Make a Wish" social responsibility project, and covered the winter clothing needs of 3,500 children. This social responsibility activity, first launched in 2015, had reached 400 children in its first year alone.

TEB launched the "Dream Up" Program in partnership with the BNP Paribas Foundation to provide music education for children in the 8-14 age group who are under the care of Koruncuk Foundation for Children in Need of Protection. As part of this project, a children's choir was formed. Consisting of 39 children, the choir was trained from October 2016 to May 2017, and then performed a concert at TEB's Head Office Building with Foundation officials and TEB employees in attendance.



## INNOVATION AT TEB

TEB has been cited as an exemplary bank for its innovation efforts ongoing since 2007 by the world-famous research company Gartner, and recognized

by the European Financial Management Association (EFMA) as the "Most Successful Bank in Innovation Management" for the fourth consecutive year in 2013.

In 2017, TEB continued to foster a culture of innovation by inspiring employees, university students, technology

entrepreneurs and customers through innovation-focused activities, and offering innovative products and services.

As a sectoral-first, TEB's Intrapreneurship Program drove the innovation activities further in its third year, offering an ecosystem that unlocks the innovative creativity of the employees with an entrepreneurial spirit and enables them to demonstrate their performance.

### TEB INTRAPRENEURSHIP PROGRAM

With the Intrapreneurship Program, TEB provides an innovative corporate culture and agile workplace to transform employees into intrapreneurs, who can play an active role in the evolution of products, services and processes, take initiative, and work with high sense of commitment, responsibility and loyalty. The program's

objective is to raise intrapreneurs who are able to conceive and deploy innovative projects that will have an impact on the future of the Bank.

At TEB Intrapreneurship Hackathons, TEB brings together innovative, creative and entrepreneurial employees, creating an environment where they can exchange feedback while developing their projects, as well as supporting them with training, mentoring and acceleration programs to turn their ideas into profitable works.

TEB Intrapreneurship Program has been an important initiative that feeds Start-up Banking and TEB Private Banking - Angel Investment Platform, both introduced by TEB to support the start-up ecosystem in Turkey. In 2017, the third year of the TEB Intrapreneurship Program, more than 330 project applications were received from employees with an entrepreneurial spirit.

### ANNUAL TEB INNOVATION SUMMIT

Tenth Annual TEB Innovation Summit, an important reflection of TEB's innovation efforts outside the organization, took place in 2017. Themes of the TEB Innovation Summit over the years were as follows:

- **2017: The World is in BETA: Are you ready?**
- **2016: Banking Redesigned with the Codes of the New Generation**
- **2015: Be Agile, Get Results**
- **2014: Think Simple, Think Outside the Box**
- **2013: Innovation for the Changing Consumer Trends**
- **2012: Next Generation Banking in the Digital World**
- **2011: Innovation in Customer Experience**
- **2010: Innovation from Future to Today**
- **2009: Overcoming Tough Times with Innovation**
- **2008: Open Innovation**

In 2017, the event themed "The World is in BETA: Are you ready?" brought together leading local and international speakers of the sector, who emphasized the importance of understanding the world in BETA, the phase where nothing ever has its final shape, in terms of developing products/services to meet customer expectations. At the event, creative employees who communicated their ideas through the Spark (Kivılcım)

Portal and In-house Innovation Competitions together with customers, university students, new graduates and technology start-ups that won places at the Innovation Summit received their awards.

TEB makes life easier for its customers through innovative and creative products and services, and regards innovation as a key element of its strategy to

differentiate itself. In 2016, 14,700 projects and in the 2017-2018 period, 15,600 projects were submitted to TEB through the Innovation Summit. The dedicated website ([www.icatcikar.com](http://www.icatcikar.com)) for submissions has hosted more than 200,000 visitors each year.

TEB transforms innovative ideas received from customers, university students and young professionals into products and services for TEB customers. In 2016, more than 1,700 applications and in the 2017-2018 period, over 1,800 applications were received in the technology innovations category, providing very useful resource for TEB Start-Up Banking. Finalists in the competition are offered financial rewards as well as career opportunities at TEB. Till 2017 year-end, 12 finalists have joined the TEB family.

### SPARK (KIVILCIM) PORTAL

TEB employees share their innovative product and service ideas through "Spark" (Kivılcım), the in-house innovation portal, and the viable ideas are considered for implementation. Every week throughout 2017, employees were asked to submit their suggestions for a different idea that aligns with the Bank's goals.

With the annual "Make an Invention" (İcat Çıkar) in-house competition, which is organized to raise employee awareness about innovation and creativity, TEB encourages employees from different departments to work together and generate ideas as a team in a fun environment, where innovative projects compete and team spirit is fostered. Until the end of 2017, 383 innovation and improvement ideas communicated by TEB employees via the Spark Portal have been implemented.

### UNIVERSITY/CAMPUS ACTIVITIES – INTERNSHIP AND YOUNG TALENT ACQUISITION PROGRAMS

In 2017, TEB Human Resources Group organized campus activities designed to attract young talent by considering their needs and expectations, and got together with them on various platforms.

TEB Innovation Campus is a program designed to acquaint junior- and senior-year university students with a work environment enriched with training programs in innovation and entrepreneurship, and in which innovation and creativity are promoted and

rewarded; the program also provides them with the opportunity to get together with TEB mentors and senior executives. Out of 200 students that took part in Elevator Pitches and Case Studies in 2017, the most successful 60 attended the Innovation Campus. The students that delivered outstanding performance were offered the opportunity to take part in the Shortcut internship program.

In 2016, 11 students were selected for the Shortcut internship programs, and 12 in 2017. Shortcut is a project-based internship program that runs from June to September where juniors from leading Turkish universities are accepted after going through a special recruitment process. At the end of the three-month internship, the students deliver their project presentations and the successful ones are offered part-time jobs at TEB. Those who are unable to take up a part-time job due to their academic schedules can be offered a job at TEB through a pre-contract upon their graduation.

366 students across Turkey took part in 2017 compulsory summer internship program for universities. Within the scope of compulsory internship for trade vocational high schools for 2017-2018 winter period, 179 high school students started their internship across Turkey.



**CIVIC  
RESPONSIBILITY**



## PRODUCT AND SERVICE RESPONSIBILITY

### Product and Service Responsibility Policy<sup>109-1, 109-2, 109-3</sup>

#### Leveraging its international banking strength and expertise, TEB commits to:

- Offer integrated services that include banking services but also consider the needs of its customers and market expectations,
- Manage all processes effectively to provide service beyond expectations and deliver the best response by regularly surveying the expectations of its customers,
- Continue its “continuous and sustainable training” approach to ensure that the employees understand and respond to the needs of customers effectively and rapidly,
- Inform its customers fully and accurately about its products and services with responsible marketing awareness, and build the necessary systems to provide continuous, complete and accurate information,
- Consider the environmental and social impact of its products and services as a priority,
- Comply with all applicable laws and regulations on responsible communication and marketing,
- Increase its performance continuously with quality service approach, and
- Use its financial and non-financial resources to support civic development as well.

## RESPONSIBLE MARKETING<sup>417-1</sup>

The Bank receives requests and provides information about its products via the website and the Customer Engagement Center to ensure that the content of the products and services are understood accurately. Occasionally, various informative documents are distributed about certain products from the branches as well. In customer acquisition efforts and prior to utilizations of products, a pre-agreement information form is presented to the customers to give them enough time for assessment. This approach is also taken into account in channel development activities. In addition to presenting product documents in a clear and understandable format, the Bank also ensures that such documents do not contain misleading statements. After obtaining information within the scope of “Know Your Customer Principle”, the Bank offers products and services that matches the customer profile with accurate information, and measures customer satisfaction levels to make the necessary improvements.

In advertisements and TV commercials, the Bank pays extra attention to make sure that all necessary issues

are communicated with no misleading information. For full compliance with the Consumer Law and Advertising regulations, scripts are also checked by the legal department. When needed, the Bank seeks written approval of regulatory agencies.

As a priority, customer representatives are required to have the skills and certifications to ensure that they can sufficiently inform the customers on products, services and associated risks. For this purpose, customer representatives take trainings based to their job descriptions. Branch trainings are held at intervals determined by the Human Resources Department as part of the Orientation Program on various topics that the Customer Communications Department deems necessary such as informing customers accurately about products/services, focusing on customer satisfaction, maximizing promoter and loyalty rates, and welcoming customers.

In cases of customer complaints regarding various issues, received directly by the Bank or communicated through official channels such as the BRSA, the nature of the complaint is investigated. After assessing the

scope of the complaint and identifying whether or not Bank-wide action is required, revisions may be introduced across the whole organization to improve processes and operations concerning all customers. Considering the satisfaction of our customers and their right to information, clear and accurate information is provided. All feedback from customers is considered, recorded in the database, reported and communicated to the relevant business lines for enhancing the systems/products/services. Complaint reports regarding products/services are also shared with the relevant business lines in requested periods and the teams meet at certain intervals to address regulatory and preventive actions.

The Marketing and Business Management Department, together with the Compliance Department, closely monitors compliance with the provisions of the Law on Prevention of Laundering Criminal Proceeds and related regulations and communiqués regarding the implementation of this law. The department also ensures coordination between the relevant Business Lines and the Compliance Department by providing information within the Corporate Banking Group to align to professional standards and BNP Paribas policies within applicable laws and regulations.

TEB fully complies with all laws, regulations and voluntary codes related to marketing communications.

### CUSTOMER DATA PRIVACY

TEB protects the data privacy of its customers at the highest standards. For this purpose, technical systems are configured to provide maximum security. Employees are granted access to systems, where confidential information of customers is stored and processed, on a ‘need-to-know’ basis. This means that only certain employees, who need to access the information of a specific customer, are authorized. Access to customer information through banking applications are authorized only to the level allowed by the duties and responsibilities of employees. All transactions involving customer data are recorded. Customer data which is of private nature is not shared with any third parties, institutions and organizations unless required by law or permitted by the data subject.

### CUSTOMER HEALTH AND SAFETY

TEB operates with a wide range of practices and

applications to ensure safe and healthy use of its products by the customers.

Depending on the weather conditions and climate, the ATMs are cleaned and disinfected at least once a week. All outdoor ATM cabins and wall units are fitted with features to keep direct sunlight and rain away from the user. Each ATM is equipped with a card protection kit to prevent card replications, and a CCTV system.

The waiting areas in the branches are designed to be spacious and comfortable. The customer area is fed with fresh air through appropriate devices, and with an exhaust system in place, the stale air is discharged. Depending on the specifications of the service provided, portfolio sections are designed as enclosed or semi-enclosed spaces to ensure privacy when necessary.

The financial transactions carried out in the non-branch channels are monitored in real time 24/7, and in suspicious cases, transactions can only be resumed after the customer’s confirmation. Latest information and videos related to incidents of fraud encountered in the sector are featured on [teb.com.tr](http://teb.com.tr).

Aiming to facilitate the access of people with disabilities or senior citizens over 65 to branches, various tools such as wheelchair ramps, call buttons, and Braille lettering in ATMs and signposts are provided. Non-slip strips are applied on the stairs and railings. Electrical shafts and boards cannot be accessed from the customer waiting areas. The edges of glass partitions are beveled not to cause any injury to customers, and the glass panes are coated with frosted film to avoid running into them. Technical and support teams visit the branches periodically to inspect the physical conditions. The Internet branch and CEPTETEB mobile banking app are compatible with screen reader programs to help visually impaired customers to perform their transactions smoothly.

### CUSTOMER SATISFACTION

TEB constantly reviews and improves all processes to ensure highest level of customer satisfaction. For this purpose, TEB upgrades its technological infrastructure and configures banking business models and service channels with a “customer-focused” approach while using the developed technologies in operational processes. TEB diversifies its banking products and

services to keep up with the latest technological developments, aiming to distinguish itself with the opportunities offered to the customers in areas other than traditional financial instruments.

## CUSTOMER SATISFACTION SURVEYS

### Customer Experience

In line with its vision and goal of being "The Most Recommended Bank," TEB measures customer experience continuously and works to enhance it by adopting design-thinking principles. The activities to improve Customer Experience included the following:

### Measurement

Using the NPS (Net Promoter Score) System, TEB measures the experience of approximately 100,000 customers annually that are called by Customer Engagement Center representatives after they complete their transactions, asking about their experience and whether or not they would recommend TEB. With NPS, business units and related teams regularly analyze the "voice of customers" to identify the problem areas in customer experience and to make improvements where needed. Since its introduction in 2013, TEB's NPS score has more than doubled and maintained its rising trend in 2017.

In addition to the daily NPS measurements carried out at the Bank, feedback is also collected at the time of transactions with countertop tablets/kiosks installed in certain branches, and improvement areas for the specific branch are reported.

### Design

"Customer Journey Maps" are used to evaluate how different products and processes are experienced by the customers and the outcomes of the project are translated into actions in marketing, communications, systems, processes, and products, etc. In addition to improving the existing experience journeys, the "redesign project" was implemented in 2017 in the form of a joint creation process that involved the relevant teams employing the "Design Thinking" method.

### Communications

The third "TEB Customer Experience Day" event aimed at sharing the current developments and trends in customer experience took place with the participation of more than 230 people from 90 institutions. During the event, participants had the chance to learn about the methods and best practices employed by companies from various industries.

As part of the cultural exchange activities to enhance customer focus, employees with the highest NPS scores are rewarded, newsletters featuring best practices from TEB and around the world are published, and regional offices and branches are regularly visited.

### Management

A "Customer Experience Council" was formed to identify priorities in customer experience, and this platform met regularly to expand Customer Experience culture on all levels and to take the necessary decisions with a joint working culture.

"My Customer Experience" portal, where TEB employees are able to evaluate and comment on the Bank's products and services from a customer standpoint, is actively used, with outputs continuously monitored.

## Exclusive services with the 'Consultant Bank of SMEs' approach

### TEB SME Consultancy Marathon

TEB launched the **TEB SME Consultancy Marathon** project within the scope of the TEB SME Consultancy Program, which provides customer representatives a formation to guide SMEs on their growth journeys by gaining various skills from production management to marketing activities, and from foreign trade to organizational structuring and human resources management. The guides and experts trained as part of the project will support new businesses with strategic growth targets in drawing their roadmaps and guide them in developing their businesses with different analyses. The most successful customer representatives that participate in the program, which is designed with a marathon strategy, will be rewarded according to the evaluations of the TEB SME Consulting Program trainers. The objective of the project is to help businesses benefit from the support of the guides that complete the TEB SME Consultancy Program.

### Star Cluster

As part of TEB Women Banking activities to encourage women business owners' integration to the economy, a new project was launched to train TEB branch managers to serve as enterprise coaches. Branch managers who are selected for the Star Cluster project will support and coach women business owners on a range of topics necessary for growing their businesses such as implementing their business plans, accessing new markets and reaching more customers. The project began in February, 2017 in Istanbul with 25 branch managers taking special training to gain business coaching skills. The branch managers who completed the training started working one-to-one with their customers.

### Boss Card Integration

The integration of Boss Card, positioned as a main product for Microbusiness Banking customers, with all alternative banking channels was completed, whereby customers that use Phone Banking can now obtain Boss Card credits on this channel effortlessly as well.

## EMPLOYEE TRAINING PROGRAMS

TEB employees are continuously supported to develop skills for improved customer satisfaction. The activities carried out for this purpose include the following:

- As trainings continued with SME Consultancy, Expertise, Micro Business Consultancy, Retail (Banking) Family Consulting, Agriculture Expertise, Corporate Banking, Private Banking, Banking Operations, Human Resources and Branch Management Academies, the CIB Academy Program was launched in 2017.
- Branch Managers took the "Branch Managers Profitability Training" program to enable each branch to create its own strategy in line with that of the Bank.
- As part of the Customer Centricity Project, Profitability Training content that was designed to address portfolios was initiated through "Portfolio Profitability Trainings." Customer Centricity trainings aimed at RMs, Transaction Officers and Security Employees were also designed.
- "Customer Service Standardization" trainings that were designed to communicate the latest information on updated processes, applications, business practices and announcements, and to provide standardized service in all branches, were attended by 880 people. With respect to the new branch model - "TEB Practical Branch" - training programs have been developed for the employees to serve in these branches, and the designated people have taken these.
- Trainings on Delivering Excellent Customer Experience at the Customer Engagement Center

were tailored to TEB's requirements, with 188 employees completing the program. Trainings are ongoing to cover all customer engagement center representatives.

## CUSTOMER ENGAGEMENT CENTER

TEB Customer Engagement Center, critically positioned for both the customers and the Bank, continued to invest in its employees, culture, processes and technology in 2017, deliver seamless and excellent customer experiences, and achieve efficiency, while adding value to TEB. Defined as the strategic service channel of the Bank in 2017, TEB Customer Engagement Center completed a productive and successful year in terms of business results. As an industry pioneer in many aspects, TEB Customer Engagement Center managed 21 million contacts (data of first 10 months) with differentiated service models and provided opportunities for its employees with various work experiences.

- Tasks, where people do not add value, are managed in self-service channels using next generation technologies and fast, simple flows.
- New service models are designed in line with the Bank's strategies.
- Gold medal was won in the "Best Use of Technology" category at the 2017 Contact Center World, one of the most prestigious awards of the sector.
- Customer experience was improved with rapid

actions in operational processes by enhancing analytical capabilities.

- With multiple location management capability, the Center continues to provide 7/24 uninterrupted service at four locations, even in extraordinary situations.
- Full and part-time job opportunities are created for university students through a partnership with Akdeniz University, at the campus in Antalya, opened in 2017.
- Over 1 million products are sold annually.
- The applications/processes developed by the Center serve as examples and they are spread across other channels of the Bank. Functioning as a place that raises future banking professionals, the Center promoted some of its employees to the Bank's branches and Head Office Departments.
- Some of the customer calls to the branches are taken to the Branch Support Line and answered at the Center, thus creating time for the branches to focus on their banking activities.
- Complaint rates are reduced by resolving customer complaints at the first contact point without transferring them to the Customer Communication Line.
- Customers are provided with the opportunity to utilize loans from the Credit Line without visiting the branch.

### Social Media and Alternative Channels

#### SME customers can access information on various topics via social media channels as well.

TEB SME Banking customers are able to access all kinds of information on topics of interest via [www.tebkobitv.com](http://www.tebkobitv.com), and also follow the latest updates and developments on social media channels. Facebook, Twitter and YouTube are the social media channels where TEB SME Banking communicates frequently with its customers. Active communication with customers continued in 2017 on platforms designed and positioned according to the specific needs of SMEs, women business owners and entrepreneur segments through @tebkobi, @teblekadin and @teblegirisim accounts. These communications aim at enhancing the business practices of the target audiences, raising their awareness in business life and actively contributing to their overall awareness through the latest sectoral and economic updates. As of December 2017, on Facebook, @tebkobi account has over 50 thousand, @teblekadin account more than 49 thousand, and @teblegirisim account more than 48 thousand followers, whereas on Twitter, @tebkobi has over 17 thousand, @teblekadin more than 23 thousand and @teblegirisim more than 12 thousand followers.

### Informing Women Business Owners

To provide information to women business owners through different channels, TEB SME TV and @teblekadin (women with TEB) Facebook page are actively utilized. As of 2017 year-end, the TEB SME TV Women Bosses Screen featured 269 videos, which provided a wide range of content varying from finance management to enterprise management, and from developing leadership skills to inspiring success stories. Women Bosses Screen offers short videos with tips on the social roles of the women bosses, overcoming barriers in business, and maintaining work-life balance. The profiles of inspiring women who have built their businesses, the challenges they faced while growing and the success they achieved are especially highlighted, delivering the message "you can do it too" to women bosses. TEB SME TV Women Bosses Screen is followed with great interest, with viewing times reaching to four minutes.

## DIGITAL BANKING

### CEPTETEB DIGITAL BANKING PLATFORM

CEPTETEB Digital Banking Platform, launched in March 2015, offers its customers both financial and non-financial benefits, serving digital customers 24/7 with a 100% response rate and nine minutes of response time on social media.

In 2017, the platform continued to improve the

experience in digital channels while growing its customer base. Offering a customer experience that is built on ease and speed, where users can apply to join anytime, anywhere through the "CEPTETEB Customer Relationship Managers", CEPTETEB has reached a total of 475,000 customers and a deposit volume of TL 4 billion, becoming one of the fastest growing digital banks of Turkey, as of 2017-end. CEPTETEB made use of Smart Display Advertising technology, one of Google's artificial intelligence products, and was published on Google as a case study.

## INNOVATIONS TO INCREASE PRODUCT AND SERVICE DIVERSITY

# 2016

### TEB Fintech Future Four

TEB started the brand new TEB Fintech Future Four Program in 2016 with the aim of encouraging groundbreaking banking and finance technologies in Turkey and supporting start-ups with ideas and projects on finance solutions. The program's objective is to provide financial support for start-ups to give life to their ideas and consultancy support during the commercialization process to help them achieve global success with their own businesses.

### TEB Private Network Mobile App

TEB Private Network, a social network app, was created by TEB to provide a closed network among its Private Banking customers to exchange ideas on various topics and to offer the users exclusive offers and opportunities.

### Virtual Account

Virtual Account, a new product of TEB, is a collection management solution that enables automated identification of the senders of the payments received in TL or foreign currencies, and automated integration of electronic account transactions with the ERP system.

***tebledisticaret.com***

With a vast database of more than 1,500 companies and over 20,000 suppliers from some 160 countries, tebledisticaret.com is a platform designed to serve as a guide for businesses that intend to engage in foreign trade. The platform also contains over 10,000 industry-specific reports and market research in international markets. Companies can visit tebledisticaret.com to access all kinds of detailed information that needs to be considered, such as an overview of the markets they target, geographical locations, economic conditions and cultural differences.

***TEB Foreign Trade Development Program***

“TEB Foreign Trade Development Program” is a special training and development program designed for companies to receive the training and expert support they need in foreign trade activities. Companies, who are new in foreign trade or simply want to increase their foreign trade volumes are trained on how to develop strategies for growth in foreign trade and on how to realize their action plans.

**2017*****New Retail Banking Products***

In 2017, TEB expanded the scope of applications received by the call center to fulfill retail customers' cash needs with the addition of loan disbursement. With this move, the Customer Engagement Center has become another loan disbursement channel alongside TEB branches, mobile banking and internet banking. In 2017, the infrastructure for lending at the point of sale was completed, enabling customers to benefit from loans via contracted dealers.

***CEPTETEB Mortgage***

Launched in 2017, it became a first in Turkey with the capability to complete housing loan flows in digital medium without having to visit a physical branch.

***Customs Duty Payment via SMS***

TEB developed a service to enable customs duty payments via SMS and began offering it to its customers in 2017. With this service available 24/7, customers can pay the Customs Duties arising from foreign trade transactions with a single SMS.

***Special Consumption Tax and ASBIS Payments via SMS***

In 2017, TEB also developed and launched the Special Consumption Tax (ÖTV) and ASBIS Tax payment with SMS service that allows the payment of the Special Consumption Tax code no. 9077 levied on motor vehicles and ASBIS Motor Vehicle Registration Certificate Cost code no. 9247 arising from the registration procedures of brand-new vehicles with a single SMS. The system is available on a 24/7 basis.

***Industry 4.0 Meetings under the roof of TEB SME Academy***

TEB's value added services, configured with the mission as the “Consultant Bank” of SMEs, are developed in a format that will also guide the technological transformation of SMEs. As part of TEB SME Academy's training programs that aim to help SMEs embrace the concept of Industry 4.0, “TEB SME Academy Industry 4.0 Meetings” are organized in various provinces to support companies in staying ahead of the curve.

***TEB SME TV launched new channel “Industry 4.0 Guide”***

The first online TV channel dedicated to SMEs and differentiating the Bank in the sector, TEB SME TV continued to be a trustworthy online information/news source in 2017 with programs dedicated to the business and career development of the business world in general and SMEs in particular.

Besides news that take the pulse of the economy, the markets and business life, TEB SME TV focused on guiding the SMEs about technology-oriented production, Industry 4.0 process on the basis of sectors, how digitalization influences business conduct and how companies should adapt to the process.

***TİM-TEB Start-Up Houses has given the vision of entrepreneurship to Anatolia, the hidden treasure of Turkey, and has become a supporter of the activities to develop the country's potential***

In addition to the 10 cities where TİM-TEB Start-up Houses are located, six more cities, namely Antalya, Tekirdağ (Çorlu), Edirne (Keşan), Kırklareli (Lüleburgaz), Rize, and Samsun joined the system in 2017. 315 training programs on 23 different topics reached 9,950 prospective and active entrepreneurs in 17 cities.

***T(Taxi) Plate Number Loans***

TARES (Registry of Movable Property Pledge) is a system established pursuant to the Movable Property Pledge Law, which entered into force on January 1, 2017, and enables taxi plate numbers belonging to retail customers, who are taxpayers subject to the basic system, to be accepted as collateral. Since March 2017, general purpose loans are offered with up to 48-month maturity and favorable interest rates.

***Banking model of the future from TEB: “TEB Practical Branch”***

As technological developments impact all industries, digitalization of production and consumption processes also change the way businesses operate. The financial sector, like every other sector, embraces an operating system integrated with technology in line with the ongoing digital transformation process. TEB continues to develop banking business models and service channels by keeping its focus on the customer while implementing advanced technologies across operational processes. With TEB Practical Branch, a new branch concept launched in pilot format in 2017 to combine the functions of digital and physical branches, TEB aims to open brand new era in the Bank's ATMs across Turkey.

TEB Practical Branch will enable transactions that necessitate physical exchange such as cash withdrawals and deposits, and credit card deliveries, as well as housing loans where wet signatures are required. TEB Practical Branch, where physical documentation is eliminated and all documents are digitally approved on the device, also contributes to operational efficiency. TEB Practical Branch, where all banking services are available, has been developed by TEB's in-house IT, operation departments and R&D engineers, and developed locally without importing any software or hardware. TEB's objective is to expand its Practical Branches, already in pilot phase in Denizli and Istanbul, all over Turkey.

# HUMAN RIGHTS

## Human Rights Policy<sup>109-1, 109-2, 109-3</sup>

### TEB;

- is aware of its responsibilities for protecting fundamental human rights and promoting their importance, with the vision of being a leader in the Turkish Banking Sector. Its corporate values and ethical policies serve as the most important guides for the Bank.
- adopts the "OECD Guidelines for Multinational Enterprises" that include respecting fundamental human rights and guide TEB's responsible management approach.
- expects all its customers and suppliers to treat their employees, the society and other stakeholders rightfully and respectfully. Therefore, TEB does not take partake in any way of doing business that violates human rights, and manages related necessary processes diligently.

TEB acts in accordance with human rights in all business processes.

## HUMAN RIGHTS AT TEB

As a responsible member of the society, TEB highly values human rights in all relations with stakeholders, and operates with the principle of not working with customers that violate human rights. The Bank has also started to include checks in the high-risk sectors about human rights violations (e.g. child labor/forced labor) into the loan assessment processes.

Every year, TEB employees are receive training courses on human rights.

The trainings provided for the employees on policies and procedures (discrimination, bribery, fraud, diversity, ethical rights, etc.) containing human rights elements related to the Bank's operations are detailed in the following tables:<sup>412-2</sup>

2016			
Training	Participants	%	Training Hours
Forgery / Basic Electronic Banking Forgery and Precautions	393	4	694
Forgery and Fraud	92	1	319
Fraud / Fraudulent Banking Activities with Examples	400	4	796
Compliance Training	3,340	35	14,677
Private Security Employee ID Refresher Course	63	1	3,780
Compliance Training (E-learning)	8,786	91	11,696
Ethical Principles Training (E-learning)	9,681	100	5,941
Capital Market Crimes Information Abuse and Market Fraud Training (E-learning)	249	3	126
Information Security Awareness Training	4,165	43	2,191
TEB Information Security Policy	6,091	63	6,091

2017			
Training	Participants	%	Training Hours
Forgery / Basic Electronic Banking Forgery and Precautions	266	3	455
Forgery and Fraud	112	1	386
Fraud / Fraudulent Banking Activities with Examples	265	3	441
Compliance Training	1,549	16	7,398
Private Security Employee ID Refresher Course	8	1	480
Compliance Training (E-learning)	8,916	94	14,410
Ethical Principles Training (E-learning)	9,232	98	9,232
Capital Market Crimes Information Abuse and Market Fraud Training (E-learning)	49	1	25
Information Security Awareness Training	9,247	98	7,707
TEB Information Security Policy	9,907	100	8,256

## SECURITY AND HUMAN RIGHTS

The private security officers are required to take an ID Refresher course every five years, which includes lessons on "Private Security Officer's Human Rights Violations".<sup>410-1</sup> The branch and head office inspections also address Human Rights practices.<sup>412-1</sup>

# COMMUNITY ENGAGEMENT ACTIVITIES

## TEB FAMILY ACADEMY AND FINANCIAL LITERACY

TEB launched the TEB Family Academy in 2012 to of elevate the level of financial literacy in the community and raise awareness of savings. TEB Family Academy's free financial literacy training is available to all individuals, whether or not they are customers of the Bank.

TEB Family Academy offers trainings to provide information on topics such as savings, budget management, and correctly using banking products with the aim of supporting the economy of families while also contributing to the national economy. The free trainings provided by the TEB Family Academy to the public and private institutions and organizations have reached more than 250 thousand people.

Aiming to spread financial literacy activities across a wider audience on various platforms, TEB plans to deliver financial literacy training to 5 million people within three years with the "I Can Manage My Budget" project in collaboration with the Ministry of National

Education's General Directorate of Lifelong Learning.

Within the framework of an agreement signed in 2016 with the Ministry of National Education's General Directorate for Vocational and Technical Education, a project was launched to inform 1.2 million high school students about financial issues through content included in the banking and accounting courses. As of December 2017, the project reached more than one million people.

TEB Family Academy, which also aims to train agricultural workers as part of its projects in the new term, plans to enter into a partnership that will provide access for 125 thousand agricultural workers in 2018. A training program was organized for agricultural workers in May 2017 as the first step of this project.

The Social and Financial Education Through Arts project, which was previously implemented in cooperation with the Ministry of National Education and UNICEF, reached 11 million elementary students to teach financial literacy through arts and music courses in their regular curriculum.

**We aim to reach 25% of the country's population by the end of 2018 through collaborations.**

The "I Can Manage My Budget" project, launched in 2015 in collaboration with the Ministry of National Education's General Directorate of Lifelong Learning, delivers financial literacy trainings at Public Education Centers in all 81 provinces of Turkey. With the 'I Can Manage My Budget' Project, TEB aims for 5 million people to acquire financial literacy within three years. Within the framework of an agreement signed in May 2016 with the Ministry of Education's General Directorate for Vocational and Technical Education, a project is carried out to teach financial literacy to 1.2 million students through content included in the banking, accounting and insurance courses at the Vocational and Technical High Schools. Furthermore, the Social and Financial Education Through Arts project, where TEB Family Academy, as a partnership of TEB, the Ministry of National Education and UNICEF, brought the concept of financial literacy into the curriculum as a first in Turkey in the 2014-2015 academic year, introduced 11 million children aged 6-14 to financial concepts.

## SPONSORSHIPS

### Tennis

TEB, empowered by its strategic partner BNP Paribas, the "world's leading tennis supporter" with over 40 years of experience in this field, has focused on this sport and its development in Turkey since 2011. TEB has succeed in cementing the image "We are Tennis" with the investments made in this sport to date. The international tournaments organized with TEB as sponsor help elevate Turkey's brand value. TEB regards investing in tennis as an investment in the future of the country, and continues to work toward promoting tennis across a wider audience and developing the sport in Turkey.

### Innovation

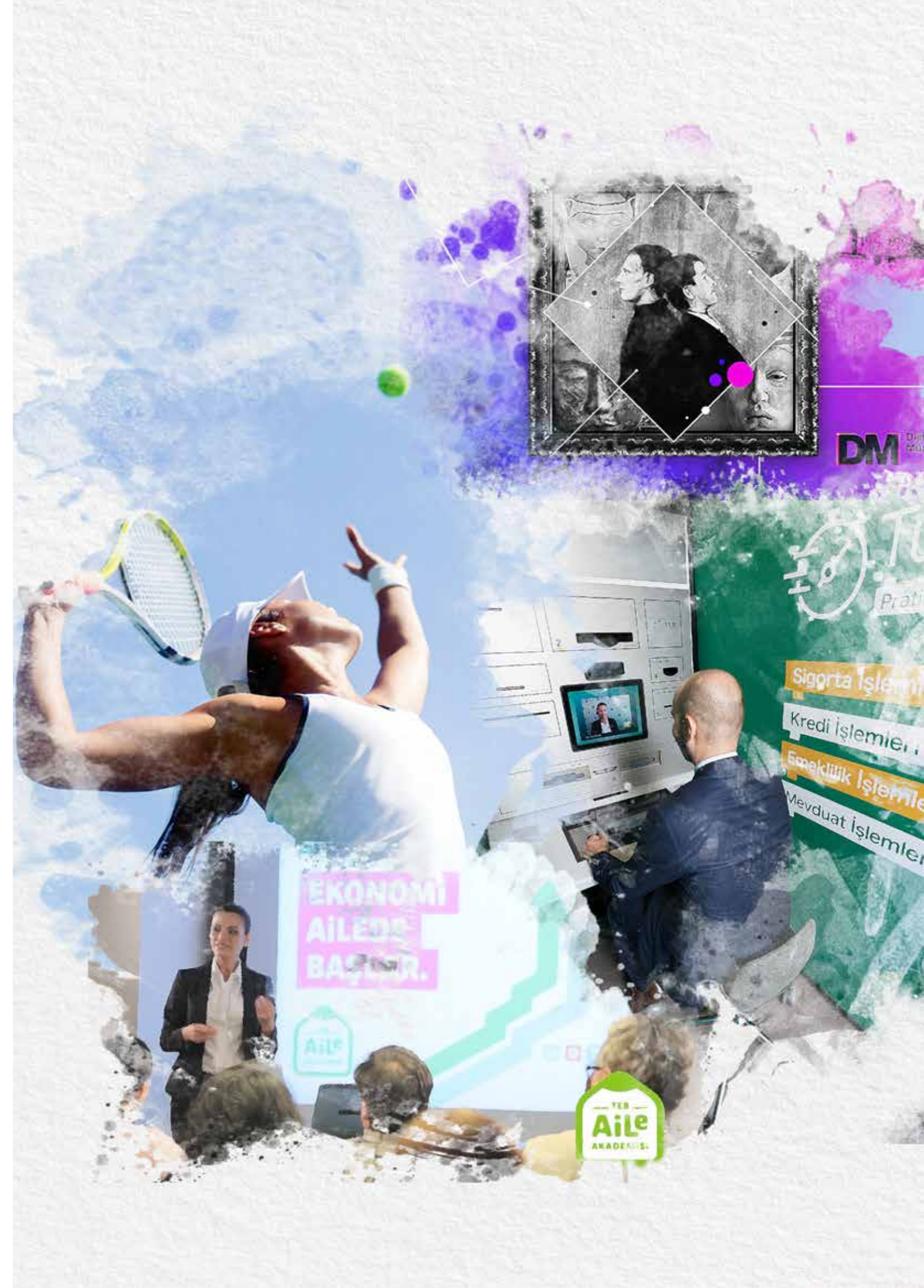
TEB is among the sector's most entrepreneurial and innovative banks as it continues to take important steps to develop and spread innovation on different platforms within the organization and across the country. Aiming to support the country in transitioning to an economic model that creates technology and added value, TEB works to strengthen an innovation-focused entrepreneurship ecosystem. TEB encourages especially the youth for innovation and entrepreneurship to ensure that the community embraces a culture of innovation and considers it as a foundation of a new economic model in Turkey, supporting them in their endeavors.

### Financial Literacy

Drawing from the understanding that acquiring financial awareness is key for sustainable growth, TEB works to elevate financial literacy and to spread an awareness of savings across the society. Within this scope, TEB launched the TEB Family Academy in 2012 to provide free financial literacy trainings open for all. TEB continues to contribute to raising a financially literate generation through a number of projects and partners with various institutions and organizations to bring financial literacy awareness and savings habit to all corners of Turkey.

### TEB Private Digital Museum

TEB launched the TEB Private Digital Museum application to offer art enthusiasts an opportunity to see hidden art works and collections in the digital medium and to share the stories of these works with narratives from collectors. TEB aims to contribute to developing the concept of art collection by inspiring a new generation of collectors in Turkey and sponsored in 2017 BASE, the first collective exhibition of the young graduates of a Fine Arts School in Turkey, to encourage investing in young artists, and thereby sustain its support to art.





**ENVIRONMENTAL  
RESPONSIBILITY**

## Environmental Responsibility Policy<sup>103-1, 103-2, 103-3</sup>

For TEB, environmental responsibility involves taking responsibility for future generations. Raising environmental awareness by supporting corrective and preventive actions for a sustainable society and environment is among the Bank's highest priorities.

**Aiming to minimize its environmental impact and conduct its operations effectively, Türk Ekonomi Bankası A.Ş.:**

- makes administrative and operational decisions by taking its environmental impact into consideration, and executes business processes accordingly.
- uses new technologies to utilize natural resources efficiently, sets up necessary systems and conducts awareness activities to minimize electricity, water and paper consumption throughout its branch network.
- aims to establish required systems to dispose of and reuse wastes without harming the environment.
- aims to contribute to environmental sustainability efforts by promoting environmentally-friendly products and services.
- strives to raise environmental awareness among the employees and other stakeholders, and supports environmentally responsible behaviors.
- complies with all applicable environmental laws and regulations, and outperforms their requirements to be an exemplary bank for the society as well.
- regularly reviews and improves its environmental performance.

## REDUCING ENVIRONMENTAL IMPACT AT CUSTOMERS

### ENVIRONMENTAL APPROACH IN RISK ASSESSMENT AND GREEN PRODUCTS

In addition to supporting the real economy, TEB also takes sustainability initiatives focused on major social and environmental issues. This approach requires addressing environmental, social and governance risks in certain vulnerable sectors and products, as well as respecting sustainable development principles.<sup>102-11</sup> Accordingly, general environmental risks of the customers' industries, and the specific environmental risks, if the loan will be utilized for a specific project, are included in the risk assessment process. These

processes are still in the development phase with plans in the coming years to implement them in global standards and in better alignment with BNP Paribas.

TEB also offers its customers a variety of Green Products in different fields to promote environmentally-friendly practices. For this purpose, Energy Efficiency and Renewable Energy policies have been developed and implemented. These products, which are also developed in partnership with various institutions, are expected to increase in the coming years.

## Energy Efficiency Policy

TEB's Energy Efficiency Policy offers a general framework that aligns with the Bank's economic responsibility and saving activities approach. The policy has four objectives:

- to support the customers in all their operational efforts, which provide access to modern, economic and efficient energy sources,
- to help customers develop their energy efficiency solutions that are socially, economically and environmentally sustainable,
- to measure and monitor the carbon footprint of the Bank's operations,
- to instill energy savings awareness among TEB employees and the supply chain.

With the Energy Efficiency Policy, TEB recognizes that adequate access to energy is critical to Turkey's economic and social development. Turkish energy sector is in need of rapid transformation to be responsive to local and global environmental problems and particularly to climate change, and to reduce its dependence on fossil fuels, which are mostly imported. Therefore, raising awareness about efficient energy use is the main objective of this policy. TEB is also committed to supporting its customers' gradual adoption of low carbon emissions and sustainable growth.

### TEB's energy efficiency initiatives are guided by six principles:

- Ensuring energy efficiency awareness within the Bank,
- Taking proper actions toward clean energy solutions,
- Innovation for increasing efficient energy sources,
- Promoting social and environmental responsibility,
- Integration into global initiatives in response to climate change,
- Promoting technological knowledge.





### Renewable Energy Policy

The objective of TEB's Renewable Energy Policy is to increase the use of renewable energy sources such as solar, wind, small-scale hydro and bio-energy. The Renewable Energy Policy should be considered together with TEB's energy efficiency policy

#### The policy focuses primarily on the following topics:

- Supporting Research and Development (R&D) projects and university collaborations,
- Green building financing,
- Designing branch offices with lower environmental impact,
- Promoting the production of biogas in the agricultural sector with the help of consultancy, expertise and funding.

#### The main objectives of TEB's Renewable Energy Policy are:

- Supporting the sustainability of energy supply in Turkey,
- Supporting socio-economic development of Turkey by raising awareness of clean energy,
- Attracting private sector investments and promoting the use of renewable energy, which is a priority for environmental, social and economic development,
- Reducing environmental impact of existing energy systems.

## REDUCING ENVIRONMENTAL IMPACT IN OPERATIONS

### ENVIRONMENTAL MANAGEMENT SYSTEM

TEB applies ISO 14001 Environmental Management System to employ and monitor an environmentally sensitive approach in a more systematic manner. TEB is also the first deposit bank to have an Environmental Management System certification. The ISO 14001 Environmental Management System audits were successfully completed in 2016 and 2017, and the certificate was renewed.



## ENERGY CONSUMPTION

Electricity consumption accounts for nearly half the of energy used at TEB. The overall energy consumption was as follows in the reporting period:

TEB Energy Consumption (kWh)	2016	2017
<b>In-house Energy Consumption (Ümraniye + Dudullu + Branches)</b>		
Natural Gas	15,215,247,880	18,858,154,821
Electricity	43,513,462,591	42,466,471,284
Diesel	1,411,652,120	1,404,569,580
Total	60,140,362,591	62,729,195,685
<b>External Energy Consumption</b>		
Gasoline	356,864,880	1,424,857,800
Diesel	20,257,825,600	18,890,140,580
Total	20,614,690,480	20,314,998,380
<b>Total Energy Consumption</b>	<b>80,755,053,071</b>	<b>83,044,194,065</b>

Since 2014, the Bank has been striving to further reduce electricity consumption, with applications such as using LED luminaires in interior lighting and advertisement signage in branches that are renovated, moved to new premises and newly opened. LED luminaires were installed in 80 branches prior to 2016, and in 74 branches in 2016 and 2017. The existing lighting fixtures that are constantly used are also replaced with LED luminaires. The activities for the installation of LED lamps and luminaires in the new branches, fixing the working hours for the advertisement signages and switching to LED lamps in the head office continue. Furthermore, high efficiency

devices are preferred in product selections.

The Employee Shuttles Improvement project was launched in 2017. The project resulted in the following:

- Employee shuttles were optimized with increased occupancy,
- The total daily shuttle route, which was 15,190 km before the project, was shortened to 14,350 km in 12 months, and
- As a consequence of shortened daily shuttle route, the amount of fuel spent on personnel transportation was also indirectly reduced.

The CO<sub>2</sub> emissions generated from the Bank's energy consumption are shown in the table below.

	2016	2017
<b>CO<sub>2</sub> Emissions (kg)</b>	4,568,949	4,538,421

In addition to the efforts to reduce energy consumption, an electric vehicle was leased in late 2017 for use in the Head Office vehicle pool, and fast-charging stations were installed at the Ümraniye and Dudullu

buildings. The Bank aims to gather information about the use of electricity as an alternative to gasoline and diesel by driving electric vehicles, to ensure continuity and to raise awareness about electric vehicles.

## WASTE MANAGEMENT

A significant part of the waste generated at TEB is due to consumption of office supplies. The objective of the Bank's waste management is to generate as little waste as possible, to recycle the amount of waste generated or to dispose of them through specialized companies to minimize environmental impact.

### PAPER WASTE

The Bank carries out a number of activities to reduce the amount of paper used. With the e-invoice system in place since 2014, the Bank saves on paper by issuing an average of 65,000 invoices in digital format annually. The Mobile Signature Project, fully implemented in 2017, enables receiving real estate appraisal reports from service providers electronically. This practice has eliminated the use of paper in the

relevant processes, and resulted in preventing the consumption of approximately 850,000 pieces of paper in 2017.

The papers consumed are delivered to authorized local institutions for recycling. The amount of paper collected and recycled in the reporting period was as follows:

Paper waste delivered to recycling (kg)	2016	2017
Head Office Buildings	60,487	68,001
Archive	257,880	137,060
<b>Total</b>	<b>318,367</b>	<b>205,061</b>

### OTHER WASTE

- 70 kg of battery waste was collected and delivered to local administrations for disposal in 2016, and 67 kg in 2017.
- 850 kg of fluorescent waste was collected and delivered to authorized recycling companies for disposal in 2016, and 560 kg in 2017.
- The cost of waste disposal amounted to TL 19,336 and TL 19,710 in 2016 and 2017, respectively.
- The furniture, electronics, flooring materials, etc. that become redundant due to closing, renewing, moving etc. of the Bank locations, are inspected, and the ones that can be recycled are stored in warehouses. Later on, if needed, these items are restored and used in different areas again, which also contribute to recycling.

## IMPROVING ENVIRONMENTAL AWARENESS

The Bank engages in a variety of activities to raise environmental awareness among the employees. Apart from the trainings on topics such as energy efficiency, the following activities were carried out in the reporting period.

- Helping to raise awareness among employees by promoting the "World Water Day" of the United Nations.
- Turning off the lights in the Head Office Buildings for one hour to mark "Earth Hour" event organized by WWF.
- Participating in the blue cap campaign in collaboration with the municipality. In return for the blue caps collected, the campaign involves buying wheelchairs and delivering them to those in need.
- Installing water meters in the supplier areas in the Head Office buildings to monitor and reduce the water consumption of suppliers.

### ENVIRONMENTAL AWARENESS AT SUPPLIERS

TEB seeks the suppliers' confirmation regarding its environmental sensibilities through the Environmental Protection provisions of the General Procurement Terms and Conditions, provided to the suppliers together with the Supplier Selection Forms. The same form also requires the companies to answer questions about their ISO14000 certification and whether criminal proceedings are filed against the company (for environmental pollution, noise, misbehaviors against the rights of the local people, etc.).

As part of the annual environmental reports, the ticketing agencies are asked to provide information on long and short distance flights to measure carbon emissions, car rental companies to provide mileage information on diesel and gasoline, paper suppliers to provide total paper weight procured and how much of this tonnage is labeled/certified as sustainable. These questions contribute to increased supplier awareness.



# GRI CONTENT INDEX 102-55

# GRI CONTENT INDEX



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Turkish language version of the report.

GRI Standard	Disclosure	Page/URL/Direct Answer
<b>GRI 101: Foundation 2016</b>		
<b>General Disclosures</b>		
<b>GRI 102: General Disclosures 2016</b>	<b>Organizational Profile</b>	
	102-1	14
	102-2	14
	102-3	14
	102-4	14
	102-5	15
	102-6	14
	102-7	14
	102-8	46
	102-9	40
	102-10	There were no significant changes at TEB's organization structure, its shareholders and its supply chain during the reporting period.
	102-11	78. TEB acts in compliance with BNP Paribas regarding the Precautionary Principle.
	102-12	16
	102-13	16
	<b>Strategy</b>	
	102-14	10, 12
	102-15	24
	<b>Ethics and Integrity</b>	
	102-16	36
	102-17	37
	<b>Governance</b>	
	102-18	22
102-19	22	
102-20	22	
102-21	22	
102-22	22	

<b>Governance</b>	
102-23	22
102-24	22
102-25	40. Based on the Turkish Commercial Code, Articles no 395 and 396, Yavuz Canevi, who is also Board member at Türkiye Sınai Kalkınma Bankası A.Ş., has the permission to conduct activities described in the articles 395 and 396 related to this Board Membership only. Also, based on Anti-Bribery and Corruption Law Article 7, people employed within the scope of this law, have to submit their declaration of wealth by latest end of February in years ending with (0) and (5).
102-26	22
102-27	Related departments and employees inform TEB board members about economic, social and environmental issues when needed.
102-28	22. The acquittal of the members of the TEB Board of Directors takes place in the General Assembly. There was no individual performance evaluation of the members during the reporting period.
102-29	18. Stakeholder advices were taken when needed from related functions, departments and employees.
102-30	24
102-31	Related issues are put on agenda of board meetings whenever needed.
102-32	18
102-33	There is a pre-determined process for the topics to be put on the agenda of TEB Board Member meetings.
102-34	There were no concerns to be considered as critical except ordinary operations processes and strategies, communicated to the TEB Board during the reporting period.
102-35	50
102-36	50
102-37	50
102-38	Because of the privacy of the information this indicator is not declared. The remuneration analysis of the Board is not declared as it is not a norm in the countries we operate.
102-39	Because of the privacy of the information this indicator is not declared. The remuneration analysis of the Board is not declared as it is not a norm in the countries we operate.
<b>Stakeholder Engagement</b>	
102-40	19
102-41	There is no labor union in TEB.
102-42	19
102-43	19,20, 55. Several Sustainability Team and Committee meetings were held for the report preparation process, where the feedback collected from stakeholders at various stakeholder platforms were considered.

Stakeholder Engagement		
GRI 102: General Disclosures 2016	102-44	The key impacts disclosed in this report are evolved from the results of the Materiality study, where the issues and concerns of each stakeholder group, collected through several dialogue platforms, were considered and assessed. No other stakeholder engagement was conducted for this purpose, but since employees from all departments participated, who collectively had broad knowledge about each stakeholder's opinions and concerns as a result of daily operations and interactions with them, and shared those issues in detail during the study, hence key topics and concerns of all stakeholder groups were considered. These topics were then grouped, described in detail in the report as material issues, together with how TEB is planning to address them. The stakeholder groups that raised the key topics were as follows: Customer Satisfaction: (Employees, Shareholders, Suppliers, Customers, Partners, Employee Associations, Government and Regulators, Investors, NGOs, Creditors.), Sustainable Profitability: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Partners, Employee Associations, Government and Regulators, Investors, NGOs, Creditors.), Operational Efficiency: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Partners, Investors, Local Community, Creditors), Employee Satisfaction: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Partners, Employee Associations, Government and Regulators, Investors, NGOs, Creditors.), Change Management: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, NGOs, Media, Creditors), Energy Efficiency: (Employees, Shareholders, Subsidiaries, Partners, Employee Associations, Government and Regulators, Investors, NGOs, Media, Creditors.), Brand Management: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Partners, Employee Associations, Investors, Local Community, NGOs, Media, Creditors.), Customer Information: (Employees, Shareholders, Subsidiaries, Customers, Rivals, Partners, Employee Associations, Government and Regulators, Investors, NGOs, Media, Creditors.), Business Continuity: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Rivals, Partners, Employee Associations, Government and Regulators, Investors, Local Community, NGOs, Media, Creditors.), Business Ethics: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Rivals, Partners, Employee Associations, Government and Regulators, Investors, Local Community, NGOs, Media, Creditors.), Entrepreneurship: (Employees, Subsidiaries, Customers, NGOs, Media), Employment: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Rivals, Partners, Employee Associations, Government and Regulators, Investors, Local Community, NGOs, Media, Creditors.), Laws and Regulations: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Rivals, Partners, Employee Associations, Government and Regulators, Investors, Local Community, NGOs, Media, Creditors.), Financial Literacy: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Rivals, Partners, Employee Associations, Government and Regulators, Investors, Local Community, NGOs, Media, Creditors.), Environmental Awareness: (Employees, Shareholders, Subsidiaries, Suppliers, Customers, Rivals, Partners, Employee Associations, Government and Regulators, Investors, Local Community, NGOs, Media, Creditors.).
	Reporting Practice	
	102-45	Information on subsidiaries and affiliates included in TEB's consolidated financial statements is available in our annual reports: <a href="https://www.teb.com.tr/about-teb/annual-reports/">https://www.teb.com.tr/about-teb/annual-reports/</a>

Reporting Practice		
GRI 102: General Disclosures 2016	102-46	TEB used AA1000SES for determining its material issues in workshops conducted with the Sustainability Council. The key topics were grouped and assessed, they were then prioritized. For each material issue, a policy was developed by sub-groups of the Council and approved by the senior management of TEB and also BNP Paribas. TEB used the reporting principles for defining the report content. AA1000 SES standard was used for identifying stakeholders and prioritizing them. Unless otherwise stated, TEB defines "impact" as 'possible positive or negative effects on society, environment and economic development of the region in which the company operates'. Hence during the materiality process, all the GRI Standards' topics, covering economic, social and environmental topics, were considered as main impact areas and selected individually by the attendees considering their magnitude or importance. Hence the first section of the materiality workshops was carried out for only determining the TEB operations' direct and indirect impact. Then, since not all material issues are of equal importance, utilizing the feedback obtained through different platforms, their importance for the stakeholders was considered as well, which may impact their decisions. Based on those parameters, the material issues were then assessed. In terms of Sustainability Context, TEB's performance was reviewed and presented in comparison to previous years' data.
	102-47	20
	102-48	Unless stated in the report, information in previous reports has not been repeated.
	102-49	There are no important changes in the report about previous subjects and their importance.
	102-50	7
	102-51	7
	102-52	7
	102-53	96
	102-54	7
	102-55	85
	102-56	The report has not been externally assured.

GRI Standard	Disclosure	Page/URL/Direct Answer
<b>Material Topics</b>		
<b>GRI 200 Economic Standard Series</b>		
<b>Economic Performance</b>		
GRI 103: Management Approach 2016	103-1	27
	103-2	27
	103-3	27
GRI 201: Economic Performance 2016	201-1	15. For the details about TEB's Financial Data: <a href="https://www.teb.com.tr/about-teb/annual-reports/">https://www.teb.com.tr/about-teb/annual-reports/</a>
	201-3	50
	201-4	No material financial assistance was received from the government in the reporting period.

Market Presence		
GRI 103: Management Approach 2016	103-1	27
	103-2	27
	103-3	27
GRI 202: Market Presence 2016	202-1	In the reporting period, the lowest wage for newly hired employees was minimum wage (for male and female employees). The fixed wage application aims to reward our employees' participation in assigned tasks as well as their competence, experience and other qualifications. This remuneration policy is based on market conditions and the Bank's internal balances. Every year, the Bank participates in market wage surveys and takes into consideration the developments in the market and adjusts the wages when needed.
	202-2	100% of the Bank's General Manager and Assistant General Managers are citizens of the Turkish Republic.
Procurement Practices		
GRI 103: Management Approach 2016	103-1	27
	103-2	27
	103-3	27
GRI 204: Procurement Practices 2016	204-1	41
Anti-corruption		
GRI 103: Management Approach 2016	103-1	27
	103-2	27
	103-3	27
GRI 205: Anti-corruption 2016	205-1	37
	205-2	37
GRI 300 Environmental Standards Series		
Supplier Environmental Assessment		
GRI 103: Management Approach 2016	103-1	78
	103-2	78
	103-3	78
GRI 308: Supplier Environmental Assessment 2016	308-1	New supplier selections are made through the supplier selection form, which includes social and environmental parameters. In 2016, 550 suppliers passed the selection process, and 558 in 2017.
	308-2	There were no incidents reported about supplier environmental issues during the reporting period.
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2016	103-1	45
	103-2	45
	103-3	45
GRI 401: Employment 2016	401-1	48, 49
	401-2	50
	401-3	51

Labor/Management Relations		
GRI 103: Management Approach 2016	103-1	45
	103-2	45
	103-3	45
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes are in line with laws and regulations.
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1	45
	103-2	45
	103-3	45
GRI 403: Occupational Health and Safety 2016	403-1	51
	403-2	52
	403-3	52. There is no business process that can cause employees to be exposed to high-risk diseases at TEB.
	403-4	51
Training and Education		
GRI 103: Management Approach 2016	103-1	45
	103-2	45
	103-3	45
GRI 404: Training and Education 2016	404-1	57
	404-2	56
	404-3	Each year, employee performance evaluation is applied to all employees of TEB.
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1	44
	103-2	44
	103-3	44
GRI 405: Diversity and Equal Opportunity 2016	405-1	45
	405-2	45
Non-discrimination		
GRI 103: Management Approach 2016	103-1	44
	103-2	44
	103-3	44
GRI 406: Non-discrimination 2016	406-1	There were no incidents of discrimination during the reporting period.
Child Labor		
GRI 103: Management Approach 2016	103-1	44
	103-2	44
	103-3	44
GRI 408: Child Labor 2016	408-1	There is no high risk area for child labor in our operations or suppliers. In addition to laws and regulations, child labor is not permitted within the scope of HR applications either.

Forced or Compulsory Labor		
GRI 103: Management Approach 2016	103-1	44
	103-2	44
	103-3	44
GRI 409: Forced or Compulsory Labor 2016	409-1	There is no high risk area for forced or compulsory labor in our operations or suppliers.
Security Practices		
GRI 103: Management Approach 2016	103-1	72
	103-2	72
	103-3	72
GRI 410: Security Practices 2016	410-1	73
Rights of Indigenous Peoples		
GRI 103: Management Approach 2016	103-1	72
	103-2	72
	103-3	72
GRI 411: Rights of Indigenous Peoples 2016	411-1	There were no incidents of violations involving rights of indigenous peoples during the reporting period.
Human Rights Assessment		
GRI 103: Management Approach 2016	103-1	72
	103-2	72
	103-3	72
GRI 412: Human Rights Assessment 2016	412-1	38, 73
	412-2	72
Local Communities		
GRI 103: Management Approach 2016	103-1	72
	103-2	72
	103-3	72
GRI 413: Local Communities 2016	413-1	There were no projects involving the participation of local communities.
	413-2	The activities of our Bank do not have any negative impact on local communities.
Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1	72
	103-2	72
	103-3	72
GRI 414: Supplier Social Assessment 2016	414-1	New supplier selections are made through the supplier selection form., which include social and environmental parameters. In 2016, 550 suppliers passed through the selection process and 558 in 2017.
	414-2	There were no negative social cases reported on suppliers during the reporting period.

Public Policy		
GRI 103: Management Approach 2016	103-1	TEB Sustainability Report 2014-2015, p.62, <a href="https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf">https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf</a>
	103-2	TEB Sustainability Report 2014-2015, p.62, <a href="https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf">https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf</a>
	103-3	TEB Sustainability Report 2014-2015, p.62, <a href="https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf">https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf</a>
GRI 415: Public Policy 2016	415-1	TEB does not provide any contributions, financial or in kind, to political parties, politicians and related institutions.
Marketing and Labeling		
GRI 103: Management Approach 2016	103-1	64
	103-2	64
	103-3	64
GRI 417: Marketing and Labeling 2016	417-1	64
Customer Privacy		
GRI 103: Management Approach 2016	103-1	64
	103-2	64
	103-3	64
GRI 418: Customer Privacy 2016	418-1	The confidentiality of customer information is under the protection of Banking Law Article no: 5411, Personal Data Protection Law Article no: 6698 that was enacted in 07.04.2016 and other secondary regulations. The confidentiality of customer information was fully secured within the scope of both Banking Law and Personal Data Protection Law during the reporting period and no incidents were met. In addition to this, after the enactment of Personal Data Protection Law, a compliance project was initiated and the sensitivity on confidentiality of customer information was raised.
Socioeconomic Compliance		
GRI 103: Management Approach 2016	103-1	TEB Sustainability Report 2014-2015, p.62, <a href="https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf">https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf</a>
	103-2	TEB Sustainability Report 2014-2015, p.62, <a href="https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf">https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf</a>
	103-3	TEB Sustainability Report 2014-2015, p.62, <a href="https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf">https://www.teb.com.tr/UPLOAD/PDF/CSR-report/TEB-SR-2014-15-ENG.pdf</a>
GRI 419: Socioeconomic Compliance 2016	419-1	A total of 33,523 lawsuits brought in 2017 and previous years are currently in litigation. A provision of TL 56,673,762 had been set aside for these lawsuits as at 31 December 2017. The administrative fines of regulatory and auditory authorities imposed against the Bank during 2017 amounted to TL 30,142,850. There are no administrative or judicial sanctions imposed against the Bank's Board members.

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For feedback, opinions and suggestions<sup>102-53</sup>

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**TEB**

**BNP PARIBAS JOINT VENTURE**