



# INDEX



<a href="#">About This Report</a>	3
<a href="#">Chairman's Message</a>	5
<a href="#">CEO Message</a>	6
<a href="#">Company Profile</a>	7
<a href="#">TSKB's Subsidiaries</a>	8
<a href="#">TSKB's Products and Services</a>	9
<a href="#">Basics of Sustainability at TSKB</a>	10
<a href="#">TSKB's Sustainability Structure</a>	11
<a href="#">Stakeholder Analysis</a>	12



<a href="#">Financial Performance</a>	18
<a href="#">Support to Sustainable Development</a>	20
<a href="#">Sustainability Finance</a>	22
<a href="#">Thematic Global Funds</a>	26



<a href="#">Corporate Governance</a>	28
<a href="#">Sharing Experience with Initiatives</a>	31
<a href="#">Sustainability Management at TSKB</a>	32
<a href="#">Management of Loans'</a>	
<a href="#">Environmental and Social Impacts</a>	34
<a href="#">Management of Internal</a>	
<a href="#">Environmental Impacts</a>	35



<a href="#">Human Resources</a>	37
<a href="#">Investment in Human Resources</a>	40
<a href="#">Occupational Health and Safety &amp;</a>	
<a href="#">Supplier Relations</a>	44
<a href="#">Social Responsibility</a>	45
<a href="#">Sustainability Literacy</a>	48

<a href="#">Goals and Performance Objectives</a>	49
<a href="#">GRI G4 Content Index</a>	53

# ABOUT THIS REPORT

## 4<sup>th</sup> SUSTAINABILITY REPORT

In its fourth sustainability report, TSKB discloses its sustainability performance in the period of 2013-2014 based on GRI (Global Reporting Initiative) G4 Guidelines, in accordance with the option Comprehensive.

## 3 DIMENSIONS OF SUSTAINABILITY

The report elaborates on sustainability, which has been adopted by TSKB as a business model, under three dimensions: Business, Planet and People. Detailed information, pertaining to TSKB's approach, operations and performance results in the field of sustainability, is delivered under 14 sub-categories.

## THE FIRST REPORT OF SUSTAINABILITY COMMITTEE

TSKB's new sustainability report is the first report issued by TSKB's Sustainability Committee without obtaining consultancy support.

### BUSINESS

- Financial Performance
- Support to Sustainable Development
- Sustainability Finance
- Thematic Global Funds

### PLANET

- Corporate Governance
- Sharing Experience with Initiatives
- Sustainability Management at TSKB
- Management of Loans' Environmental and Social Impacts
- Management of Internal Environmental Impacts

### PEOPLE

- Human Resources
- Investment in Human Resources
- Occupational Health and Safety & Supplier Relations
- Social Responsibility
- Sustainability Literacy



## OUR VISION & MISSION

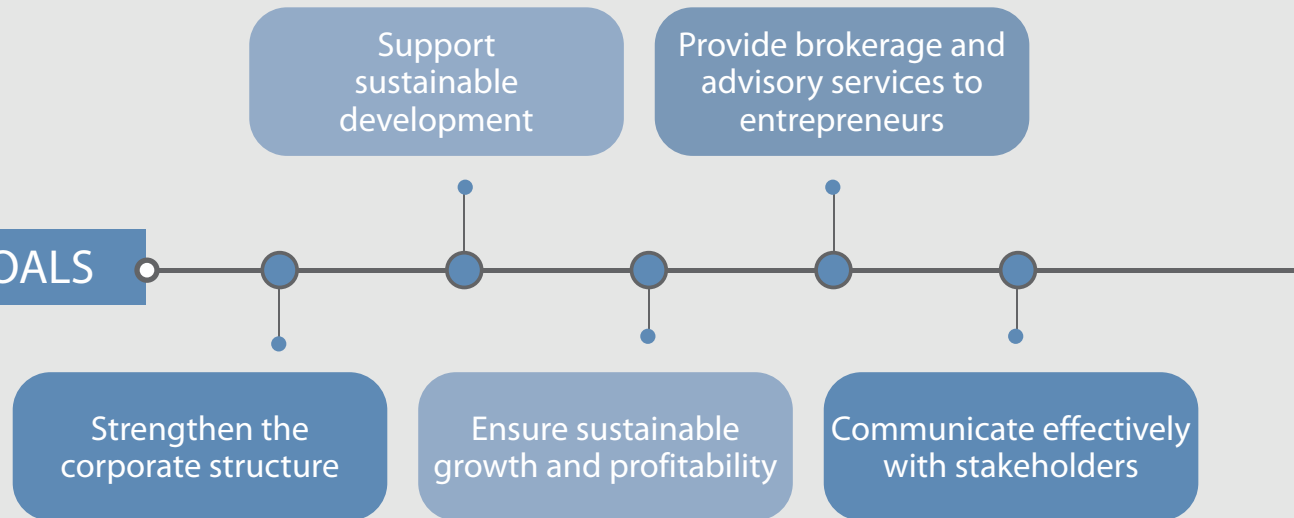
### Our Vision

To be the pioneering bank for Turkey's sustainable development.

### Our Mission

For Turkey's sustainable development, supply entrepreneurs with medium and long-term financing, brokerage and advisory support, play a continuous role in the development of capital markets in Turkey, create increasingly more added value for our shareholders, customers, employees, and all other stakeholders.

### OUR GOALS



## OUR STRENGTHS



Solid capital structure and strong partners



Trust of international and supranational fund providers



Access to long-term thematic funds and competency in transferring these funds to business world



Professional and highly experienced human resources



Ability to reach customers with high operational efficiency



Reliable and advanced technological infrastructure

## CHAIRMAN'S MESSAGE



Depletion of world resources while we produce more and more in an effort to meet the needs of an ever-increasing world population is one of the biggest dilemmas of our time. Our 4.5 billion-year-old planet, in an effort to eliminate the environmental impacts we have so far created, is in a position where it cannot handle the climate change issue without our help. Researches demonstrate that the critical threshold has been exceeded and that even if we manage to fix the carbon dioxide level in the atmosphere until 2050, the effects will last for hundreds and hundreds of years.

Climate change challenges every industry in a different way. Many duties including the prevention of the reduction of agricultural production due to drought, management of the environmental impact of wastes, reduction of water footprints of crops, increased use of renewable energy, more efficient use of resources, and the improvement of working conditions and human rights affect almost all industries to different degrees.

A big responsibility falls upon the shoulders of the banking sector in this chain reaction. Our sector does not consume high amounts of water, energy or raw materials to make productions, but has a greater responsibility through the financial services offered. Considering that the cost of environmental impact is doubled every 14 years and that the

need for financing of adaptation to global warming will be USD 70-100 billion annually until 2050 in developing countries, it is better understood that the principles of sustainability is indispensable for the banking sector.

Established as a development and investment bank in 1950, TSKB adopts sustainability, at a very early stage, as an efficient business model. TSKB supports transition to low-carbon economy both through financing the renewable energy and efficiency projects and through the accurate management of internal environmental impacts, and effectively tackles climate change.

Believing that our efforts toward sustainable transformation can create a meaningful change joined with the contributions of all stakeholders of the financial sector, I invite our sector and all of our stakeholders to unite for a low-carbon future target.

Kind Regards,

A handwritten signature in black ink, which appears to read 'Adnan Bali'. The signature is stylized and fluid, with a long horizontal stroke at the end.

ADNAN BALI  
Chairman

## CEO'S MESSAGE



Humankind has always been in search of the new in their journey they have set out to establish a safer future for themselves. They have discovered new stops, tried to find new ways to do old jobs, facilitated their lives with innovations, and finally made the agricultural, industrial and technological revolutions... While all these innovations changed not only the human beings but the world as a whole, the journey they set out dreaming for a safer future was overshadowed by threats including climate change, famine, and energy bottleneck.

Today, the difficulties we need to overcome are tough ones, yet we can make our journey safer again. To do this, we need to adopt a growth strategy whereby we meet our needs and take care of the rights of future generations to meet their needs. With new business models, new products, new sources of energy and with an understanding of sustainability...

At TSKB, we have rapidly adapted to the Zeitgeist since the very day we have set out on a mission to support national development, acted in line with the principles of sustainability and always kept the bar high in our individual undertakings.

Our first stop in our sustainability journey has been renewable energy. 14% of our national installed renewable energy capacity has been realized with our Bank's support. With our inherent expertise, we have incorporated energy efficiency investments in 2009, and resource efficiency investments in 2013. And in 2014, we have increased our pace in sustainable tourism. With all these investments, we have contributed to a significant decrease in carbon dioxide emissions, one of the most important indicators of climate change. While our energy and resource efficiency projects transformed more than 50 enterprises into more environment-friendly and profitable establishments, we took new steps in an effort to reduce our national dependence on foreign energy.

While creating resources for our national sustainable development, we have also developed our Bank's internal activities with a sustainability perspective, which results in an important performance. We have reduced our carbon footprints by 40% in the last 5 years and switched to carbon neutral banking. Thanks to the improvements in our buildings, we have achieved a reduction of at least 25% in our electricity, natural gas, water, and paper consumption.

We also set sustainability as a principle for our business culture. To demonstrate our determination at the highest level, we have established the TSKB Sustainability Committee, which is composed of two Board Members and two Executive Vice Presidents. The number of our employees working in sustainability teams operating under our Committee has exceeded 10% of the total number of our employees. Also, corporate governance, an important portion of this management culture, has always been our priority. In our 65<sup>th</sup> anniversary, we have proved this again by being awarded "The Business with the Highest Corporate Governance Rating" at the BIST Corporate Governance Index.

At TSKB, we adopt sustainability in its business, planet and social dimensions and put a great emphasis on sharing experience. We aim to raise awareness about sustainability through our social responsibility projects. We intend to expand this awareness to all of our stakeholders with the [www.cevreciyiz.com](http://www.cevreciyiz.com) website where we create a significant domain with its content and followers and also through platforms including the Sustainability Workshops where we focused on university students. We improve our expertise and know-how through cooperation with national and international initiatives.

Although we have taken many steps for a sustainable future, we are aware of the long road ahead of us. We believe that the banking sector, having the power to transform all industries through its financing services, have a great responsibility to this end. We put a great emphasis on the widespread adoption of the principles of sustainability.

In our fourth sustainability report, we demonstrate the last two years of our sustainability journey that we embarked on with innovative applications and pioneering approaches based on the GRI-G4 Guidelines.

I wish this report will inspire our sector and stakeholders.

Kind Regards,

ÖZCAN TÜRKAKIN  
CEO

## COMPANY PROFILE

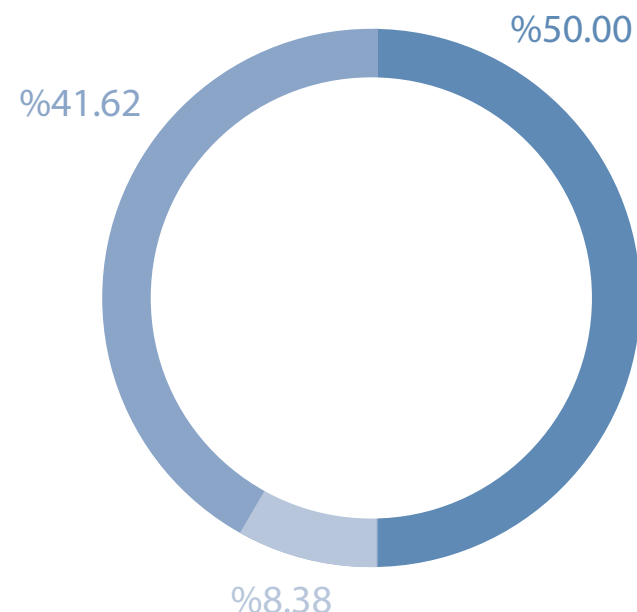
### Sustainable value for Turkey's economic growth since 1950...

TSKB was established in 1950 in Istanbul with the support of World Bank and the Central Bank of Turkey and shareholding of private commercial banks, with the mission of supporting the Turkish private sector development. Since the day it was founded, TSKB has been supporting Turkey's sustainable growth with its deep knowledge and experience as well as the broad array of corporate banking, investment banking, and consultancy services that it provides its customers. Through subsidiaries offering real estate and sustainability solutions, TSKB also adds value to its customers' investments.

Ever since its inception, TSKB has been engaging in business partnerships with supranational financial institutions, international development agencies, and banks and financial institutions all over the world through which it brings qualified and themed global funds together with investments undertaken by the Turkish business world.

With a wide range of credit options that include corporate lending, project finance, and much more, TSKB provides financing support to sustainable investment projects in many different sectors. At the same time and in its capacity as an investment bank, TSKB also gives its customers the benefit of its international-class investment banking experience with products and services that have been carefully crafted to meet their specific needs.

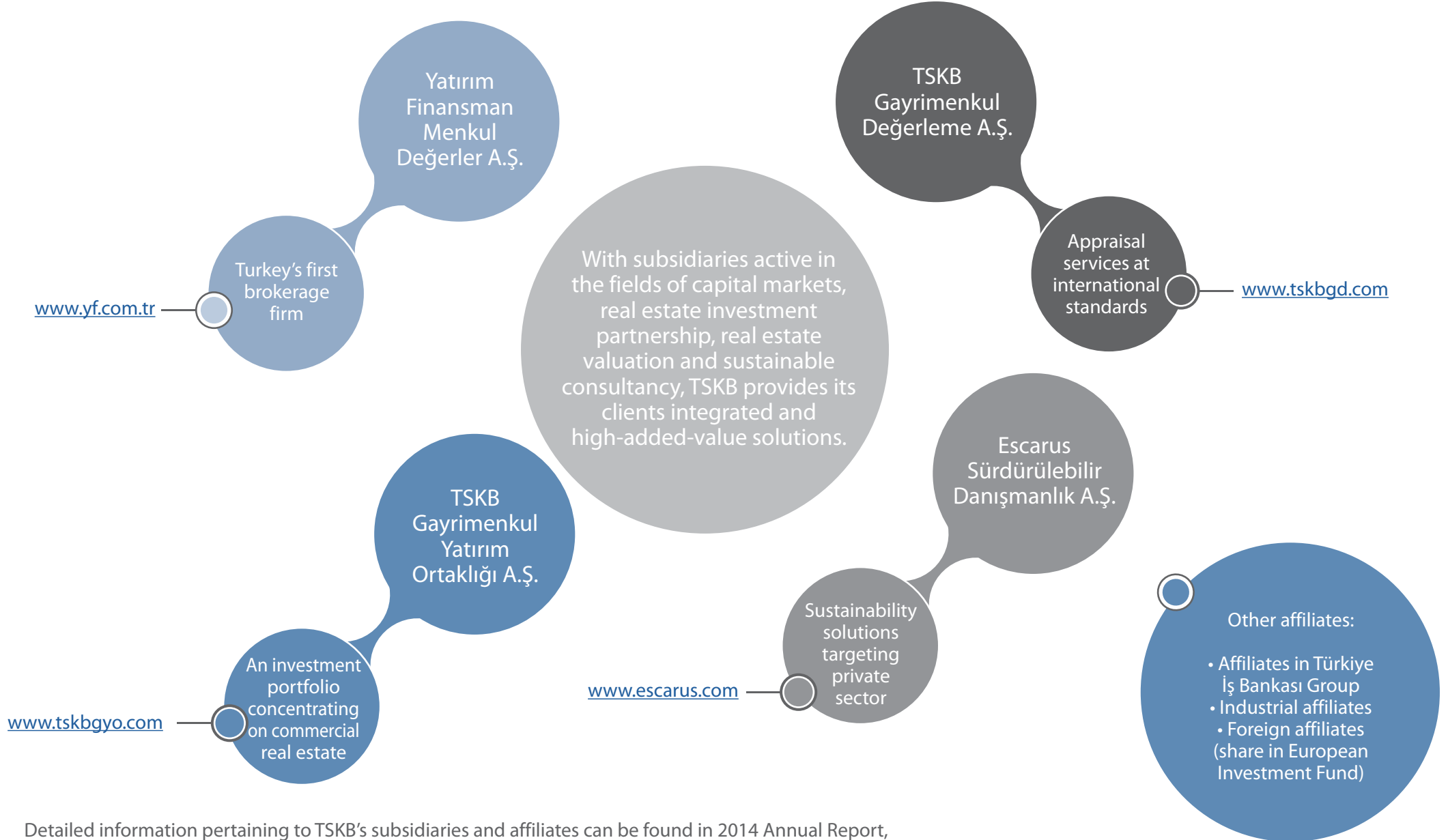
### TSKB's shareholder structure



- T. İş Bankası A.Ş. Group
- T. Vakıflar Bankası T.A.O.
- Free Float and Others

Detailed information pertaining to TSKB's capital structure can be found in 2014 Annual Report, on Page 4, published at the following web link: [http://www.tskb.com.tr/i/content/1407\\_1\\_TSKB\\_EN\\_2014.pdf](http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf)

## TSKB'S SUBSIDIARIES



Detailed information pertaining to TSKB's subsidiaries and affiliates can be found in 2014 Annual Report, on page 37, published at the following web link: [http://www.tskb.com.tr/i/content/1407\\_1\\_TSKB\\_EN\\_2014.pdf](http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf)



# TSKB'S PRODUCTS AND SERVICES

TSKB offers a rich portfolio of products and services, which is designed and structured in line with the country's development and Turkish business world's goals, in the fields of Corporate Banking, Investment Banking and Consultancy.

Corporate Banking	Investment Banking	Consultancy
Contribution to the Country's economy and employment...	Support to improve clients' assets...	Added value based on expert knowledge...
<b>Corporate Lending</b> Industrial Investments Energy and Resource Efficiency Environment Friendly Investments Renewable Energy Sustainable Tourism Health and Education Investments	<b>Corporate Finance</b> Equity Public Offerings and Transactions Debt Security Offerings and Transactions Mergers & Acquisitions Asset Purchases & Sales Advisory Privatization Advisory	<b>Strategic Finance Consultancy</b> Company, Brand and Licence Valuation Feasibility Analyses & Studies Financial Restructuring Strategic Roadmaps Sector Analyses Project Finance Consultancy
<b>Project Finance</b> Power Generation and Distribution Commercial Real Estate Logistics Transportation/Infrastructure Public - Private Partnership Projects Mergers & Acquisitions	<b>Capital Markets*</b> Equities Brokerage Services Fixed Income Securities Brokerage Services FX Transactions Warrant Transactions Repo Transactions Derivative Transactions in International Markets Forex and Leveraged Trading Loans Against Securities Asset Management Investment Advisory	<b>Real Estate Valuation*</b> Real Estate Appraisal Machinery and Equipment Appraisal Bidding Consultancy The Highest and Best-Use Analyses Collateral Appraisal Feasibility, Project Development & Monitoring Sector Analyses and Market Research Report Green Building Analyses Urban Renewal Consultancy Concept Development Consultancy
<b>Other Loan Products</b> Wholesale Banking • SME Finance • Export Finance Foreign Trade Finance Country (ECA) Loans Working Capital Finance Financial Leasing	<b>Derivatives</b> Forwards Options Caps & Floors Swaptions Swap Transactions • Currency • Interest Rate • Cross Currency	<b>Sustainability and Environment*</b> Sustainability Management Environmental and Social Impact Assessment Technical Consultancy Climate Change Management Carbon Consultancy Environmental and Social Risk Management Investment Monitoring for Financial Institutions Renewable Energy Consultancy

\*TSKB provides a part of its services in investment banking and advisory services within the scope of cooperation with its subsidiaries; Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Değerleme A.Ş. and Escarus Sürdürülebilir Danışmanlık A.Ş.

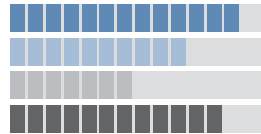
# BASICS OF SUSTAINABILITY AT TSKB

## Financing the sustainable investment projects

With support of TSKB, whose more than 50% of portfolio consists of sustainable projects, more than 100 renewable energy projects with a total of 3,900 MW installed capacity, corresponding to approximately 14 percent of Turkey's renewable energy capacity were financed. The energy saved through almost 60 energy efficiency projects financed by TSKB is the equivalent of yearlong heating of a city of 850 thousand people. With all these investments, Turkey's annual carbon emissions were reduced by 7.2 million tons.

## Measuring environmental and social risks of projects

Since 2005, TSKB has measured environmental and social risks of all investment projects which are analyzed by the Bank. ERET (Environmental and Social Evaluation Tool) Model, specially developed by TSKB, is used in the processes of project assessment, financing and investment monitoring.



## Turkey's first carbon-neutral bank

With its Sustainability Management System, TSKB has been measuring all the environmental impacts resulting from its activities since 2005 and defining strategies in order to mitigate them.

2006: First Turkish bank to obtain ISO 14001 Environmental Management System

2008: Turkey's first carbon-neutral bank

2012: First institution in banking sector to obtain ISO 14064-1 Certificate

2005 to date:

25% less electricity - 32% less natural gas

27% less paper - 32% less water

40% less carbon emissions - 100% green energy

## Integration of sustainability in all business processes

The concept of sustainability is being integrated in entire business model with a Sustainability Committee formed by two Board of Directors' Members and two Executive Vice Presidents, and a Sustainability Sub-Committee formed by representatives of various departments.



## First institution to publish a Sustainability Report in finance sector

Having been publishing Sustainability Reports since 2009, TSKB is distinguished as an institution that published first GRI A+ sustainability report of finance sector.

## Corporate governance

TSKB seeks continuous and full compliance to Turkey's governance code of conduct and believes in the importance of fairness, transparency, responsibility and accountability.

## Modern human resources practices

TSKB prioritizes talent and performance management practices as well as training and development activities in order to ensure sustainability of qualified human resources, and provides a working atmosphere where discrimination is prevented and human rights are respected.



## Support for empowering women in business world

As the Bank has gender and opportunity equality as cornerstones of its human resources strategies, women employees account for 55% of TSKB's human resources. Being a signatory of UN's Women's Empowerment Principles (WEPS), TSKB has carried the support it gives to women's employment to an international level.

## Sharing experience with initiatives

Believing in the relevance of sharing experience for a sustainable future, TSKB undertakes collaborations with many national and international organizations for this purpose.

## Environment and sustainability are prioritized in social responsibility projects

With social responsibility projects, TSKB works towards creating a sustainable future, and builds awareness in business world and universities in relation to climate change, energy and carbon emissions.

- Turkey's most comprehensible environment portal – [www.cevreciyiz.com](http://www.cevreciyiz.com)
- "Sustainability Workshops", a sustainability literacy program created jointly by TSKB and Escarus, targeting universities
- Various conferences in the fields of environment, energy and sustainability
- First carbon-neutral concert at IKSİV Istanbul Music Festival



## Subsidiaries that make a difference in the field of sustainability

Escarus: Business world's sustainability consultant

Yatırım Finansman Menkul Değerler: Turkey's first carbon-neutral brokerage firm

TSKB Gayrimenkul Değerleme: First Green Building Valuation Practice in Turkey

## TSKB's successes and awards in the field of sustainability

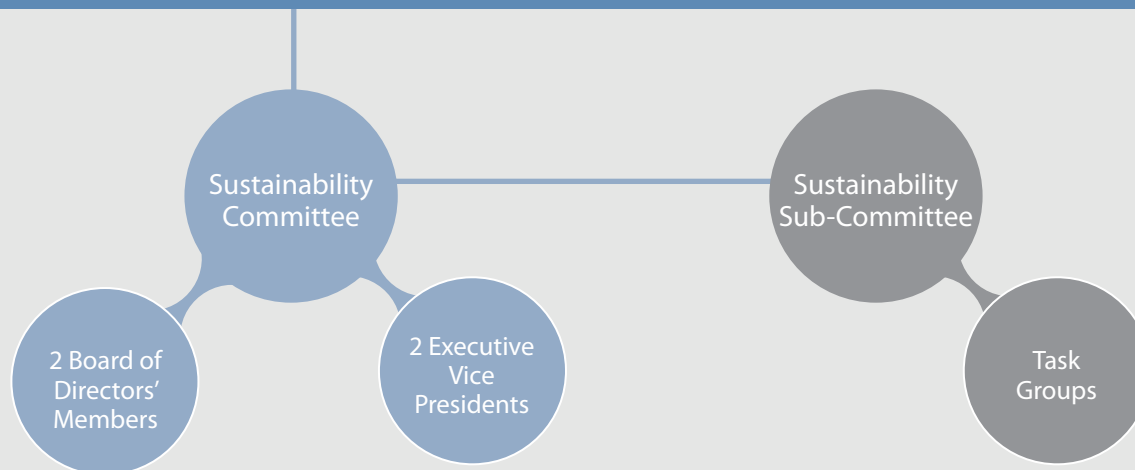
Institution with Highest Corporate Governance Rating Award - TKYD (2013-2014)

"Sustainable Bank of the Year" Finalist in the Territory of Europe - FT & IFC (2013)

Highest Ratings in "Transparency" and "Performance" Categories of Climate Change Leaders Award assessments, CDP Turkey (2013)



# TSKB'S SUSTAINABILITY STRUCTURE



## TSKB's Sustainability Structure

TSKB's Sustainability Policies	Sustainability Finance	Sustainability Management	Stakeholder Communications
<ul style="list-style-type: none"> <li>• Sustainability Policy</li> <li>• Environmental and Social Impact Policy</li> <li>• List of Restricted Activities</li> <li>• Occupational Health and Safety Policy</li> <li>• Human Rights Policy</li> <li>• Sustainable Procurement Management Policy</li> <li>• Anti-Bribery and Anti-Corruption Policy</li> </ul> <p>For detailed information:  <a href="http://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy">http://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy</a> </p>	<ul style="list-style-type: none"> <li>• Renewable Energy</li> <li>• Energy Efficiency</li> <li>• Sustainable Tourism</li> <li>• Resource Efficiency</li> <li>• Environmental Investments</li> </ul>	<ul style="list-style-type: none"> <li>• ISO 14001</li> <li>• ISO 14064</li> <li>• Zero-Carbon Banking</li> <li>• Environmental and Social Risk Evaluation (ERET)</li> </ul>	<ul style="list-style-type: none"> <li>• Clients</li> <li>• Employees</li> <li>• Shareholders</li> <li>• Government and Regulatory Bodies</li> <li>• Financial Institutions</li> <li>• Suppliers</li> <li>• Subsidiaries</li> <li>• NGOs</li> <li>• The Media</li> <li>• Banking Sector</li> </ul>

# STAKEHOLDER ANALYSIS

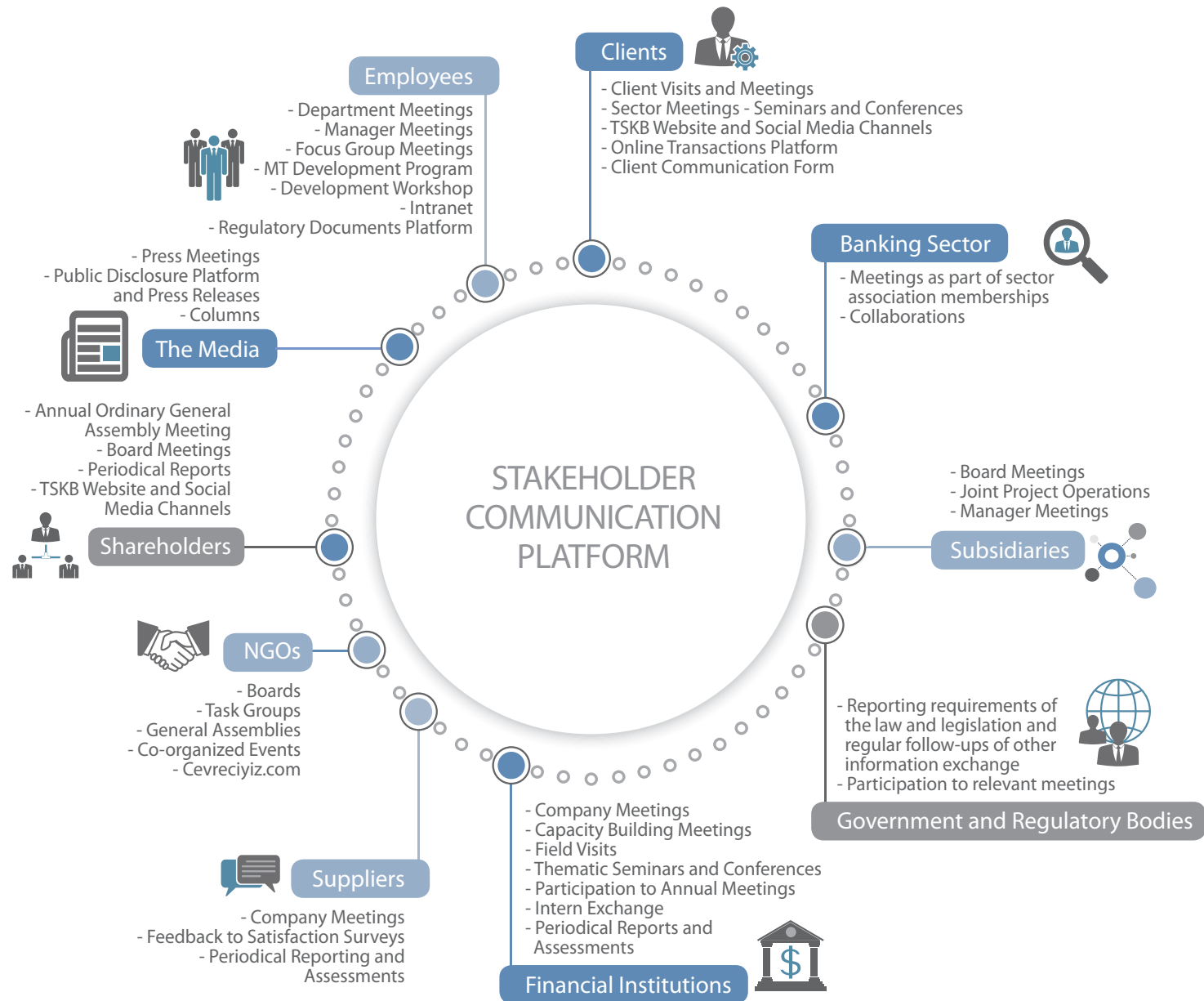
Focusing on creating value for Turkey's sustainable economic development, TSKB determined all of its corporate priorities in the field of sustainability in the light of its stakeholders' expectations.

In its sustainability report, TSKB shares its approaches and business results pertaining to these priorities.

In this report TSKB focuses on economic, environmental and social components of GRI G4 and those human rights and product responsibility aspects where the Bank creates added value. All the dialogs of TSKB with stakeholder groups and the results of stakeholder analysis carried out with participation of representatives of stakeholder groups are reviewed in prioritization matrix.

## STAKEHOLDER PARTICIPATION

TSKB places great emphasis on establishing and maintaining a sustainable dialog with all stakeholder groups via various communication platforms. Feedback received from stakeholders sheds light to many aspects ranging from identifying TSKB's strategic priorities to creating relevant policies, and from business model to social responsibility projects.



# PRIORITIZATION ANALYSIS

## Prioritization and Stakeholder Analysis

In addition to contacts and meetings with all stakeholder groups in the framework of its business model, TSKB carried out a stakeholder analysis in the scope of its sustainability report. Prioritized fields that were identified considering GRI-G4 Technical Protocol were analyzed with a widely-participated survey that included practices under 7 headings.



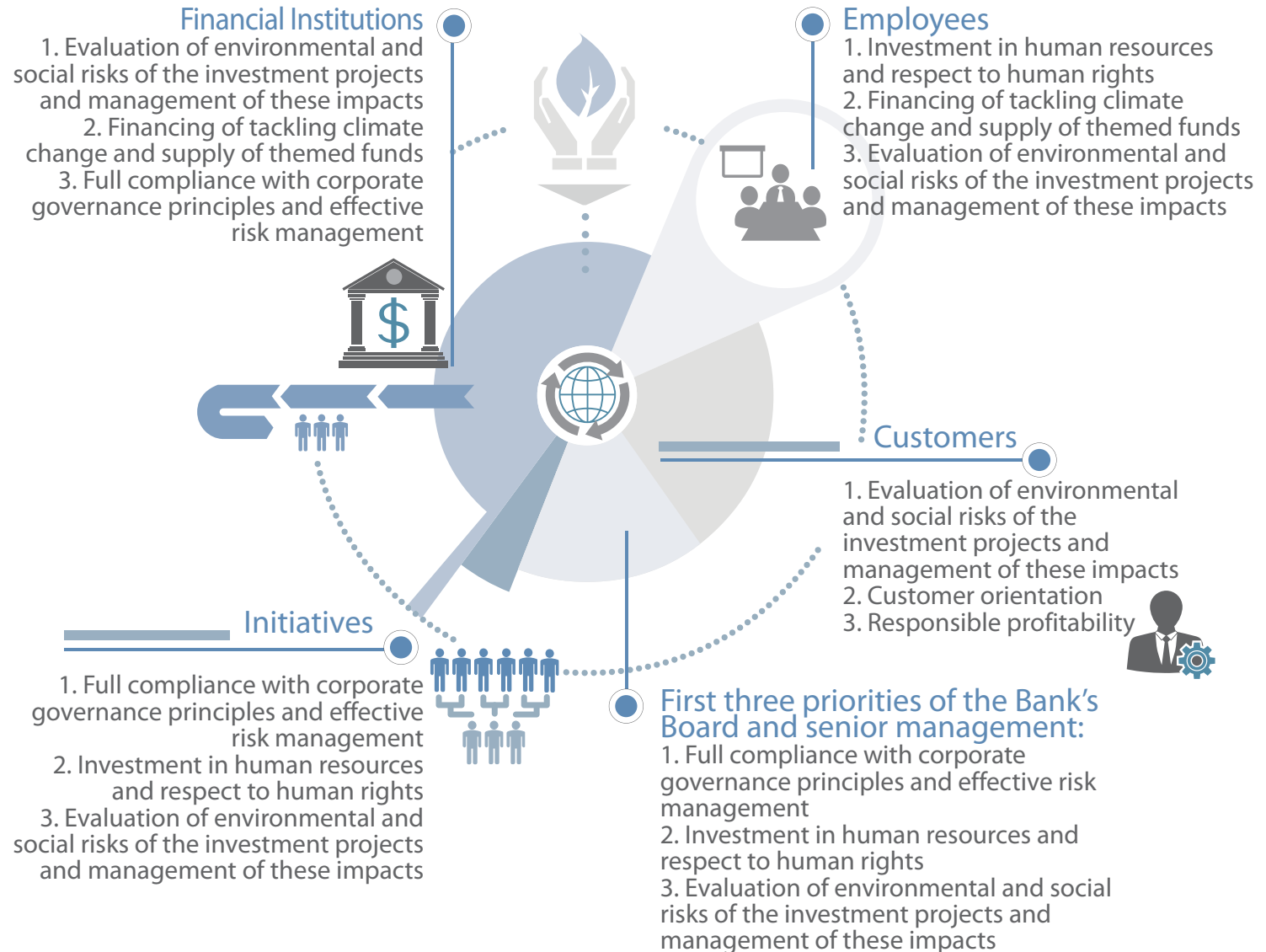
## Dimensions of Prioritization Analysis

- A. Financing of tackling climate change and supply of themed funds**
  - Theme Diversity, Including Renewable Energy, Energy and Resource Efficiency, Sustainable Tourism, Waste Management and Innovation
  - Effective Cooperation with National and International Financial Institutions
- B. Evaluation of environmental and social risks of the investment projects and management of these impacts**
  - Compliance with Environmental Regulations
  - Efficiency
  - Biodiversity
  - Human Rights
  - Occupational Health and Safety
- C. Full compliance with corporate governance principles and effective risk management**
  - To be Ethical, Fair, Transparent, Responsible & Accountable
  - Risk (Capital, Operational, Loan, Asset-Liabilities) Management
- D. Customer orientation**
  - Cost Effective
  - Effective Lending
  - High Service Quality
- E. Responsible profitability**
  - Return on Equity
  - Sustainable Growth
  - Strong Capital Adequacy Ratio
  - High Quality Assets
  - Effective Management of Liquidity Position
- F. Investment in human resources and respect to human rights**
  - Training/Development
  - Remuneration
  - Effective Performance Management
  - Ensuring Work/Life Balance
  - Language, Religion, Ethnicity, Race, Gender Discrimination Prevention
- G. Social responsibility projects in creating awareness in the field of sustainability**
  - Sharing Sustainability Experience with Different Stakeholder Groups:
    - Our Employees
    - Business World
    - Universities
    - Initiatives
    - Non-Governmental Organizations
    - Public

# PRIORITIZATION ANALYSIS

## Prioritization Analysis Results

In review of the findings from TSKB's stakeholders and senior management's prioritization analysis, it is evident that stakeholder groups and Bank's Board and senior management have the following first three priorities:



# PRIORITIZATION MATRIX

## Findings from examination of the Prioritization Matrix

The fact that all criteria, from financing to governance and from human resources to social responsibility, are located on very close and similar area mutually on the graph both by stakeholder groups and by TSKB Board of Directors and senior management, reveals that the Bank's policies and business model in this regard has met the high expectations of stakeholder groups.

Highest priority given by stakeholders to "Evaluation of environmental and social risks of the investment projects and management of these impacts" strengthens TSKB's commitment to measure environmental and social risks involved in any lending facilitation and to refuse providing funds to high risk investments.

The fact that stakeholders' high expectations for "Financing of tackling climate change and supply of themed funds" which is expressed as "Sustainability Finance" has met TSKB's priorities is especially important as it reflects the awareness in the business world and among the other players in the economy.

As a missionary bank that supports investments for the purpose of the country's economic development, TSKB has highest priority of "Corporate Governance", which further underlines the Bank's unvarying policy towards being fair, transparent, responsible and accountable.

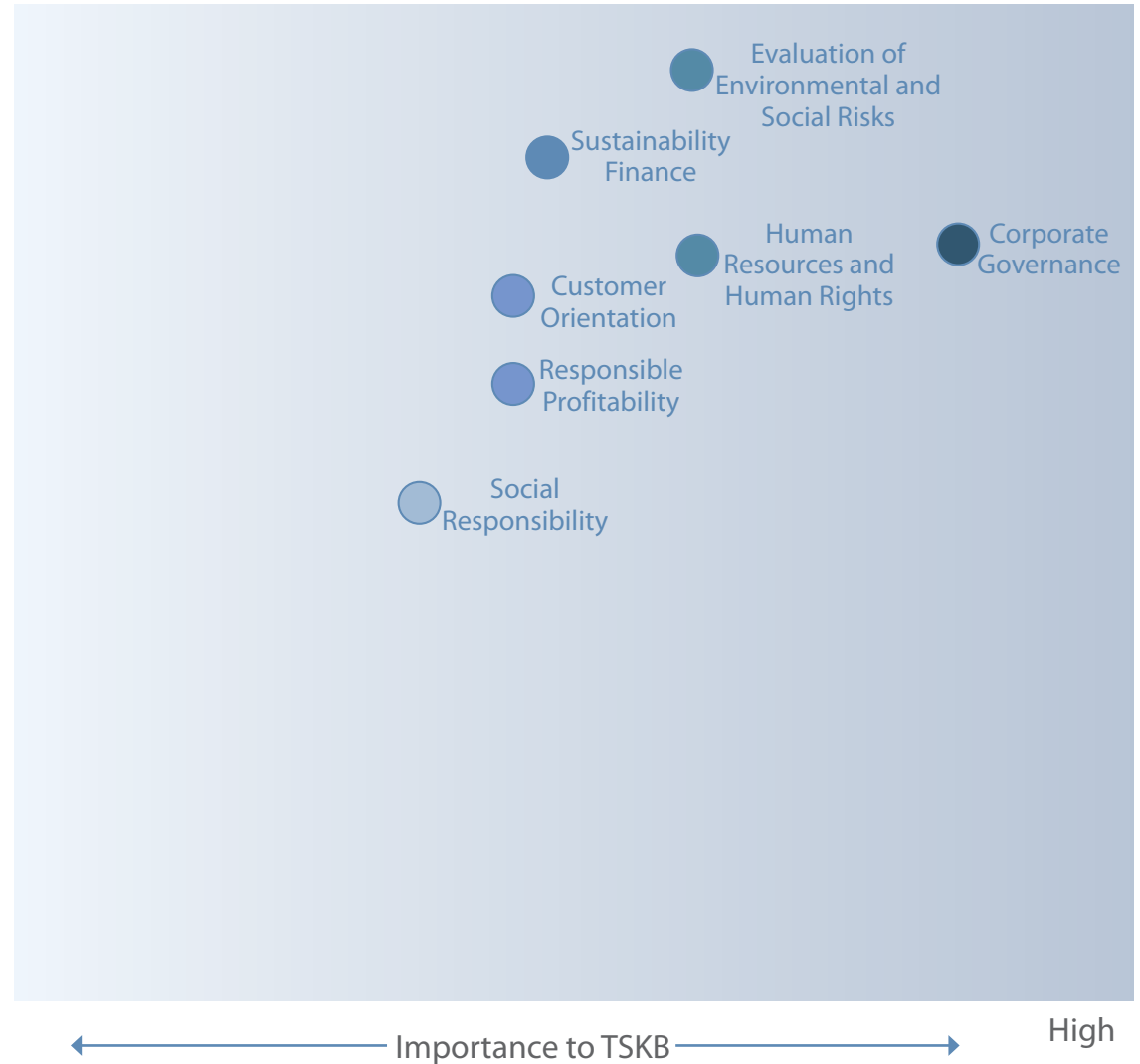
Having long-term relations with its clients both in terms of financing and consultancy activities, TSKB places great emphasis on expert and competent human resources, which is reflected on TSKB axis of stakeholder analysis.

Covering 360 degree of all economic, environmental, managerial and social aspects of the journey of sustainability, TSKB will continue to have interactive dialogs with all of its stakeholders and to create added value.

High

Importance to Stakeholders

Low





# OPINIONS OF STAKEHOLDERS

"EIB Group has been operating in Turkey for more than 50 years: from the beginning TSKB has been a very valuable partner for the successful implementation of our Facilities to SMEs and Mid-Caps. As a shareholder of the European Investment Fund (EIF), TSKB is also proactively supporting new initiatives in the venture capital market with focus on Research and Innovation. Every new EIB Group action aimed at improving resource efficiency, environmental protection and sustainable development of the Turkish economy has always received a strong support from TSKB and our wish is to reinforce even further this excellent cooperation in the years to come."

*Massimo d'Eufemia  
EIB Group Representative in Turkey at European Investment Bank*

"The Batı Anadolu Group, guided by the essential industrial principles of continuous improvement and development, has invested in environmental improvements and energy efficiency at our Batıçim and Batisöke cement factories together with TSKB, Turkey's first zero-carbon-footprint, ISO 14001 certified bank. TSKB, in contrast to the classical banking approach, is supporting industrial companies in Turkey to produce in more environmentally friendly, energy efficient and caring ways."

*Feyyaz Ünal  
Vice General Director - Batıçim*

"Our relationship with TSKB, which began decades ago, has progressed into a strong partnership to fight climate change, involving long-term investments totaling \$275 million. TSKB is a model financial institution that has successfully demonstrated that supporting sustainable development by financing the private sector is a viable business model."

*Aisha Williams  
IFC Country Manager for Turkey*

"TSKB is on a mission to establish sustainable development within our country. However, TSKB, with its business understanding that is based on sustainability, isn't just focusing on its own corporate sustainability. The organization is playing an inspirational role set on making this a nationwide approach to business, by basing its mission on the sustainable usage of financial support of development."

*Sinan Ak  
General Director - Zorlu Energy*

"TSKB is a highly valued and trusted partner to promote renewable energy, resource efficiency and sustainable industrial development projects. We share the vision that economic and social development goes hand in hand with protection of the environment. TSKB and KfW are both committed to steadily improve their tools and expertise. This is why we established staff exchanges and pool our know-how."

*Jürgen Kern  
Head of Division - Energy and Transport - South East Europe and Turkey  
KfW Development Bank*

"TSKB, as one of the pioneer banks in adopting and employing a sustainability approach, has always made a point of being the bank to set the best example for the rest of the banking sector. The fact that sustainability in economic, social, environmental and managerial senses has now become the natural way in which the bank does business is a reference point for the banking sector as a whole. This strengthens TSKB's image as a "reliable bank" - as a bank that creates value for stakeholders and stands out against the rest of the sector."

*Güler ARAS, Ph.D.  
Professor of Finance & Accounting  
Founding Director - Yıldız Technical University Center for Finance, Governance & Sustainability*

"At Koroza Packaging, a company that is really focusing on economic, social and environmental sustainability for a better future, we are proud to be collaborating with TSKB, which is one of the exemplary organizations in its field with its sustainable approach to banking. We see the projects and investments regarding renewable energy, resource efficiency and the environment as important milestones for our collaborations. In this regard, we wish TSKB every success in its projects, which brought us together with the aim of creating permanent values."

*Jeki Mizrahi  
General Coordinator - Koroza A.Ş.*

"TSKB is providing sustainability and development by working closely with us. It is contributing to creating resources by analyzing our needs together and taking them under control. TSKB is helping us use these resources of time, money and energy so that we can carry out our duty of caring about the world and its people. When we are working with TSKB, our actions are carefully planned. We are making long-term investments with returns; we aren't just focusing on one single outcome. We are working alongside TSKB with the purpose of bringing together conceptual, physical and strategic components in a way that is beneficial to all ways of life."

*Ahmet Yılmaz  
Plant Manager - Tirsan*



# OPINIONS OF TSKB'S SENIOR MANAGEMENT

The Executive Vice Presidents of TSKB adopt a vision of multidimensional sustainable banking in their areas of responsibility.

Orhan Beşkök

"For 65 years, we have been introducing qualified global funds to business investments through partnerships we have developed with supranational financial institutions, development agencies, and international banks. While doing so, we measure the environmental and social risks of investment projects that we finance. At the same time, we maintain systematic efforts to integrate sustainability principles to all of our work processes, and our Board of Directors as well as Executive Management take personal ownership of these efforts. As Turkey's first carbon-neutral bank, we aim for significant reduction in consuming resources like energy, water, natural gas and paper, taking an active stance against climate change."



Ömer Eryılmaz

"We believe that corporate governance is one of the pillars of sustainability. Nurturing and developing a fair, transparent, accountable and responsible management culture is among our priorities. Our commitment to this issue has been recognized by the Istanbul Stock Exchange Corporate Governance Index where we have sustained leadership in highest corporate governance scores. Meanwhile, an increasing share value and an excellent reputation with our creditors and investors further reinforce the positive results of our dedication to sustainable investments, and boost our confidence for the future."



Ufuk Bala Yücel

"We view effective risk management and credit performance monitoring as the key elements of sustainable banking. As the holder of the lowest NPL rate in the Turkish banking sector, we seek to preserve a high-quality credit portfolio while never compromising our ability to create value for our clients."



Ece Börü

"Sustainability is at the heart of TSKB's strategic planning. We shape our work processes, organizational structure and banking activities in reference to this philosophy and we promote efficiency as our most important performance measure. We also believe that information and document infrastructure is critical to the systematic implementation of our sustainable banking activities, and will carry our expertise and corporate memory forward as the key differentiators of our bank."



Burak Akgüç

"Climate change and the pressing need for the conservation of natural resources compelled businesses to significant change. As the leading supporter of sustainable investments, our bank enjoys a distinguished position in the finance sector with investments in renewable energy, energy and resource efficiency, environment and sustainable tourism comprising 50% of our loan portfolio. We are delighted to be an enabler of transformation in businesses through our experience not just in financing activities, but in consultancy services as well."



Çiğdem İçel

"I believe that experience sharing is one of the key values in TSKB's sustainability journey. Experience sharing is at the heart of everything we do; partnerships with global funds, clients and other stakeholders for the purpose of financing sustainability, countless investment projects we have valued so far, our human resources sustainability targets, employee awareness of sustainability, and our sustainability literacy efforts directed at various segments of the society."



Gökhan Çanakpınar

"Information technology is the key factor in the evolution of businesses towards sustainability. From a banking perspective, we are highly motivated to keep abreast of technological developments that contribute to a number of significant areas including fast and secure transactions, high-quality service, paper-free processes, and remote access capabilities that reduce our carbon footprint."



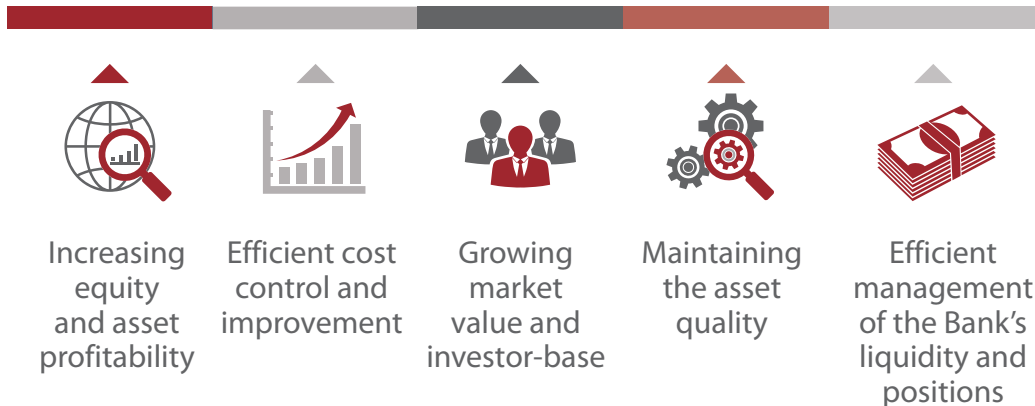
Hakan Aygen

"There is a growing trend among investors to consider the financial and share performances of companies as much as their performance in sustainability worldwide. Renewables and energy efficiency gain more importance day by day, while there is an abundance of green investment instruments in the capital markets of developed countries. We believe that investors in Turkey are likely to include such instruments in their investment portfolios soon. TSKB is the best business partner for our clients thanks to our strong research capabilities and extensive knowledge in investment banking, and our leadership position in sustainability."



# FINANCIAL PERFORMANCE

TSKB's sustainable profitability and growth targets:



## Robust growth in assets

While the Bank's assets expanded by an annual average of 19% on TL basis in the last five years, the loan portfolio grew by 23%. With an NPL ratio of 0.2% which is far below the sector average as of 2014 year-end, TSKB grew its balance sheet while maintaining its asset quality.



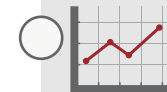
## USD 7.6 billion worth of loans to the real sector in the last five years

As required by its mission, TSKB offers solutions to meet the needs of its clients for long-term funds and contributes to the Turkish economy's sustainable growth through loan allocation activities. TSKB directly provided USD 6.9 billion of funding to the real sector in the last five years, in sectors such as renewable energy, energy efficiency, infrastructure and logistics. Total funding extended to the real sector in the last five years reached USD 7.6 billion, including the loans which were allocated to SMEs through APEX lending and amounted to USD 0.7 billion.



## Strong capital structure

TSKB has grown its shareholders' equity by 16% on annual basis in the last five years. The Bank's capital adequacy ratio was announced as of the end of 2014 to be 18.1%, which is well above the sector average.

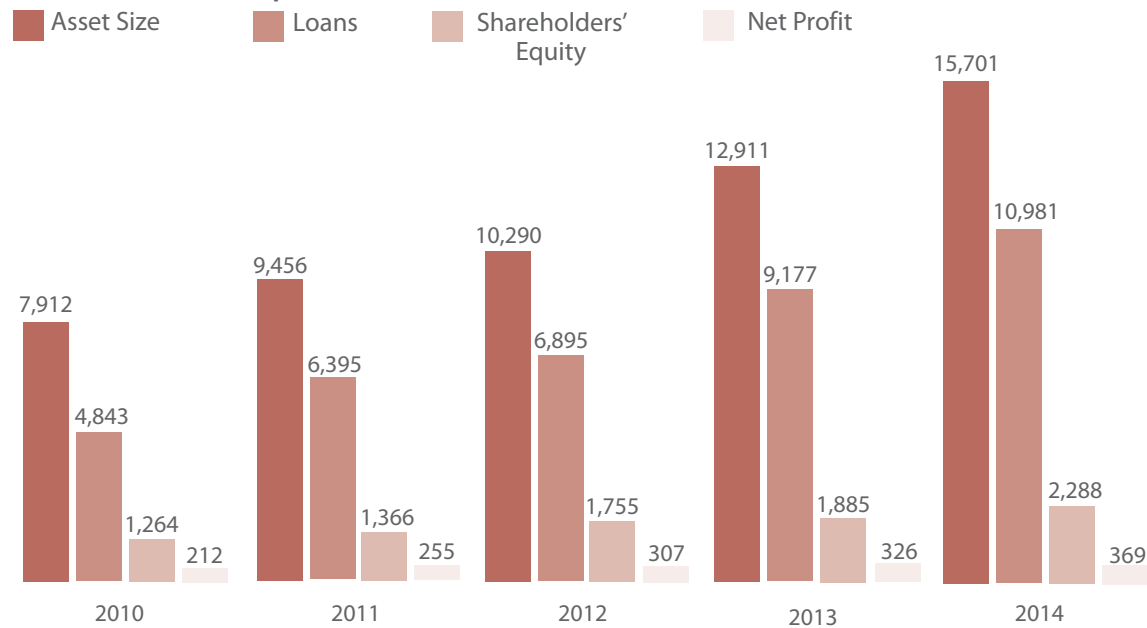


## Average annual growth of 15% in net profit

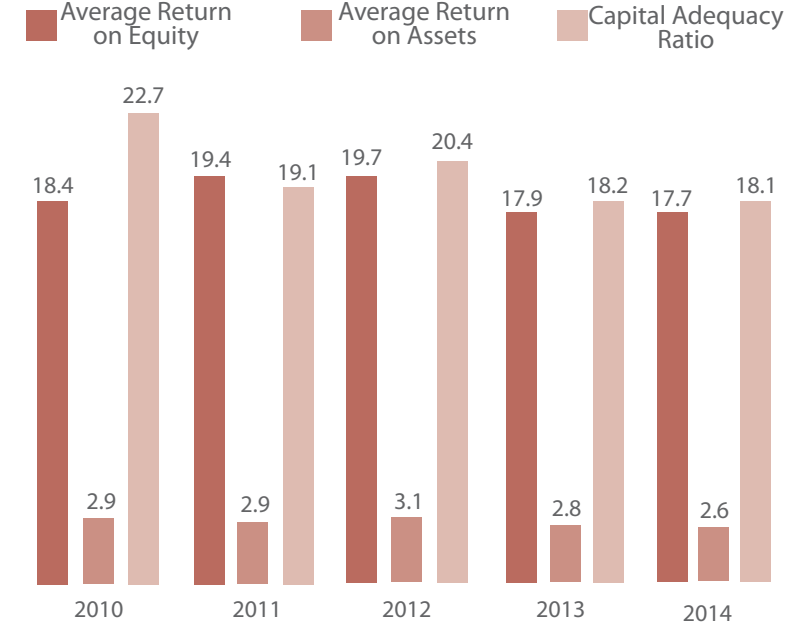
TSKB achieved an average annual net profit growth of 15% between the years 2010 and 2014. Expanding its assets in a healthy way while maintaining its profitability, the Bank recorded a return on equity ratio of 17.7% and a return on assets ratio of 2.6% as of 2014 year-end.

# FINANCIAL INDICATORS

## Main financial parameters (TL million)



## Main ratios (%)



## How did we share the value\* that we created in 2013 and 2014, and with whom? (TL)

	2013	2014
Gross profit	400,893,700	461,678,760
Tax	74,836,814	92,404,004
Cash dividends distributed to shareholders and Board of Directors	65,001,666	72,001,602
Dividends distributed to employees	7,578,940	8,407,962
Undistributed profit (**)	253,477,946	288,866,794
Employee termination benefits	874,773	1,195,328
Personnel expenses	45,733,227	54,794,672
Total operating expenses	26,582,000	58,281,000

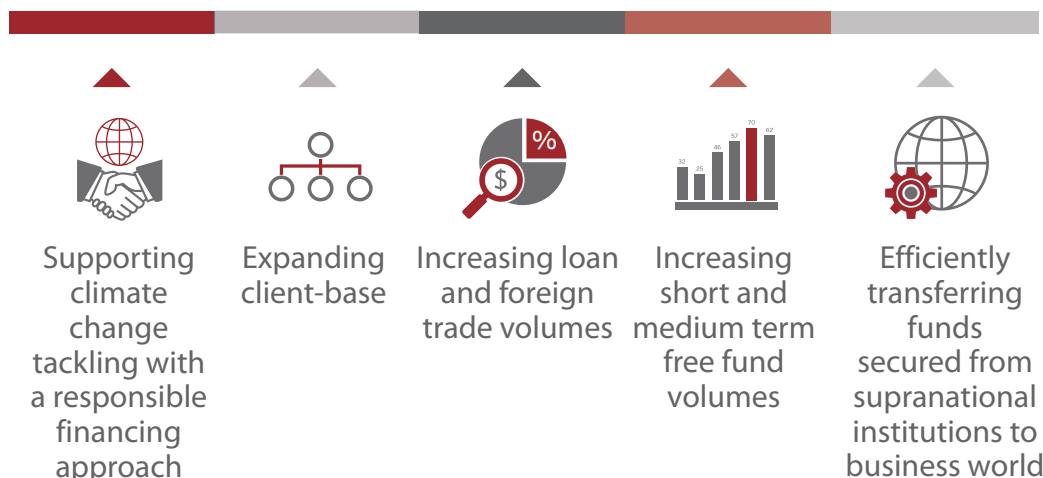
\*Gross profit is deemed to be the value created by TSKB as a result of banking services cycle.

\*\*TL 200 million and TL 234 million were distributed as bonuses in 2013 and 2014 respectively, while TL 53,477,946 and TL 54,866,794 were set aside as reserves in 2013 and 2014 respectively.

The above figures were received from TSKB's solo financials and profit distribution statements as of December 31<sup>st</sup>, 2013 and December 31<sup>st</sup>, 2014.

# SUPPORT TO SUSTAINABLE DEVELOPMENT

TSKB's targets to support sustainable development:



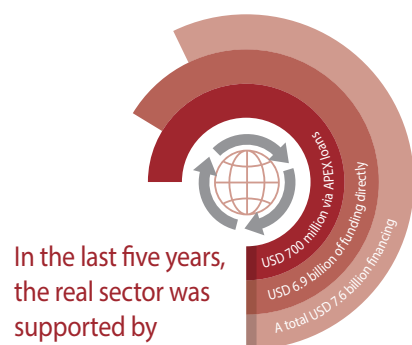
With proactive business strategies, TSKB constantly improves its level of support to sustainable development.

- Weight of loans provided to investments with the theme of sustainability in the Bank's total loan portfolio excluding the finance sector reached 52% as of the end of 2014.
- More than 100 clean energy projects with total of 3,900 MW installed capacity, corresponding to approximately 14% of Turkey's renewable energy capacity, were financed.
- The energy saved through almost 60 energy efficiency projects financed by TSKB is the equivalent of yearlong heating of a city of 850 thousand people.
- With all these investments, Turkey's annual carbon emissions have been reduced by 7.2 million tons.
- TSKB focuses on investments in areas such as resource efficiency including energy efficiency, renewable energy, logistics, sustainable tourism, food and infrastructure.
- In addition to providing financial support for Turkish private sector's transition to low-carbon and high-efficient production economy, TSKB offers companies consultancy services in these fields.

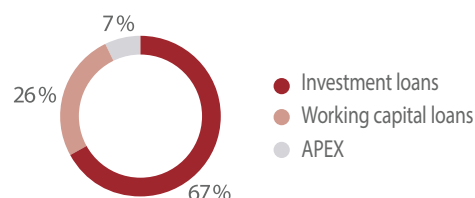
As a requirement of its growth strategy, TSKB deepens its relationships with current clientele while aiming to gain new clients from various business lines. In this context, the following projects and sectors are on TSKB's agenda going forward:

- Public-Private Partnership Projects (PPP), mainly in the fields of health and education
- Renewable energy projects, in particular wind, solar and geothermal energy projects
- Energy and resource efficiency projects
- SME loans
- Sustainable tourism and environmental projects
- Acquisition of publicly held electricity generation plants and other assets under the scope of privatization and investments related to these privatizations.

Planning to place greater emphasis on investment loans in the near future, TSKB aims to grow its loan portfolio as well as maintaining its strong asset quality while supporting Turkey's economic development.



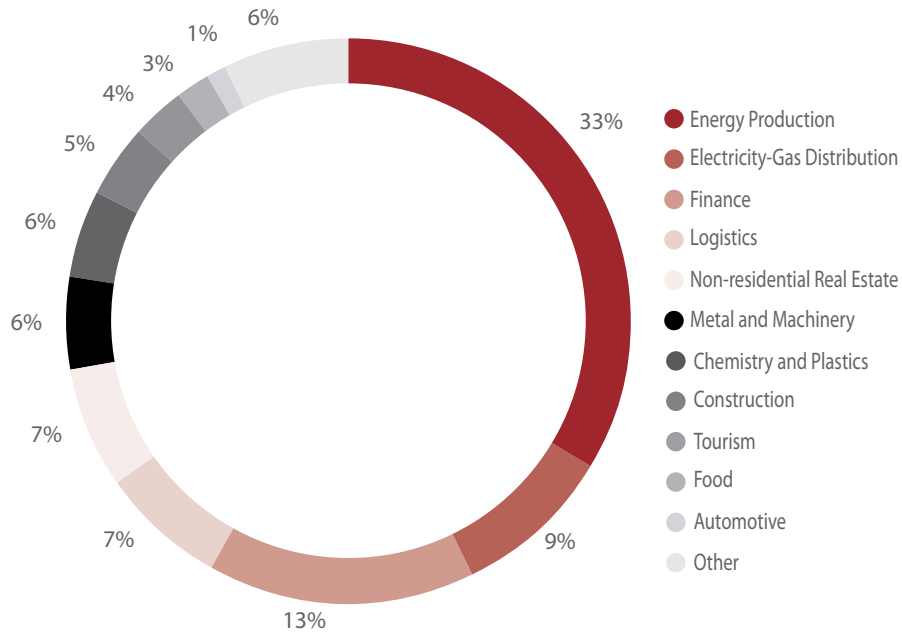
Most important business lines:  
Corporate Lending  
Project Finance



# LOAN INDICATORS

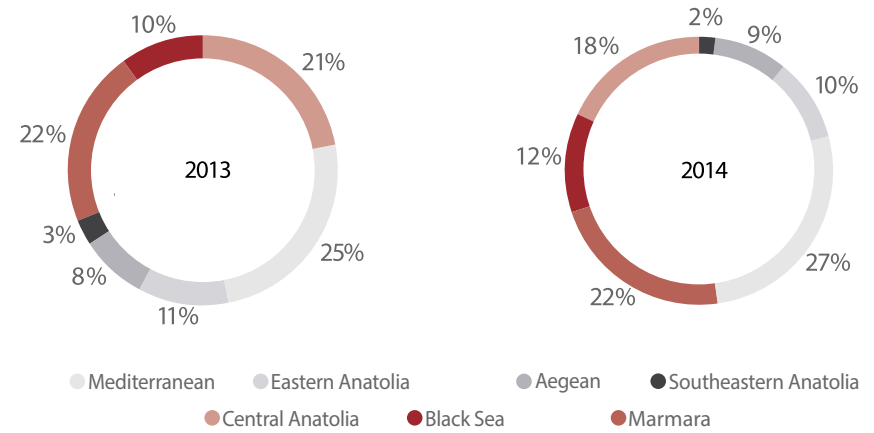


## Sectoral Diversity of Loan Portfolio

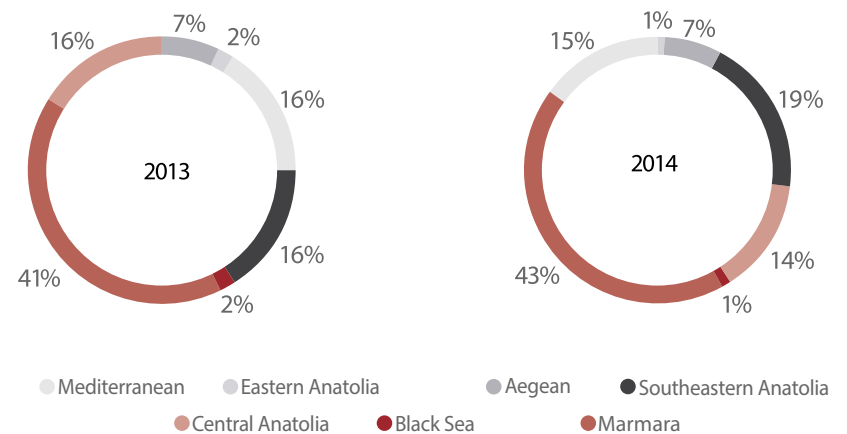


A gradual decrease is expected in the share of energy production due to Bank's focus with respect to renewable energy projects shifting to wind and solar power projects.  
Finance sector loans mainly consist of APEX loans.

## REGIONAL DISTRIBUTION OF LOANS (FACILITATION)



## REGIONAL DISTRIBUTION OF APEX LOANS (FACILITATION)

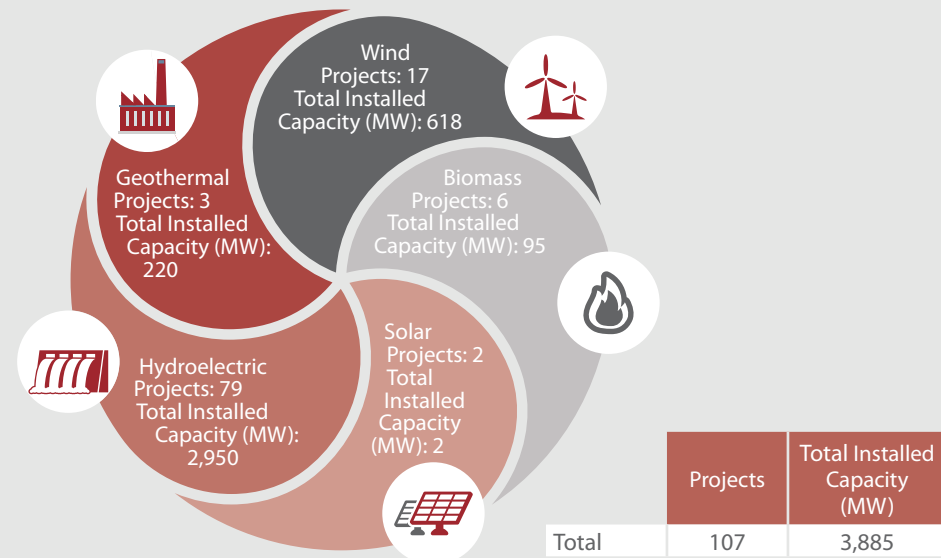
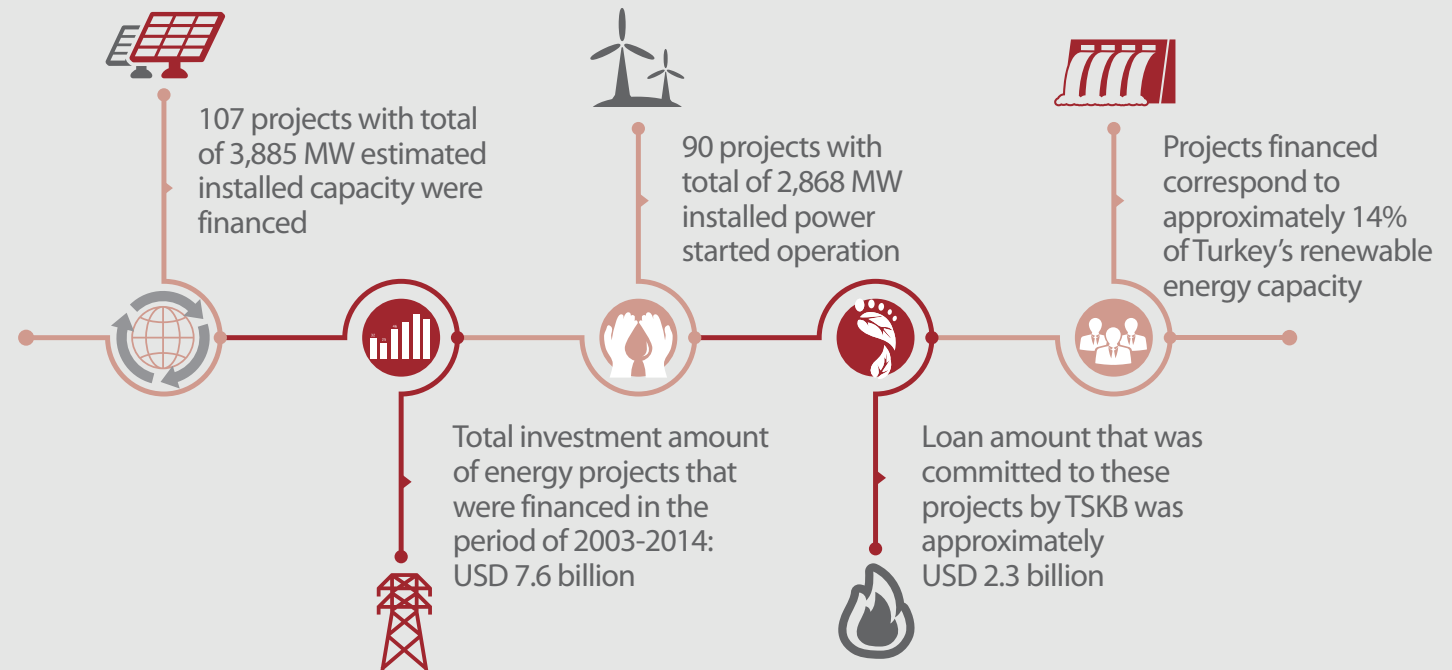


# SUSTAINABILITY FINANCE

## Renewable Energy

Aiming to be the leading bank of the sector in relation to sustainability and environment, TSKB has been financing renewable energy investments since 2002. The Bank thus plays an important role in tackling climate change in Turkey and Turkey's transition to low-carbon economy while indirectly contributing to the decrease of the Country's dependence on abroad in energy production and reduction of current deficit.

Having a share of 9% the sector's overall energy loans, TSKB funds diversified energy projects ranging from wind power plants to solar power plants. While wind power and geothermal power plants in particular receive greater emphasis in 2014 in terms of renewable energy, the total weight of energy sector in TSKB's loan portfolio remains at the same level as of year end. TSKB aims to provide investment financing to geothermal, wind and solar power plant projects in the near future in the scope of its sustainable banking mission.



# SUSTAINABILITY FINANCE

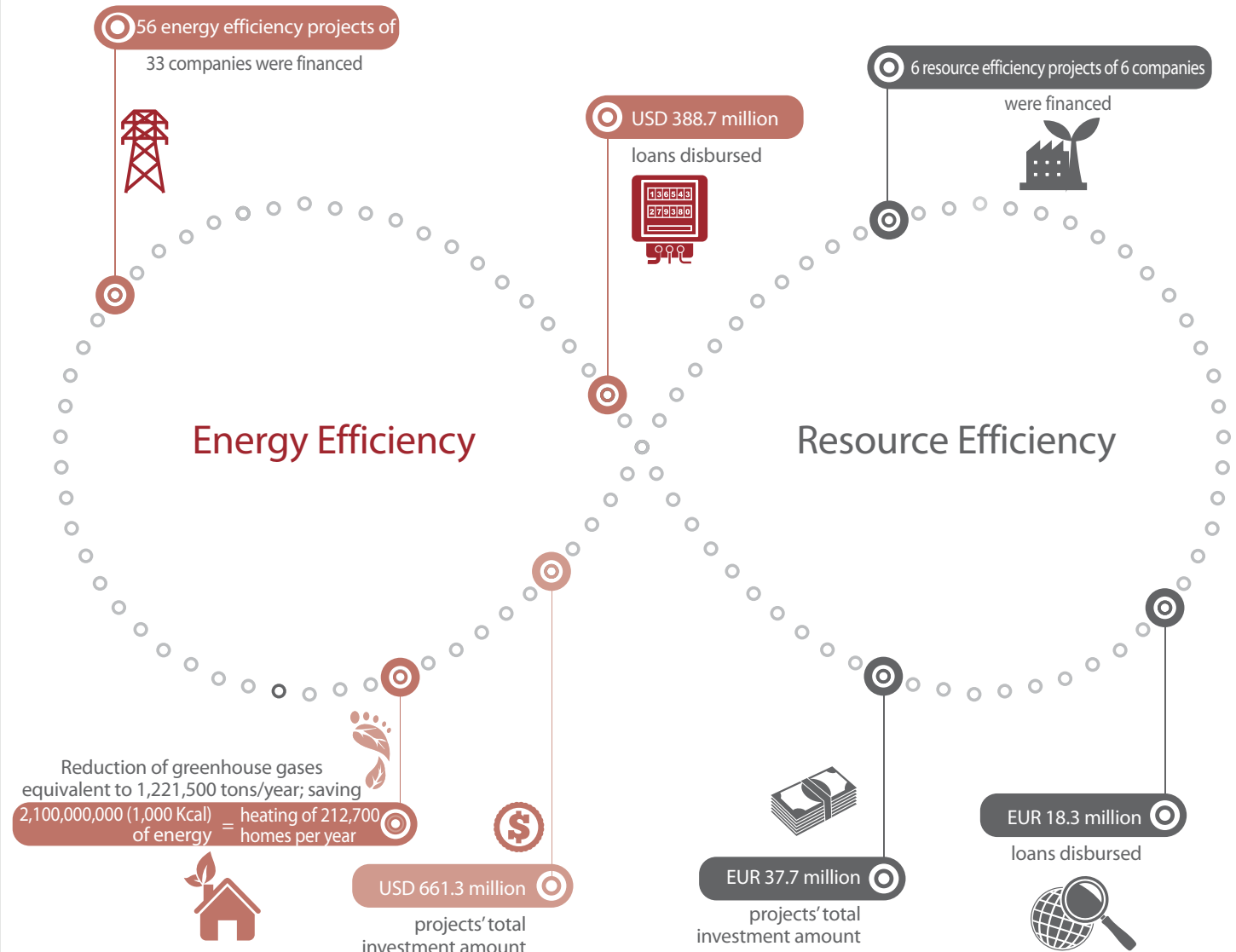
As of the end of 2014...

## Energy and Resource Efficiency

Believing in the important role played by efforts in energy and resource efficiency in tackling climate change, TSKB has been supporting the energy efficiency projects of many enterprises that manufacture in an array of industries, with medium and long-term loans.

Share of energy and resource efficiency loans in TSKB's total loan portfolio has reached 8% as of the end of 2014. With the support of record-level medium and long-term foreign resources it secured in 2014, TSKB aims to finance new resource efficiency projects.

The Bank so far provided a total of USD 400 million financing to more than 60 projects ranging from energy efficiency to raw material efficiency, and production processes efficiency to waste management efficiency. In the reporting period, total of EUR 300 million in loans with resource efficiency theme were secured.



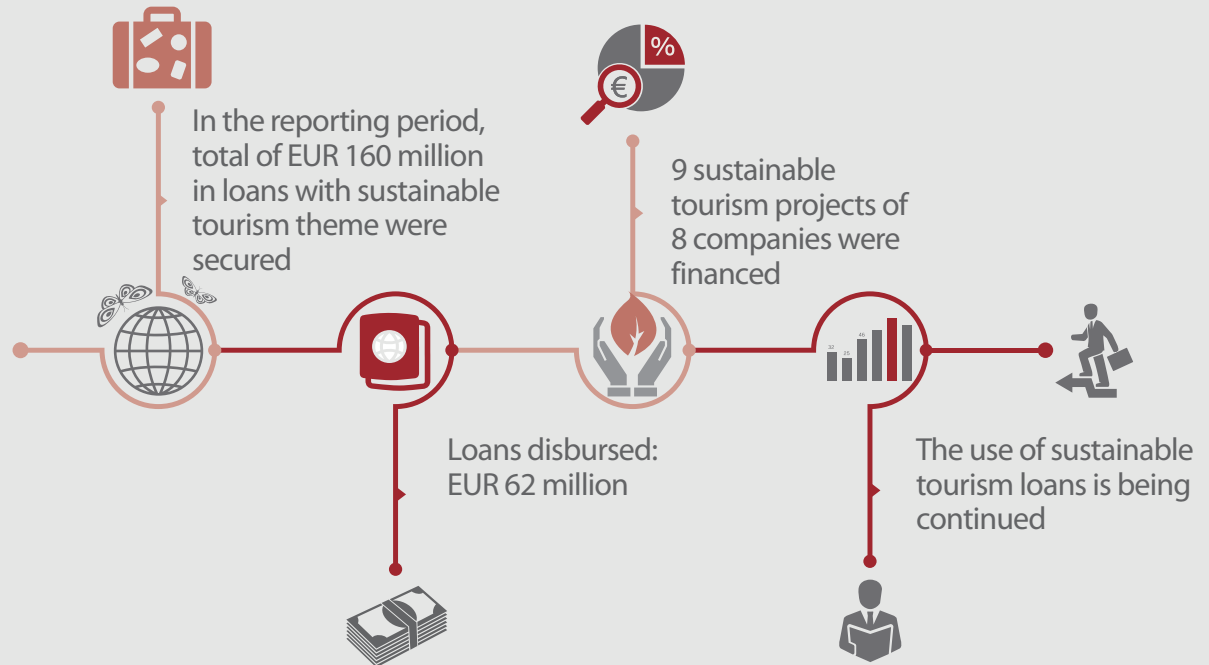
# SUSTAINABILITY FINANCE

## Sustainable Tourism

Sharing its experience in the field of sustainable banking with the tourism sector, TSKB supports both the protection of environment and the tourism investments to be sustainable.

Loans offered by TSKB in the field of tourism aren't merely loans for facility investment, facility renovation or expansion investments, but also cover aspects such as energy efficiency, resource efficiency and investments to mitigate the environmental impact that are vital for tackling climate change.

As of the end of 2014:





# SUSTAINABILITY FINANCE

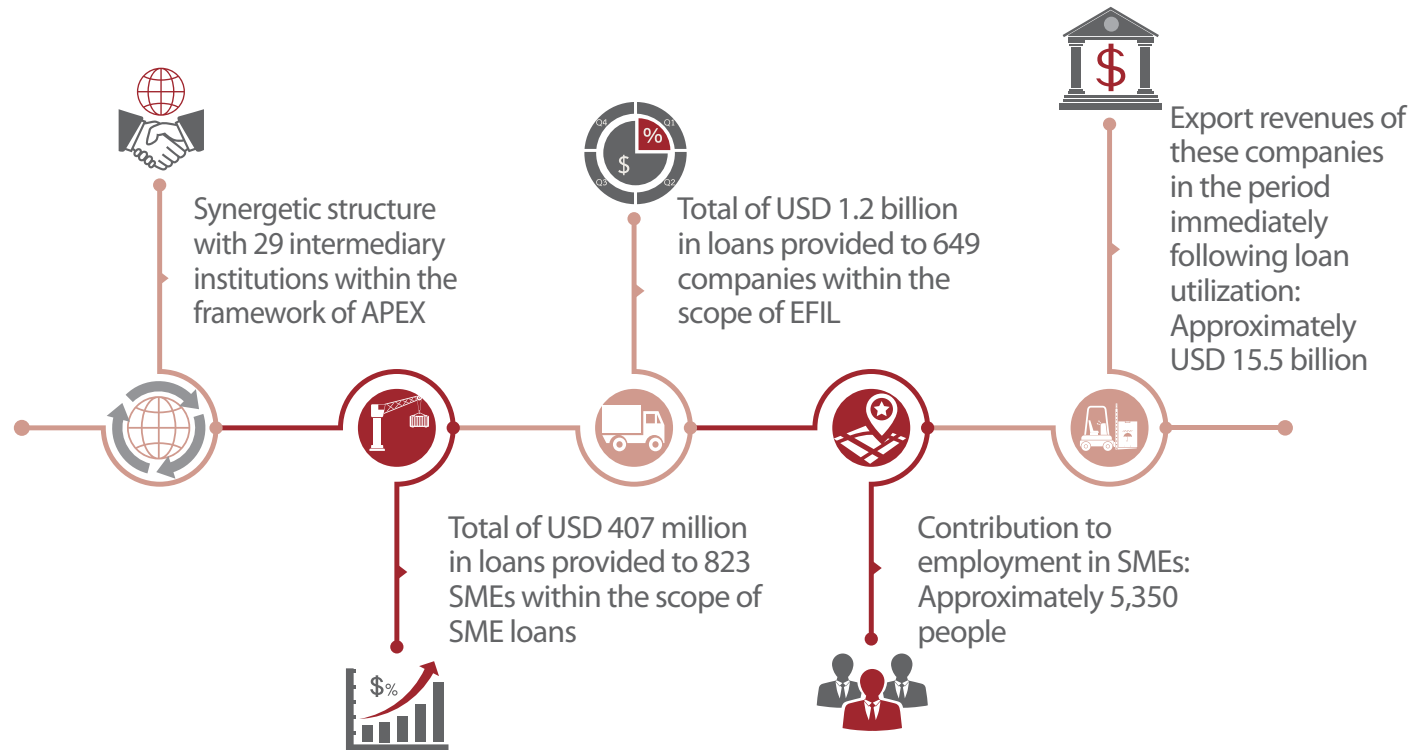
## APEX Loans

TSKB applies its sustainable banking principles also to its efforts in the fields of creating new business opportunities, increasing the exports and employment.

As the leader and role-model practitioner of APEX banking in Turkey, TSKB finances SMEs and exporters via banks and financial leasing companies. Being provided under APEX banking, this service is offered in the scope of the World Bank's EFIL (Export Finance Intermediary Loan) programs and APEX loans obtained from EBRD, KfW and EIB.

As of the end of the year, APEX credits represent 7% of TSKB's credit portfolio and the Bank continues to procure new resources within the scope of APEX. In this context, USD 250 million worth of "Innovative Access to Finance Project Loan" was obtained in 2014 from the World Bank to be used for financing SMEs and medium scale export companies via participation banks and factoring companies. Thus, TSKB will be the first to act as mediator for facilitation of a loan by the World Bank via participation banks and factoring companies in Turkey.

As of the end of 2014:



## THEMATIC GLOBAL FUNDS

TSKB brings global funds and Turkish business world's investments together.

Its strong and well established international relations network is one of the distinguishing aspects of TSKB and excels as one of the important privileges the Bank offers to its clients.

Being one of the recognized Turkish banks in international finance markets, TSKB works in close cooperation with development financial institutions including but not limited to the World Bank (IBRD), European Investment Bank (EIB), Council of Europe Development Bank (CEB), KfW Development Bank (KfW), Islamic Development Bank (IDB), Agence Française de Développement (AFD), International Finance Corporation (IFC), Oesterreichische Entwicklungsbank AG (OeEB) and European Bank for Reconstruction and Development (EBRD).

On the other hand, correspondent relations undertaken with international banks represent another important component of TSKB's international cooperation network.

TSKB aims to provide financing at favorable conditions to investment projects promoting Turkey's sustainable economic development as well as contributing to improve the competitiveness of private sector companies.

With the funding secured from supranational financial bodies, TSKB continues to finance renewable energy, environment, sustainable tourism, and energy and resource efficiency projects.

TSKB secured approximately USD 2.2 billion from international markets via its thematic loan agreements, Eurobond issuance and syndicated term loans in 2013 and 2014.

In addition, TSKB broke new ground in 2014 by issuing its first Eurobond. Citigroup, Commerzbank, ING and Standard Chartered Bank were mandated for the issuance of bonds amounting to USD 350 million with a 5 year maturity. The deal was completed by the end of October. TSKB targeted solely European market (REGs), raising considerable interest in investor meetings held in Zurich, Frankfurt and London, and was approximately four-times oversubscribed than the planned bond issuance. The strong investor appetite for the bond issuance, despite the volatile market conditions, is an indicator of the confidence in the strength of TSKB and the Turkish economy.

Willing to continue supporting investments promoting Turkey's sustainable growth with the additional funds secured by the Eurobond issue, TSKB will keep working to increase the diversification of its funding base.

## THEMATIC GLOBAL FUNDS INDICATORS

2013	2014	
<b>European Investment Bank (EIB)</b> <ul style="list-style-type: none"> <li>• EUR 100 million - Sustainable Tourism and Energy Efficiency Loan</li> <li>• EUR 150 million - Financing “SMEs and Mid-Cap Companies” throughout Turkey</li> </ul>	<b>Islamic Development Bank</b> <ul style="list-style-type: none"> <li>• USD 220 million - Restricted Mudaraba Agreement for private sector companies’ investments in generating energy based on renewable resources and/or for energy efficiency</li> </ul>	<b>European Bank for Reconstruction and Development (EBRD)</b> <ul style="list-style-type: none"> <li>• EUR 50 million - Resource Efficiency Loan</li> </ul>
<b>Council of Europe Development Bank (CEB)</b> <ul style="list-style-type: none"> <li>• EUR 100 million - APEX - Financing productive investments to be carried out by SMEs throughout Turkey for creation and preservation of viable jobs</li> </ul>	<b>World Bank</b> <ul style="list-style-type: none"> <li>• USD 250 million - Innovative Access to Finance Project Loan</li> </ul>	<b>KfW Development Bank</b> <ul style="list-style-type: none"> <li>• EUR 150 million - Financing Resource Efficiency and Environmental Measures in the Industry</li> </ul>
<b>KfW Development Bank</b> <ul style="list-style-type: none"> <li>• EUR 100 million - Resource Efficiency Loan in Industry</li> </ul>	<b>Citibank-OPIC</b> <ul style="list-style-type: none"> <li>• USD 40 million - Energy Efficiency and Renewable Energy Loan</li> </ul>	<b>Oesterreichische Entwicklungsbank AG (OeEB)</b> <ul style="list-style-type: none"> <li>• EUR 20 million - Renewable Energy and Energy Efficiency Loan</li> </ul>
<b>International Finance Corporation (IFC)</b> <ul style="list-style-type: none"> <li>• USD 75 million - Environment and Resource Efficiency Loan</li> </ul>	<b>Agence Française de Développement (AFD)</b> <ul style="list-style-type: none"> <li>• EUR 60 million - Sustainable Tourism and Innovative Renewable Energy Projects Loan</li> </ul>	<b>European Investment Bank (EIB)</b> <ul style="list-style-type: none"> <li>• EUR 100 million - Financing of small and medium sized investments in the fields of renewable energy, energy efficiency and projects that substantially increase the environmental efficiency of industrial processes</li> </ul>

# CORPORATE GOVERNANCE

Corporate governance and full conformance to laws constitutes power source of sustainable economic performance, framework of ethical and honest banking, and the primary tool for balancing and maintaining stakeholders' interest.

TSKB adopts the corporate objective of providing banking services with a management approach that tends to its all stakeholders' expectations and provides to them the highest possible benefit, and to constantly develop its prestige in the market and brand power.

TSKB believes that adhering to all ethical values in addition to conforming to laws and legislation is necessary and contribution to society, environment and social life is essential in order to achieve this objective.

Equal treatment of all stakeholders, protecting their rights, sharing accurate, open and comparable information with public and fair use of their authorities by the senior management are prioritized by TSKB.

Board of Directors, CEO, senior management team and committees constitute TSKB's company governance structure. The Bank also strives to provide structures where all stakeholders, especially employees and shareholders, have the ability to participate in management.

Detailed information pertaining to TSKB's Corporate Governance, Board of Directors, senior management, and committees can be found on pages 42-48 and 52-60 of 2014 Annual Report published at [http://www.tskb.com.tr/i/content/1407\\_1\\_TSKB\\_EN\\_2014.pdf](http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf).

TSKB believes that adopting the basic principles and becoming fair, transparent, responsible and accountable are highly important for the development of both national and international capital markets, and also in terms of the interests of the bank and all stakeholders.

TSKB has clearly defined policies, procedures, risk management principles and systems for business lines, services and products. With the information technologies infrastructure it has, TSKB ensures that policies, procedures and systems are rapidly and efficiently internalized in the service cycle. Information technology infrastructure further allows that all management reporting functions can be carried out in the most efficient way, helping internal and external audit functions can be performed without omission.



## CORPORATE GOVERNANCE

Since the day it was included in BIST Corporate Governance Index in 2009, TSKB maintains its position among the companies with highest corporate governance rating of Turkey. TSKB raised its corporate governance rating to 9.44 on a scale of 10 on October 20, 2014. With this rating, the Bank has been awarded, for the third time, "Organization with Highest Corporate Governance Rating" in Corporate Governance Awards competition held by Turkish Corporate Governance Association.

Sub Categories	Weight (%)	2014
Shareholders	25	9.46
Public Disclosure and Transparency	25	9.58
Stakeholders	15	9.73
Board of Directors	35	9.21
Total	100	9.44

Report authored by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. in relation to corporate governance rating can be found at <http://www.tskb.com.tr/en>.

TSKB Corporate Governance Principles Compliance Report is on pages 52-60 of 2014 Activity Report, published at the address of [http://www.tskb.com.tr/i/content/1407\\_1\\_TSKB\\_EN\\_2014.pdf](http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf).



### Another star in our 65<sup>th</sup> year!

We are proud to be "The Company with the Highest Corporate Governance Rating Score in BIST Corporate Governance Index" once again.

# CORPORATE GOVERNANCE

## Risk Management



TSKB considers risk management to be one of the fundamental components of added value cycle towards sustainable banking and development targets. Structured in line with best practices and legal arrangements of international arena, TSKB's risk management process serves in creating a common risk culture throughout the organization. Risks encountered by the Bank are defined in a way that conforms with international arrangements and measuring, analysis, monitoring and reporting activities are carried out in this framework while continuous and systematic input is provided to the Bank management's decision making process.

Risk Management team carry out their activities as a unit that is directly connected with the Board of Directors through the Audit Committee. The team monitors and measures the risk level that the Bank is exposed to in the scope of risk management strategies that are vital for sustainable performance, in adherence to international standards and as per the formal risk policies. Whilst TSKB continues to measure and monitor credit risk and market risk, which are the major risks of the Bank, legally according to the Standard Approach legislation, it also measures and reports with the use of its own advanced software and internal models. At TSKB, risks are monitored not only statically but also through dynamic analyses. For this, short- and mid-term projections based on various stress and base scenarios are made. Furthermore, the Bank uses software and analyses that incorporate advanced measurement methodologies for the purpose of effectively managing its assets and liabilities.

## Preventions of Laundering Criminal Income and Financing of Terrorism



In Turkey, MASAK (Board for Investigating Financial Crime) works in the field of struggling with laundering of criminal income and financing of terrorism. The legal framework of this struggle consists of "Code for Prevention of Laundering of Criminal Income" that was adopted in 2006 and "Code for Prevention of Financing of Terrorism" that was adopted in 2013. Regulations published in 2008 entails the requirement of preparing a compliance program, with the exception of development banks, in order to prevent laundering of black money via Turkey's banking system.

TSKB's Internal Controlling Center includes Prevention of Laundering of Criminal Income and Prevention of Financing of Terrorism in their controlling operations, inspecting compliance to governing legislation as well as the sufficiency of the measures that were adopted. Client transactions carried out at TSKB are checked on daily, monthly and quarterly basis and current and potential issues are regularly reported to the Board of Directors. TSKB adopts the principle of full adherence to Turkey's governing legislation for preventions of laundering of criminal income and financing of terrorism and strives to ensure that controlling, warning and other mechanisms needed in its business processes function without omission.

Entirety of TSKB's Policy for Struggling with Bribery and Corruption can be found at the following link: [http://www.tskb.com.tr/i/assets/document/pdf/TSKB\\_anti\\_bribery\\_and\\_anti\\_corruption\\_policy.pdf](http://www.tskb.com.tr/i/assets/document/pdf/TSKB_anti_bribery_and_anti_corruption_policy.pdf).

## SHARING EXPERIENCE WITH INITIATIVES

TSKB carries out collaborations with many national and international organizations, believing in the importance of sharing experience for a sustainable future.

First Turkish bank to become a UNEP FI member



Participation to Carbon Disclosure Project since the year it was established



One of first two financial institutions from Turkey that signed Water Disclosure Project



First Turkish development and investment bank that subscribed to United Nations "Global Compact"



One of the two institutions in finance sector in Global Compact Turkey Network Board of Directors



Signatory of WEPs (Women's Empowerment Principles)



Chair of Finance Sector's Role in Sustainable Growth Task Group established at the Banks Association of Turkey (TBB) since 2009



### INTERNATIONAL

CDP - Carbon Disclosure Project



WDP - Water Disclosure Project



UN Declaration of Human Rights



GRI - The Global Reporting Initiative



UNEP FI - UN Environment Program Finance Initiative



United Nations Global Compact



ADFIMI - Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank



IIF - International Institute of Finance



ICC - International Chamber of Commerce



LTIC - Long-Term Investors Club



IDFC - International Development Finance Club



ELTI - European Long-Term Investors Association



### NATIONAL

TBB - The Banks Association of Turkey

TKYD - Turkish Corporate Governance Association

TSPAKB - Turkish Capital Markets Association

DEIK - Foreign Economic Relations Board

TUSIAD - Turkish Industry and Business Association

Borsa Istanbul Sustainability Index Advisory Committee

GIF - Global Relations Forum

SKD - Sustainable Development Association

İKSV - Istanbul Foundation for Culture and Arts

Money Managers Association

Risk Managers Association

TSKB supports its activities in associations subscribed with various task groups. In this context, the Bank participates in special task groups of associations such as DEIK, TUSIAD, TBB and SKD.



# SUSTAINABILITY MANAGEMENT AT TSKB

## Sustainability Management at TSKB focuses on 6 objectives:

Assessing and managing systematically the environmental risks originating from the activity of loan facilitation



Control and systematic management of internal environmental impacts, such as electricity, water, natural gas consumption, paper consumption and CO<sub>2</sub> emissions, originating from TSKB's operational services



Developing TSKB's products and services from a sustainable banking perspective and financing renewable energy, energy efficiency and environment investments



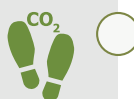
Continuously informing all TSKB employees and stakeholders about sustainability issues, and increasing their sensitivity to these issues by ensuring their active participation in processes



Preparing sustainability reports periodically in Global Reporting Initiative (GRI) standards to be shared with the Bank's stakeholders and supporting stakeholders for good sustainability practices



Periodically calculating the Bank's carbon footprint as a part of ISO 14064 requirements and pursuing the banking activities with zero carbon principles by offsetting its carbon footprint



As the leader of sustainable banking in Turkey, TSKB aims to support Turkey's sustainable economic development and growth by defining the concept of sustainability in economical, environmental and social axes. TSKB adopts the following policies as fundamental principles that shape its sustainability efforts:

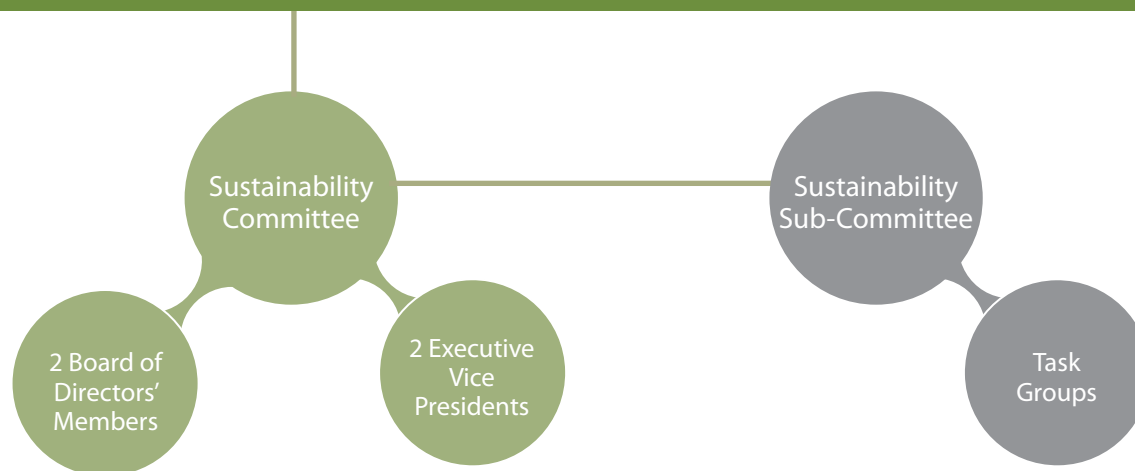
- Sustainability Policy
- Environmental and Social Impact Policy
- Occupational Health and Safety Policy
- Human Rights Policy
- Sustainable Procurements Management Policy
- Anti-Bribery and Anti-Corruption Policy

Detailed information pertaining to this issue is shared at the following web link:  
<http://www.tskb.com.tr/en/sustainable-banking/tskb-sustainability-management-organization/tskb-sustainability-management-system>



# SUSTAINABILITY COMMITTEE

Having launched its first efforts in the field of sustainability in 2005, TSKB established the same year its Environmental Management System, which was a very important step in the finance sector. Further developing this system in 2012, the Bank took it to next level as its Sustainability Management System. TSKB later established Sustainability Committee in order to address the issue with broader participation within the Bank in 2015.



## Sustainability Committee

- The Committee consists of two Board Members and two Executive Vice Presidents elected by the Board of Directors.
- Two Executive Vice Presidents in Sustainability Committee also serve as "Coordination Officers".
- The Committee has a sub-committee that is comprised of different department representatives.

## Responsibilities:

- Bank's sustainability strategy, vision and action plans
- Following international developments, public regulations and trends
- Providing recommendations on new business opportunities and social responsibility projects
- Expanding Bank's sustainability network

## Sustainability Sub-Committee

Comprised of managers from various departments of TSKB, the sub-committee reports to TSKB's Sustainability Committee.

## Responsibilities:

- Management of sustainability activities
- Internalizing and capacity development of sustainability
- Monitoring of national and international legislation
- Integration of sustainability in banking products and processes
- Management of internal/external environmental impacts and social responsibility
- Communication of sustainability
- Sustainability measurements and reporting

# MANAGEMENT OF LOANS' ENVIRONMENTAL AND SOCIAL IMPACTS

Climate change, which is one of the most important agenda items throughout the world, is in first place in TSKB's Environment Policy. TSKB supports investment projects with products that contribute to prevention of climate change, while adopting an approach that tends to environmental and social issues and mitigates the impacts at their origins. TSKB defines the sole objective for a habitable future as a "low carbon economy".

Paying attention to provide loans to investments that'll support Turkey's economic and social development, TSKB adopts environmental conservation, tackling climate change and social development as its fundamental objectives.

TSKB provides guidance to its clientèle in relation to defining, accurately managing and mitigating environmental and social impacts of the projects to be financed.

## Environmental and Social Impact Policy

TSKB considers measuring and managing the indirect risk originating from its service activities to be the most difficult and most important aspect for a financial institution in relation to management of environmental and social risk. Environmental and social impacts that may originate from TSKB's activities are assessed and managed in the scope of Environmental and Social Impact Policy: <http://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf>

Projects and activities that are not to be financed by TSKB are likewise discussed in the aforementioned policy. Detailed information on this issue can be found at the following web link: <http://www.tskb.com.tr/i/assets/document/pdf/TSKB-List-of-activities-that-are-not-to-be-financed.pdf>

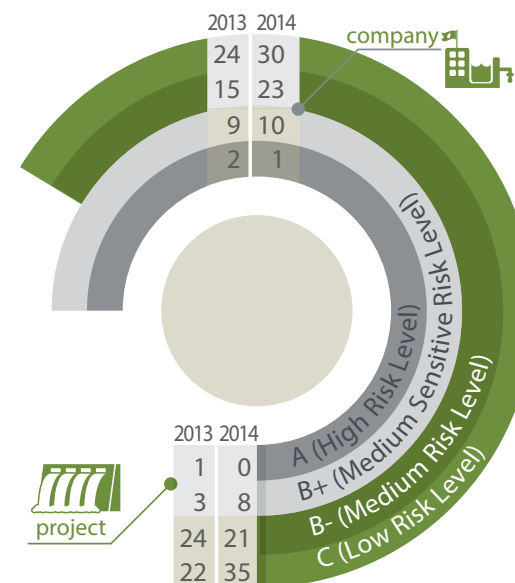
## ERET (Environmental Risk Evaluation Tool)

TSKB measures the environmental and social risks of all investment projects that it's been assessing with ERET since 2005.

ERET is created on a voluntary basis and offers a unique piece of software. TSKB's strong banking discipline forms the foundation of ERET.

TSKB does not assess projects that it foresees to have very high environmental impact. Thus, ERET ratings are concentrated in B and C categories. In cases where environmental risk turns out to be higher than the average and/or is considered to be high, how the environmental impact can be mitigated and monitored is structured with a plan that is prepared jointly with the client.

Project evaluation is made in accordance with 35x5 criteria. ERET identifies technical, financial and legal obligations that might arise from current and potential environmental/social impacts of investment project subject to evaluation and those of the other activities of the project owner. Results are considered in project assessment, financing and investment monitoring processes.



Information pertaining to projects analyzed by TSKB using ERET model since 2007 can be found here: <http://www.tskb.com.tr/en/sustainable-banking/sustainability-finance/environmental-risk-evaluation>

# MANAGEMENT OF INTERNAL ENVIRONMENTAL IMPACTS

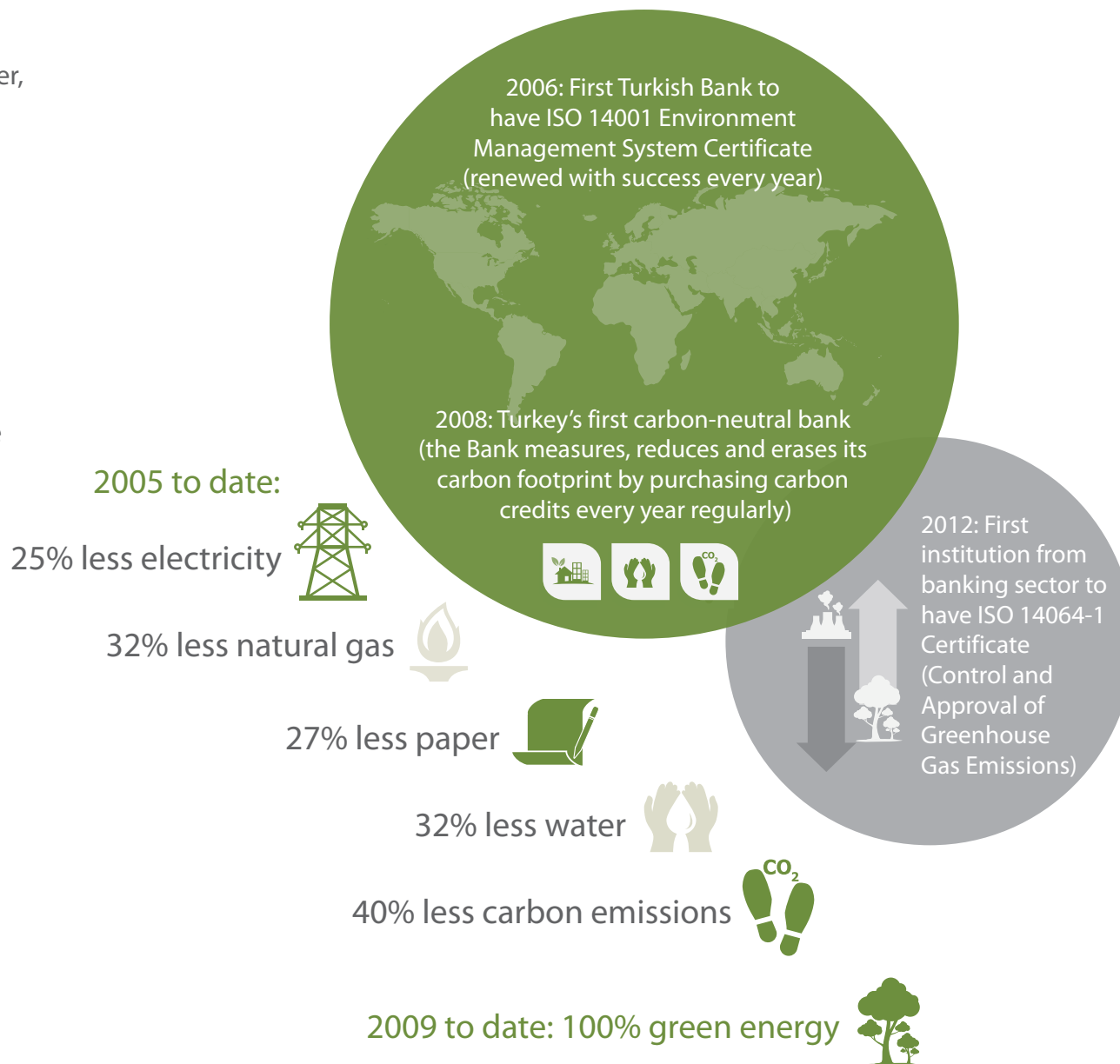
TSKB, Turkey's first carbon-neutral bank, has been measuring the environmental impacts of its internal banking activities and defining strategies in order to mitigate them since 2005. In this context, electricity, water, fuel, paper and other waste materials generated at the Bank's service buildings are periodically measured.

As a volunteer party of **Carbon Disclosure Project** since 2010, TSKB continues to provide periodical information. (For detailed information regarding Carbon Disclosure Project: <http://cdpturkey.sabanciuniv.edu>)

**What does "carbon footprint" mean for a bank?**

Emissions of greenhouse gases due to transportation of employees and their heating, cooling, illumination in the buildings all together constitute the carbon footprint.

Carbon Emissions (tonCO <sub>2</sub> e)	2011	2012	2013	2014
Scope-1	735	600	413	440
Scope-2	0	0	0	0
Scope-3	383	350	352	373
Total	1,117	950	765	813



# INTERNAL ENVIRONMENTAL IMPACTS INDICATORS

TSKB'S ENVIRONMENTAL INDICATORS	2013	2014
---------------------------------	------	------

Electricity Consumption		
Electricity Consumption (kWh)	1,030,978	1,073,916
Electricity Consumption (Mj)	3,711,521	3,866,098
Electricity Consumption / m <sup>2</sup>	58	62
Electricity Consumption / person	3,133.67	3,398.47

Natural Gas Consumption		
Natural Gas Consumption (m <sup>3</sup> )	64,879	60,871
Natural Gas Consumption / m <sup>2</sup>	4	4
Natural Gas Consumption / person	197	193

Water Consumption		
Water Consumption (m <sup>3</sup> )	7,999	7,149
Water Consumption / m <sup>2</sup>	0.45	0.42
Water Consumption / person	24	23

Paper Consumption		
Paper Consumption (kg)	6,735	6,325
Paper Consumption / person	20	20

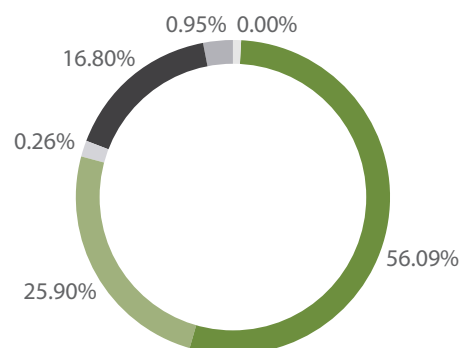
Waste Paper Consumption		
Waste Paper Consumption (m <sup>3</sup> )	6,900	7,900
Waste Paper Consumption / m <sup>2</sup>	21	25

CO <sub>2</sub> Emissions		
CO <sub>2</sub> Emissions (kg)	764,161	812,380
CO <sub>2</sub> Emissions / profit	0.0050	0.0051
CO <sub>2</sub> Emissions / person	2,322.68	2,570.82

Service Building Area (m <sup>2</sup> )	17,679	17,236
Number of employees (average)	329	316
Income (US Dollars)	153,800,000	160,206,000

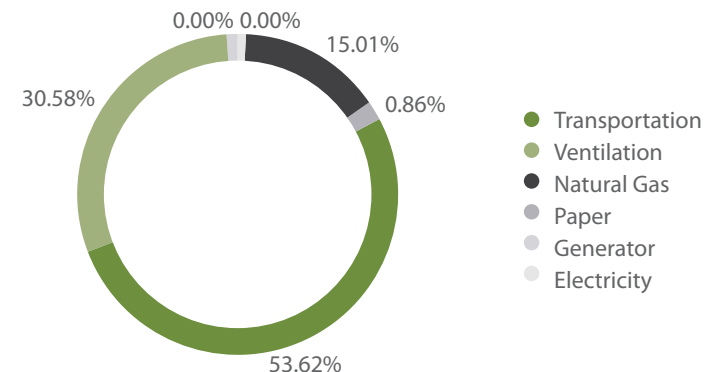
Carbon Footprint (%)

2013

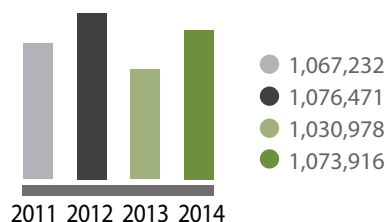


Carbon Footprint (%)

2014



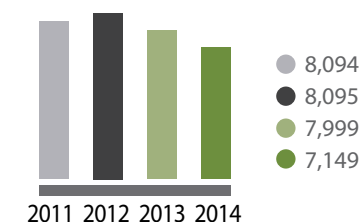
Electricity Consumption (kWh)



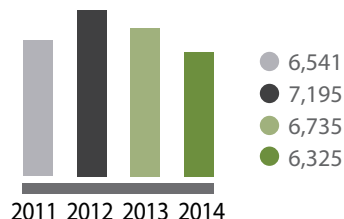
Natural Gas Consumption (m<sup>3</sup>)



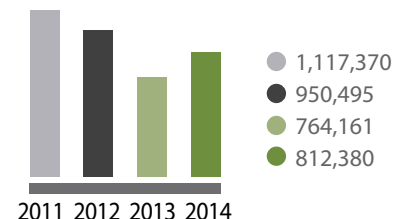
Water Consumption (m<sup>3</sup>)



Paper Consumption (kg)



CO<sub>2</sub> Emissions (kg)



# HUMAN RESOURCES

TSKB sees its highly competent and expert human resources as its most important corporate power. TSKB provides a modern working environment with full respect to human rights while encouraging equal-opportunity participation. In all of TSKB's human resources and talent management applications, the sustainability of training and development, mechanisms encouraging initiative-taking and a workplace that evaluates the performance in the best possible way and rewards success, can be considered as tangible indicators of success.

## • A workplace with full respect for human rights

TSKB prioritizes the sustainability of its human resources, focuses on sustaining its modern workplace where participation is encouraged and human rights are fully respected.

## • Recruitment

TSKB, has taken the approach of "Creating a TSKB family" and training its own managers itself, employs recent graduates with management potential through recruitment programs specifically designed for the bank's dynamics.

## • Training and development programs

TSKB always invests in its human resources - its greatest strength - with personalized assessment and development programs.

## • Effective performance management

Taking into account that the most important goal in developing human resources is increasing efficiency, objective evaluations of all employees are conducted through the Performance Management System in order to achieve this. Various training programs are provided to employees for their continuous development alongside these evaluations.

## • Career management

At TSKB, career management is applied effectively. Employees who have the knowledge, experience and capability required for a position are promoted and further progress in their careers. The bank's highly capable and expert team plays an important role in sustaining corporate performance.

## • Compensation and benefits

TSKB employs a market-sensitive compensation policy that is coordinated with the performance evaluation system.

## • Strong employer brand and internal communication

TSKB strives to create a dynamic and highly motivated team with a sense of belonging and carries out strong employer branding practices. These practices include many internal communication projects for its employees. Structured collaborations with universities aim to increase TSKB's recognition among recent graduates and make the bank a preferred organization.

## TSKB's Human Rights Policy

Aiming to fully comply with UN Declaration of Human Rights, UN Global Principles Act and Turkey's legislation that arranges human rights and business life in Turkey, TSKB is against forced labor and child labor in Turkey and worldwide and supports the initiatives towards prevention of such illegal practices.

Never discriminating among its employees, all assessments related to employees are free from all prejudice or discrimination (of gender, mental / physical handicap, age, race, religion, language, sect, belief, cultural or social class). TSKB takes measures against the types of conduct that might cause ill treatment or abuse, while allowing its employees to share their complaints anonymously.

The employees' occupational and personal development is continuously supported through feedback and trainings in a way that'll encourage their dedication to the organization and participation and creativity of the employees are encouraged via transparent communication channels.

Complete text of TSKB's Human Rights Policy can be found at the following web link: <http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf>

## Supporting the women's participation in the economy: WEP's



55% of TSKB's employees are women and this fact is one of the most tangible indicators of TSKB's human rights policy that is based on diversity and equal opportunity. With 46% women in management staff, TSKB stands out and acts as a role model in the sector in terms of women's participation in economy as well.



Believing in the great importance of women's active participation in the economy, TSKB signed "Women's Empowerment Principles" (WEP's), most important international initiative for this purpose. Thus, TSKB took its support to gender and opportunity equality to an international level.



Women's Empowerment Principles, which is the most important international initiative, established by partnership of the United Nations Entity for Gender Equality and the Empowerment of Women in the Society (UN Women) and UN Global Compact, aims to empower women in all areas, especially in health, safety, education and development.

# HUMAN RESOURCES INDICATORS



## Gender, Education and Age Distribution (Banking Employees)

Education			Total
PhD		4	4
MSc/MA	46	43	89
University	106	83	189
College	7	1	8
High School	2	1	3
Total	161	132	293

Age			Total
21-30	48	40	88
31-40	69	54	123
41-50	42	30	72
51-	2	8	10
Total	161	132	293

Total			Total
Number at The End of Year	161	132	293
Average Number	155	124	279

## Gender Distribution in Top Management and Committees

		
<b>Board of Directors</b>		
Chairman		1
Vice Chairman		1
Member	1	8
<b>Audit Committee</b>		
Member		2
<b>Sustainability Committee</b>		
Member	2	2
<b>Sustainability Sub-Committee</b>		
Member	7	2
<b>Corporate Governance Committee</b>		
Member		3
<b>Senior Management</b>		
Chief Executive Officer		1
Executive Vice President	3	5
Secretary General		1

Of the Bank's employees, 55% are  and 45% are   
 96% of the Bank's employees are university graduates   
 32% of the Bank's employees have MSc/MA or higher academic degrees



Average employee age is 36, average seniority 7.4 years

Average age of recruits of last 2 years is 28



87% of employees speak English

# HUMAN RESOURCES INDICATORS

Service group distribution of employees (end of 2014):



Regional distribution of TSKB's Banking employees (end of 2014):



Gender distribution of recruits in the reporting period:



Gender distribution of employees who were recruited and those who have quit within the past two years:



Age group and regional distribution of new recruits in the reporting period:

Age	
21-30	53
31-40	17
41-50	1
51-	1
Total	72



Age group and regional distribution of resignees in the reporting period:

Age	
21-30	17
31-40	40
41-50	23
51-	6
Total	86



Gender and cause of departure distribution of resignees in the reporting period:

	2013	2014
Resignation	10	11
Retirement	6	2
Military Obligation	2	0
Abandonment	6	1
Subsidiary*	4	4
<b>Total</b>	<b>28</b>	<b>18</b>

\* Appointments within TSKB's subsidiaries.

Gender distribution of those who used maternity leave:



\*Parental leave

Gender distribution of those employees who returned to work following a maternity leave:



\*Parental leave

5 female employees left their jobs within 12 months of returning to work following maternity leave.

Employees who used unpaid leave following their return from maternity leave, took 1080 business days.

\*Only one of the banking employees work half-time on contractual basis.



# INVESTMENT IN HUMAN RESOURCES - TRAINING AND DEVELOPMENT

## Training and Development

TSKB organizes a range of training and development programs to support its employees' technical competencies and personal development. Training and development programs are personalized and depend on development fields for the employees.

For TSKB, raising employees' awareness of the topics of environmental issues and sustainability is one of the founding elements of its training activities.

TSKB training programs are designed to increase performance levels to perfection, both throughout the bank as a whole and on an individual level.

## The Purpose of Training Activities:

- To support TSKB's business strategies with professional and personal training
- To encourage initiative-taking
- To take corporate efficiency at the highest level
- To raise employee satisfaction

## Training Programs:

- Management Trainee (MT) Program
- Development Workshop - Managerial Development Program
- Competency Development Training
- Coaching Model
- Sustainability Management System Training
- Orientation Program
- Technical Training Programs
- Individual training - domestic and foreign
- Seminars open to all of the bank's employees

## TSKB Management Trainee (MT) Program

TSKB is working towards its goal of training its own managers; the bank conducts a Management Trainee (MT) Program every summer to train the experts and managers of the future. TSKB intensively prepares its management trainees with training programs specifically designed for their future positions and duties.



## Development Workshop - Managerial Development Program:

The Development Workshop program, designed to adapt to TSKB competencies, focuses on personal and managerial development. The workshop program initially begins with the development center and then takes shape with the determination of individual needs. The process is supported by in-class training, group exercises, projects, articles, books and various other activities throughout the workshop. The long-term training program spread over almost two years invests in development of managers.



## Competency Development Training:

The "Training Catalog" based on TSKB's core competencies is used to support our employees' capabilities, which are open to development. During the performance evaluation meetings where they assess their competencies with their managers, employees get the chance to determine the training areas necessary for their personal development with the Training Catalog.



## Coaching Model:

This model is carried out to support the business dealing models of specific departments.



## Sustainability Management System Trainings:

Training for all employees:  
Occupational Health and Safety Training  
First Aid and Ergonomics Training  
Sustainability Meetings

## New recruit training:

Orientation  
On-the-job Training  
Sustainability Management System and Emergency Work Sustainability Presentation








## Individual training:

Renewal Training for Basic First-Aider Certification  
Fire Security Training  
Printer User Training  
ISO 14001 Environmental Management Systems Internal Auditor Training  
Sustainability Management Certification Program



## TRAINING AND DEVELOPMENT INDICATORS

### Training Lengths per Employee, Gender and Training Categories

	Number of Banking Employees 	Total Training Hours (Banking Personnel) 	Average Training Hours per Employee 	Average Training Hours per Female Employee 	Average Training Hours per Male Employee 	Average Technical Training Hours per Employee 	Average Personal Development Training Hours per Employee 
2013	269	16,256	60	55	67	43	17
2014	293	15,609	53	51	56	40	13

### Training Lengths per Employee Categories

	Training Hours of Senior Management / Person	Training Hours of Middle Management / Person	Training Hours of Associate Group / Person	Training Hours of Assistant and Supervisor Group / Person
2013*	13	31	71	37
2014	2	31	65	16

\*In accordance with Act No: 6331 on Occupational Health and Safety Law, Basic Occupational Health and Safety trainings were organized for all employees in 2013.

# INVESTMENT IN HUMAN RESOURCES



## Performance Management

The results of Performance Management System are used as input for identifying training needs, career planning, remuneration and reward management.

**The TSKB Performance Management System is a competency and goal-based system whose principles involve the following processes:**

- Identify and rate employee competencies
- Associate corporate objectives with employee performance
- Conduct personal interviews
- Prepare individual development plans.

## Remuneration and Reward Management

TSKB employs a competitive and market-sensitive remuneration policy. Market compensation research is regularly conducted by consultants specialized in such matters are used as input for implementation of this policy. TSKB bases compensation on compatibility with ethical values, internal balances and strategic goals, and is not associated with the bank's short-term performance.

TSKB's compensation policy is structured with the purpose of motivating managers to take more actions to contribute to the bank's long-term performance and to achieve good results on a yearly basis. TSKB places great importance on performance-based compensation.

### Criteria Taken into Account for Compensation:

- Work unit properties and workload
- Compensation level of the work units in the market
- Results of the Performance Management System (competencies, goals, experience)
- Geographical/region/country differences
- Long-term business solvency of TSKB



## TSKB Income Package:

- Gross monthly compensation
- Dividend payout to employees from the bank's profits once each year
- Premiums rewarding extraordinary successes in the relevant year

Premiums payouts, which have the purpose of positively affecting TSKB's corporate values, are based on objective criteria such as TSKB's performance and individual performances, and take into account the terms of the risks taken by the Bank.

# INVESTMENT IN HUMAN RESOURCES

## Recruitment with the TSKB Career Workshop Program

TSKB has been conducting the three-day TSKB Career Workshop program annually since 2010 with the aim of providing resources for Management Trainee (MT) recruitment. During the workshop at a hotel near Istanbul, participants (fourth-year university and postgraduate students) receive personal development and outdoor/indoor training alongside the opportunity to work on projects with coaches selected from managerial positions within the bank. The workshop, where the bank is introduced, is an opportunity to get to know the candidates better. During the event, employees who fit with TSKB's profile are included in the Management Trainee (MT) recruitment process.

The fifth TSKB Career Workshop was held between April 24–26 April in Şile, Istanbul with the motto of "Show You're Different". 17 new graduates started their working lives with the Career Workshop during the reporting period.

## Strong Employer Brand

Structured collaborations with universities aim to increase the bank's recognition among recently graduated candidates and to make the bank a preferred organization with a strong employer brand:

- TSKB Career Workshop
- Sustainability Workshops
- Career day participation
- Presentations on various banking subjects during classes
- Participation in conferences and seminars

## Internal Communication

Exercises and platforms intended to increase the feeling of belonging and motivation of current employees via employee communication activities:



### Online Communication Platform

An effective online communication environment is available to all employees in the form of the corporate intranet, e-business flow platform and e-announcement channels. Employees can thus keep themselves informed of all bank developments immediately and can conduct all of their business processes on a modern platform.



### Traditional corporate events

TSKB employees have the opportunity to meet at various annual events such as the foundation cocktail, executive meetings and New Year dinners.



### Team Games

Employees from all positions are encouraged to participate in the team games of table tennis, rowing and soccer organized by TSKB. TSKB's own employees represent the bank in intercorporate tournaments, increasing team spirit, motivation and efficiency.



### Artistic Activities

Employees enjoy a determined quota of tickets during the Istanbul Foundation for Culture and Arts music festival, which is sponsored by TSKB each year.

TSKB employees are also encouraged to enjoy photography, a common corporate hobby. Photograph exhibitions are held in the TSKB Art Corridor and on the corporate intranet site.

During the 2013–2014 period, 10 internal activities took place, including the foundation cocktails, New Year dinner, Istanbul Culture and Art Foundation (İKSV) concert, executives meeting and Department Meetings with CEO.

# OCCUPATIONAL HEALTH AND SAFETY & SUPPLIER RELATIONS

## Occupational Health and Safety

TSKB is a corporate citizen which recognizes the importance of its employees' health and safety and which makes such issues integral to its human resources policies and practices.

### Safe Working

In both its headquarters buildings in İstanbul and in its branches TSKB is mindful of being in full compliance with all occupational health & safety laws and regulations currently applicable in Turkey. In addition, the bank also abides by a policy that takes into account internationally accepted occupational health & safety practices as well. The bank's physical conditions and technical infrastructure are regularly checked for compliance with occupational health & safety laws and regulations. Current information about activities related to health and safety issues is published on the bank's corporate intranet.

### Vision "Zero Accident"

TSKB deems persisting in zero accident approach at the workplace as a permanent corporate objective. Moreover, TSKB cooperates with professionals and organizations specializing in the fields of health and safety in order to ensure health and safety at the workplace without omission.

Full text of TSKB's Occupational Health and Safety Policy can be found at the following web link: <http://www.tskb.com.tr/i/assets/document/pdf/Tskb-Occupational-Health-and-Safety-Policy.pdf>

## Supplier Relations

TSKB works with suppliers that comprehend the importance of sustainability and establish their business logic accordingly. TSKB contributes to indirect environmental impact with the approach it adopts in its relations with its suppliers, thereby supporting and ensuring that the sustainability is embraced and implemented by a wider body of stakeholders throughout the business world.

TSKB's sustainability approach reflects on its supply process as preference of products and services whose total cost is determined in line with the environmental, social and economic impacts thereof. The Bank cooperates with suppliers that acts responsibly and in accordance with sustainability in their supply process.

Sustainability Criteria observed in Supplier Relations are as follows:

- As a principle, companies with whom the Bank has a supplier-client relationship must evaluate the environmental impacts, obtain relevant permits and enforce relevant procedures
- In line with a Sustainable Management System, suppliers must perform their obligations in conformance with the environment legislation and international legislations
- Presence of certification such as ISO 14001
- Depending on the type of the service received, cooperation for complying with the Bank's relevant procedures

TSKB structures sustainability in supplier relations in form of contracts signed with its suppliers. In those contracts, suppliers explicitly warrant that they are to enter in cooperation in order to meet TSKB's relevant demands. TSKB defines any violation and negligence of items summarized above as righteous cause for termination of supplier contracts, thereby accentuating the importance of the issue.

Entirety of TSKB's Sustainable Procurement Management Policy can be found at the following web link: <http://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf>

# SOCIAL RESPONSIBILITY

TSKB structures social responsibility projects in the scope of its sustainable banking mission around the theme of raising the awareness of business world and universities towards environmental aspects that constitute risks for the future of our world, including but not limited to climate change, energy and carbon management.

With the social responsibility project “Environment: Our Priority” that has been continued since 2007, TSKB participates effectively in sustainability platforms, developing various events and sponsorships. The project is managed by TSKB for the purpose of promoting and increasing awareness, especially throughout the business world and universities.

TSKB’s social responsibility activities can be discussed under five categories:



1



## Digital Platforms: [cevreciyiz.com](http://cevreciyiz.com) & [tskbenerjiverimlilik.com](http://tskbenerjiverimlilik.com)

Launched in 2007, [cevreciyiz.com](http://cevreciyiz.com) was redesigned in June 2014 and is currently Turkey’s most comprehensive environment portal that provides reference for many aspects including business world’s sustainability efforts, energy efficiency, environment-friendly designs, alternative energy sources and sustainable business ideas. Effectively using the social media for this purpose, [cevreciyiz.com](http://cevreciyiz.com)’s Facebook followers are increasing from 851 (at the end of 2013) to 23.000 (at the end of 2014) and that shows this content has reached more people every day.

As an important platform and reference point in energy efficiency, [tskbenerjiverimlilik.com](http://tskbenerjiverimlilik.com) web portal has been online since 2011.

2



## Sustainability Workshop

Launched in 2012, Sustainability Workshop is the very first literacy program in the field of sustainability which brings university students, namely future management candidates, academia and private sector representatives together. Please refer to [Sustainability Literacy](#) section for more details on this important project that is organized with the cooperation of TSKB’s subsidiary Escarus.

3



## Zero Carbon Projects

TSKB has been carrying out carbon-neutral banking since 2008 and continues to support low-carbon life through various projects:

- The first Zero Carbon Concert organization within the scope of IKSVM Music Festival
- Erasing the carbon footprint of TSKB’s recruitment program, the Career Workshop
- Organizing Zero Carbon conferences and events
- Annually, providing certificates to customers and business partners for offsetting their individual carbon footprint

4



## Sharing Experience

TSKB shares its expertise in sustainability by providing support in form of sponsorships, organization and speakers to many events. The Bank continues to organize many case study presentations and forums at the universities, featuring Bank’s managers, in order to convey its sustainable banking experience to younger generations. Please refer to [Sharing Experience](#) section for greater details on these communions which are especially important in terms of TSKB’s reaching to a broad body of stakeholders and sharing its experience in the field of sustainability.

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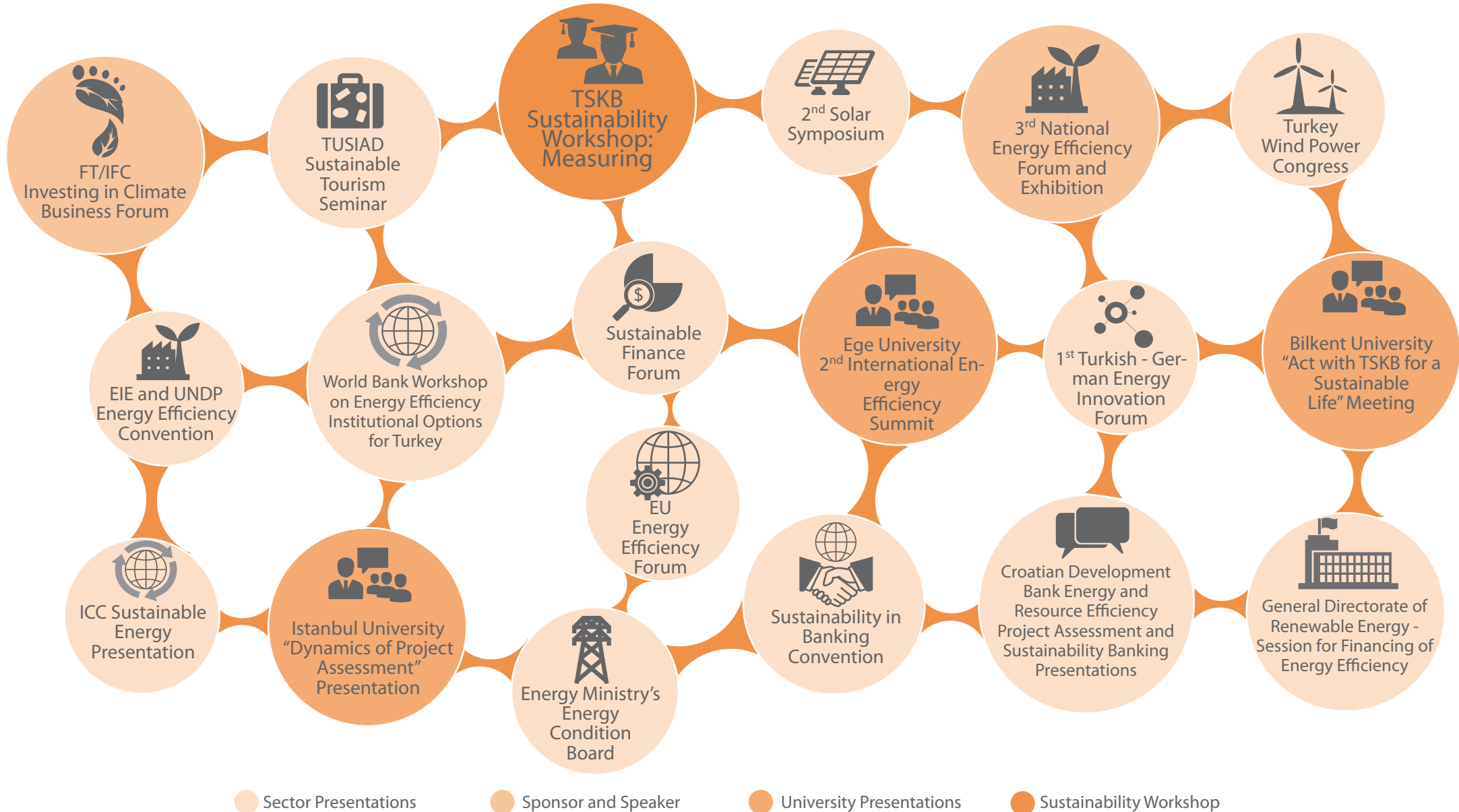


## Culture & Arts

Since 1990, TSKB has been supporting concerts at the Music Festival organized by Istanbul Foundation for Culture and Arts (IKSV), contributing to Turkey’s cultural growth. Turkey’s first carbon-neutral bank, TSKB started to offset all of the carbon emissions generated by the transportation requirements of the performers and art lovers with a “Gold Standard Carbon Credit” that was purchased by TSKB from a clean energy company as of 2014.

## SHARING EXPERIENCE - 2013

The Bank participated in total of 103 conferences and organizations in 2013 and 2014 that set the bar high in terms of content and impact. TSKB's senior management members have given 57 presentations or speeches in these organizations. In 17 of these organizations, TSKB was either sponsor or organizer.





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The Bank participated in total of 103 conferences and organizations in 2013 and 2014 that set the bar high in terms of content and impact. TSKB's senior management members have given 57 presentations or speeches in these organizations. In 17 of these organizations, TSKB was either sponsor or organizer.





# SUSTAINABILITY LITERACY

In the scope of sustainable banking, TSKB diversifies its efforts towards private sector - university cooperations. The Bank has been organizing Sustainability Workshops, the first literacy program in the field of sustainability, by bringing together the private sector representatives, academia and university students, as the managers of the future, since 2012.

In this project jointly conducted with the Bank's subsidiary Escarus, university students, academicians and private sector representatives come together and conduct case studies on measuring methodology of sustainability.

In workshops, where students gather in various teams to carry out case studies, each team is led by participants that have experience in private sector. Afterwards, the results and studies are interpreted.

## Sustainability Workshops held in 2013-2014:



# GOALS AND PERFORMANCE OBJECTIVES

		Our 2013 – 2014 Objectives	Our 2013 – 2014 Performance	Future Objectives
ENVIRONMENT AND SUSTAINABLE BANKING	SUSTAINABLE BANKING	Expanding our renewable energy portfolio in 2013 by means of financing new projects including but not limited to solar power and wind power plants in terms of both numbers and weight in our portfolio.	By December 31, 2014, number of renewable energy projects financed by TSKB reached 107.	The Bank projects to finance solar power plants of minimum 50 MW capacity and wind power plants of 100-150 MW capacity as of the end of 2016 in the scope of our dedication to innovative renewable energy financing.
		Expanding our energy efficiency portfolio in 2013 by means of financing new projects in terms of both numbers and weight in our portfolio.	TSKB financed 56 projects of 33 companies in the field of energy efficiency as of the end of 2014.	The Bank aims to continue supporting projects for improving the productivity in all aspects of energy and resource (water, raw materials and other production inputs) use in our country for the purpose of increasing the productivity of the industry and ensuring efficient and optimum use of finite resources. In this scope, the Bank aims to finance 5 new water efficiency projects along with 10 new energy and/or resource efficiency projects until the end of 2016.
		Providing the long-term resource opportunities, especially renewable energy, energy efficiency and APEX loans, to our clients under long-term maturities offered by international markets.	During the reporting period, TSKB continued to access international financial resources and to engage in efforts to secure the long-term resources required by its sustainable banking mission. Total of 560 m € and 295 m \$ was provided as financing in 2013 and 2014.	TSKB aims to provide the long-term resource opportunities, especially renewable energy, energy efficiency and APEX loans, to our clients under long-term programs offered by international markets.
		Continue to be carbon-neutral bank in 2013 and thereafter.	TSKB continued to be a carbon-neutral bank in 2013 and 2014 by successfully implementing its Carbon-Neutrality Project.	TSKB commits to calculate and offset its carbon footprint and continue its banking activities in accordance with zero carbon principles in the following years.
	ENVIRONMENT	Decreasing carbon footprint in 2013-2014 by 10% and in this scope, continuing efforts for saving electricity and natural gas.	TSKB's total carbon footprint was reduced by 24% in 2013 and 2014 in comparison to total carbon footprint of 2011-2012.	TSKB aims to further reduce its CO <sub>2</sub> emissions by 2.5% annually until the end of 2016 in comparison to 2012.
		Continuing the use of renewable energy in all service buildings.	Having switched to use of renewable energy in all service buildings by June 1, 2009, TSKB continues to use renewable energy since then.	TSKB projects to continue its use of renewable energy in all service buildings.
		Further developing the internal capacity for climate change and Environment Risk Evaluation Method (ERET).	Beginning from 2013, ERET, which was an Excel based evaluation tool, is programmed as TSKB specific banking application. By embedding ERET into IT database, its outputs and results become traceable, auditable and comparable in addition to its consolidation to the overall project appraisal process.	TSKB commits to carry out all environmental and social risk measurements of all investment loans irrespective of the project size, ensure that relevant measures are taken in advance as appropriate for the risks involved, and follow up to make sure that these measures are in deed implemented.

## GOALS AND PERFORMANCE OBJECTIVES

Our 2013 – 2014 Objectives		Our 2013 – 2014 Performance	Future Objectives
ENVIRONMENT AND SUSTAINABLE BANKING	ENVIRONMENT	<p>Successfully completing ISO 14001 and ISO 14064 audits in 2013 and 2014.</p>	<p>TSKB has received full marks in its fourth ISO 14001 certification audit, and was entitled to a new certificate for a three-year period.</p> <p>The Bank was entitled to receive its fourth ISO 14064-1 certificate in 2015.</p> <p>TSKB aims to successfully complete ISO 14001 and ISO14064 audits of 2015 and 2016.</p> <p>Periodically calculating and neutralizing the Bank's carbon footprint within the scope of ISO 14064.</p>
		<p>Closely following developments in Turkey and abroad in the field of climate change, and considering these developments in our banking activities.</p>	<p>TSKB has been systematically following up the developments taken place and steps made in the field of climate change in Turkey and abroad, and actively participating in volunteer initiatives conducted by NGOs. In this scope, the Bank subscribed to Global Compact, UNEP FI and participated in Carbon Disclosure Project.</p> <p>As a leader institution in Turkey, TSKB is leading The Banks Association of Turkey's task group. In addition, TSKB is a Board Member of World Business Council for Sustainable Development well as Global Company Local Network.</p> <p>TSKB continues to closely follow developments in Turkey and abroad in the field of climate change, and considering these developments in our banking activities.</p>
		<p>Continuing full compliance with the laws, corporate governance principles and ethics, and maintaining zero-tolerance level of error, impropriety, and complaint.</p>	<p>In the period subject to this report, TSKB did every endeavor to comply with laws, corporate governance principles and ethics.</p> <p>TSKB's Banking Ethics were updated in line with The Banks Association of Turkey's Banking Ethics that were updated in 2014. New ethic code, published at the Bank's website, was adopted and binds the Board of Directors as well as all employees.</p> <p>The Bank published its Anti-Bribery and Anti-Corruption Policy at its website on December 8, 2014.</p> <p>TSKB aims to continue its compliance in this regard and to maintain its current "zero error/zero corruption/zero complaint" policy.</p>

# GOALS AND PERFORMANCE OBJECTIVES

Our 2013 – 2014 Objectives		Our 2013 – 2014 Performance	Future Objectives
CORPORATE GOVERNANCE AND COMPLIANCE	Maintaining its current position as one of three companies with highest corporate governance rating in the sector and continuing to be role-model institution with its corporate governance practices	Since the day it was included in BIST Corporate Governance Index in 2009, TSKB maintains its position among the companies with highest corporate governance rating of Turkey. TSKB's corporate governance rating was revised to 9.44 on a scale of 10 on October 20, 2014. Thus, TSKB is now officially the institution that has the highest corporate governance rating of all times.	TSKB aims to maintain its full compliance in this field, and continue to be a role-model with its corporate governance practices.
	Maintain the Bank's "zero incident" standing in the area of preventing money laundering and the financing of terrorism.	TSKB is committed to being in full compliance with current laws and regulations in Turkey pertaining to money-laundering and terrorism- financing. For this reason, it has incorporated all essential control, warning, and other mechanisms related to such matters into its business processes. During the reporting period no incidents concerning such matters were reported.	TSKB aims to continue its compliance in this regard and to maintain its current "zero incident" policy.
	Continuing to support professional and individual development of human resources.	Each TSKB employee was subjected to an average of 6 hours (43 hours technical and 17 hours personal development) and 53 hours (40 hours technical and 13 hours personal development) of trainings respectively in 2013 and 2014.	TSKB aims to continue and further improve technical and personal training programs for its employees. In this scope, planning is made so that each employee will participate at least in 1 training, which is the objective of years 2015 and 2016.
SOCIAL CONTRIBUTION	HUMAN RESOURCES		
	Increasing environment trainings	TSKB provided various environment awareness trainings to its employees in the reporting period.	In the next period, TSKB aims to increase the weight of environment trainings in its human resources training efforts.
	Maintain diversity.	In 2014, percentage of women employees of TSKB was 55% and that of women in management was 27%.	TSKB aims to maintain and further improve the diversity of its human resources.
	SOCIAL RESPONSIBILITY		
	Improving cevreciyiz.com website in terms of content and social media presence.	Completely redesigned in 2014, cevreciyiz.com website continues its efforts to build awareness in various categories of the community with its sustainability based subjects and social media posts.	TSKB aims to build awareness in broader sections of the community by expanding the area of influence and number of followers of cevreciyiz.com. In this scope, our aim is to maintain the current number of visitors of cevreciyiz.com, increase Instagram followers by 40%, increase twitter followers by 25% and increase Facebook fans by 20%.
	Building awareness for sustainability literacy by means of Sustainability Workshop activities.	TSKB, in cooperation with the Bank's affiliate Escarus, has been organizing "Sustainability Workshops" as a literacy program in the field of sustainability since 2011, by bringing together private sector representatives and, academia and university students, the managers of the future. Until now, approximately 200 university students have participated in case studies of the workshop program.	The aim is to continue the Sustainability Workshop project in 2015-2016 with cooperation of Escarus, increasing the awareness and consciousness about the issue with at least 1 workshop activity each year.

## GOALS AND PERFORMANCE OBJECTIVES

	Our 2013 – 2014 Objectives	Our 2013 – 2014 Performance	Future Objectives
SOCIAL CONTRIBUTION - SOCIAL RESPONSIBILITY	Sharing our experience with NGOs, sector players and the academia.	The Bank participated in total of 103 conferences and organizations in 2013 and 2014 that set the bar high in terms of content and impact. TSKB's senior management members have given 57 presentations or speeches in these organizations. In 17 of these organizations, TSKB was either sponsor or organizer, and in 39 a representative. The Bank shared its sustainable banking experience in universities in several lessons via its best practices.	Considering sustainability to be a common target for entire business world rather than a competitive factor and believing in the importance of sharing its experiences accordingly, TSKB aims to continue sponsoring, organizing and participating as speaker to the events that are aligned with its field of activity in the period of 2015-2016. Moreover, the Banks is committed to continue sharing its experience in the field of sustainable banking in universities, which it considers to be an important stakeholder.
	Acting responsibly in terms of carbon footprint of all events that the Bank sponsors or organizes in order to support the target of measuring and mitigating its internal impacts.	TSKB launched a "Zero Carbon Concert" at the Istanbul Music Festival in the World Environment Day of 2014. All of the carbon emissions generated by the transportation requirements of the performers and art lovers were offset with a "Gold Standard Carbon Certificate" that was purchased by TSKB from a company investing in clean energy. Carbon footprints of new year presents given to clients have also been offset.	The Bank aims to continue its "Zero Carbon" organizations in 2015-2016, calculating the carbon footprints of concerts sponsored by TSKB, Career Workshops, Sustainability Workshops, conferences held by the Bank, and presents prepared by the Bank, and offsetting the carbon emissions of these by purchases of Gold Carbon Credits.

## GRI G4 CONTENT INDEX

G4 General Standard Disclosures			
General Standard Disclosures	Description	Page	Omissions
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	<a href="#">CEO's Message</a> , p 6	
G4-2	Description of key impacts, risks, and opportunities	<a href="#">Chairman's Message</a> , p 5 <a href="#">CEO's Message</a> , p 6	
Organizational Profil			
G4-3	Name of the organization	TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.	
G4-4	Primary brands, products, and services	<a href="#">TSKB'S Products and Services</a> , p 9	
G4-5	Location of the organization's headquarters	Istanbul, Turkey	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Turkey	
G4-7	Nature of ownership and legal form	<a href="#">Company Profile</a> , p 7. Formed in 1950 TSKB is a publicly listed company on the İstanbul Stock Exchange (ISE ticker symbol: TSKB)	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	<a href="#">Company Profile</a> , p 7	
G4-9	Scale of the organization	At end-2014, the total number of people employed in banking services at TSKB headquarters and branches was 293. The Bank operates at its headquarters in Istanbul and in its 2 branches in İzmir and Ankara. For products, services and operations: <a href="#">TSKB'S Products and Services</a> , p 9 For value produced: <a href="#">Financial Performance</a> , p 18-19	
G4-10	Number of employees by employment contract, region and gender	<a href="#">Human Resources</a> , p 37-39	
G4-11	Percentage of total employees covered by collective bargaining agreements	In TSKB there is no any collective bargaining agreement in place. Employees are hired on an individual basis and rights under the Turkish Labor Law are fully provided.	

# GRI G4 CONTENT INDEX

G4 General Standard Disclosures			
General Standard Disclosures	Description	Page	Omissions
Organizational Profil			
G4-12	Organization's supply chain	TSKB's main suppliers are supranational financial institutions. TSKB provides funds from these institutions and finances investment projects. Apart from these, TSKB works with local suppliers on technology, transportation, catering, cleaning, office materials, etc related needs. <a href="#">Thematic Global Funds</a> , p 26-27 <a href="#">Supplier Relations</a> , p 44	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, and its supply chain	There has not been any change during the reporting period.	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	TSKB supports the precautionary principle under the UN Global Compact. Consistent with that principle, we advocate a risk-based approach to our operations through our extensive management systems.	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	TSKB is a member of many international organizations and has also participated in a number of global initiatives and adopted their principles. <a href="#">Sharing Experience With Initiatives</a> , p 31	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	TSKB is a member of many international organizations and has also participated in a number of global initiatives and adopted their principles. <a href="#">Sharing Experience With Initiatives</a> , p 31	
Identified Material Aspects and Boundaries			
G4-17	a. All entities included in the organization's consolidated financial statements or equivalent documents  b. Entities included in the organization's consolidated financial statements or equivalent documents that are not covered by the report	<a href="#">Company Profile</a> , p 7	
G4-18	a. Process for defining the report content and the Aspect Boundaries  b. How the organization has implemented the Reporting Principles for Defining Report Content	<a href="#">Stakeholder Analysis</a> , p 12-15 TSKB's report content is defined by the GRI G4 Content Index and the issues material to the business as identified by key stakeholders who will use the report, including employees, community members, non-governmental organizations, and the media.	
G4-19	Material Aspects identified in the process for defining report content	Material aspects are the ones that are answered in the Content Index. <a href="#">Stakeholder Analysis</a> , p 12-15	



# GRI G4 CONTENT INDEX

G4 General Standard Disclosures			
General Standard Disclosures	Description	Page	Omissions
Identified Material Aspects and Boundaries			
G4-20	For each material Aspect, the Aspect Boundary within the organization	<a href="#">Stakeholder Analysis</a> , p 12-15	
G4-21	For each material Aspect, the Aspect Boundary outside the organization	<a href="#">Stakeholder Analysis</a> , p 12-15	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	Provided primarily as footnotes to individual charts where data changed.	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Contents and boundaries are determined according to the G4 Guidelines and materiality analysis. Previous report was prepared according to G3.1 A+.	
Stakeholder Engagement			
G4-24	A list of stakeholder groups engaged by the organization	<a href="#">Stakeholder Analysis</a> , p 12-13	
G4-25	Basis for identification and selection of stakeholders with whom to engage	<a href="#">Stakeholder Analysis</a> , p 12-13	
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	<a href="#">Stakeholder Analysis</a> , p 12-13	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	<a href="#">Stakeholder Analysis</a> , p 12-15	
Report Profile			
G4-28	Reporting period for information provided	2013-2014	
G4-29	Date of most recent previous report (if any)	2011-2012	
G4-30	Reporting cycle	Biennial	
G4-31	Contact point for questions regarding the report or its contents	Hülya Kurt, TSKB Engineering Head & Sustainability Sub-Committee Head	
G4-32	'In accordance' option the organization has chosen and GRI Content Index for the chosen option	In accordance with the option Comprehensive	

# GRI G4 CONTENT INDEX

G4 General Standard Disclosures			
General Standard Disclosures	Description	Page	Omissions
Rapor Profili			
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	In addition to its comprehensive internal metrics systems, TSKB employs a variety of internal and external processes to bring assurance that its operations are transparent and the information it reports is accurate and truly reflective of its actual results. While TSKB's financial performance is independently audited by KPMG majority of the KPIs presented in this report are checked by BSI as part of the ISO14001 and ISO14064 periodical audits.	
Governance			
G4-34	Governance structure of the organization, including committees of the highest governance body	<a href="#">Corporate Governance</a> , p 28-30	
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	<a href="#">Sustainability Management at TSKB</a> , p 32-33	
G4-36	Indicate whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	<a href="#">Sustainability Management at TSKB</a> , p 32-33	
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics, if consultation is delegated, to whom and any feedback processes to the highest governance body	<a href="#">Sustainability Management at TSKB</a> , p 32-33	
G4-38	Composition of the highest governance body and its committees	<a href="#">Human Resources</a> , p 37-39	
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer	The Chairman of the Board does not carry out any executive duty in day-to-day business	
G4-40	Nomination and selection processes for the highest governance body and its committees	Please see TSKB's Corporate Governance Compliance Report 2014, pages: 57-60, at: <a href="http://www.tskb.com.tr/i/content/2189_1_TSKB_KYU_Raporu_2014_ENG.pdf">http://www.tskb.com.tr/i/content/2189_1_TSKB_KYU_Raporu_2014_ENG.pdf</a>	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Please see TSKB's Corporate Governance Compliance Report 2014, pages: 55, 56, 59, 60, at: <a href="http://www.tskb.com.tr/i/content/2189_1_TSKB_KYU_Raporu_2014_ENG.pdf">http://www.tskb.com.tr/i/content/2189_1_TSKB_KYU_Raporu_2014_ENG.pdf</a>	
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	<a href="#">Sustainability Management at TSKB</a> , p 32-33	

# GRI G4 CONTENT INDEX

G4 General Standard Disclosures			
General Standard Disclosures	Description	Page	Omissions
Governance			
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	<a href="#">Sustainability Management at TSKB</a> , p 32-33	
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	Please see TSKB's Corporate Governance Compliance Report 2014, pages: 59-60, at: <a href="http://www.tskb.com.tr/i/content/2189_1_TSKB_KYU_Raporu_2014_ENG.pdf">http://www.tskb.com.tr/i/content/2189_1_TSKB_KYU_Raporu_2014_ENG.pdf</a>	
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	TSKB's highest governance body is the Board of Directors in setting the Bank's strategies. The Sustainability Committee - comprised of 2 Board Members and 2 Executive Vice Presidents of the Bank - and Corporate Governance Committee - comprised of 2 Board Members and 1 Executive Vice President - present their recommendations in the context of environmental and social impacts, risks and opportunities to the Board.	
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	<a href="#">Sustainability Management at TSKB</a> , p 32-33	
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	<a href="#">Sustainability Management at TSKB</a> , p 32-33	
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	<a href="#">Sustainability Management at TSKB</a> , p 32-33	
G4-49	Process for communicating critical concerns to the highest governance body	Different topics are presented to the Board of Directors by Committees (Audit Committee, Remuneration Committee, Corporate Governance Committee, Sustainability Committee) for information and approval. Also Executive Vice Presidents present critical topics to the Board of Directors regularly.	
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	<a href="#">Sustainability Management at TSKB</a> , p 32-33	
G4-51	Remuneration policies for the highest governance body and senior executives	For executives and employees at all levels, the remuneration policy of the Bank considers the equilibrium of the wage market and the Bank's competitiveness strength in the market.	

# GRI G4 CONTENT INDEX

G4 General Standard Disclosures			
General Standard Disclosures	Description	Page	Omissions
Governance			
G4-52	Process for determining remuneration. Indicate whether remuneration consultants are involved in determining remuneration and whether they are independent of management, and any other relationships which the remuneration consultants have with the organization	The process for determining remuneration is managed on the basis of criteria such as the characteristics of the functions and workload, geographical / regional / country differences, the equivalent wage levels in the market of functions (general, sectoral or functional), performance evaluation (competences, knowledge and skills, experience) and payment power of the Bank in the long-term. In order to support the decision process, sector wages research is being participated once in a year, including almost all of the banking sector. Reports prepared by expert consultants on current year's wages and benefits and the next year's projected values are followed regularly. The remuneration management of Inspection Board, and Internal Control and Risk Management departments – referred to as the Bank's Internal Systems – is carried out independently in accordance with the recommendation of the Audit Committee, comprised of Board Members. Monitoring and auditing of the compensation practices at the Bank on behalf of the Board is the responsibility of the Remuneration Committee appointed by the Board of Directors. Each year Remuneration Committee evaluates the Remuneration Policy and practices within the framework of risk management, and presents in a report including recommendations to the Board.	
G4-53	How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	TSKB does not have such a process.	
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	-	TSKB does not declare this data as it is commercially sensitive.
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	This ratio is 1.	

# GRI G4 CONTENT INDEX

G4 General Standard Disclosures			
General Standard Disclosures	Description	Page	Omissions
Ethics and Integrity			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	For our Sustainability Policy and its supplementary policies: <a href="http://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy">http://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy</a>	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	<a href="http://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme.pdf">http://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme.pdf</a>	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	<a href="http://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme.pdf">http://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme.pdf</a>	

# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Page	Omissions
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### Economic

Economic Performance	DMA		<a href="#">Company Profile</a> , p 7 <a href="#">Financial Performance</a> , p 18-19 <a href="#">Support to Sustainable Development</a> , p 20-21	
	G4-EC1	Direct economic value generated and distributed	TSKB's economic contribution to society is more than financial profits. It creates jobs, pay salaries and invest in the skills of its human resources. TSKB also pays taxes, supports business in our supply chain and provides products that satisfy the needs of our customers. <a href="#">Financial Performance</a> , p 18-19	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<a href="#">Sustainability Finance</a> , p 22-25	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	Please see TSKB's 2014 Annual Report, page 89, at <a href="http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf">http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf</a>	
	G4-EC4	Financial assistance received from government	TSKB does not get any type of financial assistance or aid from the government.	
Indirect Economic Impacts	DMA		<a href="#">Sustainability Finance</a> , p 22-25	
	G4-EC7	Development and impact of infrastructure investments and services supported	<a href="#">Sustainability Finance</a> , p 22-25	
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	TSKB contributes to increasing the export and creating new business fields via APEX banking. <a href="#">Sustainability Finance</a> , p 22-25	

### Environmental

Materials	DMA		<a href="#">Sustainability Management at TSKB</a> , p 32-33	
	G4-EN1	Materials used by weight or volume	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN2	Percentage of materials used that are recycled input materials	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	

# GRI G4 CONTENT INDEX

G4 Specific Standard Disclosures				
Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Environmental				
Energy	DMA		<a href="#">Sustainability Management at TSKB</a> , p 32-33	
	G4-EN3	Energy consumption within the organization	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN4	Energy consumption outside of the organization	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN5	Energy intensity	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN6	Reduction of energy consumption	Each year TSKB takes actions to reduce its energy consumption in order to reduce its CO <sub>2</sub> emissions in the context of ISO 14064. The first audit was in 2012 and it is set as base year. <a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN7	Reductions in energy requirements of products and services	Each year TSKB takes actions to reduce its energy consumption in order to reduce its CO <sub>2</sub> emissions in the context of ISO 14064. The first audit was in 2012 and it is set as base year. <a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	DMA		<a href="#">Sustainability Management at TSKB</a> , p 32-33	
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	<a href="#">Management of Internal Environmental Impacts</a> , p 35-36	
	G4-EN20	Emissions of ozone-depleting substances (ODS)	TSKB's business activities do not result in significant emissions of these substances.	
	G4-EN21	NOx, SOx, and other significant air emissions	TSKB's business activities/operations do not generate significant emissions of these substances.	



# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Environmental				
Products and Services	DMA		<a href="#">Management of Loans' Environmental and Social Impacts</a> , p 34	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	All of TSKB's initiatives on such issues are governed by the Bank's Sustainability Management System. <a href="#">Management of Loans' Environmental and Social Impacts</a> , p 34 <a href="#">Sustainability Finance</a> , p 22-25	
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	TSKB's business activities/operations do not generate significant packaging materials.	
Compliance	DMA		<a href="#">Corporate Governance</a> , p 28-30 <a href="#">Management of Loans' Environmental and Social Impacts</a> , p 34 <a href="#">Sustainability Management at TSKB</a> , p 32-33	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	There was not such an incident in TSKB during the reporting period.	
Transport	DMA		<a href="#">Sustainability Management at TSKB</a> , p 32-33	
	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	The CO <sub>2</sub> equivalent of the carbon emissions resulting from TSKB's transportation and travel activities in 2014 amounted to 435 tons, which corresponds to 53,5 % of the Bank's total carbon emissions the same year. Of this total, only 102 tons were generated by the vehicles which the Bank uses to transport its personnel to and from work.	
Supplier Environmental Assessment	DMA		Sustainable Procurements Management Policy, <a href="http://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf">http://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf</a>	
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<a href="#">Supplier Relations</a> , p 44	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	TSKB's activities are not environmentally high-risk activities. TSKB considers its suppliers (particularly cleaning and catering) compliance with ISO 14001 standard.	

# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Environmental				
Environmental Grievance Mechanisms	DMA		TSKB evaluates any opinions, suggestions and complaints submitted through its website, social media and other channels. <a href="http://www.tskb.com.tr/en/about-us/tskb-contact-form">http://www.tskb.com.tr/en/about-us/tskb-contact-form</a>	
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	There was not any complaints during the reporting period.	
Social: Labour Practices and Decent Work				
Employment	DMA		<a href="#">Human Resources</a> , p 37-39	
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<a href="#">Human Resources</a> , p 37-39	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Type of working time does not have an effect on benefits provided.	
	G4-LA3	Return to work and retention rates after parental leave, by gender	<a href="#">Human Resources</a> , p 37-39	
Labor/Management Relations	DMA		Human Rights Policy, <a href="http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf">http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf</a>	
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	TSKB complies with the requirements of labor laws and regulations applicable to such issues in Turkey.	
Occupational Health and Safety	DMA		Occupational Health And Safety Policy, <a href="http://www.tskb.com.tr/i/assets/document/pdf/Tskb-Occupational-Health-and-Safety-Policy.pdf">http://www.tskb.com.tr/i/assets/document/pdf/Tskb-Occupational-Health-and-Safety-Policy.pdf</a>	
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	TSKB's Occupational Health and Safety Board is comprised of 6 bank employees, 1 HSE specialist, 1 occupational physician, 3 subsidiary companies representatives and 7 sub-employer representatives.	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	In 2013, 48 lost days due to work injury and in 2014, 97 lost days due to work injury occurred.	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	TSKB is in the less dangerous working places class in the service sector. There is almost no work accident and occupational disease rate is zero.	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	There are no union contracts in TSKB, all employees have individual contracts.	

# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Social: Labour Practices and Decent Work				
Training and Education	DMA		<a href="#">Investment in Human Resources</a> , p 40-43	
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	<a href="#">Investment in Human Resources</a> , p 40-43	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<a href="#">Investment in Human Resources</a> , p 40-43	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	During the reporting period, all TSKB personnel who were employed in banking services were subjected to the Bank's performance evaluation and career progression processes.	
Diversity and Equal Opportunity	DMA		<a href="#">Human Resources</a> , p 37-39	
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<a href="#">Human Resources</a> , p 37-39	
Equal Remuneration for Women and Men	DMA		<a href="#">Investment in Human Resources</a> , p 40-43	
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Because TSKB abstains from any approach that takes gender into account with respect to compensation levels, the ratio of men's and women's salaries to one another is of no importance whatsoever when determining or implementing compensation policy.	
Labor Practices Grievance Mechanisms	DMA		Human Rights Policy, <a href="http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf">http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf</a>	
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	There were no grievances about labor practices in TSKB during the reporting period.	

# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Social: Human Rights				
Investment	DMA		Sustainability Policy, <a href="http://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy">http://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy</a>	
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	In 2013 and 2014, 87% of the medium and long-term loan agreements that were signed for a total amount of USD 1.660 million (equivalent in US Dollars) with international financial institutions, corresponds to agreements that include provisions related to human rights. No business agreement or contract has been subject to human rights screening during the reporting period.	
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	There are no specific trainings on human rights. Bank employees were informed about human resources and human rights in Sustainability Meetings.	
Non-discrimination	DMA		Human Rights Policy, <a href="http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf">http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf</a>	
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	There were not any incidents of discrimination in TSKB during the reporting period.	
Freedom of Association and Collective Bargaining	DMA		Human Rights Policy, <a href="http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf">http://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf</a>	
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	As no incident of such a nature was identified during the reporting period, it has not been necessary to develop such a policy.	
Security Practices	DMA		Sustainability Policy, <a href="http://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy">http://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy</a>	
	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	In 2014, the related training under the "Private Security Law and Individual Rights" topic has been taken, as a part of Identity Refreshment training of the security staff. 16 staffed and third company provided security employees are trained on these topics regularly.	

# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Social: Human Rights				
Supplier Human Rights Assessment	DMA		Sustainable Procurements Management Policy, <a href="http://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf">http://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf</a>	
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	TSKB checks to see if its suppliers' employees' income and social security taxes are being paid or not. All suppliers from which TSKB procures goods and services are required to abide by the relevant clauses of the bank's environment management system and ISO 14001 certification. This requirement is explicitly stipulated in suppliers' contracts.	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	As there was not any significant actual and potential negative human rights impacts in its supply chain during the reporting period, TSKB did not take any action.	
Human Rights Grievance Mechanisms	DMA		All employees can use the "I have a suggestion" module on the intranet page that is open to the Bank's personnel. <a href="http://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme.pdf">http://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme.pdf</a>	
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	In the reporting period there were not any complaints delivered to TSKB regarding human rights.	
Social: Society				
Local Communities	DMA		Environmental And Social Impact Policy <a href="http://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf">http://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf</a>	
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	The effects of the financed projects on society are evaluated in the context of the ERET model. In addition, during the visits carried out in the project area, the views of local people about the project and their demands are also identified and taken into account.	
	G4-SO2	Operations with significant actual or potential negative impacts on local communities	TSKB does not have / nor finance any operation which has a negative impact on local communities.	
	FS-13	Access points in low-populated or economically disadvantaged areas	TSKB does not have any service point in low-populated or economically disadvantaged areas.	
	FS-14	Initiatives to improve access to financial services for disadvantaged people	TSKB is a development bank. Therefore the Bank does not have retail banking services for disadvantaged people.	

# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Social: Society				
Anti-corruption	DMA		Anti-Bribery and Corruption Policy <a href="http://www.tskb.com.tr/i/assets/document/pdf/TSKB_anti_bribery_and_anti_corruption_policy.pdf">http://www.tskb.com.tr/i/assets/document/pdf/TSKB_anti_bribery_and_anti_corruption_policy.pdf</a>	
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Please see pages 62-64 of TSKB's 2014 Annual Report: <a href="http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf">http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf</a>	
	G4-SO4	Communication and training on anti-corruption policies and procedures	All our stakeholders can reach TSKB's activities on Anti-Bribery and Anti-Corruption from the following link: <a href="http://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme.pdf">http://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme.pdf</a>	
	G4-SO5	Confirmed incidents of corruption and actions taken	As no incidents of corruption were identified during the reporting period, it has not been necessary to take any such action.	
Public Policy	DMA		TSKB does not make any political donations or grants, according to the Banking Law numbered 5411, "Regulation on the Donations and Grants to be made by Banks and Institutions subject to Consolidated Supervision" which was published by Banking Regulatory and Supervision Agency, and TSKB's Anti-Bribery and Anti-Corruption Policy item 5/b. Also all donations and grants which shall be made by TSKB are defined in its Donations and Grants Policy: <a href="http://www.tskb.com.tr/i/assets/document/pdf/TSKB_DonationPolicy_ENG.pdf">http://www.tskb.com.tr/i/assets/document/pdf/TSKB_DonationPolicy_ENG.pdf</a>	
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	TSKB does not contribute financially and in-kind to political parties, politicians and related institutions.	
Anti-competitive Behavior	DMA		Corporate Governance Principles Compliance Report 2014, page 56: <a href="http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf">http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf</a>	
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	During the reporting period (2013 - 2014), TSKB was not the subject of any legal process due to any behaviour restricting competition, trust or monopoly practices.	

# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Social: Society				
Compliance	DMA		Please see TSKB's 2014 Annual Report, pages: 62-63, at: <a href="http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf">http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf</a>	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	TSKB paid 22.091 TL tax penalty during the reporting period. Please see TSKB's 2014 Annual Report, page 172, at: <a href="http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf">http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf</a>	
Grievance Mechanisms for Impacts on Society	DMA		TSKB receives and evaluates all complaints and suggestions through the Communication part in its website: <a href="http://www.tskb.com.tr/en/about-us/tskb-contact-form">http://www.tskb.com.tr/en/about-us/tskb-contact-form</a>	
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	In the reporting period, there were not any grievances delivered to TSKB.	
Social: Product Responsibility				
Marketing Communications	DMA		<a href="#">Management of Loans' Environmental and Social Impacts</a> , p 34	
	G4-PR6	Sale of banned or disputed products	TSKB offers all its products and services within the framework of Turkish laws and international conventions which Turkey is a party of. TSKB operates in full compliance with the laws, standards and voluntary codes regarding the marketing communications including advertising, promotion, and sponsorship. <a href="#">Management of Loans' Environmental and Social Impacts</a> , p 34	
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	In the reporting period, there were not any complaints delivered to TSKB.	
Customer Privacy	DMA		Within the scope of credit and lending processes, the information provided by the customer, which is covered by confidentiality agreements made in accordance with the customer demand, are stored by TSKB during the time interval mentioned in the contract. TSKB does not share this information with any third party, organization or institution as long as there is no legal obligation or liability.	
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	In the reporting period, there were not any complaints delivered to TSKB.	



# GRI G4 CONTENT INDEX

## G4 Specific Standard Disclosures

Aspect	Disclosure of Management Approach (DMA) / G4 Indicator	Description	Page	Omissions
Social: Product Responsibility				
Compliance	DMA		Please see TSKB's 2014 Annual Report, pages: 62-63, at: <a href="http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf">http://www.tskb.com.tr/i/content/1407_1_TSKB_EN_2014.pdf</a>	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	In the reporting period, there were not any incident for non compliance with laws and regulations concerning the provision and use of products and services.	
Product Portfolio	DMA		<a href="#">Sustainability Finance</a> , p 22-25	
	FS-6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	<a href="#">Sustainability Finance</a> , p 22-25	
	FS-7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	<a href="#">Sustainability Finance</a> , p 22-25	
	FS-8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	<a href="#">Sustainability Finance</a> , p 22-25	
Audit	DMA		<a href="#">Performance and Objectives</a> , p 49-52	
Active Ownership	DMA		<a href="#">Management of Loans' Environmental and Social Impacts</a> , p 34	
	FS-10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	TSKB has no subsidiaries or affiliates of this nature	
	FS-11	Percentage of assets subject to positive and negative environmental or social screening.	TSKB has no assets of this nature.	