

# Corporate Governance Principles Compliance Report

## SECTION I- DECLARATION OF CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE

Türkiye Vakıflar Bankası T.A.O. ("VakıfBank" or "Bank") are bound by the Corporate Governance Principles established by the Banking Legislation, the Capital Market Legislation and the Turkish Commercial Code and relevant regulations and pays maximum attention to the implementation of these principles. VakıfBank embraces the principles of equality, transparency, accountability, righteousness, clarity, and responsibility as stipulated in the Corporate Governance Principles ("Principles") published by the Capital Markets Board ("CMB").

The Bank carried out its activities in the field of Corporate Governance in accordance with Corporate Governance Principles included in the Annex of the Corporate Governance Communiqué No II-17.1 published in the Official Gazette dated 3 January 2014 and numbered 28871 and the CMB's regulations on the issue in 2023. The Bank is in full compliance with the following principles that must be implemented by banks (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5.12.), (4.5.13.), (4.6.2.) and (4.6.3.).

Although it is aimed to fully comply with the non-compulsory Corporate Governance Principles, the main principles that have not yet been complied with are stated below and detailed information on the subject is included in the relevant sections. Until today, there has not been any conflict of interest between the stakeholders arising from non-compliance with the principles. Necessary studies are being carried out to comply with non-compulsory principles.

- As for Principle 4.2.8, Executive Financial Liability Insurance has been taken out with a limit of USD 10,000,000 from May 27, 2023, to May 27, 2024, for damages that Board Members may cause due to their negligence while performing their tasks.
- As for Principle 4.3.9, no target or ratio for female members on VakıfBank's Board has been set to date. There is no woman among the nine board members elected at the 69<sup>th</sup> Ordinary General Assembly on August 2, 2023, and no conflict of interest has arisen to date among stakeholders regarding the fact that the ratio specified in the advisory Corporate Governance Principle has not been attained. Necessary studies are being carried out to comply with non-compulsory principles.
- Regarding principle no. 4.4.7, no restrictions have been imposed on the appointment of board members to any other place other than the Bank. The members of the Board of Directors of the Bank have been given permission on matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code, and this issue was submitted to the information and approval of the shareholders with a separate agenda item at the 69<sup>th</sup> Ordinary General Assembly held in 2023.
- Regarding the principle 4.5.5, the members of the committee are elected in accordance with the principles specified by the Capital Markets Board Corporate Governance Principles and the Banking Regulation and Supervision Agency; and some Board Members serve on more than one committee. However, those members who assume duties in more than one committee ensure communication and increase cooperation opportunities among committees that work in related matters.
- As for principle 4.6.1, the members of the Board of Directors are re-elected every year at the General Assembly. No special evaluation has been carried out at the board level for performance evaluation. However, it is planned to work on evaluating the performances of the members of the Board of Directors in the coming years.
- Regarding principle 4.6.5, in parallel with the general practices in the sector, wages are not shared on an individual basis and the total payments made to the members of the board of directors are shared at the Ordinary General Assembly and in the Integrated Annual Report.

The Corporate Governance Committee, which is responsible for investigating to what extent the corporate governance principles are applied in the Bank, determining the reasons for not being implemented, determining the negativities that develop as a result of not being fully implemented, and recommending the taking of remedial measures within the framework of the Regulation on Corporate Governance Principles of Banks published by the Banking Regulation and Supervision Agency and the Corporate Governance Communiqué published by the Capital Markets Board, convened 4 times in 2023 with the participation of all members. The Board of Directors deemed the work carried out by the Corporate Governance Committee in 2023 effective, appropriate, sufficient, and in compliance with the legislation.

## SECTION II- SHAREHOLDERS

### 2.1 Investor Relations Department

The duties of the Investor Relations Department are fulfilled by Ali TAHAN, Head of International Banking and Investor Relations, and Zeynep Nihan DİNCEL, Investor Relations Manager, under the management of Executive Vice President Muhammed Onay ÖZKAN.

Conducting relations with foreign and institutional investors, rating agencies, and shareholders, the Investor Relations Department informs and reports to the Board of Directors regarding all activities carried out and submits presentations periodically.

# Corporate Governance Principles Compliance Report

## Investor Relations Department

**Investor Relations E-mail Address:**  
investorrelations@vakifbank.com.tr

**Head of Department:** Ali TAHAN\*

Phone: (0216) 724 26 61

E-mail: ali.tahan@vakifbank.com.tr

Licenses: Capital Market Activities Level 3 License, Derivatives License, Corporate Governance Rating License

\*He acts as a Member of the Corporate Governance Committee in accordance with Article 11 and Paragraph 2 of the Corporate Governance Communique.

**Manager of Department:** Zeynep Nihan DİNCEL

Phone: (0216) 724 26 95

E-mail: zeynepnihan.dincel@vakifbank.com.tr

## Department Staff

Ece Seda YASAN YILMAZ – Assistant Manager  
eceseda.yasanyilmaz@vakifbank.com.tr

Murat HALLAÇ – Assistant Manager  
murat.hallac@vakifbank.com.tr

Berna SELEM ARSLANTAŞ – Senior Associate  
berna.selemarslantas@vakifbank.com.tr

Nagehan GERÇEKER – Specialist  
nagehan.gerceker@vakifbank.com.tr

Mehmet Mümtaz MEMİK – Assistant Associate  
mehmetmumtaz.memik@vakifbank.com.tr

Selda KULECİ ARSLAN – Assistant Specialist  
selda.kuleciarslan@vakifbank.com.tr

The main duties and responsibilities of the Investor Relations Department are as follows;

- Managing relations with existing and potential foreign investors, local institutional investors and rating agencies,
- Maintaining the relations with brokerage companies' analysts who prepare reports regarding the Bank,
- Attending meetings organized in Türkiye and abroad on behalf of VakıfBank,
- Preparing quarterly presentations regarding results of the financial statements and making teleconferences,
- Preparing corporate presentations and similar types of meeting tools that publicize the Bank by arranging various target-driven publicity and informative meetings,
- Keeping the "Investor Relations" page up-to-date that includes Turkish and English content on the Bank's website,
- Working in coordination with the relevant Head Office units to prepare and update Corporate Governance Principles Compliance Report, Corporate Governance Compliance Report (URF), and Corporate Governance Information Form (KYBF),
- Contributing to the preparation of the Bank's annual and interim activity reports,
- Working in coordination with the relevant Head Office units during the preparation of the Bank's Sustainability Compliance Report,
- Responding to the written and verbal information requests of the shareholders regarding the partnership, excluding the information that is confidential and trade secret and has not yet been disclosed to the public,
- Ensuring that the records regarding the shareholders are kept up to date and stored securely,
- Ensuring that all the Bank's information and environmental, social and governance policies are up-to-date,
- Announcement of material event disclosures required to be performed within the scope of the capital market legislation and the relevant

legislation that the Bank is obliged to comply with, through the Public Disclosure Platform,

- The Bank's sustainability strategy is composed of efforts to ensure that sustainability activities are carried out in line with the Bank's priority areas and goals; its ranking on sustainability indices is maintained; relations with sustainability rating firms are managed, and the Bank's sustainability performance is enhanced in coordination with other relevant units;
- Conducting joint efforts with different units in sustainability-related areas; and undertaking activities in collaboration with the Integrated Management System Working Group (which was formed in 2023 to guarantee the continuity of the integrated management system and monitor potential new management standards for the Bank's environmental and social impacts) and Climate Risks and Environmental Social Risk Management System Working Group (formed to run climate change-related efforts in coordination with the establishment of an environmental and social risk system).
- Carrying out joint work with the units on the preparation of progress reports and determination of strategies in the ongoing process in line with the Bank's SBTi targets,
- And ensuring the necessary coordination for the establishment and continuity of the Quality and Environmental Management System defined by the Corporate Governance Committee within the Bank.

In 2023, Investor Relations Department:

- Information requests submitted by the shareholders were answered.
- Attended 12 domestic and foreign investors' conferences and webinars. In addition, online and physical meetings were held during which over 200 domestic and foreign investors were met.
- As no teleconferences have been held for the announcement of the first quarter financial results due to the earthquake disaster of February 6, which deeply affected our country, three teleconferences were organized and their recordings were published on the English website.
- Annual regular evaluation meetings were held with rating agencies (Moody's, Fitch, and JCR).

- Close contact was established with all analysts who prepared reports about the bank, accurate and reliable information was provided to the analysts during the preparation of the reports, and feedback was given to the analysts regarding the reports they prepared.
- Continuous communication with fixed-income securities investors continued. Documentation studies of the Medium-Term Bond Issuance Program (GMTN) have been carried out. Following the sustainable Eurobond issuances in 2020 and 2021 as a pioneer in the sector, VakıfBank successfully completed the new issuance and became the first Turkish bank to realize this for the third time. This new USD 750 million, 5-year maturity issuance was oversubscribed 3.5 times the size of the issue by nearly 180 institutional investors from all over the world.
- As the bank with the most sustainability-themed sources in its funding structure, VakıfBank renewed its sustainability-themed syndication loan worth USD 815 million in May 2023. Striving to improve sustainability performance criteria whilst identifying new road maps, VakıfBank has set as a target criterion to increase environmental- and social-themed loans. In November 2023, we renewed a sustainability-themed syndication loan amounting to USD 653 million with the participation of 15 new banks from various regions worldwide, spanning from Europe to the USA, and from China to the UK, none of which had been involved in the previous transaction. In addition, the cost of this loan decreased by 75 basis points for both currencies compared to May 2023.
- In 2023, the key performance criterion of the second sustainable syndicated loan in 2022, the goal of minimizing the use of plastic in all bank locations through water treatment systems to be deployed in all branches of the Bank, was achieved. The installation of water treatment systems has been completed in all locations of our Bank, except for foreign branches, taking into account the health of our employees. Our bank has thus minimized the use of plastic. In addition, the target of reducing total greenhouse gas emissions by 2% per year has been achieved.
- In 2021, the ratio of female employees, one of the main performance indicators we committed to within the scope of the sustainability-themed funding we obtained, was above 50% for 2 years. With this transaction, we have fulfilled our commitments to reduce our carbon emissions and to participate in the CDP Water Program. Our Bank continued to improve its environmental and social performance with our commitments in the field of sustainability.
- Achieving one of the key performance criteria of the syndication loan in May 2022, VakıfBank is the first Bank at the campus to receive Leed Gold certification in March 2023 with its new building in the Istanbul Finance Center (IFM). Embracing a holistic approach to sustainability, VakıfBank's new building emphasizes energy efficiency, biodiversity in landscape design, and technologies that reduce water consumption. We also paid attention to the use of sustainable materials and recycling of waste during the construction.
- Further served as the secretariat of the Sustainability Committee and Sustainability Subcommittee, the highest authorities responsible for determining the Bank's sustainability strategy and policy and taking actions in this respect. Also, we have initiated our endeavors to achieve "net zero" emissions by 2050.
- Partnerships have been carried out with other relevant head office units of the Bank for the development of sustainable banking practices.
- Reports raising awareness within the Bank about the possible effects of sustainability on the banking sector have been prepared.
- Relations with national/international organizations and initiatives have been carried out within the scope of the Bank's environmental, social, and governance activities.
- Relations have been carried out uninterruptedly for its continuity on BIST Sustainability Index and FTSE4Good Emerging Markets Index, where the Bank is listed.
- In 2023, the Company was included in the Borsa Istanbul Corporate Governance Index.
- The Progress Reports in relation to the Global Compact, the largest sustainability initiative on a global scale, and the United Nations Women's Empowerment Principles (UN WEPs) have been prepared.
- The Bank was selected for the fifth time in the Bloomberg Gender-Equality Index (Bloomberg GEI), which conducted the most significant gender equality research globally and maintained its continuity in the index in 2023.
- After a dedicated study in the evaluation methodology of Sustainability, one of the leading independent global firms in providing sustainable banking, environmental, social, and corporate governance research, and rating services to investors, the Bank's ESG risk rating has been improved from 19.1 (low risk) to 18.4 (low risk). With this score, the Bank maintained its success as one of the banks with a low-risk score and ranked within the top 9<sup>th</sup> percentile in the banking sector. We disclose our climate change strategy, governance, risk management, carbon emission amount, and our targets on these issues to the Carbon Disclosure Platform (CDP) Climate Change Program and our performance in this regard is presented to our investors and the public. Within the scope of the CDP Climate Change program, to which we have been performing disclosures since 2015, the performance score was increased by 2 points from "B" level in 2022 to "A" Leadership level in 2023. In the CDP Water Security Program Disclosure, the activities of which was started in 2022, the score was improved from the level "B-" in 2022 to "A-" Leadership level in 2023. 2023 CDP performance is at the Leadership level.
- The S&P Global CSA survey has been responded to.
- In order to keep the Bank's environmental, social, and governance policies up-to-date, the necessary coordination has been established with the relevant departments.

# Corporate Governance Principles Compliance Report

- Committing to set an emission reduction target in 2019, VakıfBank became the first Turkish Public Institution to announce its carbon emission reduction commitment to the Science Based Targets Initiative, established through a partnership between CDP, Global Compact, World Resources Institute (WRI) and World Wildlife Fund (WWF) to enable companies to set emission reduction targets in line with climate science and to guide the climate transition process, especially in the private sector. In this context, VakıfBank set its science-based targets for carbon emission reduction in October 2022 and submitted them to SBTi, becoming the first Turkish Bank to have targets approved by SBTi.
- VakıfBank succeeded in lowering its scope 1 and scope 2 carbon emission from the level of 12,937 tCO<sub>2</sub>e to the level of 12,477 tCO<sub>2</sub>e in 2023 by performing sensitive energy and emission management within the scope of the works carried out jointly with the units within the scope of its sustainability efforts. In return for this amount verified by the ISO 14064-1 certificate, VakıfBank has become a Carbon Neutral institution for three consecutive years by purchasing '12,500' Verified Carbon Units produced from clean energy sources.
- The Bank secured the continuity of the ISO:9001-2015 Quality Management System established in 2017 to cover all operations of the Bank. After adopting the full scope of the ISO:14001-2015 Environmental Management System and ISO 45001 Occupational Health and Safety System in 2020, the Bank continued with these systems in 2022, as well. In 2023, the ISO 50001 Energy Management System was integrated into the Bank.
- Based on the decision of the Corporate Governance Committee, our Environmental Policy has been updated in order to take the necessary actions to implement the Environmental Policy established within the scope of sustainability efforts to ensure the balance between economic growth and environmental factors, as well as legal regulations, national/international standards and systems, in cooperation with the Environmental Management Service.

## 2.2 Exercise of Shareholders' Right to Information

Questions directed to the Investor Relations Department, except for confidential and trade secret information, are answered either by telephone or in writing by contacting the most authorized person.

The questions addressed to the Investor Relations Department are answered, except the ones that interfere with confidential business information, by contacting with the most authorized person. Information and developments that interest the shareholders such as stock transactions, capital increases, dividend transactions, General Assembly meetings, financial statements, and disclosure of material matters, are regularly communicated with the related parties via websites, newspaper ads, mails, or phone calls. Mentioned developments and information are shared with the investors located abroad via e-mail. Moreover, information requests filed within the activity period by the domestic shareholders about the status of their stocks, conversion transactions of the existing shares and stock sharing transactions upon death are responded in writing.

Information and explanations concerning the shareholders are published on the corporate website in Turkish and English.

Investor relations link in Turkish:  
[http://www.VakifBank.com.tr/Yatirimci\\_Iliskileri.aspx?pageID=657](http://www.VakifBank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657)

Investor relations link in Turkish:  
<http://www.VakifBank.com.tr/investor-relations.aspx?pageID=625>

These websites include; corporate information, Bank's Articles of Incorporation and the Law on VakıfBank, General Assembly information documents, profit distribution chart, General Assembly Internal directive, attendance lists, brief minutes, periodic financial statements and integrated reports, credit rating scores given by credit rating agencies, Corporate Governance reports, sustainability information, stock data, press releases and announcements about the developments in the Bank. These websites also include the disclosure of material matters on publicly announced developments in relation to VakıfBank via Public Disclosure Platform.

The provisions of the Turkish Commercial Code apply to the appointment of Private Auditors for VakıfBank, and therefore, there is no additional provision in the Bank's Articles of Incorporation on this matter. No request has been presented in 2023 to appoint a private auditor. VakıfBank is subject to audit periodically within the scope of especially Banking Law and related legislations

## 2.3 General Assembly Meetings

In 2023, the Ordinary General Assembly Meeting was held at the Bank's Head Office. The 69<sup>th</sup> Ordinary General Assembly Meeting was held on August 2, 2023, and the meeting quorum was 95.45%.

The Ordinary General Assembly Meeting was held in accordance with the provisions of the "Regulation on General Assembly Meetings of Joint Stock Companies to be held Electronically," the "Regulation on the Procedures and Principles of General Assembly Meetings of Joint Stock Companies and the Ministry Representatives to Attend these Meetings" and the "Communique on the General Assembly System to be applied in General Assembly Meetings of Joint Stock Companies." In this context, stakeholders had the opportunity to participate in the General Assembly meeting electronically, delivered suggestions, expressed their opinions, and had the opportunity to vote.

In order to inform the shareholders prior to General Assembly Meetings, the call for General Assembly, the agenda, the sample of the proxy letter, and other attached documents were publicly announced in conformity with the relevant legislation via the Public Disclosure Platform, Turkish Trade Registry Gazette, Electronic General Assembly System and at least on two newspapers (published nationwide) selected by the Board of Directors and the said documents were published in Turkish and English. A minimum of 21 days prior (meeting and call dates excluded), a call for a General Assembly is made in the Central Registry Agency system for the e-General Assembly service that enables participating, making proposals and statements, and voting at the Bank's General Assembly Meeting on electronic platform. These documents were delivered to the shareholders with the actual addresses listed on the Bank's records.

The 2022 annual report issued for the General Assembly, including the Bank's balance sheet and profit/loss statements for the 2022 accounting period, the Board of Directors' annual report, the auditor's report, and the independent external audit company report, was made available before the General Assembly meeting within the timelines set out in the related regulation for the Bank shareholders' information and review via VakıfBank corporate website, Central Registry Agency system, Electronic General Assembly System, Head Office, and all branches of the Bank. Furthermore, in case of shareholders' request, Bank's branch staff shall be providing them with copies of the call for the General Assembly, agenda, and power of attorney samples. Shareholders, entitled to attend the General Assembly, attended the Ordinary General Assembly Meeting held in 2023 after completing the necessary procedures.

In the announcement and invitation letters published before the General Assembly;

- Date, time and location of the meeting,
- Agenda of the meeting,
- The body inviting shareholders to the meeting (e.g. Bank's Board of Directors)
- The locations where the integrated annual report, balance sheet, and profit/loss account statements are available for review by shareholders in case of ordinary meeting announcements (Head Office, branches, Central Registry Agency system, Electronic General Assembly System, and corporate website)
- Sample power of attorney for shareholders who shall not attend the meeting in person

The issued Integrated Annual Report includes information such as; information regarding the activities of the Bank, information regarding the senior management, the Bank's balance sheets, balance sheet footnotes, independent audit report, audit board report, Board of Directors' proposal for profit distribution, Corporate Governance Principles Compliance Report, ratings of the rating agencies, etc. Upon request, the Investor Relations Department provides shareholders with a copy of the Integrated Annual Report before or after the General Assembly meeting.

No media members participated in the 69<sup>th</sup> Ordinary General Assembly of the Bank.

At the Bank's General Meetings, all shareholders have the right to take the floor, express opinions, and ask questions on issues related to the agenda, regardless of their share rates. At the Ordinary General Assembly meeting held in 2023, there were no items requested to be put on the agenda by the shareholders.

Within the scope of Corporate Governance Principle No 1.3.5, all questions asked during the General Assembly meetings and the answers given to these questions are made available on the Bank's website within 30 days following the General Assembly. In the wishes and closing section, which is the 17<sup>th</sup> agenda item of the Ordinary General Assembly Meeting held on August 2, 2023, the shareholders were given the right to ask questions and speak regarding all agenda items, and the stakeholders conveyed their opinions and suggestions. During the meeting, Mr. Özgür Barış KARACA asked why a right was granted to the members of the Board of Directors within the scope of the 11<sup>th</sup> item of the agenda, "Granting permission to the Members of the Board of Directors on matters falling within the scope of Articles 395 and 396 of the Turkish Commercial Code." In response to this question, Mr. Abdi Serdar ÜSTÜNSALIH, CEO of the Bank, explained that the matters specified in the agenda item in question are in compliance with the legislation.

The questions asked by the shareholders who attend the Ordinary General Assembly Meeting both physically and electronically, the wishes, thoughts, and dissenting opinions they declare, and the answers given by the Meeting's Council regarding these issues are included in detail in the minutes of the General Assembly (Minutes of the 69<sup>th</sup> Ordinary General Assembly). Following the General Assembly, minutes and the annexes of the General Assembly meeting are announced to the public and the shareholders via Public Disclosure Platform, Turkish Trade Registry Gazette, e-Company Information Portal, and Electronic General Assembly System, and furthermore on the Bank's website.

The amount of aid and donation granted by the Bank within the period was declared at the General Assembly Meeting. Summary of the General Assembly Meeting includes information about this issue.

In 2023, there was no matter left to the General Assembly for resolution due to the majority of the independent Members of the Board of Directors not casting an affirmative vote.

Shareholders (who control the management of the Company), Board of Directors members, managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with the Bank or its associate companies which may lead to conflicts of interest. Furthermore, the aforementioned individuals did not make any transaction, related to a commercial business that is within the scope of the Bank's or its associate companies' field of activity, for their own account or for the account of others, or did not become unlimited partners in other companies carrying out similar commercial businesses.

## 2.4 Voting and Minority Rights

The provisions regarding voting rights of the shareholders and the use of these rights are stipulated in Article 17 of VakıfBank's Articles of Incorporation. As per the Article 19 of the VakıfBank Articles of Incorporation, shareholders (A), (B) and (C) have the privilege to nominate in the election of the Board of Directors.

VakıfBank's shares are divided into (A), (B), (C) and (D) groups. Nominal values and voting rights of the share certificates in all classes are equal. Group (D) consists of publicly traded shares.

Shareholders use their voting rights in the General Assembly in proportion to the total nominal value of their shares. Pursuant to Article 434/2 of the Turkish Commercial Code, each shareholder has at least one voting right even if he/she holds only one share. Regarding voting by proxy, the regulations of the Capital Markets Board are complied with.

There is no company with which VakıfBank is mutually affiliated, and there is no vote cast for this reason in the 68<sup>th</sup> Ordinary General Assembly. The use of minority rights is subject to the Turkish Commercial Code, the Capital Markets Law, the relevant legislation, and the communique and resolutions of the CMB.

# Corporate Governance Principles Compliance Report

## 2.5 Dividend Rights

There is no provision in the VakıfBank Articles of Incorporation that stipulates the privileges in participating in profit sharing. The principles regarding the profit distribution VakıfBank's share are explained in Article 35 of the Articles of Incorporation.

Each year, the Board of Directors of VakıfBank submits its proposal on profit distribution to the General Assembly and to the Shareholders' information via the Integrated Annual Report prior to the General Assembly meeting. The proposal of the Board of Directors regarding profit distribution is discussed and resolved at the General Assembly. Profit distribution procedures were completed within the legal time frame in line with the decision taken by the General Assembly about distributing 2021 Profit and necessary notifications were served to the public authorities. Furthermore, the relevant decision was publicly announced on the same day via Public Disclosure Platform.

In the profit distribution, a balanced policy is pursued between the benefits of the shareholders and the partnership.

With the aim of complying with the Corporate Governance Principle Numbered 1.6.1., in 2014, the Board of Directors of the Bank created a "Profit Distribution Policy" and published the document in Turkish and English on the corporate website. Profit Distribution Policy was presented to the approval of the shareholders at the Ordinary General Assembly Meeting held in 2015. Thus, full compliance with the relevant principle was achieved.

## 2.6 Transfer of Shares

All Bank shares are registered shares and divided into Class (A), (B), (C) and (D) groups.

The process regarding the transfer of bank shares was completed as of December 11, 2019, and 58.51% of the Bank's shares were transferred to the Treasury. It is recorded in the Bank's share book on behalf of the Ministry of Treasury and Finance.

With the decision of the Bank's Board of Directors dated May 11, 2020, it has been decided to increase the paid-in capital of TL 2,500,000,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which shall generate a total sales revenue of TL 7,000,000,000 in total. Within the framework of

the relevant legislation of the Capital Markets Board ("CMB"), the Banking Regulation and Supervision Agency ("BRSA"), and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all the shares to be issued due to the capital increase, are set to be transferred to Türkiye Wealth Fund, without public offering, and by dedicated sales method.

In the material event disclosure published by the Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as TL 4.98 for a share with a nominal value of 1 TL and that the paid-in capital shall be increased from TL 2,500,000,000 to TL 3,905,622,490 as a result of the capital increase.

The shares with a nominal value of TL 1,405,622,490, issued by the Bank, were sold to the Türkiye Wealth Fund through a wholesale transaction on the stock market on May 20, 2020, with a total sales revenue of TL 7,000,000,000, at a price of TL 4.98 for the share with a nominal value of 1 TL the capital increase transactions have been completed.

With the decision of the Bank's Board of Directors dated February 9, 2022, it was decided to increase the paid-in capital of TL 3.905.622.490 provided that it remains within the registered capital ceiling, by completely restricting the preemptive rights of the current shareholders and by making a cash capital increase, which shall generate a total sales revenue of TL 13.400.000.000 in total (dedicated and cash). Within the framework of the relevant legislation of the Capital Markets Board ("CMB"), the Banking Regulation and Supervision Agency ("BRSA"), and the Procedure for Borsa İstanbul's Wholesale Trading Transactions, all the shares to be issued due to the capital increase, are set to be transferred to Türkiye Wealth Fund, without public offering, and by dedicated sales method.

In the material event disclosure published by the Bank on February 25, 2022, it was announced that the sales price of the shares to be issued was determined as TL 4.18 for a share with a nominal value of 1 TL and that the paid-in capital shall be increased from TL 3.905.622.490 to TL 7.111.364.117 as a result of the capital increase.

The shares with a nominal value of TL 3.205.741.627, issued by the Bank, were sold to the Türkiye Wealth Fund through a wholesale transaction and by dedicated sales method on the stock market on March 9, 2022, with a total sales revenue of TL 13.400.000.000, for TL 4.18 for the share with a nominal value of 1 TL and the capital increase transactions have been completed.

With the decision of the Bank's Board of Directors dated March 21, 2023, it was decided to increase the paid-in capital of TL 7,111,364,117 provided that it remains within the registered capital ceiling, by completely restricting the preemptive rights of the current shareholders and by making a cash capital increase, which shall generate a total sales revenue of TL 32,000,000,000 in total (dedicated and cash). Within the framework of the relevant legislation of the Capital Markets Board ("CMB"), the Banking Regulation and Supervision Agency ("BRSA"), and the Procedure for Borsa İstanbul's Wholesale Trading Transactions, all the shares to be issued due to the capital increase, are set to be transferred to Türkiye Wealth Fund, without public offering, and by dedicated sales method.

In the material event disclosure published by the Bank on March 28, 2023, it was announced that the sales price of the shares to be issued was determined as TL 11.41 for a share with a nominal value of 1 TL and that the paid-in capital shall be increased from TL 7,111,364,117 to TL 9,915,921,522 as a result of the capital increase. The shares with a nominal value of TL 2,804,557,405, issued by the 000,000, for TL 11,41 for the share with a nominal value of 1 TL and the capital increase transactions have been completed.

Upon this transaction, the Türkiye Wealth Fund acquired 74.79% of the Bank's stake and the Ministry of Treasury and Finance acquired 14.75% of the Bank's stake. In addition, according to the Bank's current shareholding structure, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı has a share of 4.06%, and other annexed foundations and other real and legal persons 0.05%. 6.35% of the Bank's shares are publicly-held.

The Bank's Articles of Incorporation do not include any provisions to restrict the transfer of Class (B) shares held by other attendant foundations and of Class (C) and (D) shares.

However, as per Article 6 of the Articles of Incorporation, VakıfBank Board of Directors is authorized to convert from Class (B) shares held by annexed foundations (subject to permission by the General Directorate of Foundations) and Class (C) shares held by real and legal persons into Class (D) shares at the request of the Shareholders.

### SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY

#### 3.1 Banks's Website and its Content

The Bank has two separate websites; that are regularly updated and published in accordance with the Corporate Governance Principles in Turkish ([www.vakifbank.com.tr](http://www.vakifbank.com.tr)) and English (<http://www.vakifbank.com.tr/English.aspx?pageID=977>).

The links of Investor relations website in Turkish and in English as presented below;

Investor Relations Website in Turkish:  
[http://www.vakifbank.com.tr/Yatirimci\\_Iliskileri.aspx?pageID=657](http://www.vakifbank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657)

Investor Relations Website in Turkish:  
<http://www.vakifbank.com.tr/investor-relations.aspx?pageID=625>

These websites include; information about the Members of the Board of Directors and Senior Management, VakıfBank's organizational structure, committees and partnership structure, the Bank's record of registration, financial information and integrated annual reports for the last 5 years minimum, credit ratings given by credit rating agencies, the Corporate Governance Compliance Reports, information regarding sustainability and the sustainability reports of the Bank, stock data, analyst list, presentations for investors, Bank's Articles of Incorporation and the Law on VakıfBank, General Assembly Internal Directive, list of attendants, General Assembly brief minutes, capital increase and dividend ratios, code of ethics, all environmental, social, and governance policies of the Bank, information on Medium-Term Bonds and Mortgage Covered Bond Program, and announcements regarding the developments in the Bank. These websites also include the disclosure of material matters on publicly announced developments about VakıfBank via Public Disclosure Platform. The Bank's corporate websites do not include information and announcement that may have an impact on using shareholders' rights. Interactive Analysis Function offers the opportunity to make comparative analysis of VakıfBank shares and indices in local and foreign currencies.

Bank's website is in compliance with The CMB's Corporate Governance Communiqué (II-17.1; date: 03.01.2014) principles numbered (2.1.1), numbered (2.1.2), numbered (2.1.3), and numbered (2.1.4) regarding corporate websites. The announcements served by the Bank via Public Disclosure Platform are translated into English and published on the website. Furthermore, the Bank ensures that the English version is consistent with the Turkish version and is prepared in a manner that shall be correct, complete, direct, comprehensible, and sufficient enough for the persons who shall make use of the announcement to make a decision.

#### 3.2 Integrated Annual Report

The Bank's Annual Report is being issued within the scope of the Banking Regulation and Supervision Agency's Regulation on the Principles and Procedures of Preparation and Publication of Annual Report by Banks. The Bank's Annual Report is in compliance with the 8<sup>th</sup> article of the CMB's Corporate Governance Communiqué (II-17.1; date: 03.01.2014) principles numbered (2.2.1) and numbered (2.2.2) regarding Annual Report.

### SECTION IV- STAKEHOLDERS

#### 4.1 Disclosure of Information to Stakeholders

Stakeholders are informed regularly about the issues deemed necessary through press releases, press conferences, interviews, annual reports, news on the website, announcements and various meetings.

In order to ensure an accurate and reliable flow of information, the Investor Relations Department prepares presentations regarding the financial statements disclosed each quarter, shares these presentations with the investors via website and e-mail, and also announces them through live teleconferences. The Department, by attending the investor meetings organized by the investment companies, shares the developments related with the Bank and the sector and answers any type of related question and request over the phone or via e-mail on a daily basis. On the Bank's website; necessary technical infrastructure was built in the "Sorun Çözelim" section for the Bank customers' information requests, comments, or complaints about the Bank's services and products. Information requests, suggestions and complaints of customers about the Bank's products and services as well as the problems of customers are resolved by all relevant departments of the Bank in the most effective manner.

To facilitate stakeholders' access to information, making it easier to report the Bank's transactions that contradict the laws and ethical principles to the Corporate Governance Committee, and find out opinions and suggestions on sustainability, the following mailing groups were established:

[investorrelations@vakifbank.com.tr](mailto:investorrelations@vakifbank.com.tr)  
[yatirimciliskileri@vakifbank.com.tr](mailto:yatirimciliskileri@vakifbank.com.tr)  
[vbsurdurulebilirlik@vakifbank.com.tr](mailto:vbsurdurulebilirlik@vakifbank.com.tr)

These mailing groups are presented to the stakeholders in the Investor Relations section of the Bank's corporate website.

In addition, an Information System Portal called Our Place ("Bizim Yerimiz") has been created to provide information to employees. The Information System Portal was built in order to provide information to Bank employees. All announcements are served on this intranet portal that is an internal information sharing system. At different locations employees can have immediate and effective access to the information they are looking for due to the fact that all internal information is available on the system. In this manner, as employee satisfaction increases, time loss and trashing is prevented as well. The opinions and suggestions of the employees are taken into consideration and studies are carried out within this scope. Employees forward opinions and suggestions they think shall create value for the portal via the Contact Us section.

The opinions and suggestions of the employees are taken into consideration and studies are carried out within this scope. Employees convey innovative ideas and suggestions that they think shall add value to the Bank through the V-Lab Platform.

One of the important factors affecting employee satisfaction is the quality and efficiency of the relationship that the employee establishes with other units in the organization in which he/she is included. We attach importance to measuring and evaluating the satisfaction of employees from the services they receive from Headquarters units, conducting the processes between business units more accurately and faster, increasing internal customer satisfaction in the Bank and differentiating the Bank in the sector, Bank's prominence in competition and supporting its continuous development. In order to effectively manage employee satisfaction, a high level of participation was achieved in the Internal Customer Satisfaction Survey conducted in 2023, and the internal customer satisfaction score was 76.

# Corporate Governance Principles Compliance Report

Our Employee Engagement Survey helps us measure employee engagement, satisfaction with their job, ways of doing business, and work-life balance, in addition to their perception of the Bank's brand, performance, remuneration, career, reward, and recognition systems. We then analyze the data obtained from the survey and formulate road maps to improve the matters expressed in the survey. 13,023 employees from among our Bank's personnel, as well as the staff of Vakıf Finansal Kiralama A.Ş., Vakıf Faktoring A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Gayrimenkul Değerleme A.Ş., Vakıf Pazarlama San. ve Tic. A.Ş. and Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. under the umbrella of VakıfBank Finance Group have participated in the 2023 edition of our employee engagement survey.

In cases where the staff is infected with Covid-19, employees have been granted administrative leave for their quarantine periods as the health of customers and employees is prioritized.

VakıfBank holds the Management Summit, Internal Systems Summit, and Strategy and Performance Meetings attended by its managers every term. At this summit, the Bank's current status, performance, and expectations for the next period are discussed in line with the Corporate Strategic Goals.

The oversight of the existing control mechanisms for the compliance of the transactions performed by VakıfBank with the relevant legislation, banking practices, Bank's internal policies, and ethical principles, is done by the Compliance Directorate with the coordination of the Inspection Board, Internal Control Department, Risk Management Department and Compliance and Legislation Department. The scope of the compliance function consists of tracking compliance risks that may arise from international regulations, in foreign branches and consolidated partnerships of VakıfBank, and performing necessary tasks to continuously raise compliance awareness and culture within the Bank. The Audit Committee is directly informed about the results of the activities carried out regarding the compliance function.

## 4.2 Stakeholder Participation in Management

The Bank takes utmost care of its employees and all the stakeholders and thereby aiming to meet the expectations of its internal and external customers by improving the quality of its products and services: In order to achieve this aim, it designs all its systems in a manner that they can be continuously improved.

VakıfBank pays utmost attention that its employees play an effective role in the development stage of new products and services. The V-Lab Innovation Platform allows all employees to submit new product and process improvement ideas via idea entries. The presented suggestions, after being evaluated by the departments of the Head Office, can be brought to the project stage.

If necessary, the Bank also provides information to the stakeholders who are not Bank employees, about the issues that concern them via the Bank's website, call center, branches, social media, phone, and other communication channels. In order to ensure customer satisfaction, the Customer Satisfaction and Solution Center Department provides the necessary work within the Bank. All requests, suggestions, complaints, or positive feedback regarding the Bank's products and services can be communicated to the Bank through the Bank's website, internet banking, mobile banking, customer contact center, the Banks Association of Türkiye, BRSA, CIMER (Directorate of Communications of Presidency), branches, and social media. Additionally, customers can perform all banking transactions through a direct call to VakıfBank 24/7 Customer Contact Center at 0850 222 0 724.

## 4.3 Human Resources Policy

Within the scope of the sustainability efforts, the "Human Rights and Employee Rights Policy" fulfills the requisites of the principle numbered 3.3.1. of the Corporate Governance Communique (II-17.1) was made available for the information of the stakeholders on the corporate website.

VakıfBank has adopted a human resources policy that places humans at the heart of its existing HR practices, values humans, and promotes employees' work-private life balance. In line with the current human resources approach, the Bank aims to create proactive employees that are recruited, trained, developed, and assigned appropriate roles/duties in compliance with their abilities, according to their qualifications and competencies, to perform talent management in the most effective way and that have a high level of banking professional knowledge and duty awareness, and make them adopt the Bank's goals and visions. The main principles of the Human Rights and Employee Rights Policy carried out by the Bank are given as follows:

- Creating and maintaining a working environment to increase the motivation and efficiency of the Bank employee,
- Prioritizing the concept of gender equality in performing the policy and procedures of the Bank without discriminating among the female-male employees, and thus providing a working environment where all employee members have equal opportunities and labor peace,
- Maintaining a permanent working environment open to communication at all levels,
- Evaluating employees' success and performance at work, encourage them, maintaining their morale and motivation at the highest level,
- Considering the material and moral interests of the employees' and pursuing, maintaining, developing a fair remuneration policy where equal wages are given for equal jobs without making any gender discrimination,
- Contributing to the personal development of the employees and helping them reach their career goals while increasing their engagement with the Bank and strengthening their sense of belonging through internal/external training programs,
- Taking necessary measures to increase the health, safety, and welfare of the employees, and increase their engagement with the Bank,
- Providing the employees with opportunities to get title promotions on the basis of female male equality, and contributing to improving their management and leadership skills with the new responsibilities given,
- Monitoring current and future HR practices and developments, and integrating current HR practices and policies into the Bank's system,
- Providing equal opportunity to candidates in recruitment processes, and making sure they are placed in positions fit for their skills and potential in line with their behavioral competencies.

The criteria for the employees to be employed at the Bank are specified in the Bank Personnel Directive. The recruitment process is carried out in line with the principles stipulated in the relevant legislation, taking long-term strategic targets of the Bank and the permanent staff of Branches and Departments into consideration. In recruitment processes, VakıfBank aims to employ visionary and qualified candidates who are open to self-improvement and able to spot the opportunities that arise in the sector for the Bank.

Recruitment at the Bank is performed mainly by the titles of Officer, Assistant Associate in the Banking profession group, and by titles of Assistant Auditor and Assistant Controller in the audit group. In addition, VakıfBank also employs employees in IT Assistant Associate, Engineer, Architect, and Lawyer titles to work in business departments outside the banking area such as IT Centers, Legal Departments, etc. that require specialties. As for recruitment for specialized staff, the Bank takes behavioral competence criteria as a basis to identify the right and qualified candidates fit for corporate culture. Therefore, recruitment and placement processes observe candidates' skills and qualifications. In this respect, a personality inventory test is conducted with candidates who are then evaluated according to their tendencies.

The Bank also aims to strengthen and increase employee engagement through its human resources practices. In this regard, the "Business Compliance Practice Principles" document has been taken as a basis in order to facilitate the adjustment and adaptation of the newly recruited employees to the Bank and to transfer the corporate culture, vision, mission, and objectives of the Bank to the newly recruited personnel in the best way.

Procedures regarding the change of place of duty at the Bank are carried out in line with the personnel needs of the Branches/Departments under the provisions of the Bank Personnel Directive. The permanent staff of the Branch/Unit that any staff member requests, as well as requirements of the provincial permanent staff structure and regional permanent staff structure, are taken into account. It is aimed to manage the current human resources effectively and efficiently and to carry out the activities with the optimum number of personnel in the branch/departments in order to sustain the success of the Bank with the changes in the location of the duties.

The Bank also conducts activities for the development and modernization of business processes for human resources and conducts HR business processes through the digital platform (VIT), where the Banking applications are placed and of which the software is the Bank's own. With the screens developed via this platform, HR processes are carried out in a structure where the risks arising from individual/operational errors are minimized without loss of documents and information from end to end.

Considering the lack of permanent staff in the Branches/Departments, the need for authorized employees in the existing/future Branches/Departments, and probable pensions, resignations, and the like, promotion exams are held in accordance with the relevant clauses of the Bank Personnel Directive and the Career and Salary Management System Regulation that regulate promotions.

The aim is to create a structure based on the specialization of the employees in line with their competencies and thus to determine their career steps by taking their performance measurements, expertise/experience in the assigned position and training, and certificates into consideration. Making evaluations with an organizational approach that cultivates its managers/executives, monitoring the employee members who have the competencies necessary for the job, and making sure that they are cultivated for executive positions. To this end, efforts are made to increase corporate (employee) engagement and to create an organization where activities are carried out adopting the corporate culture.

The performance process is continuously reviewed and improved as the performance measurements of Head Office Departments, regional directorates, branches, and sales and operations employees are made; performances are fairly and objectively evaluated; bonuses are paid to the employees depending on their performances.

Training programs inside and outside the Bank are carried out to improve the competencies of the staff and to ensure that the employees are specialized in their jobs in line with their career plans through the approach targeting continuous learning, innovation, and perfection. Furthermore, there is special orientation training for newly recruited Assistant Auditors, Assistant Controllers, Assistant Associates, and Officers to build up the corporate culture, and to make sure they adapt themselves to the Bank.

Employees are informed about their job descriptions and distribution as well as performance and awarding principles via documents in the Bank's information systems and notifications/announcements.

The Bank's staff works in accordance with the provisions of private law and is recruited in conformity with the provisions of the Labor Law numbered 4857 currently in effect. Bank employees are "Turkish Bank, Finance and Insurance Company Employees Union" (BASS) members, and thus working conditions of the employees are determined by the collective bargaining agreements between the Bank and the said Union. Currently, the 26<sup>th</sup> Period Collective Bargaining Agreement, which covers the period between 01.05.2023 and 30.04.2025, is in force.

Relations between the employees and employer are carried out by the directors and representatives of the abovementioned union. The union representatives are able to forward the requests and complaints of the employees of the Bank about working conditions, personal rights, duties, and responsibilities to the employer. Furthermore, there are union representatives, elected from among the staff working in the Bank's Branches/Departments, (i) who should monitor whether or not the Collective Bargaining Agreement and the laws in force about the union members are implemented in line with their purpose and, (ii) who should verbally or in writing inform the director of that workplace about the insufficiency and discrepancy they detected with regard to these issues. To date, there has not been any complaint from the employees about any discrimination issues. The names, surnames, and duties of the directors of the abovementioned union are given below.

NAME AND SURNAME	ROLE
Turgut YILMAZ	President
Mustafa EREN	Secretary General
Nefiye ARSLAN	Secretary General, Finance

# Corporate Governance Principles Compliance Report

## 4.4 Ethical Principles and Social Responsibility

Pursuant to its objectives of protecting stability and reliability in the banking sector by preventing unfair competition, improving service quality, and maintaining the reputation of the banking profession before the public, VakıfBank, with Board of Directors' resolution numbered 74205, dated February 16, 2006, adopted the Banking Ethical Rules, issued by the Banks Association of Türkiye and has undertaken to comply with these rules.

Furthermore, a decision was delivered to establish an Ethics Commission and include it in the "VakıfBank Internal Committees' Working Principles and Procedures" to instill a culture of ethics, raise awareness, and evaluate current practices. The "Regulation on Ethical Principles and Ethics Commission's Working Principles and Procedures" was published on December 31, 2019. The Ethical Principles of VakıfBank were established based on the Banking Ethical Rules of the Banks Association of Türkiye, the Principles of Ethical Behavior of Public Officials, and other regulations, and they were adopted at the meeting of the Board of Directors dated 28.01.2021.

VakıfBank Ethical Principles Policy is available on the Bank's website. An Ethics Reporting Line was established to report any incidents that contradict these principles. We do not approve any retaliatory actions for people who report through the Ethics Reporting Hotline, and the evaluation process of reports filed through the Ethics Reporting Hotline is carried out in secrecy. In addition to contributing to the solution of existing problems, VakıfBank continues to stand by society by providing maximum support to areas open to improvement.

## Corporate Social Responsibility

VakıfBank has been continuously carrying out inclusive social responsibility activities for nearly 70 years to fulfill our responsibilities towards society and to add value to the present and the future by preserving the values with which we are entrusted. It supports social welfare in various areas, not just finance, by being present where there is a need or room for improvement. It has the mindset that aims to always stand by all the segments of society; to reach anyone in need in all circumstances, to support and produce solutions according to the needs from childhood to retirement, in every period of life, anywhere in Türkiye.

As a bank that has not only focused on the economic results of its activities since its foundation, but has always taken into account its impact on society and nature, it considers sustainable banking as a fundamental element of its strategy. Owing to its sustainability approach embedded in its DNA since the day of its founding, VakıfBank takes the social, ecological, and governance impacts of every step taken and every product and service developed into account.

It has been taking a leading role in the sector on energy efficiency and climate, financial inclusion, supporting production and employment by following the guidance of the United Nations Sustainable Development Goals. It shall always be there for our country with its deep-rooted history, competent team to build the banking of the future from today, strong technological infrastructure, intellectual, social, and financial strength.

The Bank classifies activities in the field of corporate social responsibility, which it considers one of the main pillars of sustainable banking, under three main headings: 'Education,' 'culture,' and 'sports.' With the long-term support it provides and the investments done, it considers it a priority to provide value for society.

## Education

With the awareness that the dream of a single child shall drive change and development in society and the world, VakıfBank supports children to look at the future much more hopefully by producing projects that support their dreams as a force that is there for them.

Republic of Türkiye In collaboration with the Ministry of National Education of the Republic of Türkiye, we have touched the lives of more than 50 thousand gifted children under the umbrella of the Science and Arts Training Centers (BİLSEM) that enable children to unlock their potential since 2017. In addition to 70 workshops on mechatronics, mind games, and artificial intelligence, VakıfBank undertook the construction of over 170 IT labs and thus shall continue touching the lives of children via BİLSEM centers in the future.

## Culture

Acting with the approach of "Ve Benzersiz Kitap/And Unique Book," VakıfBank Kültür Yayınları/VakıfBank Culture Publications (VBKY) commenced cultural publications in 2018. Now it offers books in categories such as literature, history, economics, philosophy, child, classical, intersections, art, people, and society to our readers within the framework of criteria such as reliable sources, measurable research, and strong and accurate language use.

VBKY strives to enrich and disseminate Türkiye's culture & art life first at the national and then at the universal level. While working to preserve and improve the assets and values that it has been entrusted to protect, VBKY also wishes to transfer them to future generations and thus contributes to many national and international authors from different disciplines in their efforts to reach wider audiences. VBKY has always worked to expand Türkiye's cultural heritage and offer quality works of great value. In five years, the publishing house has managed to reach a selection of over 270 titles, in parallel with its desire to be the publisher of books to be read and cherished for years to come.

## Sports

VakıfBank Sports Club, the longest-running social benefit project conducted by VakıfBank, is the most successful club in Türkiye that shows what a Turkish woman can achieve internationally today and makes a significant contribution to the development of Turkish sport.

VakıfBank Sports Club has reached “sustainable” success for more than 37 years while introducing young girls to sports through its volleyball schools and youth development investments. Standing by over three thousand girls through its sports schools in the past six years, VakıfBank has become the first club to open a volleyball school in Europe as it opened VakıfBank Volleyball School in Bosnia and Herzegovina’s Sarajevo in 2018. Raising over 100 national players from its youth development teams for Turkish sports, VakıfBank Sports Club shall accord new accomplishments thanks to its volleyball schools and sportspeople trained in its youth development teams.

VakıfBank Women’s Volleyball Team holds the title of “Türkiye’s most trophy-winning team in the international arena” with 4 FIVB Club World Championships, 6 CEV Champions League Championships, 1 CEV Top Teams Cup Championship, and 1 CEV Challenge Cup Championship. In addition, it received the title of “Volleyball team that won the most official matches in a row” with its 73-match winning streak between October 23, 2012, and January 22, 2014, and the title of the “Team that won the most FIVB Club World Championships” with its championships in the Club World Championship, and it managed to enter the Guinness World Records twice.

Supporting its employees to contribute to social life in addition to its corporate social responsibility activities, VakıfBank organized activities in the fields of education, environment, arts, and sports with the participation of its employees in 2023 within the scope of its internal communication strategy.

As part of Sustainable Banking, corporate promotion materials (notebooks, calendars, cube notes) were distributed to all employees featuring recycled covers and FCS papers.

We sent technological and useful “Welcome Kits” consisting of recycled products (power bank manufactured by corn starch, kraft paper letter, bamboo thermos, etc.) to our colleagues newly recruited at our Bank within the scope of sustainable banking.

Following the occurrence of the earthquake on February 6, 2023, VakıfBank Search and Rescue Team VAKUR, consisting of 10 members (working under AFAD established in 2022), went to Hatay and carried out search and rescue activities. With the contributions of our colleagues, 15 trucks of aid materials were prepared for the earthquake region and 217 tents were delivered to the earthquake zone.

As part of Internal Social Responsibility activities, thousands of children are reached through VakıfBank Goodwill Safe campaigns, voluntary efforts launched to address the needs of students in different cities. In this context, the books collected through the campaign organized in 2023 were sent to the libraries of 15 schools in different regions, contributing to the education of approximately 4500 students. During Ramadan, 325 aid parcels prepared with the contributions of our employees were delivered to families in the earthquake region. 311 kg of food, cleaning, and daily needs were supplied by VakıfBank employees and delivered to animal shelters in Ankara and Istanbul through Goodwill Ambassadors. With the Goodwill Safe school stationery campaign, approximately 1800 products were collected and delivered to children in need.

In the 2023 Istanbul Marathon, our colleagues in the VakıfBank Running Team, who ran for charitable purposes, actively raised funds on behalf of various non-governmental organizations, notably Darüşşafaka and KAÇUV, through the campaigns they launched.

In support of the plastic campaign conducted by TOFD (Spinal Cord Paralytics Association of Türkiye), approximately 2400 kg of plastic caps collected by the employees contributed to the provision of wheelchairs to 4 people in need.

In the “A VakıfBank Forest for Every Year” project, employees continue to donate saplings.

The e-waste campaign we launched continued in 2023 and the e-waste collected was disposed of through TÜBİSAD and donated to Darüşşafaka.

Following the trainings on social responsibility and the book writing workshop, VakıfBank Goodwill Ambassadors wrote pedagogue-approved books suitable for the 4+ and 6+ age group under the main topic of sustainability and the books were published in 2022. In 2023, as a continuation of the project, Goodness Ambassadors who are book writers received storytelling training. Storytelling and sustainability-themed activities were organized at schools in various provinces.

16 social clubs, established to help employees develop and demonstrate their artistic and sports skills, continued their activities. These clubs include theater, water marbling, Turkish Classical Music, Turkish Folk Music, Polyphonic Music, Football, Basketball, Chess, Folk Dances, and Healthy Life clubs in Istanbul, Ankara, and Izmir. In addition, employees in various corporate tournaments and organizations represented VakıfBank in different areas, such as swimming and chess. Four concerts and two theater performances were organized with our employee clubs.

Non-governmental organizations (LÖSEV, Darüşşafaka, KAÇUV, AİP, TOFD) and companies visited the Bank at the Bank’s Head Office in the Istanbul Finance Center and conducted sales events

# Corporate Governance Principles Compliance Report

## SECTION V- BOARD OF DIRECTORS

### 5.1 Structure and Composition of the Board of Directors

NAME AND SURNAME	ROLE	START DATE	Roles Held Outside the Group
Mustafa SAYDAM	Member of the Board of Directors (A)	26.03.2021	
	Chairman of the Board	26.03.2021	
	Member of the Credit Committee	25.03.2022	
Dr. Cemil Ragıp ERTEM	Member of the Board of Directors	13.08.2018	Chief Advisor to President for Economy
	Deputy Chairman of the Board of Directors	12.06.2020	
	Substitute Member of the Credit Committee	25.03.2022	
Abdi Serdar ÜSTÜNSALİH	General Manager	27.05.2019	TSKB A.Ş.-Board Member
	Member of the Board of Directors - Executive Member (A)		Banks Association of Türkiye - Deputy Chairman of the Board
Abdülkadir AKSU	Member of the Board of Directors (A) (Independent)	27.05.2019	
	Member of Corporate Governance Committee	26.03.2021	
	Audit Committee Member	25.03.2022	
Dr. Adnan ERTEM	Member of the Board of Directors (B)	28.10.2010	Deputy Minister of Labor and Social Security
	Remuneration Committee Member	06.04.2012	
	Substitute Member of the Credit Committee	12.06.2020	
Şahin UĞUR	Member of the Board of Directors (C)	09.06.2017	
	Member of the Credit Committee	12.06.2020	
Haydar Kemal KURT	Member of the Board of Directors (C)-Independent	25.03.2022	
	Remuneration Committee Member	02.08.2023	
Abdullah Erdem CANTİMUR	Member of the Board of Directors (D)-Independent	02.08.2023	Deputy Minister of Treasury and Finance
	Member of Corporate Governance Committee	16.08.2023	
Sadık YAKUT	Member of the Board of Directors	27.05.2019	
	Member of Corporate Governance Committee	27.05.2019	
	Audit Committee Member	25.03.2022	
MEMBER OF THE AUDIT BOARD			
Hasan TÜRE	Member of the Audit Board	09.06.2017	
Mehmet Emin BAYSA	Member of the Audit Board	12.06.2020	

As stated in Article 19 of the Bank's Articles of Incorporation, the board of directors consists of nine members, and nine members of the board of directors were elected at the 69<sup>th</sup> Ordinary General Assembly Meeting held on 02.08.2023.

Pursuant to the regulations of the Banking Regulation and Supervision Agency, the Chairman of the Board of Directors does not have executive tasks and duties. General Manager Abdi Serdar ÜSTÜNSALIH is an executive member of the Board of Directors. There are no other executive members in the Board of Directors except the General Manager. The term of office of the members of the Board of Directors is three years. Resumes of the Members of the Board of Directors are available at <http://www.VakıfBank.com.tr/yonetim-kurulu-uyeleri.aspx?pageID=300> and <https://www.vakifbank.com.tr/board-of-directors-and-statutory-auditors.aspx?pageID=2526>

The number of independent board members is set as three pursuant to the regulations of the Capital Markets Board on Corporate Governance Principles. Abdülkadir AKSU, Haydar Kemal KURT, and Abdullah Erdem CANTİMUR were elected as independent board members at the 69<sup>th</sup> Ordinary General Assembly held on 02.08.2023. Independent members of the Board of Directors' statements of independence are available, and there is no breach of independence as of the relevant activity period.

Duties of the Members of the Board of Directors outside the Bank within the Group:

NAME AND SURNAME	SUBSIDIARY	ROLE	START DATE
Abdi Serdar ÜSTÜNSALIH	TSKB AŞ.	YK. Üyesi	14.06.2019

Member of the Board of Directors Dr. Adnan ERTEM's duty outside VakıfBank and the Group is Deputy Minister of the Ministry of Labor and Social Services.

Member of the Board of Directors Abdullah Erdem CANTİMUR serves as the Deputy Minister of Treasury and Finance of the Republic of Türkiye outside VakıfBank.

The provisions of Articles 395 and 396 of the Turkish Commercial Code (TCC) are applied regarding the employment of the members of the Board of Directors of the Bank outside the company. This issue was discussed in the

11<sup>th</sup> agenda item of the 69<sup>th</sup> Ordinary General Assembly meeting held on August 2, 2023, and it was resolved by a majority of votes by the shareholders to grant permission to the Members of the Board of Directors on matters falling within the scope of Articles 395 and 396 of the TCC.

## 5.2 Operating Principles of the Board of Directors

The Board of Directors convenes upon the call of the Chairman of the Board of Directors; in the absence of the Chairman, meets upon the call of the Deputy Chairman when Bank affairs require. It is mandatory that the Board convenes at least once a month (Article 22 of the Bank's Articles of Incorporation). Meeting agendas are prepared according to the memorandums sent from the Head Office departments while various reports the Board of Directors requested from the execution and various issues presented by the Board Members are discussed during the meeting. The agenda and relevant files are presented to the members prior to the meeting.

Information and communication activities for the members of the Board of Directors of the Bank are carried out by the Department of Operations of the Board of Directors. In 2023, 63 Board of Directors meetings were held. The members of the Board of Directors attended the meetings of the Board of Directors, except for those who had an excuse, and the resolutions were delivered unanimously. All questions, opinions and objections of the Members during the Board of Directors Meeting are recorded in the meeting minutes. Each Member of the Board of Directors has one right to vote, and members do not have weighted right to vote and/or negative veto right.

The Board of Directors convenes with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting (22<sup>nd</sup> article/5<sup>th</sup> paragraph of the Bank's Articles of Incorporation).

An electronic meeting system was set up to enable the Members of the Board of Directors of the Bank to attend the meetings and to vote on an electronic platform.

Executive Financial Liability Insurance has been taken out with a limit of USD 10,000,000 from May 27, 2023, to May 27, 2024, for damages that Board Members may cause due to their negligence while performing their duties.

## 5.3. Number, Structure, and Independence of the Committees Formed by the Board of Directors

In order to efficiently and effectively carry out its activities in line with the Banking Law numbered 5411, Banking Regulation and Supervision Agency's "Regulation on Corporate Governance Principles in Banks," Capital Markets Board's Corporate Governance Principles and the Articles of Incorporation of the Bank; the Board of Directors has established Audit Committee, Credit Committee, Corporate Governance Committee, and Remuneration Committee. All of the Members of the Audit Committee are independent members. Because there are no Executive Members except the General Manager, on the Board of Directors, Committee Members are non-executive members. Committees are not entitled to take an executive decision.

Information about the committees is available under the Committee Structures and Policies section in the Corporate Governance Section of the 2023 Integrated Annual Report.

The Board of Directors consists of nine members. Of these, three members of the Class (A) and one member of the Class (B) and two members of the Class (C) are among the candidates that the majority of their class shall nominate, one member among the candidates that shareholders shall propose by initially taking into account the Class (D)'s preferences, and two members among the candidates that shareholders shall propose are elected by the General Assembly. One member elected by the General Assembly considering the preferences of the Class (D) and one member of the Class (A) and (C) are independent members.

Board Members assume duties in more than one committee since the number of the members of the committees of the Board of Directors is greater than the number of the members of the Board of Directors as stipulated in the principles of the Capital Markets Board Corporate Governance Principles and Banking Regulation and Supervision Agency. Committees are composed of a minimum of two members (Bank's Articles of Incorporation, Article 19/Paragraph 1).

## 5.4 Risk Management and Internal Control Mechanism

Head of Risk Management directly reporting to the Audit Committee that is responsible for carrying out activities for defining, measuring, reporting, monitoring and controlling the risks that the Bank faces. Furthermore, all departments are considered as a part of the risk management system.

# Corporate Governance Principles Compliance Report

Risk Management activities in the Bank are carried out in conformity with the legal legislation, also international best practices are pursued. Within this scope, risk management strategies were set up, as the policies for managing each of the risks were written within the framework of principle of materiality.

The Bank has created a "Risk Appetite Statement" in order to determine the risk level that it is ready to accept with the foresight of the risk capacity that it can handle the risks at a safe level in order to actualize its targets and strategies. The capital-based in the Risk Appetite Statement, liquidity and risk concentrations established in the statement and risk-based limits are regularly monitored.

A capital structure in appropriate with the risk level is closely monitored, as the Bank's resistance against unexpected and negative developments is measured via scenario analysis and stress tests. Besides measuring the legal capital requirement, ISEDES (Internal Capital Adequacy and Assessment Process) activities that include internally evaluating the capital requirement for the risks the Bank faces/will face are also carried out, as the results are evaluated by the senior management. The ISEDES Report is submitted to the Banking Regulation and Supervision Agency ("BRSA") on an annual basis.

In addition, as one of the systematically important banks, VakıfBank prepares a plan of measures approved by the Board to determine the measures in advance in cases of any deterioration in the financial structure or in cases of such probability, to improve the effectiveness of supervision/oversight functions and speed up decision-making and implementation processes. This plan is submitted to the Banking Regulation and Supervision Agency ("BRSA") on an annual basis.

Furthermore, Risk Management Department carries out the activities in coordination with the Inspection Board, Internal Control Department, and Compliance and Regulation Department within the scope of the "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process." An efficient and effective internal control system was set up in order to; I) carry out the activities of the Bank in conformity with the targets, policies, and strategies set by the senior management and within the framework of existing legal legislation, and II) make sure that risky transactions are controlled in the Bank.

In order to ensure the protection of bank assets, to carry out activities in accordance with the Law and other relevant legislation actively and efficiently, to carry out internal policies and rules and in accordance with banking practices, and to enable the reliability, integrity of the accounting and financial reporting system, and timely access to information, the Internal Control Department, which operates under the supervision and control of the Audit Committee; controls the operational procedures for carrying out activities of the Bank, Bank's communication channels, financial reporting systems. Furthermore, information technology controls are performed to check whether information system activities are carried out in accordance with the laws and rules determined according to the Bank's regulations.

With a risk-oriented perspective, internal control activities are carried out in all domestic and foreign branches of the Bank, head office departments, and consolidated partnerships. Findings and suggestions determined within the scope of internal control activities are shared with the relevant parties and the actions taken are followed up.

The Internal Control Department controls the functional separation of duties and the sharing of powers and responsibilities to define, measure, and prevent the Bank's risks. Opinions are presented in order to reduce and manage risks by evaluating the compliance and the possible risks carried by of the projects, procedures and processes formulated by the Bank's business departments with the policies and rules within the Bank, control points are determined, increasing the effectiveness of the control activities, set up and enhancing auto control and systemic control mechanisms in the processes and procedures, and decreasing operational risks are provided.

With the goals of up-to-date monitoring of the legislation regarding the legal obligations within the scope of the Prevention of Laundering of Proceeds of Crime and Financing of Terrorism and Proliferation of Weapons of Mass Destruction as well as the activities carried out to provide required compliance with the international rules, principles, and fundamentals on the same issue and the legislation concerning banking activities, evaluating the effects of the changes on the Bank's activities and ensuring full and timely compliance with the legislation, activities to monitor and coordinate internal Bank activities are carried out by the Compliance and Regulation Department.

Within this scope, as per the "Regulation On Program of Compliance with The Obligations Regarding Prevention of Laundering of Proceeds of Crime and Financing of Terrorism," in order to ensure that the Bank's obligations are fulfilled; necessary policies and procedures are structured in the issues of identifying the customers, classifying them into risk categories and monitoring them, informing about the suspicious customer transactions and controls are made to see if these policies and procedures are implemented or not, opinion/approval is given for risky sector/ country transactions, Financial Crimes Investigation Board (MASAK) is informed about the transactions that are considered suspicious in the necessary investigations and evaluations made within the framework of a risk based approach about the potentially suspicious transactions (for the Bank) detected within the scope of monitoring and controlling activities or forwarded via channels like branches etc. to the Compliance and Regulation Department. Compliance-related duties and activities are performed in coordination to prevent laundering the proceeds of crime and financing of terrorism at domestic and foreign branches of the Bank. The activities of the Compliance and Regulation Department are carried out in coordination with the business departments. In-class and online training courses on the prevention of laundering of proceeds of crime and financing of terrorism are regularly provided to the Bank employees to raise awareness and to strengthen the culture.

The developments regarding the legislation and banking practices related to banking activities are followed up currently by the staff of the Compliance and Regulation Department and the changes that are occurring are interpreted in terms of their effects on the Bank's activities and practices, and the necessary measures to be taken by the subsidiaries of the Bank in relation to the services provided by the Bank and the changes required in the Bank's internal legislation and practices are determined, and is notified to the relevant business departments in writing. By coordinating the works in order to reflect the legislation changes to the Bank's internal legislation and practices, the measures taken by relevant business departments within this scope and actualized practice changes and internal legislation regulations are monitored and controlled regarding the compliance to the legislation within the scope of "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and necessary

measures are taken to provide timely and full compliance with the legislation. In addition, in line with the Regulation, controls are carried out for the compliance of the Bank's new products and services with the legislation.

With the domestic banking regulation, legislation on mutual information exchange agreements for the improvement of international tax compliance signed between OECD countries and the Republic of Türkiye and the United States is followed and business departments in order to ensure compliance with these regulations are directed, the works carried out within this scope of relevant business departments are followed and coordinated.

Within the scope of the obligation as part of which the detailed justifications to be prepared for complying with all the principles contained in the Good Practice Manuals and the principles which are partially implemented or not fully implemented are presented every year together with the submission of the Internal Capital Adequacy Assessment Process (ISEDES) reports to BRSA; the practices of the Bank which is designated as a "Systemically Important Bank" and its policy documents are monitored and controlled to ensure that they are in full compliance with all the principles specified in the Good Practice Manuals. The relevant business units are coordinated to make changes and corrections when necessary.

In addition, compliance of the Bank's branches abroad with the legislation of the countries in which they operate is checked by the personnel assigned in this context in the relevant branches, and reporting is made to the Compliance and Regulation Department regarding compliance.

The Audit Board conducts systematic audits for internal control, risk management and compliance systems in accordance with all legal regulations and Bank regulations.

### 5.5 Company's Strategic Targets

The general strategies of the Bank are determined in line with the expectations on the economy and sector at the meetings chaired by the General Manager with the participation of the top management. Forecasts regarding the annual projection in line with the strategies are evaluated by the management. Consequently, strategies of the Bank, and annual projections are presented by the Strategy and Planning Department to the approval of the Board of Directors. Approved final projections and strategies are sent to the Bank's Executive Vice Presidents and announced to the Bank staff as they are monitored by the relevant departments. Strategies and projections are reviewed at the high-level meetings held by the bank, the degree of achievement of the target and the developments in the sector are evaluated, and necessary actions are taken.

### 5.6 Financial Rights Provided to the Board of Directors

The Chairman, Deputy Chairman, and Members of the Board of Directors receive a salary that is determined by the General Assembly annually. In this context, in 2023, a gross TL 159.7 million was paid to the members of the Board of Directors, Members of the Audit Committee, and Senior Management in terms of wages, travel allowances, accommodation, representation expenses, and other real and material rights.

This issue was specified in the 8<sup>th</sup> article of the 68<sup>th</sup> Ordinary General Assembly minutes and the General Assembly minutes were announced on the Bank's website. On the other hand, banking sector practices are also taken into consideration, and remunerations and benefits given to the members of the Board of Directors and executives are not disclosed on an individual basis. Fixed and performance-based payments to the executives and other employees are determined and made within the framework of the Bank's Remuneration Policy principles.

To comply with the principle numbered 4.6.2 of the Corporate Governance Communique numbered II-17.1, the "Remuneration Policy" of the Board of Directors of the Bank that entered into effect on 24.02.2014, was submitted for shareholders' information at the 2014 Ordinary General Assembly Meeting. The policy mentioned has been updated in accordance with the "Guide on Best Remuneration Practices at the Banks" published by the BRSA with the no. 65 decision of the Board of Directors dated 30.12.2019 and the document is available in Turkish and in English on the website.

On the other hand, the loans to be extended to the Board Members and Managers by the Bank are limited pursuant to Article 50 of the Banking Law. In this context, the Bank did not lend money or extend a loan to any of the Members of the Board of Directors. It did not improve the terms for loans or credits that have been given to the Members of the Board of Directors, and neither it extended loans by means of third persons and nor gave any collaterals.

Sincerely,

**Abdülkadir AKSU**  
*Member of Corporate Governance Committee*

**Sadık YAKUT**  
*Member of Corporate Governance Committee*

**Abdullah Erdem CANTİMUR**  
*Member of Corporate Governance Committee*

**Ali TAHAN**  
*Member of Corporate Governance Committee*

**Korhan TURGUT**  
*Member of Corporate Governance Committee*