

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I- DECLARATION OF CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE

Türkiye Vakıflar Bankası T.A.O. ("VakıfBank" or "Bank") is 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 2021. 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-mandatory principles.

- Regarding principle no. 4.2.8, the damage caused by the Board members as a result of their failures during their term of office has not been covered by insurance for 2021, and works are underway for Executive Liability Insurance in 2022.
- Regarding principle 4.3.9, a target rate and target time for the female member has not yet been determined in the VakıfBank Board of Directors, and among the 9 members of the Board of Directors elected at the 67th Ordinary General Assembly held on March 26, 2021, there is 1 female member. As regards the last 6 terms of office of the Board of Directors, there are female Board members.
- 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 67th Ordinary General Assembly held in 2021.
- 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. These members aim to increase coordination between committees.
- Regarding principle 4.6.1, 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 in the Ordinary General Assembly and the Integrated Activity 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 2021 with the participation of all members. The Board of Directors deemed the work carried out by the Corporate Governance Committee in 2021 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 Dincel, Investor Relations Manager, under the management of Executive Vice President Muhammed Onay ÖZKAN.

Conducting relations with foreign and institutional investors, rating institutions 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

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Licenses: Capital Market Transactions Level 3 License, License on Derivatives, Corporate Governance Grading Licenses

* He acts as a member of the Corporate Governance Committee in accordance with Article 11 and paragraph 2 of the Corporate Governance Communiqué

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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 Turkey 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 departments in preparing and updating the Corporate Governance Principles Compliance Report,
- 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 Principles Compliance Framework,
- 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 made 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,
- Carrying out all sustainability activities within the framework of the Bank's sustainability strategy, priority areas, and objectives and ensuring the strengthening of the Bank's sustainability performance,

- Carrying out joint studies with departments on sustainability-related studies,
- Ensuring the necessary coordination for the establishment and continuity of the Quality and Environment management system defined by the Corporate Governance Committee within the Bank.

In 2021, Investor Relations Department:

- Information requests submitted by the shareholders were answered.
- 8 local and foreign investor conferences and webinars, and online meetings were held with over 200 local and foreign institutional investors.
- Since all meetings, pieces of training, and conferences to be held in-bank and face-to-face were canceled as of March 2020 within the scope of the measures taken for the Covid 19 pandemic, more than 170 meetings were held, most of them via teleconference and videoconferencing. Meetings were held with over 300 investors/analysts. Following the investor information conferences attended, reports were prepared in line with the information received from the investors and presented to the senior management.
- Four teleconferences were organized on the results of the financial statements and their records 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. Also, as the bank with the most sustainability-themed resources in its funding structure, following the Bank's first sustainable syndication loan of USD1.1 billion received in April 2021, the second syndication loan was also renewed based on sustainable performance criteria in December. In September 2021, the necessary coordination was achieved with the relevant departments for the second bond issue of our Bank amounting to USD 500 million within the framework of the sustainable financing program.
- VakıfBank was awarded the "Financial Institution Deal of the Year" in Bonds & Loans Turkey, one of the most prestigious and respected awards of the financial sector, with the Sustainable Eurobond Issuance it carried out in December 2020.
- Despite the challenging market conditions caused by the Covid-19 pandemic, which has affected the whole world, a total of USD 5.4 billion new resources have been received from international markets in 2021 under the Department to which the Investor Relations Department is affiliated.
- The Sustainability Committee, which is the highest authority responsible for determining the Bank's sustainability strategy and policy and taking actions in this respect, and the Sustainability Subcommittee, which is responsible for putting the Bank's sustainability strategy into practice and implementing the decisions taken by the Committee, have been established under this committee. It was decided that the Sustainability Subcommittee could create sub-working groups responsible for different areas of expertise and functions if necessary.
- A gender equality survey was conducted in 2020 to hear all our employees' views and expectations, including senior management, on gender equality, which is among the Sustainable Development Goals and has an important place in the agenda of the world, and to identify areas that need improvement. In accordance with this survey, our Bank launched the Gender Equality Program with the support of the consultant company, and the necessary coordination was made with the relevant departments to develop gender equality practices within the Bank and raise awareness at all organizational levels.

- The secretariat operations of the Sustainability Working Group have been carried out.
- 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.
- As part of the Bank's sustainability efforts, the work has been initiated to become a signatory to the Principles for Responsible Banking implemented by the United Nations Environment Programme Finance Initiative (UNEP FI).
- Relations have been carried out uninterrupted for its continuity in BIST Sustainability Index and FTSE4Good Emerging Markets Index, where the Bank is listed.
- 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 third time this year in the Bloomberg Gender-Equality Index (Bloomberg GEI), which conducts the largest gender equality research on a global scale, and maintained its continuity in the index in 2022.
- After a dedicated study in the evaluation methodology of Sustainalytics, one of the leading independent global firms in providing sustainable banking, environmental, social, corporate governance research and rating services to investors, the Bank's ESG risk rating has been improved from 23.1 (medium risk) to 19.8 (low risk). With this score, the Bank has shown its success as one of the banks with the lowest risk score.
- 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.
- VakıfBank succeeded in lowering its carbon emission from the level of 53,413 tCO₂e to the level of 40.429 tCO₂e in 2020 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, which was confirmed by ISO 14064-1 certification, VakıfBank has become a Carbon-Negative organization for two consecutive years by receiving "45,000 Verified Carbon Units" produced from clean energy sources.

- The continuity of the ISO: 9001-2015 Quality Management System, which was established in 2017 to cover all the Bank's activities, was ensured, and full coverage was started within the scope of ISO: 14001-2015 Environmental Management System in 2020 and it has been continued in this year as well.
- We fulfilled all of our obligations related to the OHS process in 2021. In the new period, we began with the Covid-19 pandemic; we maintained the certification studies and obtained the ISO 45001 Occupational Health and Safety Management System certificate for all our Turkey locations due to the audits conducted by TÜV SÜD, an internationally accredited organization. We succeeded in becoming the first bank to establish the Integrated Management System (ISO 9001-ISO 14001-ISO 45001) in Turkey.

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 made 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.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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

Turkish investor relations link:

http://www.vakifbank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657

English investor relations link:

<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.

VakıfBank implements the provisions of the Turkish Commercial Code in relation to appointment of a private auditor, this issue has not been provided for in a separate article in the Articles of Incorporation. There was no request for appointment of a special auditor during the year of 2021. VakıfBank is subject to audit periodically within the scope of especially Banking Law and related legislations

2.3 General Assembly Meetings

In 2021, the Ordinary General Assembly Meeting was held at the Bank's Head Office. The 67th Ordinary General Assembly Meeting was held on March 26, 2021, and the participation level was 85.49%.

"Regulation on The General Assemblies of The Joint Stock Companies That Will Be Made in Electronic Environment" and "Communiqué on The General Assembly System That Will Be Used in The General Assemblies of The Joint Stock Companies." In this context, stakeholders had the opportunity to participate in the General Assembly meeting electronically, made 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. Moreover, these documents are sent to the shareholders whose up-to-date addresses are listed on the Bank's records.

The 2020 annual report issued for the General Assembly, including the Bank's balance sheet and profit/loss statements for the 2020 accounting period, the Board of Director's annual report, auditor's report, and 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 shareholders request, Bank's branch staff will be providing them with the copies of the call for General Assembly, agenda and power of attorney samples. Shareholders, entitled to attend the General Assembly, who completed the necessary procedures did attend the Ordinary General Assembly Meeting held in 2021.

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 will 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 top 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, rates of the rating institutions, 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 67th Ordinary General Assembly of the Bank.

At the Bank's General Meetings, all shareholders have the right to take 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 2021, 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 15th agenda item of the Ordinary General Assembly Meeting held on March 26, 2021, 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, there were not any raised a question which was supposed to be verbally or in writing.

The questions asked by the shareholders who attend the Ordinary General Assembly Meeting both physically and electronically, the wishes and thoughts they declare, and the answers given by the Meeting Chairman and the Presidency regarding these issues are included in detail in the minutes of the 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 made 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 2021, 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. Every ten shareholder or representative of this amount has one voting right in the general assembly. Those who have more than ten shares have the right to vote regardless of the limitation in terms of the amount mentioned above. 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 67th Ordinary General Assembly. The use of minority rights is subject to the Turkish Commercial Code, the Capital Markets Law, the relevant legislation, and the communiqué and resolutions of the CMB.

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 timeframe in line with the decision taken by the General Assembly about distributing 2020 Profit and necessary notifications were made 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 will

generate a total sales revenue of TL 7,000,000 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 of the shares to be issued due to the capital increase, are set to be transferred to Turkey 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 will 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 Turkey Wealth Fund through a wholesale transaction on the stock market on May 20, 2020, with the total sales revenue of TL 7,000,000,000, at a price of 4.98 TL for the share with a nominal value of 1 TL the capital increase transactions have been completed.

Thus, while the paid-up capital of the Bank increased to TL 3,905,622,490, the remaining amount was reflected in the records as share premium.

Following the capital increase, T.C. Treasury and Ministry of Finance has 37.45% share of the bank, while Turkey Wealth Fund has 35.99% of the shares of the Bank. 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 10.31%, other annexed foundations and other real and legal persons have a total share of 0.11%. The 16.14% of the Bank's shares is 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 to the 6th article of the Articles of Incorporation, VakıfBank Board of Directors is authorized to convert from Class (B) shares held by attendant foundations (subject to permission by the General Directorate of Foundations) and Class (C) shares into Class (D) shares at the request of the Shareholders.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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) 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

Investor Relations Website in English:
<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 made by the Bank via Public Disclosure Platform are translated into English and published on the webpage. Furthermore, it is made sure that the English version is consistent with the Turkish version and is prepared in a manner that will be correct, complete, direct, comprehensible, and sufficient enough for the persons who will make use of the announcement to make a decision.

3.2 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. Bank's Annual Report is in compliance with the 8th 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.

In order to speed up stakeholders' access to information, and to facilitate Corporate Governance Committee's access to the Bank's transactions that are contrary to the legislation and that are ethically not appropriate; mail addresses are available as presented below and on the corporate website in the Investor Relations section for the information of the stakeholders.

investorrelations@vakifbank.com.tr
yatirimciiliskileri2@vakifbank.com.tr
vbsurdurulebilirlik@vakifbank.com.tr

The Information System Portal was built in order to provide information to Bank employees.

Furthermore, in order to inform the Bank's employees, an Information System Portal called Our Place ("Bizim Yerimiz") has been created. All announcements are made 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 and energy loss is prevented, as well. The aim is to achieve cost saving and faster communication with the help of this portal.

The opinions and suggestions of the employees are taken into consideration and studies are carried out within this scope. Employees convey their ideas and suggestions that they think will add value to the Bank through the Suggestion 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 2021, and the internal customer satisfaction score was 74.

In order to find out the trust and commitment to the brand and perception of our employees, their work-private life balance, their opinions on performance management, remuneration, training and development opportunities, and their general assessments about their managers, the Employee Commitment and Satisfaction Survey was conducted in 2021 with the participation of employees of 12,739 employees our Bank along with Vakıf Finansal Kiralama A.Ş., Vakıf Faktoring A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Gayrimenkul Değerleme A.Ş., and Vakıf Pazarlama San. ve Tic. A.Ş. under VakıfBank Finans Group. Within the scope of the survey, the satisfaction factors determining the commitment are analyzed and the areas that employees demand to be invested in, their feelings and opinions as well as the points that they want to be developed are determined.

Most of the Headquarters employees continued their work with the remote access model alternately. During the Covid-19 outbreak, customer and employee health was prioritized and the physical conditions of the branch were made compatible with the current process. Limiting the number of customers in the branches in addition to ensuring that the branches operated remotely from different locations implemented in 2020 was also continued in 2021 for precautionary purposes when necessary. In order to provide more efficient service to the institutions, the working hours of the branches within the institution have been made compatible with the institution they are located in.

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 Audit Board Department, Internal Control Department, Risk Management Department and Compliance and Legislation Department. The scope of the compliance function consists of: tracking of the compliance risks that may arise from the international regulations, in the foreign branches and consolidated partners of VakıfBank, performing necessary tasks in order to continuously increase the compliance awareness and culture within the Bank. The Audit Board 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. With an e-mail address created in the Bank, employees are given the opportunity to state their opinions within the scope of the new product development. The presented opinions, 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, call center, the Union of Turkish Bar Associations, BRSA, CİMER, branches, and social media. Additionally, customers can perform all banking transactions through a direct call to VakıfBank 7/24 Call Center at 0850 222 0 724.

The Bank provides training to its employees on professional/technical and personal development to improve their knowledge and skills and improve their workflows. Pieces of training at the Bank are planned on a role-based basis. All employees are provided with equal opportunities to participate in the training. In-class and video pieces of training include the issues that support employees' development in customer relations and customer experience, strengthen communication between customers and employees, and increase customer satisfaction.

In order to raise awareness about social responsibility and sustainability, in-class/virtual classroom/e-learning pieces of training are organized for employees on the topics of "Sustainability," "ISO 9001 Quality Management System," "ISO 14001 Environmental Management System," "ISO 45001 Occupational Health and Safety Management System," "Zero Waste," "Integrated Management System and Auditor," "PDPL," "Clean Table," "Prevention of Laundering Proceeds of Crime and Terrorist Financing," and "Acts of Fraud in Banking" during the year. E-learning trainings on topics such as "Right Approach to Disability," "Sign Language," "Ethical Principles," and "Gender Equality in Working Life" are also offered to employees.

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 Communiqué (II-17.1) was made available for the information of the stakeholders on the corporate website.

VakıfBank carries out a human resources policy that values and focuses on people with its current human resources practices. 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.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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 and male employee members, 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 wage policy where equal wages are given for equal jobs without making any gender discrimination,
- Contributing to personal development of the employees and helping them reach their career goals while increasing their loyalty to the Bank and strengthening their sense of belonging through internal/external training programs,
- Taking necessary measures to increase health, safety, and welfare of the female/male employees, and increase their loyalty to 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,
- Keeping track of the modern HR practices and developments, integrating the latest HR practices into the Bank's system and,
- Ensuring that candidates are placed in positions appropriate to their potential in line with their behavior-based competencies by offering equal opportunities in recruitment processes.

The criteria about the employee to be employed at the Bank are specified in the Bank Personnel Directive. 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 norm staff of branches and departments into consideration. VakıfBank aims to employ visionary and qualified candidates who can see the opportunities that evolve in the sector in the process of digitalization through recruitments it manages.

Recruitment at the Bank is made mainly by the titles of Officer, Assistant Associate in the Banking profession group, and by the titles of Assistant Auditor and Assistant Controller in the audit group. In addition, VakıfBank also employs personnel 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. The Bank conducts profiling based on the behavior-based competency criteria in order to identify qualified, correct and appropriate candidates for the corporate culture in the recruitments it performs in the group of specialized staff. In line with this, in order to determine the competencies of the candidates in this group, the candidates are subjected to the evaluation center application and appointed to the Bank after their competency-based evaluations.

The Bank also aims to strengthen and increase employee loyalty 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 appointed personnel 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.

Transactions regarding the change of place of duty at the Bank are carried out in accordance with the personnel needs of the branches/ departments in the framework of the provisions of the Bank Personnel Regulation. 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 which the software of 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 employee in the existing/future Branches/Departments employee and probable pensions, resignations, and the like, promotion exams are made in accordance with the Bank Employee Directive's and the Career and Salary Management System Regulation's, relevant clauses that regulate promoting.

The aim is to create a structure based on the specialization of the staff members in line with their competencies and thus to determine their career steps by taking their performance measurements, expertise/experience in the field of task and trainings, 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 the corporate (employee) loyalty, 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 employee are made; performances are fairly and objectively evaluated; bonuses are paid to staff members 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 are special orientation trainings for novice Assistant Auditors, 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 via 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 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. Currently, Collective Bargaining Agreement for the 25th Period between 01.05.2021 - 30.04.2023 in effect.

Relations between the employees and employers are carried out by the directors and representatives of the abovementioned unions. The union representatives forward the requests and complaints of the employees of the Bank about working conditions, personal rights, duties and responsibilities to the employers and monitor the process. Furthermore, there are union representatives, elected 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 practiced in line with their purposes and, (ii) who should verbally or in writing inform the director of that workplace about the insufficiency and discrepancy they detected on 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 unions are given below.

NAME AND SURNAME	POSITION IN THE SUBSIDIARY
Turgut YILMAZ	President
Mustafa EREN	Secretary General
Nefiye ARSLAN	Secretary General of Finance

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 Bank's Banking Ethical Rules, issued by the Banks Association of Turkey and has undertaken to comply with these rules. In this context, the Ethical Principles of VakıfBank have been established based on the Banking Ethical Principles of the Turkish Banks Association, 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.

These principles are published on the VakıfBank's website. Pursuing the aim of continuing to touch the public life with the awareness of social responsibility, VakıfBank has established an Ethics Reporting Hotline in order for any situations that constitutes a violation of the accepted ethical principles to be reported when it arises. We do not approve any retaliatory actions for people who report through the Ethics Reporting Hotline, and the evaluation process of reports made through the Ethics Reporting Hotline is carried out in secrecy. In addition to contributing to the solution of existing problems, VakıfBank continues to be the strength by side of the society by providing maximum support to areas open to improvement.

Corporate Social Responsibility

For 67 years, VakıfBank has a mindset that aims to always stand by all the segments of society; to reach anyone in need in all circumstances, and to support and produce solutions according to the needs from childhood to retirement, in every period of life, anywhere in Turkey.

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. For this reason, the social, ecological, and governance consequences of each step are taken 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 will 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.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

It classifies its activities in the field of corporate social responsibility, which it considers as one of the main pillars of sustainable banking, under three main headings: 'education', 'culture', and 'sports'. With its long-term supports and investments it provides, it says "I am there for You" to society. With the awareness of being always there for the athletes selected as the best in the world over and over again, the stars of tomorrow who come through the youth setup, the special children it approaches whose education with care, and, by saying that reading comes first, the friends of books and our cultural world that will become even richer with books, it is implementing many social benefit projects to leave its mark on the future.

Education

Believing that the dream of a single child will create changes 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.

- It has assumed the development of a total of 54 mechatronics, mind games, and artificial intelligence workshops, as well as over 170 information technology laboratories within the Science and Art Education Centers (BİLSEM), which it has supported since 2017, through the cooperation with the Ministry of National Education (the "MoNE"). It discovers the individual talents of nearly 20 thousand special talented children who are trained in the workshops that it supports and helps them use their talents at the highest level.

Culture

In 2018, we started our activities in culture publishing with VakıfBank Culture Publications (VBKY). We act with the principle of "Ve Benzersiz Kitap/And Unique Book" within the body of VBKY, and we offer books in categories such as literature, history, economics, philosophy, intersections, art, people, and society to our readers within the framework of reliable sources, measurable researches, strong and accurate language use criteria. We are trying to be the publisher of books that will be read and stored for years with VBKY, which represents the cultural vision of VakıfBank, the heir to centuries-old foundation culture. We have the goal of enriching and spreading our cultural and artistic life first at the national and then at the universal level, preserving and developing the assets and values that we are entrusted with and passing them on to future generations. We continue to enrich our publishing pool with the books that enlighten society and open up horizons in line with our publishing policy. As of the end of 2021, we have offered more than 120 books to our readers.

Sports

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

VakıfBank Sports Club, with its volleyball schools and infrastructure investments, introduces young girls to sports and makes the club's success "sustainable" for 35 years. Over the past six years, it has there been for more than three thousand girls through its sports schools. The athletes it has trained from volleyball schools and those coming through the youth setup continue to have many successes as the players of VakıfBank's team and the National Team.

VakıfBank Women's Volleyball Team holds the title of "Turkey's team that won the most trophies in the international arena" with 3 World Club Championships, 4 European Champions League Championships, 1 Top Teams Cup Championship, and 1 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 2021 within the scope of its internal communication strategy.

Thousands of children were reached with the Kindness Moneybox, a volunteering movement initiated to meet the needs of students in village schools in different cities; and their needs from stationery to clothing, from sports equipment to musical instruments were met. Thanks to the same moneybox, as a long-term project, cleaning and daily needs, especially for food, were supplied to animal shelters by VakıfBank employees. VakıfBank employees, who contributed to these Kindness Moneyboxes for those in need in case of disasters such as forest fires and floods, behaved with the awareness of social responsibility.

The new year dreams of 100 children in need, reached out through the AİP (Urgent Need Platform) Association, were realized by the employees of VakıfBank.

Running for good at the 2021 Istanbul Half-Marathon and Istanbul Marathon, VakıfBank employees collected contributions for various non-governmental organizations, such as Darüşşafaka and KAÇUV.

Approximately 4.5 tons of bottle tops collected by the employees in support of the plastic campaign conducted by TOFD (Turkish Society of Spinal Cord Paralyzed People) helped 12 people in need to have a wheelchair.

The Organ Donation Awareness communication was carried out, the "One Donation, Many Lives" campaign was shared with our employees, and nearly 100 of our employees were allowed to become organ donors through the Medical Tourism Association authorized by the Ministry of Health.

In addition, the number of VakıfBank Forests planned to be created every year with the contributions of our employees under the project "One VakıfBank Forest every year" has been increased from 1 to 3 forests due to forest fires in 2021. With the contributions of our employees, the goal of "3 VakıfBank Forests" has been achieved.

VakıfBank social clubs, established to develop and show the talents of its employees in art and sports, have continued their activities effectively this year, sometimes online, sometimes face-to-face, keeping up with the pandemic conditions. A new one was added to Theater, Marbling, Turkish Classical Music, Turkish Folk Music, Polyphonic Music, Football, Basketball, Chess and Health Life clubs and Folk-Dance Club was established. In addition, employees in various corporate tournaments and organizations represented VakıfBank in different areas, such as swimming and chess.

VakıfBank won the "Platinum Award" with its "VakıfBank Sports Club - Success Has No Gender" project in the Gender Equality Category at the 12th Corporate Social Responsibility Summit Awards for the Institution Adding Value to Sustainable Development Goals and the "Bronze Award" with its support to BİLSEM in the category of Qualified Educational Projects at the 13th Corporate Social Responsibility Summit Sustainable Development Goals Awards.

In addition, VakıfBank, which follows the goals of international initiatives on gender equality, has also won the Silver Award in the category of March 8th International Women's Day in the Sardis Awards with its special production "Do Your Thing" advertising film in the category of "Best Advertising Film."

SECTION V- BOARD OF DIRECTORS

5.1 Structure and Formation of the Board of Directors

NAME AND SURNAME	POSITION IN THE SUBSIDIARY	START DATE OF THIS POSITION
Mustafa SAYDAM	Member of the Board of Directors (A)	26.03.2021
	Chairman of the Board	26.03.2021
	Remuneration Committee Member	26.03.2021
Dr. Cemil Ragıp ERTEM	Member of the Board of Directors	13.08.2018
	Deputy Chairman of the Board of Directors	12.06.2020
Abdi Serdar ÜSTÜNSALİH	General Manager	27.05.2019
	Member of the Board of Directors - Executive Member (A)	
Abdülkadir AKSU	Member of the Board of Directors (A) (Independent)	27.05.2019
	Member of Corporate Governance Committee	26.03.2021
Dr. Adnan ERTEM	Member of the Board of Directors (B)	28.10.2010
	Remuneration Committee Member	06.04.2012
	Substitute Member of the Credit Committee	12.06.2020
Dilek YÜKSEL	Member of the Board of Directors (C)-Independent	29.03.2016
	Member of Corporate Governance Committee	12.06.2020
	Member of Audit Committee	12.06.2020
Şahin UĞUR	Substitute Member of the Credit Committee	29.03.2016
	Member of the Board of Directors (C)	09.06.2017
Serdar TUNÇBILEK	Member of the Credit Committee	12.06.2020
	Member of the Board of Directors (C)-Independent	09.06.2017
	Member of Audit Committee	15.06.2017
Sadık YAKUT	Member of the Credit Committee	27.05.2019
	Member of the Board of Directors	27.05.2019
BOARD OF AUDITORS		
Hasan TÜRE	Member of the Audit Board	09.06.2017
Mehmet Emin BAYSA	Member of the Audit Board	12.06.2020

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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 67th Ordinary General Assembly Meeting held on 26.03.2021.

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. Résumés of the Members of the Board of Directors are available on <http://www.vakifbank.com.tr/yonetim-kurulu-uyeleri.aspx?pageID=300> and <https://www.vakifbank.com.tr/board-of-directors-and-statutory-auditors.aspx?pageID=2526>.

As per the Capital Markets Board regulations regarding Corporate Governance Principles, the number of Independent Members of the Board of Directors was determined as three. At the 67th Ordinary General Assembly dated 26.03.2021 Dilek YÜKSEL, Serdar TUNÇBİLEK, and Abdülkadir AKSU were elected as Independent Members of the Board of Directors. 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	POSITION IN THE SUBSIDIARY	START DATE OF THE POSITION
Abdi Serdar ÜSTÜNSALIH	TSKB A.Ş.	BoD Member	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.

The provisions of the Turkish Commercial Code (TCC) articles 395 and 396 are applicable for the Bank's Board Members to assume duties outside the company. This issue was discussed in the 9th agenda item of the 67th Ordinary General Assembly meeting held on March 26, 2021, and it was decided by majority vote to allow the members of the Board of Directors within the scope of articles 395 and 396 of the TCC by the shareholders.

5.2 Operating Principles of the Board of Directors

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 2021, 63 Board of Directors meetings were held. Members of the Board of Directors did attend the Board Meetings except in cases they had excuses. Decisions were made 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 (22nd article/5th 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 electronic platform.

The damage may be caused by the Board members as a result of their failures during their term of office has not been covered by insurance for 2021, and works are underway for Executive Liability Insurance in 2022.

5.3. Number, Structure and Independence of the Committees Formed at 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 Members of the Audit Committee and the Chairmen of the other committees are Independent Members. Due to the fact that there are no Executive Members except the General Manager, in the Board of Directors, Committee Members are non-executive members. Committees are not entitled to take executive decision.

Information about the committees is available under the Committee Structures and Policies section in the Corporate Governance Section of the 2021 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 will nominate, one member among the candidates that shareholders will propose by initially taking into account the Class (D)'s preferences, and two members among the candidates that shareholders will 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 (Article 19/Paragraph 1 of the Bank's Articles of Incorporation).

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 at least 2 members.

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.

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 legal capital requirement, İSEDES (Internal Capital Adequacy and Assessment Process) activities that include internally evaluating the capital requirement for the risks the Bank faces/will face also carried out, as the results are evaluated by the top management.

Furthermore, Risk Management Department carries out the activities in coordination with the Audit 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 top 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, information systems, financial reporting systems.

With a risk-oriented perspective, internal control activities are carried out in all domestic and international branches of the Bank, Headquarters departments and in subsidiaries subject to consolidation. Findings and suggestions determined within the scope of internal control activities are shared with the relevant parties through reports and the actions taken are followed up. Furthermore, information technology controls are also performed to check whether or not information system activities are carried out securely and in conformity with the guidelines determined by the Bank.

The Internal Control Department controls the functional classification of tasks and the sharing of powers and responsibilities in order to identify, 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.

The adequacy and effectiveness of risk management and internal control systems are audited by the Audit Board Department.

With the goals of current 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 in order to provide required compliance with the international rules, principles, and fundamentals on the same issue and up-to-date monitoring of the legislation concerning banking activities, evaluating the effects of the changes on the Bank's activities in a timely and with ensured full compliance, activities to monitor and coordinate internal Bank activities are carried out by the Compliance and Regulation Department.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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. Within framework of training activities; in-class and online trainings are regularly given to the Bank employee in order to constantly increase the awareness and culture within the Bank about "Prevention of Laundering of Proceeds of Crime and Financing of Terrorism.

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 Turkey 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 that 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 "Systemically Important Banks" 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 departments 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 Department 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 an annual salary that is determined by the General Assembly annually. In this context, in 2021, gross TL 43.3 million was paid to the members of the Board of Directors, Members of 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 8th article of the 67th 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 individual basis. Fixed and performance-based payments to the executives and other employees are determined and made within the framework of the principles of the Bank's Remuneration Policy.

In order to comply with the principle numbered 4.6.2 of The Corporate Governance Communiqué 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 2015 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 loan to any of the Members of 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.

Yours sincerely,

Dilek YÜKSEL

Member of Corporate Governance Committee

Abdülkadir AKSU

Member of Corporate Governance Committee

Sadık YAKUT

Member of Corporate Governance Committee

Ali TAHAN

Member of Corporate Governance Committee

Korhan TURGUT

Member of Corporate Governance Committee