



KAMUYU AYDINLATMA PLATFORMU

TÜRKİYE VAKIFLAR BANKASI T.A.O.
Corporate Governance Compliance Report
2018 - Annual Notification

Summary Info

Corporate Governance Compliance Report



Related Companies

Related Funds

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				The General Assembly meetings are open to all stakeholders, however there was no media participation to the 64th Ordinary General Assembly meeting.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					This is regulated on the 17th Article of VakıfBank Articles of Incorporation.
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There is no partnership with which the Bank has mutual participation relationship so that voting is non-available regarding to this subject.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.					X	There is no minority rights in the Bank.
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.					X	
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend payment was made.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					In profit distribution, a balanced policy is pursued between the benefits of the shareholders and the Bank. https://www.vakifbank.com.tr/profit-distribution-policy.aspx?pageID=1064
1.7. TRANSFER OF SHARES						
						The Council of Ministers is entitled to sell and to determine the procedures and principles of the sale of Class (A) shares of the Bank and the Class (B) shares held by the attendant

1.7.1 - There are no restrictions preventing shares from being transferred.	X					foundations under the General Directorate of Foundations. The Bank's Articles of Incorporation does 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, pursuant to the 6th Article of the Bank's Articles of Incorporation, the Bank's Board of Directors is authorized to convert Class (B) shares held by attendant foundations (subject to permission by the General Directorate of Foundations) and Class (C) shares held by real or legal bodies into Class (D) shares at the request of the Shareholders.
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Investor Relations part is the same in English and Turkish versions. Other pages on the Bank's corporate website can be different upon to the content.
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					As there is no case against the Bank which may have an impact on the Bank's financial status or activities, the annual report does not include such an important case and its possible outcomes.
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					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 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. surdurulebilirlik@vakifbank.com.tr sustainability@vakifbank.com.tr yatirimciiliskileri@vakifbank.com.tr investorrelations@vakifbank.com.tr
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				There is no agreement or regulation relating to the participation of employees to the management. However, the Bank pays utmost attention that its employees play an effective role at 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.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					If necessary, the Bank also provides information to the stakeholders who are not Bank employees, about the issues that concern them via e-mail, phone and other communication channels. However, it is applied to opinions of stakeholders of the Bank, via questionnaires or various interaction mechanisms in order to determine the material issues which compose the framework of sustainability report.
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					

3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					Relations between the Bank and its employees are maintained by the directors and representatives of the Bank Finance and Insurance Employees Union (BASS). The union representatives forward the requests and complaints of the employees of the Bank about working conditions, personal rights, duties and responsibilities to the Bank and monitor the process. Furthermore, there are union representatives, elected among the staff working in the Bank's Branches/Departments, who should monitor whether the Collective Bargaining Agreement and the laws in force about the union members are practiced in line with their purposes and who should verbally or in writing inform the director of that workplace about the insufficiency and discrepancy they detected on these issues.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.		X				Employees of the Bank are members of the BASS union and benefit from the rights which described in the Collective Bargaining Agreement. Employees are allowed to be a member of associations providing the conformity of Head Office pursuant to the provision which is specified in the Bank Personnel Directive "...the right of being tasked of the Bank's employees via appointment or election in cooperatives, foundations, professional and social unions as well as social security or charity funds which are founded by the Bank and/or Bank's employees are reserved. Employees might be allowed by the Head Office to get an active role in private or public entities."
3.3.9 - A safe working environment for employees is maintained.	X					Human Rights and Employee Rights Policy, Occupational Health and Safety Policy https://www.vakifbank.com.tr/human-rights-and-employee-rights-policy.aspx?pageID=1067 https://www.vakifbank.com.tr/occupational-health-and-safety-policy.aspx?pageID=1070
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					The Bank established the department called Consumer Relations Coordination Unit to ensure customer satisfaction. All suggestions, complaints or positive feedback about the Bank's products and services are communicated to the relevant department via the corporate web, call center, branches and social media channels. Additionally, customers can perform all banking transactions through a direct call to VakifBank 7/24 branch at 0850 222 0 724. In 2018, the satisfaction scores of customers in both sector and the Bank were measured and the development and improvement areas are determined by analysing the results based on the channel and product.
3.4.2 - Customers are notified of any delays in handling their requests.	X					If necessary, the Bank also provides information to the stakeholders who are not Bank employees, about the issues that concern them via e-mail, phone and other communication channels.
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					To constantly improve the customer satisfaction and the quality of banking service, all the activities of the Bank are certified with the most updated version 9001-2015 Quality Management Standard in 2017.
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					

3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					The effectiveness of internal control system is not included in the 2017 Annual Report of the Bank while the information regarding the functioning of this system exists. This information about effectiveness are set to be included in the upcoming period.
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					Losses incurred by the members of the Board of Directors as a result of their faults during their term of office, are covered under insurance. Employer's Liability Insurance 2018 policy's total value is USD 75,000,000 for each damage within the term of the policy.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There is no policy for this. However, among the Board members, there is one woman member.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					The Board members of the Bank are allowed to carry out operations within the framework of the Article 395 of Turkish Commercial Code and this matter is submitted to the information and approval of General Assembly on a separate agenda topic.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			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.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.	X					

4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X				
4.6. FINANCIAL RIGHTS					
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X		The performance of the Board of Directors is not evaluated, however performance evaluation is planned in the medium term.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X				The allocation of loans to Members of the Board of Directors are restricted by the 50th Article of the Banking Law. On this scope, the Bank has not lend any money or loan to any Board member. It also has not improved the terms for loans or credits, and neither extended loans by means of third persons and nor gave any collaterals for members of the Board of Directors.
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X		The remuneration information does not published on an individual basis. Nevertheless, it is included collectively under the section “ Board of Directors Remuneration” on the page 123 of 2017 Annual Report. https://www.vakifbank.com.tr/documents/finansal/Annual_Report_2017.pdf