

Türkiye Vakıflar Bankası TAO

23.1 Medium Risk

Diversified Banks | Turkey | IST:VAKBN



Rating Overview

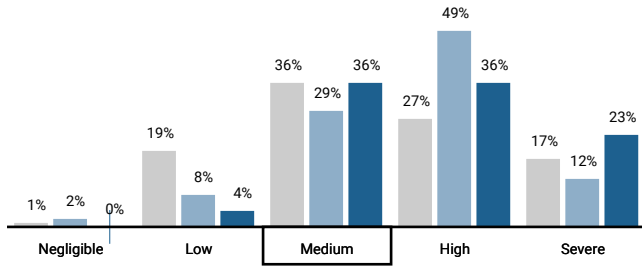
The company is at medium risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. Furthermore, the company has not experienced significant controversies.

Momentum Score: -4.1

Stable **II** →

The company's risk score has decreased in the past year, but its risk category has remained stable.

ESG Risk Rating Distribution



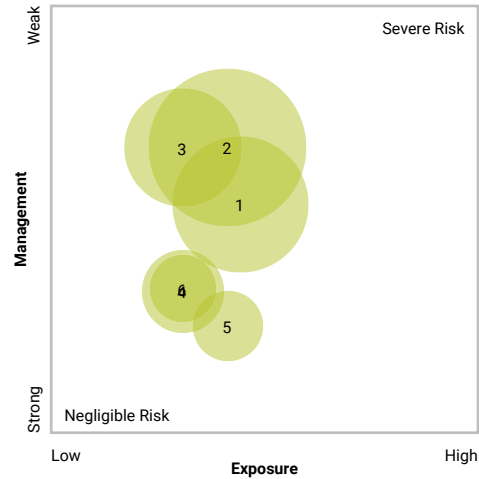
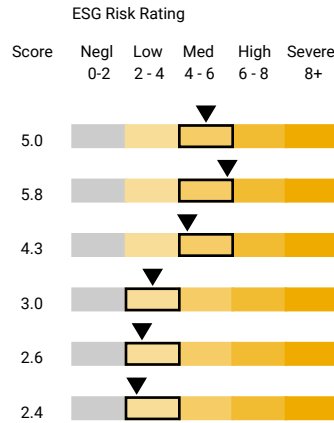
Relative Performance

	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	3669 out of 12137	31 st
Banks (Industry Group)	129 out of 926	15 th
Diversified Banks (Subindustry)	37 out of 373	11 th

Attribution Analysis

Top Material Issues

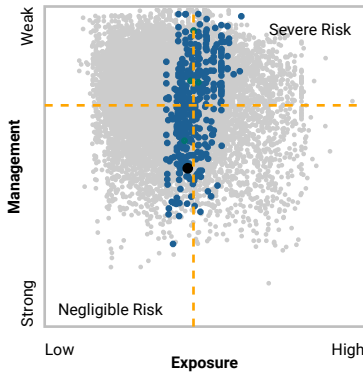
- Corporate Governance
- Product Governance
- ESG Integration - Financials
- Data Privacy and Security
- Business Ethics
- Human Capital



△ = Significant event

○ Circle size = Contribution to ESG Risk Rating

Risk Analysis



Peers (Market cap \$1.6 - \$1.7bn)

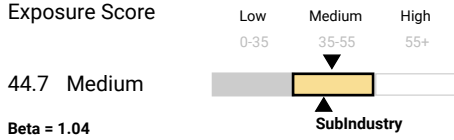
Peer	ESG Risk Rating	Exposure	Management
1. Türkiye Vakıflar Bankası TAO	23.1 Medium	44.7 Medium	50.5 Strong
2. PT Bank Danamon Indonesia Tbk	26.5 Medium	43.7 Medium	41.9 Average
3. Guaranty Trust Bank PLC	35.6 High	45.6 Medium	23.2 Weak
4. National Bank of Ras Al Khaimah	37.3 High	48.0 Medium	23.7 Weak
5. Military Commercial Joint Stock Bank	43.2 Severe	46.6 Medium	7.6 Weak

- Global Universe
- Diversified Banks (Subindustry)
- Türkiye Vakıflar Bankası TAO
- Peers
- + SubIndustryAvg.

Türkiye Vakıflar Bankası TAO

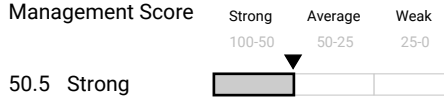
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As a public bank engaged in retail and corporate banking, financial services, investment banking and capital markets operations, VakıfBank is highly exposed to business ethics issues including conflicts of interest, market manipulation, bribery and corruption and fraud. Infractions could lead to lengthy investigations and regulatory penalties. In addition, the company services a diverse client base, thus being challenged to maintain a suite of high quality products and services that respond to a variety of needs. Lack of transparency in its product offerings, excessive fees and commissions or inability to offer bespoke solutions to large corporates could lead to complaints and client loss. Moreover, through its corporate and commercial banking activities, VakıfBank faces risks related to investing in controversial projects or industries, with negative impact on the society or environment.

The company's overall exposure is medium and is similar to subindustry average. Business Ethics, Product Governance and ESG Integration -Financials are notable material ESG issues.



VakıfBank's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's sustainability efforts are overseen by the board's Corporate Governance Committee, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

Attribution Details

Issue Name	Contribution to							ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight	ESG Risk Rating		
Corporate Governance	21.6%	9.0	9.0	100%	44.6	21.1 %	5.0		
Product Governance	25.0%	8.0	8.4	100%	31.3	19.7 %	5.8		
ESG Integration -Financials	18.7%	6.0	6.3	100%	31.4	14.8 %	4.3		
Data Privacy and Security	13.1%	6.0	6.3	80%	65.0	11.8 %	3.0		
Business Ethics	11.1%	8.0	8.4	95%	73.1	18.7 %	2.6		
Human Capital	10.6%	6.0	6.3	95%	64.4	14.0 %	2.4		
Overall	100.0%	43.0	44.7	95.5 %	50.5	100.0%	23.1	Medium	

△ =Significant event

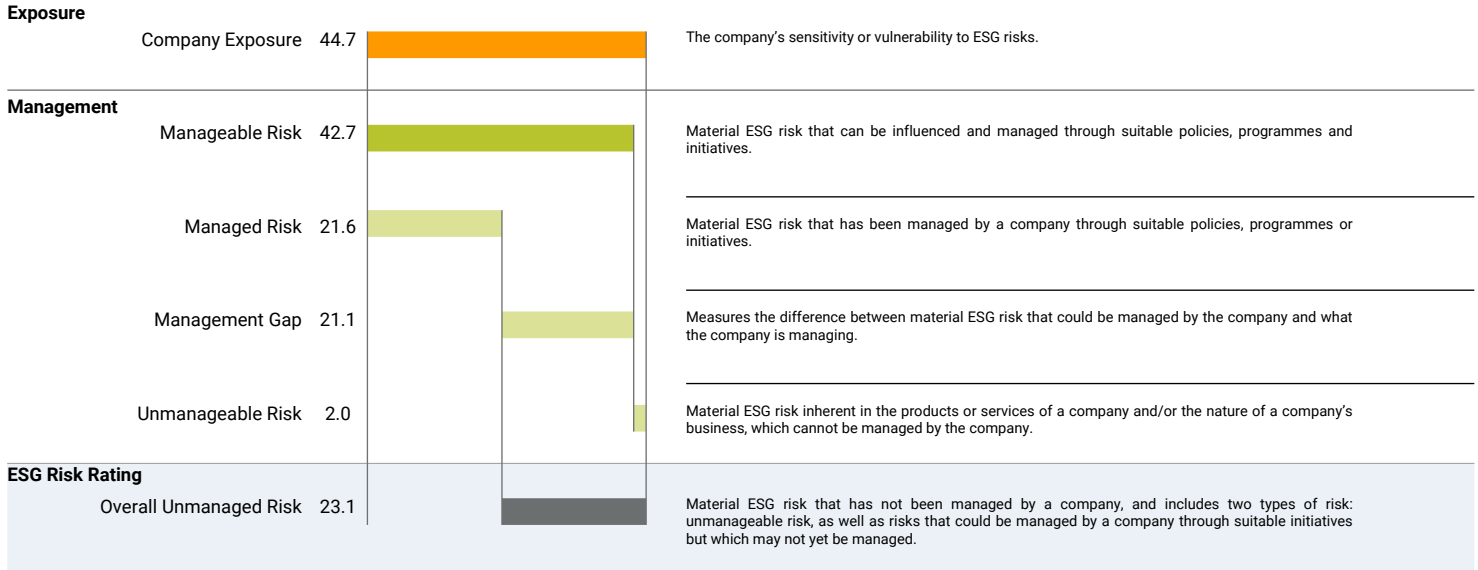
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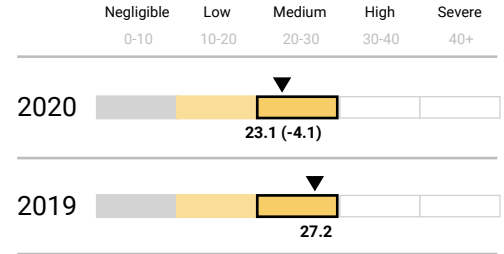
Risk Details



Momentum Details

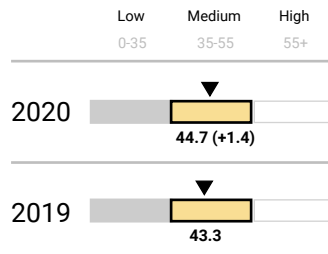
ESG Risk Rating Momentum Score: -4.1

Stable The company's risk score has decreased in the past year, but its risk category has remained stable.



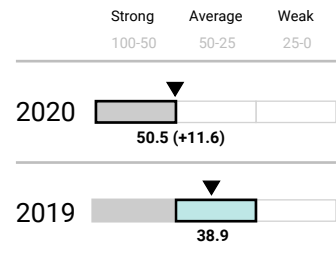
Exposure Momentum Score: +1.4

Stable The company's exposure score has not changed significantly in the past year, and its exposure category has remained stable.



Management Momentum Score: +11.6

Improved The company's management score has increased significantly in the past year, and its management category has improved.



GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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