

2022  
Corporate Governance Principles  
Compliance Report

## **CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

### **1- Statement of Compliance with Corporate Governance Principles**

In spite of the fact that the bank's shares are not open to public, the provisions in the legislations have been complied with in maximum, being aware of the importance of corporate governance practices. In this respect, utmost attention has been paid to comply with nearly all of the principles specified in the legislation without giving rise to any conflict of interests.

### **SECTION I - SHAREHOLDERS**

#### **2- Shareholders Relations Department**

Since the Bank's shares are not open to public, there is no "Shareholders Relations Department". The transactions about public offering of the bank bonds are carried out by Financial Institutions Syndication and Debt Capital Markets Directorate. All kinds of information and explanation, except for the special requests for information by our investors, are given under the menus Relations with Investors and Corporate Governance on the Bank's web site.

#### **3- Exercise of Shareholders' Right to Information**

In case of emergence or getting informed of the developments influencing the decision of the investors, they are announced via Public Disclosure Platform. There are documents including various information disclosed to the public under Relations with Investors and Corporate Governance menus on the Bank's website.

During the activity period, a number of meetings were held and all the requests for information were responded. All information requests of the shareholders are provided that they are not commercial secrets or undisclosed information.

In the articles of association of our Bank, there is no regulation about the request of assigning a private auditor. No request has been received by our Bank about assigning a private auditor during the term.

#### **4- Information on General Meetings of Shareholders**

Shareholders of the Bank held an Ordinary General Assembly meeting on 24.03.2022. Within scope of Turkish Commercial Code Article 416, the General Assembly was attended by all the shareholders without being called. The notification about the meeting was made to the shareholders two weeks before the meeting in written form as is required by Articles of Association.

Since all the nominative shareholders of the Bank are registered in the Share Ledger, no duration was allotted for registration in the Share Ledger to ensure them to participate in the General Assembly Meeting.

In this General Assembly, the shareholders did not use their right to ask question.

There is no provision in the Articles of Association stipulating that important decisions should be taken by general assembly. In this respect, the legislation in force is implemented.

Minutes of General Assembly are announced in Turkish Trade Registry Gazette within scope of the legislations. Pursuant to the provisions of "Regulation on the Web Sites to Be Opened by Capital Companies" put in effect in May 2013, the minutes of General Assembly are being published on the website of the Bank following the General Assembly, which is open for review by all the shareholders, in the Head Office.

#### **5- Voting Rights and Minority Rights**

There is no privilege applied on the voting right of the Bank's shareholders. The companies in reciprocal shareholding did not participate in the voting in general assembly. There's no minority share represented in management. The Bank does not implement cumulative voting.

#### **6- Dividend Policy**

There is no privilege granted in participation in the Bank's profit. Except for the arrangement made under Article 32 "Detection of Net Profit", Article 33 "Allocation and Distribution of Net Profit" and Article 34 "Capital Reserves" in Articles of Association of the Bank, there is no other profit distribution policy disclosed to the public. Within the scope of related legislations, decisions for profit distribution are taken and necessary actions are realized in parallel with this.

#### **7- Transfer of Shares**

For the transfer of shares, tenors of the Turkish Trade Code are implemented pursuant to the article 10 with the title "Transfer of Shares" of the Bank's Articles of Association.

### **SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY**

#### **8- The Company Disclosure Policy**

Disclosure Policy of the Bank is updated and published on the website of the Bank both in Turkish and English as is required by the legislations we are subjected to. Within the scope of disclosure policy, it is disclosed to the public by "Financial Reporting and Tax Directorate" within the knowledge and approval of the Bank's Board of Directors and Head Office. The

disclosures are reported in Corporate Governance Committee.

The main purpose of the Disclosure Policy is to ensure that required information, other than confidential business information, is disclosed to the public, investors, employees, customers, creditors and other relevant parties in a timely, accurate, complete, understandable, convenient and affordable manner, on equal footing.

All kinds of financial information, explanations and disclosures required in line with the Banking Law and the relevant regulations, Capital Markets Board (CMB) Legislation, Turkish Commercial Code, Borsa Istanbul (BIST) Legislation and other relevant legislation, are provided by also taking into consideration the generally accepted accounting principles and the Corporate Governance Policies of the CMB.

The Disclosure Policy has been established by the Bank's Board of Directors. The Board of Directors has the right and the responsibility to disclose information to the public, and to monitor, supervise, and develop the disclosure policy. Coordination of the disclosure function is the responsibility of the Financial Control and Treasury Executive Vice Presidency and Legal Counsellorship. The officials of the aforesaid departments fulfill these responsibilities in close coordination with the Senior Management.

Quarterly financial information of ING, consolidated and unconsolidated financial statements and footnotes have been prepared and audited in accordance with Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these as published by the Banking Regulation and Supervision Agency. Moreover, before declaring the financial statements and its footnotes to public, they are approved by Head of BoD, Audit Committee, CEO and Executive Vice President in charge of financial reporting pursuant to relevant regulations and codes. After approval, financial statements and its footnotes, independent audit report, interim activity report are declared to public in electronic environment as a notification in Public Disclosure Platform (KAP) in line with regulations of Capital Markets Board of Turkey (SPK) and Stock Market of Istanbul (BIST). Interim activity report, which is announced in every quarter of year, includes market positioning of the Bank, general financial performance and other important issues. The financial statements are published in the website of ING after the declaration to public in Public Disclosure Platform.

Year-end consolidated and unconsolidated financial statements are declared in Official Gazette at the end of April following year without footnotes.

The Bank's Board of Directors has the right and the responsibility to develop and to follow up the implementation of the Disclosure Policy. The effectiveness and reliability of the public disclosure process within the scope of the Disclosure Policy are under the supervision and control of the Bank's Board of Directors. The Bank's Board of Directors has the right to amend the policy. The amendments are disclosed to the public and published on the internet website within one week following the amendment.

The implementation of the Disclosure Policy is under the responsibility of the Bank's Senior Management.

#### **9- The Company Website and Its Content**

There are disclosures for the public, especially for the investors under the menus "Relations with Investors" and "Corporate Governance" on the website of the Bank. Bank disclosures are provided in Turkish.

ING's Website ([www.ing.com.tr](http://www.ing.com.tr)) is frequently used for informing the public and for disclosure. The website of the Bank includes the information and data required by the legislations. It is paid attention to keep the website up-to-date.

#### **10- Annual Reports**

The Bank's Annual Reports cover the information specified in the Corporate Governance Principles, as well as those that are required to be disclosed as per the applicable legislation. Year-end activity reports provide information about the Bank's position in the market, its overall financial performance and other material subjects.

Annual Report is prepared pursuant to the Regulation of "Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank" which is published by Banking Regulation and Supervision Agency (BRSA) and approved by BoD and independent audit company. Annual Report is declared to public via our web site ([www.ing.com](http://www.ing.com)) in duration determined by legal regulations.

### **SECTION III - STAKEHOLDERS**

#### **11- Informing Stakeholders**

Stakeholders are informed by the Bank on the issues relating to themselves via general assembly meeting minutes, material circumstances disclosures, press releases, meetings, electronic mail and/or website. There is a corporate intranet for informing the employees.

#### **12- Participation of the Stakeholders in the Management**

The employees are always encouraged to participate in the management and their suggestions for improving the business are taken in consideration and rewarded. Customers of the Bank communicate their requests and complaints via branches, website ([www.ing.com.tr](http://www.ing.com.tr)), Customer Contact Center (0850 222 0 600) and social media.

Within the internal policies & procedures of the Bank approved by the Bank's Board of Directors includes the definition of how the requests, recommendations and complaints of the employees and third parties should be assessed. It is aimed to encourage the change and improvement as well as increasing motivation by assessing and rewarding them.

For all the recommendations found to be appropriate, a working plan is drawn by the relevant units and necessary system developments are carried out. The bank personnel are regularly informed about the recommendations studied and put in effect.

### 13- Human Resources Policy

ING Human Resources management focuses on three fundamental aspects so as to support ING's strategies.

The first one of these aspects is extending the highest-level of support to the talent cycle of employees at every stage. The talent cycle is a process that begins with attracting and training the human capital that will carry ING and themselves one step ahead in line with the Orange Code.

In 2022, senior students from Turkey's leading universities showed intense interest in ITP (International Talent Program) designed to train the future leadership of ING.

The second area of focus for ING Human Resources management is to foster the organizational climate so as to boost the happiness, productivity and creativity of the employees. ING has formulated a corporate culture and leadership climate roadmap, which is highly unlikely to be matched in its sector. Under the program in place, the Bank achieved results that reflect positively on its financial results, as well as climate and employee engagement surveys.

Finally, Human Resources authored numerous novelties by virtue of its employee experience in parallel with ING's innovative genetic code, and evolved its working environment into an exemplary one in the sector.

The ING Group constantly monitors its organizational climate and employee engagements through powerful global survey: OHI (Organizational Health Index).

OHI is a global survey designed to obtain a clear idea about the organization's health, to measure the ability of the organization to align behind common goals and to succeed in the long term. Focusing on key organizational skills and capabilities such as leadership, innovation and learning, the survey also looks into how the Bank interacts with the customers and the external environment.

"OHI Classic and OHI Pulse Surveys" were conducted twice in 2022.

Helping identify the improvement areas that play a key role in the execution of ING's "Think Forward" strategy and substantially influencing the performance culture pursued across ING, these surveys assist in determining the next steps for the roadmap.

In order to keep OHI actions under close watch, OHI Pulse Survey was conducted twice in 2022 (in May and October) for improving our organizational health, keeping up the momentum, communications, and quickly responding to employee feedback. These results show that we, as ING in Turkey, make a difference among all ING countries and perform especially with our innovation and learning, leadership and working environment, show that the culture we want to create within ING is getting stronger day by day.

The Continuous Listening program is a tool that transforms the corporate culture and leadership climate at the Bank into an organization where employees love to work, are happy and proud to be a part of, and at the same time helps employees sustain their success. In order to successfully execute the program at ING, meetings were held with the senior and regional management of each business line throughout 2022; findings from the surveys conducted during the year were evaluated and awareness of the topic was raised. As ING Turkey, our 2022 score is 80.

Another important issue that ING Human Resources management is dealing with is the diversity and inclusion approach. In this context, the Diversity and Inclusion manifesto was published in 2020. With the approach called "= ING" in the manifesto, it was emphasized that behind all differences we are all equal in opportunities as much as equal in career and in behavior towards each other. In 2022, the diversity and inclusion approach was celebrated with events held in October simultaneously with all ING countries.

Aiming to have all its employees say "Glad to be an ING'er" by virtue of its culture and working environment, ING targets to maximize employee engagement and to be the most liked bank in the sector with its sustainable and pioneering initiatives.

In 2022, Human Resources has made many innovations with its employee experience in parallel with ING's innovative genetic code and has developed the working environment to be a role model in the sector.

In 2022, a FlexMe fringe benefit model was developed, where employees can stretch their fringe benefits in line with additional opportunities determined by the bank.

IKON Call Center, which was established in 2015 to solve the demands of the employees at the first contact and to facilitate the Human Resources processes, was closed in 2022 in order to increase operational efficiency and provide faster solutions

to the employees, and Chatbot and Live Chat were put into practice instead. Chatbot, which employees can easily access, has been developed with the question multiplexing method and answers questions from employees 24/7. At the point where Chatbot cannot provide support, Live Chat application is entered and live support is provided during working hours.

In addition to all ING-specific leaves, the Flexible Leave application was implemented in 2022. The employees who do not have a leave balance, can choose any of the Flexible Leave and use their leave.

### **Training and Development**

ING employees are constantly supported with training programs from their first day at the Bank. Professional and personal development classroom training programs, which are designed to build on the employees' knowledge and skills in their current or future positions, are diversified also with digital education methods, hence providing improved performance.

In addition to classroom programs designed specifically for each business line branch employees are assigned to, other modules enriched with on-the-job training, mentoring and education are also formulated in line with ING's strategies. During 2022, more than 850 ING employees attended branch training programs, and the Bank organized 5 days of classroom/online training per person on average. The training modules offered as part of continuous learning, one of ING's key strategies, and digitalization were moved to the digital environment during the pandemic, and employees received a total of 32 hours of training per person on average, breaking down as 18 hours of classroom/online training and 14 hours of e-education.

With the opportunity provided to attend the training programs any time anywhere, offering the existing classroom trainings on the virtual environment and remote post-training retention activities continue to increase the effectiveness of technology-based systems.

Custom-designed Management Development Programs are available for all management levels at the Bank. The "Think Forward Leadership Experience" program, which was launched in 2018 to ensure dissemination of a homogenous leadership culture across all ING countries, began to be offered digitally this year. In addition to these global sessions, preparations to conduct these sessions in Turkish language for the program started in 2021 and Turkish sessions are planned to be held in the upcoming periods.

The Way of LeadING at ING program is intended to equip the newly promoted or newly onboarded managers with the competencies that will keep them a step ahead as they develop themselves, their teams and business through the modular training program.

Within the scope of ING's data-driven strategy, the one-year Data Science Certification Program continued, which was initiated in 2018 in cooperation with Özyeğin University, one of Turkey's leading universities. A total of 27 employees making up the 7th batch of graduates of the program custom-tailored by the university for ING received their Data Science Certificates in 2022 after completing the intensive training program and their graduation projects developed based on the Bank's needs. The ING'ers who successfully completed the program and have been awarded certificates will have the opportunity to further specialize in their fields by pursuing graduate or post-graduate programs at Özyeğin University.

With the aim of building on our employees' competencies in line with our digitalization strategy, the "Digital Certification Program" was launched in collaboration with Sabancı University and 53 employee has been graduated from this program. This year's program which is attended by 27 participants for 4 months continues.

TrainING/LeadING Week (training summit weeks), which is being organized for ING Head Office and K. Maraş and branch employees to promote their self-development and leadership skills, continues to be held as a first in the sector. A total of 1,500 people participated in 45 different training sessions, workshops and quiz shows which provided employees with the option to make a selection according to their improvement areas.

In order to support the competence development of our employees, the "Development Suggestions Booklet" consisting of e-training, videos and articles was prepared and shared with all of our employees.

In order to raise the ING leaders of the future, the ITP (International Talent Program) is held regularly every year. With 8 new graduates who joined the Bank in 2022, the number of ITP employees reached 22. The ITP employees undergo various rotation programs at ING for one year according to their chosen career paths, and go on international rotation (STA-Short Term Assignment) in another ING country. In 2022, 10 ITP employees were given international assignments within this scope.

Within the scope of the new recruitment model, Recruitment 1-2-3, implemented in 2021, the training developed by the Talent and Development Management Team and shared with other countries of ING in order to improve the interview competencies of managers, started to be applied to all recruiting managers. The other sessions of the training, of which 5 sessions were completed in 2022.

### **Performance Management**

ING believes that it will contribute to profitability and growth if employees have measurable goals and a shared success culture where they unite and work together to attain these goals.

The Step Up performance process, which is a real-time development and progress process, helps each ING employee to reveal his or her hidden potential through in-depth self-probing, while providing an opportunity to raise their self-awareness and

build on their competencies with a feedback culture.

Along this line, the ING performance management system, “Success@ING”, is designed to assess all employees under the headings of business objectives, Orange Code behaviors, and targets that transcend objectives and borders. The system uses the results as input for determining employees’ career opportunities, talent programs, training plans, wages and benefits.

ING has a documented remuneration policy which is consistent with the scope and structure of its activities, strategies, long-term objectives and risk management structures to prevent excessive risk taking and to contribute to effective risk management. This policy is competitive, fair and consistent in parallel with employees’ contributions to ING. The Remuneration Policy sets out the remuneration principles and rules which apply to ING’s senior management including the Board of Directors, Chief Executive Officer, the Executive Committee, and Executive Vice Presidents, and to all Bank employees.

The effectiveness of the related policy is reviewed at least once a year by the Compensation Committee, which consists of two non-executive Board members. The Committee evaluates the remuneration policy and its implementation within the framework of risk management principles and submits its recommendations to the Board of Directors annually in a report. During the review, the Board of Directors and the Compensation Committee focus on ING’s transparency, performance criteria and measurement, as well as the prevention of excessive risk taking.

The Board of Directors ensures that the remuneration of the Board members, senior management and other relevant personnel (as per the applicable regulations) is consistent with ING’s ethical values, internal balances and strategic objectives. The responsibilities assigned to the members of the committee, which is composed of the members of the Board of Directors, are taken into account with respect to their remuneration.

ING’s remuneration structure consists of fixed and variable components. In the event that a decision is made by the Board of Directors to pay a bonus, the employee becomes entitled to a variable pay based on performance and within the framework of the criteria determined based on the working period. Criteria related to the job descriptions and distribution of employees and performance-based incentive payments are determined and announced by senior management.

Payments to employees in the internal control, internal audit and risk management units are determined independently of the performance of the units they audit or supervise or control, and the performance of the employee’s own function is taken into account in this respect.

The variable pay is linked to performance according to financial and non-financial performance criteria determined by ING. These criteria take into account various parameters such as the return on capital, profitability, efficiency and customer satisfaction ratio.

In evaluating the performance of qualified employees, besides their personal goals, the performance criteria of ING and ING NV are taken into consideration together, and they may vary depending on the person. The principles of integrity, loyalty and mutual trust are taken as basis in variable payments to employees. In the event of actions or omissions that may result in material/moral damage to ING, loss of reputation or violation of legislation, variable payments to an employee may be withdrawn, postponed or cancelled.

The method of payment of variable pays to qualified employees is determined within the framework of the “Guidelines on Good Compensation Practices in Banks”. At least 40% of the variable pay shall be deferred for a period of not less than 4 years, and at least 50% is paid in non-cash form (shares of ING NV).

Branch employees are entitled to a bonus consistent with their performance against the targets set within the Success Showcase report card by the respective business lines at the beginning of each quarter, and the premium amounts earned are paid to them at the end of each quarter.

Within the framework of the Guidelines on Good Compensation Practices in Banks, members of the senior management and ING staff deemed to be performing a function which has a significant impact on the Bank’s risk profile were classified as qualified employees. As at end-2022, a total of 22 qualified employees were working at ING.

The share of performance-based variable payments to all top managers within total personnel expenses was 12.90%.

### **Career Management**

ING has adopted the principle of meeting its needs for experienced human resources primarily from its existing employee body in order to support the development of its existing employees, to help them advance in their careers and to strengthen its corporate culture.

The Bank supports this goal at the highest level by implementing two different career programs that complement each other. The first one is the “Career Steps” program, which has been implemented since 2013 to further invest in the career goals of employees working at branches.

ING is committed to adopting a rigorous approach to the performance of its employees, their strengths and weaknesses, their tendencies and aspirations, and offers them positions in which they will be able to make the most of their capabilities. To this end, the Bank provides guidance to employees to help them organize their future. This program has established a success

oriented system to support the development of ING employees by offering them a chance to be transferred to other business lines within the Bank, while also fulfilling ING's needs for human resources internally.

Career Opportunities is another program implemented by ING to provide its employees with suitable career opportunities. The Career Opportunities program, which was introduced in 2013 mainly to announce career opportunities in the Head Office units, is a process in which the Bank's needs are shared transparently with all employees, and employees are encouraged to put themselves forward as candidates. In 2019 the implementation of the program continued with a broadened content. As of 2022, all positions without exception continued to be announced through this process.

Career opportunities are announced on the ING intranet, which lets benefiting from employees' skills in different areas across the Bank by allowing interdepartmental transfers and through which employees have the opportunity to acquire new talents and abilities thanks to rotation. All vacant positions at the Bank, including but not limited to manager and director positions, are announced on the Career Opportunities website, and everyone is provided equal opportunities under a fair assessment process. In addition, access is provided to different career opportunities where candidates could use their knowledge, skills and competence.

In addition, all career opportunities and tools (Individual Development Plan, Evaluation and Development Tools, Career Development Talks, etc.) in ING in Turkey were explained to our employees during the Career Week held for the first time in October 2021. During the Career Week, which was also repeated in October 2022, a total of 24 sessions, 62 speakers from various business lines and a total of 2118 physical/online participants were included.

"Local STA", "Double Major", "Orange Guest" HR applications were launched for the first time during the Career Week for our employees to discover and experience different career paths.

**Local STA Program:** It is the assignment of an employee in a different department in ING in Turkey for a certain period of time.

**Double Major Program:** It is the employee's work in a different department from his/her team, part-time (1 or 2 days a week). The purpose of this experience is to enable the employee to explore different opportunities and areas in his career path.

**Orange Guest Program:** In order to increase synergy and empathy between the teams and to enable the employee to obtain information on the work related to different units, he/she goes to a different team from the team he/she is in for a certain period of time, and does the job in the role he/she went to as a guest during this period.

ING talent practices also encourage employees to be the leader of their own development process. The Individual Development Plan (IDP) takes place at the center of these practices. The IDP is an effective tool that helps the employee think and plan for personal development needs and goals. The Individual Development Plan (IDP) consists of three parts:

These;

- **Planning for Now:** Allows the employee to identify improvement actions that will help him be more effective in her/his current role.
- **Planning for the Future:** Allows the employee to identify developmental actions that will prepare them for their next role at ING or help them expand their current role.
- **Planning for Beyond:** Allows him to identify developmental actions that will help him prepare for a new role or career outside of ING, now or in the future.

### Social Benefits

The work for the transformation journey for "ING's Agile Working Model", which was launched in all ING Group countries and which will let ING in Turkey to operate in harmony with the global business, have begun for the "Product and Channel Development Teams" by early 2020.

The aim of the agile working model is to be able to more quickly respond to evolving customer needs, go beyond the conventional banking notion to introduce new service and business models much more quickly, and accelerate innovation.

The aim for product and channel development teams involved in the transformation process is to have them work as teams that are capable of organizing and making decisions within themselves, and of communicating faster and transparently.

Being the first private bank to offer teleworking and flexible working models to its employees, ING authored yet another first in the sector, and developed four additional working in 2020.

These models include teleworking full-time, teleworking for one week of each month, and compressed work weeks consisting of working three or four days a week. New working models designed based on the approach "You first become yourself and then an ING'er" have been applicable from 1 January 2021. The new flexible working models are described below:

**Flexi365:** This model is available to all employees at the Head Office and the Operations Center in Kahramanmaraş, to the extent allowed by the nature of their roles and regulations. ING'ers who are deemed eligible depending on their respective business lines or roles will be able to telework five days a week, if they so wish.



**Flexi One Week a Month:** Available to Head Office employees and the Operations Center in Kahramanmaraş. This model consists of one week of teleworking and three weeks of in-office presence. Regardless of the working model they belong to, ING'ers will be able to work from wherever they wish in the third week of every month.

**Flexi 3 Days a Week and Flexi 4 Days a Week:** Under this model that is available to all employees to the extent allowed by the nature of their roles and regulations, eligible employees will be able to work 3 or 4 days a week as they wish.

#### **14 - Ethical Rules and Social Responsibility**

ING Group prioritizes environmental sensitivity and human rights in all ING countries and in the business relationships established. In financial decisions and transactions mediated, ING policies created with the awareness of responsibility towards the society must be complied as well as national and international laws and regulations.

The Environmental and Social Risk Policies created for guiding our activities in the light of our social, ethical and environmental vision has become an indispensable part of credit risk management at ING. In other words, all potential social and environmental side effects (destruction of forests, air pollution, child employment, controversial weapons) of our activities are reviewed in depth.

The policies are continuously improved and updated through cooperation with our employees, customers, shareholders and organizations specialized in the issues such as human rights, climate change, etc.

ING Group is one of the 10 international banks having acknowledged Equator principles voluntarily in June 2003 which are agreed upon to be applied in financing all the projects costing 10 million \$ or more, based on environmental and social responsibility policies of International Finance Corporation. In project finance, these standards are taken in consideration for social responsibility and environmental risk management.

ING Group, which has also been registered in the FTSE4Good and Dow Jones Sustainability Index for its compliance with global responsibility standards, signed United Nations Global Compact in 2006. ING Group has been carrying out its activities with zero carbon footprint since 2007. ING Group was named the most sustainable bank of the year in 2016 by Sustainalytics, which provides guidance to investors through research.

In keeping with the Terra approach it has announced, ING Group draws a roadmap to steer the priority sectors towards climate adaptation, and creates climate scorecards for these sectors. In this context, ING Group considers social responsibility and environmental risks in its project finance decisions, and acts in accordance with associated principles. In 2021, ING Group published its first Integrated Climate Report which gives an overview of all the elements of its climate action approach. The Report outlines how ING financing impacts climate change, including the progress it achieves in line with the Terra Approach developed for steering its portfolio towards global climate goals. ING joined the UN Net-Zero Banking Alliance and revised its climate goals accordingly; having announced its new commitment to keep the rise in global temperatures at 1.5 degrees Celsius rather than below-two degrees and to achieve net zero by 2050 rather than 2070, ING ambitiously works along these lines.

ING has adopted to comply with "Banking Ethical Principles" dated 1 November 2001 no 1012 published by Banks Association of Turkey. Besides these principles, the ethical rules which the employees of ING Group Companies have to comply with are shared with all the employees of ING and its subsidiaries. Board of Directors' resolution dated 26 December 2014, numbered 48-5 was granted in regard to the Ethical Principles of ING.

ING is a signatory of United Nations (UN) Women's Empowerment Principles. ING regularly measures the women statistics and develops programs to increase the number of the women employees in the bank. In addition, the ING Equals (=ING) platform helped raise awareness of gender equality. Having initiated gender equality communication on 8 March International Women's Day, ING carried on with these initiatives on 23 April National Sovereignty and Children's Day, Mother's Day and 29 October Republic Day. In addition to these, as the name sponsor of the Women's Basketball Super League, ING has consolidated its spokesperson position in Turkey by combining its support for basketball with its mission of empowering women since 2014.

ING is included in the Banking Finance Working Group for Sustainable Banking established by UN Global Compact Turkey. The experiences and accumulation of knowledge in this area both in international and national markets are shared with other participant banks. On 25 September 2017, ING has signed with 7 other banks the "Declaration on Sustainable Finance" which was initiated by UN Global Compact Turkey. In addition to that ING has been one of the 6 banks in Turkey who commits to Responsible Banking Principles developed by United Nations Environment Programme Finance Initiative on 21 November 2019. In this regard, environmental and social risk evaluations were integrated into the loan assessment process for financing investment projects.

Pursuing operations with the vision of being Turkey's leading savings bank, ING believes that financial health plays an important role in creating a sustainable world, and ING is committed to being an institution that fulfills its responsibility to the society they operate in. ING informs the public about finance/banking-related topics through "Money Matters" video series offering content produced with a plain language and broadcast on its YouTube channel. Each episode of Orange Questions, which is the Financial Literacy video series covered under Money Matters, provides the answers to questions about finance, banking and economy as explained by an expert from ING. In addition, Turkey's Saving Trends Survey video



series featuring ING Turkey specialists analyzes the savings tendencies in Turkey and evaluates current data on individuals' saving habits.

As a requirement of its mission as a Savings Bank, ING has been determining saving tendencies, changes and saving potentials of urban population with the Research on Turkey's Saving Tendencies carried out since October 2011. The results generated in the research have been respected and considered a resource by academicians, journalists and governmental bodies. The research was also granted "Best Communication Research" award in the category of "Communication Research" in International Public Relations Association (IPRA) 2013 Golden Globe Awards. The research won bronze award ranking third among 225 projects in "Communication Program of the Year or Public Relations Campaign" category in "International Stevie Awards" accepted as one of the most prestigious awards of international business world.

Finally, ING has focused on children and the young people who will be the most significant figures on the savings picture of the future, with the aim of meeting its responsibilities towards the society. To create awareness for saving in the future generations of Turkey, ING officially launched "Orange Drops" program in April 2013 aiming at changing consumption and saving behaviors. Within the scope of the program put in effect in coordination with Financial Literacy Association, 3<sup>rd</sup> and 4<sup>th</sup> graders in Elementary Schools have been visited and financial literacy trainings focusing on savings have been provided to 3<sup>rd</sup> and 4<sup>th</sup> graders in elementary schools, via their teachers, for 8 weeks. The Orange Drop impact measurement results reveal that the education eliminates the 'gender difference in the tendency to compete', and that the competitive tendency of the girls receiving education is at the same level as the male students receiving the education.

Orange Drops has been represented ING in various international and national awards. The project won The Preferred Bank Award among 50 ING Group countries, has also received "Best Corporation" award among 17 corporations in EIFLE-Excellence in Financial Literacy Education Awards, organized for the eighth time by American Financial Literacy Institute. Orange Drops has also been one of the global finalists in Child and Youth Finance International/CYFI Awards. It also holds Golden Compass Award being the "Best Corporate Social Responsibility Project" in education category among 12 projects in 13<sup>th</sup> Golden Compass Awards. Lastly, it won the "Silver Award" in "The Stevie International Business Awards" within the "Corporate Social Responsibility" category.

Within the scope of our cooperation with TEMA ((The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) to contribute to protection of the environment, savings created by the employees reducing the use of paper and our customers switching to e-statements have continued to turn into trees planted in Orange Forest. ING joined in the initiative of the Banks Association of Turkey for reforestation of forests razed in the wildfires that took place in Antalya, Adana, Mersin, Muğla, Osmaniye and Hatay in 2021, and supported these efforts by way of sapling donations.

ING employees, dedicating some of their time to solving social problems within the framework of ING's focus areas, particularly climate and financial health, meet at the Orange Hearts platform to share their time, expertise or financial resources in social responsibility initiatives. ING members who want to volunteer within the scope of Orange Hearts can apply to the announced projects or propose their own project proposals. In this direction, volunteers have engaged with different activities such as they contributed to the development of students with Orange Drop, supported children in need in different regions in cooperation with UNICEF, and took part in the creation of an audiobook archive for the visually impaired in cooperation with Boğaziçi University Technology and Education Center for the Visually Impaired (GETEM).

In 2021, ING sustained the ING Equal Future Fund scholarship fund that it set up in 2019 in cooperation with the Turkish Education Foundation (in Turkish: TEV) in line with its support to strengthening gender equality and women's equal economic participation. Through this fund, support is being extended to 10 female engineering students each year. ING also supports Koç University's Anatolian Scholars Program, Özyeğin University's Equal Opportunity Program and Bilkent University's Scholarship Program for Girls.

Targeting to be Turkey's leading digital institution, ING added further momentum to its social investments along this line through the Digital Teachers Project it has launched in 2020 in cooperation with the Habitat Association and the Middle East Technical University (METU). The Project aims to familiarize primary and secondary school teachers with the digitalizing world and to equip them with digital literacy skills that they can make use of in face-to-face and distance education formats. The Impact Report covering the initial training period of the Digital Teachers Project was released, and the results demonstrate that the Project has fulfilled its purpose of contributing to the country's digital transformation and providing the teachers with the knowledge and skills required by the digital age. Teachers and youth are supported with effective and up-to-date content in a hybrid model with online and face-to-face training.

The Digital Teachers Project, reaching 4 thousand teachers in total, was recognized with numerous national and international awards. Since its inception in the third quarter of 2020, the Digital Teachers Project claimed the gold prize in the "Outstanding Community Initiative" and "Outstanding Educational Service" categories at the international Global Business Excellence Awards and in "Social Responsibility" category at the PSW Awards 2020. Other awards garnered by the Digital Teachers Project include Silver Sardis in the Social Responsibility, Positive Social Impact category at the Sardis 2021 awards that recognizes innovative and creative initiatives with a social responsibility focus in the finance sector; Gold Stevie in the Communications or PR Campaign of the Year in Corporate Social Responsibility category at the Stevie International Business Awards 2021, and the Gold prize in the Social Contribution Development Program category at the TEGEP Learning and

Development Awards 2021, which are given out to support the good practices, investments and initiatives in corporate education and development by TEGEP, Education and Development Platform Association of Turkey.

Pursuing operations within the frame of responsible banking notion and proceeding with its digitalization strategy, ING in Turkey moved ING's Technology Academy for Future to Ağrı in 2021, after conducting the first edition of the initiative that aims to provide children with new generation competencies and a culture of production with technology in Kahramanmaraş. ING's Technology Academy for Future, which implements the Maker Movement educational program covering design/production, electronics, robotics and coding, familiarized students between the ages of 10-14 in Ağrı with the maker culture online.

#### SECTION IV - BOARD OF DIRECTORS

##### 15- The Structure and Composition of Board of Directors

###### ING Bank A.Ş. Board of Directors<sup>1</sup>

John T. Mc Carthy	Chairman
A. Canan Ediboğlu	Vice Chairwoman of the Board of Directors
Alper İhsan Gökgöz	CEO and Board Member
M. Semra Kuran	Board Member and Chairwoman of the Audit Committee
Nermin Güney <sup>2</sup>	Board Member and Audit Committee Member
Karst Jan Wolters	Board Member

There is no executive Board Member other than Alper İhsan Gökgöz who is both CEO and a Natural Board Member and John T. Mc Carthy who is Chairman of the Board of Director.

Since our Bank is not one of the corporations defined in the Corporate Governance Communiqué Serial II No: 17.1 of CMB, it is not subject to liabilities required for independent board members.

Board Members are assigned with other duties outside the Bank. Related banking law and BRSA regulations are complied with in such assignments. In addition, the restrictions on the board members imposed by Article 396 of Turkish Commercial Code are removed with the decision of shareholders in the ordinary general assembly held every year.

##### 16- Principles of Activity of the Board of Directors

Performing the activities with the aim of reaching strategic targets of the Bank in line with our Mission, Vision and Values.

##### 17- Number, Structure and Independency of Committees Established by the Board of Directors

Information about Credit Committee, Audit Committee, Risk Committee, Corporate Management Committee and Compensation Committee are as follows:

###### Credit Committee:

<sup>1</sup>Since 08.06.2020, A. Canan Ediboğlu has been serving as the Deputy Chairman of the Board of Directors.

<sup>2</sup>With the decision of the Board of Directors taken on 07.04.2022;

\* Martijn Bastiaan Kamps resigned from membership of the Board of Directors and Audit Committee and was appointed as the Executive Vice President of Credits.

\* The appointment of Nermin Güney as a member of the Board of Directors and Audit Committee has been completed. Nermin Güney took the oath in front of the court on 28.04.2022 and started her duty.

<sup>3</sup> Nermin Güney was appointed with the decision of the Board of Directors on 07.04.2022.

Names of Board Members who are members of Credit Committee at the same time:

John T. M.C. Carthy, Chairman (Chairman of the Board of Directors)

A. Canan Edibođlu, Vice Chairwoman (Vice Chairwoman of the Board of Directors)

Alper İhsan Gökğöz, Member (CEO and Board Member)

Karst Jan Wolters, Member (Board Member)

**Audit Committee:**

Names of Board Members who are members of Audit Committee at the same time:

M. Semra Kuran, Chairwoman (Board Member)

Nermin Güney, Member (Board Member)<sup>3</sup>

**Risk Committee:**

Names of Board Members who are members of Risk Committee at the same time:

Karst Jan Wolters, Member (Board Member)

A. Canan Edibođlu, Chairwoman (Vice Chairwoman of the Board of Directors)

M. Semra Kuran, Member (Board Member)

Nermin Güney, Member (Board Member)

**Corporate Governance Committee:**

Names of Board Members who are members of Corporate Governance Committee at the same time:

A. Canan Edibođlu, Chairwoman (Vice Chairwoman of the Board of Directors)

John T. Mc Carthy, Member (Chairman of the Board of Directors)

**Compensation Committee:**

Names of Board Members who are members of Compensation Committee at the same time:

John T. Mc Carthy, Chairman (Chairman of the Board of Directors)

A. Canan Edibođlu, Member (Vice Chairwoman of the Board of Directors)

**18- Internal Control and Risk Management Mechanism**

**18.1. Internal Audit**

Internal Audit Department (IAD) reports to the Audit Committee; and aims to provide independent and objective assurance and advisory services to the Senior Management for the quality and effectiveness of the internal control, risk management and governance systems and process and information systems practices in the Bank and its subsidiaries. As per the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" and in accordance with "Regulation on Information Systems and Electronic Banking Services of Banks", auditing activities, including information systems, are being performed with a risk-based approach systematically and based on documentation.

IAD supports the Bank and subsidiaries to accomplish their mission and strategic business objectives through a systematic, documented risk based audit approach to examine, evaluate and improve the effectiveness of (framework of) governance, control, and risk management processes of the Bank and subsidiaries. Moreover, IAD performs controls and investigations on the fraud, cheat or forgery acts committed by the personnel or third parties against the Bank.

IAD carries out its activities; in accordance with the principles of the Bank and IIA's "International Standards for the Professional Practice of Internal Auditing", the IIA's "Core Principles for the Professional Practice of Internal Auditing" and the IIA's "Code of Ethics" as well as other professional standards setting authorities. IAD deploys competent staff that adheres to these Code of Ethics and Standards.

## **18.2. Financial Risk Management**

In addition to periodic regulatory and internal reporting activities, Financial Risk Management cooperates with relevant business lines for the current operations of the Bank and conducts independent analysis. Financial Risk Management acts as a guide in identifying, monitoring, measuring and managing the risks, and takes necessary actions via Board of Directors, Risk Committee, Asset & Liabilities Committee (ALCO), Local Parameter Committee (LPC), ICAAP Committee, Model Development and Monitoring Committee and Credit Risk and Provisioning Committee.

Financial Risk Management monitors both local and global regulations closely in terms of risk management and plays an important role in raising awareness within the Bank via relevant Committees.

### **18.2.1. Market Risk Management and Product Control Directorate**

All the necessary assessments are performed to monitor, measure and manage both market and liquidity risks that the Bank may be exposed to. In terms of market risk, the risk profile of the balance sheet and the product mandate are managed within following framework. Within the scope of the compliance of market risk with Basel regulations and other international standards, banking book and trading book have been separated, as well as the risk appetite and various limits that were approved by the Board of Directors to measure and monitor the risks arising from these books separately.

In this context, the ILAAP standards related to liquidity risk were adopted and the liquidity stress test, contingency capital and funding plan, risk control and self-assessment processes, intraday liquidity management, risk appetite limits and Fund Transfer Pricing (FTP) were implemented. In addition to liquidity risk limits determined under both normal and stressed conditions, limits have also been allocated for the banking books against interest rate shocks under interest rate risk framework and FX position limits in terms of foreign currency risk. On the other hand, for the trading books limits, limits in terms of interest rate and foreign currency risks, VaR limits and also sensitivity based limits and position limits are defined. These limits are monitored regularly and limit utilizations are reported to the senior management and Board of Directors. Besides, within the scope of market and liquidity risks, the related products and services are reviewed and the risks are analyzed in details. Moreover, as part of Bank's risk management strategy the risk appetite approved by BoD is regularly reviewed according to the changing economic environment and the Bank's targets. Furthermore, regulatory capital requirement for the market risk is calculated based on Standard Method.

### **18.2.2. Credit Risk Control Unit**

Credit risk is defined as the probability of loss the Bank may be exposed to due to failure of the counterparty of the transaction to realize its liability partially or wholly, not complying with the contract signed with the Bank. Credit risk aims to monitor risk-revenue structure, accordingly qualifications and level of the activities related to credit disbursement, to take them under control, as well as defining, measuring, reporting, monitoring, controlling and aligning them with risk profiles on a consolidated and unconsolidated basis via policies, procedures and limits that may be changed when necessary.

Local and international standards (BRSB, ECB and Basel Committee Standards) and regulations that are modified and updated for closely monitoring and measuring the credit risk of the Bank and for executing the activities reliably are followed up.

Necessary studies and preparations are carried out for taking measures in compliance with the regulations. Risk measurement models and methods used in the Bank are reviewed, analyses are carried out, and reports are generated on a regular basis. Credit principles of the Bank are based on risk security, liquidity and risk-revenue balance. To maintain this balance, new products and services of the Bank related to credits are assessed; the risks to arise from the new product/ service are evaluated.

Efforts continue to adapt the changing and developing local and global credit risk management mentality within the Bank, to establish and develop new infrastructures, to support effective risk management with qualitative and quantitative studies. In this context, the main responsibilities of the Credit Risk Control Unit are summarized as; development and monitoring of IRB and IFRS 9, Macroeconomic Impact and Expected Credit Loss (ECL) models and execution of IFRS 9 Expected Credit Loss calculations on a monthly basis.

### **18.2.3. Risk and Capital Integration Department**

The ICAAP within the Bank is coordinated, and the necessary work to prepare the report is carried out. Furthermore, sensitivity analyses and enterprise-wide stress tests for the risks the Bank is exposed to are conducted, and necessary work is carried out in order to make sure the level of capital held is proportional to the risks exposed. The department coordinates

capital adequacy and stress studies according to the IRB approach using internal PD-LGD-EAD estimations and it manages Risk Appetite Framework, Country and Concentration Risk Policies.

Changes and updates of national and international standards (BRSA, ECB and Basel Committee Standards etc.) and regulations are followed in order to ensure integration between bank-specific risk types and capital management.

#### **18.2.4. Model Risk Management Department**

Model Risk Management Department (MoRM) validates both regulatory and non-regulatory models which are developed and used within ING. The scope of the validation is defined in relevant Validation Policy. The roles and responsibilities of the MoRM are summarized as below:

- Conduct an independent review to ensure that the developed models are reliable, aligned with their intended use, legal regulations and internal regulations,
- To ensure that validation activities are performed in accordance with the validation plan,
- To provide a better understanding of the limitations and potential shortcomings of the model,
- To prepare and update the policy and implementation principles needed in the validation process.
- To review new service and products of the Bank to assess whether they are a model or not (PARP).

#### **18.3. Internal Control Directorate**

Internal Control Directorate consists of Branch Internal Control department, Head Office and Subsidiaries Internal Control departments, Process Control department and Non-Financial Risk Analytics department. Internal Control Directorate;

- Controls according to the prepared working guidelines whether all the transactions of the Bank are carried out in compliance with the laws, legislations and all related regulations, Board decisions and directives and instructions from Head Office, within appropriate and determined limits,
- Controls whether balance sheet and statutory reports are in compliance with existing laws, regulations, notifications, circulars and prospectuses,
- Ensures that measures are taken against the risks that may arise,
- Carries out necessary activities for ensuring that the controls on Bank's activities are standardized and realized according to certain rules,
- Acts as a consultant about the risks regarding the activity fields and projects to be realized in various units of the Bank, when necessary.

The principle is that before basic internal control activities are realized in a risk-based manner also in the branches to cover the activities of all the units centrally and the risks related to the activities occur, preventive checkpoints should be formed, thereby mitigating and managing the risks. Besides central controls, internal controls are carried out in all the branches of our Bank and transactions are checked. In addition to branch control activities, periodic controls are also carried out for subsidiaries and major Head Office departments/ processes. For the issues in need of urgent measures to be taken, Internal Control is notified urgently. Branch authorities are also informed on the issue.

Internal control staff in the branches does not perform any executive activities as those in the Head Office. In realizing internal control activities, related working guidelines are complied with. Working guidelines include the legal regulations, changes in the products and services kept up-to-date to ensure that they are reflected on control activities instantly. In parallel with the changes to occur in the regulations, new checkpoints are added and obsolete ones are removed.

#### **18.4. Operational and Information Risk Management Directorate**

The seven operational risk categories defined in Basel-II Report as of June 2006, have been enriched by ING as "nonfinancial risk" under the following ten categories; Compliance Risks, Control Risks, Unauthorized Activity Risks, Processing Risks, Employment Practices Risks, Personal and Physical Security Risks, Continuity Risks, Internal and External Fraud Risks and Information Technology Risks.

Operational and Information Risk Management Directorate's duties are to provide the necessary support for management of these risk categories except Compliance Risk by the business lines and other functions in ING and ING Subsidiaries as well as providing guidance on implementation of ING Policy and Standards, ensuring information flow via various reports, coordinating relevant corporate governance meetings calculating Operational Risk Economic and Regulatory Capital and organizing training programs on operational risk management and related subjects.

Additionally,

- Proposing to Risk Committee and ING Senior Management on drafting policies & procedures on non financial risk management and revisions according to changing conditions
- Determining the non financial risk appetite

- Monitoring the operational risk that the Bank is exposed to within the framework of risk appetite, determining risk points and standardizing, measuring, monitoring and reporting,
- Setting limits related to operational risks, monitoring them and reporting any breaches,
- Generating periodic reports using operational risk loss database for analysis of process & operational risk loss data
- Evaluating operational risks and ensuring that all the possible risks have been evaluated for any new product or service in accordance with Regulation on Internal Systems of Banks,
- Advisory on risk assessments for sourcing in the scope of BRSA's Sourcing Regulation and Information Systems and Electronic Banking Services Regulation,
- Coordinating analysis on operational risk events, monitoring appropriate risk remediation actions are taken by 1st line of defence to ensure incidents exceeding ING's risk appetite do not re-occur,
- Second line monitoring in SOX and key control testing,
- Notifying the relevant units and senior management in order to remediate the deficiencies identified as a result of the controls and to take action,
- Assessment of the design and effectiveness of information systems controls
- Consultancy, advice and approval of outputs during classification of information assets with business impact assessment within the Bank and during detailed risk assessment of these assets in order to comply with the ING policies, procedures, best practices, related Turkish Regulations and applicable International Regulations
- Ensuring the creation of Local Information and Continuity Risk Landscape

Are also under the responsibility of Operational and Information Risk Management.

#### **18.5. Compliance Risk Management Department**

With the broadest definition, compliance risk covers all possible reputation and trust reducing risks that the ING corporate identity can be exposed to. This risk states the deficiencies that may be experienced in compliance with banking laws and other relevant legislation, the ING policies and standards, the ING Ethical Principles and the Orange Code, the banking sector's corporate governance principles and the principles of combating with the laundering of crime incomes and the prevention of terrorism financing and relevant regulations of all activities that the Bank has realized or plans to realize, new transactions and products, employee behaviors, customer identity detection and acceptances, work flows; or the legal or regulatory sanction risk, financial risk or reputation risk that may be incurred due to the cases that may be perceived as such.

In order to protect ING's reputation and to manage Compliance Risks effectively, all employees are required to work in adherence and compliance with these regulations and principles.

The Compliance Risk Management Group (reporting to the Risk Committee) provides advisory services, monitoring activities, and conducts trainings and awareness activities for increasing the compliance risk awareness of ING and its subsidiaries' employees in line with the ING Compliance Risk Management Framework. In order to effectively manage the Compliance Risks of ING and its subsidiaries, Compliance Risk Management performs risk-based monitoring activities and periodic reporting.

### **19- The Strategic Goals of the Company**

#### **Our vision**

Creating long term values for all our stakeholders while offering the most appropriate solutions to our customers to assist them to manage their finance the best way in the future.

#### **Our mission**

Becoming the preferred bank for our customers with an understanding of operational excellence and international service quality, and for our employees with our ethical and spiritual values of highest level.

#### **Our values**

Everybody needs a bank that is reliable, excellent in services, acting smartly, decisive, sensitive, and accessible. As a bank carrying these values, we will make our customers gain strength. We will introduce a brand new understanding of banking in Turkey.

Vision/Mission/Values of the Bank have been determined and publicized on our website. As is mentioned above, the strategic objectives studied on and presented via managers and various committees participated by them are assessed and resolved in Board of Directors. Annual budget, investment issues and amounts, branching, working policies in various areas, etc. are among the subjects within this scope. Additionally, the issues about reaching or deviating from the objectives or updating them in accordance with changed conditions are submitted to the Board of Directors in preset intervals.

## **20- Remuneration of the Board of Directors**

In the last Ordinary General Assembly realized by the Shareholders on 24.03.2022; it was deemed appropriate not to pay daily allowance to the Board Members, and to ensure that Board of Directors take decision on determining the compensation to be paid not exceeding maximum net TL 130,000.-monthly according to the job sharing to be made in Board of Directors, in consideration of 6<sup>th</sup> principle of the Regulations on the Corporate Governance Principles of the Banks released by BRSA.



