



**TÜRKİYE VAKIFLAR BANKASI T.A.O.**

**STAKEHOLDER ENGAGEMENT PLAN  
FOR  
EMERGENCY FIRM SUPPORT PROJECT**

October 9, 2023

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## 1. INTRODUCTION

The Coronavirus disease (Covid-19) is an outbreak identified in Wuhan, China, in December 2019. The World Health Organization declared the outbreak a Public Health Emergency of International Concern on 30 January, and a pandemic on 11 March.

The first case in Turkey was officially confirmed on March 11, 2020. The first death due to Covid-19 in the country occurred on March 15, 2020 and by 1 April it was confirmed that Covid-19 had spread all over Turkey. On 19 April, the number of confirmed total cases in Turkey surpassed those of Iran, making it the most affected country in terms of cases in the Middle East.

All affected countries including Turkey have responded to the outbreak by implementing travel restrictions, quarantines, lockdowns and stay-at-home orders, workplace hazard controls, and facility closures. It is obvious that the pandemic has caused severe global socioeconomic disruption for the business world. The negative impacts of Covid-19 hits mostly the health, tourism, transportation, manufacturing, service and retail sectors domestically. Many of those sectors are trying to cope with problems arising from quarantine, travel restrictions and pandemic as they have complex supply chain structures.

Although normalization process for daily life has initiated as a result of the intensive vaccination, the pandemic has caused serious global socioeconomic breakdowns on business world. The negative impacts of Covid-19 hits mostly the health, tourism, transportation, manufacturing, service and retail sectors domestically.

When the negative effects were analyzed of the pandemic ;

- Micro-small-medium- sized businesses (MKOBI) has more affected than large sized businesses.
- Businesses owned by female entrepreneurs were affected at a higher rate than businesses owned by male entrepreneurs.
- MSMEs have more difficulty accessing information and government facilities than large enterprises.

It should be noted that when the Emergency Firm Support Project is established the most affected sectors from pandemic and vulnerable groups are evaluated primarily.

### 1.1. Project Description

VakıfBank signed Emergency Firm Support Project loan agreement with the World Bank (WB) in the amount of 250 million US Dollars on September 9, 2020, with the purpose of providing finance to minimize the adverse effects of the Covid-19 outbreak and to support small and medium-sized businesses most affected by the outbreak. The WB financing provided under the Project, mostly in the form of working capital sub-loans, is helping keep these businesses afloat, maintain their employment during the current acute phase of the crisis, and support fast recovery when the health situation improves and the economy re-opens. In addition, the project is supporting companies' efforts to adopt to the new operating environment.

VakıfBank Emergency Firm Support Project aims to widen the financing channels for the viable companies that are most affected by the impacts of Covid-19 pandemic. Companies facing cash flow disruptions due to the decreasing demand for their products and supply chain problems along with enterprises that had to shut down business activities due to the measures to combat with Covid-19

outbreak is the main focus of the project. World Bank financing has channeled for the SMEs (small and medium enterprises) that were in sound financial condition before the outbreak and that are expected to survive the crisis via the financing under the project to help those companies protect employment and recover faster after general situation improves and economic activity starts accelerating.

Companies that are implementing adaptive practices such as shifting to alternative working modalities by increasing automation and digitalization, introducing crisis management systems and health and safety measures or increasing the production capacity for strategically important products and services in health sector and supply chains is also supported by the project. Also, projects that can be associated with sustainability (reducing carbon emission, power consumption, water consumption, recycling, food productivity etc.), climate change and energy productivity are evaluated eligible to financing.

Total financing is allocated among segments and companies in line with the eligibility criteria provided in the World Bank Operations Manual. Target groups of the project are SMEs which are the most effected by the COVID-19 outbreak and specifically woman entrepreneurs, young businesses and developing area businesses in this SME groups. Also, businesses that aim to bring digital transformation and health measures to the epidemic environment or that will produce energy-efficient and green solutions for sustainability, which has become the focal point of the epidemic environment, can also benefit from the fund. Viability assessment for the projects is conducted in accordance with Project Operations Manual (POM). Sub-loans will be assessed by VakıfBank's standard project and financial evaluation systems. Besides, VakıfBank will apply as a prerequisite environmental and social risk assessment and screening procedures to all sub-projects seeking financing. Sub-projects that are classified as high and substantial environmental and social risk and the projects within the scope of excluded sub-sectors will not be eligible for financing.

In brief, the VakıfBank Emergency Firm Support Project was developed in accordance with the World Bank's Environment and Social Framework (ESF). VakıfBank will check the eligibility of each sub-loan in accordance with its loan evaluation criteria and the World Bank Operations Manual during the allocation and disbursement period. Communication is a crucial step for effective implementation. Thus, as per the Environmental and Social Standard (ESS) 10 Stakeholder Engagement and Information Disclosure, the implementing agencies should provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation. Stakeholder management will be conducted to ensure issues arising from the outbreak are addressed appropriately and interests and needs of the relevant stakeholders are taken into account while implementing the proposed activities within the project. The Stakeholder Engagement Plan will be updated periodically to reflect additional activities with stakeholders and any changes in approach to stakeholder engagement.

## **1.2. Objective of the Stakeholder Engagement Plan**

The goal of this SEP is to build long-term relationships between VakıfBank and the local communities; to improve and facilitate decision-making that involves Project affected people and other interested stakeholders in a timely manner, and to ensure that these groups are provided sufficient opportunity to voice their opinions about the Project.

Specific objectives of the SEP are detailed below:

- To identify all stakeholders to sustain and develop a timely, continuous, accurate and transparent communication strategy within a well-organized approach amidst Covid-19 outbreak,
- To identify the interest and support of related stakeholders and incorporate the findings into project design to address issues effectively that can possibly occur during the life of the project,
- To define the means and tools to disclose and consult relevant information about the project risks and impacts to stakeholders in a timely, clear, accessible and adequate manner and design,
- To set out the structure of a proper grievance redress mechanism (GRM) that will enable VakıfBank to provide accessible channels to its stakeholders to raise issues and grievances to collect and address those grievances.

## 2. REGULATORY CONTENT

### 2.1. Framework for Collection of Stakeholders Opinion

Right to information is the right of the individuals to access the information included in the records of the public institutions and agencies. National legislation on the right to information are

- Constitution of Republic of Turkey
- Law No 4982 on the Right to Information
- The Law on Use of the Right to Petition
- Regulation on Principles and Procedures for the Implementation of the Right to Information Law

Everybody has the right to apply to the public institutions and agencies for requesting information and accordingly the administrations are required to take necessary administrative and technical measures to provide every kind of information and document to the applicants.

Public institutions and agencies shall provide the requested information within 15 working days. If the requested information or document is to be obtained from another unit within the applied institution and agency or it is necessary to receive the opinion of another institution or if the content of the application pertains to more than one institution; the access shall be provided in 30 working days. In this case, the applicant shall be notified in writing of the extension and its reasons within 15 working days.

The Communication Center of the Presidency (CIMER) is a public relations tool that enables fast and effective communication between citizens and public institutions and agencies for application of any information request and submission of suggestions and complaints. The communication channels of CIMER are as follows:

- Online application in web site <https://www.cimer.gov.tr/> and in e-government website <https://giris.turkiye.gov.tr/>
- Hotline: 150
- Address: T.C. Cumhurbaşkanlığı Külliyesi 06560 Beştepe – Ankara
- Phone: 0 312 525 55 55
- Fax: 0 312 525 58 31

#### 2.1.1. Constitution of Republic of Turkey

ARTICLE 25- Everyone has the right to freedom of thought and opinion. For whatever reason and purpose, nobody can be forced to explain their thoughts and opinions; cannot be condemned and accused of their thoughts and opinions.

ARTICLE 26- Everyone has the right to express and disseminate his thoughts and opinions individually or collectively by words, writings, pictures or other means. This freedom includes the freedom to exchange or receive news or ideas without the interference of public authorities.

ARTICLE 74- Citizens and foreigners who are residing in Turkey and subject to reciprocity, have the right to apply to the competent authorities and the Grand National Assembly of Turkey in writing about their wishes and complaints about the public. The results of the applications related to them are

notified to the petitioners in writing without delay. Everyone has the right to information and to apply to the ombudsman.

### **2.1.2. Right to Information Act**

The Right to Information Act No. 4982 (dated 24.10.2003, published in the Official Gazette no. 25269) regulates the right to information process and its basis in accordance with the principles of equality, impartiality and openness, which is required by democratic and transparent administration. Everyone has the right to obtain information about the activities of public institutions and professional organizations that are public institutions.

Institutions and organizations provide the requested information within 15 working days. However, if the requested information or document is retrieved from the application institution and another unit in the organization, or if the opinion of another institution is taken or the scope of the application belongs to more than one institution; access will be provided within 30 working days. In this case, the applicant is informed in writing and its reasons within 15 business days (Right to Information Act article 11). Foreigners who are residing in Turkey and subject to reciprocity can benefit from this right provided that the petitions are written in Turkish.

### **2.1.3. The Law on Use of the Right to Petition**

Turkish citizens according to article 3 of the Law No. 4982 on Exercising the Right to Petition have the right to apply to the Turkish Grand National Assembly and the competent authorities in writing about their wishes and complaints about themselves or the public.

### **2.1.4. Banking Law**

Article 76 - Banks are obliged to establish a system that will answer all their questions arising from the services provided to their customers and to inform their customers about this service. Banks are obliged to provide a certified copy of their loan agreements to their customers. A copy of any document related to other transactions with the customer, upon request, is also given to the customers.

## **2.2. Legal Framework about the Epidemic**

### **2.2.1. Constitution**

ARTICLE 56- Everyone has the right to live in a healthy and balanced environment. It is the duty of the state and citizens to improve the environment, protect environmental health and prevent environmental pollution.

The state ensures that everyone lives their lives in physical and mental health; it regulates the planning and service of health institutions from a single source in order to achieve cooperation by increasing savings and efficiency in human and substance power.

The state fulfils this task by utilizing and supervising health and social institutions in the public and private sectors.

ARTICLE 65- The State carries out its duties determined in the social and economic fields, determined by the Constitution, by taking into consideration the priorities in accordance with the objectives of these duties, to the extent of its financial resources.



### 2.3. World Bank Requirements

The World Bank's Environmental and Social Framework (ESF)'s Environmental and Social Standard (ESS) 10, "Stakeholder Engagement and Information Disclosure", recognizes "the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice" (World Bank, 2017: 97). Specifically, the requirements set out by ESS10 are the following:

- "Borrowers will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.
- Borrowers will engage in meaningful consultations with all stakeholders. Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.
- The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
- The Borrower will maintain and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not." (World Bank, 2017: 98).

This Stakeholder Engagement Plan (SEP) was prepared by VakıfBank to be proportionate to the nature and scale of the project and its potential risks and impacts. The draft SEP was disclosed before project appraisal on June 5, 2020 to seek the views of stakeholders defined in the SEP, in order to include their feedback on the engagement strategy VakıfBank has developed for future engagement. Any significant changes made in the SEP, will require VakıfBank to disclose the updated SEP (World Bank, 2017: 99). According to ESS10, the Borrower (VakıfBank) should also propose and implement a grievance mechanism to receive and facilitate the resolution of concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner (World Bank, 2017: 100).

### 3. SUMMARY OF PREVIOUS STAKEHOLDER ENGAGEMENT ACTIVITIES

#### 3.1. Consultation Processes Carried Out with Stakeholders

##### 3.1.1. Identification of the Stakeholders and Activities Prior to the Public Consultations Meeting of 23 July 2020

Draft SEP was disclosed in Turkish and English on VakıfBank's website on June 5, 2020 (<https://www.VakifBank.com.tr/bireysel.aspx?pageID=3913>). The first consultation process was launched in early July to introduce the World Bank Emergency Support Loan Project and the Stakeholder Engagement Plan to stakeholders and to receive their views and suggestions. TURKONFED (Turkish Enterprise and Business Confederation), KAGİDER (The Women Entrepreneurs Association of Turkey) and KEDV (Foundation for the Support of Women's Work) were contacted by telephone and informed of the World Bank Emergency Support Loan and Stakeholder Engagement Plan. Accordingly, via the e-mail dated **July 10 2020**, the screenshot of which is below, the links of the Stakeholder Engagement Plan on VakıfBank's website were shared with the above mentioned stakeholders and they were also informed that a presentation introducing the Project and the Stakeholder Engagement Plan would be shared with them soon.

Later, in order to increase the number of stakeholders to be involved in the project, additional engagement activities were carried out via phone calls to KOSGEB (Small and Medium Enterprises Development Organization of Turkey), İŞKUR (Turkish Employment Agency) and SGK (Republic of Turkey Social Security Institution). Presentation introducing the Project and Stakeholder Engagement Plan was shared with TÜRKONFED, KAGİDER, KEDV, KOSGEB, İŞKUR, SGK and the Republic of Turkey Ministry of Finance and Treasury on **July 14, 2020** via e-mail below and their opinions and suggestions regarding the presentation were requested to be shared with VakıfBank by **July 21, 2020**.

No written feedback on the presentation was received from the participating stakeholders by **July 21, 2020**. Meanwhile, during the consultations with the Foreign Economic Relations Head Office under the Republic of Turkey Ministry of Treasury Finance, VakıfBank was informed that the role of the Ministry in the Stakeholder Engagement Plan was determined accurately and that they did not have any additional comments regarding the presentation.

In line with the recommendations by the World Bank on public consultations during COVID-19 pandemic, a video conference meeting with stakeholders was organized to collect any possible feedback on project SEP. An invitation was sent by an e-mail to TÜRKONFED, KAGİDER, KEDV, KOSGEB, İŞKUR, SGK and ESCARUS on July 10, for a virtual consultation meeting that was held on July 23, 2020.

Stakeholders responded positively and agreed to attend the video conference on 23 July.

##### 3.1.2. Public consultations on Stakeholder Engagement Plan dated July 23, 2020

A video conference meeting was held on July 23, 2020 with the participation of VakıfBank International Banking and Investor Relations Department including Structured Finance Unit and Investor Relations Unit with TURKONFED, KAGİDER, KEDV, KOSGEB, İŞKUR, SGK, ESCARUS, TKYB and the World Bank. During the video conference consultations, the presentation, which was delivered earlier electronically to the stakeholders, was presented to the participants. Following the presentation, the participants expressed their views and suggestions about the Stakeholder Engagement Plan and the project.

No questions or suggestions were received regarding the SEP. However, participants raised questions on the timing of the loan allocations and project launch, duration of the loans and maximum loan amount to a single client. In response to these questions, it was emphasized that after the loan agreement is signed, the conditions for the sub-loans will be determined at the earliest date.

Finally, it was concluded that this first meeting with the stakeholders of the project was beneficial in terms of creating awareness on the project itself and its SEP. However, the consultation process with stakeholders will be more effective and meaningful once the finance conditions are set within the scope of the project.

### **3.1.3. Activities Prior to the Public Consultations Meeting of 29 September 2021**

In scope of the initiation of World Bank Emergency Firm Support Project Loan allocations as of April 2021, it has been decided to hold a meeting in the July-September period, to inform the project stakeholders about the implementation phase of the project as indicated earlier in the SEP. In this context, besides TÜRKFED, KAGIDER, KEDV, KOSGEB, İŞKUR, SGK, TKYB, Escarus and the Ministry of Treasury and Finance of the Republic of Turkey, which were invited to the meeting held earlier, TÜRES (All Restaurants and Tourism Association) and TÜROB (Turkish Hoteliers Association) were included in the stakeholder engagement meeting. In addition to these stakeholders, SME Banking Product Development and Management Unit and Specialized Loans Project Development and Analysis Unit, which are actively involved in the project within VakıfBank, were also included in the meeting as other stakeholders affected by the project.

As a result of the positive feedback received from the stakeholders whose meeting request was sent, a meeting invitation link and the presentation to be made at the meeting were shared and stated that the meeting will be held on 29 September 2021 via Cisco Meeting.

### **3.1.4. Public consultations on Stakeholder Engagement Plan dated September 29, 2021**

A video conference meeting which hosted by VakıfBank International Banking and Investor Relations Department Structured Finance Unit was held on September 29, 2021 with the participation of SME Banking Product Development and Management Department, Specialized Loans Project Development and Analysis Department, and TÜRKFED, KAGIDER, KEDV, KOSGEB, İŞKUR, SGK, TÜRES, TÜROB, ESCARUS, TKYB and the World Bank. In the video conference, the presentation, which was shared with the stakeholders before via e-mail, was made.

In the presentation, information was given about the purpose of the project, the groups it aims to finance, the loan disbursement criteria, the identification of the stakeholders and the communication channels of the relevant stakeholders. After the presentation, the participants were informed about the Stakeholder Engagement Plan and consulted their opinions and suggestions about the project, but none of the participants expressed their opinions and suggestions about the project. The e-mail address which the stakeholders could submit their complaints, opinions and suggestions regarding the project shared and the meeting was ended.

### **3.1.5. Activities Prior to the Public Consultations Meeting of 31 March 2022**

As the allocations that initiated as of April 2021 gained momentum in the first quarter of 2022, it was decided to hold the third stakeholder participation meeting on March 31, 2022, aiming to inform the project stakeholders during the project implementation phase. In this context, an informative e-mail regarding the planned meeting was sent to the project stakeholders who has participated in the previous meetings. A participation link for the meeting to be held online in the following days and the presentation to be made during the meeting were shared with the stakeholders.

### **3.1.6. Public consultations on Stakeholder Engagement Plan dated March 31, 2022**

In the meeting, there were participants from KAGIDER, TOBB, SGK, TKYB, TURKONFED, ESCARUS and SEDEFED institutions, as well as the Structured Finance Unit, Product Development Unit, Environmental and Social Impact Analysis Unit, SME Banking Sales Coordination Unit and Public Relations and Media Unit from VakıfBank, which are closely interested in the project.

In the meeting, information has been provided regarding the details of the project, the target groups of the project has been introduced, the breakdown of current disbursements on the basis of target groups has been indicated, information has been given regarding the project stakeholders and the grievance mechanism has been addressed which is developed specifically within the scope of the project.

At the feedback/question-answer event held at the end of the meeting, Cahit CEREN, Manager of the SME Research and Consultancy Center Industry Department, requested information regarding the project press releases and the current regional and sectoral breakdowns of the project. In parallel with this request, Berrin KULELİ, Vice President of KAGIDER, requested information regarding the current breakdown of women entrepreneurs in the project portfolio. With the request received at the end of the meeting, the grievance mechanism created specifically for the project was repeated and the stakeholders were informed regarding the this channel.

### **3.1.7. Activities Prior to the Public Consultations dated 27 September 2022 and the Meeting Details**

It has been decided to hold the fourth stakeholder participation meeting on September 27, 2022, which aims to inform the project stakeholders during the project implementation phase and to receive their feedback. In this context, an informative e-mail regarding the planned meeting was sent to the project stakeholders who has participated in the previous meetings. A participation link for the meeting to be held online in the following days and the information note to be present during the meeting were shared with the stakeholders.

In the meeting, there were participants from KAGIDER, TOBB, SGK, TKYB, TURKONFED, ESCARUS and SEDEFED institutions, as well as the Structured Finance Unit, Product Development Unit, Environmental and Social Impact Analysis Unit and Public Relations and Media Unit from VakıfBank, which are closely interested in the project.

At the meeting, information was given about the details of the project, the target groups of the project were introduced, the project stakeholders were defined and the grievance mechanism developed within the scope of the project was introduced.

At the feedback/question-answer event held at the end of the meeting, Berrin KULELİ, Vice President of KAGIDER, gave some feedbacks. It was reported that the Epidemic Support Loan (which is the name of the product that VakıfBank has developed in scope of EFSP) package was shared with KAGIDER members, but the members who went to the branches could not get enough information about the said loan package from the branch personnel. The reason for this situation observed by VakıfBank was that the name of the loan package was pronounced with names such as Emergency Firm Support Loan, Covid-19 Loan and Women Entrepreneurs Loan when going to the branches. In order to avoid the confusion, the name of the loan package will be pronounced only as the Epidemic Support Loan in the upcoming meetings. Another feedback was that the E&S risk assessment process and the action plans that are expected to be completed are very challenging expectations for small businesses such as SMEs. It has been shared that the World Bank's stance on this issue is clear, and that there is no flexibility in national laws on E&S Risk issues, and in the requirements of our Bank and the World Bank's Prohibited Lists, which are subject to the contract. Also at the meeting, the question of how flexible VakıfBank is

in the agreement with the World Bank on terms of maturity, interest rates and grace period was asked. It has been informed that VakıfBank offers the grace period option to provide an advantage to vulnerable groups, that the minimum maturity is determined as 12 months in the agreement, and that the interest rates are determined according to the market conditions while the Epidemic Support Loan package is the most advantageous package in the VakıfBank product portfolio.

### **3.1.8. Activities Prior to the Public Consultations dated 18 May 2023 and the Meeting Details**

The fifth stakeholder engagement meeting, aimed at informing project stakeholders and gathering their feedback during the project implementation phase, has been scheduled to take place on May 18. As part of this initiative, informative emails were sent to project stakeholders who have been involved in previous meetings and to our branches located in the earthquake-affected cities.

In the following days, a participation link for the online meeting and the presentation to be delivered during the meeting were shared with the stakeholders.

The meeting was attended by participants from KAGIDER, TOBB, SGK, TKYB, TURKONFED, ESCARUS, and SEDEFED organizations, as well as relevant departments of our bank, including Structured Financing Management, Product Development Management, Environmental and Social Impact Analysis Management, and Public Relations and Media Management.

During the meeting, detailed information regarding the project was provided, the target groups of the project were introduced, information about the provinces affected by the earthquake was shared, and the complaint mechanism developed within the project scope was presented.

In response to the email sent prior to the meeting, SGK has proposed that the employer SGK premiums of women employed in businesses benefiting from the project be covered by the project for a period of two years. It has been communicated that this proposal will be shared with the World Bank.

After the meeting, representatives from TOBB expressed great interest in the package created for the earthquake-affected provinces and requested to undertake a work to introduce the package information to their members. Communication has been established with TOBB regarding this matter, and discussions regarding the mentioned work are still ongoing.

### **3.1.9. Activities Prior to the Public Consultations dated 29 September 2023 and the Meeting Details**

Aiming the participation of Branch and Regional Directorates, an e-mail related to the meeting has been sent on the September 26, 2023 and the meeting occurred on September 29, 2023 with the participation of related stakeholders.

The reason for inviting Branch and Regional Departments was to raise internal awareness on the IFI projects and share expectations on potential outsourcing. Additionally, our Branch and Regional Departments have been informed on the project-specific advancement goals.

In the meeting in which the participation of Branch and Regional Departments of earthquake affected regions was crucial, attendees were informed regarding EFSP and the importance of loans acquired from international financial institutions. At the meeting, the question of whether there would be a new loan initiative for energy efficiency was asked and the ongoing financing needs in the regions affected by the earthquake were addressed. It is stated that our International Banking and Investor Relations Department has active studies on this matter. In addition, Branch and Regional Departments were asked whether there would be additional funding within the scope of EFSP, and the intense customer demand regarding EFSP was shared by our branches.

## 4. STAKEHOLDER IDENTIFICATION AND ANALYSIS

### 4.1. Identification of Stakeholders

Identification of project stakeholders is of great importance in determining the sectors most affected financially by the Covid-19 outbreak, as well as determining the internal and external units and institutions that will cooperate in the implementation of the project, although not directly affected by the project. This section identifies all relevant stakeholders including interested parties and other affected local communities, local, district and regional level authorities and business associations. Stakeholders could also be individuals and organizations that may be directly or indirectly affected by the Project either in a positive or negative way, who wish to express their views.

In this respect, Project stakeholders are defined as individuals, groups or other entities who:

- are impacted or likely to be impacted directly or indirectly, positively or adversely, by the Project (also known as '**affected parties**'); and
- May have an interest in the Project ('**other interested parties**'). They include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way.

Moreover, persons who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable status and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project (also known as "**vulnerable groups**").

### 4.2. Methodology

In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement:

- **Openness and life-cycle approach:** public consultations for the project(s) will be arranged during the whole life-cycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation;

- **Informed participation and feedback:** information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analysing and addressing comments and concerns;
- **Inclusiveness and sensitivity:** stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders are encouraged to be involved in the consultation process, to the extent the current circumstances permit. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups, in particular to women, youth, elderly and the cultural sensitivities of diverse ethnic groups.

For the purposes of effective and tailored engagement, stakeholders of the proposed project can be divided into the following core categories:

#### 4.3. Project Affected Parties

SMEs operating in the specified sectors and the ones implementing adaptive efforts for the new operating environment and who will be VakıfBank's loan recipients will be directly affected parties. In this regard, great importance is attached to the engagement of these stakeholders in the project during the design, implementation and monitoring stages.

The Project Affected Parties (PAP) can be defined as:

- Companies operating in sectors worst hit by the crisis according to WB Covid-19 sectoral heat index (sectors such as; health, tourism, transportation, production, service and retail)
- Underserved enterprises such as: small firms, underbanked firms, young firms, firms in less developed areas, women-inclusive enterprises
  - SMEs: with less than 250 employees,
  - Underbanked firms: no active line of credit with financial institution, or with less than 20 percent of the external funding consisting of loans from financial institutions,
  - Young firms: with less than 5 years in operation,
  - Less developed areas: firms located outside the boundaries of metropolitan cities,
  - Women-inclusive enterprises defined as:
    - owned by women (i.e., with at least one female shareholder with a properly documented representative and managing powers); or
    - managed by women (i.e., with at least one female C-level manager or with at least 25 percent female representation in mid-level management); or
    - employing a ratio of women that is higher than the average ratio observed in the respective sector.
- Companies seeking to proactively adopt to Covid-19 environment, irrespective of their sector, by:
  - introducing crisis management and resilience measures (i.e., workplace sanitation and health monitoring arrangements, refurbishments to improve social distancing);
  - introducing new products and services, new marketing channels, and new business solutions; and

- ramping up production for goods and services essential for fighting the pandemic (i.e., the health sector Personal Protective Equipment supply chain, ventilators production)
- Employees of the firms benefiting from the project

The underserved, young and enterprises in less developed areas as well as women-inclusive enterprises are also considered as **vulnerable groups**. Since these companies will be the most affected companies in the Covid-19 epidemic, special attention should be paid to their financing within the scope of this project.

The stakeholders of VakıfBank in the project have been determined by taking into consideration the process of obtaining loans from international financial institutions, credit allocation process and the provision of the loan to the Bank customers as a product. In this respect, project affected parties of the VakıfBank Departments are defined as follows; Structured Finance Department, Environmental and Social Impact Analysis Department, Treasury Operations Department, Product Development Department, SME Marketing Units, SME Allocation Units and Customer Management Department, SME Loan Allocation Department, Commercial Loan Allocation Department and Credit Reporting Department.

#### 4.4. Other Interested Parties

The projects' stakeholders also include parties other than the directly affected communities, including:

- Ministry of Treasury and Finance (General Directorate of Foreign Economic Relations and General Directorate of Public Finance)
- Other public banks that will be receiving the same Facility from World Bank (TKYB),
- Civil society and NGOs working in the area of health, community wellbeing and employment,
- Traditional media and social media,
- Public authorities such as Ministry of Health, Ministry of Tourism, Ministry of Industry, Ministry of Commerce and Public Offices (KOSGEB) that will indirectly be involved due to the credits, Social Security Institution (SGK), İŞKUR (the Turkish Employment Agency), regional and local public authorities,
- Local communities and business associations, affected by the pandemic, residing in the regions where the SMEs beneficiary firms are located and will indirectly benefit from the project, such as TURKONFED (Turkish Enterprise and Business Confederation), KAGİDER (The Women Entrepreneurs Association of Turkey) and KEDV (Foundation for the Support of Women's Work).

#### 4.5. Summary of project stakeholder needs

Stakeholder Group	Nature of interest in the project	Interest	Influence
<b>Project-affected parties</b>			
SMEs	They will be financed to reduce the effects of Covid-19 outbreak	High	High
<b>Other Interested Parties</b>			



Ministry of Treasury and Finance	Provide 100% payment guarantee for the project	Low	High
Public Banks that will use the same Facility	They will be liable to same conditions and criteria for the Project there can be areas of cooperation with these Banks	High	Medium
Traditional media and social media	Media will have in important role disseminating information about the lending facility.	Medium	Low
Civil Society and NGOs	They will have a role (i) disseminating information about the lending facility, (ii) creating awareness among their members/followers about the project	High	Low
Other Ministries (such as Ministry of Tourism, Ministry of Industry) and Public Offices (KOSGEB)	There can be overlaps/cooperation opportunities with these institutions on already existing/ongoing projects	Low	Low
Local Communities	Indirect impacts through the welfare generation with the lending SMEs in their region receive	Low	Low
<b>Vulnerable Groups</b>			
Small firms, Underbanked firms, Young firms, Firms in less developed areas, Women-inclusive enterprises	Since these companies will be the most affected companies in the Covid-19 epidemic, special attention should be paid to their financing within the scope of this project.	High	High

## 5. STAKEHOLDER ENGAGEMENT PROGRAM

### 5.1. The Purpose and Timing of the Stakeholder Engagement Program

This Stakeholder Engagement Plan (SEP) has been prepared to provide timely and accessible information to project stakeholders inside and outside VakıfBank and to give them the opportunity to express their views and concerns about the Project and its impacts. SEP specifies at which stages in the project life cycle and at what periods these activities will take place.

As the Project will be carried out with the participation of the relevant Head Office units and over 900 branches and their clients across Turkey, the preparation of an effective Stakeholder Engagement Plan holds great importance. In addition, the fact that the sub loans under the project will be used mostly in the form of working capital, the high number of sub loans is likely to generate increased documentation which will create a serious workload. Hence, SEP will also contribute to the dialogue between business units under VakıfBank.

On the other hand, Stakeholder Engagement Plan is also very important in order to maintain VakıfBank's relations with its stakeholders defined for the project. Considering that there will be other participant banks in addition to VakıfBank, it is clear that the meetings to be held within the framework of the Stakeholder Engagement Plan will be very useful in terms of both evaluating the progress of the project and contributing to the progress of the Project positively.

The Project Implementation Unit (PIU) will engage with PAPs on an ongoing basis taking the risk of Covid-19 spread into account. It should always be borne in mind that mass gatherings of consultation meeting can contribute to the transmission of Covid-19 as a result in a large number of people being in close contact. Various alternative virtual communication channels may be used to ensure meaningful consultation. In addition, broadcasting system in mosques (especially in rural areas where IT systems/internet access are lacking), schools or community radio system can be used for information disclosure purpose. Further, the World Health Organization's (WHO) mass gathering guidance can be sought<sup>1</sup>.

With the implementation of the project, the Stakeholder Engagement Plan will take its final form. It is aimed that the SEP will be updated periodically as necessary, with more detail provided in the first update planned for two months from project approval.

Name of Stakeholder	Engagement Reason	Engagement Tool	Engagement Frequency	Party Responsible for Engagement
SMEs	As the main recipient of the loans, they will be directly impacted.	<ul style="list-style-type: none"><li>▪ Notices and notifications through website</li><li>▪ Email</li></ul>	Semi-Annual	PIU Branch staff

<sup>1</sup> Key Planning Recommendations for Mass Gatherings in the context of the current COVID-19 outbreak, Feb 14, 2020 (available at: <https://apps.who.int/iris/bitstream/handle/10665/331004/WHO-2019-nCoV-POEmassgathering-2020.1-eng.pdf>)

		<ul style="list-style-type: none"> <li>▪ Face to face meetings</li> <li>▪ Virtual meetings</li> </ul>		
Ministry of Treasury and Finance	As the intermediary ministry for the loan guarantee, they will be involved with the planning and design stage.	<ul style="list-style-type: none"> <li>▪ Audioconference</li> <li>▪ Email</li> <li>▪ Formal written notifications</li> <li>▪ Face to face meetings</li> <li>▪ Virtual meetings</li> </ul>	Semi-Annual	PIU
Public Banks that will use the same Facility	They will be liable to same conditions and criteria for the Project there can be areas of cooperation	<ul style="list-style-type: none"> <li>▪ Email</li> <li>▪ Audioconference</li> <li>▪ Videoconference</li> <li>▪ Face to face meetings</li> </ul>	Annual	PIU
Institutions from traditional media and social media	They will be the main medium for information dissemination to the public about lending facility	<ul style="list-style-type: none"> <li>▪ Commercials</li> <li>▪ Press releases</li> </ul>	Semi-Annual	PIU Corporate Communications Department
Civil Society and NGOs	Working in the areas of community health and safety and well-being, they may develop new projects/public activities	<ul style="list-style-type: none"> <li>▪ Press Releases</li> <li>▪ Information disclosure on website</li> <li>▪ Face to face meetings</li> <li>▪ Virtual meetings</li> </ul>	Semi-Annual	Corporate Communications Department PIU
Other Related Ministries and Public Offices	Their ongoing projects and/or activities may overlap with the aims of this project	<ul style="list-style-type: none"> <li>▪ Audioconference</li> <li>▪ Email</li> <li>▪ Formal written notifications</li> <li>▪ Face to face meetings</li> <li>▪ Virtual meetings</li> </ul>	Annual	PIU
Local Communities	Being located in where the SMEs receiving the loans, community welfare will indirectly benefit from the project	<ul style="list-style-type: none"> <li>▪ Information disclosure on website</li> </ul>	Annual	PIU Corporate Communications Department

Vulnerable Groups				
Small firms, Underbanked firms, Young firms, Firms in less developed areas, Women-inclusive enterprises	They will be the client groups who are believed to benefit most from the project. In addition, policies and conditions for vulnerable groups might be determined based on their inputs and feedback.	<ul style="list-style-type: none"> <li>▪ Audioconference</li> <li>▪ Focus group meetings</li> <li>▪ Videoconference</li> <li>▪ Face to face meetings</li> <li>▪ Virtual meetings</li> <li>▪ Translation services and translated materials will be provided (in English and/or Arabic)</li> </ul>	Semi-Annual	PIU Corporate Communications Department

## 5.2. Proposed Strategy for Information Disclosure

Project stage	Target stakeholders	List of information to be disclosed	Methods and timing proposed	Timeline	Responsible party
Design and Preparation	<ul style="list-style-type: none"> <li>▪ SMEs</li> <li>▪ Other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Summary</li> <li>▪ SEP, GRM</li> </ul>	<ul style="list-style-type: none"> <li>▪ information on website</li> <li>▪ Flyers in branches</li> <li>▪ e- mail</li> <li>▪ Virtual meetings</li> </ul>	Dec. 2020	VakıfBank PIU
Design and Preparation	<ul style="list-style-type: none"> <li>▪ Government officials</li> <li>▪ Banks</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Summary</li> <li>▪ SEP, GRM</li> </ul>	<ul style="list-style-type: none"> <li>▪ information on website</li> <li>▪ e- mail</li> <li>▪ Virtual meetings</li> </ul>	Dec.2020	VakıfBank PIU
Implementation	<ul style="list-style-type: none"> <li>▪ SMEs</li> <li>▪ Other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Appraisal Document</li> <li>▪ Project Preparation and Implementation Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Audio meetings</li> <li>▪ Radio, TV, newspaper and social media announcements</li> </ul>	Semi-Annual Every March/April- July/September	VakıfBank PIU

		<ul style="list-style-type: none"> <li>▪ GRM reports</li> <li>▪ Environmental and Social Screening</li> <li>▪ Regular project update/information</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project related announcements on websites and social media accounts of VakıfBank</li> <li>▪ GRM system</li> <li>▪ Information dissemination in Turkish on website (in English and/or Arabic, as needed)</li> </ul>		
Implementation	<ul style="list-style-type: none"> <li>▪ Government officials</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Preparation and Implementation Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>▪ information on website</li> </ul>	Every disbursement period After every repayment	VakıfBank PIU
	<ul style="list-style-type: none"> <li>▪ Banks</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Summary</li> <li>▪ SEP, GRM</li> <li>▪ Project outcomes</li> </ul>	<ul style="list-style-type: none"> <li>▪ e- mail</li> <li>▪ Virtual meetings</li> </ul>	Semi-Annual Every March/April- July/September	
Closing	<ul style="list-style-type: none"> <li>▪ SMEs</li> <li>▪ Banks</li> <li>▪ Other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Periodic Progress reports defined in the POM</li> <li>▪ Realized impact/KPIs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Press Releases</li> <li>▪ Website announcements</li> <li>▪ Information in Turkish (in English and/or Arabic, as needed)</li> </ul>	Dec. 2024	VakıfBank PIU

### 5.3. Proposed Strategy for Consultation

Project stage	Target stakeholders	Topic of Engagement	Methods and timing proposed	Timeline	Responsible party
Design and Preparation	<ul style="list-style-type: none"> <li>▪ SMEs</li> <li>▪ Government officials</li> <li>▪ Banks</li> <li>▪ Other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Summary</li> <li>▪ SEP, GRM mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▪ Video conferencing meetings</li> <li>▪ Audio meetings</li> <li>▪ Virtual meetings</li> <li>▪ Online focus groups</li> <li>▪ Social media</li> </ul>	Dec. 2020	VakıfBank PIU
Implementation	<ul style="list-style-type: none"> <li>▪ SMEs</li> <li>▪ Government officials</li> <li>▪ Banks</li> <li>▪ Other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project Appraisal Document</li> <li>▪ Project Preparation and Implementation Guidelines</li> <li>▪ GRM reports</li> <li>▪ Environmental and Social Screening</li> </ul>	<ul style="list-style-type: none"> <li>▪ Video conferencing meetings</li> <li>▪ Audio meetings</li> <li>▪ Project related announcements on websites and social media accounts of VakıfBank</li> <li>▪ Face to face meetings (when allowed)</li> <li>▪ Online focus groups with vulnerable groups</li> <li>▪ GRM system</li> </ul>	Semi-Annual Every March/April- July/September	VakıfBank PIU

			<ul style="list-style-type: none"> <li>▪ Information dissemination in Turkish (in English and/or Arabic, as needed)</li> </ul>		
Closing	<ul style="list-style-type: none"> <li>▪ SMEs</li> <li>▪ Banks</li> <li>▪ Other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project progress and evaluation reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Press Releases</li> <li>▪ Website announcements</li> <li>▪ Information in Turkish (in English and/or Arabic, as needed)</li> </ul>	Dec. 2024	VakıfBank PIU

Project Design and Preparation stage for information disclosure and consultation shall be completed before the project becomes effective. Therefore, it is anticipated that these stages will be completed by December 2020, when the first withdrawal is scheduled. After the project is effective, the implementation stage will be conducted in accordance with the SEP and progress reports will be prepared semi-annually. In this way, it is planned to effectively manage the information disclosure and consultation processes with project affected parties and other interested parties, and it will be continuously adjusted in accordance to the findings from progress reports. Since the project is expected to be completed within 4 years, the closing stage will be completed simultaneously with the completion of the project.

The current VakıfBank website (<http://www.VakıfBank.com.tr>) is being used to disclose project documents, including in both Turkish and English. VakıfBank will create a webpage on the Project on its existing website. All future project related environmental and social monitoring reports will be disclosed on this webpage. All information brochures/fliers will be posted on the website. Details about the project grievance mechanism will be posted on the website. An electronic grievance submission form will also be made available on VakıfBank's website. Contact details of responsible PIU members will also be made available on the website. VakıfBank will update and maintain the website regularly (at least once a quarterly basis).

#### 5.4. Proposed Strategy to Incorporate the View of Vulnerable Groups

The project will take special measures to ensure that disadvantaged and vulnerable groups have equal opportunity to access information, provide feedback, or submit grievances. Awareness raising sessions will be conducted in means, places and language adequate for to ensure higher participation of targeted population. Focus groups dedicated specifically to vulnerable groups may also be envisaged as appropriate, when the COVID-19 restriction measures allow for it.

### **5.5. Review of Comments**

Suggestions and comments received during consultations (both electronic and face-to-face), and received through website and social media accounts, will be reviewed, and to extent possible, and as appropriate, integrated in the SEP and project design and implementation.

Complaints and suggestions received through the Grievance Mechanism will be addressed within the stipulated timeframe and the complaint or suggestion holder will be reported back.

VakıfBank will periodically publish the reports about consultations and suggestions received.

### **5.6. Timelines and Future Phases of Project**

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the Stakeholder Engagement Plan and the grievance mechanism. This will be important for the firms affected by COVID-19 outbreak, but equally and even more so for employees in these firms.

VakıfBank PIU will ensure that engagement activities that require face-to-face meetings and social gatherings will resume after restrictions on movement and social distancing requirements are eased or lifted.



## 6. RESOURCES AND RESPONSIBILITIES FOR IMPLEMENTING STAKEHOLDER ENGAGEMENT ACTIVITIES

### 6.1. Resources

The Stakeholder Engagement Plan will be managed within VakıfBank's existing organizational structure. The Project Implementation Unit (PIU), which will consist of employees selected from the relevant business units, will be responsible for the implementation of the project. However, Structured Finance Department will be the main contact under this project. Structured Finance Department will organize the stakeholder engagement activities with the support of other units under the PIU. VakıfBank has allocated adequate budget for these activities. As the activities to be carried out in the project are determined, the budget to be allocated by the Bank will become clear. A generic e-mail address will be created for this project once all the details are clear.

The contact person of VakıfBank has been determined as Sinan Arıkan at this stage.

The contact details are;

Name – Surname: Pelin ÇİÇEKTAKAN

Phone Number: 0090 216 724 27 19

E-mail Address: [dunyabankasidestek@vakifbank.com.tr](mailto:dunyabankasidestek@vakifbank.com.tr)  
[pelin.cicektakan@vakifbank.com.tr](mailto:pelin.cicektakan@vakifbank.com.tr)

### SEP activities are financed by VakıfBank.6.2. Management Functions and Responsibilities

The PIU will have an overall responsibility of planning and managing stakeholder engagement and project implementation activities throughout the project life-cycle. The responsibilities include;

- Planning, update and implementation of the SEP,
- Leading stakeholder engagement activities and reporting,
- Management and coordination on resolution of grievances,
- Monitoring of and reporting on environmental and social performance to the World Bank,
- Consolidated reporting on SEP activities for the project overall,
- Disclosure of ESMS documents,
- Coordination of trainings and training materials

## 7. GRIEVANCE MECHANISM

### 7.1.1. VakıfBank Customer Grievance Mechanism

VakıfBank has an existing grievance mechanism which is managed by Customer Relations Coordination Department, and serves to address concerns, suggestions and complaints by VakıfBank's customers. The Department works to resolve any suggestions, complaints and requests from the customers as soon as possible, and considers the input as an opportunity to improve the Bank's delivery of services by evaluating every issue raised by customers, and with an approach that every customer who gives feedback within the framework of customer satisfaction rules is "right". This mechanism can also handle grievances from persons who believe they had been adversely affected by the activities of recipients of VakıfBank's loans. The customers can reach the Bank and communicate their suggestions and complaints via multiple channels including call center, internet banking and mobile banking applications, Bank branches, e-mail (dunyabankasidestek@vakifbank.com.tr), corporate VakıfBank website, VakıfBank social media accounts, government agencies such as Banking Regulation and Supervision Agency (BRSA) and the Presidency of Republic of Turkey Communication Center (CIMER) complaints websites. In addition, the customers can reach out directly to the Head Office and branches, and through corporate social media accounts. Complaints and comments posted on some customers' review websites are also monitored and evaluated. If a client with language barriers lodges a complaint to the grievance mechanism, necessary support will be provided for translation service at the Bank branches. All communication channels are available through the Let's Solve Problems page on the VakıfBank website by using the link <https://www.vakifbank.com.tr/Default.aspx?pageID=1231>.

Customer feedback submitted through various channels is collected in a database managed centrally, and resolved systematically by Consumer Relations Coordination Department. When necessary, various Bank units cooperate to produce solutions, to ensure improvement of product and service quality. In addition, suggestions, complaints, requests and appeals submitted through the Turkish Banks Association (TBB), Banking Regulation and Supervision Agency (BRSA), The Presidency of Republic of Turkey Communication Center (CIMER) and other official complaint registry channels are centrally managed by the Consumer Relations Coordination Department. All grievances are recorded and responded within the legally determined timeframe according to the content of the complaint. In order to establish strong, accurate, permanent and clear relationships for long-term relations with customers, the Bank prepares monthly, quarterly and annual reports on customer feedback, presents them to the Audit Committee and Board of Directors, organizes quarterly meetings with broad participation, and as a result takes necessary decisions and actions to address areas of development which are identified during this review process.

### 7.1.2. Grievance Mechanism for Employees

In VakıfBank, there is an internal grievance mechanism for the employees. On the intranet page of VakıfBank, employees are able to submit their requests and complaints directly to the Board of Auditors by filling out a form. Each grievance will be processed according to internal employee grievance procedure, which can be directed to the Executive Vice President in case of ethics related grievances; to the Board of Auditors in case of whistle-blowing related grievances; and to human resources department in case of workplace related concerns. This grievance mechanism is a requirement of the national regulation on Internal Processes and Internal Capital Adequacy Assessment Process, which is applied by the Banking Regulation and Supervision Agency of Turkey. The timeline to address employees' grievances is 30 calendar days.

Grievances regarding ethical issues such as sexual abuse / harassment received from customers and employees will be evaluated while protecting the confidentiality of employee's and customer information. As the complaints received on ethical issues can involve sensitive issues such as sexual abuse / harassment, they are shall be shared with Audit Units for confidential examination. Also, information about these grievances shall be shared with the relevant Executive Vice President according to the subject and sensitivity of the grievance, while protecting the confidentiality of personnel and customer information. Details of the GM procedure to address SEA/SH complaints shall be additionally developed during project implementation, including training of the responsible staff.

### **7.1.3. Grievance Mechanism for the Project Stakeholders**

A grievance mechanism specific to the Project will be adapted within the existing VakıfBank's customer feedback system described in section 7.1.1. The complaints or suggestions will be delivered to the Structured Finance Unit, which will be responsible for the SEP implementation, through the main banking system of VakıfBank called VIT<sup>2</sup>. The VakıfBank's electronic system for the management of grievances within VIT platform will include new, project specific topics, which will enable Structured Finance Unit to automatically receive all complaints submitted under these project specific topics. Therefore, SFU will be able to forward the complaints to the PIU e-mail address for the solution process. Also, SFU is responsible for monitoring the submitted complaints to the PIU, providing responses to customer complaints at the specified timeframe, transferring the complaints to the relevant VakıfBank units when necessary and reporting the complaints to the World Bank and the Project Coordinator.

The VakıfBank website, section on the Investor Relations Sustainable and Responsible Financing, includes an updated sub-section on the the World Bank Emergency Firm Support Project, which now has a link to the grievance mechanism application form. This will enable systematic collection of the project-specific complaints. (Link: <https://www.vakifbank.com.tr/dunya-bankasi-acil-firma-destek-projesi.aspx?pageID=3913> ). In addition, an e-mail address at the PIU is established to receive project related grievances. This email address will reach a group of people who are selected from relevant business units. The purpose of this group is to identify problems affecting the project and to resolve them objectively, timely and effectively, and to provide a feedback and complaint- reporting channel accessible by all project stakeholders.

### **7.1.4. Grievance Mechanism Application Channels**

The beneficiaries of the World Bank Emergency Firm Support Project shall submit grievances to the project-specific grievance mechanism in the following ways:

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<sup>2</sup> The VIT (VakıfBank Innovative Transformation) is an internal banking system which was initiated in 2011 and was successfully completed. At its conclusion, the VIT program created a common and single platform for all banking applications and attained the goals of rapid application development, easy management, and accurate reporting by deploying state-of-the-art technologies. With the completion of the VIT program, the transition to open infrastructure systems has been completed and the Mainframe has been shut down. With this change in the core banking system infrastructure, the operating and leasing costs of the main systems and databases has been reduced more than 10 times.

1) Beneficiaries could submit their grievances via the Let's Solve Problems page (Link: <https://www.vakifbank.com.tr/sorun-cozelim-tercih.aspx?pageID=1231>) on the VakıfBank Turkish website.

2) Beneficiaries could submit their grievances to the Project Implementation Unit via the link to the project-specific grievance form which is included in the Let's Solve Problems section on the VakıfBank website. Complaints received through the website will be forwarded to the Structured Finance Unit via the VIT system.

3) The e-mail group of the PIU, [dunyabankasidestek@vakifbank.com.tr](mailto:dunyabankasidestek@vakifbank.com.tr) , has been inserted to the World Bank project-specific page on the VakıfBank website. In this way, the beneficiaries will be able to contact the PIU via this e-mail and directly convey their grievances. Grievances received in this way will also be recorded in the VIT system by the PIU. Project-specific grievances collected in the VIT system will be reported to the PIU by SFU via PIU's e-mail group. Other interested parties will also be able to convey their opinions and suggestions through this e-mail address on the website.

4) Beneficiaries may also reach the PIU via phone number +90 216 724 27 19.

5) Beneficiaries are also able to submit their grievances through the VakıfBank Branches.

Grievance mechanism intake channels have been communicated to all VakıfBank staff through internal declaration and to other project stakeholders via e-mail. Ministry of Treasury and Finance shall be informed via official written communication.

The Turkish Ministry of Treasury and Finance communicates with the VakıfBank both in writing and via e-mail on all matters related to this project. Communications with the Ministry of Treasury and Finance related to the grievances are carried out through official communication channels and email.

SMEs who cannot benefit from the World Bank Emergency Firm Support Project loan due to eligibility criteria will also be able to submit their complaints about the project through the above channels.

#### **7.1.5. Grievance Mechanism Recording and Resolution**

The Structured Finance Unit which reports to the International Banking and Investor Relations Department, is responsible for examining customer complaints received and will be forwarded to the relevant VakıfBank units, as necessary. The SFU is responsible for ensuring coordination among the personnel which constitute the PIU. The stipulated timeframe to resolve the complaints is 30 calendar days.

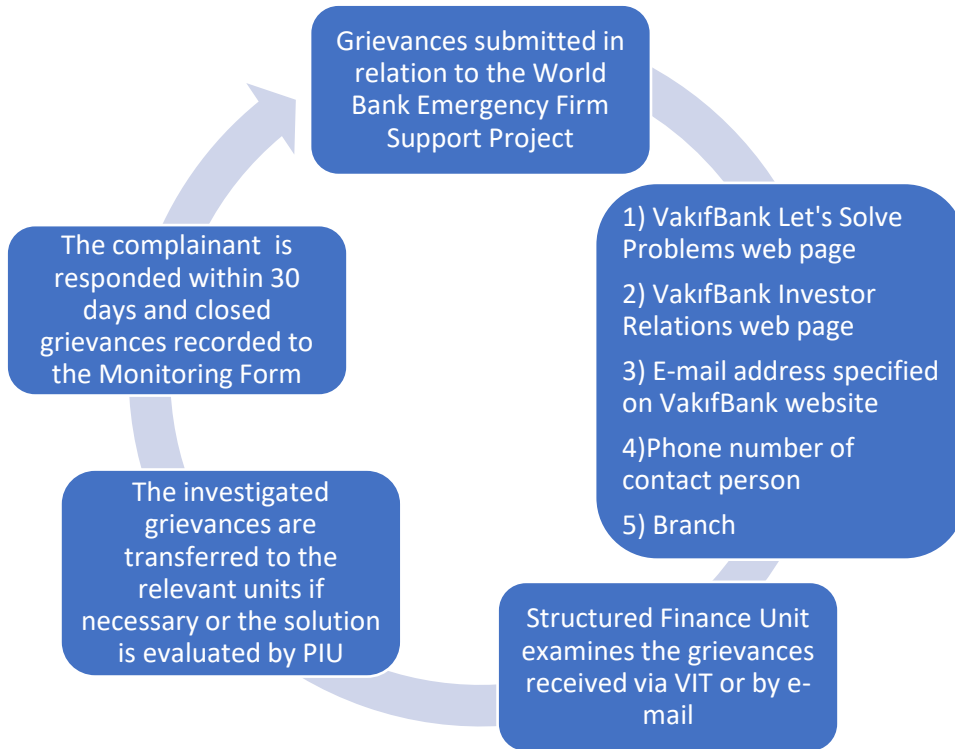
All complaints received through the website related to the project are transferring to the Structured Finance Unit via the VIT database. The Unit starts the solution process by transferring the complaints received via VIT to the PIU. The grievance form in the VIT database includes information such as the Name / Title of the Bank Personnel who received the grievance, Date of Complaint, Stakeholder Information (Name-Surname, Telephone, E-mail, Address), Grievance Receipt Method (Website, E-mail, Branch), Details of Grievance, Grievance Closing (Assessment of Grievance, Response/Corrective Action Required if yes please provide details), Result and Responsible Personnel information (Name-Surname / Closing Date).

All complaints / suggestions received through the project specific e-mail group are recording to the monitoring form. When the complaints are recorded in the VIT system, the customer is immediately

notified via SMS or e-mail, depending on the customer's preference. Even if the e-mail address and GSM number were not received from the customer while creating the complaint record, a message indicating that the complaint has been received is sent to the customer with the information in the VakıfBank system. The Structured Finance Unit transmits the complaints received in the VIT system to the Project Implementation Unit and the PIU aims to respond to the complaints within 15 days. However, the timeline for the resolve to the grievances will be not later than 30 calendar days from the receipt of the grievance. If a complainant is not satisfied with the response, he/she can seek remedy in the judicial system. Registered complaints in VIT are required to be resolved within 30 calendar days, A reminder notification will be sent through the VIT system to managers and employees who are responsible to address the grievance in order to ensure that complaints are resolved timely. The complainants will have the right to use judicial means as well to address the complaint.

A grievance received within the VakıfBank Grievance Mechanism is primarily sent to the relevant Branch / Unit for resolution. If the responses received from the relevant units are not found problem-solving and are unsatisfactory, these complaints are sent to the VakıfBank Audit Unit for examination. If the Audit Unit states that there is nothing that can be further done within the Bank to resolve the complaint as a result of its investigations, then the complaint are considered closed within VakıfBank after the response given to the customer. However, the customer or any other party who is not eligible for loans will be informed that they can apply to the institutions such as BRSA, CIMER etc according to the subject of the complaint.

### Grievance Mechanism Workflow



### 7.1.6. Grievance Mechanism Monitoring and Reporting

All grievances received will be recorded through the project-specific section in the VIT database. Every grievance related to the project will be monitored through the form presented below and received grievances will be periodically transferred to the monitoring form. Recording and reporting on the grievance mechanism will be carried out through the monitoring form and the information in the monitoring form will be updated at least once a month.

#### Monitoring Form:

Monitoring Form					
Customer Name	Grievance Received Date	Subject of the Grievance	Grievance Description	Response Date	Solution Description

The SFU will report on closed grievances to the PIU Project Coordinator on a quarterly basis, in the format presented below as the Grievance Mechanism Reporting Table. Reporting focuses on response speed to the grievances, number of grievances received since the beginning of the project, and closed grievances within stipulated timeframe. Data indicated in the table is expected to be retrieved automatically from VIT system.

#### Grievance Mechanism Reporting Table:

Grievance Mechanism Reporting Table						
Number of Grievances Received Since the Beginning of the Project	Number of Grievances Received in the Reporting Period	Number of Grievances Closed within Stipulated Timeframe of 30 days	Percentage of Grievances Closed within Stipulated Timeframe of 30 days	Number of Grievances Which are Still Open Beyond the Stipulated Timeframe of 30 days	Percentage of Grievances Which are Still Open Beyond the Stipulated Timeframe of 30 days	Response Speed to Resolve Grievances (Average Day)

## 7.2. VakıfBank Ethical Principles

With its roots from centuries of foundation culture, VakıfBank performs all its activities without compromise from its general principles of honesty, impartiality, transparency and reliability.

To increase the quality of services offered by VakıfBank, and ensure fair and honest competition environment, and to organize the relationships with all stakeholders in compliance with the general principles, VakıfBank Ethical Principles have been established on the basis of Banks Association of Turkey's Banking Ethical Principles, Public Officers Ethical Code of Conduct and other regulations.

All VakıfBank personnel must comply with the Ethical Principles which are created on the basis of VakıfBank's vision, mission and fundamental values.

In case of any action in breach of the Ethical Principles, administrative sanctions shall be applied within the scope of regulations in VakıfBank's legislation.

Please find the Ethical Principles of VakıfBank via the link below;

<https://www.vakifbank.com.tr/Default.aspx?pageID=2794>

### Ethical Reporting Hotline

An "Ethical Reporting Line" has been established in order to notify internal and external stakeholders of the situations that violate the Ethical Behavior Principles. All notifications to the Ethics Hotline are handled on the basis of confidentiality within the scope of the Law on the Protection of Personal Data.

The applicant's information is kept confidential. In case of detection of situations contrary to ethical behavior principles in VakıfBank notification can be made via e-mail to the following e-mail addresses.

Ethical Reporting Hotline (available 24/7)

[etikihbar@vakifbank.com.tr](mailto:etikihbar@vakifbank.com.tr)

[ethics@vakifbank.com.tr](mailto:ethics@vakifbank.com.tr)

0850 955 38 45

## **8. MONITORING AND REPORTING**

Structured Finance (SF) Department will be responsible of monitoring the activities related to SEP and the Department will keep a record of the stakeholder engagement activities which were held. The Department will also request a report of the activities carried out in 6-month periods from other units in the Project Implementation Unit. The SF Department will carefully monitor the opinions and suggestions received within the scope of the grievance mechanism via main banking system VIT and the common e-mail group and will make the necessary efforts to resolve the problems. The activities carried out in this context will be reported to the World Bank every 6 months with its results. Progress Reports to be prepared every 6 months will cover all these activities.

### **8.1. Involvement of Stakeholders in Monitoring Activities**

VakıfBank will be seeking feedback from beneficiary firms and other relevant stakeholders throughout the project and PIU will discuss the results of the progress reports with relevant stakeholders as needed. A midterm survey on Citizen Engagement will be conducted by VakıfBank PIU to seek feedback from the beneficiary firms on their satisfaction with the Project.

VakıfBank will take into account the inputs and comments received from stakeholders through the Grievance Mechanisms and consultations regarding the Facility. In case of any inquiries about a specific project financed through this Facility or any other monitoring inquiry, the feedback will be evaluated in VakıfBank's formal corporate communication procedures and appropriate response will be provided to the related stakeholder.

### **8.2. Reporting Back to Stakeholder Groups**

The SEP will be periodically revised and updated as necessary in the course of project implementation in order to ensure that the information presented herein is consistent and is the most recent, and that the identified methods of engagement remain appropriate and effective in relation to the project context and specific phases of the development. Any major changes to the project related activities and to its schedule will be duly reflected in the SEP. Periodic summaries and internal reports on public grievances, enquiries and related incidents, together with the status of implementation of associated corrective/preventative actions will be collated by responsible staff and referred to the senior management of the project. The periodic summaries will provide a mechanism for assessing both the number and the nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner. Information on public engagement activities undertaken by the Project during the year may be conveyed to the stakeholders in two possible ways:

- Publication of a standalone report on project's interaction with the stakeholders.
- A number of Key Performance Indicators (KPIs) related to SEP will also be monitored by the project on a regular basis.

Project-specific Key Performance Indicators (KPI) has been established and presented in the table below. KPI's monitoring report shall be prepared on a quarterly basis and reported to the World Bank by PIU.



World Bank Emergency Firm Support Project KPIs		
Number of quarterly grievances received disaggregated by target groups	<ul style="list-style-type: none"> <li>• Gender (male/female)</li> <li>• Small firms</li> <li>• Underbanked firms</li> <li>• Young firms</li> <li>• Less developed areas</li> <li>• Women-inclusive enterprises</li> </ul>	
Percentage of Resolved Grievances Within Stipulated Timeframe in the Quarterly Period		
Percentage of Resolved Grievances Cumulatively Since the Beginning of the Project		
Number (percentage) of open grievances, beyond stipulated time frame		
Number (percentage) of Grievances by Subjects/Categories		