

# Additional Information About Corporate Governance

## INVESTOR RELATIONS UNIT

The Investor Relations Unit in the Company was set up in 2014. The unit reports to Mr. Tuna Uğun, Deputy CEO, effective 19 January 2015.

In our Company, the functions of the Investor Relations Unit are mainly performed by the Accounting Department, whereas investor contacts are carried out together with the Funds Management Department.

Licenses held by the managers dealing with investor relations, and their contact information are presented below:

This unit plays an active part in the protection of shareholding rights and facilitates their exercise, mainly regarding the right to obtain and review information, and establishes the communication between the Board of Directors and shareholders.

Name-Surname	Position	Telephone	E-mail
Tuna Uğun	Deputy CEO	(+90 212) 317 70 05	yatirimciiliskileri@anadoluhayat.com.tr
N. Cem Özcan*	Manager (Investor Relations Unit Manager)	(+90 212) 317 71 04	yatirimciiliskileri@anadoluhayat.com.tr
C. Ozan Sezer**	Assistant Manager	(+90 212) 317 70 18	yatirimciiliskileri@anadoluhayat.com.tr

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The Unit presents the report produced by the Investor Relations Unit in relation to its activities to the Corporate Governance Committee and the Board of Directors. In essence, the Investor Relations Unit carries out the following tasks:

- Ensure that records pertaining to the correspondence between the investors and the Company, and other information and documents are maintained in a reliable, secure, and up-to-date manner
- Respond to the Company shareholders' written requests for Company-related information
- Prepare the documents related to the general assembly meetings that need to be made available for shareholders' information and review, and take necessary measures to ensure that general assembly meetings are conducted in accordance with the requirements of applicable legislation, the Company's articles of association and other internal regulations
- Oversee and monitor fulfillment of obligations arising from the capital market legislation, including any matter related to corporate governance and public disclosure.

Up-to-date information and disclosures that may have an effect on the exercise of shareholding rights are made available to investors on the Company website.

In 2018, all verbal information requests received from researchers and our investors in relation to our Company and/or publicly disclosed financial statement results were answered. Requests for meetings received during the reporting period from national and international investment companies were accepted and necessary information was provided. In total, 31 investor presentations were made and 12 teleconferences were held in 2018. In these meetings, presentations were made on our sector and our Company, and the investors' questions were answered.

23 queries and information requests received at the email accounts [yatirimciiliskileri@anadoluhayat.com.tr](mailto:yatirimciiliskileri@anadoluhayat.com.tr) and [investorrelations@anadoluhayat.com.tr](mailto:investorrelations@anadoluhayat.com.tr) that were set up for answering the questions of national and international investors have been responded to.

## VOTING RIGHTS AND MINORITY RIGHTS

According to our articles of association, each share of stock is entitled to one vote.

Our Company's capital is divided into Class A and Class B shares.

As of 31 December 2017, our Company's issued capital amounts to TL 430 million consisting of 100,000,000 Class A shares worth a total of TL 1 million and 42,900,000,000 Class B registered shares worth a total of TL 429 million. As required by our articles of association, seven of the members of the Board of Directors are elected from among nominees designated by Class A shareholders and four from among nominees designated by Class B shareholders.

Class A shares have no privileges other than the nomination privilege mentioned above. New Class A shares are not issued when share capital increases take place.

No shareholder is involved in a cross-shareholding relationship with the Company.

The Company pays maximum attention to ensure exercise of minority rights granted under the Turkish Commercial Code and the Capital Market Law, and no stipulations were incorporated in our articles of association due to the fact that the legal provisions governing this matter have been expanded.

Minority shareholding interests are not represented on the Board of Directors, which is formed at the discretion of our General Assembly.

There is no upper limit on the number of votes a shareholder may cast at a General Assembly.

Voting rights are acquired the moment the shares on which they are contingent are acquired. There are no rules stipulating that voting rights may be exercised only after a specific period of time has passed after shares are acquired.

Our articles of association contain no provisions preventing non-shareholders from voting in proxy.

Shareholders may exercise their voting rights personally at General Assemblies and may do so through any other party irrespective of the shareholder status of that party.

A non-corporate shareholder may only be represented by a single proxy at a General Assembly. If a corporate shareholder is represented by more than one individual at an assembly, only one of them may cast votes. The proxy statement must identify the individual who is authorized to cast votes.

All shareholders are treated equally, including minority and foreign shareholders.

## **STAKEHOLDERS**

### **KEEPING STAKEHOLDERS INFORMED**

Care is taken to keeping stakeholders -those who have an interest in our Company and include shareholders, employees, creditors, customers, suppliers, nongovernmental organizations, the government, and potential investors in our Company- informed on issues concerning our Company that are of interest to them in writing, to the extent possible. The Company's relationships with stakeholders are governed by written agreements as far as possible.

In situations where the rights of stakeholders are not governed by law or contract, the Company safeguards them within the framework of the rules of good faith, to the degree possible, and mindful of the Company's own reputation.

The corporate governance structure provides the means to all stakeholders including employees and their representative bodies to communicate their concerns about any illegal or unethical practices to the Corporate Governance Committee and the Audit Committee, and safeguards their right to do so.

The Company's quality policy pledges to offer and maintain quality products and services on the back of the teams enjoying expertise and experience, strong technological and financial infrastructure, constant development and improvement concept, combined with its experienced and extensive agency network.

The Company pays regard to ensuring continued quality and standards in service across all phases of its life insurance and private pension services. Customer demands are responded to quickly and policyholders are informed in case of any delays. It is of particular importance for the Company to

constantly upgrade the quality of service offered within the context of best service delivery to our customer portfolio.

Attention is paid to confidentiality of customers' and suppliers' information that is of trade secret nature.

### **STAKEHOLDER PARTICIPATION IN MANAGEMENT**

Our shareholders participate in the decision-making process in relation to Company management by way of voting in the General Assembly Meetings.

While the articles of association contain no provisions on stakeholder participation in the Company's management, the Company's internal regulations cover practices to this end.

The Suggestion System Regulation targeting the company employees has been introduced as of 1 May 2006. Suggestions for innovations and improvements are evaluated within the framework of this regulation and put into effect in the Company.

The Company meets with its sales organization twice a year at which time they are informed about the Company's activities, their suggestions are heard, and successful intermediaries are rewarded.

## **BOARD OF DIRECTORS**

### **STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS**

The Company's Board of Directors is composed of eleven members so as to enable our Board Directors to work efficiently and constructively, make decisions swiftly and rationally, and organize the formation and activities of the committees efficiently.

Inasmuch as our Company has no ultimate non-corporate controlling shareholders, all of the Board Directors are assumed to be naturally able to act with independence and therefore, have the advantage of being able to act impartially in their decisions by holding the interests of the Company and of its stakeholders above everything else.

There are four independent members on the Board of Directors. The independent Board Directors have not served as members for more than six years in the past ten years. While the term of office for an independent Board Director is one year, they can be reelected upon being nominated.

The Corporate Governance Committee functioning as the Nomination Committee nominated four candidates for independent Board Director status, and the report on whether the candidates fulfill the criteria of independence has been presented to the Board of Directors on 23 February 2018.

Independent Board Directors fulfill the independence criteria published in the relevant legislation, and their declarations of independence have been duly received. No instances took place during the reporting period, which would compromise independence. If an instance compromising independence arises, then the independent Board Director shall present such change immediately to the Board of Directors to be disclosed to the public. In such a case, the Board Director

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who loses his independence shall resign as a matter of principle.

The General Assembly decision pertaining to the appointment of the independent Board Director has been disclosed on the corporate website.

Apart from the CEO, the Board of Directors consists of non-executive members. Chairman of the Board and CEO functions are carried out by different individuals.

Although there are no set rules on non-independent Directors' undertaking other duties outside the Company, the Directors do not have any other duties apart from their natural duties in the entities they represent and from those in the establishments owned by the entities they represent. Yet, Board Directors devote sufficient amount of time for Company affairs, and exercise their powers prudently and within the frame of good faith, possessing all necessary knowledge to ensure full performance of the duty.

Past experiences, and outside positions held, if any, of the independent Board Directors are disclosed in their résumés and presented on our website and in our annual report.

In the fulfillment of its decision-making functions, the Board of Directors' fundamental concerns are to:

- Maximize the Company's market value
- Ensure that the Company's activities are conducted in such a way as to secure long-term, stable gains for its shareholders
- Maintain the delicate balance between shareholders' expectations and the Company's need to grow.

The Board of Directors define the strategic goals of the Company, determines the human resources and financial resources the Company will need, and audits the management performance.

At the same time, the Board of Directors also oversees the compliance of the Company activities with the legislation, articles of association, internal regulations, and the policies formulated.

The Board of Directors plays a leading role in ensuring efficient communication between the Company and shareholders, and in the elimination and resolution of potential conflicts. To this end, the Board of Directors closely

cooperates with the Corporate Governance Committee and the Investor Relations Unit.

When choosing new members to fill vacancies on the Board attention is given to the following matters:

- Candidates are required to be present at general assemblies of shareholders at which Board elections are to be held.
- Shareholders are provided with complete information about candidates.
- Shareholders have the right to put questions to candidates.
- Attention is given to the conduct of regular Board meetings, which are held at least once a month.

Approval of the majority of independent Board Directors is sought for the Board of Directors decisions pertaining to the Company's transactions of a material nature with related parties and to furnishing guarantee, pledge and mortgage in favor of third parties. If majority of the independent Board Directors do not approve the transaction, this is publicly disclosed, providing adequate information on the transaction within the frame of public disclosure requirements, and the transaction is laid down for the approval of the General Assembly. The matter is decided in the said General Assembly meeting through voting where the parties to the transaction and their respective related parties may not cast votes, thus involving other shareholders in such decisions at the General Assembly. Meeting quorum shall not be sought for General Assembly meetings that will be held for circumstances specified in this article. Decisions are made with the simple majority of those eligible to vote. Board of Directors and General Assembly decisions passed in violation of the principles herein shall be null and void. The articles of association cover provisions governing these aspects.

There are no administrative or judicial sanctions imposed against the Company or the Board Directors.

There is one woman member on the Board of Directors.

The résumés of M. Rafet Akgünay and Ahmet D. Erelçin, the members of the Audit Committee, are incorporated in the Annual Report and these individuals possess adequate experience in finance.

Information about the members of the Board of Directors is presented below:

Name Position	Name Position	Name Position	Name Position	Name Position	Name Position	Name Position
Mahmut Magemizođlu	Chairman	Middle East Technical University/Faculty of Administrative Sciences/ Business Administration	Türkiye İş Bankası A.Ş./ In-Group	Chief Advisor to the CEO	35	9 years 6 months
Hasan Koçhan	Vice Chairman	Ankara Academy of Economic and Commercial Sciences / Banking Insurance Trade Institution of Higher Education / Banking Department	-	-	34	1 year 8 months
M. Uğur Erkan	Director & CEO	Middle East Technical University/Faculty of Economic and Administrative Sciences/Economics	Anadolu Hayat Emeklilik A.Ş.	CEO	32	15 years 5 months
Şebnem Ergün	Independent Director	Ankara University/Faculty of Law	Ergün Law Office/ Non Group	Lawyer / Mediator	31	9 months
Ahmet D. Erelçin	Independent Director	İstanbul University/Faculty of Law	Koç University / Non Group	Banker/ Academician	33	9 months
Dr. Merih Rafet Akgünay	Independent Director	Middle East Technical University/Faculty of Economic and Administrative Sciences/Public Administration	Middle East Technical University Northern Cyprus Campus/Non Group	Advisor to the President and Faculty Member	41	4 years 9 months
Erda Gerçek	Independent Director	Boğaziçi University/ Department of Economics	Thales Training and Consultancy Company/ /Non Group	Director / Faculty Member	29	4 years 9 months
Mehmet Celayir	Director	İstanbul University / Faculty of Economics / International Relations Department	Türkiye İş Bankası A.Ş./In-Group	Division Head	22	9 months
H. Emre Yılmaz	Director	Middle East Technical University / Department of Political Science and Public Administration	Türkiye İş Bankası A.Ş./In-Group	Division Head	22	1 year 7 months
Serdar Yılmaz	Director	Middle East Technical University /Faculty of Engineering/Electrical and Electronic Engineering	Türkiye İş Bankası A.Ş./In-Group	Division Head	23	3 years 9 months
Kemal Emre Sayar	Director	Middle East Technical University / Faculty of Engineering / Industrial Engineering	Türkiye İş Bankası A.Ş./In-Group	Unit Manager	19	3 years 1 month