

# 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

# Additional Information About Corporate Governance

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. Uđur 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

# Additional Information About Corporate Governance

## **INFORMATION ON BOARD DIRECTORS WHO RESIGNED DURING THE REPORTING PERIOD**

None.

## **INFORMATION ON BOARD OF DIRECTORS MEETINGS**

During 2018, Anadolu Hayat Emeklilik Board of Directors held 11 meetings, 6 of which were convened with full participation of the members. In 5 other meetings, full participation could not be achieved due to justified excuses of the Board Directors. Out of these meetings that were held without full participation, and 4 were convened in the absence of one Director, 1 in the absence of four Directors.

## **OTHER INFORMATION**

During 2018, our Board Directors did not perform any transactions under the authorization received from the General Assembly so that they can perform the transactions specified under articles 395 and 396 of the Turkish Commercial Code.

## **OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS**

A draft of the agenda for a Board meeting is prepared by the CEO and finalized in line with the recommendations of the Chairman and other directors.

Special care is taken to setting meeting dates that will allow all Board Directors to attend and to hold the meetings with all directors in attendance except in unforeseen exceptional cases.

As a rule, at each regular meeting of the Board, the date of the next scheduled meeting is set and Members are subsequently reminded of this in writing.

Utmost care is paid to ensure that the information and documents pertaining to items on the Board's agenda are normally sent out to Members for them to examine at least seven days before the meeting date. In situations where this is not possible, every effort is made to ensure that all members are equally informed about the matters involved.

A secretariat has been set up that is responsible for executing the activities of the Board of Directors, keeping the Company's Directors informed, and for communicating with them.

A Board's first meeting is preferably held on the same day that it is elected into office.

At this first meeting, the Chairman and Deputy Chairman are elected, duties are assigned, and committees are formed.

The Board meets regularly at least once a month as previously scheduled and occasionally as circumstances warrant.

In principle, Board Directors take part in all meetings.

Each Board Director is entitled to a single vote. All directors' votes carry equal weight and no Director has a positive or negative veto power.

As stipulated in our articles of association, the Board convenes with a simple majority of its membership and decisions are passed by a simple majority of those present.

The Board convened 11 times during 2018

No Company Director cast a dissenting vote against any Board decision passed during 2018.

There were no related party transactions or transactions of material nature that have been laid down for the approval of our Independent Directors.

The Board of Directors establishes the internal control systems of the Company, after obtaining the opinions of the related Board of Directors committees, and annually reviews the efficiency of risk management and internal control systems.

The Company's Board Directors and executives are insured with a coverage of USD 75,000,000 per claim and annual total against the risk of loss they may cause to the Company due to their fault in the performance of their duties, within the scope of the liability insurance policy that names Türkiye İş Bankası A.Ş. and its subsidiaries (İşbank Group) as the Insured.

## **NUMBER, STRUCTURES AND INDEPENDENCE OF COMMITTEES WITHIN THE BOARD OF DIRECTORS**

There is an Audit Committee, a Corporate Governance Committee and Early Detection of Risk Committee in our Company.

Due to the structure of the Board of Directors, the Corporate Governance Committee also functions as the Nomination Committee and the Remuneration Committee.

There are two non-executive Board Directors in each one of the Committees. The Corporate Governance Committee consists of three members.

As a matter of principle, Board Directors do not undertake roles in several committees. Furthermore, as there are no ultimate non-corporate controlling shareholders in our Company, it is assumed that all of the Board Directors serving in committees are naturally able to act with independence and therefore, have the advantage of acting impartially in their decisions.

The Corporate Governance Committee is formed by the Board of Directors within the scope of corporate governance principles and firstly from amongst its own members. When necessary, specialist individuals who are not members of the Board of Directors may be assigned to the committee. The Chief Executive Officer does not take place in this committee. The Committee consists of a minimum of two members. The majority of the Committee members consist of non-executive Board Directors. The head of the Committee is elected from amongst independent Directors. While the term of office for the Corporate Governance Committee is, in essence, coeval with that of the Board of Directors; the Committee will remain in office until the completion of the predetermined adjustment process, when the Board

of Directors is succeeded. To the extent possible, the Committee meets consistently with the Board of Directors meetings. Committee decisions are adopted on the basis of the majority of votes cast.

Şebnem Ergün, Kemal Emre Sayar and N. Cem Özcan serve on the Corporate Governance Committee at the Company. The Committee head is Şebnem Ergün.

The Audit Committee is formed by the Board of Directors from amongst its members. The Committee must consist of at least two members. The majority of the Committee members must consist of non-executive Board Directors. The head of the Committee is elected from amongst independent Directors. The term of office for the Audit Committee is coeval with that of the Board of Directors. The Committee meets at least quarterly. Committee decisions are adopted on the basis of the majority of votes cast.

M. Rafet Akgünay serves as the head of the Audit Committee, and Ahmet D. Erelçin as its member.

The term of office of the Early Detection of Risk Committee is coeval with that of the Board of Directors. The Committee spends efforts to early detect the risks that might endanger the existence, progress and survival of the Company, to ensure implementation of necessary measures and remedies in relation to the identified risks, and to manage the risk. The Committee reviews the risk management systems at least on an annual basis. The Committee presents an assessment of the situation in its quarterly report to the Board of Directors, pointing at the perils, if any, and indicating the remedies.

Erda Gerçek serves as the head of the Early Detection of Risk Committee, and Kemal Emre Sayar as its member.

All of the members of the Audit Committee and the heads of other committees are elected from amongst independent Directors.

Our executive Directors and CEO do not serve on any committee.

The objectives, members, structures and activities of committees take place in the annual report.

## **FINANCIAL RIGHTS**

Aggregate of the salaries and similar benefits provided to the Company's Board Directors and senior executives are disclosed in the notes to the financial statements, which are publicly disclosed and are also accessible on our corporate website, and thereby, incorporated in our annual report.

Company directors receive no financial benefits other than the honorarium that is paid to them.

The amount to be paid as an honorarium is determined by shareholders at a general assembly.

The remuneration policy developed for the Company's managers and employees at any level is put into writing, presented to the shareholders for their information as a separate agenda item at the 2011 General Assembly. The said remuneration policy is published on the Company website.

Stock options or payment plans based on the Company's performance are not used in the remuneration of our Board Directors, including the independent Board Directors. Nonetheless, it is believed that the remuneration of independent Board Directors is at a level that will not prejudice their independence.

The Board Directors and executives with administrative responsibility have never utilized, directly or indirectly, cash or non-cash loans from the Company, nor did the Company lend money or give suretyship or provide any similar guarantee to any Board Director or executive with administrative responsibility. Therefore, the Company was not confronted with any conflict of interest that arose due to such reasons.