

## **AKSIGORTA CORPORATE GOVERNANCE PRINCIPLES REPORT**

Aksigorta adopts four main principles of Corporate Governance which are transparency, fairness, responsibility and accountability. Aksigorta (Company) implements all mandatory principles of CMB Corporate Governance Principles. However, some non-mandatory principles could not be fully complied due to the difficulties in implementation practice of these principles, ongoing debates on some of these principles, some mismatching between the market conditions and these principles. We are pursuing the developments on these issues and following compliance opportunities.

In 2019, we disclosed all useful information to shareholders, investors and analysts for their investment decisions with transparent, consistent and timely manner via Investor Relations announcements on corporate web site, Public Disclosure Platform, Investor meetings and conferences to keep the continuous and effective communication with the investors and the analysts. Also, we were complied with all regulation on this subject.

Despite CMP principle recommends not to participate in more than one committee for a board member, some of our board members involved in more than one committee due to both benefit their global and local experiences in related areas and to fit the required qualifications for the committee members.

Aksigorta will care to be in compliance with the principles and follow the recent developments in the legislation and the market practices.

Aksigorta is sensitive on social responsibility; we care about regulations on environment, consumers, public health and keep our ethics. We support and respect to international human rights.

### **SECTION I – SHAREHOLDERS**

#### **1.1. Investor Relations Department**

Their names, titles, tasks and charters of the managers and employees who are involved in investor relations in Aksigorta task are listed as below:

Osman Akkoca, CFO (CMB Charter Level 3, Corporate Governance Rating Charter)

Elif Horasan, Financial Control Department Manager, Investor Relations Head

Halil İbrahim Özman, Investor Relations Manager (CMB Charter Level 3, Derivative Instruments Licence)

Activities of Investor Relations team are as listed as below:

- releasing the investor relations presentation in which the investors could get summary information about Company's performance, strategies and the market,
- arranging conference calls at the end of each quarter to share the financial results of the Company, - meeting with the investors in domestic and foreign conferences, roadshow organizations, one to one meetings to share the Company performance,

- respond to investors' questions and info requests which are received via phone, e-mail or one to one meeting,
- coordinating the investor information on the official web site,
- coordinating the statement of annual report and quarterly activity reports,
- publishing the financial announcement calendar of the Company,
- planning the annual activities of investor relations,
- coordinating the annual General Assembly Meeting,
- stating the compliance report for CMB Corporate Governance Principles,
- reviewing the research report about the Company,
- reporting the performance of the Company stock

Investor relations team report to Corporate Governance Committee each quarter about their activities.

### **1.2. Right to Obtain Information**

Any information concerning the shareholders and investors, which has been already disclosed to public, is published on the official web site of the Company. Contact information of investor relations team is also available on official web site for using shareholders' and investors' rights to receive information. Requests of the shareholders and investors for information of any kind which is not in nature of a trade secret and which has been already disclosed to public are considered and fulfilled by the Investor Relations team carefully and unerringly in a manner to reflect the whole truth in a short time. They are invited via e-mail and by the announcement on the official web site for the conference calls at each quarter, who wants to follow the company closely and send an e-mail address.

The Articles of Association of the Company does not govern appointment of a special auditor as a right. No request in this regard was received from the shareholders in 2019.

### **1.3. General Assembly Meeting**

One annual General Assembly Meeting was held in 2019. General Meeting was held on March 4th 2019 at 15:00 at the address of Istanbul, Beşiktaş, 4. Levent, 34330, Sabanci Center, Sadıka Ana Meeting Hall. Attendees of the General Meeting represented 79% of the total shares. There were no attendees from the press or any other stake holders other than shareholders. The shareholders didn't use their right to ask questions or propose new agenda item during the General Meeting.

Board of Directors had invited the shareholders to the General Meeting as explained in the Commercial Code, CMB Communiques and Articles of Association. The decision of Board of Directors for holding the General Meeting was publicly disclosed on PDP (Public Disclosure Platform) and Central Registry Office. At least three weeks before, General Meeting invitation and information letter was disclosed on the

official web site for the shareholders' and investors' information. The annual report also containing the audited financial statements of 2018 was submitted at the Head Office and on the official web site of the Company for the inspection of the shareholders, at least three weeks before General Meeting. It was possible for shareholders to attend the General Meeting both physically in the meeting hall and electronically on EGKS (Electronic General Meeting System).

In the General Meeting; Board of Directors' Annual Report, Auditor's report and Financial Statements were reviewed and discussed, members of the Board of Directors and Auditors were released regarding their activities in 2018, Board's proposal for TL 202.000.000 dividend pay-out out of TL 227.619.080 annual net profit was approved, board members are elected, Board's proposal for auditor election in 2018 was approved, brief information about the donations in 2018 was released and donation limits of the Company for the year 2019 was determined, permission granted to the Chairman and members of the Board of Directors to execute the transactions noted in Articles 395 and 396 of Commercial Code.

No material transaction that could cause conflict of interest, no transaction similar to the business scope of the company or subsidiaries on behalf of themselves or third parties, no shareholding relation as unlimited responsible partner within another company which have similar business, was informed within the shareholders who control the management of the company, board members and executive managers of the company, their spouses and their second-degree relatives by blood or by marriage. Other than those, no transaction in business scope of the company was reported by the people who have right to access internal information on behalf of themselves or third parties.

Material decisions as referred in the Commercial Code are submitted to the approval of the shareholders during the General Meeting. Including the minutes of the General Meeting, all related document is published on Company's official web site, Public Disclosure Platform and Central Registry System.

#### **1.4. Voting Right**

The Articles of Association do not provide for privileged voting rights and each share has single voting right.

Electronic General Meeting System is available and power of attorney form which needs notary approval is available on our corporate web site and in our headquarters for the use of shareholders to attend the General Meeting or authorization of representative. Thus, the shareholders who are registered in the Central Registry Office and have the right to attend the General Meeting or their representatives who are holding the power of attorney attend the General Meeting by themselves or attend the Electronic General Meeting System using the secured electronic sign. Aksigorta cares about providing fair opportunities for the shareholders to attend the General Meeting with easiest and the cheapest way.

#### **1.5. Minority Rights**

There isn't any regulation in the Articles of Association regarding the minority rights.

Aksigorta cares about the minority rights as regulated in Commercial Code and CMB communiques and no complaint or critic is received in 2019 for that case.

There isn't a representative of the minority shareholders in the Board of Directors appointed by the General Meeting. However, there are two independent Board members, to represent equally all shareholders, stakeholders and especially minority shareholders.

#### **1.6. Dividend Receiving Right**

There isn't any privilege for shareholders receiving dividend from the Company. The dividend policy was discussed and approved the shareholders in General Meeting in 2014. The Dividend Policy of Aksigorta is disclosed on the official web site for the information of all stakeholders.

We distributed 0.66 TL gross dividend per share to the shareholders in 2019.

#### **1.7. Transfer of Shares**

There is no statement in the Articles of Association which restricts the transfer of shares. However, pursuant to the Communiqué about the Principles of Establishment and Operating of Insurance and Reinsurance Companies, direct or indirect acquisition of shares which will result in owning of ten percent, twenty percent, thirty percent, thirty three percent or fifty percent or more of the capital of an insurance company and a share transfer by which the rate of shares owned by one shareholder reaches or decreases below any of the aforesaid rates are subject to permission of the Undersecretaries of Treasury of the Prime Ministry of Turkey.

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

#### **2.1. Official Web Site**

The Company has the official web site at the following address: [www.aksigorta.com.tr](http://www.aksigorta.com.tr) Information for the shareholders and the investors is available under the "Investor Relations" heading on the official web site both in Turkish and in English. Under this heading, there are several pieces of information such as;

- Summary information about the company, mission, vision and values,
- Trade Registration Details,
- Shareholding Structure,
- Privileged Shares,
- Articles of Association,
- Members of Board of Directors,
- Board Committees,
- Company Management,
- Independent Auditor,

- Public Disclosure Policy,
- Dividend Policy,
- Remuneration Policy,
- Code of Ethics,
- Corporate Governance Principles Report,
- Financial Statements,
- Annual Reports,
- Financial Announcement Calendar,
- Related Party Transaction Report,
- General Assembly Meeting Documents and Related Information,
- Material Event Disclosures,
- Press Releases,
- Investor Relations Team Contact Information,
- Frequently Asked Questions,

## **2.2. Annual Report**

Our Company's Annual Report is released in accordance with statutory periods set out in regulations and corporate governance principles and disclosed.

Annual Report, is approved by the Board of Directors and disclosed by the same time with Financial Statements unless the Board of Directors decide a different disclosure time with a separate declaration of responsibility. Annual reports are disclosed on the Company's official website.

## **SECTION III – STAKEHOLDERS**

### **3.1. Informing the Stakeholders**

Aksigorta informs stakeholders within the as it is described in Disclosure Policy.

Disclosure Policy, Dividend Policy, Remuneration Policy and Code of Business Ethics of the Company are available on the official web site for all stakeholders.

Employees of the Company are informed through meetings, seminars and training courses and with information sent via the portal application and the Internet in their fields of specialty and on the issues, they are involved in general. Our distribution channels are informed about the practices and procedures

of the Company through announcements made by means of circulars published on the web site of the Company at [www.aksigorta.com.tr](http://www.aksigorta.com.tr) under the page of “Special to Agents”, as well as traditional and regional agent meetings, preliminary and technical training sessions and via electronic mails periodically.

As being the Joint Venture of Sabancı and Ageas Insurance who are operating globally, Aksigorta respects and cares about laws and contracts. Company totally cares about the payment of rights and receivables of the employees from sign date to the resign date.

Stakeholders could directly contact to the Board Committees or the Ethic Rule Consultant by filling out the communication form on the official web site, in case Company has any operation or transaction which is contrary to laws or ethics.

### **3.2. Participation of Stakeholders in the Management of the Company**

Participation of the employees in the management is ensured through periodic meetings. The executive meeting is attended by executives from the regional offices and the departments. Meetings held at the departments tend to support the executive meetings. In addition, information about the practices, policies and targets is transmitted to all employees in groups and views of the employees are received through information exchange meetings, so that their participation and contribution needed for efficient management of the Company is ensured. Annual performance assessment meetings are held with the employees. In the meetings, the employees are given feedback about their performance and the opportunity to express their views and expectations. Through the regional agency meetings, developments in the insurance industry and the changing competition environment are shared with the agents. In these meetings, through the practice of Free Platform, the agents who come together with local and central executive units express their current problems. In this way, Aksigorta receives feedback about the current policies and considers the views of the agents in the establishment of the strategies of the Company.

### **3.3. Human Resources Policy**

Human resources policies of the Company are managed in accordance with the vision, mission and values of the Company. To achieve the targets of the Company, an organizational planning congruent with the strategies of the Company and working with employees who know the values of the Company and behave in accordance with these values are fundamental.

By means of internal promotion, target-oriented efficient performance management, development activities meeting the long-term development needs and social clubs and events, the Company aims at raising the motivation and productivity of the employees.

Behaviours expected from the employees in accordance with the vision, mission and values have been communicated under the name of “Catalogue of Competencies” to the employees of the Company. Just like the targets, the competencies, too, are a part of the annual performance assessment. By means of 360 degrees’ assessment, behaviourbased interviews and central development and assessment applications, strengths and development areas of the employees are identified, and the development programs of the Company are established in line with this. Carrying out the relations with the employees

is one of the primary responsibilities of the executives. The executives are closely concerned with the problems of their subordinates and follow their development opportunities.

Creating and maintaining a fair working environment is one of the basic codes of ethics in Aksigorta. In 2018, there is no complaint from employees about discrimination in Aksigorta.

Including performance and rewarding rules, all Human Resources policies and practices are announced to all employees and they are all available for the employees on the company portal application.

### **3.4. Customer and Supplier Relations**

Aksigorta always keeps customer satisfaction and focuses on providing quality insurance service being a strong, reputable, and reliable company in the market in accordance with its vision, mission and corporate values. By this principle, Aksigorta stated Customer Relations Policy and disclosed it on the official web site to receive complaints from customers and suppliers, to improve the quality standards higher levels, to provide quality insurance service and to differentiate in the market. Our principles stated in our Customer Relations Policy are:

#### **Transparency**

Customers and suppliers of Aksigorta could deliver their complaints, requests and questions in accurate, complete, understandable and easy way any time they want. All our communication channels are open to our customers and suppliers.

#### **Accessibility**

Customers and suppliers of Aksigorta could connect to the company via Call Center numbered 444 27 27 or all other communication channels for their complaints, requests and questions.

#### **Responsiveness**

Customers and suppliers of Aksigorta could find solutions in a short time with the privileges of the Call Center for their complaints, requests and questions.

#### **Objectivity**

Complaints, requests and questions of customers and suppliers of Aksigorta are evaluated in an unbiased and fair manner.

#### **Fee**

No fee is charged for the evaluation and the solution of their complaints, requests and questions of customers and suppliers of Aksigorta.

## **Privacy**

Security of personal data is extremely important since the establishment of Aksigorta. Therefore, entrusted personal data of customers and suppliers in our company is always kept confidential.

## **Customer Focus**

Effective, realistic and applicable solutions are presented to the customers and suppliers of Aksigorta who we believe always deserve the best and their requests are met and their rights are protected.

## **Accountability**

Complaints, requests and questions of customers and suppliers of Aksigorta are recorded and our decisions are explained with the reasons to provide them more quality insurance service.

## **Continuous Improvement**

As being one of the most powerful companies in the market, Aksigorta continues making investments and improves all insurance services offered to provide more quality insurance service and give the right consultancy to its customers and suppliers.

## **Fast and Efficient Solution**

Aksigorta creates innovations in the market; to provide fast and efficient solutions to its customers and suppliers aligned with their needs.

## **Profession**

Aksigorta provides the best quality insurance service to its customers and suppliers with an expert call center team.

### **3.5. Ethical Rules and Social Responsibility**

At the Company, code of business ethics has been established and published. The employees are informed about the business ethic rules at the very beginning of their job, and refreshment training on business ethics is provided regularly every year. There is an Ethic Rule Consultant within the organization of the Company, and all stakeholders can apply to him about their recommendations, complaints and questions involving the ethical rules.

The fact that risk and insurance awareness is at very low level indicates that it is necessary to raise the awareness of the public about the insurance products in the first instance to develop the insurance industry. In all corporate social responsibility activities and all events conducted, Aksigorta focuses on raising the risk and insurance awareness in all segments of the society, primarily among children and women, against fatalistic mentality of the Turkish people. For Aksigorta, which has targeted to add plus value to the society by realizing many awareness rising and education projects since the very date of its establishment, Social Responsibility is one of the most important constituents of the corporate culture.



In cooperation with AKUT, the Search and Rescue Society, which is one of the most efficient non-governmental organizations of Turkey in the field of natural disasters and search and rescue operations, Aksigorta launched in 2010 the project called “Hayata Devam Türkiye” [Keep Living Turkey] which is a traveling educational project comprising Turkey’s first 3G-Force Earthquake Simulator which travels all over Turkey with the aim of creating and raising awareness of natural disasters. The project, which aims at creating and raising the awareness of Turkish people about the insurance and has been planned to last 5 years, was completed the fifth and the last step in 2014. The project “Keep Living Turkey” visited 52 provinces and 174 sub-provinces and met 5.4 million people in five years. During this valuable project; 60 thousand kilometres were driven, 700 thousand students were educated, 1 million 400 thousand people were informed with the simultaneous studies on the social media.

With “Keep Living Turkey” project, Aksigorta received the Gold Award in International - General category of International CSR Excellence Award in 2014. Prior to this award Aksigorta won; the best project prize in the Corporate Responsibility -Education category under which 18 projects competed under the organization of Altın Pusula Ödülleri 2011 [Golden Compass Awards] held by Türkiye Halkla İlişkiler Derneği [Turkey Public Relations Society], market's most prestigious award Gold SABRE in 2013, the "Bronze Stevie" award in the category of corporate social responsibility in Stevie International Business Awards in 2013, all with “Keep Living Turkey” project.

Apart from the project “Keep Living Turkey”, another project of Aksigorta is YADEM, the Fire and Earthquake Education Center. YADEM, which has been built with the support of the late Sakıp Sabancı entirely with the Turkish technology and which is a rare example of its kind in the world, was established in 1996, before the Marmara Earthquake in 1999. In the center, which has the “best” quality according to the level of technology in those years, the fire and earthquake simulators built on advanced technology are introduced to the children as a first application of its kind. Aksigorta donated YADEM, where 15,000 children at age 7-14 receive training by means of simulations each year, to the Science Center of Şişli Municipality in 2006 to offer the services of the center to a wider public. After the termination of Science Center of Şişli Municipality in 2015 YADEM was donated to Science Center of İstanbul Technical University.

While carrying its long-standing past to future, Aksigorta believes that its responsibility is great. Thinking that the priority is to realize sustainable projects which will cultivate risk awareness in education and society, Aksigorta has placed its current projects in this field, the essence of which is education, on a long-term platform. Aksigorta will continue to realize different projects which will contribute to upbringing of generations with sound awareness about natural disasters and insurance.

## **SECTION IV – BOARD OF DIRECTORS**

### **4.1. Functions of the Board**

Aksigorta Board of Directors; monitor the compliance of the company activities with the legislation, Articles of Association, internal regulations and the policies, represent and chair the company with strategic decisions while considering the risk, growth and returns of the Company and the long-term targets of the Company.

Board of Aksigorta defines the Company's strategic objectives, determines the human and financial resources the Company will need and oversees the management's performance. The Board of Directors supervises the compliance of the Company's activities with applicable legislation and the Company's Articles of Association, internal regulations and policies.

The Board of Directors executes its activities in a transparent, accountable, fair and responsible manner. The Board of Directors plays an active role in maintaining effective communications between the Company and its shareholders and in obviating and resolving potential conflicts.

#### **4.2. Operating Principles of the Board of Directors**

Operating principles of the Board are stated in the Articles of Association.

The Board of Directors meets as often as they could perform their duties effectively, they execute their activities in transparent, accountable, fair and responsible manner, while they also consider the long-term targets and interests of the Company.

#### **4.3. Structure of the Board**

Board of Aksigorta is composed of eight members in accordance with the Articles of Association. CEO is a member of the Board of Directors. Board members are elected for three years at most. However, Board members should be re-elected whose mission time is expired.

The duties, authorizations and responsibilities of the Board of Directors are subject to the principles stated in Commercial Code, Insurance Law and Articles of Association.

Minimum qualifications required in Board members are not stated in the Articles of Association. However, minimum qualifications required in Board members are defined in Insurance Law.

Two members of Board of Directors are independent members who are selected in accordance with the Corporate Governance Principles of CMB and Corporate Governance legislation. Independent Board members signed their independence declaration. During the reporting period, there is no condition which interrupts the independency.

Members of the Board of Directors of the Company, with the breakdown in executive and non-executive and the breakdown in dependent and independent are as follows:

Haluk Dinçer, Chairman, Nonexecutive Member

Emmanuel Van Grimbergen, Deputy Chairman, Non-executive Member

Hayri Çulhacı, Non-executive Member

Stefan Georges Leon Braekeveldt, Non-executive Member

Fuat Öksüz, Non-executive Member

Emin Hakan Eminsoy, Independent Member, Non-executive Member

Lütfiye Yeşim Uçtum, Independent Member, Non-executive Member

Uğur Gülen, Executive Member and CEO

Resumes of Board members are available on the official web site and in the annual report. Intra group and out group tasks of the Board members are underlined in their resumes.

Board members of the company, spend sufficient time to the Company's business. The Board of Directors did not set a rule or restriction for the board members for undertaking other duties or tasks outside the company, except spending sufficient time for Aksigorta business. Members' responsibilities outside the company are underlined in their resumes.

In the Board of Directors, we have one female member. The Board of Directors did not set a target rate for female members.

#### **4.4. Structure of Board Meetings**

Board members elect a Chairman among the members to chair the Board meetings and a deputy Chairman to substitute him. Chairman of the Board determines the agenda of the Board meeting in consultation with other members of the Board and Chief Executive Officer. The established agenda and the contents of the issues in the agenda are sent by the General Manager to the Members of the Board of Directors 1 week before the meeting to enable them to make the necessary examinations and works. Agenda items of the Board meetings are discussed clearly and with every aspect. Chairman of the Board shows best effort to ensure the effective participation of the executive and non-executive Board members in the Board meetings.

Timing and the agenda of the Board meetings are organized by the Chairman or the Deputy Chairman. The Board of Directors convenes upon the call of the Chairman and the Deputy Chairman whenever necessary. It's essential to convene the Board of Directors at least four times a year. Board of Directors may also approve on paper a member's recommendation about a certain matter unless one of them requests physical meeting.

Board of Directors had totally 20 meetings in 2019; 4 times face to face meetings, 16 times by written approvals as released in Commercial Code and Articles of Association. Attendance in person of the members without an excuse at the meetings of the Board of Directors held in 2019 was ensured. Board of Directors' meetings and decision quorums are subject to the provisions of Turkish Commercial Code.

Each board member has single and equal vote right in the board meetings. Board of Directors' decisions are approved with consensus and aligned with Corporate Governance Principles. There were no additional queries about the agenda items from the Board members so no matter was materialized. At the meetings held in 2019, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors and all the decisions were written consent.

In 2019 none of the Board members trade with the Company and compete with the Company in the same business.

#### **4.5. Board Committees**

Board of Directors benefits from committee studies for carrying out its responsibilities and running its duties. Committee decisions are presented as recommendations to the Board of Directors, and the Board takes the final decision. The committees of the Board of Directors are as follows:

##### **Audit Committee**

The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, oversees operation and adequacy of the internal systems and the accounting and reporting systems. The committee had 5 meetings in 2019.

Members:

Emin Hakan Eminsoy - Chairman (Independent Member of the Board) L  tfiye Ye  sim U  tum - Member (Independent Member of the Board)

##### **Corporate Governance Committee**

The Corporate Governance Committee has been established with the aim of performance of the duties and responsibilities of the Board of Directors in a sound manner. The Corporate Governance is a governance process of Aksigorta A.   targeting a sustainable success based on ethical rules, responsible toward internal and external parties, having risk awareness, being transparent and responsible in its decisions, observing the interest of its stakeholders in compliance with the Corporate Governance Principles established by the Capital Market Board. Objective of the Corporate Governance Committee is to propose recommendations to the Board of Directors with a view to ensuring compliance of the corporate governance principles of Aksigorta A.   with the Corporate Governance Principles established by the Capital Market Board and other internationally recognized corporate governance principles, ensuring implementation of these principles and monitoring the compliance of the Company with these principles and carrying out improvement works on such matters. Committee had 4 meetings in 2018.

Members:

L  tfiye Ye  sim U  tum - Chairman (Independent Member of the Board)

Meral Kurda  , Member (Board Member)

Stefan Georges Leon Braekeveldt, Member (Board Member)

Ay  g  l G  rkale, Member (HR Assistant General Manager)

Osman Akkoca, Member (CFO)

Duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee as well.

#### **Early Detection of Risk Committee**

It conducts works for the purposes of early detection of risks which may endanger existence, growth and continuation of the Company, implementation of the necessary measures and remedies taken against the detected risks and management of the risk. The Committee evaluates the situation, points out to the dangers, if any, and indicates the remedies in the report to the Board of Directors. The report is sent to the auditor as well. It reviews the risk management systems at least once a year. Committee had 6 meetings in 2018.

Members:

Lütfiye Yeşim Uçtum - Chairman Stefan Georges Leon BRAEKEVELDT – Member

It is sensitively cared about the Board Members not to take part in more than one committee. To both benefit their global and local experiences in related areas and to fit the required qualifications for the committee members; Independent Board Member Mrs. Lütfiye Yeşim Uçtum is involved in 3 committees and Board Member Mr. Stefan Georges Leon Braekeveldt is involved in 2 committees.

#### **4.6. Financial Rights of the Board Members and Executive Directors**

The remuneration policy is approved by the General Assembly at the meeting on 2012 May 30th and it is available on the official web site of the company.

There is no Board Member or C-level Manager, having payable or credit account, receiving bail or collateral, either for themselves or on behalf of third parties.