



Corporate Governance Compliance Rating Report



Türkiye Hayat ve Emeklilik A.Ş.

25 October 2022

Validity Period : 25.10.2022-25.10.2023

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Kurumsal Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for **Türkiye Hayat ve Emeklilik Anonim Şirketi**

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group, Third Group and **non-listed companies** and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Kurumsal Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 117 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and interviews and examinations made with the relevant company officials by our experts.

Kobirate Kurumsal Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. Has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website (www.kobirate.com.tr).

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Kurumsal Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. KOBIRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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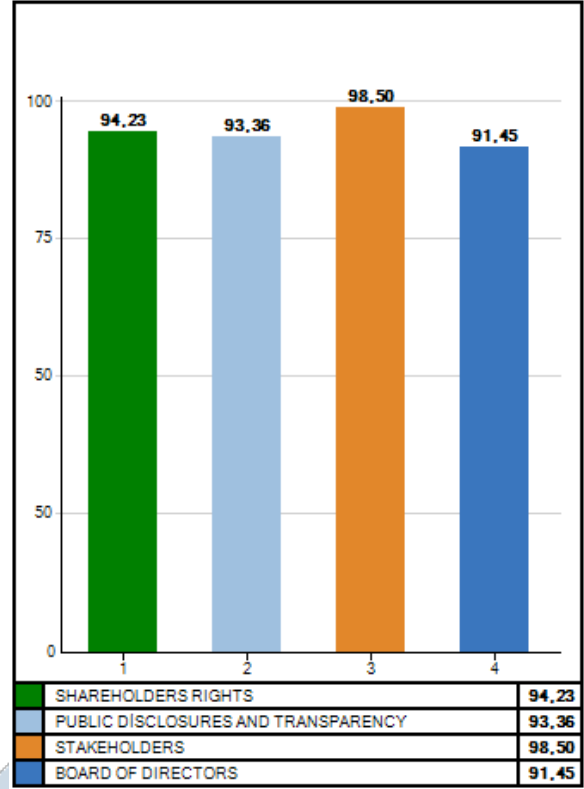
TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.
BIST NON-LISTED COMPANY

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

9.37

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CORPORATE GOVERNANCE COMPLIANCE RATING SUMMARY

Corporate Governance Compliance Rating Report prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş regarding the rating of the compliance of Türkiye Hayat ve Emeklilik A.Ş. with Corporate Governance Principles, has been prepared based on the documents, information, data disclosed to the public, interviews with the executives and relevant persons, and other detailed examinations and observations under 117 files sent by the relevant company electronically.

The study has been held in accordance with the year 2022 Non-Listed Companies Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş. Methodology has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework

and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871

Türkiye Emeklilik ve Hayat A.Ş. Has been operating as a **non-listed company on BIST**. The Company has been evaluated through examination of **360** criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "Non-Listed Companies".

At the end of examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, Corporate Governance Compliance Rating Grade of Türkiye Hayat ve Emeklilik A.Ş. has been determined as **9,37**.

This result shows that the Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Potential risks, which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are at a good level. Interests of the stakeholders are fairly considered. The structure and working conditions of the board of directors are in line with corporate governance principles, but although they do not pose major risks, they need some improvements within the framework of corporate governance principles.

In view of rating process under main headings in brief;

It has been seen that the Company has obtained the grade of **94,23** in the **Shareholders** Section. Presence of an Investor Relations Unit, where relations with shareholders are maintained in a healthy manner, reporting to the Board of Directors more than once a year regarding the activities carried out by the Investor Relations Unit, the fact that the General Assemblies are held duly, the Dividend Distribution Policy is established, submitted to the approval of the General Assembly and disclosed to the public, that there are no restrictions on the transfer of shares, that there are no practices that make it difficult to exercise the voting right, stand out as positive practices.

That the company, which achieved a score of **93,36** in the **Public Disclosure and Transparency** section, has established the Disclosure Policy, submitted it to the information of General Assembly, and made it public are in line with the principles. The corporate website of the company has been designed in such a way that many up-to-date information about the company, which is listed in the principles and may be needed by the investors, can be accessed. The Corporate Governance Principles Compliance Statement and the Corporate Governance Compliance Report for 2021 were prepared, the

Committees' work was evaluated by the Board of Directors, and they were shared with the public in the 2021 annual report. It has been seen that the 2021 annual report is sufficient in terms of content, and the information given is reinforced with graphics. With these practices, the company has achieved a good level of compliance with the principles in the field of public disclosure and transparency.

The Company has obtained **98,50** in the section of **Stakeholders**. In this section, the company has significantly complied with the CMB's Corporate Governance Principles.

Company Human resources policy has been prepared. Issues concerning employees, such as recruitment, job descriptions, performance evaluation, promotion, rewarding, leaves, and social rights have been regulated and disclosed to the employees.

Training policies were created, annual training programs were prepared, and employees were informed about them.

The company has facilitated to use mechanisms such as compensation provided to stakeholders by legislation.

It has been observed that the Company takes all kinds of measures to ensure customer satisfaction in the marketing and sales of its goods and services.

Comprehensively explained Ethical Principles have been established and necessary information has been provided for employees to act in accordance with these rules, and they have been shared with the public.

A Corporate Social Responsibility Policy has been established and shared with the public, and its activities within this scope are disclosed to the public through both its corporate website and annual activity reports.

The Sustainability Working Group, determined by the Board of Directors, established the sustainability strategy and policies in economic, social, and environmental fields,

and shared the sustainability approach of the Company with the public in the 2021 annual report.

The Company has obtained 91,45 in the section of **Board of Directors**.

It has been confirmed that the Board of Directors has set Company's strategic goals, audits performance of company management and pays further attention for company affairs to be in compliance with the legislation, the Articles of Association, and internal regulations.

There are no executives with sole discretion authority in the company.

The board of directors convenes regularly. Meeting procedures are written in Articles of Association and internal regulations.

The Audit, Corporate Governance and Early Risk Detection Committees, referred to by the principles, have been established, their working principles have been prepared as written documents.

On the other hand, the fact that the majority of the board members are non-executive members, there are two independent members, the principles of remuneration of the members of the board of directors and senior executives have been determined and submitted to the information of the shareholders as a separate item at the general assembly meeting, the support provided by the Board of Directors for both the improvements made by the company in the

field of corporate governance and the acceptance of sustainability studies within the company were seen as important practices in terms of compliance with the principles.

2. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies, and stakeholders throughout the world.

Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

In OECD Corporate Governance Principles, corporate governance is based on four basic principles, which are fairness, transparency, accountability, and responsibility.

Turkey has been closely monitoring these developments. A working group, established

within TUSIAD in 2001, prepared the guide, titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013, 2014 and 2020 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or explain", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders, and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and **non-listed companies**.

It has been prepared in accordance with "Corporate Governance Communiqué (II-17.1) and Communiqué Amending this Communiqué (II-17.1.a)" published in the Official Gazette No. 31262 on October 2, 2020, by the Capital Markets Board and regulations on voluntary sustainability principles compliance framework in addition to board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

In this analysis, the full compliance of workflow and analysis technique with Kobirate A.Ş.'s Ethical Rules is considered.

360 criteria are used in the rating process for "**Non-Listed on BIST**" Companies in order to measure the compliance of firms with corporate governance principles. These criteria are translated into "Corporate Governance

Rating Question Sets” through Kobirate A.S.’s unique software.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB’s memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as below:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions / methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the year 2022 revised corporate governance compliance rating methodology, created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014 is restricted to 85 % of the full points. A rating is made with a system that completes the section grades up to 100 by the company's compliance and implementation of the corporate governance practices, which include the good implementation and internalization of the criteria determined in the corporate governance principles, and the different good corporate governance practice criteria determined by our company.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, “10” points mean excellent, full compliance with CMB’s Corporate Governance Principles while grade “0” means that there is no compliance with CMB’s Corporate Governance Principles, in any sense, in the existing weak structure.

In this report the following legends have the following meanings:

✓ Due / Correct Application of CMB’s Corporate Governance Principles

✗ Improper / Erroneous Application of CMB’s Corporate Governance principles

✓/* Practices required to be improved in compliance with CMB’s Corporate Governance Principles

3. COMPANY PROFILE



| | |
|-------------------------------|---|
| Company Name | : Türkiye Hayat ve Emeklilik A.Ş. |
| Company Address | : Levent Mah. Çayır Çimen Sokak, No:7 Levent - Beşiktaş / İSTANBUL |
| Company Phone | : (0212) 310 12 00 |
| Company Fax Number | : (0212) 310 39 99 |
| Email | : www.turkiyehayatemeklilik.com.tr |
| Company's Web Address | : bilgi@turkiyehayatemeklilik.com.tr |
| Registered Number | : 274811-0 |
| Date of Incorporation | : 01.05.1991 |
| The company Mersis No: | : 0434005145200019 |
| Paid-in Capital | : 755.752.390. TL |
| Line of Business | : Conducting all kinds of insurance activities within the scope of life insurances and activities defined for pension companies in accordance with the provisions of the Private Pension Savings and Investment System Legislation, and especially individual life, group life, personal accident, health, and sickness insurance activities. |
| Company's Sector | : Insurance and Private Pension |
| Audit Authority | : CMB, ,SEDDK, |
| Company's LEI Code | : 789000YV6U4OETKGKH48 |

Company's Representative in Charge of Rating:

Umut KOVANCI

Investor Relations Director

umut.kovanci@turkiyesigorta.com.tr

(0212) 310 12 09

Brief History of the Company

Ziraat Hayat ve Emeklilik, Halk Hayat ve Emeklilik, Vakıf Emeklilik ve Hayat merged under Türkiye Hayat ve Emeklilik Anonim Şirketi in September 2020 as part of the planned reforms in the insurance and private pension sector in order to increase the savings of the Turkish economy and to develop the non-banking financial sector.

With this merger, companies that undertake an important mission to reach wider masses of insurance services in Turkey and to ensure the continuity of stable growth were established with the aim of contributing to the non-banking financial sector size reaching the world average.

"Gücü Adında" with its brand promise and the great responsibility of Turkey in its name, started its activities to change the present and future of the insurance and pension sector and to consolidate its presence as a regional power.

Today, Türkiye Hayat Emeklilik A.Ş. continues to work on its roots in three companies.

The merger process officially started on 13 December 2019 with the press release of Türkiye Varlık Fonu (TVF) and the notifications made to the Public Disclosure Platform by the controlling shareholders of Güneş Sigorta and Halk Sigorta. Türkiye Varlık Fonu took over the shares of public insurance companies for TL 6.54 billion in April.

Based on the decisions taken at the Board of Directors meeting held on 14.05.2020, the necessary preparations have been started within the framework of the relevant legislation provisions, the relevant merger permission was obtained from the Insurance and Private Pension Regulation and Supervision Agency on 23.06.2020 and then Merger Report and Merger Agreement have been signed by the acquired and transferred companies as of 24.06.2020.

An Extraordinary General Assembly was held on 24.08.2020 to merge Ziraat Hayat ve Emeklilik A.Ş and Halk Hayat ve Emeklilik A.Ş with all their assets and liabilities under Vakıf Emeklilik.

Ziraat Emeklilik and Halk Emeklilik merged under Vakıf Emeklilik on 01.09.2020. The name of Vakıf Emeklilik was changed as Türkiye Hayat ve Emeklilik Anonim Şirketi, and as of September 1, 2020, Türkiye Sigorta started to operate in the non-life (elementary) sector, which was formed by the merger of three public insurance companies in the sector; however Türkiye Hayat Emeklilik, which was formed by the merger of three public pension companies, started to operate in the life/pension sector.

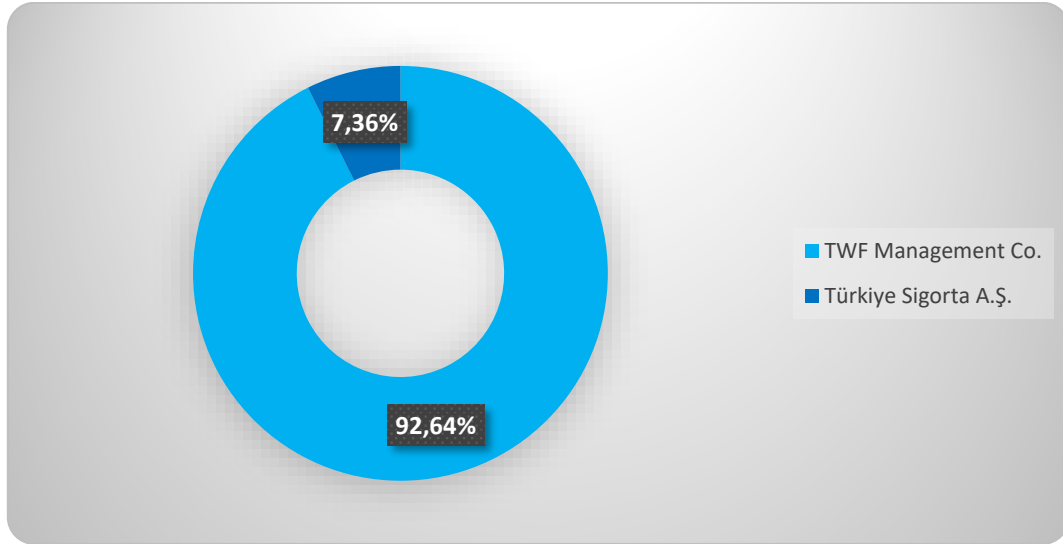
The main shareholder of Türkiye Hayat ve Emeklilik A.Ş. is TVF Finansal Yatırımlar Anonim Şirketi. Türkiye Varlık Fonu owns 100% of TVF Finansal Yatırımlar A.Ş and is an indirect partner. The share of TVF Finansal Yatırımlar, the controlling shareholder of the company, in the Company's capital is 92.64%, and the share of Türkiye Sigorta A.Ş. is 7.36%.

Türkiye Hayat Emeklilik, Turkey's largest and leading life and pension company, has a wide and strong service network serving 9,5 million customers, with 18 regional directorates, 92 agencies, 4.396 bank branches, 28 brokers and 578 direct sales teams.

Türkiye Hayat Emeklilik, which is the leader in the life insurance sector with a premium production of 3 billion 152 million TL and a market share of 23.77%, and in the private pension system with a fund size of 54 billion 626 million TL and a market share of 19.6% as of the end of June 2022, has increased its asset size to 77 billion TL and reached a net profit of 1 billion 194 million TL in the first half of the year.

Being a member of the Turkish Insurance Association and the Corporate Communication Association, the Company has ISO 9001- Quality Management System, ISO 18295-1/2:2017 - Customer Relationship Management, ISO 10002:2018 Customer Satisfaction Management System Quality and ISO 27001 Information Security Certificates. As of the end of September 2022, 1.214 people have been employed.

Shareholder Structure (as of date of this report)



Source: www.turkiyesigorta.com.tr

| Shareholder Name | Share Amount (TL) | Share (%) |
|----------------------|--------------------|---------------|
| TWF Management Co. | 700.102.390 | 92,64 |
| Türkiye Sigorta A.Ş. | 55.650.000 | 7,36 |
| TOTAL | 755.752.390 | 100,00 |

Source: www.turkiyesigorta.com.tr

*Türkiye Wealth Fund owns 100% of TWF management Co.

Board of Directors

| Name/ Surname | Title | Executive/ Non - Executive | Date of Inauguration |
|------------------------------|--|-------------------------------|-------------------------|
| Aziz Murat ULUĞ | Chairman | Non - Executive | 31.03.2021 |
| Atilla BENLİ | Deputy Chairman General Manager | Executive | 31.03.2021 |
| Murat AKGÜÇ | Member of Board of Directors | Non - Executive | 31.03.2021 |
| Muhammed Mahmut ER | Member of Board of Directors | Non - Executive | 10.09.2020 |
| Murat AKBALIK | Independent Member of Board of Directors | Non - Executive | 01.06.2020 |
| Mehmet AYDOĞDU | Independent Member of Board of Directors | Non - Executive | 01.06.2020 |

Source: www.turkiyesigorta.com.tr

Pursuant to Article 9 of the Articles of Association of the Company, The business and administration of the company is carried out by the General Assembly by a Board of Directors consisting of at least 6 (six) members in total, together with the General Manager of the Company or his deputy, who is a natural member of the Board of Directors, within the scope of the provisions of the Turkish Commercial Code, Insurance and Pension Legislation, and other legislation. A legal entity may be elected to the board of directors. If a legal entity is elected as a member of the board of directors, only one real person determined by the legal entity is registered and announced on behalf of the legal entity, together with the legal entity. In addition, the registration and announcement are immediately announced on the company's website. Only this registered person can attend the meetings and vote on behalf of the legal entity. Members of the board of directors must meet the requirements of the Turkish Commercial Code, Insurance Law, Private Pension Savings and Investment System Law and relevant legislation. Depending on his term of office, the General Manager of the company and his deputy in his absence are natural members of the Board of Directors and have the right to vote. Except for the General Manager, who is a natural member, the Members of the Board of Directors are elected for a term of at least 1 and at most 3 years. However, members whose terms have expired can be re-elected. The term of office of the General Manager is not dependent on the term of office of the members of the Board of Directors. The Board of Directors convenes upon the invitation of the Chairman or upon the written request of one or more members, as required by the Company's business, to ensure that the affairs are managed without interruption. Meetings are held at the company headquarters or at another location agreed. Those who have the right to attend the meeting of the Company's Board of Directors can also attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code. In order for the decisions of the Board of Directors to be valid, the majority of the members must attend the meetings. Decisions are taken with the majority of the members attending the meeting. This rule also applies if the Board of Directors meeting is held electronically. Members of the Board of Directors cannot vote to represent each other, and they cannot attend meetings by proxy.

Committees Formed Within Board of Directors

The members of the Company's Audit, Corporate Governance and Early Detection of Risk Committees are listed below. According to the revised Corporate Governance Regulation dated 05.02.2018, the duties of the Nomination and Remuneration Committees in the Company are fulfilled by the Corporate Governance Committee. The Company's Committees and members consist of the same committees and members as Türkiye Sigorta A.Ş.

| Committee | Committee Members | Position within Committee | Position in Company |
|-----------------------------------|---------------------------|---------------------------|--|
| Audit Committee | Murat AKBALIK | Chairman | Independent Member of Board of Directors |
| | Mehmet AYDOĞDU | Member | Independent Member of Board of Directors |
| | Gürdoğan YURTSEVER | Member | Head of Internal Systems |
| Corporate Governance Committee | Murat AKBALIK | Chairman | Independent Member of Board of Directors |
| | Murat AKGÜÇ | Member | Member of Board of Directors |
| | Fulden PEHLİVAN | Member | Investor Relations Manager |
| Early Detection of Risk Committee | Murat AKBALIK | Chairman | Independent Member of Board of Directors |
| | Mehmet AYDOĞDU | Member | Independent Member of Board of Directors |
| | Murat SÜZER | Member | Deputy General Manager |

Top Management of the Company

| Name/ Surname | Title | Date of Inauguration |
|---------------------------|--------------------------|----------------------|
| Atilla BENLİ | General Manager | 15.12.2020 |
| Bilal TÜRKMEN | Deputy General Manager | 09.06.2020 |
| Doğukan KARAKAYA | Deputy General Manager | 15.12.2020 |
| Fatih YILDIZ | Deputy General Manager | 09.06.2020 |
| Murat SÜZER | Deputy General Manager | 15.12.2020 |
| Nurcan TUNÇDÖKEN | Deputy General Manager | 01.10.2021 |
| Remzi DUMAN | Deputy General Manager | 02.06.2021 |
| Sevda MERSİN | Deputy General Manager | 01.10.2021 |
| Şebnem ULUSOY | Deputy General Manager | 03.09.2020 |
| Tuba BULDU | Deputy General Manager | 01.09.2022 |
| Gürdoğan YURTSEVER | Head of Internal Systems | 20.12.2021 |

The changes made in the top management during the rating period are given below. Ali Araz resigned from his position as Deputy General Manager on October 1, 2021. Sevda Mersin and Nurcan Tunçdöken have been appointed as Deputy General Managers as of 01 October 2021. Uba BULDU started to work as Deputy General Manager on 01.09.2022. Güray Çelik and Volkan Sinan, who were appointed as Deputy General Managers on 15 December 2020, resigned from their duties on 1 March 2022. Gürdoğan Yurtsever was appointed as the Head of Internal Systems on 20 December 2021. The top management of the company also serves as the top management of Türkiye Sigorta A.Ş.

Information Related to the Subsidiaries, Financial Fixed Assets and Financial Investments

| Trade name | Line of Business | Paid in/Issued Capital | Company's Share in Capital | Currency | Company's Share in Capital (%) | The Nature of the Relationship with the Company |
|--------------------------------|--------------------|------------------------|----------------------------|----------|--------------------------------|---|
| Emeklilik Gözetim Merkezi A.Ş. | Insurance | 4.275.225 | 267.188 | TL | 6,25 | Subsidiary |
| Ziraat Katılım A.Ş. | Participation Bank | 1.750.000.000 | 1 | TL | 0 | Subsidiary |

Source: www.turkiyesigorta.com.tr/yatirimci-iliskiler/emeklilik/finansal-bilgiler/istirakler

Comparison of the company's summary financial data on selected items

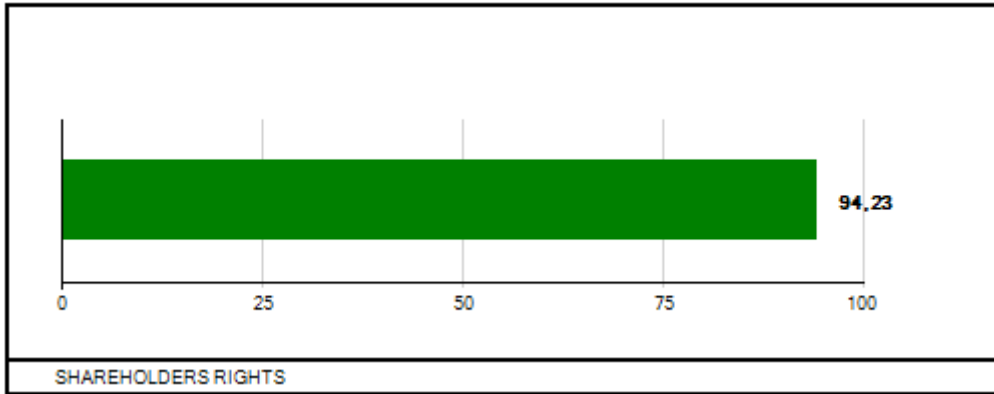
| | 2020/12 | 2021/12 | Change % |
|--------------------------|-----------------------|-----------------------|--------------|
| Total Current Assets | 6.735.660.622 | 8.262.760.128 | 22,67 |
| Total Non-Current Assets | 36.777.632.960 | 53.246.958.157 | 44,78 |
| Total Assets | 43.513.293.582 | 61.509.718.285 | 41,36 |
| Short-Term Liabilities | 2.097.630.327 | 2.649.850.019 | 26,33 |
| Long-Term Liabilities | 38.524.903.817 | 54.945.975.310 | 42,62 |
| Equity | 2.890.759.438 | 3.913.892.956 | 35,39 |
| Total Liabilities | 43.513.293.582 | 61.509.718.285 | 41,36 |

Source: Türkiye Hayat ve Emeklilik A.Ş. Independent Audit Report for the Year 2021

The Company's Financial Data supports the sustainability of Corporate Governance Compliance.

4.RATING SECTIONS

A. SHAREHOLDERS



Overview

- ✓ Investor Relations Department has been established in order to conduct healthy relations with Shareholders.
- ✓ The general meetings were held in accordance with the relevant laws, regulations, and articles of association.
- ✓ The General Assembly was informed about the donations made in 2021.
- ✓ There is no privilege for voting.
- ✓ There are no arrangements making exercise of voting right difficult.
- ✓ Dividend distribution policy has been prepared, presented to the approval of the General Assembly, and disclosed to public.
- ✓ There is no restriction on transfer of shares.
- ✗ In order for the company to make donations, it would be appropriate to fulfill the condition of having a provision in the articles of association.
- ✓/✗ The fact that the General Assembly meetings will be open to the public, including the stakeholders and the media, without the right to speak, will strengthen compliance with the Corporate Governance Principles if it is included in the general assembly announcement or information document.

In this section, as stated by CMB's Corporate Governance Principles, the company was evaluated on **94** different criteria, under the headings of **Facilitating the Exercise of Shareholders' Rights**, **Shareholders' Right to Obtain Information and to Examine**, **Shareholders' Right to Attend the General Assembly**, **Shareholders' Right to Vote**, **Rights of Minority Shareholders**, **Shareholders' Right for Dividend** and **Shareholders' Right to Transfer Their Shares to whomever they want, whenever they want**. The company's grade for this section is **94,23** points. The sub-headings of the main section of shareholders are given below in detail.

a. Facilitating the Exercise of Shareholders' Rights

Activities regarding the relations with shareholders are conducted by the Directorate of Investor Relations. . Mr. Umut KOVANCI started to work as Investor Relations Director in December 2021. He has Capital Market Activities Level 3 and Corporate Governance Rating Specialist licenses. The Investor Relations Department functions as two departments under the Directorate. Investor Relations Manager Ms. Fulden PEHLIVAN was appointed as a Member of the Corporate Governance Committee in accordance with the CMB's Corporate Governance Communiqué No. II.17-1. The aforementioned development was announced to the public with the Material

Disclosure of the same date. . Ms. Pehlivan has Capital Market Activities Level 3 and Corporate Governance Rating Specialist Licenses. She is responsible for Corporate Governance and Legislation practices in the company, as well as MKK, CMB and Stock Exchange, Communications, General Assembly, KAP announcements, Annual Report and Sustainability studies. Mr. Eray DURAN, who works as the other Investor Relations Department Manager, is involved in the company's Investor Meetings, Analyst Meetings, Investor Presentations, keeping the investor relations information up to date on the company's corporate website, Stock Tracking, Economic and Sectoral Tracking, and Term Financial Presentation Meetings.

It has been seen that the aforementioned executives are at a sufficient level with the knowledge and experience required by the task and play an active role in protecting and facilitating the use of shareholders' rights, especially the right to obtain and review information.

The investor relations directorate and its team simultaneously conduct the investor relations task at Türkiye Sigorta A.Ş.

Correspondence between the investors and the partnership and records of other information documents are kept in a healthy, secure, and up-to-date manner. Written information requests of the shareholders regarding the partnership are answered.

It has been determined that the Investor Relations Directorate regularly reports and makes presentations to the Board of Directors several times a year. The Investor Relations Directorate, together with the Corporate Governance Committee, made 6 (six) presentations in the last year.

Any data that might affect the exercise of shareholders' rights are currently at disposal of shareholders on the corporate Internet website.

It has been determined that the Company has achieved rather good compliance with the Corporate Governance Principles in this subsection.

b. Right to Obtain Information and to Examine

The information and documents necessary for the healthy exercise of shareholder rights are made available to the shareholders, and for this purpose, the corporate internet address of the company www.turkiyehayatemeklilik.com.tr directed to <https://www.turkiyesigorta.com.tr/> is used as an effective platform.

All information concerning the company has been given on time, truthfully and completely. There have been no warnings or penalties on this issue given by Regulatory authorities.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company.

Although there is no regulation in the articles of association regarding the shareholders' right to request the appointment of a special auditor from the general assembly, there are no internal regulations or practices that make it difficult to exercise this right.

c. Right to Attend the General Assembly

The company's general assembly practices, which are examined within the scope of this section, have achieved a good level of compliance with the principles.

The ordinary general assembly meeting, where the activities for the year 2021 were discussed, was held on 28.03.2022 at the company headquarters located at Levent Mahallesi Çayır Çimen Sokak No: 7 Beşiktaş İstanbul, without an announcement pursuant to Article 416 of the TCC.

With the decision of the Board of Directors of the Company dated March 11, 2022, the Ordinary General Assembly Meeting for the accounting period of 2021 was held on Monday, March 28, 2022, at 16.00 at the Company Headquarters building at the address of Levent Mahallesi Çayır Çimen Sokak No: 7 Beşiktaş.

Likewise, it has been understood that the financial statements, annual report, audit reports, profit distribution proposal of the board of directors, notifications and explanations required by the shareholding in accordance with the relevant legislation and Corporate Governance Principles, which should be made available for the examination of the shareholders within the framework of Article 437 of the TCC numbered 6102, were submitted to the information of the shareholders.

Executives and auditors who are authorized to brief participants on special subjects and answer their questions have addressed the meeting.

Representatives of company partners, members of the Board of Directors, General Manager, Independent audit company representative, executives affiliated with financial management, investor relations directorate and its team, legal officer responsible for the General Assembly process, and administrative personnel attended.

As the result of the review of General Assembly minutes, it is determined that the agenda items were voted separately, the votes were counted and announced to the shareholders before the end of the meeting. Shareholders or their proxies who physically attended the meeting voted by raising their hands.

The shareholders were informed about the amount and users of all donations and aids made during the period with a separate agenda item. The upper limit of donations and aids to be made in 2022 has been determined. Share Buyback Policy, Information Policy,

Remuneration policy and Compensation policy were submitted to the General Assembly.

There is no general assembly resolution that has not been implemented in our rating period. The members of the board of directors were not changed in the agenda of the general assembly meeting, and the Board of Directors of the previous period was re-elected.

The company's articles of association stipulating that the general assembly meetings will be held open to the public, including the stakeholders and the media, without the right to speak, will take the principles to a higher level.

d. Voting Right

Neither the Articles of Association nor the internal procedures contain any difficulties to exercise the voting right and opportunity to exercise the voting right in the easiest and most convenient manner is given to each shareholder.

Pursuant to Article 18 of the Articles of Association of the Company, each share has 1 (one) voting right.

It is possible for the shareholders to exercise their voting right in person or by proxies, whether a shareholder or not, at the general assembly meetings. The members are submitted with the specimen proxies to be used for this purpose.

The Company does not have a mutual subsidiary which brings a relationship of sovereignty.

e. Minority Rights

There is no structure that will create minority shareholding in the partnership structure of the company.

No violation of rights was observed in the exercise of basic shareholder rights such as participation in the general assembly, representation by proxy, and use of voting rights.

However, there is no adjustments made to extend minority rights with Articles of Association and covering those shareholders who have less than 1 / 20 of the capital.

f. Dividend Right

The Profit Distribution Policy of Türkiye Hayat Emeklilik A.Ş. was submitted to the information of the shareholders and accepted at the Ordinary General Assembly held on March 28, 2022.

Profit distribution of the company is implemented within the framework of the provisions of the Turkish Commercial Code, insurance, and other relevant legislation and in accordance with Article 22 of the Company's Articles of Association.

Again, in the same article it is stated that The dividend will be distributed equally to all existing shares as of the distribution date, regardless of their issue and acquisition dates,

The distribution method and time of the profit that is decided to be distributed will be decided by the general assembly upon the proposal of the board of directors on this matter,

According to the profit distribution proposal made by the Board of Directors with the meeting and resolution number 4/19 dated 04.03.2022, it was discussed and accepted at the general assembly held on 28.03.2022 and it was decided to be paid to the shareholders as of 15.09.2022.

The Company does not have any privileges in the distribution of dividends and the provision regarding the distribution of advance dividends is not included in the Articles of Association.

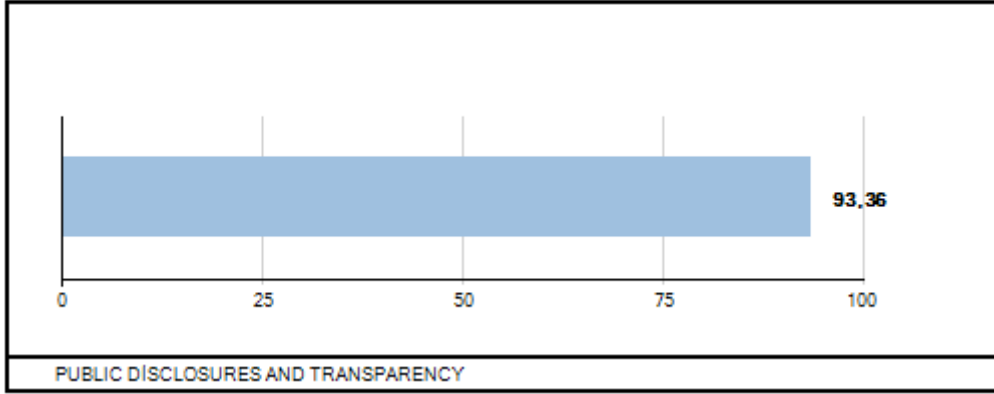
It has been determined that Türkiye Hayat ve Emeklilik A.Ş. has achieved very good compliance with the Corporate Governance Principles in this subsection.

g. Transfer of Shares

There is no regulation in the articles of association that restricts the transfer of company shares.

The transfer of company shares is subject to the provisions of the Turkish Commercial Code, Private Pension Savings and Investment System, Insurance Law, and relevant legislation. Company practices related to this subsection have been determined to be in compliance with the principles.

B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ A disclosure policy has been created, submitted to the approval of the general assembly, and announced electronically to the public.
 - ✓ Though it is not compulsory, Corporate Governance Compliance Report (CGC) and Corporate Governance Information Form (CGIF) were prepared and disclosed to the public in accordance with the provisions of the relevant legislation.
 - ✓ The annual report includes the evaluations of the Board of Directors regarding the activities of the Committees, including the activities conducted, and the activities of the committees.
 - ✓ The annual report includes information on the risk management and Internal Audit policies that the company will implement against the foreseen risks.
 - ✓ Corporate website is used effectively as a current tool for public disclosures within the context as stated by the principles.
 - ✓ Public Disclosure Platform is used effectively for announcements within the scope of the Regulation on the Principles Regarding the Establishment and Operations of Pension Mutual Funds.
- ✓/* For the benefit of international investors, the information excluding the Investors Relations on the corporate website of the Incorporation should be prepared and made available in foreign languages selected according to needs, with the same content as in Turkish.
 - ✓/* It would be appropriate to share the information about the Company's General Assemblies with the public annually on the corporate website of the company.
 - ✓/* It would be appropriate to make the corporate website of the company operational as a separate independent site without being redirected to the Türkiye Sigorta A.Ş website.
- As for this section, the Company has been assessed by **78** different criteria under the headings of **Corporate Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company's grade was determined as **93,36**.
- Disclosures of Türkiye Sigorta A.Ş. are conducted within the framework of the Information Policy prepared by the board of directors and shared with the public.

The disclosure policy includes information on how, how often and in what ways the information to be disclosed to the shareholders, current and potential investors and the public will be announced, and the method to be followed in answering the questions directed to the company.

The 2021 external audit was conducted by PwC Bağımsız Denetim ve SMMM A.Ş. In the reports prepared on 04.03.2022, there has not been any situation where the independent auditor refrained from expressing an opinion, expressed a qualified opinion, or did not sign. During the meeting with the company officials, it was learned that there was no development that would harm the independence of the independent audit firm and its auditors and that there was no legal dispute. The same institution was elected as the independent auditor with the recommendation of the audit committee and the approval of the general assembly dated 28.03.2022 for the audit of the accounts and transactions of the 2022 operating year within the framework of the Capital Markets legislation, the Turkish Commercial Code, and the relevant legislation.

a. Corporate Website

The corporate website of the Company, <https://turkiyehayatemeklilik.com.tr> directed to <https://www.turkiyesigorta.com.tr> is used as an active and effective platform for public disclosure. The information contained here is constantly updated.

It has been determined that the information in the company's corporate website is consistent with the statements made as part of regulations and there is no missing or conflicting information.

In addition to the information required to be disclosed in accordance with the legislation, the company website contains various information such as shareholding and management structure as of the latest status, the committees of the board of directors and the working principles of the committees as well as the final version of the company's

articles of association, financial reports, annual reports, Dividend Distribution Policy, Disclosure Policy, other policies implemented by the company, including Remuneration Policy, Donations and Aid Policy, Compensation Policy, Sustainability Policy and Ethical principles, and information requests received by the company under the heading of frequently asked questions.

In this context, the last 5 years' data can be accessed from the website.

The English Corporate website includes only the information regarding the investor relations section. It would be appropriate to develop this application for other sections on the corporate website of the company.

In this subsection, it has been seen that Türkiye Hayat ve Emeklilik A.Ş. has achieved a good level of compliance with corporate governance principles.

b. Annual Report

It is seen that board of directors has prepared the annual report in such a way that public can access comprehensive, complete, and correct information on company activities. Annual reports of the last five years are accessible for shareholders and the public in electronic environment.

The 2021 Annual report has been prepared in the required format, fully and appropriately, in accordance with the Regulation on the Financial Structures of Insurance and Reinsurance Provincial Pension Companies, Regulation on Determining the Minimum Content of the Annual Report of the Companies, the Republic of Turkey Ministry of Treasury and Finance Insurance Companies Circular No. 2011/8 and the CMB Corporate Governance Communiqué.

The statement of the company management that the annual report for the accounting period ending on 31.12.2021 has been prepared within the framework of the determined procedures and principles in the

Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies prepared by the

T.R. Ministry of Treasury and Finance and published in the Official Gazette dated 7 August 2007 and numbered 26606is included in the annual report.

It is possible to reach many topics in the annual report, including;

- Curriculum vitae and terms of office of members of the board of directors and senior executives,
- Information about the sector that company operates in and about its position within the sector.
- Information about the sources of financing of the enterprise,
- Report on Compliance with Corporate Governance Principles
- Independent auditor's report on the annual activity report.

Also, in addition to the issues specified in the legislation and other parts of the corporate governance principles, the annual reports include;

- Board members' and managers' ongoing jobs outside the company,
- Members of subcommittees within the board of directors and meeting frequencies of these committees,
- Changes of regulations, which might significantly affect company operations,
- Information about the social rights of employees, their professional education and
- A lot of information concerning shareholders and the public.
- The company publishes interim activity reports regarding quarterly data.

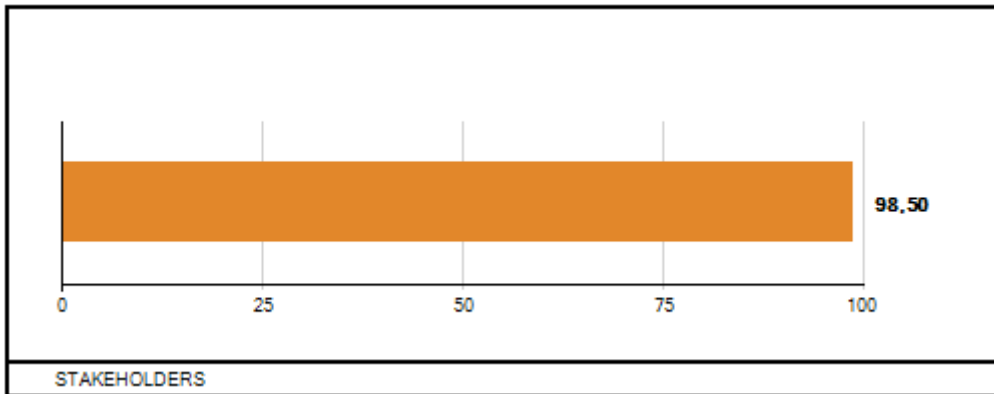
On the other hand, Türkiye Hayat ve Emeklilik A.Ş has disclosed the Sustainability Principles Compliance Framework to the public in its annual report in accordance with the provisions of the Communiqué (II-17.1.a) Amending the Corporate Governance

Communiqué (II-17.1) published in the Official Gazette dated 02 October 2020 and numbered 31262.

In cases where the remuneration and all other benefits provided to the members of the Board of Directors and executives with administrative responsibility cannot be disclosed on an individual basis through the annual report, at least the distinction between the board of directors and senior managers should be included in the explanation and it would be appropriate to include information in the annual report about the transactions of the members of the management body with the company on behalf of themselves or someone else and their activities within the scope of the prohibition of competition within the framework of the permission granted by the general assembly of the company.

In this subsection, it has been seen that Türkiye Hayat ve Emeklilik A.Ş. has achieved a good level of compliance with corporate governance principles.

C. STAKEHOLDERS



Overview

- ✓ There are no regulations that make it difficult for stakeholders to exercise their rights.
 - ✓ Human resources policy and many internal regulations concerning customers and stakeholders have been prepared.
 - ✓ The wage policy for the company's employees was established, submitted to the approval of the general assembly, and published on the corporate website of the company.
 - ✓ Training procedures for employees have been established.
 - ✓ Compensation policy for company employees has been established.
 - ✓ The ethical principles of the company have been established and shared with the public.
 - ✓ There are no complaints made by employees about discrimination and difficulties in getting their rights.
 - ✓ Within the scope of trade secret, attention is paid to the confidentiality of information about the parties with whom commercial relations are conducted.
- ✓/* It would be appropriate to develop mechanisms and models supporting the participation of employees and stakeholders in the company management and to include them in

the Company's articles of association and internal regulations.

In this section, the Company has been assessed by 62 different criteria under the headings of **Corporate Policies on Stakeholders, Supporting Stakeholders' Participation in Company Management, Company Policy on Human Resources, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility and Sustainability** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **98.50**.

a. Corporate Policies on Stakeholders

The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations. It is concluded that Türkiye Hayat ve Emeklilik A.Ş. protects stakeholders' rights, which are specified in regulations and mutual contracts.

The Company shares information with its stakeholders at meetings held within the company, through communication channels

regarding practices, via e-mail and through the bulletins issued by the Company.

Necessary mechanisms and whistleblowing lines have been established for stakeholders to report transactions that are against the legislation and are unethical.

The Remuneration Policy and Compensation policies for the company's employees were established and submitted to the information of the shareholders at the general assembly dated 28.03.2022 and disclosed to the public on the corporate website.

It is determined that the stakeholders are adequately informed about the Company's policies and procedures regarding the protection of their rights.

It has been seen that the company's practices in this subsection are in compliance with the principles.

b. Supporting Participation of Stakeholders in Corporation's Management

The articles of association and/or internal regulations do not contain regulations supporting the direct participation of stakeholders in the company management.

Methods such as surveys, request collection, filling out suggestion forms, and consultation are applied in order to ensure the participation of the employees in the management and to get the opinions of the stakeholders in important decisions that have results for the stakeholders.

This model, which can support the participation of employees in company management, is recommended to be improved and included in the articles of association and internal regulations.

c. Human Resources Policy of the Corporation

With the Human Resources policy, it is aimed to employ the employees needed to achieve the Company's goals and strategic goals, to provide a working environment that will increase performance and productivity, to reward achievements, to support training and development programs and career plans.

The organizational structure of the company has been determined according to the working conditions, the units, the number of people to be employed in these units and their qualifications have been written down with in-house regulations.

At the end of September 2022, 1.214 people are employed at Türkiye Hayat ve Emeklilik A.Ş.

The employees are organized within the body of BASS, the Bank Finance and Insurance Workers Union affiliated with TÜRK İŞ, and a collective labor agreement covering the dates 01.05.2021 - 31.12.2023 was signed with the union.

The impression was gained that all employees are treated equally in terms of wages, promotions, rewards, training, and other rights.

It has been learned that a safe working environment and conditions are provided for the employees, and that no race, religion, language, or gender discrimination is made among the employees.

Freedom of association and/or membership is not restricted, provided that permission is obtained.

After the merger of Türkiye Sigorta A.Ş and Türkiye Hayat ve Emeklilik A.Ş., Türkiye Sigorta Akademisi was established to provide training services to all stakeholders as well as its employees

. The trainings prepared under the main headings of vocational technical, personal

development, corporate development, compulsory trainings, and licensing trainings are offered to our employees throughout the year by making annual training needs analysis of the personnel. In addition, training requests in line with urgent needs are met in coordination with business units. Employees can access training on any subject they want 24/7 through the online learning platform training catalog within Türkiye Sigorta Akademisi. Other development and learning programs such as certificate programs, foreign language education, internal trainer training and development programs, agency academy, which are conducted in cooperation with universities throughout the year, are also conducted by the Education unit.

During our rating period (01.01.2022-12.10.2022), 13.844 hours of training was provided to the employees of Türkiye Hayat ve Emeklilik A.Ş.

The Company's development of a human resources policy in line with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and the legal framework regulating human rights and working life in Turkey, and the creation of stock acquisition plans for its Employees will carry the compliance with the principles to a higher level.

In this subsection, it has been determined that company practices are compliant with corporate governance principles.

d. Relations with Customers and Suppliers

Türkiye Hayat ve Emeklilik A.Ş. prioritizes customer satisfaction in its activities.

The company has ISO 10002:2018 (Customer Satisfaction Management System), ISO 18295:2017 (Customer Relationship Management System), ISO 27001 Information Security and ISO 9001 quality certificates among international standards.

Within the scope of these quality certificates, it has also been certified by an external audit firm that processes that will ensure that customer expectations and needs are met continuously and promptly, the ability to measure customer satisfaction, receive feedback, and turn them into action, business processes for investigating and resolving customer complaints and demands, and continuously increasing customer satisfaction, quality control, reporting, training, performance and forecasting systems for call centers are carried out at international standards.

The company also holds ISO 27001 Information Security certification, which covers protecting its financial data, intellectual property, and sensitive customer information.

Company practices related to this section are in compliance with corporate governance principles.

e. Ethical Rules, Social Responsibility

A set of Ethical Rules and Principles that all employees must comply with has been prepared and disclosed to the public on the company's corporate website and annual activity reports.

The Ethical Principles of Türkiye Hayat ve Emeklilik A.Ş. include the general principles that must be maintained while the employees are performing their duties and the regulations regarding the working order. The purpose of these principles is to prevent all kinds of disputes and conflicts of interest that may arise between employees, customers, and the Company. The ethical principles of the company have been prepared in a way that will include all kinds of information and have been shared with the public.

The company has established its policy regarding Corporate Social Responsibility, and it has been accepted at the Board of Directors meeting held on September 29, 2022.

The company sponsored the VakıfBank Volleyball Team, which won the 7th Turkish

Cup and the 4th Spor Toto Champions Cup in 2021, and also won the CEV Champions League silver medal, as well as the 12th It sponsored the VakıfBank Volleyball Team, which also won the Turkish League Championship. It continues in 2022.

Türkiye Hayat Emeklilik and Türkiye Sigorta held the “Küçük Ressamlardan Büyük Eserler” painting competition with the participation of the children of its employees and agencies, which it organized in order to support the mental development of children at primary school age and to increase their interest in the art of painting and fine arts.

Türkiye Hayat Emeklilik employees and agencies donated a book for every 10 TL purchase they made on Kitapsepeti.com as part of the "Okudukça Okutalım, Çocukları Kitapla Buluşturalım" project.

Türkiye Hayat Emeklilik contributed to the meeting of visually impaired children with smart walking sticks with the “Walk Together” project, implemented with the contributions of the Ministry of National Education and in cooperation with WeWALK Teknoloji.

f. Sustainability

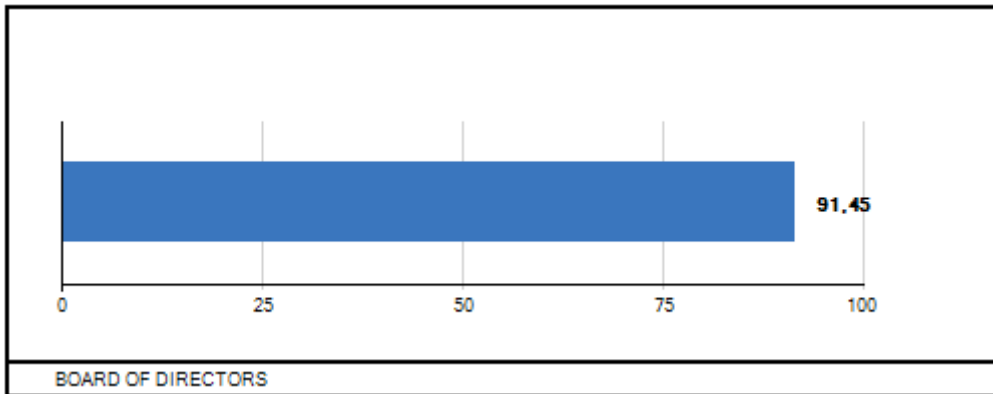
Türkiye Hayat ve Emeklilik A.Ş. has disclosed the Sustainability Principles Compliance Framework to the public in its annual report in accordance with the provisions of the Communiqué (II-17.1.a) Amending the Corporate Governance Communiqué (II-17.1) published in the Official Gazette dated 02 October 2020 and numbered 31262.

The Corporate Sustainability Policy is reviewed once a year by the Sustainability Working Group. The realizations of the annual targets determined within the scope of the policy are monitored by the Sustainability Working Group on a monthly basis and reported to the Board of Directors twice a year in semi-annual periods.

Short and long-term plans have been determined for the company's sustainability

efforts. In addition, the current position of the Company in accordance with the Sustainability Principles Compliance Framework, showing the photograph of the current situation, is disclosed in the annual report.

D. BOARD OF DIRECTORS



Overview

- ✓ The Board of Directors has determined the strategic goals of the company and the human and financial resources it will need.
- ✓ No person in the Company has the authority to decide solely and in an unrestricted fashion.
- ✓ The number of Board Members is adequate for them to work productively and constructively.
- ✓ It has been ensured that the majority of the members of the board of directors are non-executive members.
- ✓ Two of the non-executive board members are independent members.
- ✓ Every Board Member has one vote.
- ✓ There is not any loan/credit involvement between Board Members and company.
- ✓ Corporate Governance, Audit and Early Detection of Risk Committees stated in the principles have been established and working principles are determined.
- ✓ The financial liability insurance of the members of the Board of Directors was partially made and announced on the Public Disclosure Platform on 10.08.2022.

- * There are no female members in the board of directors, a target ratio and policy has not been determined for

the female member ratio, provided that it is not less than 25%.

- * Self-criticism and performance evaluation are not made in the board of directors.

✓/* It would be appropriate to announce the wages and other benefits provided to the members of the board of directors and executives with administrative responsibility by making group distinctions in the annual report and on an individual basis.

✓/* It would be appropriate to ensure that company employees are represented on the board of directors.

In this section, the Company has been assessed by 126 different criteria under the headings of Function of the Board of Directors, Principles of Activity of the Board of Directors, Structure of the Board of Directors, Procedure of Board of Directors Meetings, Committees Formed within the Structure of the Board of Directors and Financial Rights Provided for the Members of the Board of Directors and Executives as laid down by the Capital Market Board's Corporate Governance Principles, for which the Company has gained the grade of 91,45.

a. Function of the Board of Directors

By the strategic decisions it takes, Board of Directors manages and represents the company, keeping the risk, growth and return in balance while paying attention primarily to company's long-term interests under a reasonable and prudent risk management approach. In this sense, Board of Directors has described the corporate strategic objectives, and determined necessary human and financial resources. It also monitors company activities to be in compliance with regulations, Articles of Association, internal procedures and policies and it supervises management performance.

Board of Directors is authorized to make decisions, to determine strategy and represent the company at the highest level.

Türkiye Hayat ve Emeklilik A.Ş.'s applications of in this subsection are in accordance with the principles.

b. Principles of Activity of the Board of Directors

It is our impression that the Board of Directors conducts its activities in an open, accountable, fair, and responsible fashion.

The distribution of responsibilities among board members, as well as their duties and powers are disclosed to public in the annual report.

It has been learned that the Board has established internal control systems, including risk management and information systems and processes, which can minimize the effects of risks that may affect the company's stakeholders, especially shareholders, and that it reviews the effectiveness of risk management and internal control systems at least once a year.

No person in the Company has the authority to decide solely and in an unrestricted fashion. Different persons have undertaken the duties of the chairman of the board of directors and

the general manager, but the duties of the vice chairman of the board of directors and the general manager are conducted by the same person.

It is thought that Board of Directors plays a leading role in the maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders. For this purpose, the Board of Directors is in close cooperation with the Investor Relations Directorate.

It is thought that the board of directors is in constant and effective cooperation with the managers while fulfilling its duties and responsibilities, and it has been learned that the managers attend the board of directors meetings when it is necessary.

Damages caused by the faults of the members of the board of directors during their duties in the company are partially insured.

It would be appropriate to separate the powers of the chairman of the Board of Directors and the chief executive officer/general manager clearly and to express this separation in writing in the articles of association.

Regarding this subsection, it has been determined that the company has complied with the Corporate Governance Principles.

c. Structure of the Board of Directors

The Board of Directors of the Company consists of a total of 6 (six) persons, including a chairman and 5 (five) members. The requirement of having at least 5 (five) members to form the Board has been met and the number of Board Members found sufficient to serve effectively and productively and to form and efficiently organize activities of committees.

There are executive and non-executive members in the board of directors. As of the report date, 1 (one) member of the Board of

Directors consists of executive members and the other 5 (members) non-executive members. With this structure, the Board complies with the principle that the majority of its members are non-executive members. On the other hand, 2 (two) of the non-executive members of the board of directors are independent members in accordance with the definitions in the corporate governance principles. The independent members of the board of directors received their written declarations regarding their independence within the framework of the criteria set out in the legislation, articles of association and principles and shared it with the public in the annual report.

There are no female members in the Board of Directors.

It is required that the company will set a target rate and target time for female members in the board of directors, not less than 25%, establish a policy to achieve these targets, and the board of directors will annually evaluate the progress made in achieving these targets, in order to take its compliance with corporate governance principles one step further.

Company's practices in this subsection comply with the principles.

d. Procedure of Board of Directors Meetings

Article 11 of the company's articles of association includes the meeting and decision quorum of the board of directors . Every Board Member has one vote. The Board of Directors convenes upon the invitation of the Chairman or upon the written request of one or more members, as required by the Company's business, to ensure that the affairs are managed without interruption. Meetings are held at the company headquarters or at another location agreed.

In order for the decisions of the Board of Directors to be valid, the majority of the members must attend the meetings. Decisions are taken with the majority of the members attending the meeting. This rule also applies if

the Board of Directors meeting is held electronically. Members of the Board of Directors cannot vote to represent each other, and they cannot attend meetings by proxy. If the votes are equal, the discussed issue is postponed to the next meeting. If the equality continues in the second meeting, the proposal is deemed to be rejected.

From the examinations made on the meeting minutes of the board of directors, it was determined that the board convened 19 (nineteen) times as of our rating period.

It has been observed that the meetings of the board of directors are held in accordance with the regulations of the legislation and the articles of association regarding the meetings of the board of directors, and the meeting processes are also written down with the internal regulations of the company.

It would be appropriate to limit and set certain rules and limitations for a member of the Board of Directors who is on duty, to take on other duties outside the company.

In this subsection the Company has achieved a very good compliance with corporate governance principles.

e. Committees Formed within the Structure of the Board of Directors

In order for the Board of Directors to fulfil its duties and responsibilities soundly, Audit Committee, Corporate Governance Committee and Early Detection of Risk Committees have been established. Due to the structure of the Board of Directors, a separate Nomination Committee and Remuneration Committee have not been established, and the duties of these committees are conducted by the Corporate Governance Committee. The working principles of the corporate governance committee have been prepared in accordance with this structuring.

The duties, working principles and the members of the committees were determined by the board of directors and approved by the

board as written documents and disclosed to the public via the Official website.

Apart from these committees, which are determined according to the Company's Principles, there are Strategy Management Committee and Information Technology Management Committees.

All the members of the Audit Committee are elected from among the independent members of the board of directors, and the chairmen of the other committees are elected from among the independent board members, and the general manager does not take part in the committees.

All sources and support are provided by the Board to ensure that the committees perform their duties.

The Audit Committee is composed of (three) members, two of which are Independent Members. The Chairman of the Audit Committee is an independent member. One member is not a member of the board of directors. This member has been determined in accordance with Article 5 of the Regulation on Internal Control Systems in the Insurance and Private Pension Sectors.

The Committee monitors performance and effectiveness of company's accounting system, public disclosure of financial information, independent audit, and internal control system. The selection of independent audit company and supervision of its work at every stage is implemented by the audit committee. The Committee reviews the systems, processes, and activities of the company on accounting system, financial reporting, public disclosure, internal control and internal audit system, independent external audit, compliance with laws, regulations, and ethical principles.

The main duty of the Internal Audit Department is to provide the Top Management with reasonable assurance that the company's activities are conducted in line with the law and

other relevant legislation and internal strategies, policies, principles, and targets.

The Audit Committee held 13 meetings during our rating period.

The Corporate Governance Committee is responsible for determining whether the corporate governance principles are applied in the Company, if not, the reason and the conflict of interest arising from not fully complying with these principles and explaining them to the public with a corporate governance compliance report.

The said committee is composed of 3 (three) members. Its chairman is an Independent Member of Board. Another member has no executive duties. Another member serves as the Investor Relations Manager and has been appointed as a member of the Corporate Governance Committee in accordance with the Capital Markets Board's Communiqué II.17-1.

In this way, a structure has been made in accordance with the principle that if the Corporate Governance Committee consists of two members, both of them, and if it has more than two members, the majority of the members are composed of non-executive members.

The committee held 7 (seven) meetings during our rating period.

Early Detection of Risk Committee

consists of 3 (three) members. Its chairperson is an independent member. Another independent member has no executive duties. One member is the Deputy General manager.

The committee held four meetings during our rating period. It conducts risk audits every two months in accordance with the provisions of the Turkish Commercial Code and conveys the audit results to the board of directors.

It has been determined that all committees regularly report on their work to the Board of

Directors. The committees are composed of the following members:

Audit Committee

| Name/ Surname | |
|--------------------|--------------------------------------|
| Murat AKBALIK | Chairman (Independent) |
| Mehmet AYDOĞDU | Member (Independent) |
| Gürdoğan YURTSEVER | Member (Head of Internal Systems) |

Corporate Governance Committee

| Name/ Surname | |
|-----------------|--|
| Murat AKBALIK | Chairman (Independent) |
| Murat AKGÜÇ | Member (Not Executive) |
| Fulden PEHLİVAN | Member (Investor Relations Manager) |

Early Detection of Risk Committee

| Name/ Surname | |
|----------------|------------------------------------|
| Murat AKBALIK | Chairman(Independent) |
| Mehmet AYDOĞDU | Member (Independent) |
| Murat SÜZER | Member (Deputy General Manager) |

f. Financial Rights Provided for Members of the Board of Directors and Executives

The principles of remuneration of the members of the board of directors and executives with administrative responsibility were put in writing, submitted to the approval of the general assembly, and shared with the public electronically.

It has been seen that actions have been taken in compliance with the principle, which states that stock-options or payment plans based on corporate performance should not be used for remuneration of independent members of board. The emoluments of independent directors are sufficient to protect their independency.

It has been learned that the Company has not lent or extended loan to any member of board or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favor of them.

Performance measurements to be used in rewarding and dismissing the members of the board of directors have not been established yet.

On the other hand, in the annual report, it has been seen that the wages given to the Members of the Board of Directors and senior executives and all other benefits provided are not disclosed either on a group or on an individual basis.

5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ
A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DEFINITIONS

| GRADE | DEFINITIONS |
|--------------|--|
| 9-10 | <p>The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.</p> |
| 7-8,9 | <p>The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are fairly considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.</p> |
| 6-6,9 | <p>The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established and operated, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.</p> |

| GRADE | DEFINITIONS |
|--------------|---|
| 4-5,9 | <p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p> |
| < 4 | <p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, structure and working conditions of the Board and they are at a level that might cause the investor to incur material losses.</p> |

