



## ***Corporate Governance Compliance Rating Report***



***Garanti Emeklilik ve Hayat A.Ş.***

24<sup>th</sup> December 2021

Validity Period 24.12.2021-24.12.2022

## LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Garanti Emeklilik ve Hayat Anonim Şirketi, is compiled;

in accordance with the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, dated January 3<sup>rd</sup> 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105 and Undersecretariat of Treasury's Communiqué on Corporate Governance Principles for Insurance, Reassurance and Private Pension companies dated 27.04.2011 and numbered number 2011/8.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group, Third Group companies, investment partnerships and unlisted companies, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

The Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 74 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public, Independent Audit Report dated 27.01.2021, prepared by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., interim limited Independent Audit Report dated 26.10.2021, conducted by the same Independent Audit Company and examinations and interviews made by our rating experts on site.

Kobirate Uluslararası 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](http://www.kobirate.com.tr)).

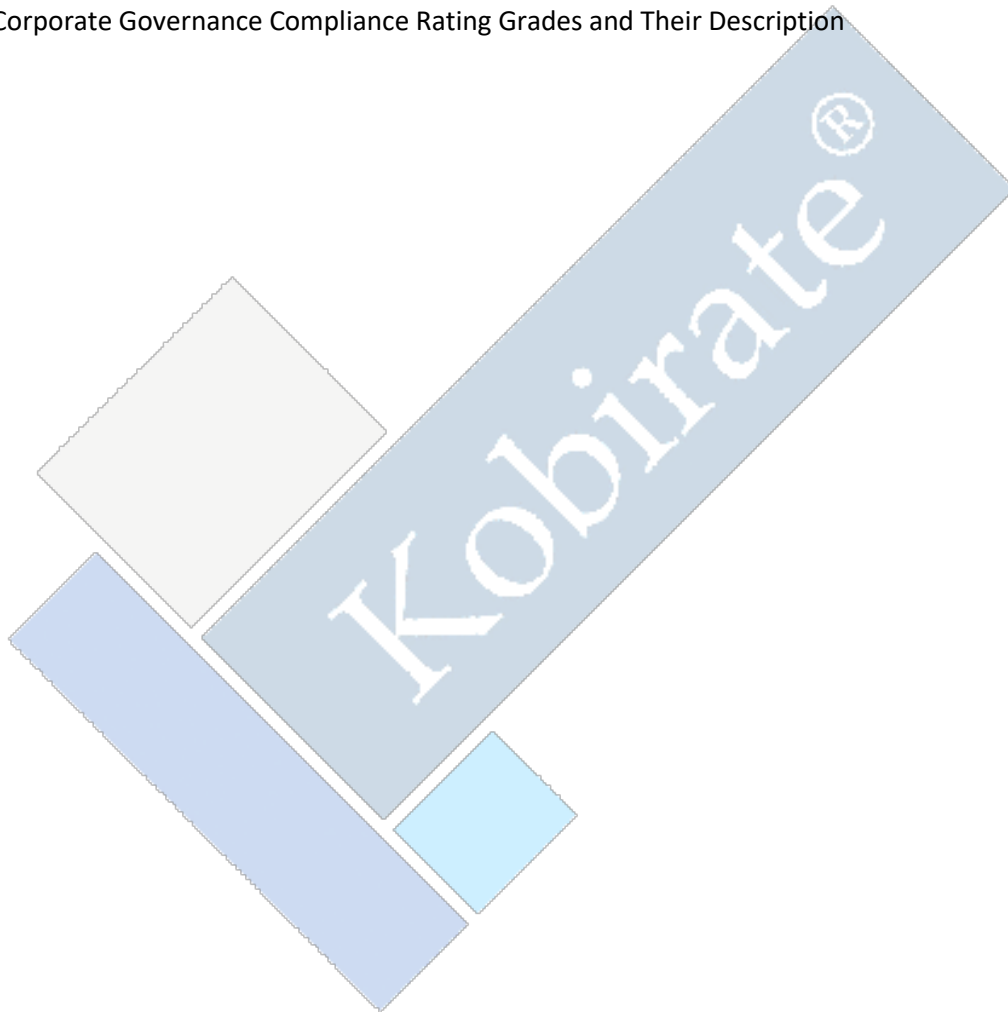
Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose 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.

© All rights in this report belong to Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. This report cannot be printed in writing and electronically, reproduced and distributed without our permission.

## TABLE OF CONTENTS

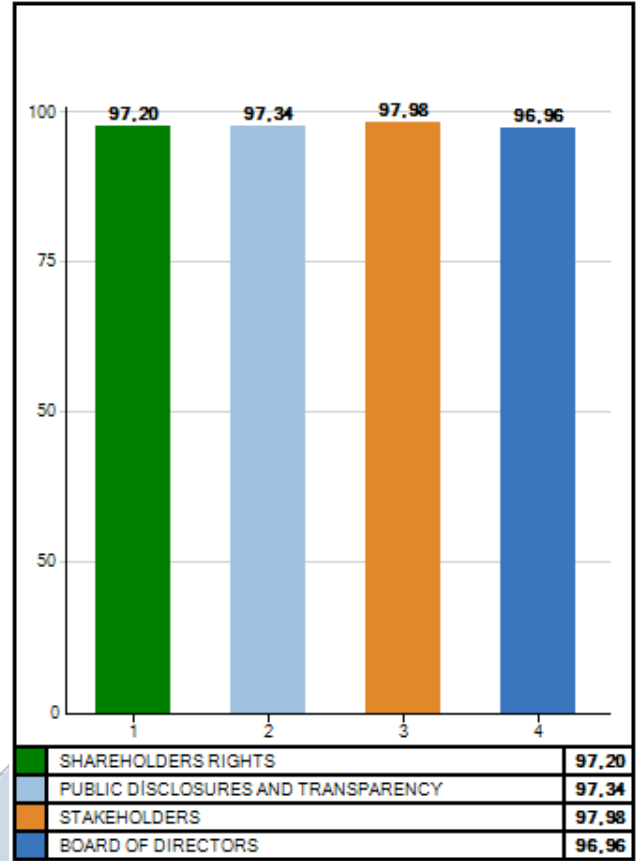
1.	Revised Rating Results and Reasons for Grades	3
2.	Company Profile and Changes within Last Year	9
3.	Rating Methodology	21
4.	Corporate Governance Compliance Rating Grades and Their Description	23



**9.73**

**Kobirate A.Ş. Contact:**

Burhan TAŞTAN (216) 3305620 Pbx  
[burhantastan@kobirate.com.tr](mailto:burhantastan@kobirate.com.tr)  
[www.kobirate.com.tr](http://www.kobirate.com.tr)



**1. REVISED RATING RESULTS**

The process of rating of compliance of **GARANTİ EMEKLİLİK VE HAYAT A.Ş** with the Corporate Governance Principles is concluded by reviewing 74 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public, Independent Audit Report dated 27.01.2021, prepared by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., interim limited Independent Audit Report dated 26.10.2021, conducted by the same Independent Audit Company and examinations and interviews made by our rating experts on site.

The rating is based on the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.S. for Companies outside BIST.

Methodology and the rating process have been prepared by taking into account CMB's

Corporate Governance Communiqué No II-17.1, which was published on the Official Gazette dated 03.01.2014, numbered 28871, Treasury's Notification on Corporate Governance Principles in Insurance and Reinsurance companies and Pension Funds, published on 27.04.2011, numbered 2011 / 8.

The Company has been rated through 350 criteria described by the methodology of Kobirate A.S., developed for "Unquoted Companies".

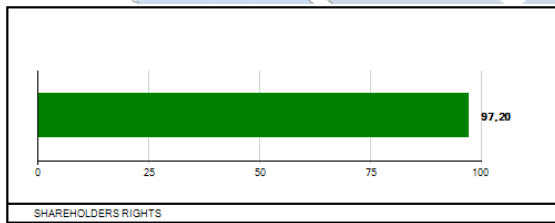
The rating has been conducted under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors and the Corporate Governance Compliance Rating Grade of **Garanti Emeklilik ve Hayat A.Ş.** for the period between 24.12.2021 and 24.12.2022 has been revised as **9.73**.

This result signifies that the Company has achieved considerable compliance with CMB's Corporate Governance Principles. Possible risks for the company have been determined and are under control. Public disclosure activities and transparency are at a high level. Rights of shareholders and stakeholders are treated fairly. The structure and mode of operation of Board of Directors are in compliance with corporate governance principles.

In view of Garanti Emeklilik ve Hayat A.Ş.'s activities and compliance with Corporate Governance Principles within last year the facts that compliance with Corporate Governance Principles continued consistently with vigor; that employees, dealers, suppliers and all stakeholders have been informed about COVID-19 pandemic and basic precautions have been taken; that motivation of employees have been kept high and online communication has been established between top management and employees, as well as among employees themselves in this period and the structure of the Board are main reasons for grade increase

In view of rating process under main headings in brief:

#### SHAREHOLDERS



As described by Corporate Governance Principles of CMB, this section has been assessed for 93 different criteria under the headings of Facilitating Exercise of Shareholders Rights, Shareholders' Right to Obtain Information and to Examine, General Assembly, Voting Right, Minority Rights, Dividend Right and Transfer of Shares.

**Company's** grade in this section has been confirmed as **97.20**. The company has continued its very good level of compliance with the CMB Corporate Governance Principles in this section.

It has been determined that the Company has given necessary attention to ensure use of basic shareholder rights.

Necessary information is provided for shareholders and corporate website ([www.garantibbvaemeklilik.com.tr](http://www.garantibbvaemeklilik.com.tr)) is used efficiently in order to ensure healthy exercise of shareholder rights.

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

There are no regulations in Articles of Association or inner arrangements that make the use of voting rights difficult. Shareholders are provided with opportunity to use their voting right easily and properly.

General Assembly meeting for activities of 2020 was held on 21.03.2021, at the head office. Decision for General Assembly meeting was taken three weeks before with Board decision dated 09.02.2021, No 584.

During the rating period there has been no General Assembly decision that was not implemented.

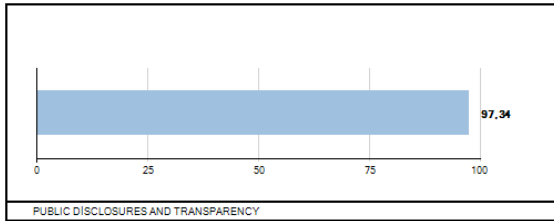
It has been determined that the General Assembly meeting to discuss 2020 activities was held on 31.03.2021 within the framework of CMB's Corporate Governance Principles and other relevant regulations.

Information about Dividend Distribution is given in the section titled, *ii-Dividend Distribution*".

There are no provisions in the Articles of Association that limits free transfer of shares.

There are no provisions in the Articles of Association about in advance payment of dividend. There is no regulation in the Articles of Association about general assembly meetings' being open to public including stakeholders and media, without right to address the meeting. These two issues are areas in need of improvement in this section.

#### **PUBLIC DISCLOSURE AND TRANSPARENCY**



As described by Corporate Governance Principles of CMB, this section has been assessed for 74 different criteria under the headings of Corporate Website and Annual Report. **Company's** grade in this section has been confirmed as **97.34**.

Company's public disclosure and transparency activities continue with same sensitivity.

It has been seen that Company's corporate website [www.garantibbvaemeklilik.com.tr](http://www.garantibbvaemeklilik.com.tr) and annual reports are used effectively as means for public disclosure in accordance with the criteria described by the principles.

It is possible to access current information required by the principles, as well as complete access to additional information required by Article 13 of Information on Insurance Contracts Regulation, which was published by the official gazette dated 28.10.2007, numbered 26684, at the corporate website. This has been deemed positive.

Information in the corporate website is simultaneously published in English for international investors.

Independent audit for Company's activities in 2020 has been conducted by KPMG Bağımsız

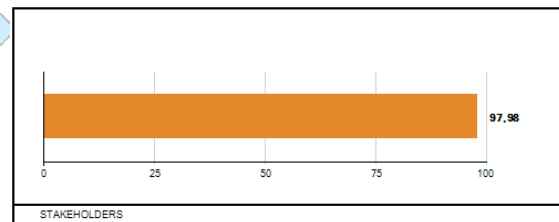
Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. There were no situations in the report – dated 27.01.2021 - that the auditor avoided expressing opinion, expressed conditional opinion or withheld signature. Company officials have told us that no developments took place between the Company and independent audit company and its auditors that might damage independence and that there has been no legal conflict.

The annual report gives sufficient information to shareholders.

Garanti BBVA Emeklilik ve Hayat A.Ş. has determined the basic principles on which it bases its sustainability activities and policies and disclosed them to the public. It has declared on July 14, 2015, that it shall commit to fight a joint struggle within the framework UN Global Compact principles. of these ten basic principles. In order to systematically manage its direct and indirect environmental impact, Garanti BBVA Emeklilik has become the first private pension and life company with ISO 14001 Environmental Management System (EMS) certificate for all its locations.

The benefits provided for Board Members and top managers are not described on individual basis in Annual Reports. This is an area that needs improvement in this section.

#### **STAKEHOLDERS**



As described by Corporate Governance Principles of CMB, this section has been assessed for 57 different criteria under the headings of Company's Policy on Stakeholders, Supporting Participation of Stakeholders in Company Management, Human Resources Policy, Relations with Customers and Suppliers, Ethical Rules and



Social Responsibility. Company's grade in this section has been revised as **97.98**.

The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, public, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations.

Stakeholders are adequately informed on Company policies and procedures to protect their rights. Company's Corporate Website is also used for this end.

There is no direct participation of stakeholders into management. However, it has been learned that face to face meetings are organized with stakeholders to get their opinions in subjects that concern them.

It has also been learned that Employee Polls are conducted to have their opinions on different issues and action plans are made in line with poll results. Employee Support Program, which supports employees 7/24 in dealing with problems they encounter in their business or private lives, has continued.

High and devoted performances of employees with different job descriptions are awarded within the scope of Achievement Program. Achievement Program Committee convened regularly every month to assess candidates. Within the scope of Achievement Program, which is very important in terms of contributing to the corporate culture, 70 employees were awarded this year.

Procedures on recruitment, working conditions, rewarding, disciplinary practices, power and responsibilities of employees, remuneration, health rights, leave rights, promotion, task alteration and dismissal, death, resignation, retirement and training have been developed and it has been seen that the Company sticks to these policies in practice. It has also been determined that the Company carries out training programs to

develop employees' knowledge and talents and training policies have been prepared.

Company's organizational structure, its departments, which are designed in line with business conditions, as well as number and qualities of their staff are regulated with written inner guidelines. Employees' freedom to establish or to become member of an association is not restricted.

Company's Ethics and Integrity Principles cover Garanti Bank's subsidiaries and affiliated companies. Company's Ethics and Integrity Principles, which have been put into operation in 2015, have been prepared with an exemplary integrated approach

Garanti Emeklilik ve Hayat A.Ş. has determined its basic principles for corporate social responsibility activities and disclosed them to public through its website.

Garanti BBVA Emeklilik has been collaborating with Istanbul Directorate of National Education and Boğaziçi University since 2010 at a project called "Our business is to study", which aims to take children away from streets or different workplaces they work and sent them back to school. This corporate social responsibility project continued during this rating period.

In addition to projects that it carries out alone, the Company has been supporting the efforts undertaken by the Turkish National Committee for UNICEF to ensure that all children in Turkey and around the world can access development, health and education services, and have equal rights with their peers since 2017. With this support, Garanti BBVA Emeklilik contributes to long term projects that permanently change children's lives in addition to meeting their basic needs

The Company has been supporting many activities of Community Volunteers Foundation through community volunteer youths since 2006. These activities include helping to repair school buildings in villages, coaching street urchins, helping kids with

limited resources to prepare for exams, teaching literacy at Youth Service Centers and providing computer trainings.

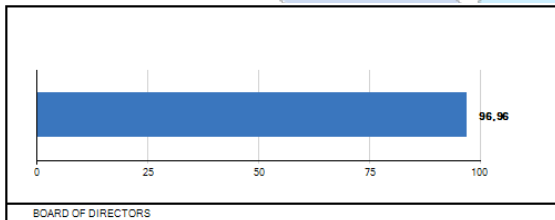
Garanti BBVA Emeklilik supports Mobile Healthcare Services project in collaboration with Ayhan Şahenk Foundation. Within the scope of this project, services in “Eye Health”, “General Medicine” and “Pediatrics” are provided with specially designed mobile units all over Turkey. These services focus on children and people without social security or with limited money resources.

Company’s Social Responsibility projects are conducted on a continuous basis. During the COVID-19 pandemic all stakeholders including employees, dealers and suppliers have been informed about the process and basic precautions have been taken. In this period online communication was made available between management and employees as well as among the employees and motivation was kept high. These factors are the reasons for grade increase in section.

In our opinion, preparation of stock option plans for employees is an area that must improved in this section.

The Company has achieved significant compliance with Corporate Governance Principles in this section.

#### BOARD OF DIRECTORS



In this section the Company has been assessed for 126 different criteria under the headings of Function of the Board, Principles of Activity of the Board, Structure of the Board, Procedure of Board Meetings, Committees formed within the Structure of the Board and Financial Rights

Provided for the Members of the Board and Executives.

Company’s grade in this section has been revised as **96.96**. The Board has the highest level of authority to make decisions, to design strategy and to represent the Company.

The Board of Directors has described corporate strategic objectives and disclosed them to public. The Board comprises 9 (nine) persons. There are 1 (one) executive and 8 (eight) non – executive members. There is no one in the Company with sole and unlimited authority to make decisions. The positions of Chairman of the Board and General Manager are held by separate individuals.

The Board of Directors comprises all non – executive members, except the General Manager, there are four women members, which makes the female ratio 44.4% - much higher than the BIST average, which is 16.81% - in the Board and all committees that the Board is required to establish by corporate governance principles and Articles of Association are active and reporting. These have all been deemed positive.

The Board has established inner control systems including risk management and information systems and processes that will minimize the impacts of risks, which may affect Company’s stakeholders, starting with shareholders. It has been learned that the Board is in the process of reviewing the efficiency of internal control systems and risk management.

It has been seen that the Board of Directors convenes in an appropriate frequency and the meetings take place in accordance with relevant laws and regulations, as well as the Articles of Association. Attendance figures and numbers of decisions are disclosed in the annual report.

It has been learned that the Company did not give any debts or credits to a Board member or an executive or did not let them to use



personal credit through a third party or did not provide any guarantees on their behalf.

Manager Liability Insurance against defects of Board Members and top-level managers while carrying out their duties has been made by MAPFRE for the period between 03.03.2021 and 03.03.2022, meeting conditions of relevant Communiqué. The insurance policy is renewed every year.

According to a document given by Company's Legal Department on 08.11.2021, there are no lawsuits against members of Board because of Company transactions.

It has been observed that the Audit, Corporate Governance, Early Risk Detection and Remuneration committees, specified by the Principles, have been established in order for the Board to carry out its duties in a healthy fashion and their working principles prepared as written documents.

Structure of the Board, number of Women Board Members, establishment and effective running of committees are reasons for grade increase in this section.

The facts that Board members are not assigned to more than one committee and their performances are not measured are seen as areas for improvement in this section.

## 2. COMPANY PROFILE AND CHANGES WITHIN LAST YEAR

### a. Company Profile



<b>Company Name</b>	: Garanti Emeklilik ve Hayat A.Ş.
<b>Company Address</b>	: Mete Cad. No:30 34437 Taksim İSTANBUL
<b>Company Phone</b>	: (0212) 334 70 00
<b>Company Facsimile</b>	: (0212) 334 63 00
<b>E-Mail</b>	: <a href="mailto:MusteriHizmetleri@garantibbvaemeklilik.com.tr">MusteriHizmetleri@garantibbvaemeklilik.com.tr</a>
<b>Company Website</b>	: <a href="http://www.garantibbvaemeklilik.com.tr">www.garantibbvaemeklilik.com.tr</a>
<b>Date of Incorporation</b>	: 1992
<b>Registered Number</b>	: 288647
<b>Paid in Capital</b>	: 500.000.000.-TL
<b>Line of Business</b>	: Preparing contracts for private pension and life insurance, operating in related areas.
<b>Company's Sector</b>	: Insurance and Private Pension
<b>Supervisory Authority</b>	: Capital Market Board (CMB); Insurance, Private Pensions, Regulatory and Supervisory Board (SEDDK)

#### **Company's Representative in Charge of Rating:**

Ahmet KARAMAN

Assistant General Manager

[AhmetKaram@garantibbvaemeklilik.com.tr](mailto:AhmetKaram@garantibbvaemeklilik.com.tr)

(0212) 334 70 00

## Short History of the Company

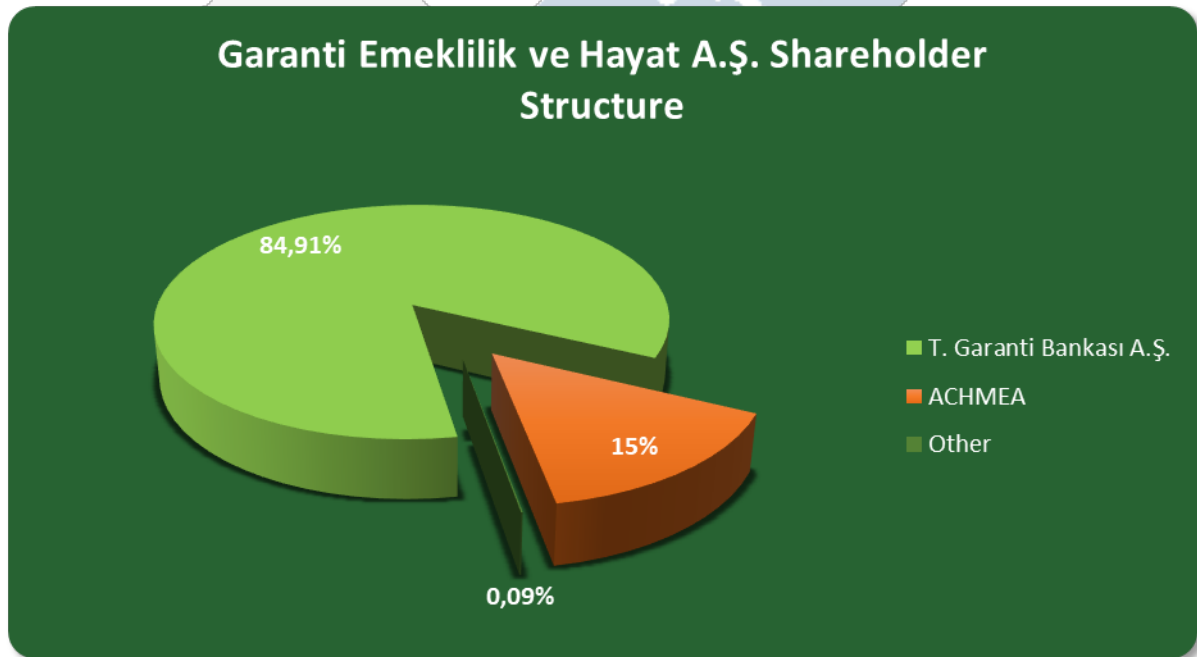
The company was established as “AGF Garanti Hayat Sigorta Anonim Şirketi” on July 24<sup>th</sup>, 1992, with an initial capital of TL 10.000. On May 18, 1999, Company’s title was changed as “Garanti Hayat Sigorta Anonim Şirketi”.

The application of the company, dated 14.11.2002, to transform itself from a life insurance company into a pension company, in accordance with the 2<sup>nd</sup> item of temporary article 1 of Law number 4632 on Private Pension Saving and Investment System, printed on Official Gazette dated 07.04.2001 and numbered 4366, was accepted with the approval of Undersecretary of Treasury on 18.12.2002. Consequently, company’s title was first changed as “Garanti Emeklilik Anonim Şirketi” as it was called in Turkish Trade Registry Gazette, dated 15.01.2003 and then as “**Garanti Emeklilik ve Hayat Anonim Şirketi**”, as it was called in Turkish Trade Registry Gazette, dated 25.03.2014.

Commercial aim of the company is to prepare contracts for private pension and life insurance and to operate in related areas. In accordance with its Articles of Association, the Company has been active personal accident branch since July 1<sup>st</sup>, 2006.

Thanks to the synergy created through collaboration with its main shareholder Garanti Bank, the company became one of the pioneers in the sector in a very short span of time. It provides services through 13 regional directorate, 691 employees and about 884 Garanti Bank branches as of 20.11.2021.

### Shareholder Structure (As of report date)



Source: [www.garantibbvaemeklilik.com.tr](http://www.garantibbvaemeklilik.com.tr)

Shareholder Name	Share (TL)	Share (%)
T. Garanti Bankası A.Ş.	424.566.290	84,91
ACHMEA B.V.	75.000.000	15,00
Other (Eureko Sigorta A.Ş.)	433.710	0,09
<b>Total</b>	<b>500.000.000</b>	<b>100,00</b>

## MAIN SHAREHOLDERS OF THE COMPANY

### GARANTİBBVA

Founded in 1946 in Ankara, Garanti BBVA is Turkey's second biggest private bank as of September 30, 2021, with its consolidated asset size of about TRY 631 billion.

Garanti BBVA is active in all segments of banking including corporate, commercial, SME, private and investment banking, payment systems. It is an integrated financial services group with its international subsidiaries in Netherlands and Romania, alongside with its subsidiaries in life insurance and private pensions, financial leasing, factoring, investment and portfolio management. As of September 30, 2021, Garanti Bank meets all financial needs of its more than 20 million customers through an extensive distribution network including 866 branches in Turkey, eight branches (seven in Cyprus and one in Malta) and 18,486 employees. Thanks to its strong infrastructure supported by latest technologies, the Bank also provides an uninterrupted, integrated multichannel distribution network, comprising 5,323 ATM's, mobile, internet and social banking platforms and an award-winning call center. Its stock is listed in Turkey and depository receipts in UK and USA, listed part of Garanti shares is 50.07% as of 30.09.2021. Always aiming to achieve sustainable growth while creating value for its stakeholders, Garanti builds its strategy over an approach, which is always "Transparent", "Comprehensible" and "Responsible" and continuous improvement of customer experience by providing products and services meeting their needs. Capable and dynamic human resources, uninterrupted investments in technology, innovative products and services that it provides without compromising on quality and customer satisfaction bring Garanti to a leadership position in the Turkish banking sector.

Main shareholder of Garanti Bank is Banco Bilbao Vizcaya Argentaria S.A. (BBVA), with 49.85 % of shares. Founded in 1857, BBVA is a global financial services group focused on customers. The largest financial enterprise of Spain and Mexico, the Group carries out pioneering banking activities in South America and Sunbelt region of USA.

Source: [www.garantibbva.com.tr](http://www.garantibbva.com.tr)

### ACHMEA

With an experience of 200 years, Achmea is a leading international insurance group. One of world's largest insurance companies, Netherlands based Achmea provides financially accessible and comprehensible products and services for its customers with over 18,000 employees in 7 countries.

Achmea is active in all areas and distribution channels of insurance business. It is preferred by every one person out of two in its domestic market, Netherlands. Achmea is the second largest insurance company in Greece and has strong market positions in Turkey, Slovakia, Ireland and Romania. Company's gross signed premium production is EUR 20 billion and its total equity reaches EUR 9.7 billion. Active in non-life insurance, Eureka Sigorta is Achmea's member in Turkey. Thanks to its strong collaboration with Garanti BBVA, Eureka Sigorta is the leader of bank insurance in Turkey.

Achmea signed a partnership agreement with Turkey - based Garanti Bank in March 2007 named Eureka B.V. With this agreement, Achmea has purchased 80% of Garanti Sigorta's non-life insurance

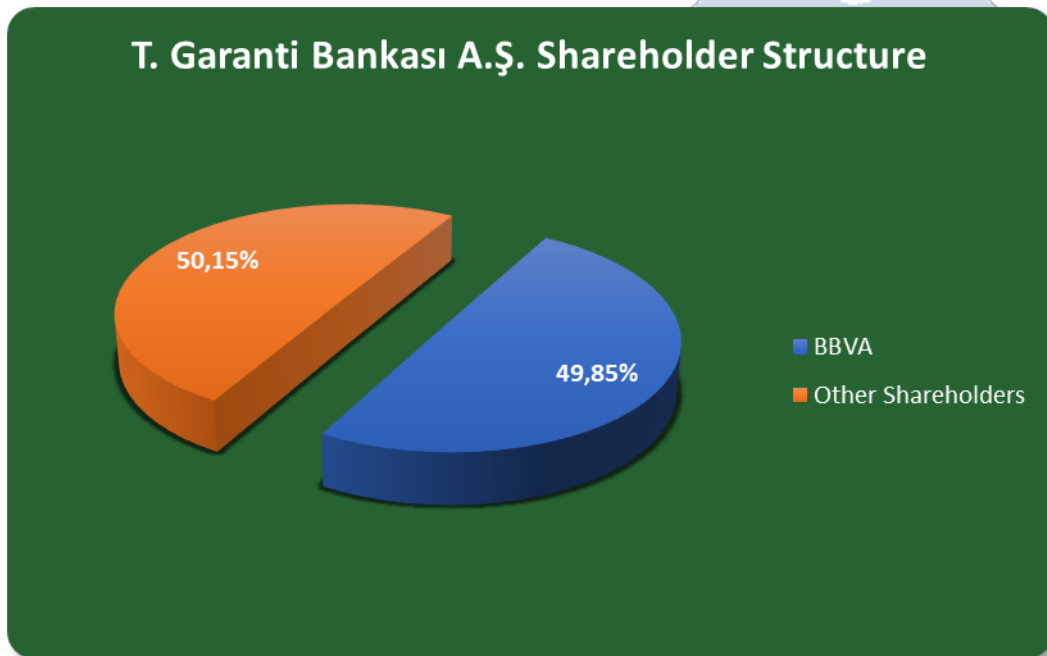
activities and 15% of Garanti Emeklilik's life and pension insurance business. Transfer of shares have started in 2007 with the signing of deal and completed in May 2011. As it is envisioned in the first agreement, Achmea has purchased 20% of Eureko Sigorta from Garanti Bank and became owner of all Eureko Sigorta shares.

Source: [www.garantibbvaemeklilik.com.tr](http://www.garantibbvaemeklilik.com.tr)

#### Shareholder Structure of Garanti Bankası A.Ş. (Main Shareholder)

Shareholder Name	Share	Share (%)
BBVA (BANCO BILBAO VIZCAYA ARGENTARIA, S.A.)	2.093.700.000,00	49,85
OTHER SHAREHOLDERS	2.106.300.000,00	50,15
<b>GENERAL TOTAL</b>	<b>4.200.000.000,00</b>	<b>100</b>

Source: [www.garantibbva.com.tr](http://www.garantibbva.com.tr)



Source: [www.garantibbva.com.tr](http://www.garantibbva.com.tr)

## Board of Directors

Name/ Surname	Title	Executive/ Non-Executive
<b>Recep BAŞTUĞ</b>	Chairman of Board of Directors	Non - Executive
<b>Işıl AKDEMİR EVLİOĞLU</b>	Deputy Chairman of Board of Dir.	Non - Executive
<b>Maria de la Paloma Piqueras HERNANDEZ</b>	Member of Board of Directors	Non - Executive
<b>Bianca TETTEROO</b>	Member of Board of Directors	Non - Executive
<b>Aydın GÜLER</b>	Member of Board of Directors	Non - Executive
<b>M. Cüneyt SEZGİN</b>	Member of Board of Directors	Non - Executive
<b>Sibel KAYA</b>	Member of Board of Directors	Non - Executive
<b>Mahmut AKTEN</b>	Member of Board of Directors	Non - Executive
<b>Burak Ali GÖÇER</b>	Member of Board of Directors and General Manager	Executive

Formation of the Board, Board meetings and decision majorities, duties and powers of the Board, as well as distribution duties is described clearly by Articles 13,14 and 15 of Articles of Association. The changes that took place in the Board during the rating period are described on page 18 of this report. Garanti Emeklilik ve Hayat A.Ş had 20 Board meetings in 2020 and 22 decisions were taken at these meetings. One meeting took place with attendance of 7 members, 9 with attendance of 6 members and 10 with attendance of 5 members. 10 meetings were held as of November 2021 and 29 decisions were taken. According to the written statement taken from Legal Department, dated 08.11.2021, there have been no administrative or legal sanctions on the Company or members of management team due to activities violating regulations.

### COMMITTEES FORMED WITHIN THE BOARD

#### CORPORATE GOVERNANCE COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non- Executive)
Işıl AKDEMİR EVLİOĞLU	Member (Non- Executive)

The Corporate Governance Committee was established in 2011, pursuant to the Circular on Corporate Governance Principles of Insurance, Reassurance and Pension Companies published by the Undersecretariat of Treasury. The Committee is tasked with conducting efforts to ensure compliance with Corporate Governance Principles, work to create a corporate culture in line with this aim, submit proposals to the Board and monitor the Company's compliance with these principles. The Corporate Governance Committee held one meeting in 2020 with all members present.

The duties and authorities of the Corporate Governance Committee include:

- 1- Ensuring that the Company's corporate governance principles comply with the principles of equality, transparency, accountability and responsibility,
- 2- Creating the necessary environment for the Board of Directors and Company management to conduct their activities in a fair, transparent, accountable and responsible way,



- 3- Ensuring that the Company carries out its business activities and processes in a transparent way,
- 4- Protecting stakeholder rights independently from each other,
- 5- Bearing in mind the Company's ethical values, strategic targets and internal balances while deciding on the remuneration policy,
- 6- Taking necessary precautions to enable the exercise of rights resulting from laws, rules and regulations, the Company's Articles of Association and other internal bylaws for the exercise of shareholder rights by the Company,
- 7- Preparing a Corporate Governance Principles Compliance Report every March pursuant to the Circular on Corporate Governance Principles, presenting the report to the Board of Directors and submitting it to the Undersecretariat of Treasury.

Corporate Governance Committee held 1 meeting with attendance of all members in 2020. It held one meeting in 2021.

#### AUDIT COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non- Executive)
İşıl AKDEMİR EVLİOĞLU	Member (Non- Executive)

The Audit Committee consists of two members of the Board of Directors who currently do not have any executive or operational duties. It was set up to assist the Board of Directors in the performance of its audit and oversight functions.

The Committee is responsible for:

- 1- Overseeing the functioning and effectiveness of the activities within the scope of internal systems, on behalf of the Board of Directors,
- 2- Conducting necessary preliminary evaluations for the selection of independent audit firms by the Board of Directors and obtaining information about the activities carried out by these firms if necessary.

Within this context, the duties and authorities of the Audit Committee include:

- 1- Assisting the Board of Directors in carrying out its monitoring task related to internal control, internal audit and risk management,
- 2- Ensuring that the internal audit system operates within the scope and target designated in the Circular on Corporate Governance Principles of Insurance, Reassurance and Pension Companies,
- 3- Evaluating the internal annual audit plan and Inspection Board Regulation prepared by the Inspection Board and approved by the Board of Directors,
- 4- Assessing if Company management shares the importance of internal audit with personnel as required, and determining if a sound internal audit culture has taken root at the Company,
- 5- Obtaining information about the results of the internal audits, which are periodically conducted for the processes by the Inspection Board, for the internal control system and for the application errors and deficiencies.

The Audit Committee held four meetings in 2020 with all members present. It held 3 meetings by the end of November in 2021.

## REMUNERATION COMMITTEE

Name Surname	
Recep BAŞTUĞ	Member (Non-Executive)
Işıl AKDEMİR EVLİOĞLU	Member (Non-Executive)

Operating directly under the Board of Directors, the Remuneration Committee was formed in 2013.

The Committee is responsible for:

- 1- Conducting the oversight and supervision process required to ensure that the Company's remuneration policy and practices comply with applicable laws and regulations and risk management principles,
- 2- Determining and approving salary packages for executive and non-executive members of the Board of Directors, CEO and Executive Vice Presidents,
- 3- Working in coordination with Human Resources or other necessary units to carry out the tasks and responsibilities mentioned above if needed.

The Committee held 5 meetings in 2021.

## EARLY DETECTION OF RISK COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non-Executive)
Işıl AKDEMİR EVLİOĞLU	Member (Non-Executive)

The Committee consists of two members of the Board of Directors who currently do not have any executive or operational duties.

It held two meetings in 2020 and one meeting in 2021. Second meeting is planned for December 2021.

### Top Management

Name/ Surname	Title
<b>Burak Ali GÖÇER</b>	<b>General Manager</b>
<b>K. Çağlayan BAKAÇHAN</b>	<b>Executive Vice President</b> (Legal and Relations with Shareholders, HR, Customer Services and Call Center, Operation, Product Development, Regulations & Actueria and Compliance) Operation, Legal and Shareholder Relations).
<b>Ahmet KARAMAN</b>	<b>Executive Vice President</b> (Fund Management and Collection, Budget and Management Reporting and Financial Affairs).
<b>Aylin EŞKİNAT</b>	<b>Executive Vice President</b> Digital Channel Management and Customer Experience, Business Analytics and Customer Solutions, Digital Transformation and Project Management and Organization and Process Management.
<b>Eda SEVKAR</b>	<b>Executive Vice President</b> (Private, Corporate and Central Sales).

### Balance-Sheet Comparison of Company's Certain Selected Items from two periods

	2019/12	2020/12	Change %
Current Assets	20.027.063.136	26.461.907.209	32,13
Non-Current Assets	72.530.824	65.488.209	-9,70
<b>Total Assets</b>	<b>20.099.593.960</b>	<b>26.527.395.418</b>	<b>31,97</b>
Current Liabilities	18.249.440.132	24.757.643.790	35,66
Non-Current Liabilities	505.319.473	659.368.409	30,48
Equity	1.344.834.355	1.110.383.219	-17,43
<b>Total Liabilities</b>	<b>20.099.593.960</b>	<b>26.527.395.418</b>	<b>31,97</b>

Source: Garanti Emeklilik ve Hayat A.Ş. 2020 Annual Report

### Comparison of Profit / Loss Table of Company's Certain Selected Items from two periods

	2019/12	2020/12	Change %
General Technical Department Balance	418.686.076	494.770.665	18,17
Investment Income	231.946.053	160.991.176	-30,59
Investment Expenses	(49.939.133)	(44.336.311)	11,21
<b>Net Profit/Loss</b>	<b>454.553.435</b>	<b>471.509.681</b>	<b>3,73</b>

Source: Garanti Emeklilik ve Hayat A.Ş. 2020 Annual Report

**Summary Financial Information of the Company for Last Three Years\***

<b>Financial Indicators</b>	<b>2018 (000 TL)</b>	<b>2019 (000 TL)</b>	<b>2020 (000 TL)</b>
BES Fund Size	13.309.050	17.793.619	22.779.000
Technical Provisions	467.622	668.605	864.552
Paid in Capital	53.084	53.084	503.084
Equity	886.905	1.344.834	1.110.383
Total Assets	14.912.288	20.099.594	26.527.395
Life Insurance Premium Production (net)	444.878	774.296	1.025.326
Technical Income Expense Balance	337.218	418.686	494.771
Non - Technical Income Expense Balance	248.938	169.159	115.438
Profit / Loss Before Tax	586.156	587.845	610.209
Net Profit	453.557	454.553	471.509
Av. Return on Assets (%)	3,04	2,65	2,03
Av. Return on Equity (%)	40,13	40,83	46,55

*Source: Garanti Emeklilik ve Hayat A.Ş. 2020 Annual Report*

**Company's Private Pension Information for Last Three Years \***

<b>PENSION</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Pension Fund Size Mio TL	12.892.	17.147.	21.766.
Market Share (%)	14,65	14,39	13,75
Number of Participants	1.150.199	1.105.191	1.112.594
Market Share in Number of Participants (%)	16,72	16,08	16,12
Total Pension Contribution Share Mio TL	8.475.	9.664.	11.851.
Life Premium Production Mio TL	483,7	837,5	1.111,8
Market Share in Life Premium Production (%)	7,08	7,37	7,70

*\*Source: EGM data*

Total assets of Garanti Emeklilik ve Hayat increased by 31.97 % and reached TRY 26.5 billion in 2020. At the end of 2020, its equity became TRY 1,110 million. As of 2021/9, its assets increased by 10.92% in comparison to yearend 2020. A major part of Garanti Emeklilik ve Hayat's profit comes from technical profits, which the Company earns in life insurance and private pension sectors. The Company increased its net profit after tax by 3.73% in 2020 in comparison to the previous year, reaching the level of TRY 471.5 million. Garanti BBVA Emeklilik continued to increase its equity in the period of 2021/9 and reached TRY 1,240.9 million. Its profit became TRY 439.6 million in the same period. Garanti BBVA Emeklilik ve Hayat A.Ş. became the second most profitable Company in the pension sector among private companies in 2020.

### Information on Company Activities

The Company conducts its activities within the framework of Insurance Law No 5684 ("Insurance Law"), which was published by the Official Gazette dated 14 June 2007 and numbered 26552, Private Pension Saving and Investment System Law No 4632 (Private Pension Law"), which was published by the Official Gazette dated 7 April 2001 and numbered 4366 and changed by the Law No 6327 as of 1 January 2013, as well as other regulations. As of 30 September 2017, the Company signs policies / contracts in the branches of Life, Accident and Pensions.

According to data from Pension Monitoring Center, Garanti Emeklilik's fund volume was **TRY 24,238 million** as of **11.11.2021**. On the same date, Company's total Government Contribution Funds volume was at the level of **TRY 3,507.7 million**. According to data from Pension Monitoring Center, there are **1,132,222** participants of Company's pension plans.

Data from Pension Monitoring Center shows that as of **11.11.2021**, Garanti Emeklilik is the **second** Company in the market with a market share of **16.128 %** in terms of number of participants. In terms of fund volume (without government contribution funds), it has the **5<sup>th</sup>** place with a market share of **14.03%**.

Garanti Emeklilik ve Hayat A.Ş. was among the first four companies in Automatic Participation (AP) in terms of number of employees and fund size of employees as of 11.11.2021. Size of sector's total AP funds reached TRY 14,713.1 million as of 11.11.2021. In terms of number of contracts that are put into implementation, Garanti BBVA Emeklilik is the second Company in the market with a share of 14.28%.

Garanti BBVA Emeklilik is a member of Global Compact Turkey, which works to spread responsible corporate citizenship and sustainable organizations and has a leading role in designing the corporate responsibility agenda in Turkey. Garanti BBVA Emeklilik is also a member of BCSD Turkey, which has been working for 16 years to make sustainability one of the core strategies of the business and to increase awareness about the concept of sustainable development. Garanti BBVA Emeklilik supported many projects on different issues including protection of wildlife, climate change and education in 2020. Garanti BBVA Emeklilik donated saplings to the Foundation to Support Forestation and Forest Fire Fighting Services to give life and grow forests in Hatay after the fire that destroyed its trees.

## Changes within Last Year:

### **i. Changes in Articles of Association**

There have been no changes in Articles of Association during the period of rating (24.12.2020-24.12.2021).

### **ii. Dividend Distribution**

Company's dividend distribution process takes place as the Board prepares a dividend distribution proposal (in accordance with Turkish Commercial Code, Tax Regulations and Articles of Association) and presents it for the approval of General Assembly. General Assembly discusses whether it will be distributed, as well as how and when it will be distributed and makes a decision. All disclosures are made in legally required timelines.

The Law on Mitigating the Effects of the Novel Coronavirus on Economic and Social Life and on Changes in Some Laws No 7244, published by the Official Gazette on 17.04.2020, No 31102 and temporary Article 13 added to Turkish Commercial Code No 6102, as well as the decision taken for equity companies about dividend distribution in 2019 general assembly, have required that distribution of the amount which exceeds 25% of 2019 period profit to be delayed until 30.12.2020. This regulation was changed by a Presidential Decree, published by the Official Gazette on 17.11.2021, No 2948 and the time period, which was described by the first item of temporary Article 13 added to Turkish Commercial Code No 6102, was extended for 3 months and distributions were postponed until the end of 2020. At the General Assembly meeting on 31.03.2020 it was decided to distribute TRY 700,000,000 million to shareholders. General Assembly also decided to distribute TRY 310,000,000 million at the meeting on 31.03.2021. Both dividends were paid to shareholders on 19.04.2021.

### **iii. Policies and Internal Arrangements**

During our rating period (24.12.2020-24.12.2021), Garanti Emeklilik ve Hayat A.Ş.'s Asset Investment Policy, Reputation Risk Policy, Risk Metrics Limit and Warning procedure and Internal control, Risk Management and Compliance Committee Guidelines, Insurance Risk Management General Policy and Conflict of Interest Policy were approved unanimously by the Board at the meeting dated 10.12.2020, No 576. Company's policies which have been disclosed to public did not change during the rating period.

### **iv. Management and Organization**

Management and organizational changes during our rating period are described below.

At the Board meeting dated 17.03.2021, No 565, it was decided to accept resignations of Board members Didem BAŞER and Javier Bernal Diosis and to appoint Işıl AKDEMİR EVLİOĞLU and Aydın GÜLER to complete rest of their terms and to present their membership for voting at the first coming General Assembly meeting. At the Board meeting dated 26.03.2021, No 593, it was decided to accept Board Member Cemal ONARAN's resignation (due to a new assignment) on 26.03.2021 and to replace him with Sibel KAYA to complete rest of his term and to present her membership for voting at the first General Assembly meeting. It was also decided to assign Işıl AKDEMİR EVLİOĞLU to Corporate Governance, Audit and Early Detection of Risk Committees to replace Cemal ONARAN. On



26.02.2021, with Board decision No 585, Aylin EŐKİNAT was appointed for the empty position of Executive Vice President, starting from 01.03.2021.

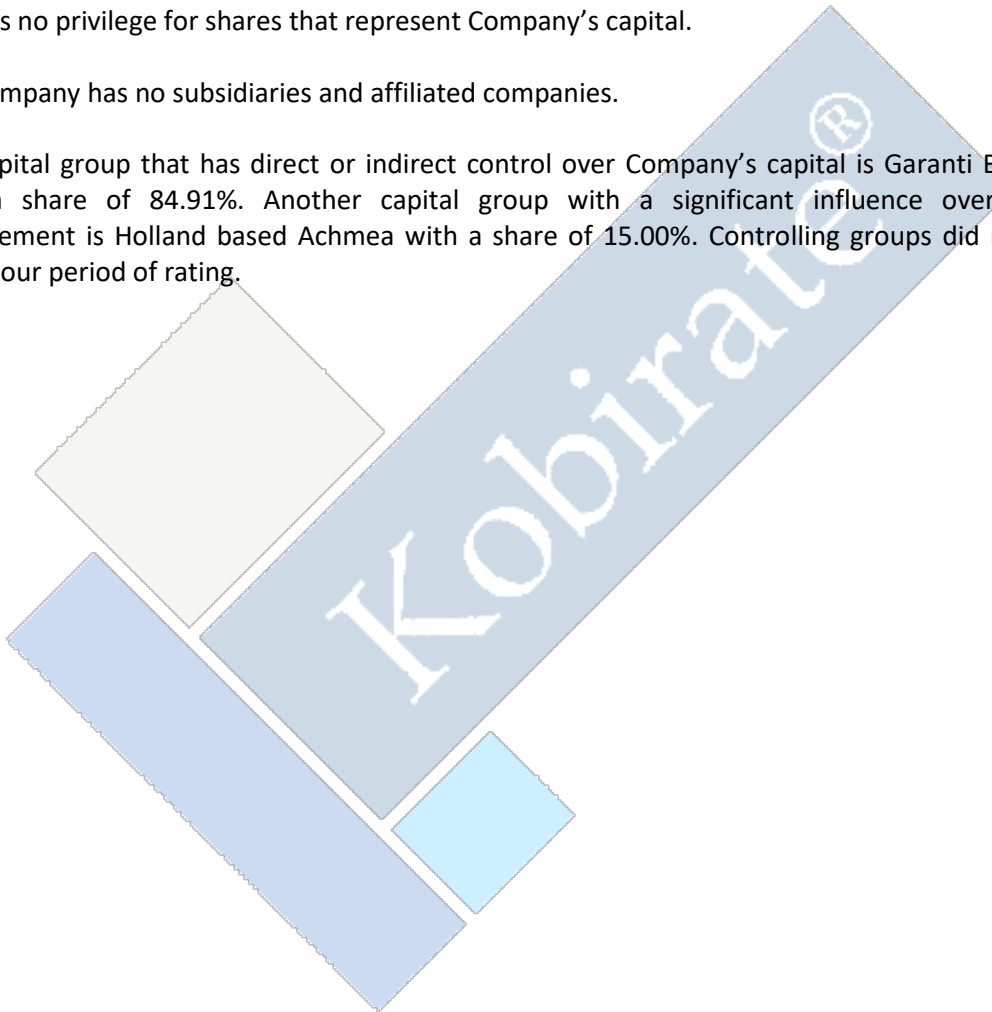
**v. Other**

Company's capital is TRY 500,000,000. It is divided into 50,000,000,000 shares, each of which is worth 1 Krs. Previous capital, which was TRY 50,000,000 was fully paid and capital increase of TRY 450,000,000 was paid from Extraordinary Reserve Funds Account, which is among Company's internal resources. These amounts are recorded in Kuzey Yeminli Mali Műşavirlik Ve Bağımsız Denetim A.Ő.'s Determination of Internal Resources that can be Added to Capital report dated 24.02.2020, No: YMM 1281-322/4868-23. In return for total TRY 450,000,000, shareholders were given free of charge share in proportion to their shares.

There is no privilege for shares that represent Company's capital.

The Company has no subsidiaries and affiliated companies.

The capital group that has direct or indirect control over Company's capital is Garanti Bank Group with a share of 84.91%. Another capital group with a significant influence over Company management is Holland based Achmea with a share of 15.00%. Controlling groups did not change during our period of rating.



### 3. 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.

There are four basic principles of corporate governance in OECD Corporate Governance Principles. These 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 and 2014, according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "implement or disclose", 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 – quoted companies.

The methodology takes into consideration the criteria stated in CMB's Corporate Governance Directive, no II-17.1, dated January 3<sup>rd</sup> 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

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

In the process of rating, **350** different criteria are considered to measure the compliance of Unquoted Companies with the corporate governance principles.

Such criteria are translated into the Kobirate A.Ş.'s unique Corporate Governance Rating Questionnaire.

According to CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, the following rates are

applied in the new Corporate Governance Compliance Rating:

**Shareholders 25 %**

**Public Disclosure and Transparency 25 %**

**Stakeholders 15 %**

**Board of Directors 35 %**

CMB has sent its notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452, on CMB decision dated 01.02.2013 and numbered 4/105 to our company, which required adding new questions into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements of CMB issued good corporate governance principles – bringing 85 % of full points at most – will be included in the rating grade.

The 2014/2 revised corporate governance compliance rating methodology, created by our company, is restricted if the minimum conditions of corporate governance principles – declared in CMB notification of Corporate Governance dated 03.01.2014 – are met and all criteria is evaluated within same category. In this case all criteria are restricted to 85 % of the full points that the related criterion would get in that subsection. As the company applies and internalizes the criteria stated in corporate governance principles and our company finds out other good corporate governance criteria complied and practiced by the company; our rating system completes the section ratings to 100.

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 unsatisfactory compliance with CMB’s Corporate Governance Principles in the existing structure.

**4. KOBİRATE ULUSLARARASI KREDİ DERCELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ**  
**A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS**

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. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably 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. Under these conditions, the Company is not eligible for inclusion in the BIST Corporate Governance Index.</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 appear to be at a level that might cause the investor to incur material losses.</p>

