



Corporate Governance Compliance Rating Report



Garanti Emeklilik ve Hayat A.Ş.

3 November 2014

Validity Period 03.11.2014-03.11.2015

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate International Credit Rating and Corporate Governance Services Inc for Garanti Emeklilik ve Hayat A.Ş., is compiled in accordance with the criteria stated in CMB's Corporate Governance Directive, no II-17.1, dated January 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

It has been prepared by taking into consideration the criteria laid down in CMB's Corporate Governance Directive numbered II – 17.1, printed on Official Gazette numbered 28871 and dated 03.01.2014; as well as Board decisions taken at the CMB meeting on 01.02.2013, numbered 4 / 105 and Treasury Directive on Corporate Governance Principles for Insurance, Reassurance and Retirement Companies issued on 27.04.2011 and numbered 2011 / 8.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group and Third Group companies and investment partnerships, 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 International Credit Rating and Corporate Governance Services Inc. is based on 67 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate International Credit Rating and Corporate Governance Services Inc. 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 International Credit Rating and Corporate Governance Services Inc. 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 Inc. 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 International Credit Rating and Corporate Governance Services Inc. This report cannot be printed in writing and electronically, reproduced and distributed without our permission.

TABLE OF CONTENTS

1. Rating Result and Summary of Rating Process	3
2. Rating Methodology	6
3. Company Profile	8
4. Sections of Rating Process	
A. Shareholders	14
a. Facilitation of the Shareholders' Rights	14
b. Right to Obtain and Review Information	15
c. Right to Attend the General Assembly	15
d. Voting Right	16
e. Minority Rights	16
f. Dividend Right	16
g. Transfer of Shares	16
B. Public Disclosure and Transparency	17
a. Internet Website	17
b. Annual Report	18
C. Stakeholders	20
a. Company Policy Regarding Stakeholders	20
b. Supporting Stakeholders' Participation in Company Management	21
c. Company Policy on Human Resources	21
d. Relations with Customers and Suppliers	22
e. Ethical Rules and Social Responsibility	22
D. The Board of Directors	24
a. Function of the Board of Directors	24
b. Operating Principles of the Board	25
c. Structure of the Board	25
d. Mode of Board Meetings	25
e. Committees Formed within the Board	26
f. Financial Benefits Provided to the Directors and Top Executives	28
5. Corporate Governance Compliance Grades and Descriptions	29



GARANTİ EMEKLİLİK VE HAYAT A.Ş.

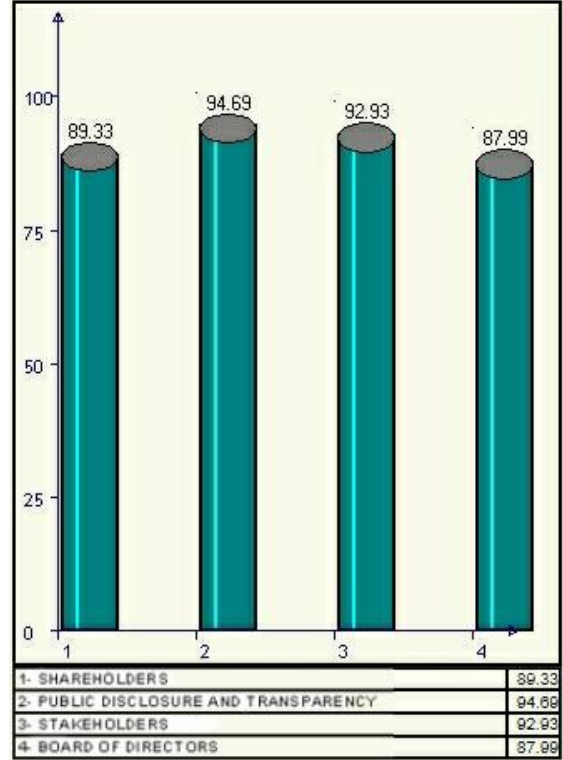
**CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

9.07

Kobirate A.Ş. Contact:

Burhan TAŞTAN(216) 3305620 Pbx
burhantastan@kobirate.com.tr

www.kobirate.com.tr



1. RATING SUMMARY

The process of rating of compliance of **GARANTİ EMEKLİLİK VE HAYAT A.Ş** with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.S., through onsite examinations of the documents, interviews held with executives and persons involved, and of other reviews.

At the end of examination of **350** criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors as specified in the CMB's Corporate Governance Principles and the methodology of Kobirate A.S., developed for BIST Unlisted Firms, the Corporate Governance Compliance Rating Grade of **GARANTİ EMEKLİLİK VE HAYAT A.Ş.** is determined as **9.07**.

This result signifies that **GARANTİ EMEKLİLİK** has achieved a considerable compliance with the CMB's Corporate Governance Principles; internal control systems have been created and working; possible risks for the company have been determined to a considerable extent and actively controlled; shareholders' rights are being treated fairly; high level compliance with corporate governance principles in Public Disclosure and Transparency has been achieved; Stakeholders' rights are being treated fairly and the structure and mode of operation of Board of Directors are in compliance with corporate governance principles; the result also expresses a need for some improvements while it doesn't pose major risks.

In view of rating process under main headings in brief;

It is observed that the company has obtained a grade of **89.33** in respect to Shareholders' Section. It is confirmed that the company in general has achieved a good level of compliance with the CMB Corporate Governance Principles. The existence of Investors Relation Department, non existence of practices in Partnership management, which makes private audit difficult, timely and duly convention of general assembly, non existence of privileges in voting rights avoidance of practices that make it difficult to exercise the voting right are salient positive achievements

It has been appreciated that **GARANTİ EMEKLİLİK** who gained **94.69** for Public Disclosure and Transparency has provided access to several current data on the corporate internet website, which are specified in the principles and provided all information in full in addition to those specified in the 13th article of Directive on disclosure in Insurance contracts, dated 28.10.2007 and printed on Official Gazette number 26684.

Annual reports, prepared rather comprehensively, have been found successful and sufficient in terms of content.

GARANTİ EMEKLİLİK has displayed a very good level of compliance with the principles covering public disclosure and transparency.

It is observed that the company reached the grade of **92.93** for the Stakeholders' Section.

The Company has achieved considerable compliance with the CMB's Corporate Governance Principles in respect to this section. A human resources policy is established; regulations are made and disclosed to the employees including recruitment, job descriptions, performance appraisal, promotion, awarding, leave and social benefits.

It is observed that job processes and standards are set forth and that the customers are informed of such processes.

Compensation policy has been prepared for employees and disclosed to public.

Procedures for outsourcing in terms of products and services are laid down in written documents.

Ethical Business Rules are set forth and introduced to employees to act pursuant to such rules. It has been seen that the company has been implementing important social responsibility projects.

As for the Board of Directors Section, the Company's grade is **87.99**, representing a considerable level of compliance with the CMB's Corporate Governance Principles.

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

The posts of Chairman of the Board and Chief Executive Officer are held by separate individuals and nobody in the company has unlimited authority to make decisions alone.

The Board convenes regularly and procedures for meetings are incorporated in both the Articles and internal directives.

It has been observed that the Audit and Corporate Governance and Remuneration committees referred to in the Principles have been formed, their working principles appear in written documents and presented for the approval of general assembly.

On the other hand, there are other important indications of compliance with the Principles such as the fact that Board comprises adequate non-executive members as well as women members and that guidelines for remuneration of top executives are set forth and have been disclosed in the corporate website.



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.

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 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

In Garanti Emeklilik ve Hayat A.Ş.'s Rating of Compliance with Corporate Governance Principles, Treasury Directive on Corporate Governance Principles for Insurance, Reassurance and Retirement Companies issued on 27.04.2011 and numbered 2011 / 8 has been taken into consideration in addition to relevant directives of CMB.

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

BIST Unlisted Firms with the corporate governance principles.

Such criteria are translated into the Kobirate A.S.'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 internalize 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.

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	: Garanti Emeklilik ve Hayat A.Ş.
Company Address	: Mete Cad. No:30 34437 Taksim İSTANBUL
Company Phone	: (0212) 334 70 00
Company Facsimile	: (0212) 334 63 00
E-Mail	: GEMusteriHizmetleri@garantiemeklilik.com.tr
Company Website	: www.garantiemeklilik.com.tr
Date of Incorporation	: 1992
Registered Number	: 288647
Paid in Capital	: 50.000.000.-TL
Line of Business	: Preparing contracts for individual retirement and life insurance, operating in related areas.
Company's Sector	: Insurance and Individual Retirement

Company's Representative in Charge of Rating:

Salih İLERİ

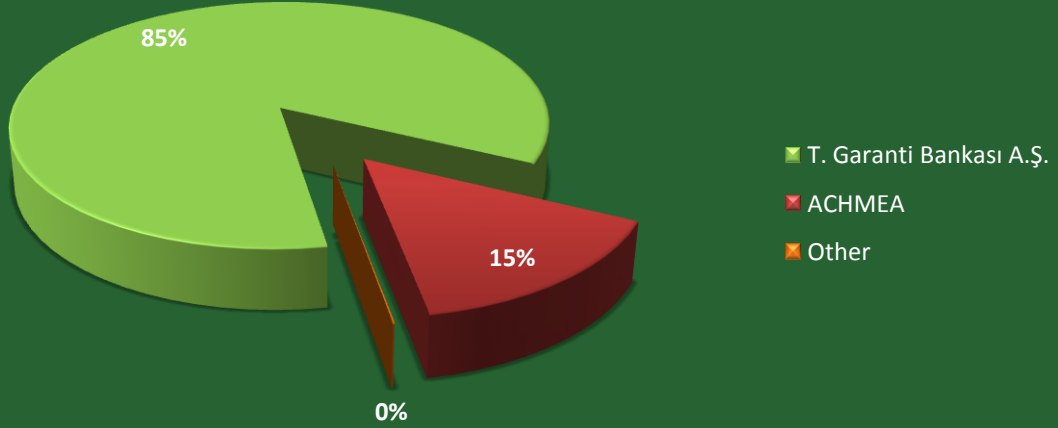
Financial Affairs Unit Manager

SalihI@garantiemeklilik.com.tr

(0212) 334 7030

Shareholders Structure (As of report date)

Garanti Emeklilik ve Hayat A.Ş. Shareholder Structure



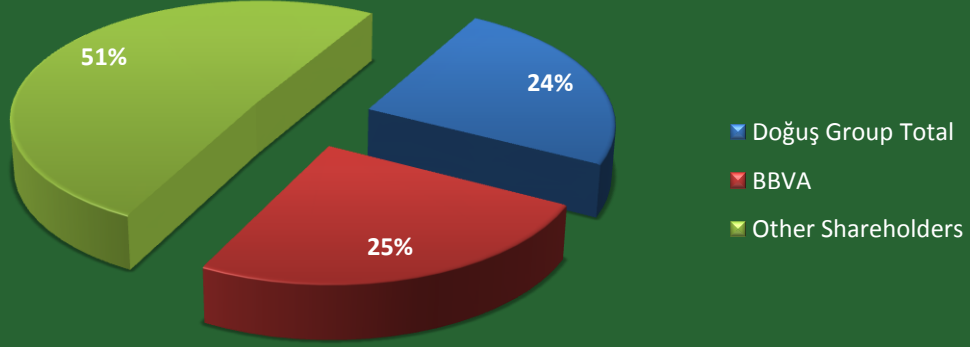
Source: www.garantiemeklilik.com.tr

Shareholder Name	Share(TL)	Share (%)
T. Garanti Bankası A.Ş.	42.456.190	84,91
ACHMEA	7.500.000	15,00
Other	43.810	0,09
Total	50.000.000	100,00

Main Shareholder T. Garanti Bankası A.Ş. Shareholder Structure

Shareholder Name	Share(TL)	Share (%)
Doğuş Grubu Toplam	1.017.476.545,20-	24,2256
BBVA (Banco Bilbao Vizcaya Argentaria S.A)	1.050.420.000,00-	25,0100
Other Shareholders	2.132.103.454,80-	50,7644
Total	4.200.000.000,00-	100,00

T. Garanti Bankası A.Ş. Shareholder Structure



Source: www.garantiemeklilikcom.tr

Company Board of Directors

Name/ Surname	Title	Executive/ Non Executive
S. Ergun ÖZEN	Chairman	Non - executive
Gökhan ERÜN	Deputy Chairman	Non - executive
Erhan ADALI	Member	Non - executive
H. Murat AKA	Member	Non - executive
Onur GENÇ	Member	Non - executive
Manuel Pedro Galatas Sanchez HARGUINDEY	Member	Non - executive
Maria de la Paloma Piqueras HERNANDEZ	Member	Non - executive
F. Nafiz KARADERE	Member	Non - executive
Johannes Antonius NIJSSEN	Member	Non - executive
M. Cüneyt SEZGİN	Member	Non - executive
Cemal ONARAN	Member and General Manager	Executive

Top Management

Name/ Surname	Title
Cemal ONARAN	General Manager
K. Çağlayan BAKAÇHAN	Assistant General Manager (HR, Purchasing and Administrative Affairs, Organization, Process and Project Management, Customer Services and Call Center)
Ahmet KARAMAN	Assistant General Manager (Fund Management, Budget and Reporting, Financial Affairs)
E. Yasemen KÖNE	Assistant General Manager (Customer Relations Management, Marketing and Strategic Planning, Corporate Communication and Digital Marketing, Central Sales)
Cemşit TÜRKER	Assistant General Manager (Product Development and Actuarial, Operation, Law and Relations with Shareholders)
Kaan GÜNAY	Individual Sales, Corporate Sales

COMMITTEES FORMED WITHIN THE BOARD

CORPORATE GOVERNANCE COMMITTEE

M. Cüneyt SEZGİN
Gökhan ERÜN

AUDIT COMMITTEE

M. Cüneyt SEZGİN
H. Murat AKA

REMUNERATION COMMITTEE

Gökhan ERÜN
Manuel Pedro Galatas Sanchez Harguindey

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

	2012/12	2013/12	Change %
Current Assets	4.207.116.083-	5.293.293.485-	25,82
Non –Current Assets	16.741.913-	25.307.539-	51,16
Total Assets	4.223.857.996-	5.318.601.020	25,92
Short Term Liabilities	3.588.097.319-	4.528.838.464-	26,22
Long Term Liabilities	64.447.727-	82.873.799-	28,59
Eqüsty	571.312.950-	706.888.757-	23,73
Total Liabilities	4.223.857.996-	5.318.601.020-	25,92

Source : Garanti Emeklilik ve Hayat A.Ş. 2013 Annual Report

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

	2012/12	2013/12	Change %
General Technical Department Balance	120.049.378-	136.936.987-	14,06
Investment Income/Spending (Net)	40.681.390-	41.718.685-	2,55
Other Operations Income/Spending (Net)	1.808.429-	(4.340.059)-	-339,99
Net Profit/Loss	129.046.426-	137.980.697-	6,92

Source: Garanti Emeklilik ve Hayat A.Ş. 2013 Annual Report

Summary Financial Information of the Company for Last Three Years

Financial Indicators	2011(000 TL)	2012(000 TL)	2013(000 TL)
BES Fund Size	2.345.410-	3.324.797-	4.249.324-
Technical Provisions	159.487-	226.326-	246.776-
Paid in Capital	53.084-	53.084-	53.084-
Equity	442.130-	571.313-	706.889-
Total Assets	3.023.728-	4.223.858-	5.318.601-
Life Insurance Premium Production (net)	152.628-	233.056-	257.075-
Technical Income Expense Balance	109.467-	120.049-	136.937-
Non - Technical Income Expense Balance	32.278-	42.489-	37.379-
Profit / Loss Before Tax	141.744-	162.539-	174.316-
Net Profit	112.606-	129.046-	137.981-
Return on Assets (%)	4,69	3,85	3,28
Return on Equity (%)	32	28	25

Source: Garanti Emeklilik ve Hayat A.Ş. 2013 Annual Report

Brief History of the Company

The company was established as “AGF Garanti Hayat Sigorta Anonim Şirketi” in July 24th 1992, with an initial capital of TL 10.000. In 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 retirement company, in accordance with the 2nd item of temporary article 1 of Law number 4632 on Individual Retirement 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 individual retirement and life insurance and to operate in related areas. In accordance with its Articles of Association, the Company has been active individual accident branch since July 1st, 2006.

Thanks to the synergy created through collaboration with its main shareholder Garanti Bank and its group, Doğuş, the company became one of the pioneers in the sector in a very short span of time. The company provides services through 18 regional directorate and almost 1,000 Garanti Bank branches.

Information on operations

The company conducts its operations in compliance with Insurance Law number 5684, printed on Official Gazette dated 14.06.2007, numbered 26552 and Individual Retirement Saving and Investment System Law number 4632 printed on Official Gazette dated 07.04.200, numbered 4366, as well other regulations. As of December 31st 2013, the company signs policies and contracts in the branches of life, individual accident and retirement.

With the decision of Board, dated 28.06.2003 and after the approval Capital Markets Board, the company founded 6 retirement investment funds. Within the framework of Fund Portfolio Management Service Contract signed by both sides, these funds are being managed by Garanti Portföy Yönetimi A.Ş. At the establishment of the funds, the company allocated a capital advance of TL 2.150.000 for them.

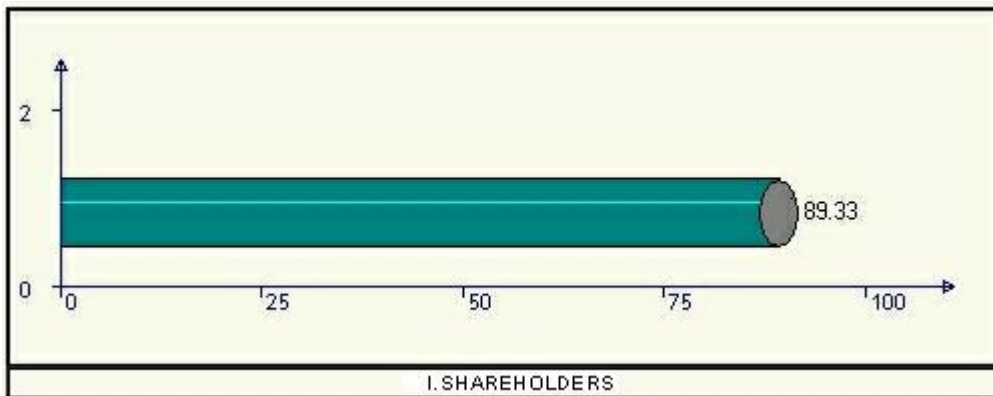
As of December 31st, 2013 the company had a total of 21 retirement funds.

As of yearend 2013, the company has reached 18.5 % market share and 762,000 participants.

It is expected that Garanti Emeklilik would increase its performance after 25 % contribution share based government support took place of tax promotion as of January 1st, 2013, covering all participants.

As of yearend 2013, the company’s fund volume became TL 4 billion and the number of participants reached 762,000 Annual increase of participants has been 152,000

4. RATING SECTIONS A. SHAREHOLDERS



Overview

- ✓ A unit has been established to continue relations with shareholders on a healthy basis.
- ✓ General Assemblies are held in accordance with regulations and main contract
- ✓ There is no privilege in voting right.
- ✓ There are no regulations that make the use of voting rights difficult
- ✓ Dividend policy is established and disclosed to public.
- ✓ Internal regulations are prepared on the operation principles and modes of general assembly and approved by the general assembly.
- ✓ Donations and Aid policies are prepared and presented for the approval of the General Assembly
- ✗ There are restrictions in transfer of shares.

In this section, as stated CMB's Corporate Governance Principles, the company was evaluated on 93 different criteria, including **Facilitation of Shareholders' Rights**, shareholders' right for **Information and Scrutiny**, 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 **89.33** points.

a. Facilitation of Shareholders' Rights

Relations with shareholders are conducted by Lawyer Pelin Gvener in Legal Counsel Department. She directly reports to Deputy General Manager Cemit Trker.

It has been found that aforementioned people have adequate qualifications in terms of knowledge and experience required for the task, that they play an effective role in protection and facilitation of shareholders' rights, the right to obtain and review information in particular.

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

It is confirmed that the Company has achieved full compliance with the principles in this subsection.

b. Right to Obtain and Review Information

The information required for the proper exercise of shareholders' rights are presented to the shareholders and to this end the company's web site www.garantiemeklilik.com.tr; is used efficiently.

It has been seen that inquiries of shareholders - through phone and / or other means of communications - have been responded in the shortest time and sufficient care has been given for them to obtain and review information.

The "Disclosure Policies", approved by the board, appear on the website, explaining in detail the shareholders' right to get and review information under the aforementioned policies.

There is no regulation and practice at shareholders' right to obtain and review information to be cancelled or constrained by the Articles and/or a decision by any corporate organ.

Although there are no regulations and practices to make difficult for shareholders' to use their right to demand appointment of a special auditor in the general assembly; there is no regulation in the main contract on this issue. However the issue is put in legal protection through 438th and 439th articles of Turkish Commercial Law.

c. Right to attend the General Assembly

Due to the practices in the general assembly, the company has adjusted a good compliance with many principles hereunder.

It has been found that general assembly announcements are done at least 3 weeks before the meeting, as required by regulations and Main Contract. The general assembly to discuss the operations of 2013 took place within the first three months of 2014. In 2014 ordinary general assembly was

convened on 21.03.2014. Board decision for this meeting was taken on 28.02.2014.

The examination of documents on ordinary and extra ordinary general assemblies that took place in 2014 and interviews with company officials has shown that general assemblies took place in compliance with the relevant articles of law numbered 6102.

Upon examination of general assembly minutes and attendance records, it has been found that the items on the agenda were separately voted and the results were shared with shareholders before the closure of the meeting.

It has also been noted that the chairman of the meeting has taken great care to have the issues of the agenda expressed objectively, comprehensively, clearly and simply. Shareholders have been able to express their opinions and ask questions under equal circumstances.

It has been determined that during the preparation of agenda, headings were expressed clearly in order to avoid different interpretations and care has been given not to use words such as "other" or "various".

General assemblies are held at the company's head office in a suitable for meeting.

The company's internal directive of Operational Principles and Modes of General Assembly contains information that apart from shareholders and / or their representatives, guests can also attend meetings.

Aid and donation policies of the company have been prepared and presented for the approval of General Assembly on 21.03.2014. Information on donations and aids given in 2013 has been disclosed at the General Assembly.

d. Voting Right

Neither the Articles 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.

There are no privileges in voting right. One share gives right for one vote.

It is possible for the shareholders' to exercise their voting right in person or by proxies, whether member or not at the general assemblies, the members are submitted with the specimen proxies to be used for this purpose at firm's headquarters and on corporate internet website.

The company officials expressed that the voting method is arranged in the Articles and shareholders are also informed on the subject at the meetings.

The company doesn't have a subsidiary with mutual relationship which brings sovereignty.

In this subsection, **Garanti Emeklilik** has achieved a high level compliance with the principles.

e. Minority Rights

There has not been any violation of exercise on minority shareholders' rights as attendance to the general meeting, representation by proxy, imposition of no upper limit for voting rights. In this manner it is found that care is given to the exercise of minority rights.

f. Dividend Right

Dividend practices of the company are regulated in 22nd and 23rd articles of the Main Contract. According to these regulations there are no privileges in dividend distribution.

2013 Annual Report gives this information: "On dividend distribution policy; the Board of Directors prepares the dividend offer within the framework of Turkish Commercial Law, Tax Regulations and our Main Contract, and presents it to General Assembly for approval. General Assembly discusses issues of whether there will be dividend distribution and how and when it will be done if there will be any and makes decisions on these issues. All announcements are done within legal time tables in compliance with regulations.

From its establishment until 31.12.2013, the company didn't give any dividends; all profits have been transferred to auxiliary resources."

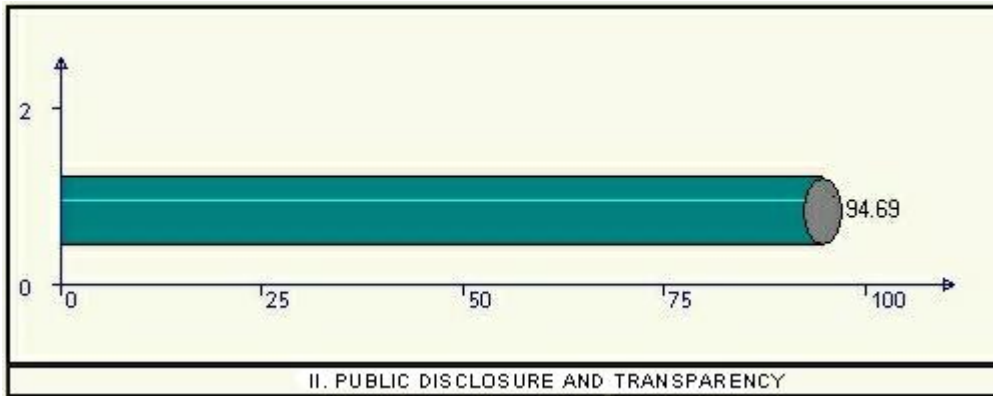
About this subsection; it is believed that it would be positive to develop the dividend policy that has been approved in 2014 ordinary general assembly, in compliance with principles.

g. Transfer of Shares

The restrictions on transfer of shares are explained in detail in the 9th article of the company's Main Contract.

The article includes the scope of restriction and mutual responsibilities of both Garanti Bankası A.Ş. and Achmea to each other.

B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ Disclosure policies have been revised and announced to the public in electronic media.
- ✓ The corporate internet website is being used effectively as a tool to update and enlighten the public within the context of the principles.
- ✓ Information in the website has also been prepared in English.
- ✓ Annual report is prepared comprehensively and includes much information on company.
- ✓ It fulfills its responsibilities in Public Disclosure and Transparency related to Internet website and Annual report, determined by Treasury Directive 2011 / 8 for insurance companies.

As for this section, the Company has been assessed by 74 different criteria under the headings of Internet Website and Annual Report as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **94.69**.

a. Internet Website

Garanti Emeklilik, fulfills its public announcements under its Public Disclosures

Policies developed by the board and shared with public.

With the disclosure policy and the means through which it is implemented, it is aimed to enable public institutions, company shareholders, current and potential investors, customers and other stakeholders to reach correct and full information in time and under equal circumstances.

The information to be disclosed to public is presented to public in the corporate internet website in such a way that it allows people and institutions that will use the information to reach it in time, in a correct, full, comprehensible and interpretable, as well as easily accessible with low cost fashion and it helps them to make their decision.

Company owned website

(www.garantiemeklilik.com.tr) is updated continuously and being used as an active and effective platform to enlighten the public.

Information in company's website is consistent with the declarations made as a part of regulatory provisions and contains no conflicting or missing information.

On the company's website, along with information bound to be disclosed by regulations; commercial registry info, the shareholding and management structure as of

the latest situation, dates and numbers of commercial registry newspapers where changes were published along with the final text of company's Articles of Association, financial reports, annual reports, agendas of general assembly meetings, the lists of attendees, the proceedings of the assemblies, the specimen Proxy, disclosure policy, corporate governance principles that the company is committed itself, corporate social responsibility policies, human resources policies, ethical rules developed by the company, information requests, questions and notifications and answers given under frequently-asked questions title.

All information required in addition to information demanded by the 13th article of Directive on Disclosure in Insurance Contract, dated 28.10.2007 and printed on the Official Gazette numbered 26684 is fully presented in the corporate website of the company.

This information on the website is also being published in English for international investors and partners to utilize.

Garanti Emeklilik has won First Awards in Golden Spider Web Awards, which has been organized regularly since 2002.

At the Golden Spider Web Awards, where hundreds of companies applied in 35 categories, the company's website www.garantiemeklilik.com.tr was chosen as the Best Website in "Insurance". The company also received the first awards in the same category in 2010 and 2011.

In this subsection **Garanti Emeklilik** has achieved a very good level compliance with the principles.

b. Annual Report

It is clear that **Garanti Emeklilik** board of directors has prepared the annual report about the company's activities in such a way that comprehensively provides complete and correct information.

Annual reports since the establishment of the company are being shared with the shareholders and the public on electronic media.

In addition to topics quoted in regulations and other sections of corporate governance principles, the annual report includes;

Information about ongoing jobs of the board members outside the company,

Information about regulation changes that might significantly affect company's operations,

Information about the sector that company operates in and about the its position within the sector,

Evaluation of financial situation, profitability and power of compensation,

Explanations on sanctions and penalties taken against the company,

Information about dividend policy and on the reason in case if there will be no dividend, as well as information on the use non distributed profit in such a case,

Information about number of board meetings during the year, as well as the attendance of board members to these meetings,

Information on company's internal audit systems and operations, as well as board's assessments in this issue,

Social rights and professional training of employees, as well as other company activities that have social and environmental impacts and corporate social responsibility activities,

Information about donation and aids given by the company during the year, as well as spending within the scope of social responsibility projects,

Information of financial rights provided for the board members and other information mentioned in principles.

In this subsection **Garanti Emeklilik** has achieved a very good level compliance with the principles.

It is seen that the board prepares annual reports in compliance with directives of Treasury, "Directive on Determining the Minimum Content of Companies' Annual Report" by Ministry of Customs and Commerce, printed on the Official Gazette, dated 28.08.2012 and numbered 28395, other regulations and articles of CMB's "Declaration on Determining and Implementing Corporate Governance Principles ", numbered II-17- 1, printed on Official Gazette, dated 03.01.2014 and numbered 28871.

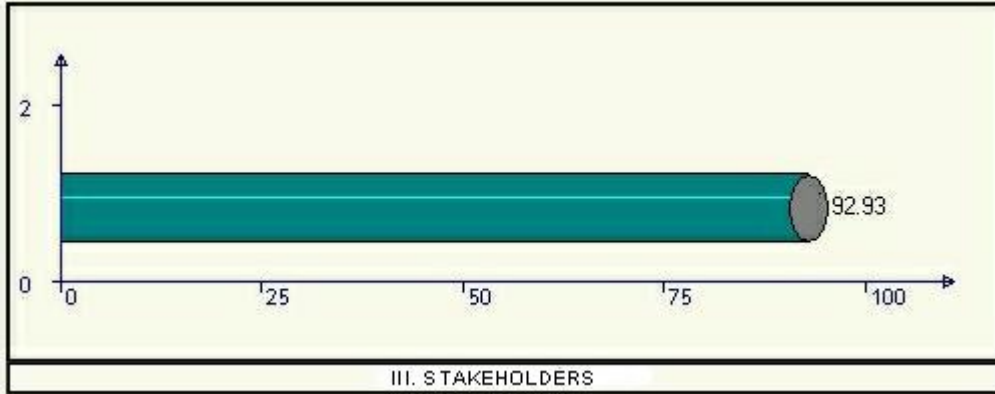
The company's 2013 Annual Report received the Golden Award at Annual Report Competition (ARC), which is accepted as the Oscar awards for annual reports and organized by the American MerComm, a company setting standards for perfection in the field of communication.

Bringing communication professionals together in New York every year, 28th ARC had more than 3,000 applications from over 30 countries in 2013. Garanti Emeklilik ve Hayat A.Ş. 2013 Annual Report won the "Golden Award" in the category of Non – Traditional Annual Report in insurance

Garanti Emeklilik 2013 Annual Report also received Best Annual Report awards in two different categories at the League of American Communications Professionals (LACP) Vision Awards, organized by LACP. It was awarded with "Platinum" ve "Best Annual Report Cover Platinum", the most prestigious award in EMEA region insurance category. The report was chosen as the 56th best report worldwide in all categories and 21st best report in EMEA region.

Organized annually since 2001 and accepted as the highest level award in the field of annual reports, LACP Vision Awards received applications from hundreds of companies and institutions, over 20 countries and evaluated more than 1,000 reports this year.

C. STAKEHOLDERS



Overview

- ✓ Ethical Rules have been formed and disclosed through electronic means.
- ✓ There are no regulations to complicate stakeholders' rights
- ✓ Many subjects concerning human resources policy, customers and stakeholders are internally regulated.
- ✓ Employees are provided with a safe and pleasant working environment.
- ✓ There has been no complaint by employees about discrimination and using rights.
- ✓ The company has created CSR Policy and disclosed to public via corporate website.
- ✓ Care is given to confidentiality of information about customers and suppliers on trade secret basis
- ✓ Compensation Policy has been formed and disclosed to public via corporate website.

As for this section, the Company has been assessed by 57 different criteria under the headings of **Company Policy Regarding Stakeholders, Supporting Stakeholders' Participation in Company Management, Company Policy on**

Human Resources, Relations with the Customers and Suppliers, Ethical Rules and Social Responsibility as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **92.93**.

a. **Company Policy Regarding 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 **GARANTİ EMEKLİLİK** protects the stakeholders' rights specified in regulations and mutual agreements.

The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and scope of company's resources, taking company reputation into consideration.

Stakeholders are adequately informed on company policies and procedures to protect their rights. Necessary mechanisms have been formed for the stakeholders to convey operations contrary to company's regulations and ethically improper to Corporate Governance and Audit Committees.

The company has prepared Compensation Policy towards employees, taking the Labor Law, dated 22.05.2003 and numbered 4857, as reference. After the approval of policy by the board it was disclosed to stakeholders at the general assembly, on 21.03.2014. number has been developed and disclosed to public via corporate website.

In this subsection **Garanti Emeklilik** has complied with the principles.

b. Supporting Stakeholders' Participation in Company Management

On the subject of taking opinions of stakeholders and employees' participation in management in issues concerning the company, the company gets professional consultancy services. Within the scope of the project, titled, "Development Starts with Me", company organizes weekly meetings with employees. Every week the employees can share their opinions and suggestion on issues concerning all employees over the link GEGelisimBendenBaslar@qarantiemeklilik.com.tr as part of an agenda. The following week those who share their opinions work more on these issues by coming together or over phone. Then all suggestions of improvement are evaluated, concrete steps to take are determined and shared with employees.

It has been learned that opinions on subjects like Performance Evaluation and Education were received so far and new arrangements have been done in accordance with results.

In this subsection the company has achieved a good level compliance with the principles.

c. Company Policy on Human Resources

Procedures on recruitment, working conditions, register files, disciplinary practices, power and commitment of employees, remuneration, health rights, leave rights, promotion, task alteration and dismissal, death, resignation, retirement and education has been developed and it's been observed that the company sticks to these policies in practice.

Both during development of the policies and practice we got the impression that equal opportunity is given to individuals under equal conditions.

Recruitment and career planning procedures have been developed and tradition to comply with these procedures has been developed.

Performance and reward criteria have been established and disclosed to employees, in determination of benefits provided to employees the mentioned criteria is followed.

The company implements education programs to increase knowledge, capability and experience of the employees and prepares education policies.

In the period of 11 months until November 2013, 8,544 days of education took place. Number of education days per person was 8.5 days in 2013.

We have been informed that adequate information is given to employees on subjects such as financial situation of the company, remuneration, career, education and health.

The company's organization chart has been formed according to working conditions and units and number and qualification of

employees for these units have been determined with written internal regulations.

It has been learned that as of August 2014, 888 people were employed at the headquarters and 18 regional directorates.

We reached the information that the employees are provided a safe working environment and conditions and that there exists no discrimination among employees in terms of race, religion, language and gender.

The authorities declared that regulations for employees are updated where necessary and shared with the employees.

Employee stock-options schemes are not developed.

There is no restriction on the freedom of founding association after taking permission. Employees are not member of any trade-union.

In this subsection **Garanti Emeklilik** has achieved a considerable level compliance with the principles.

d. Relations with Customers and Suppliers

The relations with customers and suppliers continue on the basis of detailed contracts.

Information and documents obtained from customers and suppliers during the activities are kept confidential within the scope of trade secret security, not to be reached by unrelated individuals.

In this subsection the company has achieved a very good level compliance with the principles.

e. Ethical Rules and Social Responsibility

Business Ethic Rules required to be complied by all employees are laid down, which is

approved by the Board and appears on the company website. When an unethical behaviour is detected, disciplinary and penalty sanctions to be applied are set forth in regulations, disciplinary directives and labour contracts.

Garanti Emeklilik has prepared its corporate social responsibility policies and conducts its activities within this framework.

Together with Istanbul Provincial Directorate of National Education and Boğaziçi University, Garanti Emeklilik has been conducting corporate social responsibility project, called "Our Job is to Study" since 2010. The project aims to take the kids on the street or working in different jobs back to school.

In the academic year of 2013-14, the project was implemented in 10 schools in 7 regions where child labor was used extensively (Avcılar, Bağcılar, Beyoğlu, Esenler, Esenyurt, Küçükçekmece ve Sultangazi) and many working kids and their families were reached.

Within the scope of the project, over more than 4 years about 4,000 students and their parents were reached in 12 boroughs and 34 schools of Istanbul. With the support of teachers and through meetings inside and outside of schools, as well as academic, social and cultural activities it is aimed to strengthen kids' bounds with their schools.

The children received academic support through twice a week extra courses and got the opportunity to develop their communication and self expression skills by sportive, cultural and social activities.

Thanks to project, "Our Job is to Study", 524 children left their jobs to go back to their schools and step into a brighter future.

Through regular meetings within the scope of this project, the consciousness of parents is being raised on the fact that earning a living is not their kids' responsibility, but theirs and that kids' attendance to school is very important.

A Drama Workshop was also launched within the scope of this project in cooperation with Uygur Children Theatre. At Drama Workshop trainers came together with children twice a month at the schools and organized workshops on subjects like "better defining oneself", "empathy" and "compliance of togetherness".

Alongside this corporate social responsibility project Garanti Emeklilik ve Hayat A.Ş. also conducts another one.

The company implements "Mobile Health Services Project" in cooperation with Ayhan Şahenk Foundation. The project supports primary school students all over Turkey in categories of "Eye Health", "General Health" and "Child Health" by using specially designed modern health vehicles. Although the project targets primary school students first it also involves poor people with no social security coverage.

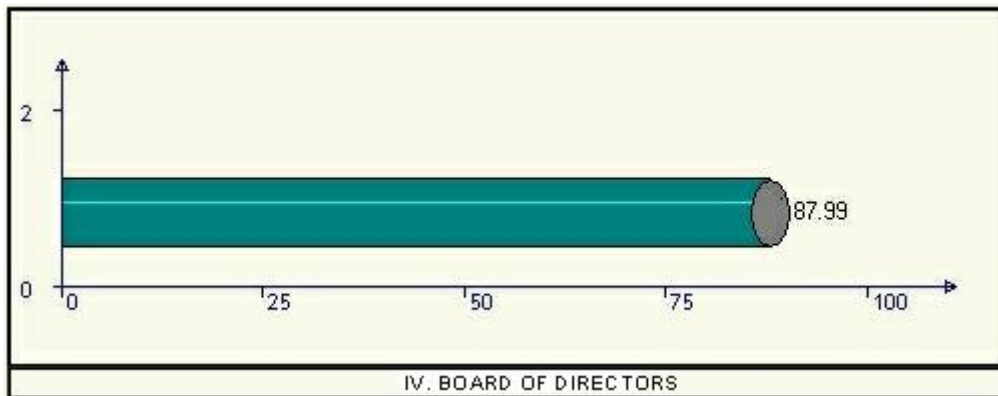
Since 2006, support for activities like youth helping school restorations or coaching street kids, preparation poor family kids for SBS and LYS exams, teaching reading and writing in Youth Service Centers and computer courses continue in cooperation with Community Volunteers Foundation.

Garanti Emeklilik also helped to add "Banking and Insurance" section to the curriculum of Kapadokya Vocational College. An old building of the college was also restored by the company and put into service as "Garanti Emeklilik Library".

It has also been learned that company managers have been giving lectures on individual retirement system and life insurance at Kapadokya Vocational College since the academic year of 2008-2009 and the company has been supporting students to get Individual Retirement Intermediary Certificate. The company also helps the students to get ready for business life through internships and employment opportunities.

It has been found positive that Garanti Emeklilik ve Hayat A.Ş.'s corporate social responsibility projects are sustainable and they reach masses in the fields of Education and Health.

D. BOARD OF DIRECTORS



Overview

- ✓ **Company's strategic targets, human and financial sources it requires are determined by the Board of Directors.**
- ✓ **The posts of Chairman and CEO are carried out by separate individuals and there isn't any person with solely unlimited authority in the company.**
- ✓ **The number of Board Members is adequate for them to work productively and constructively.**
- ✓ **Majority of Board Members are non-executives.**
- ✓ **Every Board Member has one vote.**
- ✓ **There isn't any loan/credit involvement between Board Members and company.**
- ✓ **Corporate Governance, Audit and Remuneration Committees have been established and working principles are determined.**
- ✓ **There is one women member of the board.**

- ✗ **There is no practice of self-criticism and performance evaluation for Board Members and rewarding or sacking them in the light of these assessments.**

In this section, the Company has been assessed by 126 different criteria under the headings of **Function of the Board, Operating Principles of the Board, Structure of the Board, Mode of Board Meetings, Committees formed within the Board and Financial Benefits Provided to the Directors and the Top Executives** as laid down by the Capital Market Board's Corporate Governance Principles, for which the Company has gained the grade of **87.99**.

a. Function of the Board

By the strategic decisions it will take, the Board manages and represents the company keeping the risk, growth and return balance with paying attention to company's long term interest in particular under a reasonable and prudent risk management approach.

In this sense, the Board has described the corporate strategic objectives, and determined the required human and financial resources.

The Board monitors company activities to be suitable to regulations, main articles, internal procedures and policies generated and audits management performance.

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

In this subsection **Garanti Emeklilik** has achieved a high level compliance with the principles.

b. Operating Principles of the Board

The Board has developed internal control systems including risk management, IT systems and processes to minimize effects of risk on stakeholders, starting with shareholders. It is learned that the Board reviews at least once a year the effectiveness of risk management and internal control systems.

None of company's staff has the authority to decide solely and unrestrictive. Posts of Chairman of the Board and CEO are hold by different individuals.

Our impression is that the Board 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. To this end, the Board is in close cooperation with the Shareholders' Relations Department.

The duties and powers of Board are put into the Main Contract in a clearly and definable fashion, distinguished from those of managers and general assembly. These duty descriptions largely comply with principles.

It's observed that the Board is in continuous and effective cooperation with managers and they attend Board meetings whenever necessary while performing their duties and responsibilities.

Manager Liability Insurance (within the group) amounting to over 25% of the capital against defects of Board Members duties have been made.

In this subsection the company has achieved a rather good level of compliance with the principles.

c. Structure of the Board

Company's Board is formed with 11 members, one being the Chairman. The requirement of at least 5 members to form the Board has been met and the number of Board Members found sufficient to serve effectively and constructively and to form and arrange organization of committees.

The Board comprises executive and non-executive directors, and the principle that majority of directors should be non-executive is respected. 10 members of the board, except the general manager, are non – executive.

On the other hand, existence of one woman member has been seen as a positive factor. However, it will be appropriate to determine a target ratio for women members – no less than 25 % - , a deadline and policies to reach these targets and report progress on these targets annually to the Board.

In this subsection **Garanti Emeklilik** has achieved a good level compliance with the principles.

d. Mode of Board Meetings

The mode of Board meetings is regulated in the 13th article of the Main Contract.

Numbers of Board meetings, required majority to convene and to take decisions are written in the Main Contract.

Garanti Emeklilik ve Hayat A.Ş. Board of Directors held 33 meeting in 2013. 5 of these meetings convened with 11, 1 with 9, 16 with 7, 9 with 6 and 2 with 5 members.

In the first 8 months of 2014 the Board of Directors held 16 meetings.

Each member is entitled with one voting right and there are no members with privileges or veto power.

Upon examination of records and inquiries at the office, it has been found that board meetings are held in accordance with regulations and Main Contract's arrangements on board meetings.

Mode of the Board meetings is not made written in company internal regulations. It would be appropriate to do so as soon as possible.

In this subsection **Garanti Emeklilik** has achieved a good level of compliance with the principles.

e. Committees Formed within the Board

In order for the Board to fulfill its duties and responsibilities soundly, Auditing Committee, Corporate Governance Committee and Remuneration Committees are formed. A separate Nomination Committee hasn't been established because of the Board's structure. These duties are carried out by Corporate Governance Committee.

Working rules of Corporate Governance Committees is determined accordingly.

Board of Directors determined the committee's duties, working principles and which members to be consist of in written documents, which were approved in the general assembly and disclosed to public via electronic means.

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

Committees invite appropriate executives to their meetings to benefit from their opinions.

Corporate Governance Committee was established in 2011 according to Treasury's Directive on Corporate Governance Principles in Insurance, Reassurance and Retirement Companies, as well as the CMB Corporate Governance Principles.

The Committees duties are to conduct the necessary work in order to ensure compliance with principles, to make suggestions to the board for this purpose and to monitor company's compliance with principles.

The Committee convened twice in 2013 with full participation of members. One meeting was held in the first 8 months of 2014 with full participation of members.

The Committee consists of 2 (two) members. The chairman and one member are non – Executive directors.

Corporate Governance Committee's duties and powers are described as below:

To form company's Corporate Governance Principles according to the principles of equality, transparency, accountability and responsibility,

To create the necessary environment in which the board and managers can conduct their activities in a fair, transparent, accountable and responsible fashion,

To ensure that company conducts all business transactions transparently,

To protect stakeholders' rights independent of each other,

To take company's internal balances, ethical values and strategic targets in determining remuneration policies,

To make sure that the company takes necessary measures to allow shareholders to use their rights stemming from regulations, Main Contract and other internal regulations,

To prepare the report on Compliance with Corporate Governance Principles every year in March, in accordance with Treasury Undersecretariat's Directive on Corporate Governance Principles,

To present the report to the Board and share it with Treasury Undersecretariat.

Corporate Governance Committee also carries out the tasks of Nomination Committee.

The Audit Committee has been established to help the Board in executing its duties of audit and monitoring and it consists of two non - executive Board members.

There was full participation of members in the 4 meetings that the Audit Committee did in 2013. In the first 8 months of 2014 the Committee convened 4 times with full participation of members.

Internal Audit Unit operations are conducted by the Review Committee to ensure that company's operations are being conducted in accordance with relevant laws and regulations, as well as internal strategies, policies and targets, and to assure the Board about effectiveness and performance of internal control and risk management systems. Reporting directly to the Board within the company organization, Inspection Board's principles are independence and being risk – focused.

Internal audit activities are conducted within the framework of Internal Audit Plan, which is based on risk assessments and approved by the Board of Directors and the results are shared with Board of Directors via the Audit Committee.

The Review Committee also aims to find out deficient and faulty practices and to prevent their reoccurrence and to provide opinions and suggestions to help efficient and productive use of Company sources.

Internal Control is managed by the General Manager; however ultimately it reports to the Board of Directors. Its activities are supervised regularly by the Internal Audit Unit, which also reports to the Board of Directors, and assessed by the Audit Committee.

The aim is to ensure the fullness of company's written processes and job descriptions, as well as their compatibility with legal regulations. The compatibility of activities with written regulations is being monitored through periodical controls. Corrective and preventive actions are determined according to the results of controls. The aim is to analyze mistake concentrations according to their sources (process, system, person) and to make improvements by taking necessary actions. The results are regularly shared with relevant units and top management.

Remuneration Committee was established in 2013, directly reporting to the Board of Directors. Gökhan Erün and Manuel Pedro Galatas Sanchez Harguindey were elected as members. The Committee convened once in 2013.

The Remuneration Committee met three times in the first 8 months of 2014 with full participation of its members.

Tasks and responsibilities of the Remuneration Committee include; conducting required monitoring and supervising activities to ensure that remuneration policies and practices are in line with current laws and regulations, as well as risk management principles; determining and approving salary packages of executive and non – executive Board Members, General Manager and Deputy General Managers; if necessary, working in coordination with HR or other units in order to carry out aforementioned tasks and responsibilities.

Although the Board of Directors did not established an Early Detection of Risk Committee, the operational and financial risks that the company faces are being determined, measured and monitored by the Directorate of Internal Control and Risk Management. Activities, controls, results and measures to be taken are regularly being reported to top management and Audit Committee.

The committees comprise following persons:

Audit Committee

Name Surname	
M.Cüneyt SEZGİN	Member (Non – Executive)
Murat AKA	Member (Non – Executive)

Corporate Governance Committee

Name Surname	
M.Cüneyt SEZGİN	Member (Non – Executive)
Gökhan ERÜN	Member (Non – Executive)

Remuneration Committee

Name Surname	
Gökhan ERÜN	Member (Non – Executive)
Manuel Pedro Galatas Sanchez Harguindey	Member (Non – Executive)

In this subsection, apart from the need to establish Early Detection of Risk Committee, the Company has generally achieved compliance with the Corporate Governance Principles of CMB.

f. Financial Benefits Provided to the Directors and the Top Executives

Guidelines on compensation of the Directors and top executives are written and disclosed to public in the electronic environment. Relevant internal regulation was approved by the Board of Directors and presented for the approval of the General Assembly on 21.03.2014.

Remuneration and all other benefits provided to directors and top executives are disclosed in the annual report without making any distinctions between persons, board of directors or top executives.

If this information is given by making a distinction between board of directors and top

executives it will be more appropriate in terms of compliance to principles, although it is not necessary to make distinction on personal basis.

It is found that the Company has not lent and extended loan to any Director or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favour of them.

The non – existence of practice of awarding or dismissing board members on the basis of their performance is determined as an area in need of rearrangement in this subsection.

5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME 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 recognised 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.</p> <p>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
<p style="text-align: center;">4-5,9</p>	<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>
<p style="text-align: center;">< 4</p>	<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>