

Corporate Governance Principles Compliance Report

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our company firmly believes that Corporate Governance Principles are as critical as financial performance, and that putting these principles into practice bears utmost importance both for the development of national and international capital markets and for the best interests of our company.

Our company implements the principles that are set as compulsory principles by the Corporate Governance Communiqué Serial: II-17.1.

Within this context, the company's Articles of Incorporation do not cover provisions stipulating;

- Stakeholder participation in the company's management,

- Expansion of the scope of minority rights beyond the provisions of applicable legislation.

Hence, minority rights are not represented on the Board of Directors.

Since the company's Articles of Incorporation do not include a provision about making donations, the company does not have a donations policy.

Our company does not have a specific policy for the number of woman members on the Board of Directors.

The principles that are not yet implemented, which are exceptional, have not led to any conflict of interest among the stakeholders to date.

No changes were made to the company's Articles of Incorporation at the Annual General Assembly Meeting convened on 24 March 2015 in accordance with the

provisions of the Turkish Commercial Code no. 6102.

The assessment and determinations of the level of compliance achieved by our company to the corporate governance principles, and opinions regarding the scope of the compliance level and ideas on its qualitative improvement are presented below.

PART II – SHAREHOLDERS

2.1 Shareholder Relations Department

An Investor Relations Unit has been set up in the company in 2005. Messrs. Fatih Gören, Murat Tetik, Barış Hüseyin Şafak and Cem Çözer have been serving in the Investor Relations Unit.

The head of the unit is Mr. Fatih Gören, Deputy Chief Executive, who also serves as a member of the Corporate Governance Committee.

Contact information for our employees working in this unit is as follows.

Name	Title	Phone No	E-mail Address
Mr. Fatih Gören	Deputy Chief Executive	0 850 744 00 55	fgoren@anadolusigorta.com.tr
Mr. Murat Tetik	Manager	0 850 744 02 55	mtetik@anadolusigorta.com.tr
Mr. Barış H. Şafak	Supervisor	0 850 744 02 54	bsafak@anadolusigorta.com.tr
Mr. Cem Çözer	Specialist	0 850 744 01 64	ccozer@anadolusigorta.com.tr

This unit plays an active part in the protection of shareholding rights and facilitates their exercise, mainly regarding the right to obtain and review information, and establishes the communication between the Board of Directors and shareholders. All of the employees serving in the Investor Relations Department possess the required licenses.

The Investor Relations Department reports its activities to the Board of Directors four times a year, on a quarterly basis.

In essence, the Investor Relations Department works to;

- Ensure maintenance of the records about Shareholders in a healthy, secure and up-to-date manner,

- Respond to the Shareholders' and potential investors' written information requests about the company, apart from those that are not publicly disclosed, are of a confidential and/or commercial secret nature,
- Make available to the shareholders such information and disclosures that may have an effect on the exercise of shareholding rights on the company website in an up-to-date manner
- Ensure that the General Assembly Meetings are convened in accordance with the applicable legislation, the Articles of Incorporation and other internal regulations,
- Prepare the documents the Shareholders could make use of in the General

Assembly,

- Ensure that the results of the voting are recorded and the reports thereon are communicated to the Shareholders,
- Observe and monitor the fulfillment of all liabilities arising from the capital market legislation, including all requirements in relation to corporate governance and public disclosure,
- Ensure representation of our company in investor relations meetings organized in Turkey or abroad by international establishments through participation in such events,
- Prepare the presentation materials to be used in meetings.

In 2015, all verbal and written information queries received from researchers and our investors in relation to our company and/or to publicly disclosed financial statement results were answered. Requests for meetings received during the reporting period from national and international investment companies were accepted and necessary information was provided. " During 2015, the company participated in one roadshow and three investor conferences, and held a total of seven teleconferences and 40 investor meetings, 28 of them with foreign investment companies. In these meetings, presentations were made on our sector and our company, and the investors' questions were answered.

2.2 Shareholders' Exercise of Their Right to Obtain Information

All information queries of our Shareholders are answered, apart from those that are trade secrets or undisclosed information.

Information requests received from our shareholders are addressed by our employees in the shareholder relations unit, and are prudently responded to in a timely, accurate and complete manner, on condition that trade secrets and confidential information shall be protected.

Information on the topics our Shareholders frequently need and developments that might affect the exercise of their rights are posted in English and Turkish languages on our website accessible at www.anadolusigorta.com.tr.

Pursuant to applicable legislation, minority Shareholders are entitled to request the General Assembly to appoint a special auditor for examining certain events.

In 2015, our Shareholders did not request appointment of a special auditor from the General Assembly of Shareholders.

Our Articles of Incorporation contain no provisions stipulating the request for appointment of a special auditor as an individual right. On the other hand, each shareholder's request to have a special auditor appointed is reserved, provided that

such shareholder satisfies the requirements under Article 438 of the TCC.

In view of the fact that the General Assembly of Shareholders must honor the request for the appointment of a special auditor pursuant to the legislation and that such request constitutes one of the exceptions to the principle of adherence to the meeting agenda, it is assessed that the stipulation of the request for the appointment of a special auditor as an individual right in the Articles of Incorporation will be considered in the future depending on the developments, based on the concern that in practice it might lead to problems with respect to maintaining the confidentiality of trade secrets and/or undisclosed information.

It is believed that all information necessary for healthy exercise of Shareholders' rights is made available to our Shareholders on our website, in our annual report and material event disclosures in general, and through individual queries, in particular.

The Shareholders' queries in relation to the legal and commercial relationships between our company and the real persons or legal entities with which our company is directly or indirectly associated in terms of capital, management or auditing are also fulfilled to the extent permitted by the applicable legislation.

All information that might affect the Shareholders' exercise of their rights is made available to the same on our Internet site in an updated manner, with a view to expand their right of obtaining information.

2.3 Information About General Assembly Meetings

In 2015, one General Assembly meeting was convened which was the 2014 Annual General Assembly meeting held on 24 March 2015.

The said meeting was held with the participation of Shareholders representing 67.1% or a portion of TL 335.7 million of our paid-in capital of TL 500 million.

While the company's Board Directors, other relevant individuals, officials and auditors responsible for drawing up the financial statements, an official from the Independent Audit Company auditing the financial statements of the company and some employees participated in the meeting, other stakeholders or media representatives did not attend the meeting.

The announcement on the meeting invitation including the meeting place, date, hour, agenda, and a specimen of a proxy statement was published at least three weeks prior to the meeting date in the Turkish Trade Registry Gazette, Posta and Habertürk daily newspapers, at www.anadolusigorta.com.tr, Central Registry Agency (CRA) and Public Disclosure Platform (in Turkish: KAP).

Care is taken that General Assembly announcements cover:

- The meeting date and hour
- The meeting place,
- Agenda,
- Necessary information about the agenda items,
- Former and current versions of the amended article(s) as approved by the related authorities, if the agenda covers any amendments to the Articles of Incorporation,
- The body making the invitation,
- The reason for postponement of the original meeting and the meeting quorum for the current one, if the General Assembly is summoned to reconvene upon postponement of the original one for any reason,
- In ordinary meeting announcements, the address at which the annual report, financial statements, and other documents related to the General Assembly can be examined.



Financial statements and reports including the annual report; informative documents on the General Assembly meeting agenda items for which there was a need, and other documents underlying the agenda items; the latest version of the Articles of Incorporation and the amendment text, if applicable, and the grounds therefor, shall be made available at the company headquarters and branches for review by our shareholders from the date of the announcement summoning the General Assembly.

All information and documents related to the General Assembly meeting are also accessible on the company website at the address www.anadolusigorta.com.tr. The following are also posted on the company website: total number of shares reflecting the company's shareholding structure and voting rights; grounds for the dismissal or substitution of Board Director(s) and information on individuals to be nominated to the seats on the Board of Directors, if the General Assembly meeting agenda contains such dismissal, substitution and/or election; additional items requested to be incorporated in the agenda by shareholders, Capital Markets Board (CMB) and/or other government authorities and agencies that govern the company; the relevant Board of Directors decision, if the agenda covers changes to the Articles of Incorporation and the former and new versions thereof.

During 2015, neither the shareholders possessing management control, nor Board Directors, nor senior executives, nor their spouses or relatives by blood or marriage unto the second degree engaged in any transactions, on their own or other's behalf, that might lead to a conflict of interest with the company and/or its subsidiaries. If such a transaction is planned, then prior approval shall be sought and information shall be provided at the General Assembly meetings.

In the event that transactions, for which the affirmative votes of the majority of independent Board Directors are required and the approval of which has been referred to the general assembly by reason

of dissenting votes cast, information shall be provided on the General Assembly decision regarding the actions taken in relation to such transactions. During 2015, there were no transactions that had not been approved by the majority of independent Board Directors.

To facilitate participation in the General Assemblies, utmost attention is paid to fully comply with the points stipulated by the legislation, and it is believed that our shareholders are not faced with any difficulties with regard to participation in General Assemblies. To date, no notifications to the contrary were received from our Shareholders, either.

The shareholders were informed that the company did not make any charitable donations or grants during the reporting period under a specific agenda item at the General Assembly Meeting.

Minutes of the General Assembly meeting are delivered to the shareholders upon conclusion of the meeting, and are made available in Turkish and English languages for electronic access at our website at www.anadolusigorta.com.tr, in order to keep non-participating shareholders informed.

In the preparation of the General Assembly agenda, care is paid to include each proposal under a separate heading, to word the agenda headings clearly and in a manner to avoid different interpretations, and not to insert any agenda items like "others" or "various" as also prohibited by the applicable legislation.

For Shareholders who will have themselves represented in the General Assemblies in proxy, a specimen of a proxy statement is publicized along with the meeting announcements, and is also made available to Shareholders on the electronic medium.

Topics that are communicated by our shareholders to the company's Investor Relations Unit, which they would like to be included in the agenda, are considered by the Board of Directors in the preparation of the agenda.

Pursuant to the applicable legislation and to the Articles of Incorporation, ordinary general assembly must be held within three months following the end of each fiscal year.

In line with our Articles of Incorporation, General Assemblies are held in the place where our company headquarters is located and at a venue that will enable participation by all our Shareholders.

Total number of votes that may be cast during the General Assembly is classified on the basis of Shareholders and provided to the Shareholders at the beginning of the meeting by means of their insertion in the list of attendants.

Questions posed by our Shareholders to the Board of Directors are answered, provided that such questions are essential for exercise of shareholder rights and are not trade secrets.

The General Assembly Chairman chairs the meeting efficiently and in a manner to ensure that Shareholders can exercise their rights.

Care is taken to answer every question raised during the General Assembly by the shareholders during the same meeting. If the question raised is not relevant to the agenda or is too comprehensive to be answered promptly, then the Investor Relations Department provides written answers within no later than 15 days. All questions raised during the General Assembly Meeting and the answers provided thereto are publicly disclosed on the company's website within 30 days following the date of the General Assembly, the latest.

Directors, authorized employees responsible for the preparation of financial statements and auditors, and other relevant people to offer explanations on the agenda topics that are of specialty spend their best efforts to be present in the meeting.

In General Assemblies, each agenda item is voted individually, and for the avoidance of doubt in relation to voting results, the

votes are counted and the results are announced to the Shareholders before the General Assembly is concluded.

At the Annual General Assembly held on 24 March 2015, shareholders ratified all of the agenda items below unanimously or by majority of votes:

1. Opening, election of the Presiding Board and authorization of the Presiding Board to sign the minutes of the Annual General Assembly
2. Presentation of and discussion on the Board of Directors' 2014 Activity Report, and presentation of the Independent Audit Report for 2014 fiscal year
3. Review, deliberation and ratification of 2014 financial statements
4. Approval of the membership of the individual elected, as per Article 363 of the Turkish Commercial Code, to the seat vacated on the Board of Directors during the reporting period
5. Individual acquittal of Board Directors
6. Information on dividend distribution policy and decision on profit distribution prepared by the Board of Directors
7. Election of the Board Directors and determination of their terms of office
8. Authorizing the Board Directors to perform the transactions specified in Articles 395 and 396 of the Turkish Commercial Code
9. Determination of remuneration for the members of the Board of Directors
10. Designation of the independent audit firm
11. Presentation of information on the donations and grants made during the reporting period

During the General Assembly, the question raised by one shareholder was responded to by the Presiding Chair.

No agenda items have been proposed by our shareholders during the meeting.

Minutes of the General Assemblies are accessible in electronic medium in Turkish and English languages at the website at www.anadolusigorta.com.tr or in written form.

2.4 Voting Rights and Minority Rights

The company's capital is divided into 50,000,000,000 shares each with a value of TL 0.01 and entitling their holders to one vote.

There are no cross-shareholding interests between any Shareholder and the company.

The company's Articles of Incorporation do not set the minority rights to be less than one twentieth of the capital.

Minority shares are not represented in our Board of Directors, which is elected under the discretion of the General Assembly.

There are no upper limits with regard to the number of votes that our Shareholders are allowed to cast in the General Assemblies.

No shares are privileged in terms of voting.

Voting right arises at the time the share is acquired and there are no provisions stipulating exercise of the voting right after lapse of a certain period of time after the date of acquisition.

Our Articles of Incorporation contain no provisions preventing non-Shareholders from casting votes in proxy in the capacity of representatives.

Shareholders may exercise their voting rights personally in the General Assemblies or via a third party that may or may not be a Shareholder.

Each real person Shareholder is represented in the General Assemblies by one person only; in the case that legal entity Shareholders are represented by several people, only one may cast votes. The

person empowered to vote is named in the certificate of authority.

2.5 Entitlement to Dividends

The important aspects covered in the company's Dividend Distribution Policy are presented below. The said policy is presented in the General Assembly Meeting for the information of shareholders, and published in the company's annual reports and posted on the corporate website.

The company's Articles of Incorporation set forth it as a principle to distribute first dividends out of the distributable profit in the ratio to be set by the General Assembly in accordance with the Capital Markets Board requirements.

Dividend distribution proposals laid down for the approval of the General Assembly by the Board of Directors are formulated so as to preserve the delicate balance between the expectations of our Shareholders and the company's need to grow, and paying due regard to the future expectations for the company's operations, capital adequacy targets and the prevailing conditions in the capital markets, as well as the profitability of the company.

In the event that the Board of Directors proposes against distributing profit to the General Assembly, the reasons therefor and information on the use of retained earnings shall be presented to the shareholders during the General Assembly. The same will also be included in the annual report and posted on the corporate website.

The dividend policy espoused by the Board of Directors is based on the principle of proposing to the General Assembly the distribution of at least 30% of the net distributable period profit as bonus shares or in cash.

No shares are privileged in terms of getting share from the profit.

No founder's bonus certificates are given, nor are dividends paid to the Board Directors.



Pursuant to the Articles of Incorporation, our employees are paid dividends up to three times of their salaries maximum from the amount remaining after the first dividend is set aside.

Care is paid to effect the dividend payments as soon as possible, taking into consideration the time stipulated by the legislation.

In 2015, cash dividends distributed amounted to TL 21 million.

2.6 Transfer of Shares

The company's Articles of Incorporation contain no provisions restricting the transfer of shareholding interests.

All our Shareholders are treated equally, including minority and foreign Shareholders.

PART III – PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Company Internet Site and Its Content

The company has an Internet site prepared in Turkish and English languages, accessible at the address www.anadolusigorta.com.tr. The company website is actively used in providing information and public disclosure.

The company website features the information and data stipulated by the Corporate Governance Principles and regulatory authorities.

Attention is paid to comments and suggestions received via our website and are taken into consideration at the company. Care is paid to keep the website up-to-date.

The company's letterhead contains the website address.

3.2 Annual Report

The company's annual reports are prepared in sufficient detail to cover the information listed in Corporate Governance Principles.

The annual activity report is prepared by the Board of Directors and incorporates the declaration that financial statements present a true and fair view of the company's financial status and that the company achieved full compliance with the legislation.

PART IV – STAKEHOLDERS

4.1 Keeping Stakeholders Informed

In matters concerning our Shareholders, employees, creditors, customers, suppliers, various NGOs, the Government and potential investors that might consider investing in our company, i.e. the stakeholders, care is taken to provide information in writing and to base the relations with such parties on written contracts as much as possible (through electronic mail, corporate website, Public Disclosure Platform).

In cases where the rights of stakeholders are not regulated by the legislation or contractually, the interests of the stakeholders are protected within the framework of the rules of good faith and to the extent permitted by the company's facilities, observing the company's credibility at the same time. The necessary structure is in place to enable stakeholders to report such transactions of the company that are contradictory to the legislation or are unethical.

4.2 Stakeholder Participation in Management

While the Articles of Incorporation contain no provisions on stakeholder participation in the company's management, the company's internal regulations cover practices to this end.

An employee proposal guideline has been formulated. Proposals that are innovative and aimed at improvement are assessed within the framework of this guideline and put into life across the company.

Stakeholders' opinions and complaints are followed up on by the Audit Committee.

Agencies Meetings, İşbank Branches Meetings and Managers Meetings are held, where the stakeholders, i.e. employees and suppliers, share their opinions.

4.3 Human Resources Policy

The basic principles of the company's human resources policy are stated below.

Job descriptions and distributions, along with the performance criteria are set by the company management and announced to the employees.

Hiring activities are based on the principle of giving equal opportunities to people of equal qualities. Criteria for hiring are put into writing on the basis of titles and are followed in practice.

Succession planning is made to identify the new managers to be appointed in cases where it is predicted that changes in a managerial position will cause hitches in the management of the company.

In decisions on training, transfer and promotion, objective data are used and the company's interests are observed as much as possible.

Training plans are formulated aimed at developing our employees' knowledge and skills.

Company employees are members of the Bank and Insurance Employees Union.

Safe working environment and conditions are provided for our employees; work is undertaken to improve these conditions depending on social and technological necessities.

Decisions made in relation to our employees or developments concerning them are shared with the employees.

Measures are adopted to prevent discrimination on the basis of race, religion, language and sex among the employees, to ensure human rights are respected and to protect the employees against internal physical, mental and emotional abuse.

The company does not appoint a representative to carry out the relations with our employees. Yet, there are union representatives who are designated by the Union of Banking and Insurance Workers organized at our company from amongst our headquarters and regional branch employees to handle the relations with employees.

The employee Compensation Policy is posted on the corporate website.

No complaints have been received on account of discrimination among company employees.

4.4 Codes of Ethics and Social Responsibility

Codes of ethics setting out the professional ethics that the company and its employees are required to abide by when performing their activities within the existing laws and regulations is posted on the corporate website.

Attention is paid that the projects offered with cover are in compliance with the applicable environmental safety and public health legislation.

Within the frame of its commitment to social responsibility, our company extends support to education, academic activities, sports organizations, and cultural and artistic events. Through the "One Master, Thousand Masters" social responsibility project launched in 2010 and currently in progress, it is intended to focus the public attention on vanishing vocations and local values, and to help revive them.

PART V – BOARD OF DIRECTORS

5.1 Structure and Formation of the Board of Directors

The company's Board of Directors is composed of eleven members so as to enable our Board Directors to work efficiently and constructively, make decisions swiftly and rationally, and organize the formation and activities of the committees efficiently.

Résumés of our Board Directors are published on the corporate website and in our annual report.

Taking into consideration that there are no non-corporate ultimate Shareholders

with a controlling interest in the company, it is thought that the Board Directors all naturally possess the advantage to act independently, and therefore, to be impartial in their decisions, upholding the interests of our company and the stakeholders above everything else.

There are two independent members on the Board of Directors. The independent Board Directors have not served as members for more than six years in the past ten years. Term of office for all Board Directors is one year.

The Corporate Governance Committee, functioning as the Nomination Committee, nominated two candidates as independent Board Directors on 16 February 2015. The reports on whether all nominees possess the independence criteria have been presented to the Board of Directors on the said dates.

Independent Board Directors fulfill the independence criteria published in the relevant legislation, and their declarations of independence have been duly received and incorporated in the annual report. No instances took place during the reporting period, which would compromise independence. If an instance compromising independence arises, then the independent Board Director shall present such change immediately to the Board of Directors to be disclosed to the public. In such a case, the Board Director who loses his independence shall resign as a matter of principle.

Apart from the CEO, the Board of Directors consists of non-executive members. Chairman of the Board and CEO functions are carried out by different individuals.



Information about our Board Directors is presented below.

Name	Title	Degree	Executive / Non-Executive	Entity Worked	Title Held in the Entity	Professional Experience
Mr. Caner Çimenbiçer	Chairman	Bachelor's Faculty of Administrative Sciences	Non-Executive	-	-	41 years
Mr. Hakan Aran	Deputy Chairman	Master's Business Administration	Non-Executive	Türkiye İş Bankası A.Ş / In-Group	Deputy Chief Executive Officer	26 years
Mr. Musa Ülken	Member& CEO	Bachelor's Faculty of Administrative Sciences	Executive	Anadolu Anonim Türk Sigorta Şirketi	CEO	37 years
Mr. Kubilay Aykol	Member	Bachelor's Faculty of Administrative Sciences	Non-Executive	Türkiye İş Bankası A.Ş / In-Group	Section Manager	19 years
Mr. Faruk Karpuz	Member	High School	Non-Executive	Türkiye İş Bankası A.Ş / In-Group	Section Manager	33 years
Mr. Hafız Ekrem Kürkçü	Member	Bachelor's Faculty of Education	Non-Executive	Türkiye İş Bankası A.Ş / In-Group	Section Manager	23 years
Mr. Kemal Emre Sayar	Member	Master's Banking & Finance	Non-Executive	Türkiye İş Bankası A.Ş. / In-Group	Unit Manager	16 years
Mr. Cengiz Tezel	Member	Master's Business Administration	Non-Executive	Türkiye İş Bankası A.Ş / In-Group	Branch Manager	24 years
Mr. Hasan Hulki Yalçın	Member	Master's Banking & Finance	Non-Executive	Milli Reasürans T.A.Ş. / In-Group	CEO	27 years
Mr. Prof. Savaş Taşkent	Independent Member	Master's Law	Non-Executive	İstanbul Technical University, Faculty of Management /Non-Group	Faculty Member, Department of Law	44 years
Mr. Assoc. Prof. Atakan Yalçın	Independent Member	Master's Finance	Non-Executive	Özyeğin University/Non-Group	Faculty of Business, Head of Banking and Finance Department	15 years

When fulfilling its decision-making function, the Board of Directors acts on the basic considerations of;

- Maximizing the fair value of the company,
- Execution of company operations so as to ensure long-term and stable earnings for our Shareholders,
- Maintaining the delicate balance between the Shareholders and the company's need to grow.

In the formation of the Board of Directors, care is given to;

- Ensure the attendance of nominees to the meeting during the election to the seats on the Board of Directors,
- Inform the Shareholders about the nominees,

- Allow Shareholders to ask questions to the nominees.

Our Board of Directors takes care to hold regular monthly meetings.

Approval of the majority of independent Board Directors is sought for the Board of Directors decisions pertaining to all kinds of the company's transactions with related parties of material nature as specified in the Corporate Governance Principles Communiqué, to company transactions of an ongoing nature, to purchases/ disposals of a material nature, and to furnishing guarantee, pledge and mortgage in favor of third parties. If majority of the independent Board Directors do not approve the transaction, this is publicly disclosed, providing adequate information on the transaction within the frame of public disclosure requirements. If the transaction in question is a related party transaction or a material purchase/

disposal, then it is also laid down for the approval of the General Assembly. The matter is decided in the said General Assembly meetings through voting where the parties to the transaction and their respective related parties may not cast votes, thus involving other shareholders in such decisions at the General Assembly. Meeting quorum shall not be sought for General Assembly meetings that will be held for circumstances specified in this article. Decisions are made with the simple majority of those eligible to cast votes. Board of Directors and General Assembly decisions passed in violation of the principles herein shall be null and void.

There are no administrative or judicial sanctions imposed against the company or the members of the governing body.

There are no woman members on our Board of Directors, nor is there a policy on this matter.

Although there are no set rules on non-independent Directors' undertaking other duties outside the company, the Directors do not have any other duties apart from their natural duties in the entities they work for and from those in the establishments owned by the entities they work for. Yet, Board Directors devote sufficient amount of time for company affairs, and exercise their powers prudently and within the frame of good faith, possessing all necessary knowledge to ensure full performance of the duty.

Past experiences, and outside positions held, if any, of the independent Board Directors are disclosed in their résumés and presented on our website and in our annual report.

5.2 Operating Principles of the Board Of Directors

The Board meeting agenda is determined by the Chairman of the Board of Directors in line with the proposals of the CEO and the Board Directors.

The Board of Directors met twelve times in 2015.

Care is paid to determine the meeting date so as to allow all Directors to participate. Save for unforeseeable exceptional events, the Board meetings are held with the participation of all Directors.

Attention is given to set the Board meeting date during the immediately preceding meeting, followed by written invitation.

The existing secretariat responsible for execution of the Board activities, keeping the Directors and auditors informed, and establishing communication with them was transformed into Board of Directors Reporting Unit in 2005.

The Board of Directors decisions passed in 2015 were adopted with the unanimous votes of the members present in those meetings.

The Board of Directors holds its first meeting preferably on the date the same is elected.

During the first meeting, the chairman and the deputy chairman of the board are elected, and decisions are made on the job distribution and establishment of committees.

Board Directors, in principle, attend every meeting.

The Board of Directors takes care to meet regularly and at least monthly as pre-scheduled, and at any time as and when deemed necessary.

Utmost care is paid to ensure that the information and documents about the topics covered in the Board meeting agenda are made available for the examination of the Directors at least five days in advance, and when such timing cannot be met, efforts are spent to ensure equal flow of information to the Board Directors.

Each Director is entitled to one vote and none has weighted vote or affirmative/negative vetoing rights.

The Board of Directors convenes on the basis of majority of its full membership and decisions are passed with the majority of Directors present in the meeting.

The company's Board Directors are insured with an annual coverage of USD 75,000,000 against the risk of loss they may cause to the company due to their fault in the performance of their duties.

5.3 Numbers, Structures and Independence of Committees within the Board of Directors

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

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

There are two non-executive Board Directors in each one of the Committees.

As a matter of principle, Board Directors do not undertake roles in several committees. However, since all members of the Audit Committee and the chairman of the Corporate Governance Committee must be elected from amongst independent Board Directors, our independent Board Directors serve on two different committees.

The Corporate Governance Committee establishes whether the corporate governance principles are implemented in the company, as well as the grounds for non-implementation, if applicable; identifies conflicts of interest, if any, arising from failure to fully comply with these principles, and presents proposals to the Board of Directors for the improvement of relevant practices. The committee also works to create a transparent system regarding identification, assessment, training and rewarding of nominees eligible for the Board of Directors, and to establish related policies and strategies. The Corporate Governance Committee develops proposals regarding the numbers of the members of the Board of Directors and executives. It is also charged with establishing and overseeing the approaches, principles and practices in relation to the performance evaluation, career planning and rewarding of Board Directors and executives. The committee performs the activities specified in the Compensation Policy and coordinates the activities of the Investor Relations Department.

The Audit Committee oversees the



operation and efficiency of the company's accounting system, public disclosure of financial information, independent auditing, internal control and internal audit systems. The committee supervises the selection of the independent audit firm, preparation of independent audit contracts and initiation of independent audit process, and every phase of the work carried out by the independent audit firm. The Audit Committee determines the independent audit firm from which the company will procure services and the services to be supplied therefrom, and submits the same for the approval of the Board of Directors.

The Audit Committee assesses the conformity of annual and interim financial statements to be publicly disclosed to the accounting principles pursued by the company, as well as their accuracy and fairness, and reports its written assessments to the Board of Directors, by incorporating the opinions of the company's responsible managers and of the independent audit firm.

The Audit Committee determines the methods and criteria applicable for the review and finalization of the complaints received by the company in relation to the company's accounting, internal control and internal audit systems and to its independent audit, and for handling the company employees' notifications regarding the company's accounting and independent audit within the frame of the confidentiality principle.

In 2015, the Audit Committee met four times on various dates, recorded the outcomes of the meetings in minutes and submitted the decisions adopted to

the Board of Directors. The said decisions reported that the financial statements were examined, and that they were deemed fit for public disclosure. Moreover, the Board of Directors was informed on the complaints received by the company and the complaint management system.

The Committee of Early Determination of Risk is responsible for efforts aimed at early detection of risks that might endanger the existence, progress and survival of the company; ensuring adoption of necessary measures in relation to the identified risks, and managing the risks. The committee reviews the risk management systems at least once a year.

Prof. Savaş Taşkent, Mr. Hasan Hulki Yalçın and Mr. Fatih Gören serve on the company's Corporate Governance Committee. The Committee is headed by Prof. Turkey Berksoy.

Prof. Savaş Taşkent functions as the head of the Audit Committee, and Assoc. Prof. Atakan Yalçın as its member.

The Committee of Early Determination of Risk is headed by Assoc. Prof. Atakan Yalçın, where Hakan Aran serves as a member.

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

The company's CEO does not serve on any committee.

Structures and operating principles of committees have been put into writing and posted on our company website.

Taking into consideration that there are no non-corporate ultimate Shareholders with a controlling interest in the company, it is thought that the Board Directors all naturally possess the advantage to act independently, and therefore, to be impartial in their decisions.

5.4 Risk Management and Internal Control Mechanism

Set up in 2006 in order to restructure the risk management systems and processes, the Risk Management Department's activities were expanded in scope to cover internal control activities within the frame of the provisions of the "Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies" published in the Official Gazette issue 26913 dated 21 June 2008. Along the same line, the Department was renamed to Risk Management and Internal Control Department.

The primary objectives of the Department's activities are as follows:

- Measure, assess and control risks independently from executive units,
- Protect company assets,
- Ensure efficient and effective execution of activities in line with the Law and other applicable legislation, internal policies and guidelines, as well as customary insurance practices,
- Guarantee the reliability, integrity and timely availability of the accounting and financial reporting system.

The basic strategy directed towards the ultimate goal is to carefully plan, conduct and manage risk management and internal control activities independently, impartially, purposefully, effectively and efficiently, employing a risk-focused approach and within the frame of applicable legislation and internationally accepted principles and standards. The basic principle in achieving this goal is to employ the most advanced tools and methods that are available and possible to use.

The activities of the Department are administered directly by the CEO. The Board Director responsible for Internal Systems is also responsible toward the Board of Directors for the formation of the Department and ensuring, monitoring and coordinating its operability, adequacy and effectiveness.

All outcomes obtained by examining the risks independently from executive functions are regularly reported by the Department to the Board Director responsible for Internal Systems, to the CEO and the Board of Directors.

The Board of Directors oversees the efficiency of the risk management and internal control mechanism via the company's Board of Inspectors.

5.5 Strategic Goals of the Company

The company's vision is set as:

"To make our company the insurance brand preferred by everyone who needs insurance, and to achieve a strength that makes it a reference point in the worldwide insurance industry as well."

And its mission as:

"In keeping with the deeply-rooted, pioneering, honest and solid corporate values of Anadolu Sigorta, to lead the sector, to help create a broad public awareness of insurance in Turkey, to implement a customer-focused approach to service, to increase our financial strength to international standards, to enhance the value of our company."

Our company's vision and mission are publicly disclosed on our website accessible at www.anadolusigorta.com.tr.

Our strategic goals are set by our executives with a keen eye on competitive conditions, general economic conjuncture, overall expectations in national and international financial markets, and the company's medium and long-term targets.

Strategies and targets proposed are negotiated comprehensively by the Board of Directors on a broad perspective.

Actualizations in relation to approved strategies and targets are reviewed during Board meetings and monthly within the scope of the assessment of company operations, financial structure and performance level.

In principle, the Board of Directors meets monthly in order to efficiently and continuously fulfills its monitoring and supervision function.

In the meetings, the basic topics of assessment are the company activities, approved annual budget and target realizations, the company's place in the sector, financial structure and performance level, reporting, and compliance of operations to international standards.

5.6 Financial Rights

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

With a view to giving the shareholders the chance to voice their comments, the remuneration principles for the Board Directors are presented as a separate item for the information of shareholders. The remuneration policy developed for the company's managers and employees at any level is put into writing, presented to the General Assembly for information, and is published on the company website.

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

The Board Directors and senior executives have never utilized, directly or indirectly, cash or non-cash loans from the company, nor did the company lent money or gave suretyship or provided any similar guarantee to any Board Director or senior executive.