



# VHV REASÜRANS A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

Document Issued By	Corporate Governance Committee
Date of First Publication	30.03.2017
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Prepared by	Corporate Governance Committee

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## 1. PURPOSE

The Corporate Governance Compliance Report of VHV Reasürans A.Ş. embodies all the rules and suggestions observed by the Company for establishing policies related to defining, monitoring and reporting our company's corporate governance compliance principles.

VHV Reasürans A.Ş. has adopted concepts of equality, transparency, accountability and responsibility and aims to comply with these principles throughout its operations.

The "Corporate Governance Principles", established pursuant to the "Circular on Corporate Governance Principles of Insurance Companies and Reinsurance Companies and Pension Companies" dated 27.04.2011 and numbered 2011/08 of the Undersecretariat of Treasury (the Circular), are adopted by VHV Reasürans A.Ş. (the Company). For assuring the Company's compliance to corporate governance principles, a Corporate Governance Committee was established based on the Company's Board of Directors Resolution dated 05.11.2015 and numbered 2015/9.

## 2. SHAREHOLDERS

### 2.1. Exercise of Right to Information by the Shareholders

The legislation, company's Articles of Association and other internal regulations of the Company govern the exercise of rights granted to the shareholders and there are measures enabling exercise of such rights.

There are no segregations between the shareholders in terms of exercise of right to information and review. All information, excluding information classified as trade secrets, is shared with shareholders and such information about the Company is available on the Company website [www.vhre.com.tr](http://www.vhre.com.tr).

Our company's shareholding structure is as follows as of 31.12.2017:

Shareholder	Number of Shares	Share Value (in Turkish Lira)	Ratio (%)
VHV Allgemeine Versicherung AG	65.955.271	65.955.271,89	100
<b>TOTAL</b>	<b>65.955.271</b>	<b>65.955.271,89</b>	<b>100</b>

### 2.2. Information about General Assembly

The General Assemblies have ordinary and extraordinary meetings. The ordinary general assembly shall be held within 3 months following the end of company's fiscal period and minimum once a year whereas the extraordinary general assemblies shall be held if and when required for the Company business. Voting right of each shareholder at the company's general assembly meetings shall be calculated as proportion of the total nominal values of shares held to the total nominal value of the company capital. A shareholder might attend to the general assembly meetings in person or might be represented by a proxy who may or may not be shareholder. The issues specified under Article 409 of the Turkish Commercial Code shall be discussed on the company's general assembly meetings and necessary resolutions shall be made. The general assembly meetings and resolution quorums on these meetings shall be subject to the provisions of the Turkish Commercial Code. The general assembly shall hold a

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meeting at the company's registered office or any other available location in the city of registered office.

The Company's ordinary general assembly meeting related to the operations in 2016 was held on March 30, 2017. The representatives of the shareholders and the Board of Directors Members attended to the meeting. The items on the agenda were discussed at the general assembly meeting in a neutral, detailed, clear and understandable manner.

### **2.3. Voting Rights and Minority Rights**

Unless required otherwise under the Turkish Commercial Code, the General Assembly shall have a meeting with attendance of shareholders representing minimum one fourth of the company capital or their proxies. This quorum must be present throughout the entire meeting. The provisions of the Turkish Commercial Code shall govern the meeting and resolution quorums on the general assemblies. The resolutions shall be taken with majority vote of the attendants. The shareholders or their proxies attending to the ordinary or extraordinary general assembly meetings shall have one vote per share.

The issues discussed on the General Assembly Meetings and the resolutions made shall be recorded on the meeting minutes pursuant to the Turkish Commercial Code. The meeting minutes shall be undersigned by the meeting chairman and related representative of the Ministry. The procedures related to the general assembly meetings comply with the Internal Directives on Working Principles and Procedures of the General Assembly Meetings.

### **2.4. Dividend Policy and Dividend Payment Schedule**

The dividend policy is based on the company's articles of association (article 24). Dividend distribution for the year 2017 will be affirmed and decided by the General Assembly.

## **3. PUBLIC DISCLOSURE PRINCIPLES AND INFORMATION POLICY**

For public disclosure purposes, our Board of Directors accepted the VHV Reasürans A.Ş. Disclosure Policy on the Board of Directors meeting dated 07.06.2017.

## **4. STAKEHOLDERS**

### **4.1. Information about the Relationships with Insured (Clients) and Suppliers**

There are measures taken to assure all kinds of client or third-party satisfaction about the company's products and services, personnel, workflow and operational methods or about other issues related to the company. Confidentiality of client information that is considered as trade secret is a priority. Our Company has taken sufficient measures so that our company, clients and suppliers can establish good relationships not involving any unfair advantages and for compliance with contract terms and conditions. All these particulars are announced to all personnel as a part of our Company's Codes of Conduct.

The Legal & Compliance Department is responsible for managing client complaints. The Legal & Compliance Department is responsible for quickly receiving and documenting client demands and complaints in a comprehensible and accurate manner; meeting the demands

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and resolving the complaints as soon as possible and informing the client about the agreed solution.

#### **4.2. Codes of Conduct**

Honesty and integrity of our personnel are requirements of sustaining our hard-earned prestige and success. For preventing unethical behaviors or behaviors violating our work principles, "Ethical Principles and Work Principles Directives", binding all personnel, were issued.

Each employee works according to the highest professional standard for meeting the internal and external client demands within the scope of his/her duties. Besides, the personnel work productively for contributing to the process of achieving personal goals, related department's and company goals and meeting the client requirements.

#### **4.3. Human Resources Policy**

The Company is obliged to issue Human Resources Policy that is required for employing personnel who has the knowledge, experience and sense of responsibility necessary for the related position. Personnel, who do not comply with the Insurance Law, Regulation on Incorporation and Working Principles of Insurance Companies and Reinsurance Companies and the legal requirements specified on the related legislation, shall not be hired.

The company shall strive to offer equal opportunities to each employee during the recruitment process and career development process without any discrimination against any personnel, and it shall organize trainings, courses, seminars and offer such other opportunities required for achieving the knowledge necessary for the profession.

A safe work environment and work conditions are offered to our personnel and improvements are based on feedback and audits. There are measures taken to protect our personnel against physical, psychological and emotional abuse within the Company.

Our company has 22 personnel as of 31.12.2017 (Interns and Office Assistants are included).

#### **4.4. Internal Communication Policy**

These activities are related to organizing flow of information to the company personnel, improving corporate commitment and loyalty and protecting the company's image in the eyes of the personnel. Accordingly, the following activities are carried out:

- Following sector and company developments, innovations and publications and sharing material news with the entire Company,
- Cooperating with related departments to improve the practices for internal measuring of client satisfaction and communicating expectations and complaints,
- Planning and coordinating sports, cultural, social events that motivate the company personnel,
- Organizing events with the related departments for special occasions such as the New Year,
- Designing new and creative projects for embracing the company culture, company values and maximizing the sense of corporate loyalty.

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## 5. BOARD OF DIRECTORS

### 5.1. Structure and Organization of the Board of Directors

Organization and appointment of the Board of Directors comply with the Corporate Governance Principles and the related principles are specified on the company's Articles of Association. Accordingly, a board of directors that has minimum 5 maximum 7 members to be appointed by the General Assembly pursuant to the provisions of the Turkish Commercial Code shall be in charge of company business and management. The Board of Directors shall manage and represent the company.

The Board of Directors shall be appointed for a maximum period of 3 (three) years. A member might be reelected when his/her term of office expires. The General Director is an automatic member of the Board of Directors. The General Director shall execute the resolution of the Board of Directors.

The General Assembly is entitled to dismiss any Board of Directors Member and, if necessary, to appoint new members at any time.

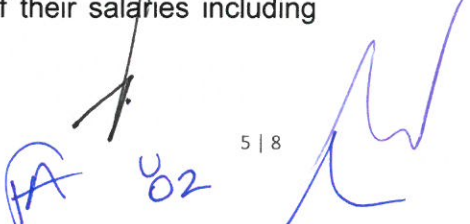
The Board of Directors shall have minimum one meeting in each calendar year and whenever necessary following the meeting call of the Board of Directors Chairman or Board of Directors Deputy Chairman. The Board of Directors meetings shall be held in or out of Turkey. The Board of Director shall convene with majority of total member number. The Board of Directors' resolution shall be taken with affirmative votes of majority of the members.

The meeting call shall be served via e-mail or registered, reply paid mail with invitations issued in English and Turkish and this call must be minimum 14 (fourteen) days before the date of meeting. The Board of Directors chairman or the Board of Directors deputy chairman shall send the written meeting agenda to each Board of directors member with necessary information but this should be minimum 7 (seven) business days before the meeting. The Board of Directors chairman or board of directors' deputy chairman shall add items to the agenda following request of any board of directors' member.

The Board of directors' chairman shall determine the date and agenda of board of directors meeting. If the Board of directors' Chairman is not available, the Board of Directors' Deputy Chairman shall assume these responsibilities. However, the date of meeting might be also scheduled based on a Board of Directors' resolution.

The Board of Directors manages and represents the company. The Board of Directors is solely entitled to decide on all operations related to the Company's main business operations, excluding the authorities exclusively vested in the General Assembly. Without prejudice to the nontransferable authorities vested in the Board of Directors pursuant to the Turkish Commercial Code, the Board of Directors is entitled to resolve on issues including but not limited to the following matters: (i) approval of company policies and directives or all documents required under the insurance legislation or Turkish Commercial code; (ii) approval or amendments of business plan (as long as it is required under the Turkish insurance legislation and within the Board of Directors' authority), annual budget, medium term plans, investment plans and strategic plans; (iii) appointment of key executives who are inferiors of the Board of Directors and report to the General Director as well as approval of their salaries including pension plan arrangements of such executives.

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<b>Name-Surname</b>	<b>Title</b>	<b>Date of Appointment</b>
Thomas Horst Voigt	Board of Directors Chairman	06.08.2015
Dietrich Werner	Board of Directors Deputy Chairman	15.06.2015
Maximilian Georg Ferdinand Stahl	Board of Directors Member and General Director	15.06.2015
Gülen Özden Özaktürk	Board of Directors Member	15.06.2015
Fatih Ağacık	Board of Directors Member	15.06.2015
Ahmet Ersagun Yücel	Board of Directors Member	13.06.2016
Hasan Okan Utkueri	Board of Directors Member	02.01.2018

## **5.2. Qualifications, Authorities and Responsibilities of the Board of Directors Members**

The Board of directors' members shall be appointed based on the qualifications listed on Article 6 of the "Regulation on Incorporation and Working Principles of Insurance Companies and Reinsurance Companies". Papers of the persons appointed as the Board of Directors' member are issued and presented to the Undersecretariat of Treasury. According to the related regulation, the insurance general directors must have minimum four-year bachelor's degree and minimum ten-year experience in one of the following fields; insurance, banking, economics, business administration, accounting, law, finance, mathematics, statics or engineering; more than half of the Board of Directors' members must have minimum four-year university education as well as having knowledge and experience in one of the abovementioned business fields.

The authorities and responsibilities of the Board of Directors are specified on the company's Articles of Association in a manner that is consistent with its functions and that can be clearly defined and separated from the authorities and responsibilities vested in the General Assembly without leaving any room for doubt. The Board of Directors has fulfilled the liability of preparing periodic financial statements pursuant to the regulations in force and international accounting standards and it is resolved that the periodic statements and annual activity report shall be accepted individually.

## **5.3. Financial Rights of the Board of Directors, Top Management and other Personnel**

Salaries payable to all executives and personnel of the company must comply with the company's ethical values, internal dynamism and strategic goals and they should not be associated with only the short-term performance of the company. The Board of Directors shall set forth the general policy about the salaries to be paid to the board of directors' members, top management staff and other personnel. Besides, criteria of performance based bonuses are determined and communicated to the personnel. The predetermined criteria are reviewed regularly. Personnel confirmed to be risking safe operations of the company due to their activities or to be responsible for impairment of company's financial structure shall be subject to the necessary formalities including cancellation of performance based bonus payments.

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## 6. TOP MANAGEMENT AND EXECUTIVES

The Top Management and Executives make sure that company operations are conducted within the framework of our vision, mission, goals, Company strategy and policies. Business goals and budget approved by the Board of Directors were observed in 2017.

The Top Management and Executives complied with the legislation, our articles of association, company's internal procedure and policies while performing their duties.

The Top Management and Executives have not used confidential company information and non-public information in favor of themselves or others; they have not shared any misleading information, comments or news about the Company.

## 7. CORPORATE GOVERNANCE COMPLIANCE

### 7.1. Conducting Business Operations Based on Equality, Transparency, Responsibility and Accountability Principles

**Equality** means that the Company management treats all shareholders and stakeholders equally on all operations and prevents any possible conflicts,

**Transparency** means that all kinds of financial information and other information about our Company is disclosed to the public timely, accurately, completely, comprehensibly and in an easily accessible manner, excluding information not disclosed to the public and information classified as trade secret,

**Responsibility** means that our company's Board of Directors, all management bodies and all operations conducted by our personnel on behalf of the Company comply with the legislation in force, our Articles of Association, Company Policy and procedures and that they are auditable,

**Accountability** means that the Board of Directors' Members of our company are accountable to the legal entity and shareholders of our Company for all operations they conduct on behalf of our Company and

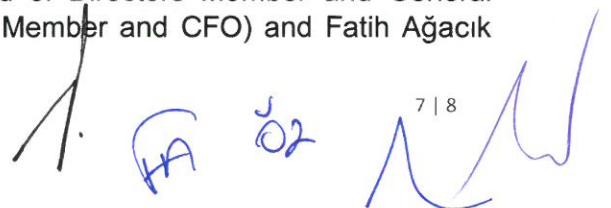
2017 operations were conducted based on these principles.

### 7.2. Corporate Governance Committee and Responsibilities

The Corporate Governance Committee was formed based on the Board of Directors' Resolution dated 5.11.2015 and numbered 2015/9. Duty of the committee is to conduct activities required for assuring compliance to the Corporate Governance Principles specified on the Circular numbered 2011/8 and to advise the Board of Directors for this purpose and monitor the Company's compliance to the principles.

The Corporate Governance Committee shall have minimum two members to be elected among the Company's Board of Directors' members and the committee chairman shall be appointed among these members.

Thomas Horst Voigt (Board of Directors Chairman) is appointed as the Committee Chairman and the Committee members are as follows: Dietrich Werner (Board of Directors Deputy Chairman), Maximilian Georg Ferdinand Stahl (Board of Directors Member and General Director), Gülen Özden Özaktürk (Board of Directors Member and CFO) and Fatih Ağacık (Fatih Ağacık and CUO).





The Corporate Governance Committee is assigned to conduct activities required for assuring compliance to the Corporate Governance Principles and to advice the Board of Directors for this purpose and monitor the Company's compliance to the abovementioned principles.

The Committee shall present the Company's corporate governance compliance report to the company's Board of Directors every year in March and a copy of the report shall be sent to the Undersecretariat of Treasury.

## **8. ENFORCEMENT**

The Corporate Governance Compliance Report of VHV Reasürans A.Ş. has been accepted and has entered into force at the Company's Board of Directors' Meeting, as of April 19<sup>th</sup> 2018.

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