



Corporate Governance Compliance Rating Report



Garanti Emeklilik ve Hayat A.Ş.

29th December 2017

Validity Period 29.12.2017-29.12.2018

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Garanti Emeklilik ve Hayat Anonim Şirketi, is compiled in accordance with the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, dated January 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105 and Undersecretariat of Treasury's Communiqué on Corporate Governance Principles for Insurance, Reassurance and Private Pension companies dated 27.04.2011 and numbered number 2011/8.

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

The Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 69 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 Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website (www.kobirate.com.tr).

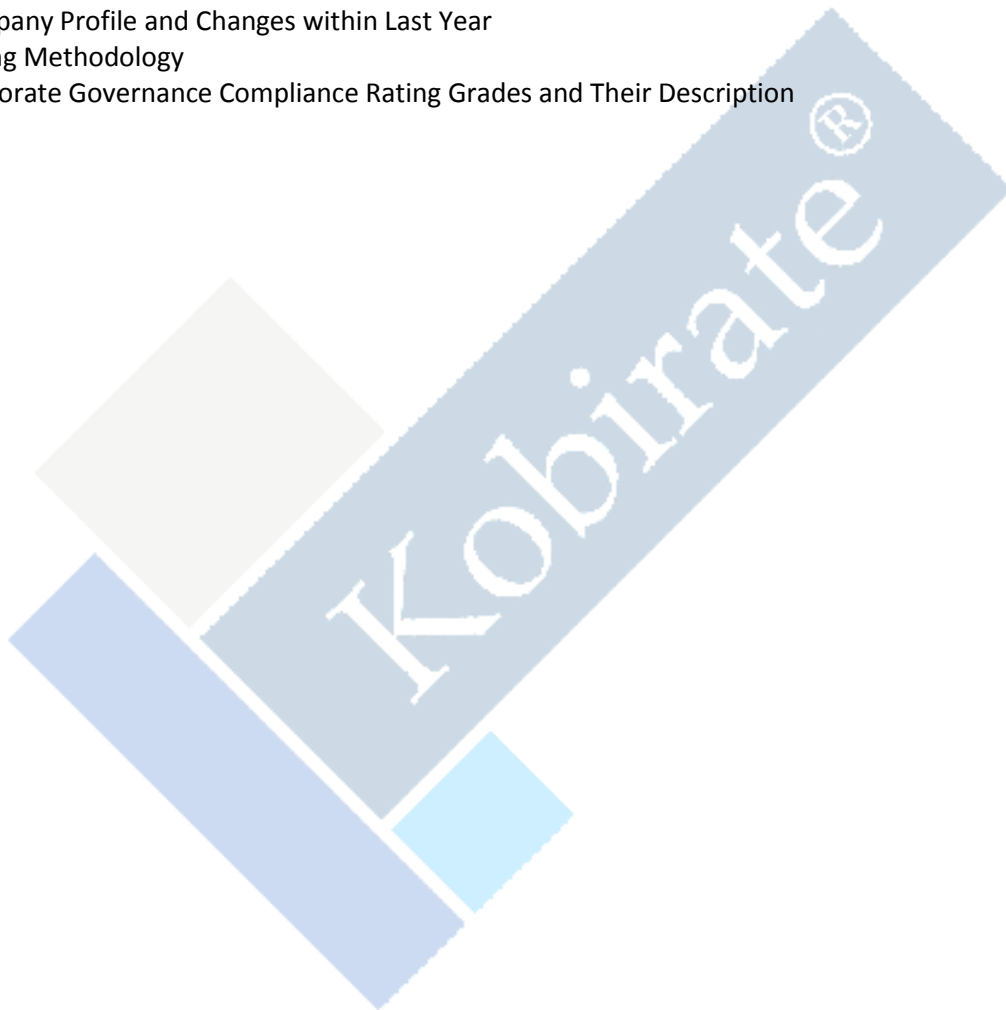
Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

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

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**GARANTİ EMEKLİLİK VE HAYAT
ANONİM ŞİRKETİ**

COMPANY OUTSIDE BIST

**CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

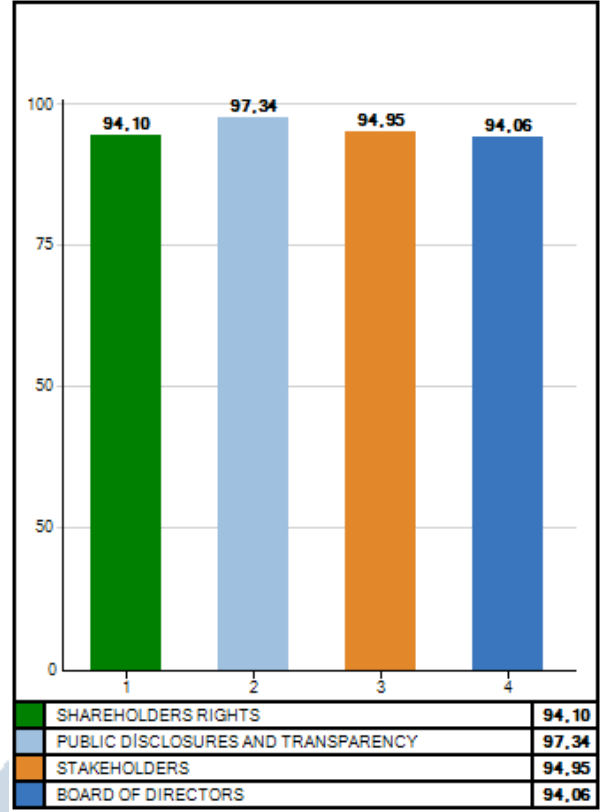
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1. FIFTH PERIOD REVISED RATING RESULT

The process of rating of compliance of **GARANTİ EMEKLİLİK VE HAYAT A.Ş.** with the Corporate Governance Principles is concluded through onsite examinations of the documents, interviews held with executives and persons involved, information open to public and by other detailed examinations.

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

Methodology and the rating process have been prepared by taking into account CMB's Corporate Governance Communiqué No II-17.1, which was published on the Official Gazette dated 03.01.2014, numbered 28871, Treasury's Notification on Corporate Governance Principles in Insurance and Assurance companies and Pension Funds, published on 27.04.2011, numbered 2011 / 8.

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

The rating has been conducted under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors and the Corporate Governance Compliance Rating Grade of Garanti Emeklilik ve Hayat A.Ş. has been determined as **9.50**.

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

In view of rating process under main headings in brief;

The grade of **GARANTİ EMEKLİLİK** in the section of **Shareholders** has been determined as **94.10**. The company has achieved a good level of compliance with the CMB Corporate Governance Principles in this section.

It has been determined that the Company has taken great care to ensure usage of basic rights of shareholders during the rating period. The Company has prepared its Disclosure Policy, which included methods to allow sufficient access for shareholders and public to information about the Company and disclosed it to public.

There is no practice of cancelling or restricting shareholders' right to obtain and examine information by the Articles of Association and/or a decision by any Company department.

General Assembly meeting for activities of 2016 was held on 02.05.2017 in accordance with the Articles of Association with 100 % participation of shareholders. During the rating period there has been no General Assembly decision that was not implemented.

Legal and Shareholder Relations Department has been established under Vice President and disclosed to public. Legal and Shareholder Relations Department handles the subjects of structuring Company's transactions and products in compliance with laws, monitoring changes in regulations and judicial practices, monitoring legal processes that the Company is a party to, relations with officials and shareholders, monitoring Board of Directors and General Assembly Processes.

The Company earned TRY 245,772,865 net distributable profit through its activities in 2016. The use of this profit is explained in the section, titled "ii. Distribution of Dividend" in our report.

The Company has not been privately audited during the operational period and no practices have been seen that make private audits difficult.

GARANTİ EMEKLİLİK has gained the grade of 97.34 in the section of Public Disclosure and Transparency.

It has been determined that Company's corporate website www.garantiemeklilik.com.tr and annual report are used effectively as means for public disclosure in accordance with the criteria described by the principles.

It is possible to access current information required by the principles, as well as complete access to additional information required by Article 13 of Information on Insurance Contracts Regulation, which was published by the official gazette dated 28.10.2018, numbered 26684, at the corporate website. This has been deemed positive.

2016 independent audit has been conducted by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. There were no situations in the report that the auditor avoided expressing opinion, expressed conditional opinion or withheld signature. Company officials have told us that no developments took place between the Company and independent audit company and its auditors that might damage independence and that there has been no legal conflict.

Starting in 2015, Garanti Emeklilik ve Hayat A.Ş. published its Annual Reports digitally. It has been deemed positive.

GARANTİ EMEKLİLİK VE HAYAT A.Ş. has achieved very good level of compliance with the principles in the section of public disclosure and transparency.

In the section of **Stakeholders** the Company has received the grade of **94.95**.

Stakeholders are employees, suppliers, customers and public institutions that have an interest in attainment of company's objectives or in its operations.

The Company has put stakeholders' rights, regulated by provisions and contracts, under protection in its transactions and operations.

The stakeholders are adequately informed on Company policies and procedures, which are related to the protection of their rights by using corporate website as an additional tool.

Training programs are prepared in accordance with employees educational needs and these programs are announced to the employees to ensure their participation.

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

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

In the section of **Board of Directors**, the Company has received the grade of **94.06** and achieved significant compliance with with CMB's Corporate Governance Principles.

Upon examination of Board and Committee Decision Books it has been determined that the Board and the Committees continue their activities regularly.

The Board of Directors has described corporate strategic objectives and disclosed them to public. Nobody in the company has unlimited authority to make decisions alone. The posts of Chairman of the Board and General Manager are held by separate individuals. The Board comprises 9 (nine) persons. There are 1 (one) executive and 8 (eight) non – executive members.

The Board of Directors comprises all non – executive members, except the General Manager, there are two women members in the Board and a financial liability insurance covering Board members and top executives has been prepared. These have all been deemed positive.

It has been observed that the Board of Directors convenes in an appropriate frequency and the meetings take place in accordance with relevant laws and regulations, as well as the Articles of Association.

Garanti Emeklilik ve Hayat A.Ş. Board of Directors held 35 meetings in 2016. 14 of these meetings were held with participation of 8 members, 11 with 7 members and 10 with 6 members.

According to a document sent by Company's Law Department on 17.11.2017, there are no law suits against members of Board due to Company transactions.

It has been observed that the Audit, Corporate Governance, Early Risk Detection and Remuneration committees, specified by the Principles, have been formed and their working principles prepared as written documents.

In 2016 Corporate Governance Committee held 2, Remuneration Committee held 3 and Early Risk Detection held 2 meetings. All Committee members attended the meetings.

2. COMPANY PROFILE AND CHANGES WITHIN LAST YEAR

a. 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 private pension and life insurance, operating in related areas.
Company's Sector	: Insurance and Private Pension
Supervisory Authority	: Capital Market Board (CMB), Insurance Supervision Board (ISB)

Company's Representative in Charge of Rating:

Ahmet KARAMAN

Assistant General Manager

AhmetKaram@garantiemeklilik.com.tr

(0212) 334 70 00

Brief History of the Company

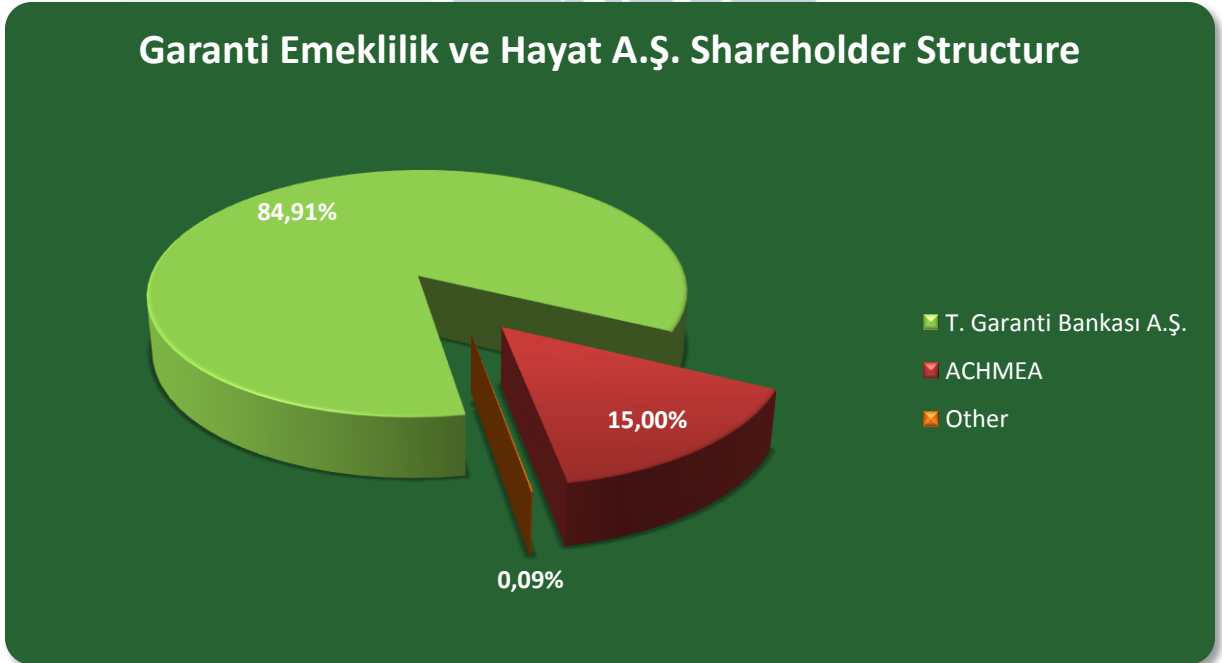
The company was established as “AGF Garanti Hayat Sigorta Anonim Şirketi” in July 24th 1992, with an initial capital of TL 10.000. In May 18, 1999, Company’s title was changed as “Garanti Hayat Sigorta Anonim Şirketi”.

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 Private Pension Saving and Investment System, printed on Official Gazette dated 07.04.2001 and numbered 4366, was accepted with the approval of Undersecretary of Treasury on 18.12.2002. Consequently, company’s title was first changed as “Garanti Emeklilik Anonim Şirketi” as it was called in Turkish Trade Registry Gazette, dated 15.01.2003 and then as “**Garanti Emeklilik ve Hayat Anonim Şirketi**”, as it was called in Turkish Trade Registry Gazette, dated 25.03.2014.

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

Thanks to the synergy created through collaboration with its main shareholder Garanti Bank, the company became one of the pioneers in the sector in a very short span of time. It provides services through 12 regional directorate, 819 employees and about 970 Garanti Bank branches as of 30.09.2017.

Shareholder Structure (As of report date)



Source: www.garantiemeklilik.com.tr

Shareholder Name	Share(TL)	Share (%)
T. Garanti Bankası A.Ş.	42.456.629.00	84,913
ACHMEA	7.500.000.00	15,000
Other	43.371.00	0,086
Total	50.000.000	100,00

MAIN SHAREHOLDERS OF THE COMPANY

GARANTİ BANKASI A.Ş

Founded in 1946 in Ankara, Garanti Bank was **Turkey's second biggest private bank** as of September 30, 2017 with its consolidated asset size of over USD 339.7 billion.

Garanti Bank is active in all segments of banking including corporate, commercial, SME, payment systems, private, individual and investment banking. It is an **integrated financial services group** with its international subsidiaries in Netherlands and Romania, alongside with its subsidiaries in life insurance and private pensions, financial leasing, factoring, investment and portfolio management.

As of September 30, 2017, Garanti Bank had 942 branches in Turkey and 8 branches abroad (7 in Cyprus and 1 in Malta), as well as three offices abroad (London, Dusseldorf and Shanghai). The Bank also has 4,769 ATM's **with technological infrastructure**, a **multichannel distribution network** including mobile, internet and social banking platforms and a call center. With over 19,000 employees, Garanti provides services for 14.8 million customers.

Main shareholder of Garanti Bank is Banco Bilbao Vizcaya Argentaria S.A. (BBVA), with 49.85 % of shares. Garanti Bank's Shares are quoted in Turkey, Britain and USA. Its free float rate in BIST is around 50.07 % as of 30.09.2017.

Source: www.garanti.com.tr

ACHMEA

With an experience of 200 years, Achmea is a leading international insurance group. With its head office in Netherlands, Achmea has over 14,000 employees in 6 countries. The Company's line of business is insurance and it is among the leading companies of Europe. Achmea has a rich portfolio of services in insurance and financial services including pension, health and non – life asset management and banking insurance products.

Active in all areas and distribution channels of insurance, Achmea is preferred by every one person out of two in its domestic market, Netherlands. Achmea is the second biggest insurance company in Greece and has strong market positions in Turkey, Slovakia, Ireland, Romania and Australia.

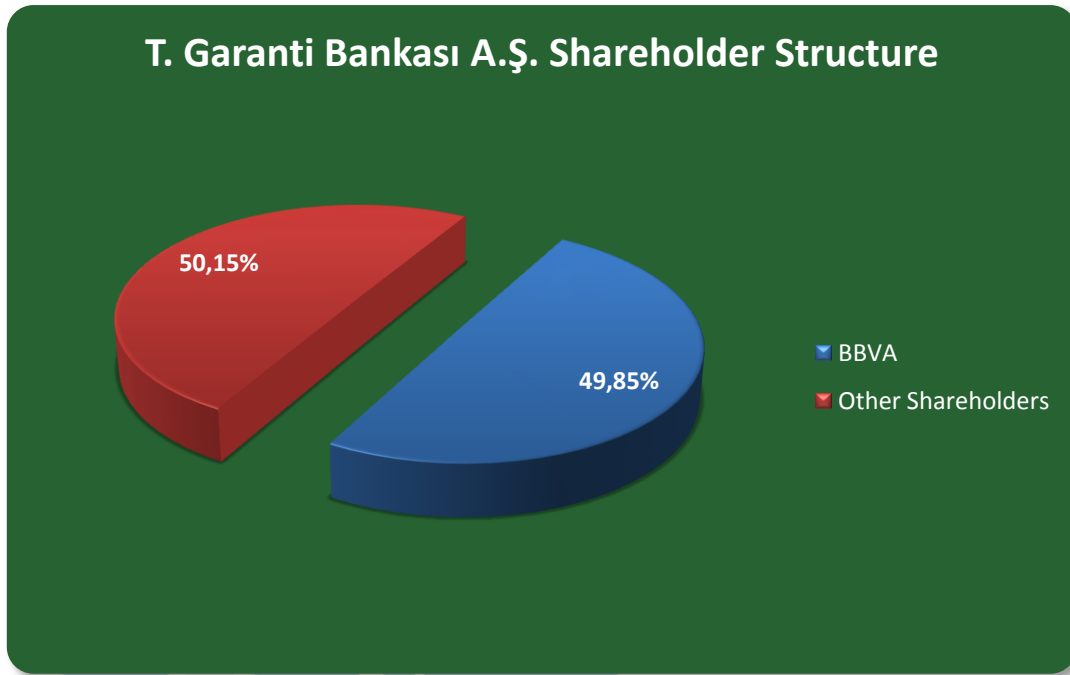
Company's gross signed premium production is EUR 19.5 billion and its total equity reaches EUR 9.8 billion.

Source: www.garantiemeklilik.com.tr

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

Shareholder Name	Share	Share (%)
BBVA (BANCO BILBAO VIZCAYA ARGENTARIA, S.A.)	2.093.700.000.00	49,85
OTHER SHAREHOLDERS	2.106.300.000.00	50,15
GENERAL TOTAL	4.200.000.000,00	100

Source: www.garanti.com.tr



Source: www.garanti.com.tr

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
Ali Fuat ERBİL	Chairman of Board of Directors	Non - Executive
Didem BAŞER	Deputy Chairman of Board of Dir.	Non - Executive
Maria de la Paloma Piqueras HERNANDEZ	Member of Board of Directors	Non - Executive
Javier Bernal DÍONIS	Member of Board of Directors	Non - Executive
Johannes Antonius NĪJSSSEN	Member of Board of Directors	Non - Executive
M. Cüneyt SEZGİN	Member of Board of Directors	Non - Executive
Cemal ONARAN	Member of Board of Directors	Non - Executive
Mahmut AKTEN	Member of Board of Directors	Non - Executive
Burak Ali GÖÇER	Member of Board of Directors and Gen. Man.	Executive

Top Management

Name / Surname	Title
Burak Ali GÖÇER	General Manager
K. Çağlayan BAKAÇHAN	Assistant General Manager (HR, Purchasing and Adm. Affairs, Central Sales, Customer Services and Call Center)
Ahmet KARAMAN	Assistant General Manager (Fund Management and Collection, Budget and Management Reporting and Financial Affairs)
E. Yasemen KÖNE	Assistant General Manager (Organization and Process Management, Customer Relations Management and Marketing, Project Management, Corporate Communication, Digital Marketing and Strategic Planning)
Cemşit TÜRKER	Assistant General Manager (Product Management ve Aktarial, Operation, Regulations and Compliance, Law and Relations with Shareholders))
Kaan GÜNAY	Assistant General Manager (Private, Corporate and Life Marketing)

COMMITTEES FORMED WITHIN THE BOARD

CORPORATE GOVERNANCE COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non - Executive)
Cemal ONARAN	Member (Non - Executive)

AUDIT COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non - Executive)
Cemal ONARAN	Member (Non - Executive)

REMUNERATION COMMITTEE

Name Surname	
Ali Fuat ERBİL	Member (Non - Executive)
Didem BAŞER	Member (Non - Executive)

EARLY RISK DETECTION COMMITTEE

Name Surname	
Dr. M. Cüneyt SEZGİN	Member (Non - Executive)
Cemal ONARAN	Member (Non - Executive)

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

	2015/12	2016/12	Change %
Current Assets	9.034.068.416.	11.342.103.373.	25,54
Non –Current Assets	41.055.047.	45.643.676.	11,17
Total Assets	9.075.123.463.	11.387.747.049	25,48
Short Term Liabilities	7.854.771.186.	9.861.144.983.	25,54
Long Term Liabilities	152.467.190.	213.189.164.	39,83
Equity	1.067.885.087.	1.313.412.902.	22,99
Total Liabilities	9.075.123.463.	11.387.747.049.	25,48

Source: Garanti Emeklilik ve Hayat A.Ş. 2016 Annual Report

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

	2015/12	2016/12	Change %
General Technical Department Balance	168.224.470	206.902.784.	22,99
Investment Income	104.968.811	136.649.420.	30,18
Investment Spending	(28.956.037)	(30.389.650)	-4,95
Net Profit/Loss	190.907.777.	245.772.865.	28,74

Source: Garanti Emeklilik ve Hayat A.Ş. 2016 Annual Report

Summary Financial Information of the Company for Last Three Years *

Financial Indicators	2014(000 TL)	2015(000 TL)	2016(000 TL)
BES Fund Size	6.092.808	7.580.285.	9.523.246
Technical Provisions	248.618.	263.023.	321.451.
Paid in Capital	53.084.	53.084.	53.084.
Equity	876.578.	1.067.885	1.313.413.
Total Assets	7.364.522.	9.075.123.	11.387.747.
Life Insurance Premium Production (net)	269.905	284.342.	363.010
Technical Income	148.330.	168.244.	206.903.
Expense Balance			
Non - Technical Income	66.242.	72.338.	101.120.
Expense Balance			
Profit / Loss Before Tax	214.572.	240.583.	308.022
Net Profit	169.916	190.908	245.773.
Return on Assets (%)	2,91	2.65	2.70
Return on Equity (%)	24	23	23

Company's Private Pension Information for Last Three Years*

PENSION	2014	2015	2016
Pension Fund Size Mio TL	6.092.80	7.580.28	9.523.24
Market Share (%)	16,1	15,8	15,7
Number of Participants	872.224.	995.416.	1.130.475.
Market Share in Number of Participants (%)	17,1	16,5	17,1
Total Pension Contribution Share Mio TL	4.542.90	5.789.90	6.830.80
Market Share in Total Pension Contribution Share	16,0	15,6	15,4

*Source: Garanti Emeklilik ve Hayat A.Ş.2016 Annual Report

Total assets of Garanti Emeklilik ve Hayat increased by 24.48 % and reached TRY 11.3 billion in 2016. Its equity increased by 22.99 % and became TRY 1,313.4 million. The Company further strengthened its already solid financial structure with these figures. In 2016, it became the most profitable company of its sector – as it has been for the last 5 years – by increasing its net profit after taxes by 28.74 % to TRY 245.7 million.

A major part of Garanti Emeklilik ve Hayat's profit comes from technical profits, which the Company earns in life insurance and private pension sectors. Company's gross technical profit for 2016 was TRY 207 million. 67 % of TRY 308 million profits before tax came from technical profits.

While the increase in the number of private pension participants have slowed down in 2016 in the sector, Garanti Emeklilik put out a performance in the opposite direction. Number of new participants went down by 38 % in the sector. This number increased 10 % for Garanti Emeklilik, in comparison to 2015, and reached 135,000.

Information on Company Activities

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

As of September 30th, 2017 the company had a total of thirty one pension funds. In accordance with Fund Portfolio Management Service Contract signed between the parties, 30 Pension investment funds are run by Garanti Portföy Yönetimi A.Ş. and 1 pension investment fund is run by Deniz Portföy Yönetimi A.Ş.

According to data from Pension Monitoring Center, Garanti Emeklilik's fund volume is TRY **TRY 9,902 million** as of **10.11.2017**. On the same date, Company's total Government Contribution Funds volume is at the level of TRY **1,488 million**. According to data from Pension Monitoring Center, there are **1,195,846** participants of Company's pension plans.

Data from Pension Monitoring Center shows that as of 10.11.2017, Garanti Emeklilik is the number one Company in the market with a share of **17.39 %** in terms of number of participants. In terms of fund volume, it has the **3rd** place with a market share of **15.18**.

Although the life insurance sector of Turkey can shrink or expand depending on consumer credits, Garanti Emeklilik ve Hayat increases its premium production consistently every year. The Company grew 24.6 % in 2016. Garanti Emeklilik ve Hayat took the 4th place in 2016 with TRY 410 million premium production and 8.2 % market share.

b. Changes in the Company within last year:

i. Changes in the Articles of Association:

There have been no changes in the Capital or Articles of Association during the period of rating.

i. Dividend Distribution

Company's dividend distribution process takes place as the Board prepares a dividend distribution proposal and present in for the approval of General Assembly (in accordance with Turkish Commercial Law, Tax Regulations and Articles of Association). General Assembly discusses whether or not it will be distributed or how and when it will be distributed and makes a decision. All disclosures are made in time.

At the General Assembly meeting on 02.05.2017, where activities of 2016 were discussed, it was decided not to distribute dividend, but to transfer it into reserve funds.

ii. Policies and Internal Arrangements

During our rating period there has been no significant change in Garanti Emeklilik ve Hayat A.Ş.'s policies and internal arrangements. 2017 Reassurance Policy, Asset Management Policy and Software and Pricing Policy have been prepared and approved with Board decision dated 23.12.2016 and numbered 453.

iii. Management and Organization

Legal Consultancy team, which was responsible for Law and Shareholder Relations, continued its activities as Law and Shareholder Relations Department as of October 11th, 2016.

Number of Regional Directorates has been dropped to 12 from 15.

iv. Other

Company did not make any capital increase during the Year.

There is no privilege given to shares representing Company Capital.

The Company has no subsidiaries of affiliated companies.

Company's equity increased by 22.99 % and became TRY 1,313.4 million in comparison with the previous year. Company's financial structure is in compliance with corporate governance principles.

The capital group with a direct or indirect domination of Company's capital is Garanti Bank Group, with its share of 84.91 %. Another capital group with a significant influence over the Company is Netherlands based Achmea with its share of 15.00 %. Dominant groups did not change during our rating period.

National and international awards that Garanti Emeklilik ve Hayat A.Ş. received during our rating period are below.

Stevie International Business Awards

The CSR project "**Back to School**", which the Company has been implementing since 2010, has won "**Silver Award**" in the category of "**Corporate Social Responsibility Program of the Year - in Europe**" at the 14th "**Stevie International Business Awards**". Over 3,000 applications from more than 60 countries and all over the world were made this year and winners are determined by 12 different jury committees made up by more than 200 high level executives.

Best in Biz Awards 2017

The CSR project "**Back to School**" has won "**Silver Award**" in the category of "**The Most Socially Responsible Company of the Year**" at the 5th "**Best in Biz Awards 2017 International**" organization. 300 public and private companies from different sectors and from over 30 countries are evaluated as candidates at the organization, which also includes categories of public relations, media, customer management and product. Award winners have been determined by an international jury, comprising press representatives and sector experts.

The International CSR Excellence Awards

The CSR project "**Back to School**" has won the "**Champion Award**" in the category of "**Corporate Social Responsibility**" at the 5th "**The International CSR Excellence Awards**", where "**The Most Caring Companies**" are evaluated.

European Excellence Awards in Public Affairs

At the 4th "**Sustainable Business Awards**", organized by Sustainability Academy, "**Back to School**" project won the award in the category of "**Social Impact**". The award organization is made to contribute development of sustainable business models in Turkey and to accelerate change in this field. Award winners have been determined by the jury, which was consisted of 29 individuals, all opinion leaders in their own fields.

The Communitas Awards

At the “**Communitas Awards**”, organized by Association of Marketing and Communication Professionals (AMCP) since 2010, which is active in the Texas state of US, The CSR project “**Back to School**” has won awards in two different categories. “**Back to School**” project won awards in the categories of “**Leadership in Community Service and Corporate Social Responsibility**” and “**Corporate Social Responsibility**”. Garanti Emeklilik has become the only Company from Turkey who won awards. “**Communitas Awards**” is one of the most prestigious award organizations in the world.

Global Business Excellence Awards 2017 – Outstanding HR Team

Garanti Emeklilik’s Human Resources department has been named as “**the Outstanding HR Team**” at one of the prestigious global business awards, “**Global Business Excellence Awards 2017**”. Many international companies from all over the world have been nominated as candidates for awards. Candidates are evaluated in terms of their financial situation and innovative approach, as well as the benefits they provide for their customers, employees, investors and society.

Hermes Creative Awards 2017 – Outstanding Training Innovation

Garanti Emeklilik has won an award at “**Hermes Creative Awards 2017**”, where most successful companies from all over the world in the fields of marketing, communication, advertising and internet are awarded. The Company has been honored as “**the Gold Winner**” at the “**Outstanding Training Innovation**” category with its digital training application “**Go-On**”.

Contact Center World Awards

Garanti Emeklilik has undersigned a significant success at “**Contact Center World Awards**”, which is internationally known as one of the most prestigious award organizations in the sector of call centres and customer services. It was chosen as the “**Best Customer Services**” of Europe, Middle East and Africa (EMEA) region in the category of Customer Services. At 12th organization this year, which aims to determine best companies in their own fields, Garanti Emeklilik has won the “**Gold Award**”.

A.C.E (Achievement in Customer Excellence) Awards

At “**A.C.E**” (Achievement in Customer Excellence) Awards, which is Turkey’s first and only competition to measure customer satisfaction on the basis of real complaints taken from sikayetvar.com, Garanti Emeklilik has been chosen as the “**Best Pension and Life Insurance Brand in Management of Customer Experience**”.

A.C.E Awards are based on complaint management of the brands. sikayetvar.com conducted 400,000 polls for complaining customers in 2016 and these polls are taken into consideration in choosing the winners. “**Customer Experience Index**” has been prepared with the results of these polls. The polls have measured many different parameters from solution process and quality of services to impact of all stages on the brand perception.

Stevie Awards for Sales and Customer Services

Garanti Emeklilik has been awarded at the 11th annual “**Stevie® Awards for Sales & Customer Service**”, one of the world’s most prestigious business award programs, with the “**Bronze Award**” in the “**Best Use of Technology in Customer Service**” category.

Stevie Awards for Sales & Customer Service have received more than 2,300 applications from all over the world this year from individuals and companies. The candidates have been evaluated with by the jury of more than 130 global executives. Garanti Emeklilik has been awarded with the “**Bronze Award**” in the “**Best Use of Technology in Customer Service**” category.

Garanti Emeklilik ve Hayat A.Ş. has become “**Turkey’s Most Popular Pension Company**” on the 16th list of “**Turkey’s Most Popular Companies**” prepared by the Capital magazine, based on evaluation criteria of employee and customer satisfaction, compliance with Corporate governance Principles and product and service quality.



3. RATING METHODOLOGY

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

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

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

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

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

There are four basic principles of corporate governance in OECD Corporate Governance Principles. These are: fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group, established within TUSIAD in 2001, prepared the guide,

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

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

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

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

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

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

In the process of rating, **350** different criteria are considered to measure the compliance of 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 internalizes the criteria stated in corporate governance principles and our company finds out other good corporate governance criteria complied and practiced by the company; our rating system completes the section ratings to 100.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, “10” points mean excellent, full compliance with CMB’s Corporate Governance Principles while grade “0” means that there is unsatisfactory compliance with CMB’s Corporate Governance Principles in the existing structure.

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

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