RAY INSURANCE COMPANY ("Company")
REMUNERATION POLICY
(06.12.2016)
FIRST PART

General Provisions

Purpose and Scope

ARTICLE 1–(1) The purposes of this Policy are:

a) To formulate, implement and maintain the waging practices in strict compliance with the Company's business strategies and risk management strategies, risk profile, business objectives, risk management practices, as well as the Company's long-term interests and performance; and
b) To outline a general framework in order to take actions for preventing and avoiding the conflicts of interest and the excessive risk taking which may be to the detriment of the Company or its stakeholders.

(2) This Policy covers and is applicable on the Board of Directors, Members of the Management Board, and all employees and managers of every stage in the Head Offices and the Regional Directorates.

Definitions

ARTICLE 2– (1) The following terms and expressions used at various places in the body of this Policy will have the meanings ascribed thereto herein below:

Group : refers to and stands for Vienna Insurance Group AG,

Company : refers to and stands for Ray Sigorta A.Ş.,

Policy : refers to this Remuneration Policy,

Board of Directors : refers to and stands for Ray Sigorta A. Ş. Board of Directors,

Corporate Governance Committee : refers to a committee performing the duties and functions of a Remuneration Committee which is in charge of monitoring, auditing and assessing the Company's waging practices in the name of the Board of Directors and submitting its suggestions to the Board of Directors in connection therewith,

Corporate Governance Principles : refers to the principles published in the Corporate Governance Communiqué, Serial II, No. 17.1, and,

Management Board : refers to and stands for a committee which is appointed by the Board of Directors, comprised of the General Manager, the Deputy General Manager and / or Directors.

SECOND PART

Implementation

General Principles

ARTICLE 3 – (1) The Company effects an open, transparent and effective management on remuneration in strict compliance with the applicable current laws and regulations and the Group policies pertaining thereto.

(2) The Company formulates, implements and maintains its remuneration practices and applications in compliance with the Company's and/or the Group's business strategies, values and long-term objectives, and by taking into consideration both the Company's internal organization, and the composition, sizes and complexity of risks arising out of the nature of the activities and operations of the Company.

(3) Remuneration practices and applications do not encourage the taking of risks at a level that may be to the detriment of the Company or its shareholders, or any other act or behavior endangering the ability of the Group or the Company to protect and maintain its capital base adequacy.

(4) This policy is applied in such manner to prevent or avoid the probable conflicts of interest that may be exposed by persons who are in charge of drafting, executing, approving and reviewing the remuneration policy and the employment contracts, and particularly the probable conflicts of interest that may arise in such fields as insurance and underwriting, asset management, risk management, internal audit and compliance.

(5) In payments for termination of employment contract in an amount in excess of the payments specified in contractual and/or legal arrangements and instruments, if these payments are applicable, the interests of the Company are taken into consideration. These payments must aim to reflect the performance shown by the employee throughout his/her period of service, and if the employee is deemed unsuccessful according to his/her general performance, they must be determined in such manner not to award this failure.

Remuneration Components

ARTICLE 4– (1) Salary refers to the amount of cash and non-cash interests provided to an employee working for and under direction of an employer in a certain workplace in consideration of his/her services provided therein. Salary may either be comprised of a fixed component and a variable component, or be comprised of only a fixed amount of wage.

Salary contracts may further cover the additional fiscal fringe benefits or non-cash fringe benefits provided by the Company to its employees. These fringe benefits are, depending on their nature and characteristics, subject to the rules pertaining to fixed wage or variable wage components.

In determination of salaries, both the total period of work and the qualifications, responsibilities and duties required for the job are taken into consideration. Accordingly, salaries are determined by the Company in such manner not to fall below the minimum wage specified in the applicable laws and regulations or in the collective bargaining agreement.

Fixed and variable wage components have been described in the following two sections:

(2) Fixed Wage
Fixed wage is a predetermined amount of money due and payable to a person. In general, it is paid as a fixed payment in the form of a monthly base wage, i.e. in regular intervals.

Where the waging plans cover variable wage components, the fixed wage cannot be less than the minimum wage stipulated in the applicable laws and regulations or in collective bargaining agreement, and in any case, should be sufficiently high to prevent the excessive dependence of employees on the variable wage components.

(3) Variable Wage
Variable wage is the amount of money which is paid to an employee depending on his/her performance, but is not mandatorily required to be included in the salary package.

Performance goals determining the amount of variable wage must be transparent, and be updated every year, and the relevant employee must be clearly informed and kept informed about said performance goals.

Commissions for selling insurance contracts are not deemed variable remuneration in the sense of this Policy.

Variable salary components are not subject only to financial criteria.

Solvency ratio is a central risk indicator, and the Company's solvency ratio is taken into account in determination of variable wage. If a person can be held liable for the fall in the minimum solvency ratio, this fall is reflected also onto the variable wage of that person.

Additional Principles For The Member Of The Board Of Directors and The Management Board

ARTICLE 5– (1) Salary plans for the Board of Directors and the members of Management Board of the Company are regulated separately.

Members of the Board of Directors and the Management Board are persons who actually manage and direct the Company.

(2) If wages of these persons contain variable components, these variable components should be comprised of a composition of:

a) the individual performance of the relevant person in terms of effective performance of certain job duties and quality of performance, by also taking into consideration the compliance with the Company's internal rules and risk management practices and the applicable laws and regulations pertaining thereto; and
b) the performance of the organization unit of the relevant person, by also taking into consideration the contributions made thereby to performance of the Company's business strategies and to risk profile and goals; and
c) the overall performance of the Company and/or the Group within a certain period of time (contrary to the performance shown as of a certain date of reference).

(3) Subject to and in accordance with the proportionality principle, a majority part of the variable remuneration must be deferred.

(4) The members of the Board of Directors and of the Management Board have to commit to not using any personal hedging strategies or remuneration and liability related insurance which would undermine the risk alignment effects embedded in their remuneration arrangement.

(5) In addition to the provisions of the preceding paragraphs:

a) As per the Corporate Governance Principles, the shareholders will be informed about and will be allowed to comment on the rights and interests to be provided to the Board of Directors and to the executives with administrative responsibilities, as well as the remuneration principles, as a separate article in the agenda of the annual ordinary meeting of the general assembly of shareholders of the Company, and the remuneration policy will be published in the Company's official internet site; and
b) In determination of level of salaries of Independent Board of Directors, special care is taken to ensure that wage is at a level adequate to protect and maintain the independence of the Board of Directors, and within the frame of the Corporate Governance Principles, payment plans based on stock options or on the Company's performance are not used; and
c) No commission is due and payable to members of the Management Board over the sold insurance contracts.

THIRD PART

Other Provisions

Effective Date

ARTICLE 6– (1) This Policy becomes effective and enters into force as of the date it is approved by the Company's Board of Directors.

Enforcement

ARTICLE 7– (1) The Board of Directors is under obligation to make sure that the Company's remuneration practices and applications are in strict compliance with national and international regulations, rules of supervisory authorities and this policy. Furthermore:

a) To approve the Remuneration Policies and the updates to these policies and to inform the shareholders thereabout in the General Assembly of Shareholders; and
b) To supervise the designing, implementation and performance of remuneration policy and practices are also among the duties and functions of the Board of Directors.

(2) The Corporate Governance Committee is under obligation:

a) To develop suggestions as to principles and practices regarding assessment of performance and remuneration principles of the Board of Directors and the members of the Management Board; and
b) To monitor the practices relating thereto, and to determine the criteria that may be used in waging, and to submit to the Board of Directors its suggestions as to salaries that may be paid to the Board of Directors and the members of the Management Board by taking these criteria into account.

(3) The Human Resources Department is under obligation:

a) To prepare the Remuneration Policy and after approval of the Board of Directors, to implement and maintain the same; and

b) To prepare and draft the employment contracts to be signed with employees in strict compliance with this Policy, and if and when required, to update the same; and
c) To assist the Board of Directors, the Management Board and the Corporate Governance Committee of the Company in determination of probable conflicts of interests and in preparation and taking of appropriate actions in relation therewith.