



# CORPORATE GOVERNANCE MANUAL

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## Corporate Governance Manual

### 1. DEFINITIONS

**Bank:** Burgan Bank A.Ş. (“Bank” / “BBT”).

**Board of Directors:** Means the Chairman and members of Bank’s Board of Directors (“Board” / “BoD”).

**Bank’s corporate governance:** The framework of rules, practices and processes by which the Bank’s business and affairs are organized by its Board and executive management, to ensure accountability, fairness and transparency in the Bank’s relationship with all its stakeholders, including shareholders, customers, management and regulators. It sets out clear objectives, managing risks, ensure compliance with legal and regulatory requirements, maintain integrity, stability and the reputation of the Bank, whilst fostering sustainable growth and trust in the financial system.

**Executive Management:** A group of individuals appointed by the BoD where required by Turkish laws and regulations to perform their duties in managing the Bank’s operations; which include the Chief Executive Officer (“CEO”), his deputies and assistants, as defined under the global structure of the Bank and the Bank Group. Group Head is also a part of Executive Management whether or not appointed by BoD.

**Financial Rewards:** Refers to salaries, allowances, etc, and periodical or annual rewards related to performance and incentive plans whether short-term or long-term, and any material benefits including stock option systems.

**First-degree Relatives:** Parents, spouse, children, brothers and sisters whether in or outside Republic of Turkey.

**Group:** Burgan Bank K.P.S.C. along with its subsidiary banks.

**Non-executive board member:** A board member who isn’t exclusively available to manage the bank (members who are managing directors are considered executive members – i.e. similar to having an Executive Management role as defined earlier)

**Independent board member:** Member who has no substantial ties to the Bank, nor any significant financial share in the Bank and do not engage in credit dealings with the Bank. Nor are they part of the Bank’s management or Bank parent management. Independency criterias are defined by Board Nomination and Remuneration Committee section within the Charters for The Board Committees, as stated within clause 5.2 of this Policy.

**Related Parties:** In defining the related parties, the International Accounting Standard no. 24 and its amendments shall be considered.

**Main Shareholder:** A natural or legal person that directly or indirectly, individually or jointly Controls a company, as defined by the Banking Act.

**Stakeholders:** Any person or party that has a relationship with the Bank such as depositors,

**Subsidiary:** Companies that are majority owned or under the control of the Bank.

## 2. INTRODUCTION

Burgan Bank A.Ş is committed to the highest standards of corporate governance and recognizes that good governance is pivotal in helping the business to deliver its strategies whilst generating sustainable shareholder value and meeting its obligations towards shareholders and other stakeholders.

As an essential part of this commitment, the Bank operates within a well-defined governance structure and embeds governance principles and practices in its operations based upon the four cornerstones of accountability, transparency, fairness and integrity. The Bank follows the guidelines of the Capital Markets Board of Turkey ("CMBT") and Banking Regulation and Supervision Agency ("BRSA"), which are based on Basel Committee recommendations on Corporate Governance.

The Bank shall also take as reference the regulations of regulatory bodies of its main shareholder where there are no contradictions with local laws and regulations. The board of directors and the executive management must ensure the maintenance of banking confidentiality by the bank's service providers, in the event of them viewing subjects or information characterized by banking confidentiality.

The Bank also counts on the community's support and partnership in advocating excellence in corporate governance. Hence, the Bank appeals to all other market players for joining the Bank in contributing to a continuous enhancement of its quality by practicing good corporate governance not only for the corporate growth, but also for the prosperity of the Republic of Turkey.

The Board, acting on the recommendations of its Corporate Governance Committee, has adopted this Corporate Governance Manual ("CG manual") that incorporates the established corporate governance policies and practices in accordance with Capital Markets Board of Turkey ("CMBT") Circular on Corporate Governance Principles dated January 3<sup>rd</sup>, 2014 no. II.17-1 and BRSA Regulation on Banks' Corporate Governance Principles. Through this manual, the Board aims to promote adherence and further strengthen the Bank's commitment to good Corporate Governance.

The provisions under this CG manual shall apply to the Board of Directors, the Executive Management, employees and the service providers of the Bank.

This CG manual reflects the requirements and policies of the Bank that has been approved by the Board of the Bank and has made this CG manual available to the public on the Bank's website [www.burgan.com.tr](http://www.burgan.com.tr). & [www.on.com.tr](http://www.on.com.tr).

## 3. GENERAL PRINCIPLES OF CORPORATE GOVERNANCE FRAMEWORK

The Corporate Governance framework at the Bank ensures protections of shareholder's rights and their equal treatment, especially in light of the laws, regulations and instructions issued by the regulatory bodies and incorporates the same into the Bank's policies and procedures. This includes:

- Protecting the shareholder's basic rights related to registering ownership and its transfer, participation in shareholders meetings, participation in profits, and obtaining regular information about the Bank.
- Ensuring shareholder's rights in viewing and participating in decisions related to amendments to the Bank's articles of association, amendments to the capital by offering new shares, offering shares under the share option scheme for employees, or by re-purchasing shares, decisions related to any extraordinary transactions that have effects on the Bank's outcome or its operations/activities such as a merger or sale of a tangible part of its assets or subsidiary companies.

- Encouraging effective participation of shareholders in the General Assembly meetings and acquainting them with voting rules, procedures, informing them of the date and place of the meeting with agenda at a sufficient time before the meeting. Enabling shareholders to view the General Assembly's resolutions.
- Treating all shareholders equally, including small shareholders and foreign shareholders, and giving them the opportunity to question the Board and correct any violations to their rights.
- Providing information to shareholders at appropriate time and to allow them to fully practice their rights. This information shall be complete and accurate without differentiating between shareholders in regards to its provision.
- Considering that stakeholder's rights represent an important aspect of good governance and that the success of the Bank is a result of collective efforts by the stakeholders such as depositors, loan takers, employees, investors, and other who have dealings with banks.

#### **4. ORGANIZATION STRUCTURE**

The Board of Directors shall approve an organizational structure that suits the Bank's nature of activities, ensuring that there are sufficient organizational regulations to execute the strategy approved by the Board of Directors, and facilitates effective decision making and good governance. This shall include:

- Clear and transparent organization structure.
- Goals specified for each administrative unit.
- Functional tasks and responsibilities specified for each administrative unit.
- The authorities, lines of communications, and direct lines of supervision for positions at different management levels to achieve dual supervision (adequately balanced over the Board and Executive Management), and adequate allocation/ segregation of responsibilities.
- Adequate evidence, policies, and work procedures to execute the operations and supervise them and a job description for all positional levels in the organization structure, including specification of the qualifications and experience of those who occupy them.
- Ensure the ownership structures do not impede sound governance
- Independent department for risk, auditing and compliance functions.

Organization structure of the Bank is approved by Board of Directors.

#### **5. BOARD OF DIRECTORS**

The Bank is steered by an effective and unitary Board which assumes responsibility for its leadership and control and is collectively responsible for promoting Bank's long-term success by directing and supervising its affairs. The Directors are responsible for ensuring that the Board makes decisions objectively in fulfilling the Bank's public and corporate responsibilities.

##### **5.1. Composition of the Board of Directors**

The Board shall comprise of executive (as required under Turkish regulations), non-executive and independent Board members, as elected by the General Assembly, and will ensure independence in actions and decisions at all times. The General Manager of the Bank and, in his absence, his deputy shall be a natural member of the Board of Directors.

The board of directors should have a sufficient number of members, including independent members to allow the bank to have an effective discussion of all facets of its activities, business, and forming the required number of board sub-committees in the framework of sound governance standards' requirements.

Election and renewal of the Board membership shall be done in compliance with the applicable rules and regulations. The changes related to the limit of minimum or maximum number of Board

members of the Bank shall be suitably reflected through amendments in the Articles of Association to correspond to the implementation of the rules, regulations and instructions, the current number of board of directors' members within that limit shall be determined by the general assembly and the resigned members and the persons elected as board of directors' members or the persons appointed as board of directors' members for vacated position shall be informed to the Banking Regulation and Supervision Agency, together with documents indicating that they bear the requirements laid down in Banking Law, within seven working days.

Each member of the Board shall serve a term of three years, at the end of which the Board shall be formed again and it shall be permissible to appoint the members whose term has expired.

Any member that resigns shall do so in writing to the Chairman of the Board, expressing the reason thereto -if any-. The Chairman of the Board shall present the resignation of the resigned Board member to the Board, for notification. In case of such resignation, the Board shall make a resolution regarding removal of signature authorization of the resigned Board member

Board of Directors membership shall end, if such Director:

- fails to attend four consecutive meetings without a reason acceptable to the Board.
- dies or becomes legally incompetent or becomes otherwise incapable of performing his duties as a member of the Board.
- is convicted of any crime of immoral or dishonesty.
- is declared bankrupt or a criminal punishment given under the penal code of law.
- resigns from his position pursuant to a written notice sent to the Chairman of the Board.
- is dismissed by a General Assembly resolution based on a valid reason.
- Other conditions stated under the Article 8 of the Turkish Banking Act.

## **5.2. Independent Board Member Criteria**

The independent board member criteria shall be defined under the Board Nomination and Remuneration Committee (BNRC) section within the Charters For The Board Committees.

## **5.3. Board Qualification**

The Board members shall possess suitable qualification and experience, as appropriate for their position and tasks. The members shall have a clear understanding of their role in relation to governance and shall have the ability to make objective decisions about the Bank's affairs. In this regard:

- The Board shall comprise of diverse skills and experiences to enhance the independence of its decisions.
- The Board members shall have appropriate knowledge, experience, integrity and personal abilities, and shall adhere to sound professional practices in order to make independent and objective decisions.
- Each board member shall have the necessary expertise in the banking and financial business, and shall continue to develop their experience in line with banking developments globally.
- The Board shall collectively have a sufficient amount of knowledge and experience related to important financial activities and subjects related to governance standards and effective supervision experience in financing, accounting, lending, Banking operations, payment systems, strategic planning, governance, risk management, internal control regulations, and the Bank's systems and instructions. The Board must collectively have suitable knowledge of local, regional, and international economic developments, and the regulatory environment.

The above principle shall apply to the Board member in his/her role as a member of the Board and as a member in any Board Committee.

#### **5.4. Board Member Declaration**

Each Board member shall ensure that their other commitments, including outside Board memberships, do not interfere with their duties and responsibilities as a member of the Board.

Board member shall not participate in the Board of any competitor to the Bank.

Directors shall, before commencing their duties with the Bank, disclose the nature of their positions and ownership in any other organizations, including companies and public institutions, and indicate the set term of each position. Thereafter, the Directors shall promptly notify the Bank of any changes to these details.

Prior to or after the election/ re-election of a Board member, he/she shall sign declaration forms, as required by the regulatory bodies or the Bank, pertaining to independence, conflict of interest, insider trading, confidentiality, amongst others.

The following are some of the key circumstances that may give rise to a conflict of interest, either actual or perceived:

- The Director or his/her wife/husband or any relative from first-degree to third-degree has a material or personal financial interest (directly or indirectly) in a proposed transaction with the Bank.
- Such conflict of interest exists or is deemed to exist as per the Turkish law.
- The Board (excluding the relevant Director) has determined that such conflict of interest exists or is deemed to exist.

In all cases, the Board (excluding the relevant Director) shall determine whether a reported (actual or perceived) conflict of interest qualifies as a conflict of interest to which the above conditions apply.

#### **5.5. Board Introduction**

The Board shall adopt a formal induction program to familiarize with the Bank's operations and activities. The program shall take into consideration and/or include the following elements:

- The Board Nomination and Remuneration Committee (BNRC) shall provide Board members with a suitable summary of the Bank's business.
- The BNRC shall also provide each new Board member with the Board Induction Pack showing the member's rights, responsibilities, and duties.
- Presentations by the Executive Management on the Bank's strategic plans, business operations and activities, business units and departments, and principal officers and employees.
- Bank's relevant policies and procedures.

The Board shall adopt a formal development program that takes following into consideration:

- Regularly developing the skills and experiences of the Board, especially in the areas of governance and risk management and in light of the development of the future outlook of risks faced by the Bank.
- Expanding the Board's knowledge and skills through training programs specified for it, in addition to participation in conferences and seminars in the banking and financing business field.

#### **5.6. Board of Directors' Responsibilities, Management Internal Directive and Representation Internal Directive**

The Board shall have overall responsibility for the Bank, including approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and



corporate values. The Board shall also be responsible for providing oversight of the Executive Management.

The Board members shall exercise their independence and commitment to perform their role towards the Bank and all its stakeholders without being under an effect or influence which may limit their ability to look into the Bank's affairs, discuss them and make a decision on it in an objective manner to protect the minority's rights.

The members of the Board shall exercise their duties towards the Bank apart from the party appointing them, maintaining the interests of the shareholders, depositors, creditors, employees, and other stakeholders.

The Board has the power of representation and management of the Bank. The Board can transfer its management powers, transferable apart from the matters that belong to it within the related regulation, to the Board Committee or the CEO. The CEO manages the bank by transferring these powers to the related Management Committee or related Executive Vice President or Group Head. The matters that are transferred are not regulated by a separate directive but by the procedures and policies within the bank. An internal representation directive is prepared to transfer the representative powers and is registered and declared in the trade registry.

Board members are aware of their responsibilities ensuring no related conflicts occur in-line with regulatory requirements.

The Board shall specify sound practices of governance for its tasks and ensure there are means that confirm that the practices are followed and they are reviewed in order to improve them. The Board shall put in place and practice sound governance standards in a way that helps it to perform its duties efficiently and conveys clearly the Bank's views and goals.

All banking operations that require the Board's approval (for example the Board's authority in granting loans that exceed a certain amount, its authority in approving transactions with related parties, or any other banking operations that are within the Board's functions), shall be specified in writing.

The Bank shall develop a charter/terms of reference for the Board of Directors providing them with details on their duties and responsibilities. The charter shall enter into effect upon the approval of Board of Directors.

## **5.7. Board Chairman And Secretariat**

### **5.7.1. The Chairman**

The Chairman and the Vice Chairman of the Board shall be elected by the Board members, from amongst themselves.

The positions of the Chairman and the Chief Executive Officer ("CEO") shall remain separated ensuring that these are not linked by any relation that may affect the independent decisions of either of them. Also, their responsibilities shall be via written instructions approved by the Board and reviewed as required.

The authorities and responsibilities of the Chairman shall be automatically delegated to the Vice Chairman in the absence of the Chairman of the Board.

The responsibilities of the Chairman shall include:

- Ensure that high Corporate Governance standards are maintained within the Bank and the Group.
- Provide leadership to the Board and chairing meetings of the Board.



- Monitor the overall functioning of the Board and maintain a relationship of trust between the Board members and the Executive Management.
- Ensure that the Board acts efficiently, fulfills its responsibilities and discusses all its significant issues on a timely basis.
- Monitor the overall functioning of the Board including calling the Board meetings, setting meetings agendas, and chairing the meetings.
- With the assistance of the Board Secretary, develop and approve the agenda of each Board meeting, taking into consideration any issues that Board members and Executive Management propose to be included in the agenda.
- Ensure sufficient information reaches all Board members and shareholders in a timely manner and ensure the Board makes its decision based on sound and clear information and basis.
- During Board meetings, encourage the process of discussion, constructive criticism, expression of opinions and viewpoints during the decision-making process and voting on the issues.
- Encourage all Directors to actively and efficiently participate in the work of the Board and its Committees in order to ensure that the Board acts in the best interests of the Bank.
- Identify and address the development needs of the Board with a view to enhance the overall effectiveness of the Board.
- Supervise the duties performed by the Board Secretariat and ensure that the minutes of meetings and resolutions of the Board are accurately recorded by the Secretariat and have been circulated and approved by all Board members.
- Represent the Bank externally with other authorized board members. Adopt regular communication with shareholders and communicating their views to the Board.
- Follow-up on the works of the Board Committees to ensure that they are performing the assigned tasks and submit a follow-up report to the Board.

#### **5.7.2. The Board/ Board Committee Secretariat**

The Board's and Board Committees' Secretariat shall be appointed by the Board of Directors, and shall not be dismissed except by the Board. If more than one person is appointed to the Secretariat, all of whom are appointed have the active and passive representative Powers individually. The Secretariat may instruct secretary assistants to provide operational support to the Secretariat for jobs and actions under the Secretariat's job description.

The Secretariat shall follow Board's specified procedures in regards to circulation of information between the Board members, its Committees, and the Executive Management in addition to specifying the dates of the meetings and taking the minutes of meetings and resolutions

The Secretariat shall write down all the board's discussions and its sub-committees, member suggestions, and voting results occurring during the board meetings, and shall write down any reservations or recommendations by members. Meeting and resolutions are required to be kept and they become a part of the Bank's records. Meeting minutes may be kept in English, but resolutions shall be written in both English and Turkish.

The Secretariat shall make these records available to, but not limited to, the regulatory body(ies)/ inspector(s), the Board of Directors and the Executive Management (as appropriate).

#### **5.8. Board Operations**

The Board shall hold minimum six (6) meetings annually and four (4) of these meetings shall be held quarterly (March-June-September-December). Taking resolutions by circulation are not considered within the minimum required number of meetings.

Board/Committee meetings shall be convened at written notice of the Chairman or at written request made by at least one member of the Board/Committee to the chairman.

The Chairman of the Board shall determine the agenda for Board meetings in consultation with the Executive Management to identify and address significant risks and issues being faced by the Bank.

The Board members shall be provided with sufficient information and at a sufficient time before the Board meetings in order for them to study it before taking appropriate decisions.

The quorum for meetings of the Board/Committee shall be majority of its members. Members of the Management may also be called by the Chairman to attend the meeting.

Each Board/Committee member shall have one vote. The Secretariat and invited attendees (other than the Board members) shall not be entitled to vote.

The resolutions of the Board shall be approved by the majority of votes of the Board/Committee members attending. The Board/Committee can pass resolutions by the way of circulation as well preferably only for those matters, which are of an urgent nature, as agreed by the Board/Committee.

A Board/Committee member shall not attend or vote during a discussion, if any item of the agenda, transaction or contract under discussion is related to him/her directly or indirectly.

The Bank shall have Board approved policies for convening Board/Committee meetings, quorum, voting, taking minutes of meetings and the resolutions.

## **6. BOARD COMMITTEES**

The board must form sub-committees in order to enhance the supervision effectiveness of the boards over important operations in the bank. These committees will present periodic reports to the board in light of the nature of each committee's tasks. Note that the existence of these committees doesn't waive direct responsibility for all matters related to the bank from the board of directors.

In order to enhance effectiveness of its supervision over the operations of the Bank, the Board has formed following sub-committees ("Board Committees"):

- **Board Corporate Governance Committee (BCGC)**

The BCGC shall essentially be responsible for assisting the Board in setting the Bank's corporate governance policies and following-up on its execution and periodic review to ensure its effectiveness.

- **Board Nomination and Remuneration Committee (BNRC)**

The BNRC shall be responsible for presenting recommendations to the Board regarding nomination to the Board's membership, review of Board structure on an annual basis, undertake performance evaluation of the overall Board and the performance of each members on annual basis, and developing Bank-wide reward policy in line with applicable laws and regulations. As well, provide the criteria and verification of the necessary requirements for the nomination of Independent Board members. In addition, BNRC shall be responsible for appointment of the senior positions of the Executive Management, ensuring that these positions are occupied by qualified employees along with setting performance standards and succession plans.

- **Board Audit Committee (BAC)**

The BAC shall be responsible for setting and overseeing the sufficiency of internal control and audit functions of the Bank, along with ensuring compliance with applicable laws, policies, instructions and code of business conduct and ethics and also other responsibilities provided under BRSA Regulation on Internal Systems of Banks.

- **Board Risk Committee (BRC)**

The BRC shall be responsible for providing review and report to the Board on the current and future risk strategy and tolerance along with supervising implementation of this strategy by the Executive Management. The BRC shall ensure existence of effective systems for risk management and independence of these functions.

- **Board Credit Committee (BCC)**

The BCC shall act as the focal point in the credit activity of the Bank and shall consider and grant approval on behalf of the Board and shall provide an oversight on the Bank's credit granting activities and make decisions within its delegated authorities and implementing the Board's decisions outside its authority.

The Bank shall have Board approved charters including each of its Committees specifying its purpose, composition, meetings and responsibilities.

Each Board Committee shall comprise of at least three (3) Board members, including the Chairman of the Committee, unless otherwise specifically mentioned in the related BRSA regulations or respective charter.

The Board Committee members shall be appointed by the Board and their names along with duties and responsibilities shall be disclosed in the Bank's annual report.

The members of each Board Committee shall have appropriate knowledge and experience to make independent and objective decisions. Any specific requirements in terms of academic qualification for a particular Board Committee shall be provided under the respective charter.

A member of a particular Board Committee can be a member on another Board Committee, except under situations where a conflict of interest may arise or may be construed as inappropriate due to their membership in the other Board Committee. Conditions and details regarding committee memberships are set forth in the Charters of Board Committees.

The Chairman of each Board Committee shall be nominated by the Board. The Chairman of the Committee shall be responsible for overall functioning of the respective Board Committee and report to the Board following the same principles of the responsibilities of the Board Chairman, as covered earlier in the CG manual.

The Board shall also appoint suitably qualified personnel as the Secretariat for each Board Committee, who may be the Secretariat of the Board or any member of the Executive Management. The Secretariat of the Board Committee shall undertake his/her responsibilities as covered earlier in this CG manual and following the Board approved procedure for convening Board/Committee meetings, quorum, voting, taking minutes of meetings and the resolutions.

The Board Committees, other than Board Nomination and Remuneration Committee (BNRC) shall meet as frequently as required with a minimum of one (1) meeting in a quarter, unless otherwise specifically mentioned in the Charters of Board Committees.

The Board Chairman shall follow up the Board Committees' work on a continuous basis to ensure performance of their assigned duties, and obtain an activity report at least quarterly.

## **7. EXECUTIVE MANAGEMENT AND ITS COMMITTEES**

The Executive Management at the Bank shall be appointed by the Board ensuring that they have the necessary experience, competencies and integrity to manage the Bank's business and affairs

in line with standards of professional behavior, supervise the Bank's management, and have appropriate authority over the key individuals relevant to the Bank's operations.

The Executive Management shall contribute to the Bank's effective corporate governance through personal conduct (e.g. by helping to set the "tone at the top" along with the Board) and providing adequate oversight of those they manage.

The Executive Management shall actively assign duties to the staff, as appropriate and shall establish a management structure that promotes accountability and transparency. It shall oversee the exercise of assigned responsibility/ authorities and shall be ultimately responsible to the Board for the performance of the Bank.

The Executive Management shall perform activities according to professional behavior standards and be responsible to:

- Ensure that the Bank's activities are consistent with its business strategy, permissible risks and policies approved by the Board.
- Participate in giving suggestions on the Bank's business strategy and annual budget.
- Implement, consistent with the direction given by the Board, appropriate systems for managing the risks (financial and non-financial) to which the Bank is exposed.
- Set effective internal control systems.
- Prepare financial reports in accordance with the international standards and other approved standards, including instructions issued by the BRSA and CBK in this regard.

The Executive Management shall supervise the Bank's business, particularly with respect to monitoring the risk and compliance functions and appropriate independence of their tasks and their division.

The Executive Management shall provide the Board with transparent and objective financial and administrative reports, at least every two months.

The Executive Management shall implement the resolutions passed by the Board without any interference in its competencies. In case any of the Board members participate in the implementation of the resolutions passed by the Board, such participation shall be based on an authorization given by the Board and the Board shall be informed of the actions taken in this respect.

The Executive Management shall form appropriate Management Committees and delegate certain authorities and responsibilities to them. The Bank shall prepare a procedure for Management Committees specifying each of its purpose, composition, meetings and responsibilities.

## **8. MANAGEMENT RISK COORDINATION COMMITTEE (MRCC)**

### **Purpose:**

The MRCC's purpose is to evaluate current issues and risks monitored and reported by the Risk Management Group and the Compliance Department together with the results of the audit activities carried out by independent auditing and legal authorities as well as the Internal Audit Department and the Internal Control Department (ICD) within the Internal Systems and to provide the necessary information to ensure that the necessary actions are taken effectively and rapidly by the relevant management units, particularly critical findings and risks requiring immediate measures, and to achieve coordination between the Bank's internal business units. Another purpose of the Committee is to assist the functioning of the Audit and Risk Committee.

**Committee Type:** Non-Executive - Informative

**Frequency&Composition:** At least six (6) times a year

**Meeting Quorum: Absolute Majority**  
**Decision Quorum: Absolute Majority**

<b>Members of Audit/Control/Compliance Session</b>	<b>Members of Risk Session</b>
1. Chairman of the Audit Committee (the Chairman) 2. Chief Executive Officer (CEO) 3. Executive Vice President - Internal Systems 4. Executive Vice President - Risk Management 5. Group Head of Internal Audit 6. Department Head of Internal Control 7. Department Head of Compliance	1. Chairman of the Audit Committee (the Chairman) 2. Chief Executive Officer (CEO) 3. Executive Vice President- Internal Systems 4. Executive Vice President - Risk Management 5. Group Head of Internal Audit 6. Department Head of Internal Control 7. Department Head of Compliance 8. Department Head of Credit and Market Risk
<b>Other Participants:</b> Based on the meeting agenda, the Internal Audit, Internal Control, Compliance and Risk Management Department Managers and members and top executives from executive management positions and other managers are invited to the meeting.	

**Committee Secretary (CoSec):** Department Head of Internal Control

- The Head of Internal Audit Department may invite any other staff that he/she deems necessary regarding the agenda items and other matters to attend the meetings without the right to vote.
- All presentations and reports shall be submitted to the members before a reasonable period of time.

**Responsibilities and Authorities:**

**Internal Audit Department**

- To evaluate audit reports and investigation reports of Branch Offices, Head Office, Information Systems submitted by the Internal Audit Department and ongoing auditing activities;
- To review the action plans of internal audit reports, in particular high and critical findings, and to advise relevant managements related thereto when necessary;
- Original maturity extension requests for findings of high risk level and findings considered to have significant risk by the Internal Audit Department shall be submitted to the RKK for approval by the relevant management. Necessary information and explanations shall be made by the relevant managements in the RKK for findings for which maturity extension has been requested. Finally, to make evaluation in relation to these findings following the instructions of the relevant managements and the Internal Audit Department;
- To evaluate findings that are not agreed after proposed and for which risk acceptance is requested; to require the relevant management take additional corrective actions for the findings for which risk acceptance is not approved;
- In addition to internal audit reports, external audit reports, group internal audit reports and audit reports of statutory authorities (which may be submitted by the Legislation and Compliance Department) are submitted to the RKK by the Internal Audit Department. To evaluate the findings and managements' actions in these reports.

**Internal Control Department (ICD)**

- To evaluate the activities carried out by the Internal Control Department within the relevant reporting period, the findings/deficiencies identified as a result of these activities and the recommendations related action plans submitted to the Branches/Head Office Units to eliminate them;
- To examine and evaluate the requests for maturity extension submitted by Branches/Head Office Units for action plans of findings of critical importance determined by the Internal Control Department, and to warn the relevant managements related thereto when necessary;
- To review and evaluate the findings/recommendations that the Internal Control Department does not agree with the relevant Head Office units, branches and/or external audit department.

**Compliance Department**

- To evaluate the notifications made by the Legislation Compliance Department in relation to current legislative changes, actions to be taken for such changes in order to ensure compliance with the legislation and non-compliances (if any), and to ensure that actions are taken when necessary, and to warn the relevant managements related thereto;
- To evaluate the notifications relating to the deficiencies in the legal compliance projects monitored on the basis of the relevant working groups or the responsible units/departments established by the Legislation Compliance Unit within the scope of the legislative amendments, to ensure that actions are taken when necessary, and to warn the relevant managements related thereto;
- To obtain information about the amendments in the MASAK legislation and international legislation;
- To obtain information about the results of customer due diligence, monitoring and control activities within the framework of the fight against the Prevention of Laundering of Proceeds of Crime and the Terrorist Financing, to ensure that actions are taken when necessary, and to warn the relevant managements related thereto;
- To provide coordination, supervision and legislative consulting for Bank's goals and strategies and activities being conducted accordingly to be in compliance with legal authorities' regulations and standards within the scope of relevant data protection regulations as well as Banking Act and Law on Protection of Personal Data.

**Risk Management Group**

- To evaluate the analyses of credit, market, operational and liquidity risk studies prepared by the Risk Management Group for the relevant reporting period;
- To evaluate the current situation regarding the credit, market, operational and liquidity risk appetite limits that are followed up within the framework of the Bank's risk appetite and the relevant policies, and to follow up that the necessary actions are taken in the event of early warning limit/limit excess;
- To evaluate the issues, such as capital adequacy, modelling, compensation calculations, a general framework of which is drawn under the statutory legislation, but with no uniformity in the banking sector in terms of practice, and to share its proposals with the related parties;

To perform evaluations and provide the necessary instructions for important current risks that are brought to the agenda, apart from all periodic audits, controls and reports mentioned above.

**9. INDEPENDENT CONTROL FUNCTIONS**

The Board shall ensure an independent and adequate internal control system in the Bank and review its effectiveness. The Board shall establish, communicate and enforce the Bank's direction through adoption of written policies that cover every aspect of operations and management.

The Board shall, at least once a year, assess the efficiency and effectiveness of the internal controls required to protect the Bank's properties, assets, verify the reliability of financial information, and the efficiency of its operations from the administrative, financial, and accounting aspects.

These policies shall represent the guidelines within which the management operates, and the methodology in which the business and affairs of the Bank are governed by the Board and the Executive Management, including how they:

- Set the Bank's strategy and objectives
- Determine the Bank's risk tolerance/ appetite
- Perform daily operations
- Protect the interests of depositors
- Meet shareholders obligations and take into account the interests of other stakeholders



- Place a suitable mechanism to handle client complaints based on applicable regulatory instructions
- Operate the Bank in a safe and sound manner with integrity and in compliance with applicable laws and regulations
- Manage the Bank taking into account not to expose the banking sector to any systemic risks

Preparation, repeal, revision, annual review and put into effect of Bank's policies and procedures are set forth in UE070-Document and Correspondance Standards Procedure. The Board shall annually confirm adequacy of existing policies, or determine the need for any amendments therein through Board Corporate Governance Committee.

The Board shall use the internal and external audit's remarks and the internal control evaluation reports for enhancing the effectiveness of the Bank's performance (including the Board and the Executive Management performance).

The Bank's annual report shall include report on the internal control systems showing the responsibility of the Executive Management regarding the same, and the framework used to assess the efficiency of internal control systems, along with the Executive Management's assessment of how effective these systems are as shown in the date of the financial statements in the Bank's annual report. There shall also be disclosure regarding any critical weak points in internal controls.

The external auditors shall incorporate within the internal controls assessment annual report that is submitted to the Banking Regulation and Supervision Agency (BRSA), the degree of the Bank's compliance to implementing the Corporate Governance Instructions of the regulatory bodies as mentioned in the introduction. This report shall be enclosed with the annual financial statements.

### **9.1. Internal Audit**

The Bank shall establish an independent department for Internal Audit, with a sufficient number of qualified personnel and ensure that they are suitably trained and rewarded.

The Board shall ensure that the scope, procedures, and periodicity of internal auditing activities correspond to the degrees of risks faced by the Bank's different activities. Also, the Board shall approve a charter for the Internal Audit Department that considers the regulatory requirements of the BRSA regulations taking into consideration the main shareholder's regulatory bodies' regulations where there are no contradictions with local regulations.

The Internal Audit department shall be responsible for setting the structure and scope of work of the internal audit as well as informing the BAC of any potential conflict of interests. The Internal Audit department shall not carry out any executive responsibilities.

The Internal Audit Department shall present its reports to the Board Audit Committee (BAC) and shall meet the BAC, at least on an annual basis, without the presence of the Executive Management.

The Bank shall not generally outsource any of the basic internal audit roles.

### **9.2. External Audit**

The Board shall appoint an independent external auditor, based on the recommendations provided by the BAC with regards to selection, termination, rotation, remuneration for the external auditor, and any other contractual terms related to it, in addition to evaluating the objectivity of the external auditor. The Bank shall have a Board approved policy for engagement of the External Auditor.



The external auditor shall provide a copy of the auditing report to the BAC and shall meet with the BAC to discuss these reports and any other important remarks on the Bank's issues. These meetings shall take place in the presence of the Executive Management. The BAC shall ensure that it meets with the external auditor without the presence of the Executive Management as well at least once in a year.

### **9.3. Compliance**

The Compliance Department consists three sub-departments as Legislative Compliance, Anti-Money Laundering and Customer Data Protection and Compliance. Compliance Department shall directly depend to the Board Audit Committee, and the scope and breadth of the activities of the Compliance Department shall be subject to periodic review by the internal audit function. Compliance Department participates to Board Corporate Governance Committee meetings in terms of its functional duties.

The main activities of Legislative Compliance Department consist the following:

- Monitoring the banking legislation excepting tax legislation, announcement of the amendments and new adoptions,
- Providing consultancy services to the relevant departments / units of our Bank regarding new and existing products and services within the scope of related legislation,
- Ensuring the application and operation of our Bank is performed in accordance with legal regulations and publishing the amendments periodically in bulletin format throughout the Bank,
- Advise the Executive Management on compliance to the laws, rules and standards, including keeping them informed on developments in these areas.
- Creating working groups regarding important legislative amendments and monitoring the Bank's compliance in this context

The main activities of Anti-Money Laundering Department consist the following:

- Creating, updating and announcing policies and procedures within the scope of prevention of Laundering Proceeds of Crime, Terrorist Financing and proliferation of weapons of mass destruction and advising new products and services on these issues,
- Carrying out customer recognition, monitoring, control and suspicious transaction activities in accordance with the standards set forth by international organizations such as Financial Action Task Force (FATF), generally accepted international rules such as the ones of OFAC and similar organizations and Group rules, as well as local legislation published by Financial Crimes Investigation Board (FCIB) in the context of Prevention of Laundering Proceeds of Crime and Terrorist Financing,
- Fulfillment of research requests from official institutions, particularly FCIB, within the scope of legislations regarding Prevention of Laundering Proceeds of Crime, Terrorist Financing and proliferation of weapons of mass destruction,
- Keeping the record of information and statistics related to internal audit and training activities on a regular basis and sending them to FCIB,
- Preparing presentations in the scope of educational activities within the framework of Prevention of Laundering Proceeds of Crime and Terrorist Financing,
- Holding a meeting without the Board Audit Committee and Executive Management at least once a year

The main activities of Customer Data Protection and Compliance Department consist the following:

- Following up national and international developments within the scope of Law on Protection of Personal Data, Banking Act and relevant legislation and legal regulations, and providing information throughout the Bank,

- Conducting impact analysis studies on Law on Personal Data Protection for building up new product and services/business processes, attending to necessary technical and administrative studies/projects as consultant,
- Preparing training documents in order to increase employees' awareness of customer data/personal data protection issues,
- Overseeing the implementation of rules and policies regarding data sharing with third parties outside the Bank, and coordinating legal reporting on data sharing with third parties,
- Participating in the preparation/updating of legal texts related to data protection regulations,
- Conducting studies to review the personal data processing inventory of various business and information systems processes for compliance with the regulations in the field of Law on Protection of Personal Data,
- Coordinating the process of meeting the Data Protection Board and customer requests directed to the Bank within the scope of Law on Protection of Personal Data.

#### **9.4. Risk Management**

The Board shall ensure that the Bank adopts an effective risk management framework, covering the following:

- Determining Bank's risk appetite/tolerance and developing comprehensive Risk Policy considering the size and nature of the Bank's operations, with the policy to be revisited and updated annually.
- Specifying the main risks in the Bank and evaluating them, measuring the Bank's exposure to these risks and overseeing this exposure within the Bank's risk tolerance, specifying the capital needs on a periodic basis, and overseeing and evaluating decisions related to accepting certain kinds of risks, developing risk mitigation plans, and identifying responsible individuals within the Bank for implementing the risk mitigation plans and continuous risk oversight/monitoring.
- Ensure that the Bank's risk management is sound and implemented with integrity.
- Ensure that the risk management and internal controls infrastructure corresponds with the changes in risks faced by the Bank.

The Board shall ensure independence of the Risk Management Department and shall appoint a Group Head of Risk with suitable qualifications and experiences required for this position and its tasks.

- The Group Head of Risk shall report to the Chairman of the Board Risk Committee, the Chairman of the Board and the Chairman of the Board Risk Committee (BRC) and presents the report to them.
- The Group Head of Risk shall be independent and not given any financial or business targets.
- The Group Head of Risk shall not be terminated or dismissed from his position without approval from the Board.

The Board shall bear the ultimate responsibility regardless of any responsibilities that the Risk function may have been delegated with.

#### **9.5. Internal Control**

As per The Regulation On The Internal Systems and Internal Capital Adequacy Assessment ProcessOf Banks published by the BRSA, Internal Control Department should be established for the purpose of ensuring that the assets of the bank are protected, that its activities are conducted efficiently and effectively and in accordance with the Law and other applicable legislation, with the internal policies and rules of the bank, and with the established practices of banking, that the reliability and integrity of the accounting and financial reporting system is maintained, and that information is available in a timely manner. Internal control activities include control of actions to execute activities and control of the communication channels and information systems and the

financial reporting system. As per the relevant regulation, our Bank's Internal Control Department (ICD) reports to the Board Audit Committee (BAC) through Internal Systems Officer.

The internal control system, the internal control activities, and how they are to be executed, shall be designed by the Internal Control Department together with the top-level managers of the other relevant units, having considered the characteristics of all activities carried out by the bank. Internal Control Department shall perform independent, objective second level controls and monitoring activities to provide reasonable assurance to the Board of Directors (BoD).

The Internal Control Department shall present its activity reports to the Board Audit Committee (BAC), at least on a quarterly basis,

The ICD staff shall conduct their duties in the units or branches where the operational activities are executed and in the head office. The posts of the internal control personnel shall be changed at intervals considered appropriate by the head of the Internal Control Department. The internal control personnel shall not engage in any activity other than internal control activities.

The ICD staff shall request information based on reports from the units concerned in order to monitor, review and control the reliable performance of all activities of the bank, shall implement controls or reviews based on general or special observations and monitoring through various control documents and tools, shall put their findings in the form of reports, and shall prepare warning messages and communicate them to the units concerned. The ICD staff shall be provided with the authority to demand additional explanations from bank personnel concerning matters which they monitor, review and control, and to seek their opinions.

The ICD internal regulations and policies, prepared by the ICD, considered appropriate by the BAC, and approved and adopted by the Board of Directors, shall include provisions concerning the required educational status, experience, levels of knowledge and skill, and other qualifications of internal control personnel.

## **10. PERFORMANCE EVALUATION**

The Board, through Board Nomination and Remuneration Committee (BNRC), shall undertake an annual evaluation of each Board member's overall performance and his/ her performance in the capacity of a member of a sub-Board Committee, as per the Board approved policies. Decisions such as dismissal or quittance of board members shall only be given by the General Assembly

The performance evaluation shall be based on a pre-set assessment criteria developed by the BNRC in coordination with the Board Corporate Governance Committee (BCGC) and approved by the Board. The assessment criteria shall be developed for the Board and its sub-committees and shall be shared with the respective members at the beginning of the performance management cycle.

The evaluation shall include, among others as detailed in the performance evaluation procedure, the effectiveness and the activities of the members during the committee's session, the knowledge and experience of the members and assess their authorities and their leadership skills. Documentation required to support the evaluation will be sought from the Board Secretary and / or chairman of each sub-committee.

## **11. COMPENSATION**

The Bank shall have a written and Board approved Reward Policy for granting rewards that reflects the goals, performance and risks of the Bank, taking into consideration the safety of the Bank's operations and its financial position.

The Reward Policy shall be comprehensive covering all aspects of granting financial rewards and its components within the framework of enhancing the efficiency of risk management in the Bank. This policy shall be prepared in a way that attracts and maintains employees who possess the required experience, knowledge, and skills to perform banking business.

The Board of Directors shall bear the responsibility for establishing and supervising the Reward Policy, through the Board Nomination and Remuneration Committee (BNRC) and not delegate this responsibility to the Executive Management.

The Board, through the BNRC, shall verify that an independent annual review of the Reward Policy is undertaken by the Bank's Internal Audit Department or by an external consulting party, aimed at evaluating the Bank's commitment to financial reward granting practices.

The Bank's reward policies shall be consistent with the BRSA and CMBT Corporate Governance Instructions, as well as the legal and regulatory requirements of the Republic of Turkey.

The remuneration of the Board members shall be determined every three years by the General Assembly in compliance with the Turkish Commercial Law, the BRSA and the Central Bank's applicable regulations.

The Bank may pay additional remuneration in the amount determined by the Board, to any Director if such Director provides any executive function by serving on any committee or by other means or performs any additional work in the service of the Bank in excess of his/her normal obligations as a member of the Board. Except the conditions mentioned above, any payment shall be made to the Board member provided that is approved in BoD meeting or regulated under the Articles of Association of Burgan Bank Turkey.

Board members shall be reimbursed for all reasonable expenses incurred by them in carrying out their duties as a Director. Approval of these expenses requires the collective approval of the Board.

## **12. SUCCESSION PLANNING**

The Board shall ensure existence of plans to prepare employees with technical expertise to occupy positions of the Executive Managers and ensure that these succession plans include a statement of the qualifications and requirements that should exist in those who occupy the positions.

The BNRC shall present a report on succession planning to the Board on an annual basis. The Board shall work with the BNRC to evaluate the nominated potential successors for any Executive Management position.

## **13. PRINCIPLES AND STANDARDS OF BUSINESS CONDUCT**

### **13.1. Code Of Conduct**

The Bank shall have a Board approved policy for 'Code of Business Conduct and Ethics' that includes a definition of conflict of interest, related party and transactions based on insider information of the Bank. Such policy shall be circulated to all the Bank's employees and Board members and their signatures shall be obtained on adherence to its content.

The Board shall ensure specifying professional standards and institutional values that enhance the integrity of the Bank, the Board members, the Executive Management, and other employees.

These standards and related policies shall be published on Bank's website and the degree of adherence to it shall be specified in the governance report issued in the Bank's annual report.

### **13.2. Conflict of Interest**

The Bank shall have written policies on conflict of interest covering its definition, independent execution, and disclosure; whether such conflict is between Board members and the Bank or between the Executive Management and the Bank.

Conflict of interest policy shall cover various aspects related to the subject of conflict of interest, such as:

- Board member shall avoid the activities which may lead to conflict of interest.
- Board's approval shall be obtained for any activity a Board member performs that may result in a conflict of interest and verify that the activity does not contain any conflict.
- Board member shall disclose any subject, which may lead to or has already led to a conflict of interest.
- Board member shall abstain from participating on any meeting or voting on any item of the agenda which might contain a conflict of interest for the member or has an effect on the objectivity of the vote.
- All transactions with related parties shall be based on equal basis and clear mechanism established for the Board to handle the case in the event of non-compliance with conflict of interest policy.
- The conflict of interest policy shall contain examples of cases where a conflict of interest may arise for a Board member. Some of the key circumstances that may give rise to a conflict of interest, either actual or perceived, are covered under section on Board Declaration earlier in this CG manual.

### **13.3. Transactions with related parties**

The Bank shall have written policies on transactions with the related parties. These policies shall include rules and procedures for organizing transactions with such parties whether between the Bank and its employees, the Bank and its Board members or their companies, or parties related to them, including lending transactions and joint trading transactions with the Bank.

The Board shall ensure that the transactions with the related parties (including internal group transactions) are reviewed to assess risk and are subjected to appropriate restrictions (e.g. by requiring that such transactions be conducted at arms-length basis) and that corporate or business resources of the Bank are not misappropriated or misapplied.

### **13.4. Disclosure and Transparency**

The Bank shall establish Disclosure and Transparency unit with a comprehensive Disclosure and Transparency Policy approved by the Board. This policy shall serve the purpose of the Bank and other stakeholders and also raise the level of corporate governance effectiveness in the Bank. The Bank shall have a separate department responsible for disclosure, whose tasks and responsibilities shall be determined by the Board.

The responsibilities, stated under this policy shall not conflict with the Turkish Banking Law, BRSA and CMB's regulations.

Disclosure and Transparency Policy shall include all information which is required to be disclosed along with schedule and method specified by laws, regulations, decisions, and the BRSA, the CMB, and any other regulatory instructions.

The Board shall ensure the correctness, accuracy, and integrity of the disclosed information, and ensure adherence to implementing the Bank's approved policy in this regard and provide mechanisms aiding its effective implementation.

The Board shall perform a periodic review to reconsider and assess the Disclosure and Transparency Policy in light of the surrounding changes and developments. The Executive Management shall report the relevant progress on disclosure activities to the Board, and make recommendations on how to enhance the Bank's disclosure practices in order to be in line with international leading practices.

The Bank, in its annual report, shall present a corporate governance report on the degree of the Bank's adherence to the Governance Manual's articles and the reasons behind not adhering to any article that was not implemented in the specified cases where the Bank may face some practical difficulties upon implementing.

The annual report must include, as part of compliance to transparency & disclosure, the following: the qualifications and expertise of the bank's CEO and his deputies and assistants, information on each board member's date of appointment to the board and qualifications and experience, his/her membership on the board committees, degree of commitment of each member in attending the board of director's meetings during the year and a statement of attendance of those meetings, and membership in other companies' board of directors.

### **13.5. Whistle Blowing**

The Bank shall place policies and procedures on Fraud / Whistle Blowing - Private Informant Policy, including procedures enabling employees to contact the Board Chairman to communicate any concerns they might have on the possibility of violations or fraud, and in a way that allows independent investigation into these concerns and its follow-up. These procedures shall ensure that the Bank provides the required protection for these employees to assure them they will not be threatened or penalized even when there is nothing to prove their concerns. The execution of these procedures shall be supervised by the Bank's Internal Audit Department.

### **13.6. Cooperation From Bank's Officers and Employees**

The Board/Committee members shall have access to the Executive Management upon the chairman's permission, any officer or employee of the Bank and its subsidiaries and may seek any information that falls within the remit of its responsibilities, as may be required.

The Board/Committee's access to the officers and/or employees shall maintain the highest degree of confidentiality with regards to the banks' operational data including, but not limited to, the Banks' transactions and customers.

### **13.7. Professional Advice**

The Board may, by a resolution adopted by a majority of its members, request an experienced external consultation/opinion (including legal, financial, risk or other expert advice) on any issues related to the Bank, if it considers it necessary to support and enhance the role of the Board/Committee and provided that conflict of interests is avoided.

Such external consultants/ advisors may be engaged for a specific assignment or for longer durations, as may be required. While these external consultants/ advisors may be called upon to attend Committee meetings, they shall not be entitled to vote.



### **13.8. Company Records**

The Executive Management shall ensure that the Bank retains its records (original or copies, as may be required), including legal, accounting, financial, operational, regulatory and other records as per the Article 42 of Banking Law.

### **14. CORPORATE GOVERNANCE IN THE BANK (KNOW YOUR STRUCTURE)**

After its affiliation to Burgan Bank Kuwait as Parent Bank, Burgan Bank Turkey shall be a participant when achieving the overall objective for governance. The Group is committed to implement working principles, promoting active communication, better governance and operational practices, collaboration, and the highest standards for controls, aiming to achieve synergies and optimization of efforts within the Group.

The Board of Burgan Bank Turkey shall be responsible for the existence of sufficient governance standards for the Group. The Bank Board shall ensure that there exist suitable policies and mechanisms of governance according to the Group guidance relating to its entities structure, activities and risks.

The Bank's Board and the Executive Management, as well as the Parent Bank, shall remain well informed and aware of the Bank's operational structure and the relevant risks, the structure and organization of the Bank and its subsidiaries, the goals and inter-relationships between entities and of entities with the Bank.

The Board shall remain aware and informed about the material risks and cases which might affect the Bank as a whole and its subsidiary companies. Sufficient oversight shall be exercised over subsidiary banks by the Bank while considering the legal independence of governance responsibilities of the Board members of subsidiary companies.

In this regard, the Burgan Bank's Board shall:

- Establish the governance structure that contributes to effective supervision of subsidiary companies which takes into consideration the nature, size, and complexity of the different risks facing the Bank and its subsidiary companies.
- Evaluate the governance structure periodically to ensure it remains suitable for cases of growth, increased complexity and geographic expansion.

### **15. SUBSIDIARIES GOVERNANCE POLICY**

"Burgan Bank Policy on Subsidiaries Governance Policy (SGP)" approved by the Burgan Bank K.P.S.C. ("BBK") Board of Directors (GBoD) has been distributed to Subsidiaries (BBK's subsidiaries) for adaptation. It is adapted by this policy with this referral and therefore SGP becomes applicable and binding to the Bank provided that Turkish law shall prevail in case of any inconsistency between any term of SGP and provision of law applicable.

### **16. ENFORCEMENT**

This Policy enters into force as of the publishment date.

### **17. DOCUMENT REVISION HISTORY**

The Board of Directors through BCGC shall annually review this CG Manual to ensure its effectiveness and shall make any necessary revisions.

Revisions to this CG Manual are the principal way of communicating and implementing changes to the corporate governance policies of the Bank, which may arise due to changes in the



regulatory environment, changes in prevailing corporate governance concepts, or changes in the operations of the Bank. Such revisions provide flexibility and ensure that this CG Manual remains relevant at all times to the needs of the Bank.

Any revision to this CG Manual shall be documented and maintained with the Board Secretary, for records and references.

**Provisional Clause.1-** All policies, which have been in force upon approval of Board of Directors, as of the effective date of 5. revision of this policy, shall be stamped, signed and kept by the secretariat of Board of Directors.

No.	Scope / Approval	Date
Version 1	First edition	19.03.2014
Version 2	Adaptation of some changes of Group policy	22.10.2014
Annual Review	Policy document was reviewed. No revisions were made.	30.11.2016
Version 3	i) RemCo frequency is changed (no need to have on quarterly basis) ii) Adaptation of Bank Policy on Subsidiaries Governance Manual Version:1.0 (SGM) with a referral clause iii) Risk Management Coordination Committee added	26.04.2017
Annual Review	Policy document was reviewed. The policy has been revised during the year, for this reason a new revision is not required.	15.11.2017
Version 4	i) The purpose of MRCC has been detailed. ii) Members have been updated. iii) The responsibilities of MRCC have been divided and categorized under departments as a) Internal Audit Department, b) Internal Control Centre, c) Compliance Department, and d) Risk Management.	01.11.2018
Annual Review	Policy document was reviewed. The policy has been revised during the year, for this reason a new revision is not required.	16.11.2018
Version 5	i) Management Committees section has been updated, and referred to procedure. ii) The signing and preservation of the policies is transferred to the secretariat of the Board of Directors. iii) The Compliance article under the Independent Control Functions is revised.	28.03.2019
Annual Review	Policy document was reviewed. To be revised in december.	15.11.2019
Version 6	i) The group policy requirements demanded by Burgan Bank KPSC have been reflected. ii) Wording has been changed without causing changes in the meaning, iii) Corrections have been made to the wording that could cause changes in the meaning but that are not changing the status quo and the existing practices,	11.12.2019
Annual Review	Policy document was reviewed. No revisions were made.	16.11.2020
Version 7	i) The minutes of the meetings and the resolutions were reviewed. ii) The situation regarding keeping the minutes of meetings and resolutions in Turkish and English has been clarified. iii) Some issues related to the membership requirements to the board committees have been transferred to the policy no. P026 in order to avoid duplication and oversight.	22.09.2021
Annual Review	Policy document was reviewed. The policy has been revised during the year, for this reason a new revision is not required.	15.11.2021
Version 8	In line with the information from BBK, the rules regarding the number of board members and the number of independent board members were abolished.	20.04.2022
Annual Review	Policy document was reviewed. The policy has been revised during the year, for this reason a new revision is not required.	16.11.2022
Annual Review	Policy document was reviewed. No revisions were made.	16.11.2023

No.	Scope / Approval	Date
Annual Review	Document was reviewed, it will be revised.	15.11.2024
Version 9	Revisions were made within the scope of general review conducted with BBK.	24.09.2025