

Corporate Governance Principles Compliance Report

The Corporate Governance Committee convenes at least 4 times a year. The Committee convened 5 times in 2019.

The members of the Corporate Governance Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Name Surname	Position	Nature of the Board of Directors Membership / Duty
Nafiz Can PAKER	Chairman of Corporate Governance Committee	Independent Board Member
Serra SABANCI	Member of Corporate Governance Committee	Non-Executive Board Member
Sevil SABANCI SABANCI	Member of Corporate Governance Committee	Non-Executive Board Member
Gökhan EYİĞÜN	Member of Corporate Governance Committee	Secretary General
Levent DEMİRAĞ	Member of Corporate Governance Committee	Head of Financial Affairs, Accounting and Investor Relations Department

Early Detection of Risk Committee

Early Detection of Risk Committee was established in accordance with Article 378 of the Turkish Commercial Code (Law no. 6102) and the provisions of the Capital Markets Board's Communiqué on the Corporate Governance Principles.

The Committee performs activities with the purposes of early detection of any risk such as strategic, operational, financial, compliance etc. that may jeopardize the existence, development and continuity of the company, of taking necessary measures, implementing solutions and managing the risk.

The members of the Committee shall be determined by the Board of Directors of the company and disclosed to the public. The Chairman of the Committee is appointed among independent members by the Board of Directors of the company. In the Committee; there is a maximum of two Members elected by the company's Board of Directors except for the Chairman. The members of the Committee are preferably selected from among the non-executive Board Members.

Committee meetings are held at least six times a year, at a location deemed appropriate by the Chairman. The annual meeting schedule is determined by the Chairman of the Committee and communicated to all committee members at the beginning of each year.

The term of office of the Committee members is in parallel to the term of office of the Members of the company's Board of Directors. The Committee is re-established upon the election of the Members of the Board of Directors.

Early Detection of Risk Committee convened 6 times in 2019.

Name Surname	Position	Nature of the Board of Directors Membership
Mehmet Mete BAŞOL	Chairman of Early Detection of Risk Committee	Independent Board Member
Sevil Sabancı SABANCI	Member of Early Detection of Risk Committee	Non-Executive Board Member
Gökhan EYİĞÜN	Member of Early Detection of Risk Committee	Secretary General

Audit Committee

The duty of the Audit Committee is to supervise the company's accounting system, financial reporting, disclosure of financial statements, progress and effectiveness of independent audit and internal control systems, on behalf of the company's Board of Directors. The Audit Committee reports its activities, evaluations and suggestions with respect to its duties and area of responsibility to the Board of Directors in writing.

The Chairman and the Members of the Audit Committee are appointed by the Board of Directors from among the Independent Members.

The Audit Committee held four meetings in 2019 and the main agenda items were the review of the independent audit report and the examination of the presentations of the Audit Department.

The members of the Audit Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Name Surname	Position	Nature of the Board of Directors Membership
Mehmet Mete BAŞOL	Chairman of the Audit Committee	Independent Board Member
Ahmet ERDEM	Member of Audit Committee	Independent Board Member

Portfolio Management Committee

The Portfolio Management Committee was established to implement the necessary measures for the management and development of H.Ö. Sabancı Holding A.Ş.'s portfolio to ensure maximum value and dividend yield and to assist the Board of Directors in fulfilling its duties and responsibilities properly.

The members of the Committee are determined by the Board of Directors of the company. The Portfolio Management Committee convened 6 times in 2019.

Name Surname	Position	Nature of the Board of Directors Membership
Güler SABANCI	Chairman	Chairman of the Board of Directors
Erol SABANCI	Member	Vice Chairman
Suzan Sabancı DİNÇER	Member	Board Member
Sevil Sabancı SABANCI	Member	Board Member
Serra SABANCI	Member	Board Member
Cenk ALPER	Member	Board Member and CEO

2.4. Risk Management and Internal Control Mechanism

The Sabancı Group holds the position that every risk brings an opportunity, and considers that “sustainable growth” may be achieved by effectively identifying, measuring, and managing risks. The Group places great importance on risk management to “create value for its stakeholders,” which is a crucial part of its mission. As one of Turkey’s leading institutions, the Sabancı Group continues to implement a defined risk management system throughout the company with its strong risk management infrastructure.

In Sabancı Group, the risk is seen as a concept that incorporates opportunities as well as threats and corporate risk management is applied as a continuous and systematic process in all Group companies to manage these risks most efficiently. Efforts are being made to cultivate the risk culture throughout the Holding, and assurance is provided to ensure that the right activity is carried out taking the right amount of risk. The risks faced by the Group companies are monitored via Key Risk Indicators (KRI) determined by Sabancı Holding and Group companies. These indicators are continuously monitored and periodically reported. The necessary actions to manage the risks indicated by the Main Risk Indicators are taken by the Group companies under the coordination of Sabancı Holding.

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Ceaselessly continuing to create shareholder value in 2019 owing to the importance it attaches to risk management, Sabancı Group displayed a sustainable growth performance.

Sabancı Group will manage the potential risks in all business lines in 2020 thanks to its strong capital and effective management understanding.

Similarly, the Internal Control Mechanism has been available since the company was established. With the establishment of the Audit Committee, the Internal Control Mechanism effectively carries out the duties assigned by the Board of Directors, in compliance with the current Audit Committee Bylaws.

2.5. Company's Strategic Goals

Having determined the vision and the mission of the company, the Board of Directors incorporated them in writing in the Annual Report and announced to the public on the company's website, www.sabanci.com and company's long-term strategies are built on these principles.

The Board of Directors, together with the CEO and Group Presidents, sets three-year strategic goals which are updated each year. Whether the targets are achieved or not are monitored by executive reports prepared at the end of each month. Whether the company achieved its targets or not constitutes the basis for performance evaluation at the end of the year.

2.6 Financial Rights

The terms and conditions of any right, fee, and benefit granted to the company's Board Members are laid down in detail in the Articles of Association. The General Assembly determines the payments to be made to the Chairman and Members of the Board of Directors as well as the attendance fee. The payments made to the senior executives are disclosed to the public in the footnotes of our financial statements.

In 2019, the company did not lend any money or extend any credit to the Board Members; did not extend the maturity or improve the terms and conditions of existing debts or credits; did not extend any individual loan through third persons, or did not offer guarantees.

Reporting in URF and KYBF formats are available at <https://www.kap.org.tr/tr/Bildirim/821217> and <https://www.kap.org.tr/tr/Bildirim/826774>