



Corporate Governance Compliance Rating Report



Alarko Holding A.Ş.

1 October 2021

Validity Period 01.10.2021-01.10.2022

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Alarko Holding Anonim Şirketi is compiled;

in accordance with the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, printed on Official Gazette dated January 3rd 2014, numbered 28871; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of Communiqué 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 63 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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ALARKO HOLDING A.Ş.

BİST SECOND GROUP

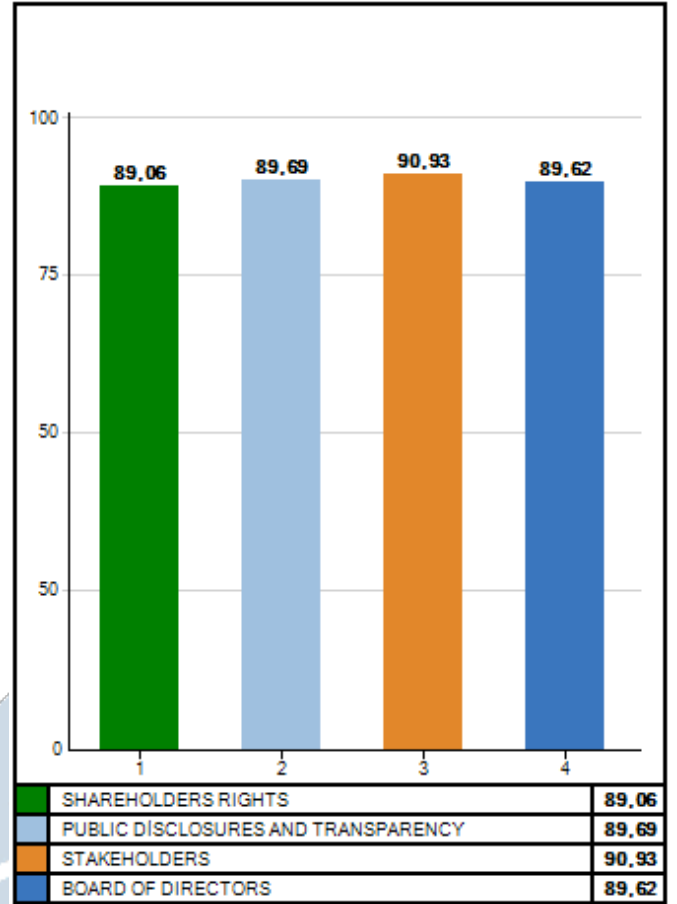
CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

8.97

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1. RATING SUMMARY

The process of rating of compliance of Alarko Holding A.Ş. with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş., through examination of documents at bank's headquarters, interviews held with executives and persons involved, and of other reviews, according to the Capital Markets Board's (CMB) Corporate Governance Communiqué No II-17,1 issued on Official Gazette No 28871, dated January 3, 2014.

According to CMB decision dated 21.01.2021 and numbered 4/97, Alarko Holding A.Ş. is on

BİST 2nd Group Companies. The Company has been assessed through examination of 401 criteria described in "BİST Second Group Companies" methodology prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. under the As a result of rating, conducted under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of Alarko Holding has been determined as **8.97**.

This result signifies that the Company has largely achieved compliance with the CMB's Corporate Governance Principles. Internal

control systems are established and, although there are few points that require improvement, they work. Possible risks for the company have been determined to a large extent and they can be controlled. Rights of shareholders are being treated fairly. Public disclosure activities and transparency are at a good level. Rights of stakeholders are being treated fairly. The structure and working conditions of Board of Directors are in compliance with corporate governance principles. However, although they do not pose great risks, there is need for some improvements within the framework of corporate governance principles.

This result signifies that Alarko Holding A.Ş. deserves to join BIST Corporate Governance Index.

In view of rating process under main headings in brief;

It is observed that the Company has achieved a good level of compliance with CMB's Corporate Governance Principles in the Section of Shareholders where it has obtained a grade of **89.06**. The existence of Investors Relation Department that keeps healthy relations with shareholders, having proper general assembly meetings, existence and disclosure of dividend policy and the fact that there is no limitation on transfer of shares are salient positive achievements.

Alarko Holding has achieved a grade of **89.69** in the section of Public Disclosure and Transparency. It has prepared its Disclosure Policy, presented it to the General Assembly and disclosed to public. These are in compliance with the principles. Company's corporate website has been designed to give Access to many current information, which are specified in the principles and might be needed by the investors. It has been seen that the annual report is sufficient in terms of content and information is supported with graphics. With these policies, the Company has achieved a good level of compliance with the principles in the section of public disclosure and transparency.

It's observed that the company reached the grade of **90.93** for the Section of Stakeholders.

In this section, the Company has achieved a significant compliance with the CMB's Corporate Governance Principles. A human resources policy is established; regulations are made and disclosed to the employees including recruitment, job descriptions, performance appraisal, promotion, awarding, leave and social benefits. Training policies and annual programs have been prepared and disclosed to the employees.

It is observed that job processes and standards have been set forth and parties are informed of such processes.

Ethical Rules and Work Principles have been prepared and introduced to employees to act pursuant to such rules.

The Company has disclosed its Sustainability Policy to the public. Its activities within the scope of corporate social responsibility are disclosed to the public through its corporate website and annual reports.

In the section of Stakeholders, Company has achieved a grade of **89.62** and it has been seen that it achieved compliance with Corporate Governance Principles.

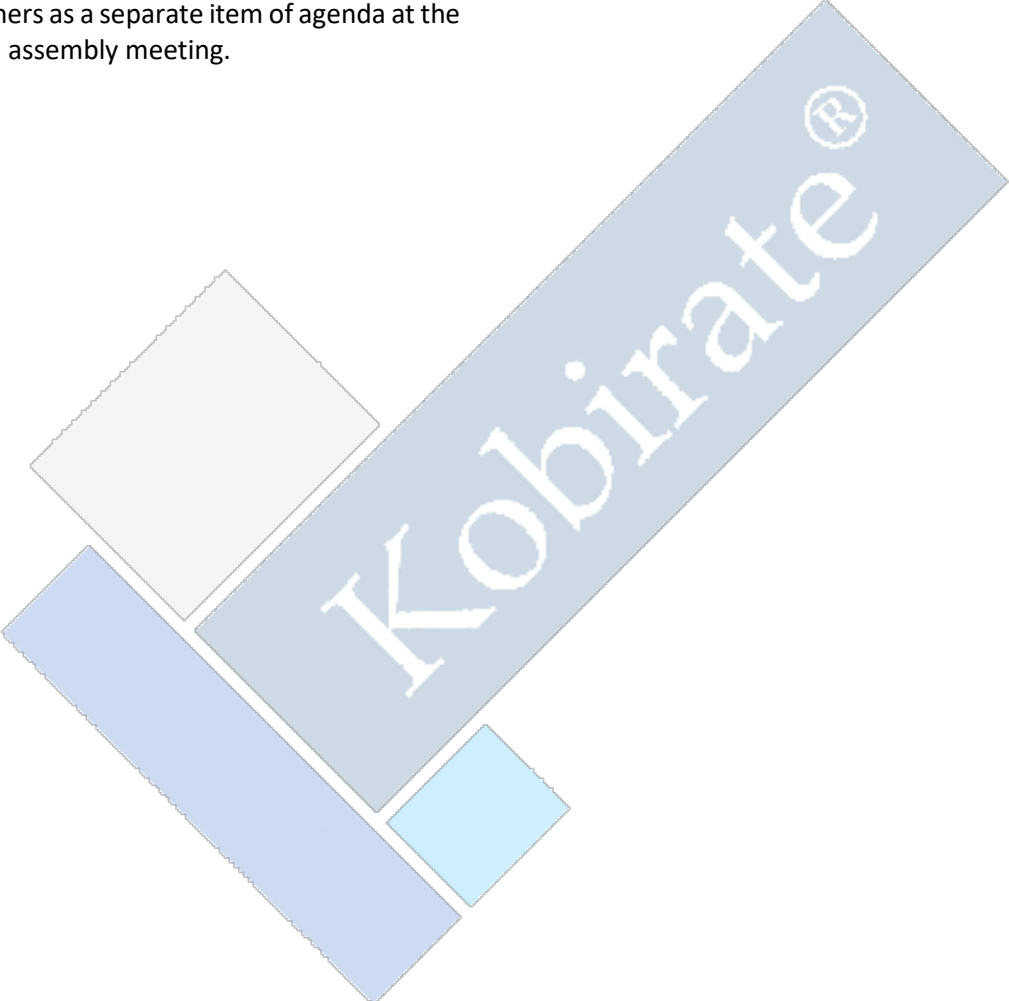
It has been determined that Board of Directors has determined strategic targets of the Company and supervises performance of top management as well as compliance of the activities with Regulations, internal guidelines and Articles of Association.

Posts of Chairman of Board and General Manager are held by two different individuals and there is no top official in the Company who is solely authorized to take decisions.

The Board of Directors convenes regularly. Meeting procedures are described in the Articles of Association and internal guidelines.

Audit, Corporate Governance and Early Detection of Risk Committees, which are referred to by the principles have been established and their working principles have been determined and prepared as written documents.

On the other hand, there are other important indications of compliance with the Principles such as the fact that majority of the Board comprises non-executive members, it has adequate number of independent members and guidelines for remuneration of top executives have been set forth and disclosed to partners as a separate item of agenda at the general assembly meeting.



2. 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. Since then, these principles have been regarded as international references for decision – makers, investors, shareholders, companies and other 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 Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

In a rating process, the full compliance of work flow and analysis technique with Kobirate A.Ş.'s Ethical Rules is taken into consideration.

In order to measure compliance of companies to corporate government principles, **401** criteria are used in the rating process of BIST First Group companies.

These criteria are translated into "Corporate Governance Rating Question Sets" through Kobirate A.S.'s unique software.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB's

memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is as below:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions / methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology, created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014, numbered II-17.1, is restricted to 85 % of the full points. Remaining 15 % is reached by measuring company's efficiency in applying CMB's Corporate Governance Principles, degree to which the company is internalized these practices and the value that these internalized practices create for the company. The existence of those practices that are not included in CMB's Corporate Governance Principles, but determined as good corporate practices by Kobirate A.Ş. Corporate Governance Compliance Rating Methodology are also considered as part of the remaining 15 % and affect the company's grade.

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 no compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

In this report the following legends have the following meanings:

✓ Due / Correct Application of CMB's Corporate Governance Principles

✗ Improper / Erroneous Application of CMB's Corporate Governance principles

✓/* Practices required to be improved in compliance with CMB's Corporate Governance Principles.

3. COMPANY PROFILE



Company Name : Alarko Holding A.Ş.
Company Address : Muallim Naci Caddesi No:69 34347
Ortaköy/ İSTANBUL

Company Facsimile : (0212) 260 3504
Company's Web Address : www.alarko.com.tr
Company's E-Mail Address : info@alarko.com.tr
Date of Incorporation : 16/12/1972
Registered Number : 118376
Paid in Capital : 435.000.000 TL

Line of Business : Portfolio Management

Company's Sector : Financial Enterprises / Holdings and Investment Companies

Company's Representative in Charge of Rating:

Özgür KALYONCU

Investor Relations Director

ozgur.kalyoncu@alarko.com.tr

(0212) 310 3429

Shareholder Structure (as of the report date)



Source: www.kap.org.tr

Name of Shareholder	Share (000 TL)	Share (%)
İzzet GARİH	76.921.245,42	17,68
Vedat Aksel ALATON	72.571.245,51	16,68
Leyla ALATON	76.921.245,42	17,68
Dalia GARİH	66.298.008,65	15,24
Other Shareholders	12.247.729,62	2,83
Quoted in Stock Exchange	130.040.525,38	29,89
Total	435.000.000,00	100,00

Source: www.kap.org.tr

Board of Directors

Name / Surname	Title	Executive/ Non - Executive
İzzet GARİH	Chairman of the Board & Member of Corporate Governance Committee- Member of Early Detection of Risk	Non-Executive
Vedat Aksel ALATON	Deputy Chairman of the Board & Member of Corporate Governance Committee- Member of Early Detection of Risk Committee	Non-Executive
Ayhan YAVRUCU(*)	Member of Board – Chairman of Group Executive Board	Executive
Niv GARİH	Member of Board	Non-Executive
Leyla ALATON	Member of Board	Non-Executive
Ümit Nuri YILDIZ(**)	Member of Board – General Manager	Executive
Neslihan TONBUL	Independent Member of Board & Chairperson of Audit Committee, Chairperson of Early Detection of Risk Committee	Non-Executive
Mahmut Tayfun ANIK	Independent Member of Board	Non-Executive
Burak KOÇER	Independent Member of Board & Chairman of Corporate Governance Committee, Member of of Audit Committee	Non-Executive

(*) Due to his application for retirement Ayhan Yavrucu's position as Chairman of Group Executive Board will be expired on 30.09.2021, but he will continue as Member of Board. Board decision on this subject was taken on 11.08.2021 and disclosed to public on the same date through KAP.

(**) With the Board decision taken on 11.08.2021, Ümit Nuri Yıldız was appointed as Chairman of Group Executive Board as of 01.10.2021 and the appointment was disclosed to public on the same day through KAP.

Committees of Board of Directors:

Corporate Governance Committee

Name Surname	Title	Position
Burak KOÇER	Independent Member of Board	Committee Chairman
İzzet GARİH	Chairman of Board	Committee Member
Vedat Aksel ALATON	Deputy Chairman of Board	Committee Member
Özgür KALYONCU	Investor Relations Director	Committee Member

Audit Committee

Name Surname	Title	Position
Neslihan TONBUL	Independent Member of Board	Committee Chairman
Burak KOÇER	Independent Member of Board	Committee Member

Early Detection of Risk Committee

Name Surname	Title	Position
Neslihan TONBUL	Independent Member of Board	Committee Chairman
İzzet GARİH	Chairman of Board	Committee Member
Vedat Aksel ALATON	Deputy Chairman of Board	Committee Member

Top Management

Name/ Surname	Title
Ayhan YAVRUCU	Chairman of Group Executive Board
Ümit Nuri YILDIZ	General Manager

Balance-Sheet Comparison of Company's Certain Selected Items for yearends of last two years

	2019/12 (000 TL)	2020/12 (000 TL)	2021/06 (000 TL)	Change % (2019-2020)
Current Assets	1.490.725	1.665.424	1.422.303	11,71
Commercial Receivables	317.315	297.322	371.551	-6,30
Inventory	106.625	113.311	179.036	6,27
Fixed Assets	1.705.890	2.427.959	3.160.711	42,32
Total Assets	3.196.615	4.093.383	4.583.015	28
Short Term Liabilities	667.382	749.760	1.128.355	-6,30
Long Term Liabilities	524.216	457.816	440.164	-12,66
Paid in Capital	435.000	435.000	435.000	-
Equity	2.005.015	2.885.806	3.014.494	43,93

Source: Financial Statements Belonging Alarko Holding A.Ş.'s 01.01.2019-31.12.2019, 01.01.2020-31.12.2020 and 01.01.2021-30.06.2021 Periods and Independent Audit Report

Income Comparison of Company's Certain Selected Items for yearends of last two years

	2019/12 (000 TL)	2020/12 (000 TL)	2021/06 (000 TL)	Change % (2019-2020)
Revenue	1.385.761	1.032.136	676.531	-25,5
Cost of Sales	(1.012.492)	(642.017)	(562.289)	-36,59
Oper.Profit/Loss	373.746	421.615	242.826	12,80
Period Profit/Loss	455.710	905.982	223.168	98,8
Earning/(loss) per Share	0,885	1,844	0,332	-

Source: Financial Statements Belonging Alarko Holding A.Ş.'s 01.01.2019-31.12.2019, 01.01.2020-31.12.2020 and 01.01.2021-30.06.2021 Periods and Independent Audit Report

The Bottom and Peak Closing Values of Company's Shares traded on the BIST 25.08.2020-25.09.2021

Bottom (TL)	Peak (TL)
5,32- (22.09.2020)	12,66- (10.03.2021)

Source: Alarko Holding A.Ş.

The Market where the Capital Market Instrument is Traded and the Indexes that the Company is Included

STAR MARKET

BIST İSTANBUL / BIST 100 / BIST STAR / BIST 50 / BIST 100-30 / BIST HOLDING AND INVESTMENT / BIST FINANCIAL / BIST ALL

Source: www.kap.org.tr

Information about Company Activities

Alarko Holding A.Ş. was founded in 1954 as a limited partnership by İshak Alaton and Üzeyir Garih.

Incorporated as a holding company in 1973, it went public in 1974. Today, the company is one of Turkey's leading industrial enterprises with a strong history of over 65 years and operations in 6 different fields of activity, 26 subsidiaries including an international joint venture and 7,000 employees

Companies of Alarko Group are autonomously managed. However, within the scope of principle of central coordination and supervision, they are guided and supervised in regard to finance, financial coordination, audit, legal transactions, management information systems, human resources, training, promotion and organization.

Alarko Group companies operate in 5 main business lines:

- CONTRACTING GROUP
- ENERGY GROUP
- INDUSTRY AND TRADE GROUP
- TOURİSM GROUP
- LAND DEVELOPMENT GROUP
- VENTURE CAPITAL GROUP

Contracting Group: Having adapted “Quality in Service and Production” and Customer satisfaction as basic principles, the Contracting Group carries out turnkey projects in Turkey and overseas, including designing and building large-scale airports, rail systems, large infrastructures, industrial facilities, business centers, hotels, hospitals and similar projects. Active over large geographical territories, the Contracting Group continues to look for new markets in addition to its Current markets. As new markets it is focused on Romania, Russia, Ukraine, North and Central Africa, as well as Kosova, Albania, Bulgaria, Moldova, Azerbaijan, Qatar. The Group continues to monitor business opportunities in these regions in 2021.

Energy Group: Continuing with its fast-paced investments in consideration of the increase in energy consumption in Turkey and around the world, Energy Group is engaged in Energy Trade besides Energy Production and Energy Distribution. Meram Elektrik Dağıtım A.Ş. (MEDAŞ), which was taken over in 2009 upon privatization, provides electricity distribution services in a region that corresponds to approximately 10% of Turkey's surface area. In addition to the hydropower, natural gas and thermal

power plants operated by the company, Turkey's first photovoltaic (PV) solar power plant started production activities in 2012.

Alarko Holding has a capacity of 1.539 MWH in Energy Production segment. Its portfolio includes two Hydro Power Plants (76 MWH and 11 MWH), one Geothermal Plant (51 MWH) and one bir 51 MWh'lık GES ve one imported Coal – Fired Thermal Power Plant (1.320 MWH). Being aware that sustainable power generation plants will continue to gain importance in Turkey, like the rest of the World, the Energy Group takes solid steps in this direction and aims to diversify and develop its portfolio. Within this context the Company continues to invest in Geothermal, Wind and Hydro Power Plants.

Within the scope of electricity distribution activities, Meram Elektrik Dağıtım A.Ş. (MEDAŞ) provides distribution services in an area of 76,932 km² – about 10% of Turkey's total area – covering provinces of Konya, Karaman, Aksaray, Nevşehir, Niğde and Kırşehir. In parallel to its target of reducing responsibility areas of enterprises in order to increase productivity and efficiency, MEDAŞ has 37 independent enterprises and 33 sub-enterprises. With a total of 70 enterprises MEDAŞ provides services to 6 provinces, 63 districts, 61 towns, 871 villages and 499 highlands controlled by villages.

MEPAŞ provides electricity retail sales services to nearly 2.5 million customers through 11 enterprises, 8 affiliates and 43 dealers. In order to increase customer satisfaction, MEPAŞ increased its services through alternative service channels. It maintains its efforts to ensure that customers be able to make as many transactions as possible online, without having to go to a physical location. The Company has got results of its improvement efforts in order to increase customer satisfaction in 2020 – as it has had in 2019 – and it was announced by the Ministry of Energy and Natural Resources as one of the companies with the highest customer satisfaction ratio in Turkey.

Industry and Trade Group: Our Industry and Trade Group main field of activity is air conditioning and the secondary operating area is water pressurization. Alarko Sanayi ve Ticaret Group's strategic partnership with US based Carrier, one of the leading air conditioner companies in the world, in 1998 gave birth to Alarko Carrier and whole group gained acceleration. Alarko Carrier San. ve Tic. AŞ manufactures related products, represents international leader brands and provides sales and after-sales services for such products. Industry and Trade Group continued its consistent and successful growth in 2020 through activities of heating, air conditioning, air conditioner and pump production, sales and after-sales services.

Tourism Group: Since its start, Alarko Tourism Group has been the first enterprise to introduce the concept of "leisure", which can be described as "the free time spent pleasantly and productively, in a quality manner" and helped the industry develop in this respect from the very first day of its operations. It included pioneering practices into its agenda in fast and proactive manner during last two years in which the tourism and service sectors underwent a huge crisis due to the outbreak. With Hillside Beach Club, Hillside City Club, Cinecity Cinemas and Sanda Spa businesses, Tourism Group aims to be "over competition". It provides services for guests at Hillside Beachclub with 330 rooms and 781 beds, and it reaches customers through Cinecity theaters in 2 cities and at 14 locations.

Land Development Group: Land Development group which is founded on more than 50 years' know-how and experience, designs and offers satellite towns with full infrastructure and recreational areas

run by modern management organizations, without compromising its environmental policies. It has developed many housing projects for medium- and upper income groups, as well as business centers, hotels and resort projects, especially with the “Alkent” brand. It aims to deliver projects designed as environmentally-friendly living areas fit for people and modern cities, with optimum costs. Many years’ experience and the high quality of its projects have reinforced its reliability and respectability. All delivered housing projects continue to be the preferred options for customers. The Alkent brand is one of the most important brands of the construction sector, well-known, preferred and considered a symbol of high quality, which has earned the brand a prestigious position in the market.

Venture Capital Group: It invests in technology-based new generation companies with high potential. Its investment strategy on digital companies growing at tremendous speed all over the world includes 5 main categories. These categories are online market places, healthcare, financial technology, real estate technology and supply chain / logistics.

As a stakeholder of Group Companies’ Integrated Management Systems, Alarko Holding A.Ş. has TSE-ISO 14001:2015 Environment Management System. Management of environment and commitments in this field are carried out in compliance with international environment management systems. It has established its own environment management systems in line with TSE-ISO 14001:2015 Environment Management System Standard and it achieved continuity by getting certificate from TES, which carries out independent inspections. In the business line of Industry and Trade, Social Policy is compatible to Environment and Work Health and Safety traditions with ISO 50001, ISO 45001 standards. Tourism Group has ISO 18001, Safe Tourism Certificate, Zero Waste Basic Document, Blue Flag Document, HACCP Gold Certificate and Travelife Gold documents. It is audited regularly and achieves compliance.

PANDEMIC MEASURES

After the outbreak spread also to our country in March 2020, our first priority has become the health of our employees and their families. We made a transition to the shift-based working order first and then to the remote working system in our headquarters to the extent possible. Remote working has been organized successfully and there was no drop in employee productivity. The Company took a number of Administrative Measures aiming to minimize contact starting from entrance to the Company facilities, and paid attention to minimizing contact among employees working on a shift basis.

Regular disinfection for reliable hygiene and temperature measurement have been turned into routine practices and internal meetings were particularly restricted mainly during the peak times of the outbreak.

- **ADMINISTRATIVE MEASURES**

Employees were provided with informative regular updates in our Group companies, the use of common areas was regulated within the scope of COVID-19 measures, and the domestic and international travel and visitor acceptance procedures were revised and were made compliant with the measures we took. Within the scope of COVID-19 measures, the hygiene and disinfection processes

were reinforced for the office areas, and the employees whose health is vulnerable were placed on administrative leave. All meetings were moved to online environment, and contingency action plans were prepared for potential emergencies.

- SUSTAINABILITY AND DOCUMENTATION

All our processes including mainly Emergency Action Plans were revised in terms of response to the pandemic, and necessary revisions were made and various supporting documents were provided. These documents included,

“Home-Based Working Guide” aiming to ensure technological preparedness for emergencies and extraordinary cases and efficient working, the “Post-Pandemic Working Order” aiming to classify our working methods by phases and provide information on the measures taken, the “Phase 1 Business and Employee Measures” document aiming to provide information on the measures the employees need to take themselves for office-based working and the measures taken by the business and the “Handbook for Business Travel and Remote Working During the Pandemic” that was published because of travel restrictions imposed due to the increase in the case numbers.

- TECHNOLOGICAL AND INFRASTRUCTURE MEASURES

Together with our IT teams revising the infrastructure and completing deficiencies, regular meetings were held in the virtual environment, ensuring coordination at the company. An information network and information groups were established at the Company, paying attention to ensuring a coordinated and updated information flow and the decisions made were translated into action very fast.

- COMMUNICATION

The Board of Directors of Alarko Holding prepared videos to keep employee motivation high, and shared these videos in the online platform. Online bulletins titled “Stay Healthy Alarko” were prepared. The bulletins whose content is updated weekly were enriched with motivation and well-being tips and cultural and artistic content, while information on department-specific meetings and messages was shared in these bulletins, helping our employees feel like going to the office and ensure time management. Different webinars were held at the company, aiming to ensure high-level of participation and development of employees. In addition, daily “Health Reminders” were provided to all employees, reminding them of the measures they should take.

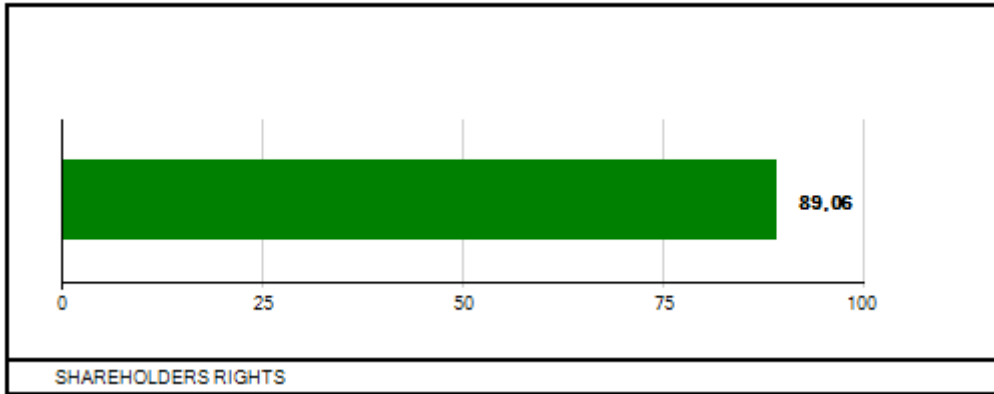
CAPITAL AND SHARE RATİOS OF SUBSIDIARIES

Company	Sector	Authorized Capital (TL)	Direct Share (%)	Direct and Indirect Share (%)
Alarko Carrier Sanayi ve Ticaret A.Ş.	Production of Heating and Cooling Equipment, Manufacturing, Contracting, Tourism	10.800.000	42,03	43,19
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	Turnkey contracting, construction and tourism	414.484.276	99,91	99,91
Alarko Fenni Malzeme Satış ve İmalat A.Ş.	Marketing of industrial products and after sales services	230.000	88,68	99,98
Attaş Alarko Turistik Tesisler A.Ş.	Touristic facility management	21.500.000	0,46	99,91
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	Buying and selling real estate and real estate-based market instruments	64.400.000	16,41	51,20
Alen Alarko Enerji Ticaret A.Ş.	Electric energy trade, export and import	2.000.000	16,95	99,92
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	Electric energy production	92.500.000	40,13	99,96
Alarko Enerji A.Ş.	Energy Production	12.491.000	-	100,00
Aldem Alarko Konut İnşaat ve Ticaret A.Ş.	Housing, construction	50.000	0,13	99,91
Al-Riva Projesi Arazi Değerlendirme Konut İnşaat ve Tic. A.Ş.	Housing, construction	6.839.064	11,55	12,13
Al-Riva Arazi Değerlendirme Konut İnşaat ve Tic. A.Ş.	Housing, construction	3.308.556	2,49	2,63
Al-Riva Arazi Değerlendirme Konut İnşaat Turistik Tesis. Golf İşl. ve Tic. A.Ş.	Housing, construction and touristic facility management	10.489.765	2,16	2,28
AO Mosalarko	Construction projects and use of real estate	30.000.000(Ruble)	50,00	55,12
Tüm Tesisat ve İnşaat A.Ş.	Construction	141.000	49,15	50,15
Saret Sanayi Taahhütleri ve Ticaret A.Ş.	Construction	75.000	100,00	100,00
Alyat Teknoloji Yatırımları Holding A.Ş.	Holding Companies' Activities	10.000.000	99,50	99,50
Alarko Konut Projeleri Geliştirme A.Ş.	Real estate development, construction and marketing	22.193.713	0,0005	99,91

Company	Sector	Authorized Capital (TL)	Direct Share (%)	Direct and Indirect Share (%)
Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş.	Build, operate or transfer energy distribution plants	214.560.000	0,0006	49,95
Meram Elektrik Dağıtım A.Ş.	Electrical energy distribution	496.032.904	0,0000	49,95
Meram Elektrik Enerjisi Toptan Satış A.Ş.	Electrical energy trade	4.050.000	0,1	49,95
Meram Elektrik Perakende Satış A.Ş.	Electrical energy trade	13.545.520	0,0001	49,95
Cenal Elektrik Üretim A.Ş.	Building and Operating Electric Power Plant	1.377.425.350	-	49,95
Algiz Enerji A.Ş.	Building and Operating Electric Power Plant	845.000	-	49,95
Panel Enerji A.Ş.	Building and Operating Electric Power Plant	6.500.000	-	49,95
Bakad Investment & Operation LLP	Construction	22.600.332.585 (KZT)	-	33,27
Bakad International B.V.	Holding	52.517.309 (USD)	-	33,27
ALSİM ALARKO S.R.L.	Construction	20.000 (RON)	-	99,91
SARET KZ	Construction	600.000 (KZT)	-	100,00
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş. İş Ortaklığı	TCDD Ankara - Eskişehir High-Speed Train Project	-	-	45,00
Alsim Alarko – Rosneftgastroy JSC İş Ortaklığı	DSİ Melen Water Supply Project Construction	-	-	99,41

4. RATING SECTIONS

A. SHAREHOLDERS



Overview

- ✓ Investor Relations Department has been established to continue relations with shareholders on a healthy basis.
- ✓ General Assemblies are held in accordance with laws, regulations and the Articles of Association.
- ✓ Information was given at the General Assembly meeting about the amount and beneficiaries of donations and aids given within the period. as given
- ✓ There are no regulations that make the use of voting right difficult.
- ✓ Dividend policy is prepared, presented for the approval of the General Assembly and disclosed to the public.
- ✓ There is a provision in the Articles of Associations allowing for advance dividend payment.
- ✓ There are no restrictions in the transfer of shares.
- ✗ General Assembly meetings are not open to the public.
- ✗ The Company doesn't have a donations and aid policy.
- ✓/✗ It would be appropriate to have an article in the Articles of Association stating that General Assembly meetings will be held open to the public.

- ✓/✗ Adding provisions to the Articles of Association to extend minority rights would strengthen compliance with Corporate Governance Principles.

In this section, as stated by CMB's Corporate Governance Principles, the company has been evaluated on **115** different criteria, including **Facilitating Exercise of Shareholders' Rights**, shareholders' **Right to Obtain and Examine Information**, shareholders' right to attend the **General Assembly**, shareholders' **Voting Rights**, **Minority Rights**, shareholders' **Dividend Right** and shareholders' right for **Transfer of Shares** to whomever they want, whenever they want. The company's grade for this section is **89.06** points.

a. Facilitating Exercise of Shareholders' Rights

Relations with shareholders are conducted by Investor Relations Department (IRD), which reports directly to Member of Board and General Manager Ümit Nuri YILDIZ.

Özgür KALYONCU has started as IRD Director on 12.06.2019 and he has been appointed as a member of Corporate Governance Committee as required by CMB Corporate Governance Communiqué No II.17-1. Appointment was disclosed to the public with a Material Event Disclosure. KALYONCU has Capital Market

Activities Advanced Level and Corporate Governance Rating Specialist Licenses.

It has been observed that the aforementioned official has adequate qualifications in terms of knowledge and experience required for the task, that he plays an effective role in protection and facilitation of shareholders' rights, starting with the right to obtain and examine information.

It has been determined that the Investor Relations Department prepares more than one reports and presentations about its activities regularly to the Board of Directors every year. Together with Corporate Governance Committee, IRD made 4 (four) presentations to the Board on January 15th, March 10th, June 23rd and September 7th 2021.

Any data that might affect the exercise of shareholders' rights are currently at disposal of shareholders on the corporate website.

In this subsection, the Company has achieved rather good compliance with the corporate governance principles.

b. Right to Obtain and Examine Information

The information required for the proper exercise of shareholders' rights are presented to the shareholders and Company's corporate website <https://www.alarko.com.tr/tr/anasayfa> is efficiently used to this end. All information about the Company has been given exactly and truthfully, in time and there are no warnings or fines given by regulatory authorities in this subject.

It has been learned that inquiries of shareholders are answered without discrimination by phone or e-mail. Conferences and meetings took place with 145 investor/analyst in 2020. This figure was 54 in the first half of 2021.

The "Disclosure Policy", approved by the Board on 24.03.2014, was presented to the shareholders at the General Assembly

meeting on 30.04.2014. This policy is published on the corporate website. Shareholders' right to obtain information is described in detail in this policy. According to Company's disclosure policy, all shareholders, potential investors and analysts are treated equally in the exercise of obtaining and examining information and it is understood that care is given to send statements to everyone at the same time and with the same content. Within the scope of sharing information, all information that might interest shareholders and market players are disclosed to the public through material event disclosures and these disclosures are published on the corporate website.

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

Although there are no provisions in the Articles of Association regulating the right of shareholders to demand appointment of a special auditor from the General Assembly, there are no internal regulations and policies making it difficult either.

c. General Assembly

Due to the practices at the general assembly, the Company has achieved rather good compliance with many principles hereunder.

Ordinary General Assembly meeting to discuss 2020 activities was held on 15.04.2021. Invitation for the meeting was made through Public Disclosure Platform on 17.03.2021, MKK e – general assembly system (EGAS) and Turkish Trade Registry Gazette, dated 22.03.2021 and No 10292. Invitation was sent at least 3 (three) weeks before the date of meeting as required by the principles.

It has also been found that financial statements, annual report, audit reports and Board of Directors' dividend distribution proposal, all of which should be ready for the review of shareholders according to the

Article 437 of the Turkish Commercial Code 6102 and other statements and announcements that corporation should make in accordance with regulations and Corporate Governance Principles, have been presented to shareholders 3 weeks before the General Assembly.

In order to increase participation of shareholders, general assemblies are held in a certain fashion to avoid inequalities among shareholders and enable them to participate with minimum costs.

An information document has been prepared and published on corporate website and Public Disclosure Platform with the invitation for the meeting. The document included information about shareholder structure of the Company, voting rights that shares bring and privileged shares, written requests by shareholders made to Investor Relations Department management to add items on the agenda and information about candidates if the agenda includes changes among or elections for the Board Members. It also included information on many subjects that corporate governance principles require to be disclosed to the public and shareholders.

It has also been determined that headings of the agenda were clearly expressed, without leaving room for different interpretations and care was taken not to use words like "other" or "various".

Managers who could give information on specific subjects of the agenda and auditors were available at the meeting. İzzet GARIH (Chairman of the Board), Vedat Aksel ALATON (Deputy Chairman of the Board), Niv GARIH (Member of the Board), Leyla ALATON (Member of the Board), Neslihan TONBUL (Independent Member of the Board), Burak KOÇER (Independent Member of the Board), Ümit Nuri YILDIZ (Member of the Board - General Manager), Mustafa FİLİZ (Group President, Financial Affairs), Mehmet AHKEMOĞLU (Group President, Auditing), Özgür KALYONCU (Director, Investor Relations), Tal GARIH (Director, Strategy),

Pinar YAMANER (Director, HR, Organization and Method) and Selçuk ŞAHİN (Representative of Independent Audit Company) have attended the meeting.

Upon examination of general assembly minutes, it has been learned that the items on the agenda were separately voted and the results were shared with shareholders before the closure of the meeting. Attending shareholders or their proxies vote by hand. It has also been learned from interviews with Company officials that the chairman of the meeting has taken great care to have the issues of the agenda expressed objectively, comprehensively, clearly and simply. Shareholders were able to express their opinions and ask questions under equal conditions.

It has also been noted that the chairman of the meeting let all the questions of shareholders to be answered, except those that are considered as commercial secret.

Allowing majority shareholders, board members, managers with administrative responsibilities their spouses and first and second degree relatives to have transactions that might cause conflict of interest with the company or its subsidiaries or to engage in commercial activities in the same business area with the company or its subsidiaries in their own name or on behalf of someone else or joining another company, who operates in the same business area, as unlimited partners was included in the general assembly agenda as a subject.

Shareholders were informed about Company's guarantees, pledges and mortgages in favor of third persons, in accordance with the articles of CMB's Corporate Governance Communiqué numbered II-17.1.

In a separate item of agenda shareholders were informed about aids and donations given in the period, as well as their amounts and beneficiaries. However, the fact that the Company still doesn't have a "Donation and Aid

Policy” is seen as an area in need of improvement.

Corporate Governance Principles recommend to make a provision in the Articles of Association in order to hold general assembly meetings open to public including stakeholders and media without right to address. Although the meeting is announced to public through Public Disclosure Platform, corporate website and EGAS, as required by relevant regulations, inviting media representatives and stakeholders to general assembly meetings and writing this down into Articles of Association would strengthen compliance with principles.

d. Voting Right

Neither the Articles of Association nor the internal procedures contain any difficulties to exercise the voting right and each shareholder is given the opportunity to exercise it in the easiest and most convenient manner.

According to the Articles of Association each share gives 1 (one) vote.

It is possible for the shareholders to exercise their voting right in person or by proxies - shareholder or not - at the general assembly; the shareholders are provided with the specimen proxies to be used for this purpose at the Public Disclosure Platform, at Company’s head office and on corporate website.

The information kit, which is prepared before general assembly meetings contains detailed information about distribution of Company shares, voting rights that come with share and the fact that there are no privileges in the exercise of the voting right.

The company doesn’t have a subsidiary with mutual relationship which brings sovereignty.

Alarko Holding’s policies are in compliance with the principles in this subsection.

e. Minority Rights

There has not been any violation in exercising minority shareholders’ basic rights such as attendance to the general assembly, representation by proxy, imposition of no upper limit for voting rights. In this manner it is found that care is given in exercising minority rights.

However, no steps were taken to extend minority rights and to give these rights to those who have less than 1/20 of the capital through the Articles of Association.

f. Dividend Right

Dividend distribution policy was prepared on 28.04.2010 and presented to the shareholders at the General Assembly meeting on 30.04.2014. The policy was revised in 2019, voted by the Board of Directors on 21.11.2019 and approved by the shareholders at the Ordinary General Assembly meeting on 17.07.2020. The policy has been prepared within the framework of CMB’s Dividend Communiqué No II-19.1 and It has been determined that dividend policy contains the minimum data enabling the investors to foresee the procedure and guidelines for distribution of profit to be generated by the company in future periods.

Article 58 of Articles of Association, which describes dividend distribution, says: “General assembly is authorized to distribute dividends (remaining profit after 5% legal reserves and first dividend distribution), not exceeding 10% of balance sheet profit. The Board decides on how this amount will be distributed.

The same article also includes that;

Dividend is distributed to all shares, without looking their dates of issue and acquisition,

Time and method of distribution is determined by the General Assembly upon recommendation of the Board of Directors,

Dividend distribution decision, taken by the Board can not be cancelled,

General Assembly can take decision to distribute dividend advance within the framework of CMB Code and Communiqués.

There are no privileges in distribution of dividends.

According to 2020 financial statements prepared within the framework of CMB regulations, the Company has made TRY 793,613,560 (TRY 793,789,060 after adding donations) distributable profit and TRY 158,463,385.89 according to financial statements prepared within the framework of legal records.

At the Board meeting dated 17.03.2021, it was decided to recommend to the General Assembly to distribute gross TRY 60,030,000 (7.56% of net distributable profit of 2020) in cash and to start distribution on 11.05.2021.

Board's dividend distribution recommendation was approved by the General Assembly on 15.04.2021 and distribution was made on the determined date.

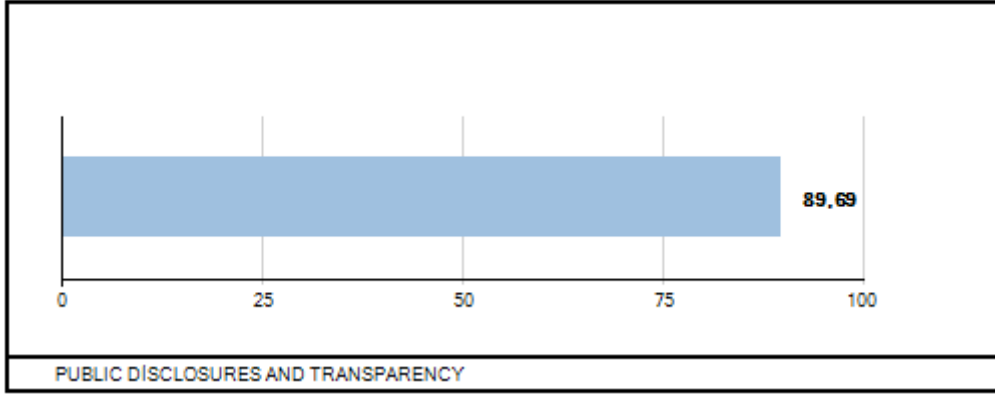
In this subsection, Alarko Holding has achieved very good compliance with the principles.

g. Transfer of Shares

Transfer of Company shares is subject to Turkish Commercial Code, CMB Code and relevant articles of regulations.

Alarko Holding's policies in this subsection meet the requirements of Corporate Governance Principles completely.

B. PUBLIC DISCLOSURE AND TRANSPARENCY



Bölümün Özet Görünümü

- ✓ Disclosure policy has been prepared, approved by the General Assembly and disclosed to public in electronic environment.
- ✓ Important Board decisions are published on the corporate website.
- ✓ The corporate website is being used effectively as a tool to update and enlighten the public within the context of the principles.
- ✓ Information in the corporate website is also published in English.

- * The annual report should contain responsibility statements of Board members who are responsible for financial reporting.
- * Company's real person ultimate shareholders are not disclosed to public through its corporate website.

It would be appropriate if the annual report contain information on;

- ✓/* Whether or not there were significant amount of asset purchases or sales in the period,
- ✓/* Risk management policy that the Company would apply against foreseen risks,
- ✓/* Conflicts of interest between the Company and outside service

providers in the fields like investment consultancy and rating and precautions that the Company takes to prevent these conflicts,

- ✓/* Statements of commercial and financial relations with subsidiaries or affiliated companies.

In this section, the Company has been assessed by **88** different criteria under the headings of **Corporate Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market Board, for which it has deserved the grade of **89.69**.

Alarko Holding carries out its public announcements in line with its Public Disclosures Policies prepared by the Board of Directors and disclosed to public.

Disclosure Policy contains information on in what ways and in which frequency the information will be provided to public, shareholders, current and potential investors. It also includes method to be used in answering the questions asked to the Company.

Company officials in charge of public disclosures and with signatory authority are Ümit Nuri YILDIZ (General Manager), Mustafa

FİLİZ (Financial Affairs President), Süleyman Sami İNAL (Accounting Manager), Aysel YÜRÜR (Shareholders and Legal Department Manager). These officials are assigned to monitor and handle all subjects related to public disclosure.

2020 independent audit has been conducted by BDO Denet Bağımsız Denetim ve Danışmanlık AŞ (Member BDO International Network). 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. With the recommendation of Audit Committee and approval of the General Assembly, same Company is selected as independent auditor to audit records and transactions of 2021 activities within the framework of CMB regulations, Turkish Commercial Code and other relevant regulations.

a. Corporate Website

The corporate website (<https://www.alarko.com.tr/tr/ana-sayfa>) is used as an active and effective platform for public disclosure and its content is updated continuously. The information on the corporate website is consistent with announcements made pursuant to the articles of relevant regulations and doesn't contain conflicting and missing information.

In addition to the coverage of mandatory disclosure pursuant to the legislation, the corporate website contains information about current shareholding and management structure, Board Committees and their work principles, dates and numbers of commercial registry newspapers where changes were published with the final text of the company's Articles of Association, material event disclosures, financial reports, annual reports, agenda of the general assemblies, lists of attendees, proceedings of the assemblies, the

specimen Proxy, dividend policy, disclosure policy, remuneration policy and information requests reached to the Company under the heading of frequently asked questions.

The information on the website is also being published in English for the use of international investors.

In accordance with the capital market regulations, the financial statements are disclosed on the Public Disclosure Platform in Turkish and English simultaneously. In order to help people to make decisions, English text is presented in a brief, correct, complete, direct, comprehensible and sufficient manner and in consistency with the Turkish text.

It would be appropriate to disclose real person ultimate main shareholders (without the relationship between direct and indirect affiliations) and to have Company's policy to repurchase its stocks, take over proposal or forms to use in collecting proxies at the corporate website.

In this subsection Alarko Holding has achieved a good compliance with Corporate Governance Principles.

b. Annual Report

It is seen that Board of Directors has prepared the annual report in such a detail that it gives public access to sufficient information about company's activities. Annual reports of the last five years are being shared with the shareholders and the public in electronic environment.

The annual report of the period ending on 31.12.2020 was approved and signed by Board Members with the Board decision dated 10.03.2021, No 821.

The content of annual reports comprises:

- Résumés and terms of office of board members and senior managers,

- Information about the sector that company operates in and its position within the sector,
 - Information about Company's financial resources,
 - Changes made in the Articles of Association within the period and reasons for these changes,
 - Corporate Governance Compliance Report,
 - Independent audit report about the annual report.
- Information on whether or not significant buying or selling of assets took place within the period,
 - Information on conflicts of interest between the company and service suppliers in the fields like investment consultancy and rating, as well as Company's measures to prevent the conflict of interest,
 - Statements showing figures of commercial and financial relations with subsidiaries and affiliated companies within the period.

In addition to topics quoted in regulations and other parts of corporate governance principles, annual reports also include information on:

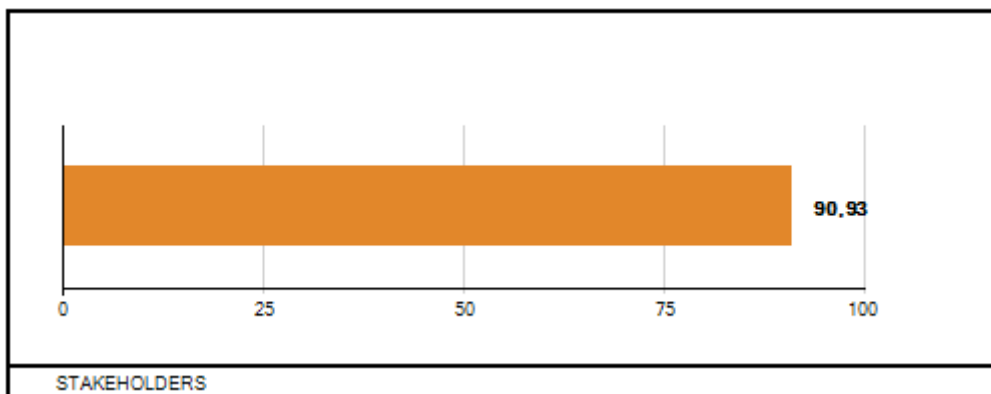
- Board members' and managers' ongoing jobs outside the company,
- Declarations of independent board members on their independence,
- Members of subcommittees within the board of directors and meeting frequencies of these subcommittees,
- Changes in regulations that might significantly affect Company activities,
- Important lawsuits filed against the Company and their possible outcomes,
- Social benefits and professional training of employees,
- Subjects that interest shareholders, potential investors and public.

In accordance with Communiqué (II-17.1.a) about Changing Corporate Governance Communiqué (II-17.1), published by the Official Gazette on 02.10.2020, No 31362, Alarko Holding disclosed its "Sustainable Principles Compliance Framework" to public in the annual report.

However, if the annual report includes following items, this will bring compliance with corporate governance principles to the highest level.

- Responsibility declaration of the Board of Directors,

C. STAKEHOLDERS



Overview

- ✓ There are no regulations that make it difficult for stakeholders to use their rights.
- ✓ Many internal regulations have been prepared within the scope of HR Policy concerning employees, customers and stakeholders.
- ✓ Remuneration Policy has been prepared for employees, presented to the General Assembly and disclosed to public via corporate website.
- ✓ Training procedures have been prepared for employees,
- ✓ There are no complaints by the employees about discrimination or problems in getting their rights.
- ✓ The Company has prepared its Corporate Social Responsibility Policies and published them on the corporate website.
- ✓ Care is given to confidentiality of information about customers and suppliers on trade secret basis.
- ✗ **There is no Compensation Policy for the employees.**
- ✓/✗ Developing mechanisms and models supporting participation of employees and stakeholders into management and embedding them into Company's Articles of

Association and other internal regulations would be appropriate.

- ✓/✗ Blue collar employees are unionized only in some of the group companies.

As for this section, the Company has been evaluated by 57 different criteria under the headings of **Corporate Policy on Stakeholders, Supporting Stakeholders' Participation in Company Management, Human Resources Policy of the Company, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **90.93**

a. Corporate Policy on Stakeholders

The Corporate Governance Principles describe the stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations. It has been concluded that Alarko Holding protects stakeholders' rights specified in regulations and mutual contracts.

It has been concluded that the company respects the stakeholders' rights, specified in regulations and mutual agreements. The

impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules, company's reputation and means. It has been observed that many internal regulations were prepared to this end.

Remuneration Policy towards employees has been prepared, presented to the shareholders at the general assembly and disclosed to public via corporate website.

It has been understood that the stakeholders are adequately informed on company policies and procedures to protect their rights.

The Company hasn't yet prepared a compensation policy for employees.

Improvement of Company's policies in this subsection would strengthen compliance with the principles.

b. Supporting Stakeholders' Participation in Company Management

There are no provisions in the Articles of Association and/or internal regulations supporting stakeholders' direct participation into management. It has been understood that employees' opinions are taken indirectly for subjects concerning them.

AIK (Alarko Future Club) has been established for the employees. It has been learned that this club convenes regularly and make decisions in the Board of 11 (eleven) members, which the employees elect. These decisions are shared with the General manager of Alarko Holding and assessed at the General Assembly meeting.

This model, which can support employees' participation into management is active at the moment. It is recommended that this model should be improved and embedded to Articles of Association and internal regulations.

c. Human Resources Policy of the Company

Internal procedures on recruitment, working conditions, personal files, disciplinary practices, performance evaluation, power and responsibilities of employees, training, remuneration, health rights, leave rights, promotions, task alterations and dismissal, death, resignation, retirement and training have been developed. These documents are kept on an online portal, which is accessible for all employees. It has been observed that the company sticks to these policies in practice. We have the impression that the Company acted in accordance with the principle of providing equal opportunities for individuals with equal status, both in determining these policies and in practice.

Job description is made for all employees. It has been learned that performance and reward criteria are determined annually, and they are implemented after agreement is reached with employees. It has been underlined that performance is measured and evaluated with the current system and these evaluations are taken into consideration for remuneration and career planning

The Company implements training programs to increase knowledge, capability and experience of the employees. In 2020 There has been 108,231 men/hour training within the Company, with external trainings this figure reached 186,486 men/hour. In accordance with training needs of the staff, technical, financial, administrative and computer trainings were organized within the Company. Relevant employees were also sent to external professional courses.

It is our impression that all employees are treated equally in terms of remuneration, promotion, training and other rights.

It has been learned that the employees are provided with a safe working environment and conditions and that there exists no discrimination among employees in terms of race, religion, language and gender.

In 2020, Alarko Holding A.Ş. companies employed a total of 4,432 people, including 1,414 white collar (most of them engineers and architects) and 3,018 technicians and workers. Only 261 blue collar employees, employed by Alarko Carrier Sanayi ve Ticaret A.Ş., are organized under the roof of Türk Metal Union.

Company's organizational structure has been built in accordance with working conditions and departments, as well as number and quality of people to be employed in these departments have been written down in internal regulations.

Employee stock-options schemes are not developed.

Freedom of founding an association or being a member in an association are not restricted.

Company policies in this subsection are in compliance with Corporate Governance Principles.

d. Relations with Customers and Suppliers

As a portfolio managing company Alarko Holding A.Ş., does not have customers.

However, generally importance is given to confidentiality of information and care is taken to use necessary technologies for this purpose.

e. Ethical Rules and Social Responsibility

Ethical Rules, required to be complied by all employees are laid down and disclosed to public through its corporate website and annual report. Relevant parties are informed about the sanctions to be taken against employees who violate ethical principles.

Within the scope of corporate social responsibility activities Alarko Companies Group focuses particularly on supporting education.

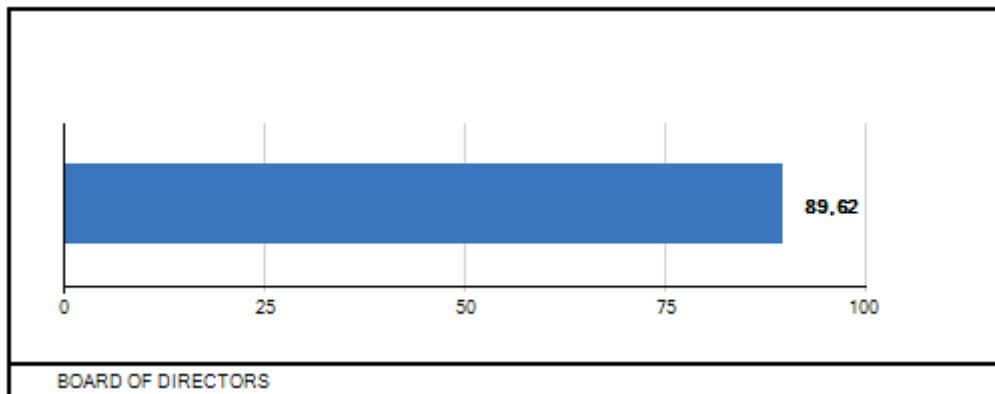
Established in 1986, Alarko Education-Culture Foundation (ALEV) provided scholarships for 40 senior students and graduate students studying at engineering, construction, finance and management faculties, 25 students in technical and vocational highschools and 41 children of Group employees in 2020-2021 academic year. So far a total of 3,260 students, including about 1,860 university and 1,400 highschool students, have been provided with scholarships and Foundation's scholarships are non-refundable. The Foundation continues to collaborate with Leading science and culture foundations.

Support Foundation, which is active within Alarko Companies Group also provides Dr. Üzeyir Garih and İshak Alaton scholarships to support students.

Company management has informed us that there were no lawsuits against the Company due to reasons like violation of shareholder rights or reduction of Company assets during the rating period.

Neither were there lawsuits against the Alarko Holding A.Ş. or other Group companies due to damage on environment.

D. BOARD OF DIRECTORS



Overview

- ✓ Company's strategic targets, human and financial sources it requires have been determined by the Board of Directors.
- ✓ Chairman of the Board and General Manager are two different individuals and there is no official in the Company with unlimited authority to make decisions.
- ✓ The number of Board Members is adequate for them to work productively and constructively.
- ✓ Majority of Board Members are non-executives.
- ✓ Three of the non-executive Board Members are independent.
- ✓ Each Board Member has one vote.
- ✓ There isn't any loan/credit involvement between Board Members and the Company.
- ✓ Principles of Activity for Board of Directors have been determined.
- ✓ Corporate Governance, Audit and Early Detection of Risk Committees have been established and their working principles have been determined.

- ✗ The Board of Directors has not determined a target ratio – no less than 25 % - and a policy to recruit women members for the Board.

- ✗ Manager Liability Insurance against defects of Board Members duties has not been made.
- ✗ There is no practice of self – criticism and performance evaluation for Board of Directors.

- ✓/✗ It would be appropriate to disclose remuneration and benefits provided for Board Members and Executive Managers in the annual report on personal basis.

In this section, the Company has been evaluated by 148 different criteria under the headings of **Function of the Board of Directors, Principles of Activity of the Board of Directors, Structure of the Board of Directors, Procedure of Board of Directors Meetings, Committees formed within the Structure of the Board of Directors and Financial Rights Provided for the Members of the Board of Directors and Executives** as laid down by the Capital Market Board's Corporate Governance Principles, for which the Bank has gained the grade of **89.62**.

a. Function of the Board of Directors

By the strategic decisions it will take, the Board manages and represents the company keeping the risk, growth and return in balance

while paying attention to company's long-term interest, under a reasonable and prudent risk management approach. In this sense, the Board has described the corporate strategic objectives and determined the required human and financial resources. The Board of Directors also monitors company activities to be compatible with regulations, Articles of Association, internal procedures and established policies and audits management performance.

The Board of Directors is authorized to make decisions, to determine the strategy and represent the Company at the highest level.

Alarko Holding has achieved compliance with the Principles in this subsection.

b. Principles of Activity of the Board of Directors

Board of Directors conducts its activities in a transparent, accountable, fair and responsible fashion.

The distribution of duties and powers of Board Members are disclosed to public in the annual report.

The Board of Directors has developed internal control systems including risk management and IT systems to minimize effects of risk and processes on stakeholders, starting with shareholders. It has been learned that the Board of Directors reviews the efficiency of risk management and internal control systems at least once a year.

There is no sole official in the Company with unlimited authority to make decisions. Posts of Chairman of the Board of Directors and the General Manager are held by different individuals.

Our impression is that the Board of Directors plays a leading role in the maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders. To this end, the Board of Directors is in close

cooperation with the Investor Relations Department.

It's observed that the Board of Directors is in continuous and effective cooperation with managers while performing its duties and responsibilities and they attend Board meetings whenever necessary.

Possible damages to the company due to defects of Board of Directors Members while performing their duties have not been insured.

The Company has achieved compliance with the Principles in this subsection.

c. Structure of the Board of Directors

Board of Directors comprises a total of 9 (nine) individuals, including one chairperson and 8 (eight) members. Thus, the minimum requirement of five members for Board of Directors is met and the number of Board Members has been found sufficient to serve effectively and constructively and to establish committees and organize their activities efficiently.

The Board of Directors comprises executive and non-executive members. As of the date of this report, the Board has 2 (two) executive and 7 (seven) non-executive members. Since Board Member and Group CEO Ayhan YAVRUCU has decided to leave as of 30.09.2021, there would be only 1 (one) executive board member. With this structure, the Board respects the principle that majority of members should be non-executive. 3 (three) of the non – executive Directors of the Board are independent, meeting CMB criteria for independence. The Independent Directors have presented to the Board of Directors their written representations that they are independent under the legislation. The Nomination Committee (Corporate Governance Committee) presented a report, comprising independence declarations for independent memberships and its assessment on whether candidates possess required

criteria for independence, for the approval of Board of Directors on 09.06.2020.

There are 2 (two) woman board members. The company must determine a target ratio – no less than 25 %, a deadline and policies to reach these targets and for the Board to review the progress on these targets annually.

Company policies are in compliance with the Principles in this subsection.

d. Procedure of Board of Directors Meetings

Company's Articles of Association describe the procedures and decision majority of the Board. Each Member of Board of Directors has right for one vote. It has been understood that the Board convenes frequent enough to carry out its duties efficiently. Regulation on Working Principles of Board of Directors states that the Board convenes at least 6 times in a year and would hold additional meetings if the need arises.

Upon examination of meeting minutes, it was seen that the board held 17 (seventeen) meetings in 2020 and 2021 as of September.

Board of Directors meetings take place in accordance with existing provisions in internal regulations and the Articles of Association on board meetings. Mode of the Board of Directors meetings is made written in company through internal regulations.

Chairperson prepares the agenda of Board meetings, getting recommendations from Company's general manager. Invitation is sent through e-mail at least beş work days before the Board meeting. Supporting documents for agenda items are sent together with the agenda to all Board members by the Secretary of Board.

Secretariat functions of the Board are carried out by Alpaslan SERPEN (Investment Planning Director).

The Company has achieved rather good compliance with the Corporate Governance Principles in this subsection.

e. Committees formed within the Structure of the Board of Directors

In order for the Board of Directors fulfill its duties and responsibilities soundly; Audit, Corporate Governance and Early Recognition of Risk Committees have been established. Remuneration and Nomination Committees have not been established due to the Board of Directors' structure. Duties of these committees are carried out by the Corporate Governance Committee. Corporate Governance Committee working principles have been arranged in accordance with this organization.

Mandates, working rules and membership composition for all three committees have been determined, approved by the Board of Directors as written documents and disclosed to public in the electronic environment. All members of the Audit Committee and minimum the Chairman of other committees are assigned from independent members. The General Manager has no assignment in any committee.

All resources and support are provided by the Board to ensure that the committees carry out their duties.

Committees can invite relevant department managers to their meetings to benefit from their opinions.

The Audit Committee consists of two (2) independent members. It monitors performance and effectiveness of company's accounting system, public disclosure of financial information, independent audit and working and efficiency of the internal audit and control system. The selection of independent audit company and supervision of its work at every stage is also implemented by the Audit Committee. The Committee reviews performance and effectiveness of company's accounting system, financial reporting, public disclosure, internal audit and control system,

independent audit and compliance with laws, regulations and ethical principles.

Board of Directors has established a risk management and internal control mechanism. Administrative risks are periodically reviewed by Audit Consultancy and Approval Board (DDO), which comprises Holding's Board members and Early Recognition of Risk Committee. Audit Group supervises internal control mechanism periodically within the framework of approved annual audit plans. It reports results and opinions to the top management. Audit department directly reports to Holding's General Manager.

Audit Department carried out 50 (fifty) audits in 2020.

Audit Committee held 6 (six) meetings in 2020 and 2 (two) meetings as of September 2021.

Corporate Governance Committee; establishes whether the corporate governance principles are implemented in the Company, as well as the grounds for non-implementation, if applicable; it determines conflicts of interest, if any, arising from failure to fully comply with these principles, and discloses to public through Corporate Governance Compliance Report. It has 4 (four) members. Chairperson is an independent member of Board. Other 2 (two) members are non-executive Board members. One member is the Director of Investor Relations and assigned as a member of committee as required by CMB's Communiqué No II.17-1.

Its structure complies with the principle which requires that all the members – if there are only two members – or majority of members – if there are more than two members – should consist of non-executive Board Directors.

The committee convened 3 (three) times in 2020 and 2021 as of September.

Early Detection of Risk Committee consists of 3 (three) members. Its chairman is

independent Board member. Other 2 (two) are non-executive Board members.

The Committee held 1 (one) meeting in 2020. It hasn't convened in 2021 as of September, however there is 1 (one) planned meeting before the yearend. The Committee makes bi-monthly risk assessments and reports its findings to the Board.

All committees regularly report to the Board.

Secretarial functions of all three committees are carried out by Investor Relations Director. Özgür KALYONCU.

Names of Committees' Members are below:

Audit Committee

Name Surname	
Neslihan TONBUL	Chairperson (Independent)
Burak KOÇER	Member (Independent)

Corporate Governance Committee

Name Surname	
Burak KOÇER	Chairperson (Independent)
İzzet GARİH	Member (Non-executive)
Vedat Aksel ALATON	Member (Non-executive)
Özgür KALYONCU	Member (IRD Director)

Early Detection of Risk Committee

Name Surname	
Neslihan TONBUL	Chairperson (Independent)
İzzet GARİH	Member (Non-executive)
Vedat Aksel ALATON	Member (Non-executive)

f. Financial Rights Provided for the Members of the Board of Directors and Executives

Remuneration policy for Directors and top executives has been presented for the approval of the general assembly and disclosed to public in the electronic environment.

Stock-options or payment plans based on the corporate performance are not used for remuneration of the independent members of Board of Directors. The emoluments of independent directors are thought to be sufficient to protect their independency.

It has been learned that the Company has not lent and extended loan to any members of Board of Directors or top executives or made available any credit as personal loan through any third person or provided securities such as surety in favour of them.

There is no measurement of Board members' performance yet. However, it has been learned that Corporate Governance Committee regularly reviews Board's structure and has already made recommendations to increase its productivity and performance. Preparations are being made to measure performance in coming periods.

Although not on individual basis, remuneration and benefits provided for Board members and top executives are disclosed in the annual report. It would be appropriate to disclose this information on individual basis.

5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ
A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS

GRADE	DEFINITIONS
9–10	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.
7–8,9	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.
6–6,9	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.

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 both 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>

