



Corporate Governance Compliance Rating Report



Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.

3 May 2024

Validity Period : 03.05.2024-03.05.2025

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on October 02 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated January 03 2014 and numbered 28871

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, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 106 copies of documents, data and files transmitted by the concerned firm electronically, including data open to 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, and generally accepted ethical rules of the IOSCO and OECD, including generally accepted ethical customs. These rules are shared with the public through its Internet website (www.kobirate.com.tr).

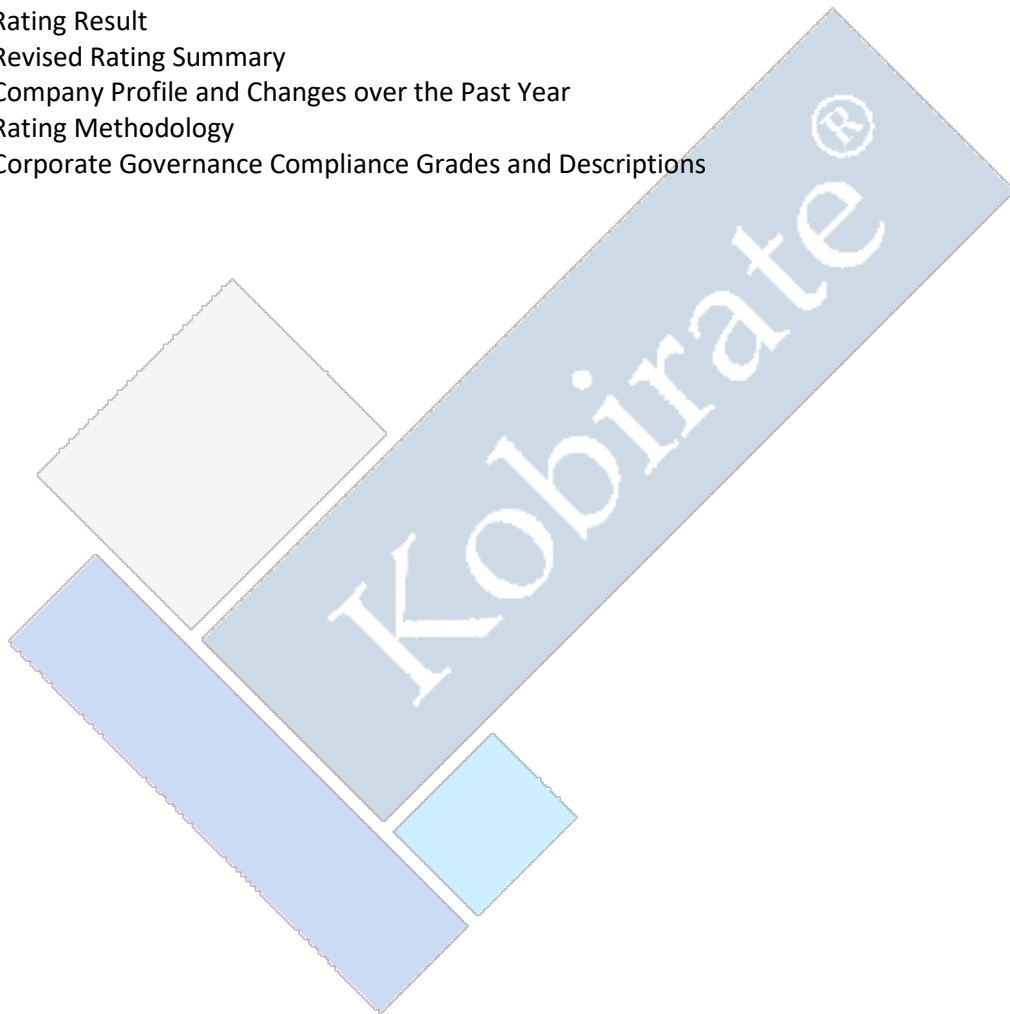
Although the rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed according to the methodology disclosed.

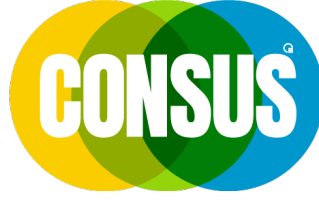
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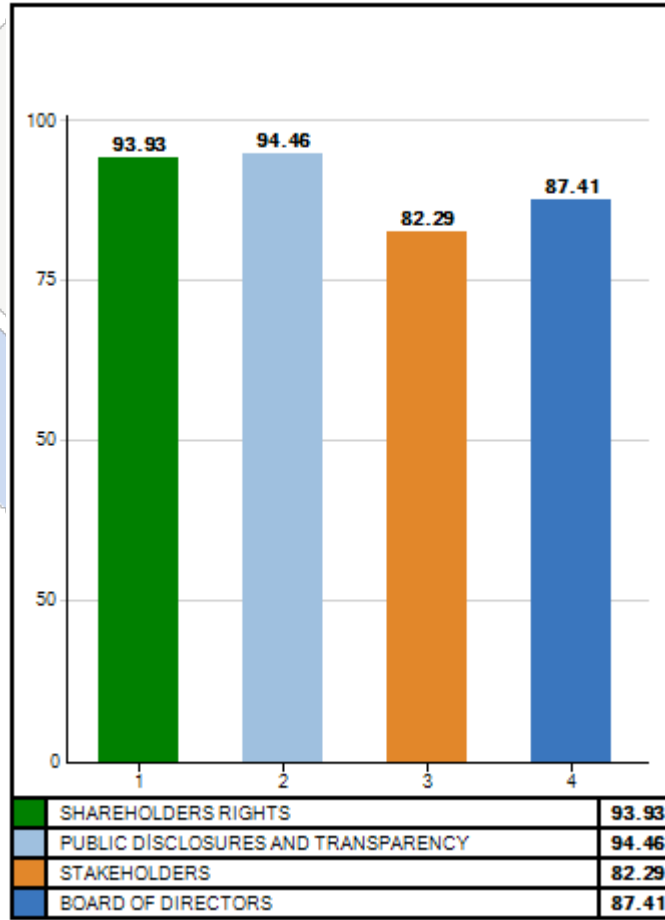
**CONSUS ENERJİ İŞLETMECİLİĞİ VE
HİZMETLERİ ANONİM ŞİRKETİ**

1. RATING RESULT

BIST SECOND GROUP COMPANY

**CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

9.00





Kobirate A.Ş. Contact:

Rating Expert:

Can TEKİN (License Number: 700573)

(216) 3305620 Pbx

cantekin@kobirate.com.tr

www.kobirate.com.tr

Hasanpaşa Mah. Ali Ruhi Sok. No:2 Kat:2 Daire:2 Kadıköy/İSTANBUL

Corporate Governance Rating Committee

Burhan TAŞTAN

(License Number: 700545)

Serap ÇEMBERTAŞ

(License Number: 700342)

Nermin Z. UYAR

(License Number: 702999)

2. REVISED RATING SUMMARY

This report of rating of compliance of Consus Enerji İşletmeciliği, ve Hizmetleri A.Ş. (Consus Enerji) with the Corporate Governance Principles is concluded through onsite examinations of the documents and information open to the public, interviews held with executives and persons involved, and of other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published by the Board has been considered in addition to the regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

According to the decision of the Capital Markets Board dated 25.01.2024 and numbered 6/121, in 2024, Consus Enerji is in the BIST 2nd Group Companies list. The company has been evaluated by examining 448 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 2nd Group Companies". At the end of the examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of Consus has been revised upwards to **9.00**.

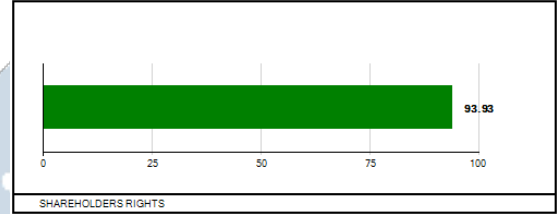
This result shows that the company achieved excellent compliance with the Corporate Governance Principles issued by the Capital Market Board. Potential risks to which the company may be exposed are identified and can be managed. The level of public disclosure and transparency is high. The rights of the shareholders and stakeholders are treated

fairly. The composition and operational conditions of the Board highly comply with the Corporate Governance Principles.

When Consus Enerji's activities in the last year are examined, it is seen that it continues to comply with corporate governance principles and is working to improve this compliance.

In conclusion, this rating indicates that the company deserves to continue to be included in the BIST Corporate Governance Index.

▪ In the Shareholders section, the rating of Consus Enerji has been revised upwards to **93.93**.



During the reviewing period, it was observed that the company continued its activities in informing shareholders and exercising their fundamental shareholder rights with the same sensitivity and efficiency.

The company's upward rating revision regarding this section is due to the Investor Relations Department starting to report more than once to the Board of Directors regarding its activities.

The Investor Relations Department reports to General Manager Mr. Atay ARPACIOĞULLARI. Ms. Ekin BİÇEN (Investor Relations Manager) and Investor Relations Officer Mr. Yasin KORKMAZ (Financial Affairs Manager) work in the department.

Ms. Ekin BİÇEN has Capital Market Activities Advanced Level, Corporate Governance Rating Specialist and Credit Rating Specialist Licenses. In accordance with CMB Corporate Governance Directive no. II.17-1, Ekin BİÇEN has also been appointed a member of the

Corporate Governance Committee, which was disclosed to the public with the Material Event Disclosure dated 28.07.2022.

The Investor Relations Department reports regularly to the Board of Directors and Corporate Governance Committee about its activities and shares performance. Reporting is done twice a year.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the company. The company discloses to shareholders and the public in accordance with the "Disclosure Policy," which is published on the company's corporate website.

The General Assembly meeting to discuss the operations of 2022 took place on 04.05.2023. The invitation to the general assembly meeting was published on the Public Disclosure Platform (PDP) and the Central Registry Agency e-general assembly system (EGAS) on 30.03.2023, and in the Turkish Trade Registry Gazette (TTRG) dated 04.04.2023 and numbered 10804. The meeting invitation was made at least 3 (three) weeks before the meeting date as stipulated by the principles.

The general assembly information document provides detailed information on the distribution of company shares and the voting rights granted by the shares. In addition, whether the shareholders have a request to add an item to the agenda and the information that is required to be announced to the shareholders and the public in the corporate governance principles are also included.

Executives and auditors who are authorized to brief participants on special subjects and answer their questions have attended the meeting. Attending top managers were Mr. Serdar KIRMAZ (Vice Chairperson of the Board of Directors), Mr. Atay ARPACIOĞULLARI (General Manager), Mr. Muhammet ER (Financial Affairs Director),

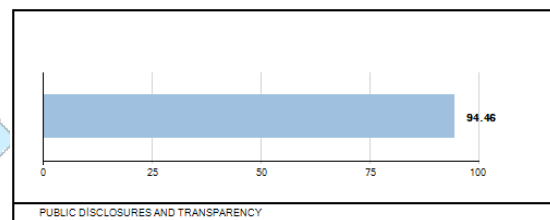
Mr. Uğur AYDIN (Chief Legal Counsel), Ms. Eda TUĞCU YALKIN (Senior Legal Advisor), Ms. Ekin BİÇEN (Investor Relations Manager) and on behalf of PKF Aday Bağımsız Denetim A.Ş., Mr. Soner GENÇ.

There are no privileges on the company's shares.

Net distributable profit for the 2022 year was 7,137,891.30 TL according to the financial statements prepared in accordance with the TPL and 46,979,795.00 TL according to the consolidated financial statements prepared within the framework of the CMB legislation. The way the profit is used is explained in the "ii. Dividend Distribution" section of our report.

Providing information to the shareholders in a separate agenda item at the general assembly meeting about the beneficiaries of all donations and aid made by the company during the period and granting minority rights to those who have less than one-twentieth of the capital in the articles of association will strengthen the company's compliance with the Corporate Governance Principles.

■ In the Public Disclosure and Transparency section, the company's rating was revised upwards to **94.46**.



The occurrence that requires the company's rating revision in this section is the improvements made on the corporate website and annual activity report during the rating period.

It has been determined that Consus Enerji's work on public disclosure and transparency complies with legal regulations and corporate governance principles. The company's annual

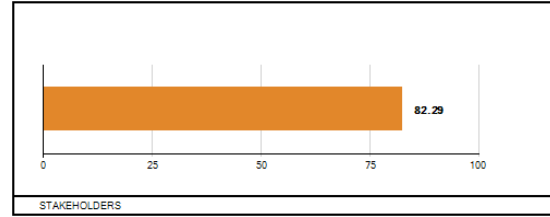
reports are rich in content and contain sufficient information about its activities.

The corporate website (www.consusenerji.com.tr) is updated regularly and is being used as an active and effective public disclosure platform. All information and documents that the public, investors, and other interested parties want to access are published on the company's corporate website for the last five (5) years. It has been observed that this information is consistent with the disclosures made in accordance with the provisions of the relevant legislation and does not contain contradictory and incomplete information. The corporate website is designed as a convenient, easily accessible structure.

The processes regarding the fulfillment of Consus Enerji's public disclosure obligations are the responsibility of the directors responsible for financial management and reporting, as well as the Investor Relations Department. These officials fulfill their duties in close cooperation with the Corporate Governance Committee and the Board of Directors.

The independent external audit for 2022 was carried out by PKF Aday Bağımsız Denetim A.Ş. There are no cases where the independent audit avoided expressing opinion, expressed opinion with conditions, or avoided signature in the reports. During the meeting with the company officials, it was learned that there was no development that would harm the independence of the independent audit firm and its auditors and that there was no legal dispute. The same institution was elected as the independent auditor with the recommendation of the audit committee and the approval of the general assembly for the independent external audit of the accounts and transactions of the 2023 operating year within the framework of the Capital Markets legislation, the Turkish Commercial Code, and the relevant legislation.

▪ In the Stakeholders section, the company's rating has been revised to **82.29**.



The company's upward rating revision for the section is based on significant developments in the identification and completion of processes for Sustainability Management and implementation, preparation of the Sustainability Report, and measurement of customer and employee satisfaction.

It is concluded that Consus Enerji protects stakeholders' rights, which are specified in regulations and mutual contracts. In case of a lack of regulation, the company respects stakeholders' rights within goodwill rules and the company's reputation. Many internal regulations were prepared to this end.

The Compensation Policy for employees has been prepared and disclosed to the public via the corporate website.

Recruitment, wage, health, leave rights, promotions, appointments, discipline, dismissal, death, resignation, and retirement procedures have been determined and it is thought that these procedures are adhered to in practice. Both during the development of the policies and in practice, we got the impression that equal opportunity is given to individuals under equal conditions.

It has been determined that the company runs training programs to increase the knowledge, talents, and experience of its employees and that it has prepared training policies.

Ethical Rules have been determined and are updated when necessary. On the other hand, the policies concerning the shareholders and all stakeholders are disclosed to the public on the corporate website of the company.

As of 01.04.2024, 251 employees are employed at Consus Enerji.

In 2023, employees received a total of 29,969 hours of training opportunities on 35 different subjects, including Basic OHS and other special training.

The overall participation in the satisfaction survey conducted for employees was 92.1% and the overall satisfaction rate was 74.1%.

Aware of its responsibility towards society, the company contributes to society by continuing its corporate social responsibility activities both in the regions where it operates and throughout the country.

At the meeting of the Corporate Governance Committee on 25.03.2024, a committee decision was taken to create corporate social responsibility policies and submit them to the Board of Directors for approval. Finalizing the work in accordance with the said decision will strengthen the company's compliance with the principles.

Sustainability;

It also discloses the "Sustainability Principles Compliance Report" in accordance with the voluntary sustainability principles compliance framework format specified in the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" prepared by the Capital Markets Board and published in the Official Gazette No. 31262 on October 02, 2020, to the public in its annual activity reports.

The company's efforts to be included in the BIST Sustainability Index continue.

Consus Enerji builds its sustainability approach on three main elements: environment, sustainable production and occupational health and safety (OHS).

Within the scope of its Sustainability Approach, the company acts with environmental and social responsibility awareness and continues its work in this

direction with the aim of leaving a livable world in the future. Producing energy with low carbon emissions by using renewable and clean energy sources and energy efficiency are central to Consus Enerji's sustainability approach. In addition, employee participation, stakeholder participation and sustainable supplier management are other important elements of the sustainability approach.

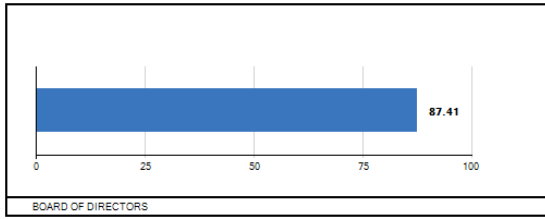
The company's sustainability objectives:

- Increasing renewable energy production,
- Being carbon neutral by the end of 2023 within the scope of combating the climate crisis and emission management,
- Acting with corporate social responsibility awareness,
- Protecting the terrestrial ecosystem,
- Responsible production and consumption, reducing domestic energy consumption per unit of electricity production by 30% by 2030,
- Zero waste, reducing single-use plastics in offices and administrative buildings within power plants by 90% by 2025,
- Biodiversity, in this context, planting 100,000 saplings by 2030,
- Organizing regular employee loyalty surveys in order to provide a human-oriented working environment and increase employee satisfaction and loyalty,
- Keeping the number of working women and men at equal levels to ensure equality, diversity, and inclusion,
- Creating growth and advancement opportunities for employees in order to ensure talent and performance management,
- Ensuring information privacy and security, utilizing new technologies to protect the personal information of all employees and stakeholders in accordance with regulations and legislation,

- A target of 0 occupational accidents by 2030 in order not to compromise occupational health and safety standards.

Creating share acquisition plans for employees, making a succession plan to determine new managers to be appointed in cases where managerial changes are expected to disrupt company management, creating a satisfaction policy regarding the management and resolution of customer complaints within the framework of sustainability studies and disclosing it to the public will strengthen the company's compliance with the principles.

- In the Board of Directors section, the rating of Consus Enerji was revised upwards to **87.41**.



The reasons for the upward revision of Consus Enerji's rating regarding the section are ensuring the majority of non-executive members in the formation of the Board of Directors committees, starting performance evaluation efforts within the Board of Directors, establishing a target rate of 25% for the rate of female members in the Board of Directors and setting a 5-year target time and establishing a policy in this regard.

In the meetings with the company officials and the examinations made on the Board of Directors Decisions, it has been determined that the Board continues its activities actively, effectively, and regularly. It has been observed that the Board of Directors internalizes the corporate governance principles, adopts an open approach to improvement and development, and displays a proactive attitude in compliance with the principles.

The Board of Directors has described the corporate strategic objectives and determined necessary human and financial resources.

The duty of chairperson of the Board of Directors is performed by Ms. Ayşegül BENSEL. The Board of Directors consists of 7 (seven) members, 3 (three) executives and 4 (four) non-executive members. 2 (two) of the non-executive members have the status of independent member.

The duties of the Chairperson of the Board of Directors and General Manager are carried out by different people.

1 (one) female member has been appointed to the Board of Directors. This structure has not yet complied with the "not less than 25%" criterion determined by the CMB as the rate of female members on the Board of directors.

However, the fact that the majority of board members are non-executive members is an area where the principles are complied with.

The Audit, the Corporate Governance, and the Early Detection of Risk Committees, which are stated in the Principles, have been established. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by the Corporate Governance Committee as well. The duties, working principles and the members of the committees have been determined by the Board of Directors, approved as written documents, announced to the public and published on the corporate website of the company.

All members of the audit committee and the chairmen of the Corporate Governance and Early Detection of Risk Committees are independent board members. Only in the Corporate Governance Committee, as per Communiqué No. II.17.1, does the Investor Relations Manager act as a committee member. The company's general manager has not been appointed within the committee structures.

Like all other board members, Independent board members are elected to serve for 1 (one) year.

The Board of Directors convened 26 (twenty-six) times in 2023 and 6 (six) times in 2024 as of the report date. The Legal Unit carries out the secretariat of the Board of Directors.

The Audit Committee held 8 (eight) meetings in 2023 and 2 (two) meetings in 2024 as of the report date.

The Corporate Governance Committee convened 6 (six) times in 2023 and 1 (one) time in 2024 as of the report date.

The Early Detection of Risk Committee held 6 (six) meetings in 2023 and 3 (three) meetings as of the report date in 2024.

The documents examined revealed that the meeting records of both the Board and the Committees were kept regularly.

Remuneration Principles for the Members of the Board of Directors and Senior Executives have been determined and disclosed to the public on the company's corporate website.

Fees and benefits given to the Board of directors and directors with administrative responsibilities are not disclosed in the annual report on an individual basis.

Damages caused by the faults of the members of the Board of directors during their duties in the company are insured.

The insurance was not disclosed on PDP.

The company aims to have 25% female members on the Board of directors within 5 years. To address this issue, the "Female Board Member Target Policy" has been established.

Annual evaluation of the progress made in achieving these targets by the company's Board of directors will strengthen its compliance with the principles.

Although the Board of directors evaluates performance on both a board and member basis, it does not practice rewarding or dismissing members based on these evaluations.

Due to the structure of the Board of directors, board members serve on more than one committee.

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3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

A. Company Profile:



Company Name:	Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.
Company Address	Esentepe Mahallesi, Büyükdere Caddesi, No: 193 İç Kapı No: 2 34394 Şişli/ İSTANBUL
Company Phone:	(0212) 2446000
Company Fax:	(0212) 2446161
Company's Web Address:	www.consusenerji.com.tr
Date of Incorporation:	22.08.2014
Company Trade Registry Number:	İstanbul-935636
Paid-in Capital	385,500,000,-TL
Line of Business	Energy Generation and Management
Company's Sector	Electricity, Gas and Water / Electricity, Gas and Steam

Company's Representatives in Charge of Rating:

Ekin BİÇEN

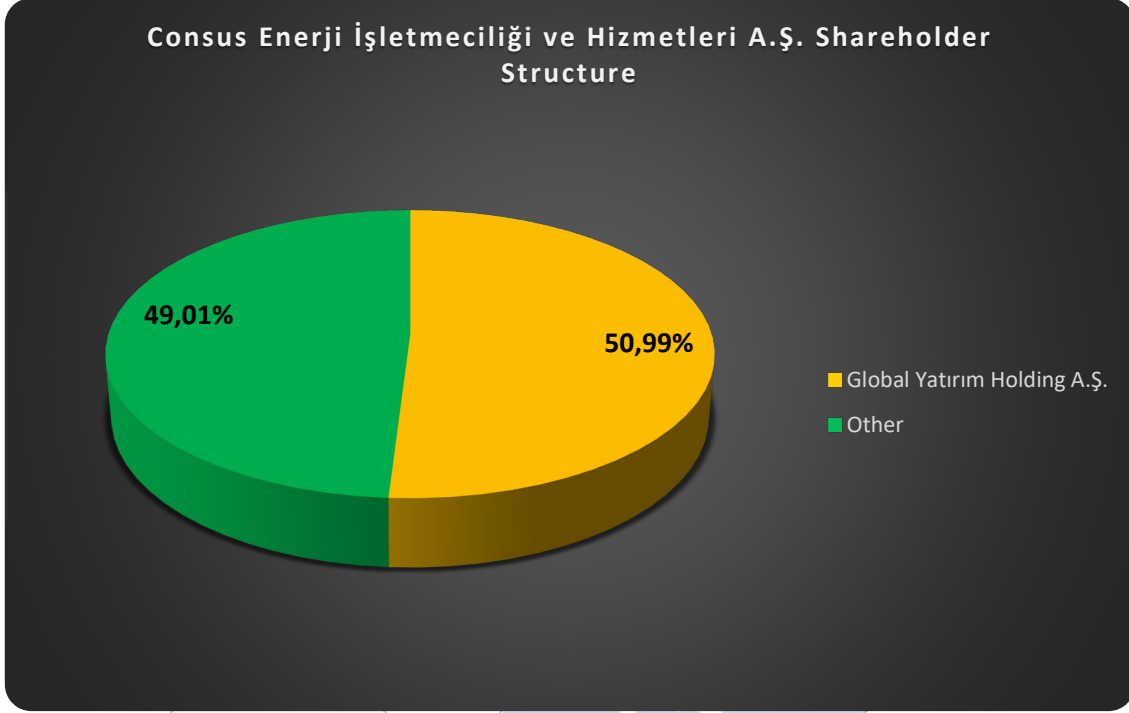
Investor Relations Manager

investor@consusenerji.com.tr

(0212) 2446000

Company Shareholder Structure

(As of 31.03.2024)



Source : www.consusenerji.com.tr

Shareholder Name	Share (TL)	%
Global Yatırım Holding A.Ş.	196,572,550	50.99
Other	188,927,450	49.01
Total	385,500,000	100.00

Source : www.consusenerji.com.tr

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
Ayşegül BENSEL	Chairperson	EXECUTIVE
Serdar KIRMAZ	Deputy Chairperson	EXECUTIVE
Feyzullah Tahsin BENSEL	Member of Board of Directors	Non - Executive
Ercan Nuri ERGÜL	Member of Board of Directors-	Non - Executive
Mehmet Ali DENİZ	Member of Board of Directors	EXECUTIVE
Mustafa KARAHAAN	Member of the Board of Directors-Independent Member	Non - Executive
Talip Selçuk ŞALDIRAK	Member of the Board of Directors Independent Member	Non - Executive

Top Management of the Company

Name/ Surname	Title
Atay ARPACIOĞULLARI	General Manager
Muhammet ER	Director of Financial Affairs
Kaan GÖRENEK	Director of Engineering and Investment Practice

COMMITTEES FORMED WITHIN BOARD OF DIRECTORS

AUDIT COMMITTEE

Member Name / Surname	Title
Mustafa KARAHAN	Chairperson / Independent Member of Board of Directors
Talip Selçuk ŞALDIRAK	Member / Independent Member of Board of Directors

CORPORATE GOVERNANCE COMMITTEE

Member Name / Surname	Title
Mustafa KARAHAN	Chairperson / Independent Member of Board of Directors
Talip Selçuk ŞALDIRAK	Member / Independent Member of Board of Directors
Ayşegül BENSEL	Member / Chairperson of the Board of Directors
Ercan Nuri ERGÜL	Member / Member of Board of Directors
Ekin BİÇEN	Member/ Investor Relations Manager

EARLY DETECTION OF RISK COMMITTEE

Member Name / Surname	Title
Talip Selçuk ŞALDIRAK	Chairperson / Independent Member of Board of Directors
Mustafa KARAHAN	Member / Independent Member of Board of Directors
Serdar KIRMAZ	Member / Deputy Chairperson of the Board of Directors
Feyzullah Tahsin BENSEL	Member / Member of Board of Directors
Mehmet Ali DENİZ	Member / Member of Board of Directors

Investor Relations Unit

Name Surname	Title	Contact
Ekin BİÇEN	Investor Relations Manager	0212 244 60 00 investor@consusenerji.com.tr
Yasin KORKMAZ	Investor Relations Officer & Financial Affairs Manager	0212 244 60 00 investor@consusenerji.com.tr

Balance Sheet comparison of the Company and its Subsidiaries in some selected items

	31/12/2022(Thousand TL)	31/12/2023(Thousand TL)	Change %
Total Assets	3,393,450	3,663,710	7.96
Short-Term Liabilities	900,872	1,689,820	87.58
Long-Term Liabilities	902,424	695,653	-22.91
Paid-in Capital	385,500	385,500	-
Equity	1,590,154	1,278,236	-19.62

Source: Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. Board of Directors Activity Report for the Period 01.01.2023-31.12.2023

Profit/Loss Statement Comparison in Selected Items of the Company and its Subsidiaries

	31/12/2022(Thousand TL)	31/12/2023(Thousand TL)	Change %
Net Sales	1,112,461	1,181,048	6.17
Operating Profit/(Loss) Before Financial Income/(Expenses)	137,394	(208,530)	-251.78
Profit/(Loss) Before Taxes from Operations	194,391	(59,143)	-130.42
EBIDTA	310,955	285,819	-8.08
Net Profit/(Loss)	76,002	209,432	175.56

Source: Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. Board of Directors Activity Report for the Period 01.01.2023-31.12.2023

Investments of the Company Valued by Subsidiary and Equity Method (30.03.2024)

Affiliated Companies	Company's Line of Business	Currency	Owned Capital Ratio (%)
Tres Enerji Hizmetleri San. ve Tic. A.Ş.	Energy Service	TRY	100.00
Mavibayrak Enerji Üretim A.Ş.	Energy Generation	TRY	100.00
Mavibayrak Doğu Enerji Üretim A.Ş.	Energy Generation	TRY	100.00
Doğal Enerji Hizmetleri San. ve Tic. A.Ş.	Energy Generation	TRY	100.00
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş.	Energy Generation	TRY	100.00
Tenera Enerji Tic. A.Ş.	Electricity Trading	TRY	100.00
Edusa Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş.	Biomass Fuel Collection	TRY	100.00
Solis Enerji Üretim ve Ticaret A.Ş.	Energy Generation	TRY	100.00

Source: www.kap.org.tr

Peak and Bottom Closing Values of Company shares traded at BIST between 20.04.2023-24.04.2024.

Bottom (TL)	Peak (TL)
4.79 (26.12.2023)	9.09 (24.07.2023)

Source : Consus Enerji Investor Relations Department

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

Market in which the Company's Capital Market Instrument is Traded

BIST MAIN

Indices in Which the Company Is Included

BIST 500 / BIST ISTANBUL / BIST CORPORATE GOVERNANCE / BIST MAIN / BIST ELECTIRICTY / BIST SERVICES / BIST ALL SHARES / BIST ALL SHARES-100

Source: www.kap.gov.tr

Changes in the Company in the Last Year:

i. Changes in Capital and Articles of Association

There were no changes in the company's capital and articles of association during the reviewing period.

ii. Profit Distribution:

The decision of the Board of Directors of the Company, dated and numbered 30.03.2023/104, regarding the distribution of the net period profit obtained as a result of 2022 activities is as follows;

"For the accounting period ending on 31.12.2022, although there is a net period profit of 7,137,891.30 TL according to the solo/legal financial statements kept in accordance with the tax legislation and the Uniform Chart of Accounts published by the Ministry of Finance, it was unanimously decided at the General Assembly to inform the shareholders that no profit could be distributed due to the fact that the net period profit of 46,979,795 TL in the consolidated financial statements prepared in accordance with the regulations of the Capital Markets Board was offset against the Company's past years' losses of 57,807,845 TL, leaving no distributable profit remaining."

The proposal of the Board of Directors on profit distribution was presented to the information of the participants as the 9th item on the agenda at the ordinary general assembly meeting held on 04.05.2023.

iii. Policies:

During the reviewing period, no changes were made (Disclosure Policy, Dividend Distribution Policy, Remuneration Policy, Compensation Policy, Donations and Aid Policy, Ethical Rules and Working Principles, Anti-Corruption Policy). The aforementioned policies were disclosed to the public on the corporate website of the company.

iv. Management and Organization:

During the reviewing period, Company General Manager Mr. Atay ARPACIOĞULLARI resigned from his position as a Member of the Board of Directors and continues to serve as General Manager. In addition, at the General Assembly dated 04.05.2023, Mr. Talip Selçuk ŞALDIRAK was elected as an Independent Board Member.

4. RATING METHODOLOGY

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

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

This work also accepted the fact that principles are open to change over time. Although these principles were initially focused on companies whose shares were quoted in stock exchanges, the OECD emphasized that they would also be useful to implement them in public enterprises and companies whose shares were not quoted in stock exchanges.

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

Since their approval, these principles have kept the concept of corporate governance on the agenda and become guidelines for the laws and regulations in OECD member countries.

The OECD Corporate Governance Principles establish four basic principles for corporate governance: 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 "comply or explain", 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.

It has been prepared considering the criteria specified in the CMB's Corporate Governance Communiqué, numbered II-17.1, published in the Official Gazette on January 03, 2014, and numbered 28871, as well as the decisions taken at the CMB's board meeting on 01.02.2013 and numbered 4/105.

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

448 criteria are used in the rating process for BIST 2nd Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are transformed into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s 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 applied completely by Kobirate A.Ş. The weightings are as follows:

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, 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 is restricted to 85 % of the full points. A rating is made with a system that completes the section grades up to 100 by the company's compliance and implementation of the corporate governance practices, which include the good implementation and internalization of the criteria determined in the corporate governance principles and the different good corporate governance practice criteria determined by our company.

The Corporate Governance Rating Committee will assign the firm a grade between 0 and 10. On this scale, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles, while grade "0" means that the existing weak structure does not comply with CMB's Corporate Governance Principles in any sense.

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

GRADE	DEFINITIONS
9-10	The company achieved substantial compliance with 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 is high. The 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 operational and in place, although some improvements are required. Potential risks to which the company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. The 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 a moderate level have been established and operated. However, improvement is required. Potential risks that the company may be exposed to 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 a need for improvement. The 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.

GRADE	DEFINITIONS
<p style="text-align: center;">4-5.9</p>	<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 regarding the benefits of both the shareholders and stakeholders, public disclosure, transparency, 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>
<p style="text-align: center;">< 4</p>	<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 to 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 and they are at a level that might cause the investor to incur material losses.</p>

