



Corporate Governance Compliance Rating Report



Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş.

31 May 2021

Validity Period 31.05.2021-31.05.2022

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş. is compiled;

in accordance with 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 the CMB's board decision taken at the Board meeting on 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, published in the Official Gazette edition 28871 on 03.01.2014.

The Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 70 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.

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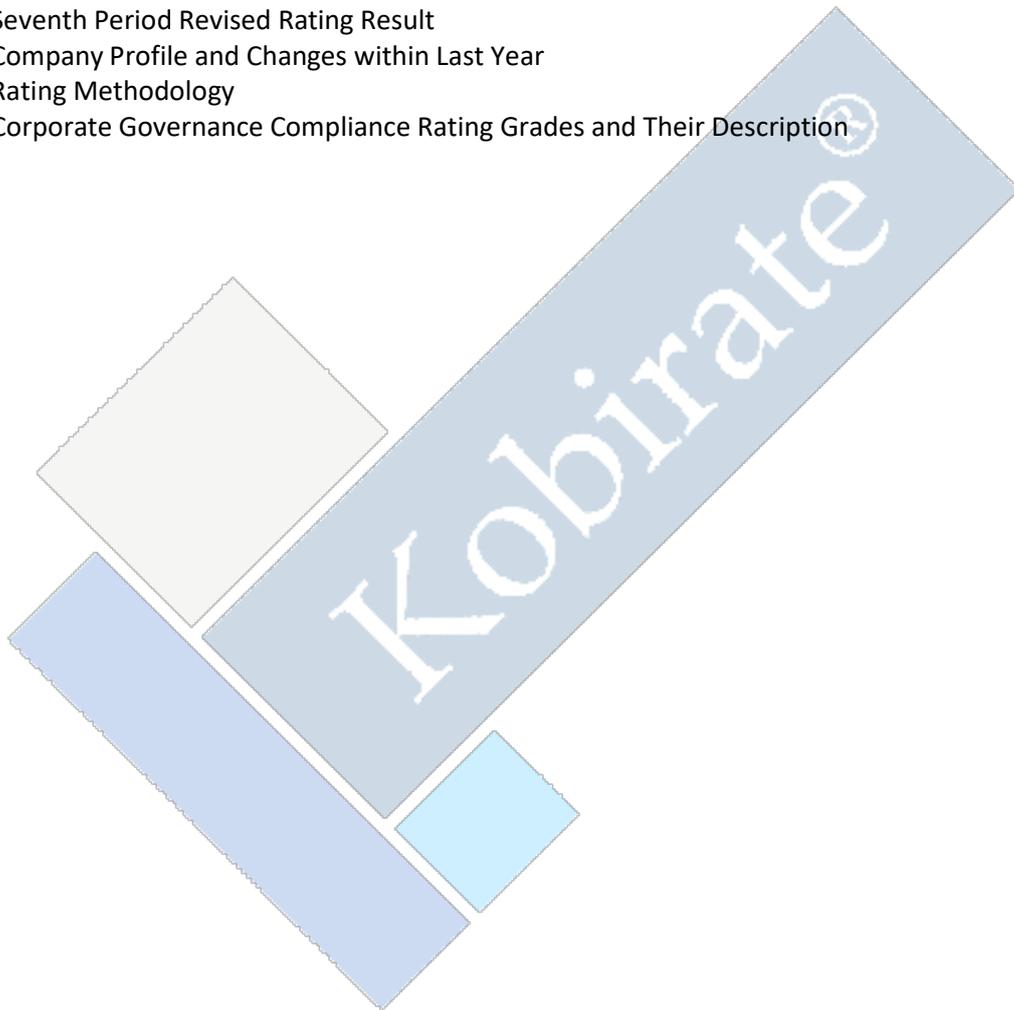
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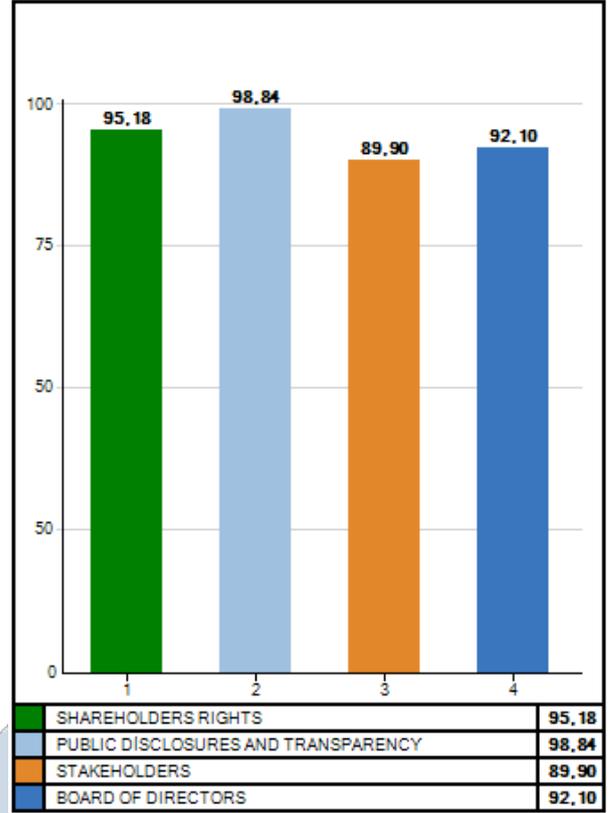
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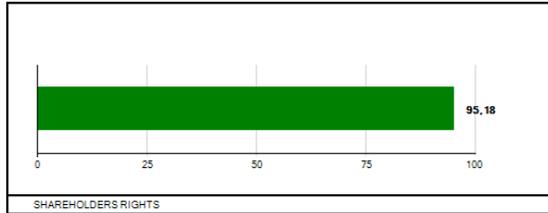
1. SEVENTH PERIOD REVISED RATING RESULT

The process of rating of compliance of **DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI 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.S., through onsite examinations of the documents, interviews held with executives and persons involved, information open to public and of other reviews, according to the Capital Markets Board's (CMB) Corporate Governance Principles Communiqué no II-17.1 published by the Official Gazette edition 28871 on 03.01.2014.

At the end of examination of 398 criteria – as described in the methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.S. for “BIST Investment Partnerships” - under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of **DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.** is revised upwards as **9.42**.

This result signifies that the company has achieved significant compliance with the CMB's Corporate Governance Principles. Possible risks for the company are determined to a considerable degree and controlled.

Public disclosure activities and transparency are at a high level. Rights of shareholders and stakeholders are treated fairly. The structure and working conditions of board of directors is generally compliant with corporate governance principles. This grade indicates that the Company deserves to be included in the BIST Corporate Governance Index.



▪ Doğuş GYO's grade at the section of Shareholders has been confirmed as **95.18**. The developments that have been effective for the Company to achieve this grade are listed below.

- Investor Relations Department (IRD) keeps records of written requests by shareholders for information about Company, as well as records of their oral requests.
- Employees were encouraged in order to increase number of licensed employees within the Company.
- Minority Rights Policy has been prepared in order to develop minority rights.
- There is a separate article in the Articles of Association ensuring that General Assembly meetings to be held openly to public, including stakeholders and media, without the right to address the meeting.
- The Company did not receive any warnings or penalties on issues related to Shareholders during the rating period.

Relations with shareholders are conducted by Investor Relations Department (IRD). Hasan Hüsnü Güzelöz (Board Member) is the Director of the Department (License No: 201358-700296) and Nazlı Yılmaz (Assistant General Manager for Financial Affairs) works as staff in the Department (License No: 213039-703070). Cüneyt GÜNEREN, working at Financial Affairs with the title of Manager,

has been successful in licensing examinations and earned the right to a license of Corporate Governance Rating Specialist.

As required by CMB's Corporate Governance Communiqué (II-17.1), dated 03.01.2014, IRD Director Hasan Hüsnü Güzelöz has also been assigned as a member of Corporate Governance Committee since 09.04.2015.

IRD's activities in 2020 were regularly reported to the Board of Directors. Two reports – each covering a period of 6 months – were prepared in 2020. Report dated 14.12.2020 – covering first 6 months – and report dated 25.12.2020 – covering second 6 months – have been presented to the Board of Directors.

There is no practice of cancelling or restricting shareholders' right to obtain and review information, imposed by the Articles of Association and/or a decision by any corporate department. Disclosures for shareholders and public are done in accordance with the "Disclosure Policy", which can be reached at the corporate website of the Company.

Between 01.01.2020 and 31.12.2020, IRD has answered 65 information requests through phone, electronic mail or internet.

The Company has made 93 Material Event Disclosures in various subjects to Public Disclosure Platform in 2020., 38 Material Event Disclosures have been made in 2021, as of 30.04.2021

The Company held its Ordinary General Assembly meeting about 2020 activities on Monday, 29.03.2021 at 11.00 at Company's head office. Invitation for the meeting was made through Turkish Trade Registry Gazette, dated 04.03.2021 and No 10280 and Public Disclosure Platform on 01.03.2021, as well as MKK e – general assembly system (EGKS) on 29.03.2021 and company's corporate website, as required by the principles.

Independent Board Member Mustafa Sabri DOĞRUSOY, General Manager Çağan ERKAN, Assistant General Manager for Financial Affairs Nazlı YILMAZ and Financial Affairs Manager Cüneyt GÜNEREN attended to the General Assembly meeting.

Özkan YILDIRIM (DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte)), representing Independent Audit Company has also attended 2020 Ordinary General Assembly meeting.

An information document about agenda items of the general assembly has been prepared and published with the invitation for the meeting. The document included information about shareholder structure of the Company, voting rights that shares bring and privileged shares, management and operational changes that significantly affected Company's activities in 2020 (and will affect in the next period), requests by shareholders, CMB or other public authorities to add items on the agenda, information on members of board and independent members, independence declarations of independent board members, related party transactions report, which took place in 2020 and will be realized in the same way in 2021, principles of remuneration for board members and top executives and Dividend Distribution Statement.

Hüsnü AKHAN, Ekrem Nevzat ÖZTANGUT, Hasan Hüsnü GÜZELÖZ, Erdem TAVAS, Prof. Dr. Güler ARAS (Independent Member of Board) and Murat Bahadır TEKER (Independent Member of Board) have been unanimously elected as Board Members for one year.

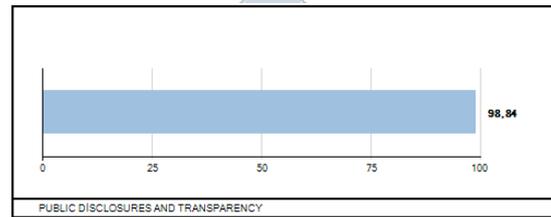
Information about the dividend distribution, which has been approved at the General Assembly meeting, is explained at the section, titled, "**ii. Dividend Distribution**".

The attendees have also been informed at the General Assembly meeting that no donation or aids were made in 2020 and it has been

unanimously approved to limit donations and aids with TRY one million in 2021.

There have been no changes in Company's Articles of Association during the rating period.

The areas that can be improved to achieve full compliance with corporate governance Principles include the privilege in votes for election of board members and absence of arrangements to have public shares and minority shareholders represented in the management.



Public Disclosure and Transparency grade of the Company has been confirmed as **98.84**. Most important developments that have been effective for the Company to achieve this grade are listed below.

- Company's Material Event Disclosures are made in English as well as Turkish, for the sake of foreign investors.
- Annual report includes Board's assessment about effectiveness of committees.
- Annual report includes detailed information on social rights and training of employees.
- Annual report includes important board decisions taken by Board of Directors.

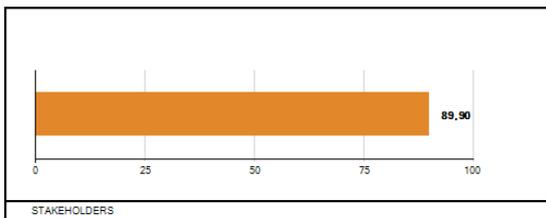
Director of Investor Relations Department Hasan Hüsnü Güzelöz and Assistant General Manager for Financial Affairs Nazlı Yılmaz have signatory authority for public statements. These officials are tasked with monitoring and watching all subjects related to public disclosure.

It is thought that the corporate website of the Company and its annual reports are used effectively as means for public disclosure in accordance with criteria stated by principles.

The Company orders regular independent audits. Independent Audit Reports are disclosed to public at the Public Disclosure Platform and Company's corporate website.

Important board decisions of the Company are included in the annual report. We see this as a good practice in the subject of public disclosure and transparency.

The Company has achieved an advanced level of compliance with corporate governance Principles in the section of Public Disclosure and Transparency.



In the section of Stakeholders Company's grade has been revised upwards as **89.90**. The development that has been effective for the Company to achieve this grade is below:

- Company's important decisions, which have implications for stakeholders include stakeholders' opinions.

There are procedures and internal regulations in subjects like recruitment, working conditions, disciplinary practices, power and responsibilities of employees, remuneration, health, leave rights, promotion, reassignment and dismissal, death, resignation and retirement. It has been observed that the Company sticks to these policies in practice.

The Company has a staff of 12 as of 31.12.2020.

Compensation policy has been prepared for employees and disclosed to public through Company's corporate website.

Company's Staff Succession Plan continued to be operational in 2020.

It has been seen that training was provided for the employees, both within the Company and externally. According to the information given by officials, employees were provided with 63 hours of training opportunities, including foreign language courses.

Ethical rules, binding for all employees, have been prepared and approved by the general assembly. They are disclosed on Company's website.

Drive-in film activity took place at the car park of Gebze Center shopping mall, which is in Company's portfolio) on June 25,26 and 27. The activity brought golden award from Hermes Creative Awards in Corporate Social Responsibility.

In the face of COVID-19 pandemic, which affected the world and our country, and legal restrictions imposed by the Government's Decree on November 20, 2020, Board of Directors took the decision to support its business partners - who were having difficulties due to the drop in the number of visitors and revenues - at its meeting on 25.12.2020, by reducing rents and making payment conditions easier. These supportive measures were disclosed by the Company with Material Event Disclosure at Public Disclosure Platform on 25.12.2020.

At its meetings on 04.03.2021 and 10.05.2021, the Board decided to provide additional supports for business partners and disclosed them at Public Disclosure Platform through material event disclosures dated 04.03.2021 and 10.05.2021.

These two important Board decisions have been deemed by us as supportive and Social decisions to support business partners in the difficult times of COVID-19 pandemic.

At the same time, tenants of the Gebze Center shopping mall, who are important stakeholders for the Company, brought the problems they were having in the pandemic to the attention of Company management and Board discussed their requests, solving many problems in a positive way. We think this development shows that right channel of communication has been established between the stakeholders and the Board.

The Company took some decisions during the COVID-19 pandemic to protect employees' health. Within the scope of these decisions:

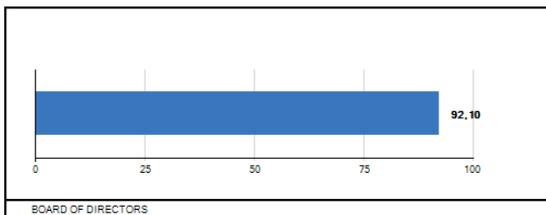
- 12 employees were able to work from home.
- Meetings took place in electronic environment.
- Office has been disinfected.

The Company has managed the lockdown period successfully and ensured that its employees to have a safe working environment at the office.

As part of Gebze Center shopping mall customer preferences and satisfaction measurement, the Company signed an analysis and cooperation Agreement with Turkcell İletişim Hizmetleri A.Ş. on 05.04.2021.

Company's work to ensure that important decisions, which have implications for stakeholders to include stakeholders' opinions will further strengthen its compliance with corporate governance principles.

Doğuş GYO continues to develop its stakeholders policies.



In the section of Board of Directors, Doğuş GYO's grade has been revised upwards as **92.10**. Most important development that has been effective for the Company to achieve this grade is below:

- Prof. Dr. Güler ARAS has been elected as Board member, thus a woman member of Board started to work.

Based on interviews at the Company and examination of Decision Books of Board of Directors and Committees, it has been determined that the Board and Committees continue their activities regularly.

The Board has described strategic objectives of the Company. Chairman of Board of Directors and General Manager are different persons. Distribution of duties and powers of members have been determined in the regulation for Board's principles of work. Distribution of tasks is compliant with the principles to a great extent.

As of the date of the report, Board of Directors comprises 6 (six) persons; including 1 (one) Chairman and 5 (five) members. 5 (five) of the members are non-executives and 2 (two) of them are independent, meeting the independence criteria laid down by Corporate Governance Principles. There is one executive member in the Board.

Audit Committee, Corporate Governance and Early Detection of Risk Committees have been established as required by the principles. Due to the structure of Board of Directors, a separate Nomination Committee and Remuneration Committee have not been established. Duties of these committees are carried out by the Corporate Governance Committee. Tasks, working rules and membership structures for all three committees have been determined, approved in written documents, disclosed to public and published in the corporate website. All members of the Audit Committee and Early Detection of Risk Committee are independent Members of the Board. Chairman of the Corporate Governance

Committee is an independent member of board. The CEO / General Manager has no assignment in these committees.

Board of Directors held 26 (twenty six) meetings and took 32 (thirty two) decisions in 2020. It held 12 (twelve) meetings and took 18 (eighteen) decisions as of 30.04.2021.

Committees that are required by Corporate Governance Principles continued their activities during the period of this report.

Audit Committee convened 7 (seven) times in 2020 and reported meeting results to the Board of Directors. It made 3 (three) meetings in 2021 as of 30.04.2021.

Corporate Governance Committee convened 5 (five) times in 2020 and reported meeting results to the Board of Directors. It made 2 (two) meetings in 2021 as of 30.04.2021.

Early Detection of Risk Committee held 7 (seven) meetings in 2020 and reported results to the Board of Directors. It held 1 (one) meeting in 2021 as of 30.04.2021.

Secretariat of the committees is undertaken by Nazlı YILMAZ, Assistant General Manager for Financial Affairs.

Remuneration principles for Directors and top executives has been determined and disclosed to public through Company's corporate website.

Professional liability insurance has been done for Members of Board of Directors in all companies within Doğu Holding A.Ş. Members of Board of Directors of Doğu Gayrimenkul Yatırım Ortaklığı A.Ş. are covered by this insurance. Insurance was renewed on 08.08.2020 and it is valid until 08.08.2021. It has been disclosed by a Material Event Disclosure dated 21.08.2020.

Election of Prof. Dr. Güler ARAS to Board of Directors as an Independent Member of Board has moved Company's compliance

with corporate governance Principles one step forward.

At its meeting on 26.05.2021, the Board conducted annual assessment of its Woman board member targets and put this assessment into writing with its decision No: 2021/21.

The Company worked with DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to implement internal audit activities for 2020.

Independent Board members are paid attendance fees sufficient for them to maintain their independence. Compensation for these members does not include dividends, share options or payment schemes based on Company's performance.

2020 annual report states that in the period between 01.01.2020 and 31.12.2020, the amount of total benefits has been TRY 245,287 for Members of Board, TRY 126,397 Board's consultants and TRY 3,466,679 for top executives with administrative responsibilities, bringing the grand total to TRY 3,838,363.

However, complying with the principle of disclosing benefits on individual bases;

Creating a Board formation where ratio of Women Board members would be no less than 25% as stated by corporate governance principle No 4.3.9;

Creating a transparent system for the Nomination Committee (Corporate Governance Committee has undertaken this function in the Company) to determine, evaluate and train suitable candidates for Board and top administrative positions, to prepare policies and work on this subject will further strengthen the Company's compliance with corporate governance Principles.

2. COMPANY PROFILE AND CHANGES WITHIN LAST YEAR

A. Company Profile:



Company Name	: Doğuş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi
Company Address	: Doğuş Center Maslak, Maslak Mah. Ahi Evran Caddesi No: 4/7 34398 Maslak Sarıyer-İstanbul
Company Phone	: (0 212) 335 28 50
Company Facsimile	: (0 212) 335 28 99
Company's Web Address	: http://www.dogusgyo.com/
Company's E-Mail Address	: info@dogusgyo.com.tr
Date of Incorporation	: July 30, 1997
Registered Number	: 373764-321346
Line of Business	: Investment on real estate and real estate based capital market instruments, real estate projects, real estate based rights and capital market instruments.
Company's Sector	: Real Estate Investment Partnership

Company's Representative in Charge of Rating:

Nazlı Yılmaz

Assistant General Manager for Financial Affairs

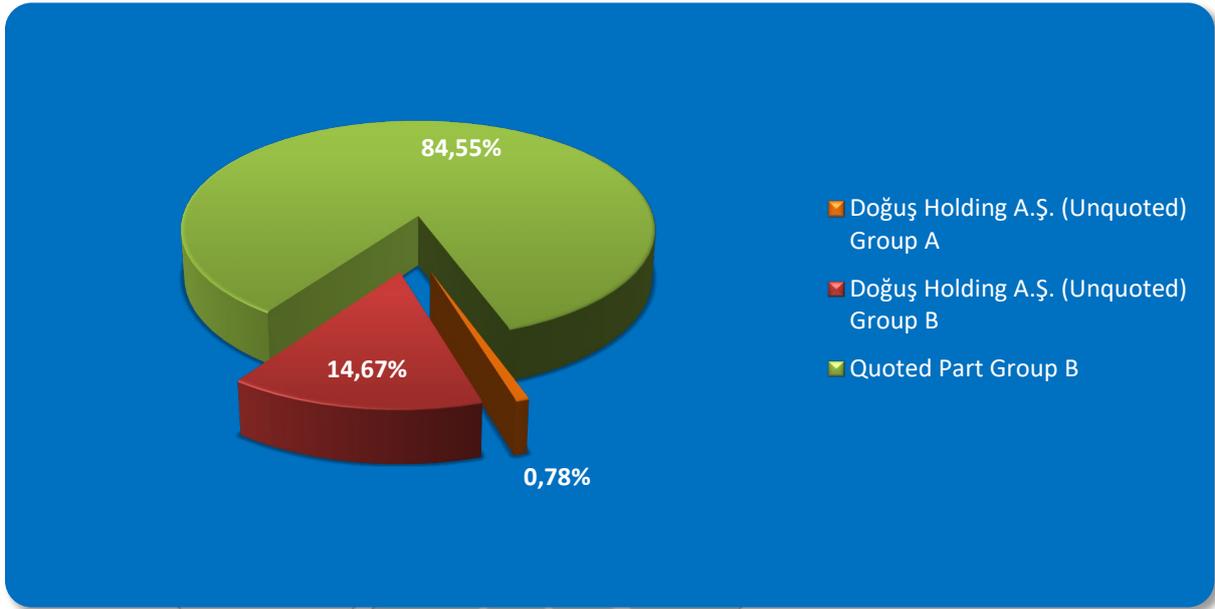
nazliyi@dogusgyo.com.tr

(0212) 3352850

Shareholder Structure

Shareholder Name	Group	Type	31.12.2020 Share (%)
Doğuş Holding A.Ş. (Unquoted)	A	Registered	0,78
Doğuş Holding A.Ş. (Unquoted)	B	Bearer	14,67
Public Shares	B	Bearer	84,55
Total			100,00

Source : www.dogusgyo.com.tr



Board of Directors (As of 24/05/2021)

Name/ Surname	Title	Executive / Non _ Executive
Hüsnü Akhan	Chairman of Board of Directors	Non-executive
Hasan Hüsnü Güzelöz	Member of Board of Directors	Executive
Ekrem Nevzat Öztangut	Member of Board of Directors	Non-executive
Erdem Tavas	Member of Board of Directors	Non-executive
Prof. Dr. Güler Aras	Member of Board of Directors (Independent)	Non-executive
Murat Bahadır Teker	Member of Board of Directors (Independent)	Non-executive

Source : www.kap.gov.tr

COMMITTEES OF BOARD OF DIRECTORS

AUDIT COMMITTEE

<i>Member Name/ Surname</i>	<i>Title</i>
Prof. Dr. Güler Aras	Chairman / Independent Member of Board of Directors
Murat Bahadır Teker	Member / Independent Member of Board of Directors

CORPORATE GOVERNANCE COMMITTEE

<i>Member Name/ Surname</i>	<i>Title</i>
Prof. Dr. Güler Aras	Chairman / Independent Member of Board of Directors
Murat Bahadır Teker	Member / Independent Member of Board of Directors
Hasan Hüsnü Güzelöz	Member / Member of Board -IRD Director

EARLY DETECTION OF RISK COMMITTEE

<i>Member Name/ Surname</i>	<i>Title</i>
Murat Bahadır Teker	Chairman / Independent Member of Board of Directors
Prof. Dr. Güler Aras	Member / Independent Member of Board of Directors
Hasan Hüsnü Güzelöz	Member / Member of Board -IRD Director

Top Management

<i>Name/ Surname</i>	<i>Title</i>
Çağan Erkan	General Manager
Nazlı Yılmaz	Assistant General Manager –Financial Affairs
Cem Engin	Assistant General Manager -Corporate Communication and Marketing

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

	2019/12 (TL)	2020/12 (TL)	(%)
Current Assets	40.756.634	40.228.154	-1,30
Fixed Assets	1.922.322.466	1.923.018.413	0,4
Total Assets	1.963.079.100	1.963.246.567	0,09
Short Term Liabilities	178.468.432	121.587.363	-31,87
Long Term Liabilities	805.348.048	1.218.660.360	51,32
Equity	979.262.620	622.998.844	-36,38

Source : www.kap.gov.tr / 01.01.2020-31.12.2020 Dođuş GYO A.Ş. Board of Directors Annual Report

The Bottom and Peak Closing Values of Company's Shares traded on the BIST within last year (01.06.2020-21.05.2021)

Bottom (TL)	Peak (TL)
5,44-TL (05.06.2020)	13,29-TL (26.03.2021)

Source: Dođuş GYO A.Ş.

Brief History of the Company

The company started to be quoted in the stock exchange as the third Real Estate Investment Partnership, under the title of Osmanlı GYO on July 25, 1997.

At the end of 2001, as a result of merger between Osmanlı and Garanti Banks (both Dođuş Group banks), Garanti Bank owned 51 % of the company and it became a subsidiary of Garanti Bank.

Foundations of EVIDEA Project, Garanti GYO's first housing project, were laid in November 2004. Built on a field of 34.000 m², it has a construction area of 101,000 m², including 73,000 m² housing and 24.500 m² social facilities area.

All the apartments of EVIDEA Project, launched by Garanti GYO and Yapi Kredi Koray, combining their experience in real estate development and finance, were delivered to owners by the end of 2007.

In June 2005, Garanti GYO started construction of Dođuş Center Maslak project in Maslak, Istanbul. Total area of this project was 63,202 m², including 47,398 m² rentable area. Dođuş Center Maslak was inaugurated on November 9, 2006.

After Garanti Bank sold its Garanti GYO stocks to GE Capital Corporation and to Dođuş Holding, company's shareholder structure changed as 25.5 % Dođuş Holding A.Ş., 25.5 % GE and 49 % public as of December 1, 2006. Commercial title was registered as Dođuş-GE GYO A.Ş. at the same date.

General Electric (GE) Capital Corporation sold all its stocks of Dođuş-GE GYO to Dođuş Holding by January 2011 and the shareholder structure became 51 % Dođuş Holding and 49 % open to public. Commercial title was registered as Dođuş GYO A.Ş. at the same date.

Gebze Center Shopping Mall joined Dođuş GYO real estate portfolio as a result of partial demerger transaction, which was completed on 26.12.2013. Its construction was started by Dođuş Gayrimenkul Yatırım ve İşletme A.Ş. in August 2008. Gebze Center Shopping Mall was opened on September 3, 2010, with a budget of USD 180 million, 59,054 m² rentable area and about 130 shops.

After Gebze Center Shopping Mall joined Dođuş GYO real estate investment portfolio, development work started to enlarge the mall and create a mixed living center by adding new buildings and a hotel project. After construction license was received on 20.02.2015, construction started. The project has a construction area of 47,045 m² and includes a 158 – room hotel and various commercial units.

As a result of partial division, which was completed on 06.09.2016, Dođuş Center Etiler has joined Dođuş GYO's real estate investment portfolio. Total land area of Dođuş Center Etiler is 36,440.80 m² and it comprises 45 independent sections. Its total rental area is 9.827 m². With its offices and social facilities, Dođuş Center Etiler is one of the leading business centers in the region.

Investment for Gebze Center Hotel and additional buildings project started in 2015. The project was completed in 2017 and the hotel was opened under the brand of "Hyatt House Gebze". Automotive showroom and service area, as well as additional shopping mall units are all rented.

In June 2018, sale process of Antalya 2000 Plaza was completed and the property got out of Company's portfolio.

In December 2018, D-Ofis Maslak office building – one of Istanbul's most important business and trade centers – and the Sport Center in the Dođuş Center Etiler facility, which comprises independent units numbered 16 and 17, were purchased by the Company. D-Ofis Maslak is a valuable office building at a prestigious location with offices, shopping centers, luxurious residences and it has 40,438 m² usable area. Sport Center in the Dođuş Center Etiler facility is run by D-Gym – one of the most prestigious sports centers in Istanbul – and it has 6,745 m² rentable area.

At the end of 2020, Dođuş GYO's investment property portfolio included: Dođuş Center Maslak, D-Ofis Maslak, Dođuş Center Etiler – Office Building, Dođuş Center Etiler – Sports Center, Gebze Center – Shopping Mall, Gebze Center – Hotel (Hyatt House Gebze), Gebze Center – Automotive Showroom and Service (Dođuş Oto Gebze). The value of Dođuş GYO's portfolio reached TRY 1.92 billion.

Source: Dođuş GYO A.Ş. 01.01.2020-31.12.2020 Board of Directors Annual Report

The Company is currently listed at BIST ALL-100 / BIST CORPORATE GOVERNANCE / BIST FINANCIAL / BIST REAL ESTATE INV.PART. indexes.

The Company is in Sub Market.

B. Changes Within Last Year:

i. Changes in Capital, Shareholder Structure and Articles of Association:

There have been no changes in Company's Articles of Association during the rating period.

ii. Dividend Distribution:

According to Material Event Disclosure issued on Public Disclosure Platform, dated 01.03.2021, at the meeting of Company's Board of Directors on 01.03.2021;

It was stated that according to Solo financial statements prepared for the period between 01.01.2020 and 31.12.2020, in accordance with CMB's required formats and Turkish Accounting Standards / Turkish Financial Reporting Standards (TMS/TFRS), within the scope of CMB's "Communiqué on the Principles of Financial Reporting in Capital Market", no: (II-14.1); the Company had a TRY 360,865,188 period loss from its operations in 2020. According to Company's legal records kept within the framework of Tax Procedure Law, period loss for 2020 was TRY 510,477,014.11.

It was unanimously decided that TRY 510,477,014.11 period loss according to legal records kept within the framework of Tax Method Law, in accordance with CMB regulation and Company's Articles of Association and Company's Dividend Distribution Policy approved by the General Assembly meeting on 26.03.2014 and TRY 360,865,188 period loss according to CMB Regulation to be transferred into the account of previous year's losses. Since there was no distributable profit, it was also decided not to make any dividend distribution and to present 2020 Dividend Distribution statement to the General Assembly for approval.

The decision was discussed as the 7th item of agenda at the Ordinary General Assembly Meeting on 29.03.2021 and it was approved unanimously.

iii. Policies:

Since they are updated, there have been no changes in Company's policies during the rating period.

iv. Management and Organization:

At its meeting on 25.02.2021, the Board of Directors unanimously decided to recommend the General Assembly at its first meeting to replace Independent Member of Board Mustafa Sabri DOĞRUSOY – since his term is expired – with elected Prof. Dr. Güler ARAS as Independent Member of Board and keep Murat Bahadır TEKER at its position as Independent Member of Board.

At the 2020 Ordinary General Assembly meeting on 29.03.2021 the recommendation was discussed as the 10th item of the agenda and unanimously approved.

3. 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 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 and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and 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 Directive, no II-17.1, dated January 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

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

In the process of rating, **398** criteria are considered to measure the compliance of BIST investment partnerships with the corporate governance principles.

Such criteria are translated into the Kobirate A.Ş.'s unique Corporate Governance Rating Questionnaire.

According to CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, the following rates are applied in the new Corporate Governance Compliance Rating:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB has sent its notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452, on CMB decision dated 01.02.2013 and numbered 4/105 to our company, which required adding new questions into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements of CMB issued good corporate governance principles – bringing 85 % of full points at most – will be included in the rating grade.

The 2014/2 revised corporate governance compliance rating methodology, created by our company, is restricted if the minimum conditions of corporate governance principles – declared in CMB notification of Corporate Governance dated 03.01.2014 – are met and all criteria is evaluated within same category. In this case all criteria are restricted to 85 % of the full points that the related criterion would get in that subsection. As the company applies and internalizes the criteria stated in corporate governance principles and our company finds out other good corporate governance criteria complied and practiced by the company; our rating system completes the section ratings to 100.

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

unsatisfactory compliance with CMB's Corporate Governance Principles in the existing structure.



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

GRADE	DEFINITIONS
9–10	<p>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.</p>
7–8,9	<p>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.</p>
6–6,9	<p>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.</p>

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>

