



## ***Corporate Governance Compliance Rating Report***



***Doğuş Otomotiv Servis ve Ticaret A.Ş.***

17 December 2020

Validity Period 17.12.2020-17.12.2021

## LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Doğu Otomotiv Servis ve Ticaret 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 3<sup>rd</sup> 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 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.

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 website ([www.kobirate.com.tr](http://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.

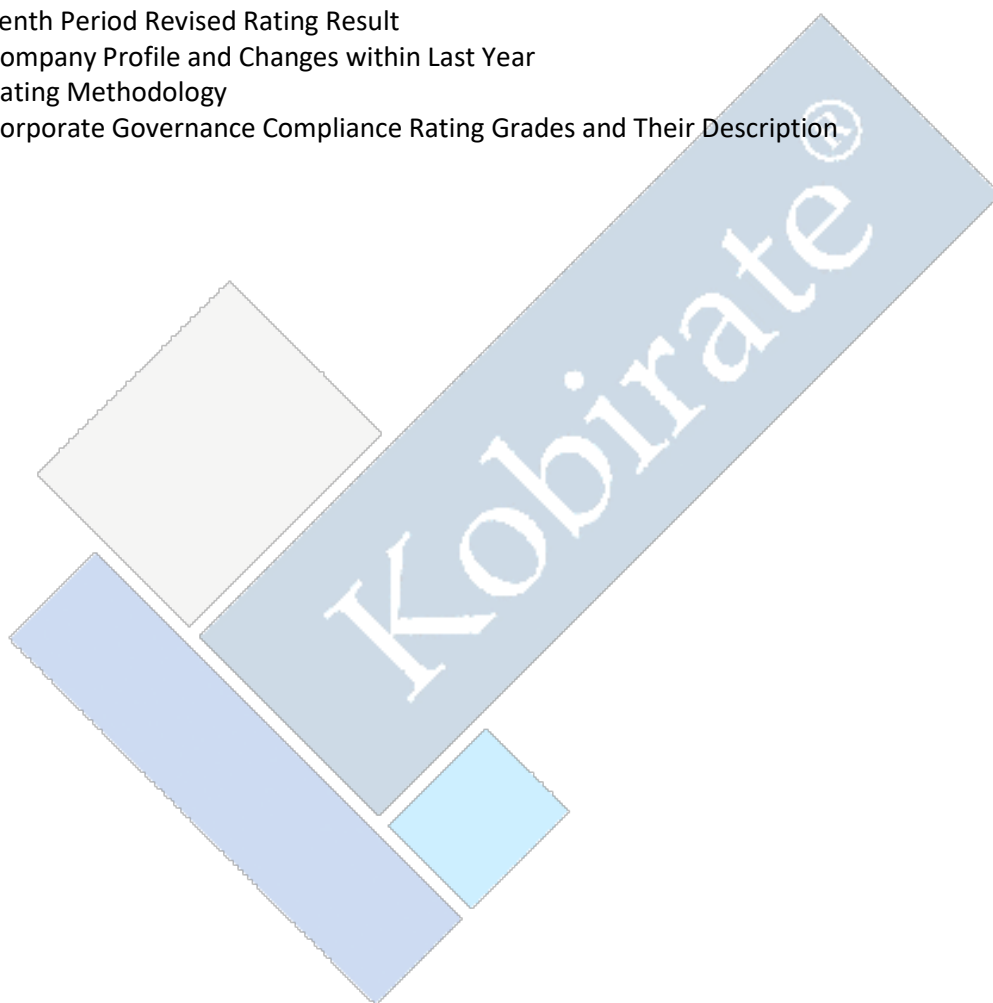
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**DOĞUŞ OTOMOTİV  
SERVİS VE TİCARET A.Ş.**

**CMB CORPORATE GOVERNANCE  
PRINCIPLES COMPLIANCE GRADE**

**BIST SECOND GROUP**

**9.67**

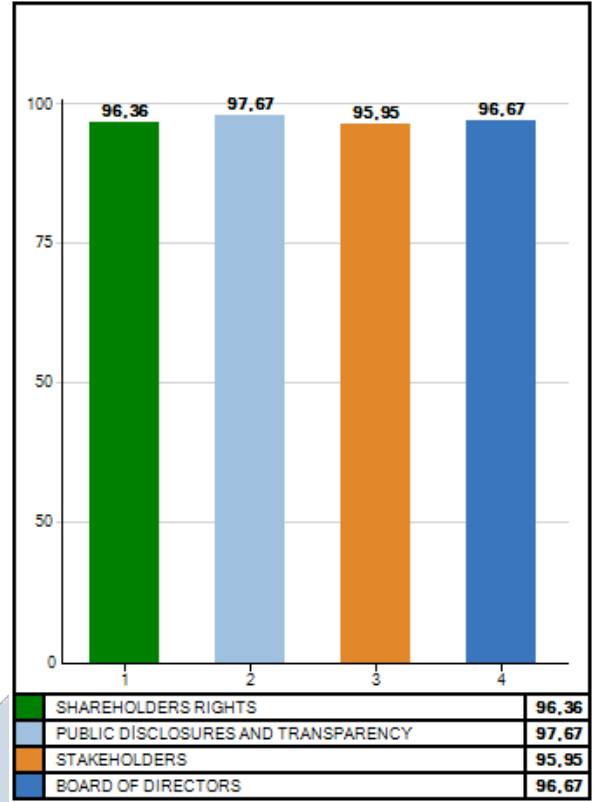
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## 1. TENTH PERIOD REVISED RATING RESULT

The process of rating of compliance of **Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi** 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 onsite examinations of the documents, interviews held with executives and persons involved, examination of information open to public and other comprehensive reviews and observations. Methodology and evaluation process is based on Capital Markets Board's (CMB) Corporate Governance Principles Communiqué no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

According to CMB decision dated 09.01.2020, No 4/54 Doğuş Otomotiv Servis ve Ticaret A.Ş. is on BIST 2<sup>nd</sup> Group Companies list. The Company has been evaluated by examination

of 401 criteria, described in the methodology of Kobirate A.Ş., developed for "Second Group Companies of the BIST". At the end of the evaluation process conducted under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors, Corporate Governance Compliance Rating Grade of **Doğuş Otomotiv** has been determined as **9.67**.

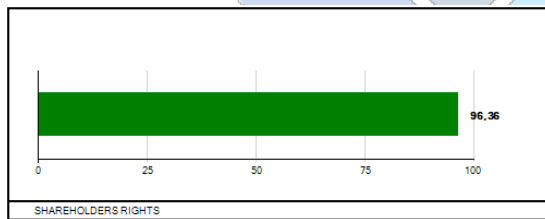
This result signifies that the company has largely achieved compliance with the CMB's Corporate Governance Principles. Possible risks for the company are determined and are under control. Activities of public disclosure and transparency are at a high level. Rights of shareholders and stakeholders are treated fairly. The structure and working conditions of board of directors are compliant with corporate governance principles.

An assessment of Doğu Otomotiv's activities and its compliance with the principles indicates the following points as basic reasons for grade increase:

- Compliance with Corporate Governance Principles continues consistently and conducted with great care.
- Subjects that need to be disclosed in accordance with CMB's Special Cases Communiqué No II-15.1 and that can be useful for shareholders and investors are disclosed in time without any delays.
- The Company continues to be on the Sustainability index.
- Basic information on COVID-19 pandemic has been given to employees, dealers, suppliers and all stakeholders and precautions have been taken.
- In order to keep motivation at a high level online communication between top management and employees, as well as among employees has been established in this period.
- Work has been carried out by Remuneration and Nomination Committee to ensure effectiveness of Board of Directors and Board has taken some decisions in this subject.

As a result, this grade shows that the Company highly deserves to be on the list of BIST Corporate Governance Index.

- Doğu Otomotiv's grade for the section of Shareholders has been confirmed as **96.36**.



It has been determined that during the rating period the Company has taken special care to enable shareholders exercise their basic rights. Investor Relations Department showed the same sensitivity in informing shareholders and investors, answering their questions.

Driven by its proactive approach, Investor Relations department returns to questions sent in e – mails by telephone and reaches each investor, especially corporate investors. 356 investors have been reached through face to face communication or teleconference in 2019.

Operations involving Relations with Shareholders are performed by H. Müge Yücel (Investor Relations Department Director). She reports to Kerem TALİH (Financial Affairs General Manager).

In compliance to CMB's Corporate Governance Communiqué, No II-17.1, Director of Investor Relations Department has also been appointed as a member of Corporate Governance Committee and the appointment was disclosed to public with a Material Event Disclosure dated 13.12.2016.

Investor Relations Department prepares 1 (one) annual report for the Board of Directors and it prepares presentations about ongoing activities for each meeting of Corporate Governance and Sustainability Committee.

There is no practice of cancelling or restricting shareholders' right to obtain and examine information by the Articles of Association and/or a decision by any Company department. The Company conducts its disclosures for shareholders and public in accordance with its "Disclosure Policy". This policy is accessible on the Company's corporate website.

Ordinary General Assembly meeting to discuss activities of 2019 convened on 30.03.2020. Invitation to the meeting was made properly through Turkish Trade Registry Gazette dated 04.03.2020 No numbered 10029, Public Disclosure Platform on 28.02.2020 and MKK e – general assembly system 3 (three) weeks before the meeting.

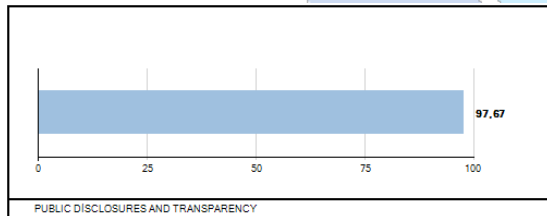
The document kit prepared for the meeting contained clear information about the distribution of Company's shares, voting rights that each share gives and that there is

no privilege in voting right. It included many other subjects that need to be disclosed to shareholders and public in compliance with corporate governance principles.

Chairman of Board Emir ALİ BİLALOĞLU and Deputy Chairman of Board Gür ÇAĞDAŞ have attended the meeting. Financial Affairs General Manager Kerem TALİH, General Accounting Manager Engin KAYA and Investor Relations Department Manager H. Müge YÜCEL have also attended to the meeting to brief attendees on particular items of agenda. Cihan HARMANCI, representing PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which carries out Company's external audit was also among the attendees.

2019 activities of the Company produced TRY 116,261,575 loss, according to financial statements prepared in compliance with Tax Method Law Regulation. TRY 75,777,000 net profit after tax was made according to consolidated financial statements, prepared in compliance with CMB Regulations and independently audited. The use of this profit / loss is explained in our report in the section, titled "ii. Dividend Distribution". Dividend distribution proposal of the Board of Directors and dividend distribution table have been published on Public Disclosure Platform on the same date with the invitation for general assembly meeting.

■ Company's grade has been confirmed as **97.67** for the section of Public Disclosure and Transparency.



Company's activities on public disclosure and transparency continue with the same sensitivity.

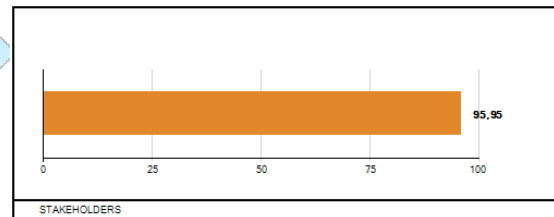
The persons who are responsible for disclosure statements and have the authority

of signature are; Kerem TALİH (General Manager for Financial Affairs), Engin Kaya (General Accounting Manager), Damla ÇOBANOĞLU (UFRS/CMB Reporting Director) and İlyas AKGEDİK (Accounting Director) and Gözde ARAÇ (Budget and Planning Manager) These persons are charged with monitoring and watching every subject that may be relevant for public disclosure.

It has been determined that Corporate website [www.dogusotomotiv.com.tr](http://www.dogusotomotiv.com.tr) and annual reports are in compliance with the criteria specified in the Principles and they are being used as effective means of disclosure.

2019 independent audit has been conducted by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. There were no situations in the reports 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 suggestion of Audit Committee and approval of general assembly, it has been decided to assign same company for 2020 audit.

■ Company's grade has been confirmed as **95.95** for the section of Stakeholders.



Compensation policy for employees has been prepared and disclosed to public through the corporate website.

Procedures on recruitment, remuneration, health, leave rights, promotion, appointments, disciplinary practices, dismissal, death, resignation and retirement have been developed and our impression is



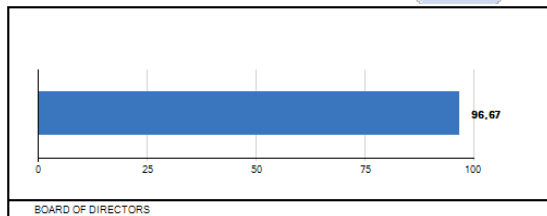
that the company sticks to these policies in practice. It is thought that principle of providing equal opportunities for people in equal positions has been respected both during the preparation and implementation of procedures and policies.

CRM (Customer Relations Management) Department continues its activities, reporting to the Department of Digital Transformation and Corporate Communication. CRM Department aims to simplify customer communication processes through a proactive approach, to prepare personal proposals and services through central data management and analyses, to plan actions that will increase customers' loyalty and to keep it at the highest level.

"Value and Care Center" (VCC), which was established within CRM department with the vision of "Creating Fan Customers" also continues its activities to emphasize importance of customer and quality of service.

Thanks to its sustainability policies and policies in this field Doğuş Otomotiv managed to get its place in BIST Sustainability Index for the period between December 2020 and October 2021, as it has managed in the previous period.

▪ Doğuş Otomotiv's grade has been confirmed as **96.67** for the section of Board of Directors. Interviews at the Company and examination of decision books of Board of Directors and Committees have revealed that the Board and the Committees continue their regular activities.



At the General Assembly meeting on 29.03.2018, it was decided that the Board of Directors would be made of 6 (six) members.

There are 1 (one) executive and 5 (five) non – executive members in the Board. 2 (two) of the non – executive members are independent, meeting the criteria specified by Corporate Governance Principles.

There are 2 (two) women members in the Board. Rate of woman members is 33 % (thirty three percent) of the Board.

Until the Ordinary General Assembly Meeting on 29.03.2018, positions of Chairman of Board and General Manager have been held by different persons. At the first meeting of Board of Directors after the Ordinary General Assembly Meeting, distribution of roles has been completed and Member of Board, who was also General Manager of Company, was elected as Chairman of Board. The decision of making Chairman of Board and General Manager the same person was disclosed to public on the same day, with its reasons, through Public Disclosure Platform in accordance with Corporate Governance Principles.

Committees referred by the Principles, including Audit, Corporate Governance and Sustainability, Early Detection of Risk, Remuneration and Nomination Committees have been established. A Separate Nomination Committee hasn't been established due to Board's structure. Working principles, mandates and membership structures for committees have been determined by the Board of Directors and published on the corporate website. All members of the Audit Committee are independent board members. In the committees of Corporate Governance and Sustainability, Early Detection of Risk and Remuneration Nomination, at the least chairpersons are independent members. CEO / General Manager is not a member of these committees.

Board of Directors held 11 (eleven) meetings in 2019. As of end of October 2020, the Board has made 10 (ten) meetings and it has planned 2 (two) more meetings until the end of the year.

Audit Committee held 8 (eight) meetings in 2019, 1 (one) of which was a joint meeting with Early Detection of Risk Committee. It held 8 (eight) meetings as of November in 2020. It has one more planned joint meeting with Early Detection of Risk Committee in December 2020.

Corporate Governance and Sustainability Committee held 4 (four) meetings in 2019 and 3 (three) meetings as of October 2020. It has 1 (one) more planned meeting until the end of the year.

Early Detection of Risk Committee held 4 (four) meetings in 2019. 1 (one) of them was a joint meeting with the Audit Committee. It has held 4 (four) meetings as of the end of October 2020. It has 2 (two) more planned meeting for remaining two months. Committee has regularly presented assessment reports to the Board and shared these reports with the auditor.

Remuneration and Nomination Committee held 4 (four) meetings in 2019. It convened 3 (three) times as of October 2020.

"Efficiency of Board of Directors" was assessed at the Remuneration and Nomination Committee meeting on 11.06.2020. Results of that meeting have been discussed in the Board meeting and areas of improvement and actions have been determined. These actions were re-assessed by the Board on 15.06.2020 and decisions were taken. Work carried out by Remuneration and Nomination Committee to ensure effectiveness of Board of Directors and decisions taken by the are the basic reason for the grade increase in this section.

It has been determined that all the Committees relay their agendas and suggestions on discussed items of agenda to the Board in writing.

Guidelines on Compensation of Directors and Top Executives have been determined and disclosed to public through corporate website.

The Board regularly assesses its performance. Board members' attendance to Board and Committee meetings, their contributions, sharing of their knowledge and experience are all taken into consideration and their performance within the scope of Board activities is assessed with an integrated approach. However there is no practice of rewarding or dismissing Board members within the framework of assessment on their performance.

Manager Liability Insurance against defects of Board Members duties have been made for USD 10,000,000 and disclosed to public at Public Disclosure Platform on 25.08.2020.

It is clearly seen that the Board of Directors has the habit of taking proactive decisions; it has adapted an attitude, which is open to improvement and development and thanks to its visionary attitude the Board leads Company's activities in the field of corporate governance policies.



## 2. COMPANY PROFILE AND CHANGES WITHIN LAST YEAR

### A. Company Profile:



<b>Company Name</b>	: Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi
<b>Company Address</b>	: <b>Legal Head Office</b> Maslak Mahallesi, Ahi Evran Cad., Doğuş Center No:4 İç Kapı No:3, Sarıyer/ İSTANBUL <b>Head Office</b> Şekerpınar Mahallesi Anadolu Caddesi No: 22 41490 Şekerpınar - Çayırova / Kocaeli
<b>Company Phone</b>	: (0262) 6769090
<b>Company Facsimile</b>	: (0262) 6769596
<b>Company's Web Address</b>	: <a href="http://www.dogusotomotiv.com.tr">www.dogusotomotiv.com.tr</a>
<b>Date of Incorporation</b>	: 19/11/1999
<b>Registered Number</b>	: 429183 / 376765
<b>Paid in Capital</b>	: 220.000.000.-TL
<b>Line of Business</b>	: Import of automotive and spare parts, sales – marketing and services
<b>Company's Sector</b>	: Automotive Sector

**Company's Representative in Charge of Rating:**

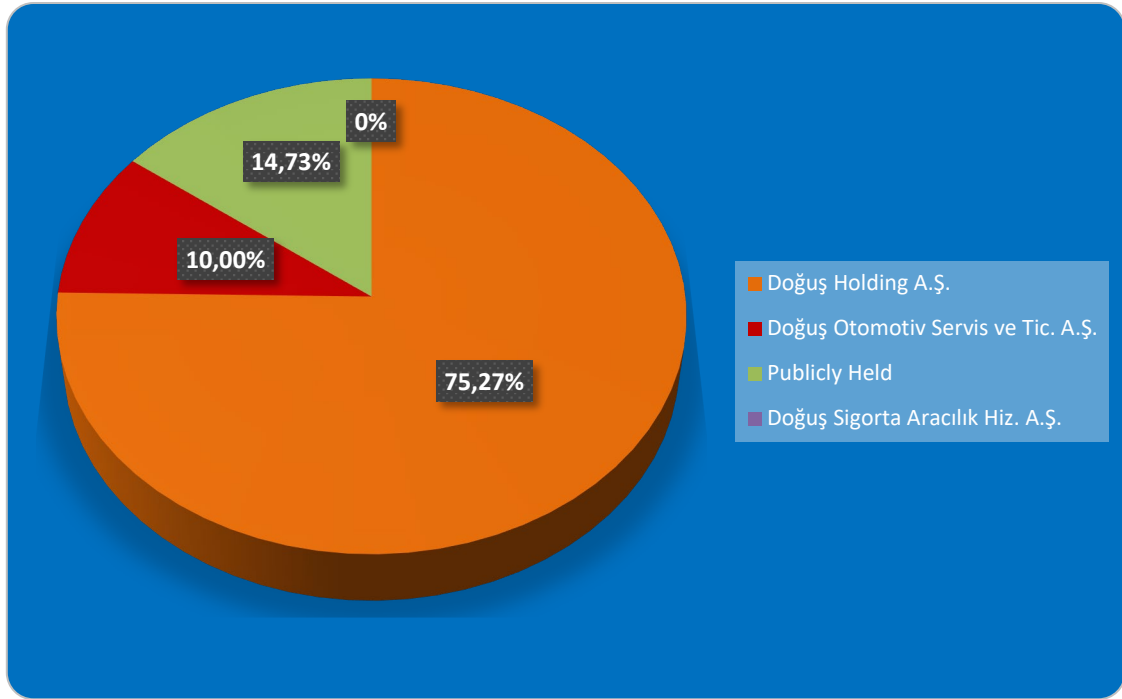
**H. Müge YÜCEL**

**Investor Relations Department Director**

[muyucel@dogusotomotiv.com.tr](mailto:muyucel@dogusotomotiv.com.tr)

**0262 676 90 58**

### Shareholder Structure



Shareholder Name (*)	Share (TL)	Share (%)
DOĞUŞ Holding A.Ş	165.584.715,00 -	75,27
Doğu Otomotiv Servis ve Ticaret A.Ş.	22.000.000,00-	10,00
Publicly Held	32.414.993,00-	14,73
Doğu Sigorta Aracılık Hiz. A.Ş.	292,00-	0,00
<b>TOTAL</b>	<b>220.000.000,00</b>	<b>100,00</b>

Source: Doğu Otomotiv Servis ve Ticaret A.Ş.

### Real Person Ultimate Controlling Shareholders (As of report date)

Shareholder Name	Share (%)
Şahenk Family	74,36 %
Others	25,64 %
<b>TOTAL</b>	<b>100,00%</b>

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### Board of Directors

Name/ Surname	Title	Executive/ Non Executive
Emir Ali BİLALOĞLU	Chairman of Board of Directors /CEO	Executive
Gür ÇAĞDAŞ	Deputy Chairman of Board of Directors	Non-Executive
Özlem DENİZMEN KOCATEPE	Member of Board of Directors	Non-Executive
Koray ARIKAN	Member of Board of Directors	Non-Executive
A. Yasemin AKAD	Independent Member of Board of Directors	Non-Executive
Adnan MEMİŞ	Independent Member of Board of Directors	Non-Executive

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### Board of Executives

Name/ Surname	Title
Emir Ali BİLALOĞLU	Chairman of Board & CEO
Koray BEBEKOĞLU	General Manager for Digital Transformation and Corporate Communication
Giovanni Atilla Gino BOTTARO	Brand General Manager for VW Passenger Cars
Anıl GÜRSOY	Brand General Manager for Seat, Porsche, DOD
Kerem Galip GÜVEN	Brand General Manager for Audi, Bentley, Lamborghini ve Bugatti
Mustafa KARABAYIR	General Manager for Spare Parts & Logistic Services
Kerem TALİH	General Manager for Financial Affairs
Ela KULUNYAR	General Manager for HR and Process Management
Tolga SENYÜCEL	Brand General Manager for Volkswagen Commercial Vehicles and Brand General Manager for Scania-ThermoKing, DOD Heavy Vehicle, Scania Industrial and Marine Engines

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### Board Committees

#### Corporate Governance and Sustainability Committee

Name/ Surname	Title	Position
A. Yasemin AKAD	Independent Member of Board of Directors	Committee Chairperson
Koray ARIKAN	Member of Board	Member of Committee
Gür ÇAĞDAŞ	Deputy Chairman of Board of Directors	Member of Committee
H. Hüsnü GÜZELÖZ <sup>(1)</sup>	Advisor	Member of Committee
H. Müge YÜCEL	Investor Relations Dep. Director	Member of Committee

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

<sup>(1)</sup> Hasan Hüsnü Güzelöz has left his positions in the Company with Board decision dated 28.04.2017 NO 2017/25 and he takes part in committees only as adviser.

### **Audit Committee**

Name/ Surname	Title	Position
Adnan MEMİŞ	Independent Member of Board of Directors	Committee Chairman
A. Yasemin AKAD	Independent Member of Board of Directors	Member of Committee

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### **Early Detection of Risk Committee**

Name/ Surname	Title	Position
Adnan MEMİŞ	Independent Member of Board of Directors	Committee Chairman
Koray ARIKAN	Member of Board of Directors	Member of Committee
Gür ÇAĞDAŞ	Deputy Chairman of Board of Directors	Member of Committee
H. Hüsnü GÜZELÖZ <sup>(2)</sup>	Advisor	Member of Committee

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

<sup>(2)</sup> See Deepnote:1

### **Remuneration and Nomination Committee**

Name/ Surname	Title	Position
A. Yasemin AKAD	Independent Member of Board of Directors	Committee Chairperson
Özlem DENİZMEN KOCATEPE	Member of Board of Directors	Member of Committee

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### **Investor Relations Department**

Name/ Surname	Title	Contact Info
H. Müge YÜCEL	Yatırımcı İlişkileri Bölüm Yöneticisi	0(262) 676 9058 <a href="mailto:muyucel@dogusotomotiv.com.tr">muyucel@dogusotomotiv.com.tr</a>

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### **Balance-Sheet Comparison of Company's Certain Selected Items of last two yearends (000 TL)**

	2018/12	2019/12	Change %	09/2019
Current Assets	2.817.143	2.514.625	-10,75	4.814.808
Fixed Assets	1.981.519	2.150.319	8,52	2.293.497
Total Assets	4.798.662	4.664.944	-2,73	7.108.305
Short Term Liabilities	3.363.145	3.093.170	-8,03	4.765.121
Long Term Liabilities	127.645	319.233	150,09	350.730
Equity	1.307.872	1.252.541	-4,23	1.992.454

Source: Doğu Otomotiv Servis ve Ticaret A.Ş. 31.12.2019 Consolidated Financial Statements and Ind. Audit Report and 30.09.2020 Summary Consolidated Financial Statements and Limited Audit Report for Interim Financial Period of Nine Months

**Income Statement Comparison of Company's Certain Items of last two yearends  
(000 TL)**

	2018/12	2019/12	Change %	09/2019
Sales Revenues	10.688.489	9.844.133	-7,90	12.069.738
Sales Cost	(9.387.395)	(8.574.429)	-8,66	(10.517.907)
Gross Profit	1.301.094	1.269.704	-2,41	1.551.831
Profit / Loss Before Tax	148.798	57.234	-61,54	919.292
Profit/Loss for the Period	134.356	76.759	-42,87	744.807

Source: Doğu Otomotiv Servis ve Ticaret A.Ş. 31.12.2019 Consolidated Financial Statements and Ind. Audit Report and 30.09.2020 Summary Consolidated Financial Statements and Limited Audit Report for Interim Financial Period of Nine Months

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

STAR MARKET

BIST CORPORATE Governance / BIST 100-30 / BIST TRADE / BIST 100 / BIST ISTANBUL / BIST SUSTAINABILITY / BIST SERVICES / BIST STAR

**The Bottom and Peak Closing Values of Company's Shares traded on the BIST during Last Year  
(01.12.2019-01.12.2020)**

<i>Bottom (TL)</i>	<i>Peak (TL)</i>
5,10- (23.03.2020)	31,92- (16.11.2020)

Source: Doğu Otomotiv Servis ve Tic. A.Ş

**Subsidiaries, Affiliated Companies, Information about Financial Fixed Assets and Financial Investments**

Commercial Title	Line of Business	Paid In/Issued Capital	Company Share in Capital	Currency	Company Share in Capital (%)	Relationship with the Company
D-Auto Limited Liability Company	Auto Purchase-Sale and AS Services - Iraq	150.000.000.00	150.000.000	IQD	100	SUBSIDIARY
Doğuş Oto Pazarlama Ve Ticaret A.Ş.	Auto Purchase-Sale and SS Services	45.000.000.00	43.288.270	TL	96,20	SUBSIDIARY
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş.	IT Infrastructure and Software	226.400.000,00	49.255.692,00	TL	21,756	AFFILIATED COMPANY
Doğuş Sigorta Aracılık Hizmetleri A.Ş.	Insurance Intermediation Services	1.265.000	531.232	TL	41,99	AFFILIATED COMPANY
Vdf Servis ve Ticaret A.Ş.	Automotive Products and Services	5.100.000	1.924.230	TL	37,73	AFFILIATED COMPANY
Volkswagen Doğuş Finansman A.Ş.	Automotive Consumer Finance	180.000.000	86.399.987	TL	48	AFFILIATED COMPANY
Yüce Auto Motorlu Araçlar Ticaret A.Ş.	Turkey Distributor of Skoda	2.100.000	1.049.999,40	TL	50	AFFILIATED COMPANY
Tüvtürk Güney Taşıt Muayene İstasyonları Yapım İşletim A.Ş.	Vehicle Inspection Stations	25.250.000	8.332.836	TL	33	BUSINESS PARTNERSHIP
Tüvtürk Kuzey Taşıt Muayene İstasyonları Yapım İşletim A.Ş.	Vehicle Inspection Stations	67.100.000	22.143.895	TL	33	BUSINESS PARTNERSHIP

Source: [www.kap.gov.tr](http://www.kap.gov.tr)



## **B. Changes within Last Year:**

### ***i. Changes in Capital and Articles of Association:***

With Board of Directors Decision dated 17.01.2020 and No 2020/03, it has been decided to change the address of Company's legal head office and it was issued on Trade Registry Gazette dated 27.01.2020, No 10002. Article 4 of Articles of Association, titled "Head Office and Branches" has also been changed accordingly and it was disclosed through Company's corporate website and Public Disclosure Platform.

There has been no change in Company's capital during the rating period.

### ***ii. Dividend Distribution:***

2019 activities of the Company produced TRY 116,261,575 loss, according to financial statements prepared in compliance with Tax Method Law Regulation. TRY 75,777,000 net profit after tax was made according to consolidated financial statements, prepared in compliance with CMB Regulations and independently audited.

At its meeting on 26.02.2019, the Board of Directors took following decision about distribution of dividends:

"Board recommendation that profit and loss made in 2019 shall not be distributed but dispensed as they are in profit distribution statement, will be presented to the general assembly for approval."

The decision was discussed at General Assembly meeting on 30.03.2020 as 6<sup>th</sup> Item of agenda and approved.

### ***iii. Policies:***

There have been no changes in Company policies during the rating period.

### ***iv. Management and Organization:***

Independent Board Member E. Gülden ÖZGÜL's period of office has been expired and she was replaced by Adnan MEMİŞ, who was elected after proposition of Remuneration and Nomination Committee and approved by the Board of Directors. This Board decision dated 06.01.2020 and No 2020/02 was discussed at General Assembly meeting on 30.03.2020 as 7<sup>th</sup> Item of agenda and approved.

According to Material Event Disclosure dated 01.12.2020;

İlhami EKSİN, who has been Brand General Manager for Scania, Thermo King and Scania Engines is appointed to another position within Doğuş Group. Therefore he will leave our Company as of 01.01.2021. It has been decided that from now on Scania, Thermo King and Scania Engines brands will be managed together with Volkswagen Commercial Vehicle brand. Tolga SENYÜCEL, who has been Brand General Manager of Volkswagen Commercial Vehicle is appointed as the General Manager of the new structure as of 01.01.2021.

There have been no other changes during the rating period that can have a significant impact over Company's activities.

***v. Changes in Group Companies, Subsidiaries and Affiliated Companies:***

There have been no changes.



### 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 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 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 3<sup>rd</sup> 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, **401** different criteria are considered to measure the compliance of BIST second group companies with the corporate governance principles.

These criteria are translated into Corporate Governance Rating Question Sets through Kobirate A.Ş.'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 applied completely by Kobirate A.Ş. The weightings are as below:

Corporate Governance Principles in the existing structure.

**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

4. 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>