



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



***Garanti Faktoring A.Ş.***

17 August 2020

Validity Period 17.08.2020-17.08.2021

## LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Garanti Factoring A.Ş. is compiled;

in accordance with the criteria stated in CMB's Corporate Governance Directive, 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 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 53 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website ([www.kobirate.com.tr](http://www.kobirate.com.tr)).

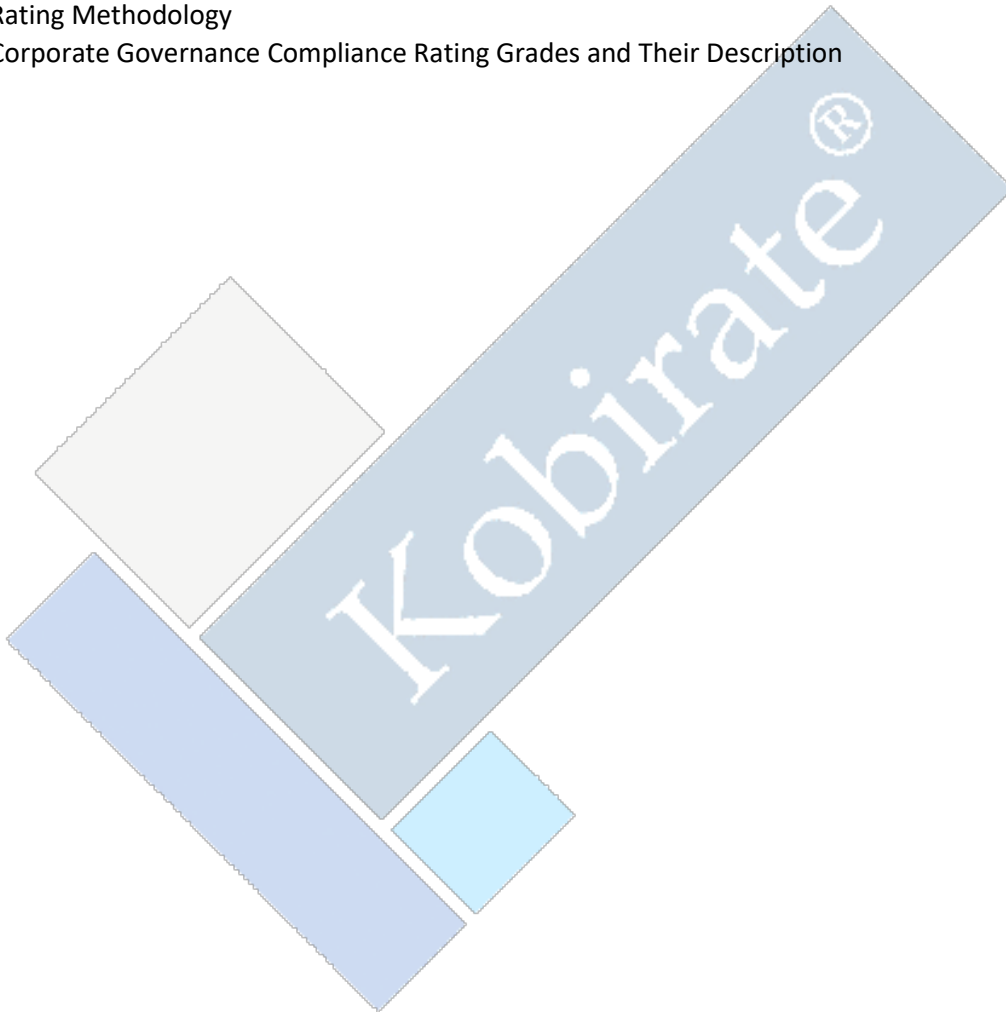
Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. KOBIRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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## TABLE OF CONTENTS

1.	Ninth Period Revised Rating Results and Reasons for Grade	3
2.	Company Profile and Changes within Last One Year	8
3.	Rating Methodology	14
4.	Corporate Governance Compliance Rating Grades and Their Description	16



9.44

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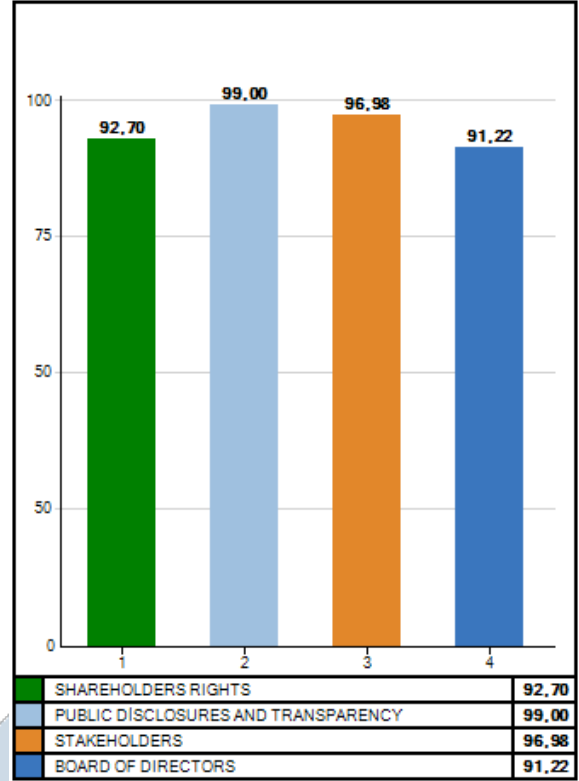
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## 1. NINTH PERIOD REVISED RATING RESULTS AND REASONS FOR GRADE

This report of rating of compliance of **GARANTİ FAKTORİNG A.Ş.** with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş., through onsite examinations of the documents, interviews held with executives and persons involved, and of other reviews, according to the CMB's Corporate Governance Principles directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

According to Capital Market Board decision dated 06.01.2017 and numbered 1/23, **GARANTİ FAKTORİNG A.Ş.** is on the list of **BIST 3<sup>rd</sup> Group Companies**. At the end of examination of 399 criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the

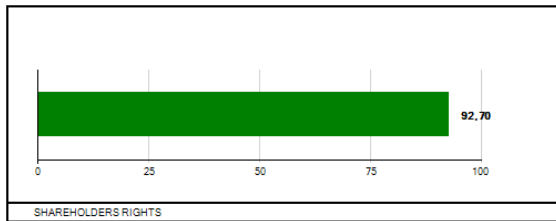


Board of Directors as specified in the CMB's Corporate Governance Principles and the methodology of Kobirate A.S., developed for "Third Group Companies of the BIST", revised Corporate Governance Compliance Rating Grade of **GARANTİ FAKTORİNG A.Ş.** is revised as **9.44**. This result signifies that the Company has achieved compliance with the CMB's Corporate Governance Principles to a great extent.

The fact that Board of Directors and the Top Management internalized the corporate governance principles, willingly and determinedly approached those areas that needed compliance and improvement within last year - as it was in previous periods - to produce solutions has played a major role in the revised grade that the company achieved.

This result signifies that **GARANTİ FAKTORİNG A.Ş. (GARANTİ BBVA FAKTORİNG)** has achieved compliance with the Corporate Governance Principles issued by CMB to a great extent. All possible risks for the Company have been determined and they are under control. Rights of shareholders are treated fairly. Public disclosure and transparency activities are conducted at a high level of standards. Rights of stakeholders are treated fairly. The structure and working conditions of board of directors are compliant with corporate governance principles, but there is still need for some small improvements within the scope of corporate governance principles, although it doesn't pose a great risk.

In respect to **Shareholders'** Section, **GARANTİ FAKTORİNG's** grade has been reconfirmed as **92.70**.



As it was in last period, it has been determined that Investor Relations Department carries out its duties effectively within General Accounting Department, that preparations and announcements for general assembly meeting are done timely and appropriately, that results of General Assembly are disclosed to public and voting by proxy is not blocked. In accordance with CMB Communiqué No II.17-1, the Director of Investor Relations Department Serap Çakır has been appointed as Corporate Governance Committee member.

There is no regulation in the Company that makes private audit difficult. Article 16 of Articles of Association provides shareholders with the right to appoint private auditor.

General assembly meeting to discuss 2019 operations took place on 30.03.2020 and it was announced on 25.02.2020. Financial statements, annual report, audit reports and Board of Directors' proposal for profit / loss

have been presented to shareholders for examination, together with general assembly information documents, three weeks before the General Assembly meeting.

It has been determined that 2019 Ordinary General Assembly meeting that took place on 30.03.2020 was conducted within the framework of CMB's Corporate Governance Principles and other legal regulations.

It has also been understood from the minutes of General Assembly meeting dated 30.03.2020 that questions from shareholders were answered without any delays by Company officials.

Main policies that were deemed positive in this section are:

- In the Investor Relations Department, Serap ÇAKIR has licenses for Corporate Governance Rating (701222), Capital Market Activities Level 3 (208344) and Credit Rating (602587). Müge Bal GÜNGÖRMEZ has license for Capital Market Activities Level 1 (525739). The Company supports its staff to get licensed.

- Investor Relations Department keeps record of written questions, as well as oral questions by shareholders.

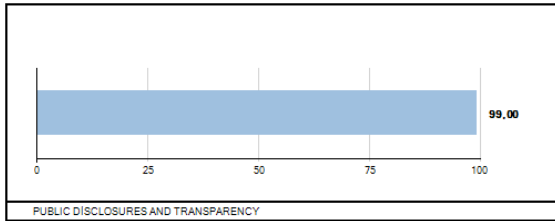
- Investor Relations Department reports to the Board about its activities in 6 month periods.

Having General Assembly meetings open to public - including media - and stakeholders without right to address, adding an item to the Articles of Association on this subject and giving this information in the meeting announcement and information kit, avoiding privileges in nominations for Board memberships, extending minority rights to those shareholders with less than 1 / 20 of the capital by the Articles of Association and adding a provision to the Articles of Association for dividend advance will take Company's compliance with corporate governance principles one step further.

It has been determined that the Company has achieved good compliance with the principles in this section.

Profit / loss issues that have been approved at the General Assembly meeting are described at the section titled, “iii. Dividend Distribution”.

In the section of **Public Disclosure and Transparency** Company’s grade has been reconfirmed as **99.00**.



**GARANTİ BBVA FAKTORİNG** makes its public disclosures within the scope of its Disclosure Policy, prepared by the Board of Directors, approved by general assembly and disclosed to public.

Company’s PDP disclosures are signed by General Accounting Department Manager Serap ÇAKIR and Assistant General Manager Mert ERCAN.

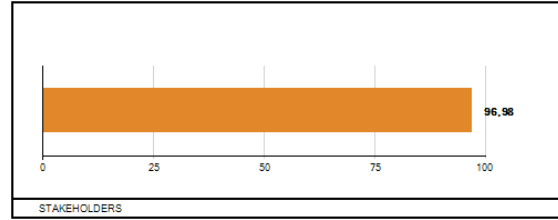
Company’s corporate website is used for public disclosures as an active and efficient platform and its content is regularly updated. Corporate website is also published in English for the benefit of international investors.

It has been seen that the Board of Directors prepares the annual report in such a detail that it gives public access to complete and true information about company’s activities. Annual reports of the Company are exemplary in terms detail and contents.

Financial statement notifications, required to be made public by capital market regulations, are disclosed on Public Disclosure Platform in Turkish and English simultaneously.

**GARANTİ BBVA FAKTORİNG** has achieved very good compliance with the principles in this section.

In the section of **Stakeholders** Company’s grade has been reconfirmed as **96.98**.



The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company’s objectives or in its operations. It has been concluded that the company respects the stakeholders’ rights, specified in regulations and mutual contracts. The impression is that in case of lack of any regulation, the company respects stakeholders’ rights within goodwill rules and its means, taking company’s reputation into consideration. It has also been observed that many internal regulations were prepared to this end.

The Company provided 2,107 hours of class and work place training in 2019. Training per person was 16 hours. In order to meet employees needs for training rapidly, 35 different e-courses have been organized and employees attended different activities such as conferences, seminars and congresses in their professional fields. .

With Foreign Language Compensation policy Garanti BBVA Faktoring continues to support its employees’ improvement in foreign languages. 120 hours of English classes for employees in 2019 according to their levels of English. Support covers those employees below managerial level. Course fees of those employees who document that they took an exam and got a degree in foreign languages is continued to be reimbursed by the Company.

In 2019, all managerial level promotions took place among those employees trained by the Company.



“Career Maps” – prepared with objective and transparent criteria – continued to guide the employees in order to provide a road map for career development in accordance with employee’s talents, experiences, expectations and targets.

The policy of measuring employees’ performance online through E-performance System once a year continued.

Reward program that has been continuing since 2013 aims to reward those employees who are compliant with Company’s targets and strategies and who are “Creating Difference”, in pre – determined categories and thus to create a general awareness within the Company. Within this scope, 5 employees have received awards in “Creating Difference” in different pre-determined categories in 2019.

The Company has been conducting satisfaction surveys in certain customer segments since March 2017, in monthly periods. These surveys continued in 2019. Services are evaluated according to survey results.

The Company gives aids and donations to NGO’s active in education, culture, arts, environment and sports within the scope of its corporate social responsibility approach. It made donations to TOG, KAÇUV and Turkish Education Foundation in 2019.

The Company allocates its aids and donations into those areas, which improve individual’s and society’s vision, in accordance with its mission and policies, always taking its ethical principals into consideration.

During the global COVID-19 pandemic, the Company always gave priority to the health of its employees, when it organized meetings and determined work conditions.

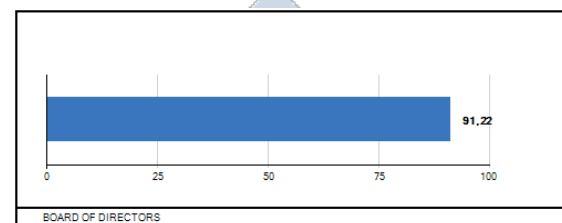
Main policies that are deemed positive in this section are below:

- Customer Satisfaction measurement continued systematically and included SME segment customers.

- Training opportunities for employees were improved.
- Employees were encouraged to get different licenses in their fields of activities.
- The employees who create a difference were rewarded within the framework of different projects.

In this section the Company has achieved very good compliance with the principles.

**GARANTİ BBVA FAKTORİNG** has achieved the grade of **91.22** in the section of **Board of Directors**.



It is our impression that by the strategic decisions it takes, the Board manages and represents the company, keeping the risk, growth and return in balance while paying attention primarily to company’s long term interests, under a reasonable and prudent risk management approach. In this sense, the Board of Directors has described the corporate strategic objectives and determined the required human and financial resources. Our impression is that the Board of Directors plays a leading role in the maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders.

The structure of Board of Directors is in compliance with principles. The Board has 9 (nine) members and, except for 3 (three), they are non - executive members. 2 (two) of the non – executive members are independent members of board of directors. It has been determined that the Board of Directors convenes frequent enough to do its duties. It held 26 (twenty six) meetings in 2019 and took 38 (thirty eight) decisions at these meetings. The Board held 26 (twenty six) meetings in 2020 as of July 31 and took 26 (twenty six) decisions at these meetings.

In 2019, Corporate Governance Committee held 4 (four), Audit Committee 8 (eight) and Early Detection of Risk Committee 6 (six) meetings. As of July 31, the Corporate Governance Committee held 3 (three), Audit Committee 4 (four) and Early Detection of Risk Committee 4 (four) meetings in 2019.

- There is no practice of self-criticism and performance evaluation for Board Members, neither as board nor as members.
- Members of Board of Directors are not rewarded or dismissed according to their performances.

Main Company policies, which seemed positive in this section are listed below:

- Corporate Governance, Audit and Early Detection of Risk Committees, which are required by principles, have been working effectively.
- The Committees continued to work without interruption during the COVID-19 pandemic.
- All the work of committees have been written down and recorded.
- Committees report information about their activities and meeting results to the board of directors.
- Remuneration and other benefits for members of board of directors are disclosed to public through the annual report.

However, the issues that are listed below indicate areas in need of rearrangement in order to further strengthen compliance with corporate governance principles:

- There are no women members of Board. There is no policy, a target ratio - no less than 25% - and a timetable for having women members of the board.
- The remuneration and other benefits for members of board and other executives with administrative responsibilities are disclosed in accordance with the requirement of "on the basis of board members and top executives". It makes the distinction between board and top management. However the disclosure doesn't meet the principles' requirement of information on individual basis.



## 2. COMPANY PROFILE AND CHANGES WITHIN LAST ONE YEAR

### a. Company Profile



**Company Name** : Garanti Faktoring Anonim Şirketi  
**Company Adresi** : Çamçeşme Mahallesi, Tersane Cad. No:15,  
24899 Pendik/ İSTANBUL  
**Company Phone** : (0216) 6254040  
**Company Facsimile** : (0216) 6254001  
**Company Website** : [www.garantibbvafactoring.com](http://www.garantibbvafactoring.com)  
**Date of Incorporation** : 04/06/1990  
**Registered Number** : 265852  
**Paid in Capital** : 79.500.000.-TL  
**Line of Business** : Factoring services  
**Company's Sector** : Finance

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

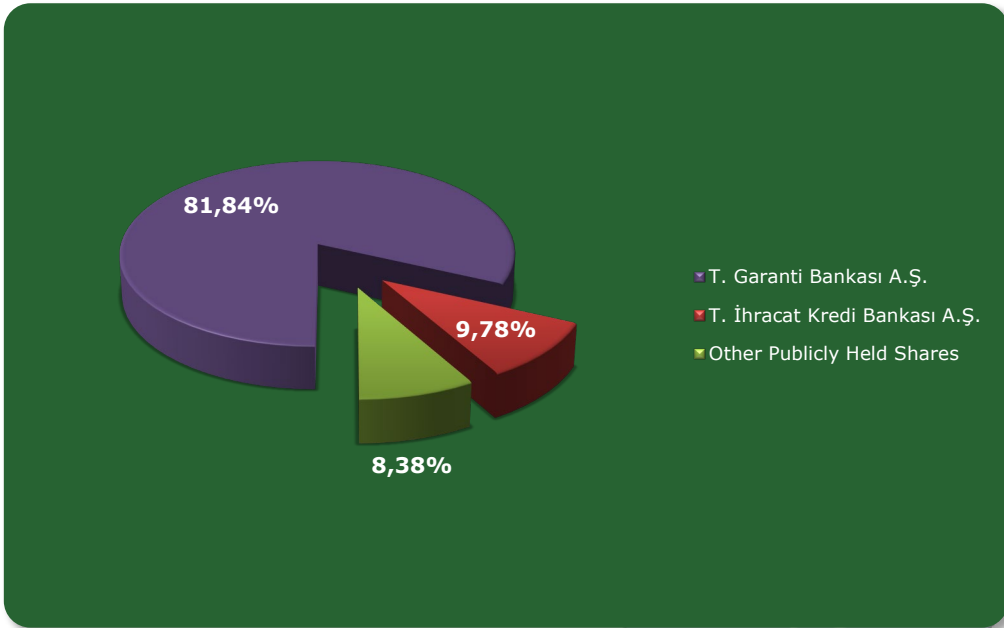
Serap Çakır

General Accounting Department Manager

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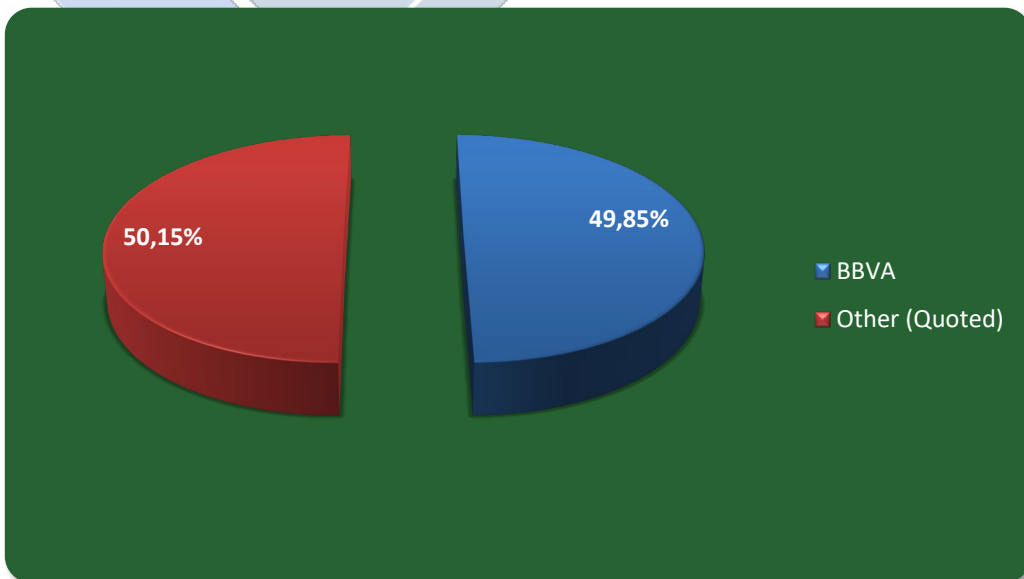
**Shareholder Structure (as of report date)**



Source: [www.garantifaktoring.com.tr](http://www.garantifaktoring.com.tr)

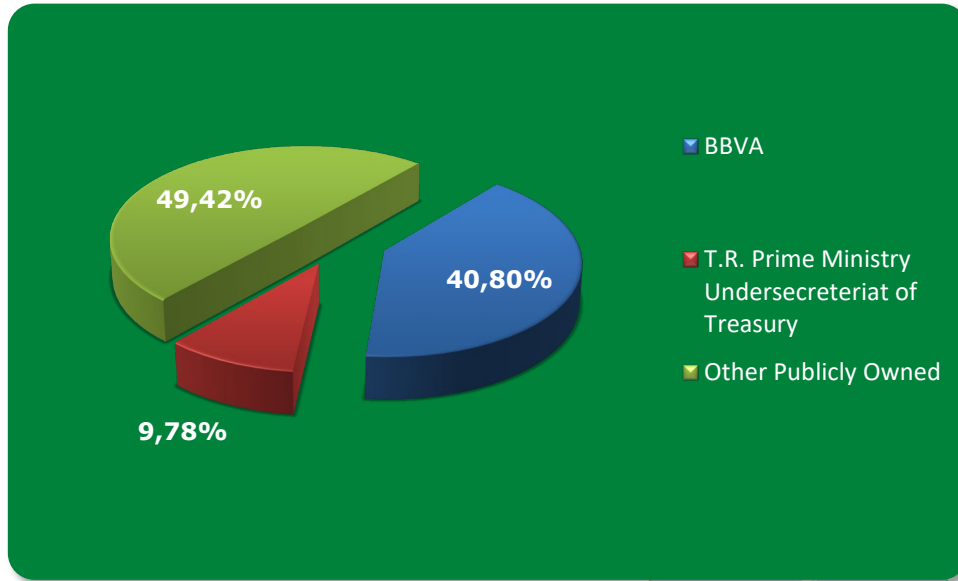
Shareholder Name	Share (TL)	Share %
T.Garanti Bankası A.Ş.	44.046.670,89	55,40
T. Garanti Bankası A.Ş.'nin Elindeki Halka Açık Hisseler	21.018.964,18	26,44
T. İhracat Kredi Bankası A.Ş.	7.772.941,90	9,78
Other Publicly Held Shares	6.661.423,03	8,38
<b>Total</b>	<b>79.500.000,00</b>	<b>100,00</b>

**Shareholder Structure of the Main Shareholder T. Garanti Bankası A.Ş.**



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

**Direct and Indirect Real and Corporate Persons that Own Capital at Garanti Faktoring A.Ş.**



Shareholder Name	Share (TL)	Share %
BBVA (Banco Bilbao Vizcaya Argentaria S.A.) (T. Garanti Bankası A.Ş. üzerinden gelmektedir.)	32.435.220,62	40,80
T.C. Prime Ministry Undersecretariat of Treasury	7.772.941,91	9,78
Other Publicly Owned	39.258.484,85	49,42
<b>Total</b>	<b>79.500.000,00</b>	<b>100,00</b>

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

\* Comes from T. Garanti Bankası A.Ş.'s ratio of being open to public.

**Board of Directors**

Name/ Surname	Title	Executive/ Non-Executive
Recep BAŞTUĞ	Chairman of Board	EXECUTIVE
Ali TEMEL	Deputy Chairman of Board	EXECUTIVE
Kaya YILDIRIM	Member of Board & General Manager	EXECUTIVE
Osman Bahri TURGUT	Member of Board	NON-EXECUTIVE
Cemal ONARAN	Member of Board	NON-EXECUTIVE
Selahattin GÜLDÜ	Member of Board	NON-EXECUTIVE
Aydın GÜLER	Independent Member of Board	NON-EXECUTIVE
Nihat KARADAĞ	Independent Member of Board	NON-EXECUTIVE
Serkan ÇANKAYA	Independent Member of Board	NON-EXECUTIVE

## TOP MANAGEMENT

Name/ Surname	Title
Kaya YILDIRIM	General Manager
Mert ERCAN	Assistant General Manager
Barış UZMAY	Assistant General Manager
Zeki PEKMEZCİ	Assistant General Manager

## COMMITTEES FORMED WITHIN THE BOARD OF DIRECTORS

AUDIT COMMITTEE	
Nihat KARADAĞ	Independent Member of Board of Directors (Chairman)
Serkan ÇANKAYA	Independent Member of Board of Directors

CORPORATE GOVERNANCE COMMITTEE	
Nihat KARADAĞ	Independent Member of Board of Directors
Osman Bahri TURGUT	Member of Board of Directors (Non-Executive)
Serap ÇAKIR	General Accounting (Department Manager/ IRD Manager)

EARLY DETECTION OF RISK COMMITTEE	
Nihat KARADAĞ	Independent Member of Board of Directors (Chairman)
Serkan ÇANKAYA	Independent Member of Board of Directors

### Balance-Sheet Comparison of Company's Certain Selected Items *as of Last 2 Yearends*

	2018/12(000)	2019/12(000)	Change %
Total Assets	2.434.060	2.201.627	-9,55
Factoring Receivables	2.279.110	2.090.406	-8,28
Paid in Capital	79.500	79.500	-
Equity	155.545	163.984	5,43

Source: Garanti Faktoring A.Ş. 2019 Annual Report

### Profit / Loss Table Comparison of Company's Certain Selected Items *as of Last 2 Yearends*

	2018/12(000)	2019/12(000)	Change %
Factoring Revenues	477.508	375.828	-21,29
Factoring Spending	(52.056)	(50.828)	-2,36
Finance Spending	(363.463)	(263.863)	-27,40
Net Profit/Loss	(57.376)	24.438	142,59

Source: Garanti Faktoring A.Ş. 2019 Annual Report

**The Bottom and Peak Closing Values of Company's Shares traded on the BIST for last one year**

<b>Bottom</b>	<b>Peak</b>
<b>2,63 (15.08.2019)</b>	<b>11,25 (05.08.2020)</b>

Source: Garanti Faktoring A.Ş.

***Markets where the Capital Market Instrument is Quoted and Indexes that the Company Participates***

MAIN MARKET-GROUP 1 / DEFINITE BUYING / SELLING MARKET-(AMONG QUALIFIED INVESTORS)

BIST ALL-100 / BIST FINANCIAL / BIST ALL / BIST CORPORATE GOVERNANCE / BIST MAIN / BIST FINANCIAL, LEASING, FAKTORİNG

Source: www.kap.gov.tr

**b. Changes within Last One Year:**

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

There has been no change in Company's capital and shareholder structure during the rating period. Distribution of TRY 79,500,000 Company capital is provided on page 9 of our report.

There has been no change in Articles of Association within the rating period.

**ii. Changes in Management and Organization**

Ali Fuat ERBİL, who resigned from his Board membership on 15.10.2019, has been replaced by Recep BAŞTUĞ, who was appointed by the Board. The development was disclosed to public with a Material Event Disclosure on PDP dated 15.10.2019. Board's appointment decision dated 15.10.2019 was discussed at the Ordinary General Assembly meeting on 30.03.2020 and approved.

Increasing number of Board members to 9 and appointing Aydın GÜLER as the 9th member was also approved at the 2019 Ordinary General Assembly meeting on 30.03.2020.

**iii. Dividend Distribution**

Board of Directors has taken the following decision unanimously at the meeting on 25.02.2020 to be presented for approval at Company's Ordinary General Assembly meeting for 2019:

"In accordance with the financial statements for the period of 1 January – 31 December 2019, which have been prepared in accordance with CMB's Communiqué No 11.14.1 on "Basic Principles of Financial Reporting in Capital Market", Turkish Financial Reporting Standards (TMS/TFRS), in required formats determined by CMB and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., – in compliance with the principle of 'calculation and distribution of profit, which is regulated by the Articles of Association – after taking out tax reserve from the 2019 profit of TRY 31,031,078.66, to transfer remaining amount of TRY 24,438,427.38 – by taking into consideration the

deferred tax impact of TRY 6,592,651.28 – into legal and extra ordinary profit reserve accounts and thus to keep it within the Company and to transfer TRY 16,029,970.22 profit, which was in the item of ‘Previous Year’s Profit and Loss’, into Extra Ordinary Reserve Account.”

The recommendation of the Board in favor of keeping the profit for the period of 1 January – 31 December 2019 within the Company was accepted with majority vote at the 2019 Ordinary General Assembly Meeting on 30.03.2020.

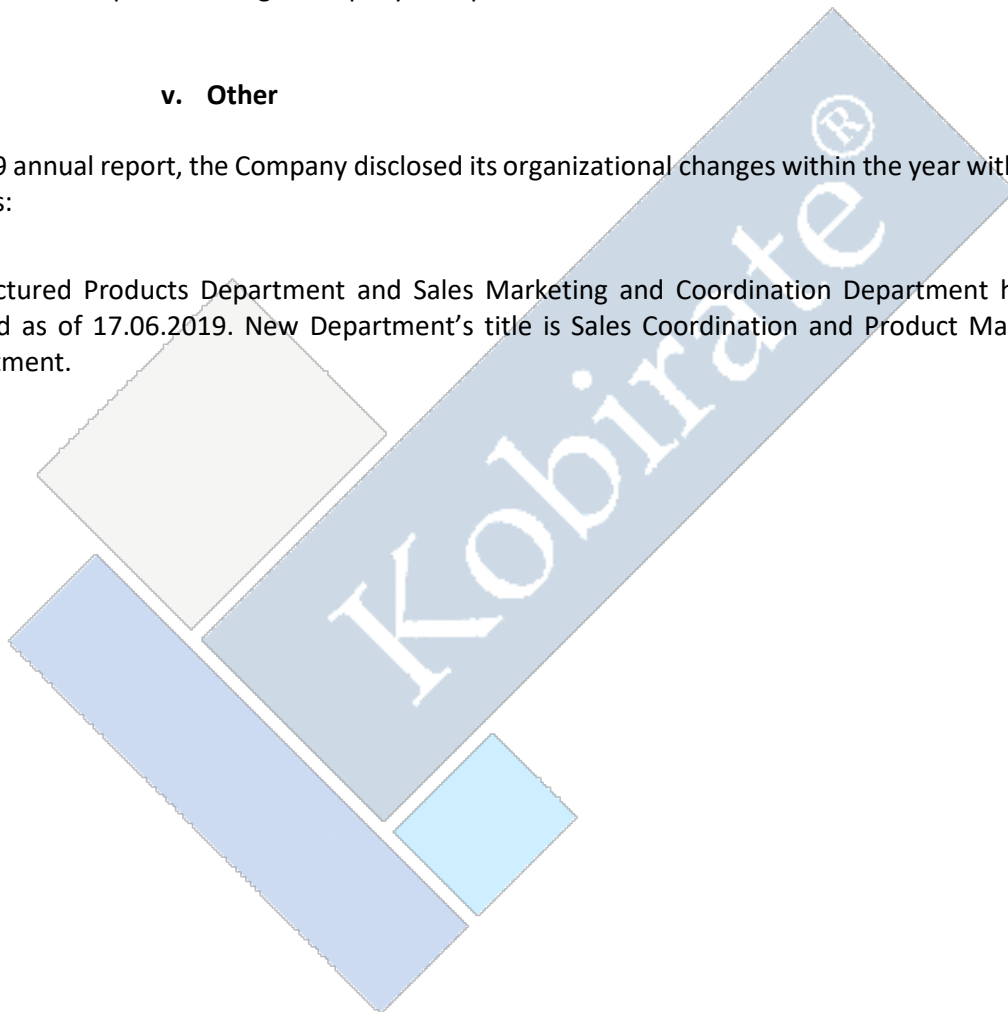
#### **iv. Policies and Internal Arrangements**

During the period of rating, there have been no changes in Company policies of Disclosure, Dividend, Remuneration, Compensation, Human Resources, Donation and Aid and Ethical Rules. These policies are disclosed to public through Company’s corporate website.

#### **v. Other**

In 2019 annual report, the Company disclosed its organizational changes within the year with public as follows:

- Structured Products Department and Sales Marketing and Coordination Department have been merged as of 17.06.2019. New Department’s title is Sales Coordination and Product Management Department.





### **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 Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

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

**399** criteria are used in the rating process for BIST Third Group companies in order to measure the compliance of firms with corporate governance principles. These criteria are translated into Corporate Governance Rating Question Sets through Kobirate A.S.'s unique software.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and

numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as below:

**Shareholders 25 %**

**Public Disclosure and Transparency 25 %**

**Stakeholders 15 %**

**Board of Directors 35 %**

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

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

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade,

“10” points mean excellent, full compliance with CMB's Corporate Governance Principles while grade “0” means that there is no compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

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

GRADE	DEFINITIONS
<p style="text-align: center;"><b>9–10</b></p>	<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>
<p style="text-align: center;"><b>7–8,9</b></p>	<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>
<p style="text-align: center;"><b>6–6,9</b></p>	<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>

