



Corporate Governance Compliance Rating Report



Turcas Petrol A.Ş.

28 February 2022

Validity Period: 28.02.2022-28.02.2023

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Turcas Petrol 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, "Communiqué on Change in Corporate Governance Communiqué (II-17,1)" (II-17,1. a), published in the Official Gazette dated 02.10.2020, No 31262 and regulations on the framework for compliance with voluntary sustainability principles; 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 106 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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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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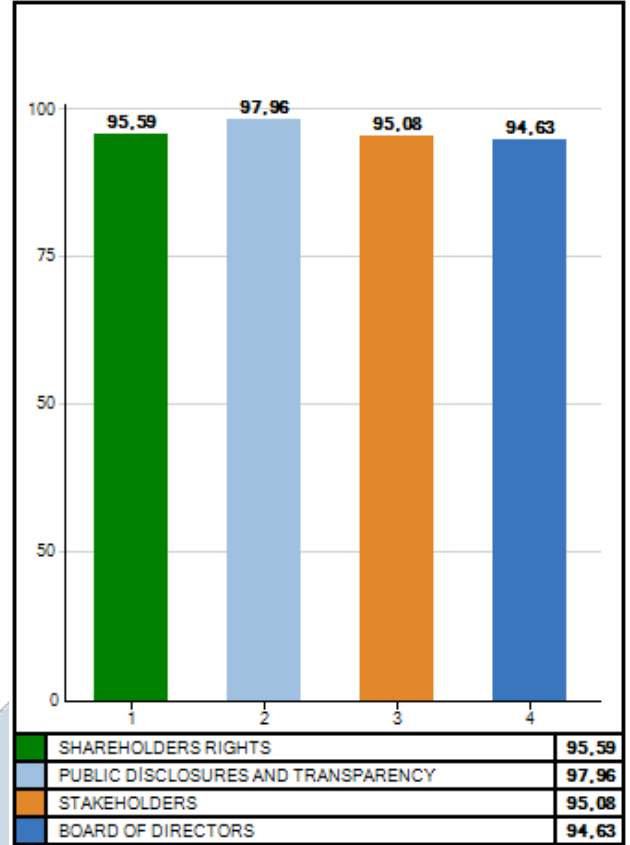
TURCAS PETROL A.Ş.

CMB CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE GRADE

9.58

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1. RATING SUMMARY

The process of rating of compliance of TURCAS PETROL 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. according to Corporate Governance Principles of Capital Market Board (CMB) and approved by this regulatory Board; through onsite examinations of the documents, interviews held with executives and persons involved, public information and other reviews.

Methodology and rating process are based on the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014 and "Communiqué on Change in Corporate Governance Communiqué (II-17,1)"

(II-17,1.a), published in the Official Gazette dated 02.10.2020, No 31262.

According to CMB decision dated 13.01.2022 and No 2/27, Turcas Petrol A.Ş is on the BIST Third Group Companies list. The Company has been assessed through examination of 446 criteria described by the methodology of Kobirate A.S. for "BIST Third Group Companies."

The rating has been carried out under the main headings of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors and Corporate Governance Compliance Rating Grade of TURCAS PETROL A.Ş. has been determined as **9.58**.

This result signifies that the Company has achieved compliance with the CMB's Corporate

Governance Principles to a large extent. All possible risks for the Company are determined and actively controlled. Public disclosure and transparency activities are conducted at the highest level. Rights of shareholders and stakeholders are treated fairly, but further actions are needed in accordance with the sustainability compliance framework. The structure and working conditions of board of directors is highly compliant with corporate governance principles. With this grade, the company highly deserves to be in the BIST Corporate Governance Index.

A summary of the rating process under main headings:

In the section of shareholders TURCAS has achieved a grade of **95.59**.

It is generally observed in this section that the Company has achieved a significantly good level of compliance with CMB Corporate Governance Principles. The existence of Investors Relation Department that keeps healthy relations with shareholders, timely and duly convention of general assemblies and their proper invitations, preparation of a detailed information document enabling shareholders to reach sufficient information about agenda items and having dividend policy presented for the approval of the general assembly and disclosing it to public on the corporate website are salient positive achievements. The Company has achieved full compliance with obligatory articles of CMB's Corporate Governance Communiqué dated 03.01.2014, No II-17.1.

Company's grade for the section of Public Disclosure and Transparency is determined as **97.96**.

the Company conducts its public disclosures in accordance with its disclosure policy that it published at its corporate website. It has been deemed positive that the Company provides access to several current data on its corporate website (www.turcas.com.tr), which might be needed by the investors. Company's corporate website and annual reports comply

with corporate governance principles to a great extent in terms of public disclosure and transparency.

In the section for Stakeholders the Company has achieved a grade of **95.08**.

In this section the Company has achieved a significant compliance with CMB's Corporate Governance Principles. A very comprehensive human resources policy has been established; internal procedures have been made and disclosed to the employees including recruitment, performance appraisal, promotion, awarding, employee satisfaction, leave and social benefits. Management Organization Chart for the company has been prepared and regulations and internal arrangements have been completed in accordance with this structure. Duties of departments, job descriptions and processes have been determined. Employees have been informed about internal regulations.

A comprehensive ethical code has been prepared and introduced to employees to act pursuant to such rules.

Corporate social responsibility policies have been prepared and disclosed to public.

Company's work on sustainability compliance continues.

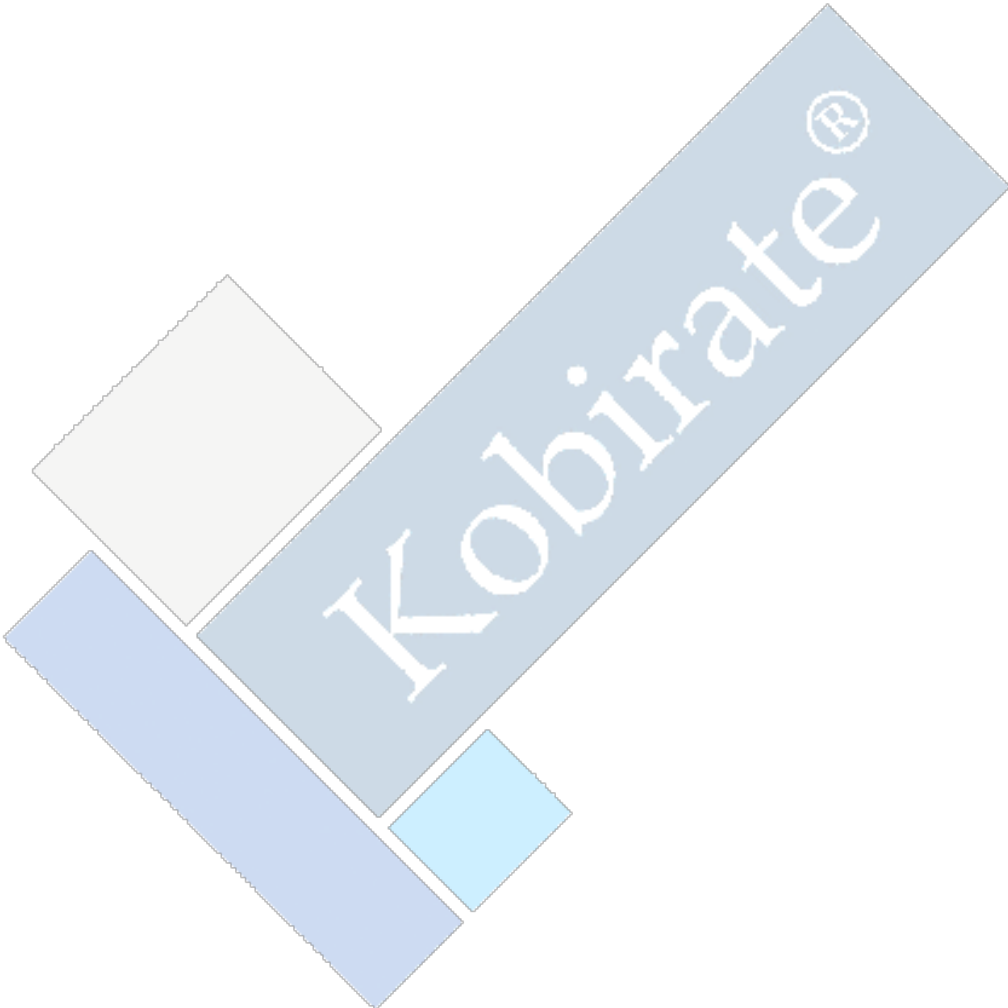
In the section of Board of Directors, Company has achieved a grade of **94.63**.

It has been determined that the Board of Directors has set Company's strategic goals, audits performance of company management and ensures that Company's activities are conducted in compliance with legislation, the Articles of Association and internal regulations.

The posts of Chairman of the Board and General Manager are held by separate individuals.

Audit, Corporate Governance and Early Risk Detection Committees, referred by the

Principles have been established, their working principles have been determined and written down. On the other hand, there are seven (7) – members of Board; two (2) of them are independent and two (2) of them are women members. This composition strengthens compliance with the Principles. Remuneration policy of Board members and top executives have been prepared and presented to the shareholders at the general assembly meeting as a separate item of agenda.



2. RATING METHODOLOGY

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

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

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers 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.

CMB has decided to implement a new framework for reporting corporate governance and the new framework was disclosed to public with CMB Bulletin dated 10.01.2019, No 2019/2 and with a statement dated 11.01.2019. New reporting framework included following disclosures: Disclosure of Compliance Report Format (URF) to report on voluntary compliance with the principles and Corporate Governance Information Form (KYBF) to give information about current corporate governance policies. According to Turkish Commercial Code and CMB Corporate Governance Communiqué (II-17.1), URF and KYBF should be disclosed on the Public Disclosure Platform at least three weeks before the general assembly meeting, simultaneously with annual reports and not later than the expiry of duration of financial reports' announcement on the Public Disclosure Platform.

"Communiqué on Change in Corporate Governance Communiqué (II-17,1)" (II-17,1. a), published in the Official Gazette dated 02.10.2020, No 31262 brought some regulations on compliance with voluntary sustainability principles.

Compliance framework has been published on CMB website. Sustainability Compliance Framework has been examined under the headings of A – General Principles, B –

Environmental Principles, C – Social Principles and D – Corporate Governance Principles.

Implementation in accordance with the “implement or disclose” principle has been determined. It has been prescribed that annual reports should include information on whether the sustainability principles are implemented or not, an explanation in case they are not implemented and on their impacts. It was also prescribed that if changes take place within the period, they should be described in midterm reports.

Corporate Governance Principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Revised Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. in February 2022 for companies whose shares are traded on BIST, banks, investment partnerships and non – quoted companies.

The methodology is based on the criteria stated in CMB’s Corporate Governance Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014, “Communiqué on Change in Corporate Governance Communiqué (II-17,1)” (II-17,1. a), published in the Official Gazette dated 02.10.2020, No 31262 and regulations on the framework for compliance with voluntary sustainability principles; as well as the CMB’s board decision taken at the Board meeting on 01.02.2013, no 4 / 105.

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

In order to evaluate BIST 3rd Group Companies’ compliance with corporate governance principles 446 criteria are used in the rating process. These criteria are translated into Corporate Governance Rating Question Sets through Kobirate A.S.’s unique software PERFECRATE.

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 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.

The revised corporate governance compliance rating methodology prepared by our company in February 2022 is in line with CMB Communiqué of Corporate Governance published on 03.01.2014, numbered II-17.1, which states that the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles is restricted to 85 % of the full points.

The rating system completes the grade to 100 through factors including Company’s efficiency in applying CMB’s Corporate Governance Principles, degree to which the company is internalized these practices and company’s compliance with and implementation of different good corporate governance policy criteria determined by our company.

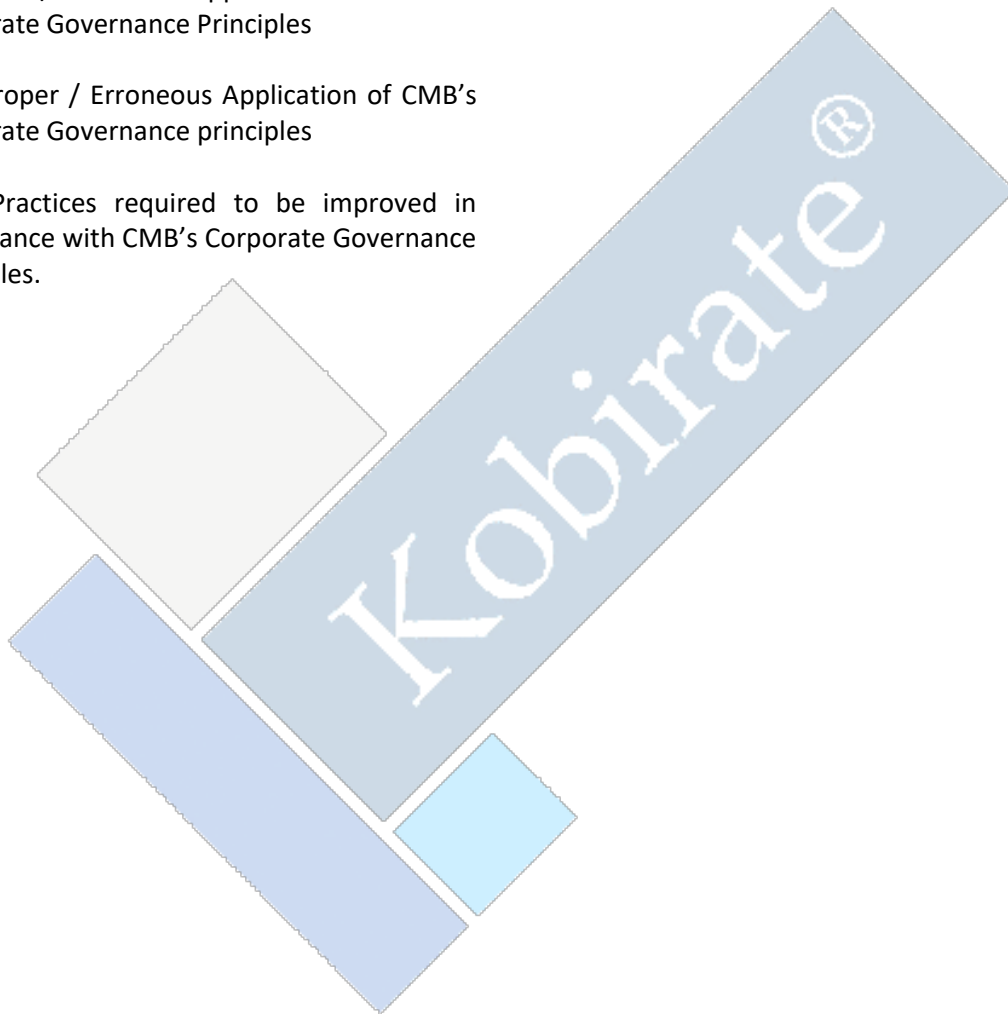
The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, “10” points mean excellent, full compliance with CMB’s Corporate Governance Principles while grade “0” means that there is no compliance with CMB’s Corporate Governance Principles, in any sense, in the existing weak structure.

In this report the following legends have the following meanings:

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

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

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



3. COMPANY PROFILE



Company Name : Turcas Petrol Anonim Şirketi
Company Address : Ahi Evran Caddesi No: 6 Aksoy Plaza Kat:7 34398
Maslak-Sarıyer / İstanbul
Company Phone : (0212) 2590000 / 17 Lines
Company Facsimile : 0(212) 259 0019
Company's Web Address : www.turcas.com.tr
Company's E-Mail Address : IR@turcas.com.tr

Date of Incorporation : 07/03/1980
Registered Number : 171118
Paid in Capital : 255.600.000.-TL

Line of Business : Energy sector and activities like fuel distribution, search, production, transportation, distribution, storage, import, export, national and international commercial operations and investments in sub segments such as electricity and natural gas.

Company's Sector : Energy

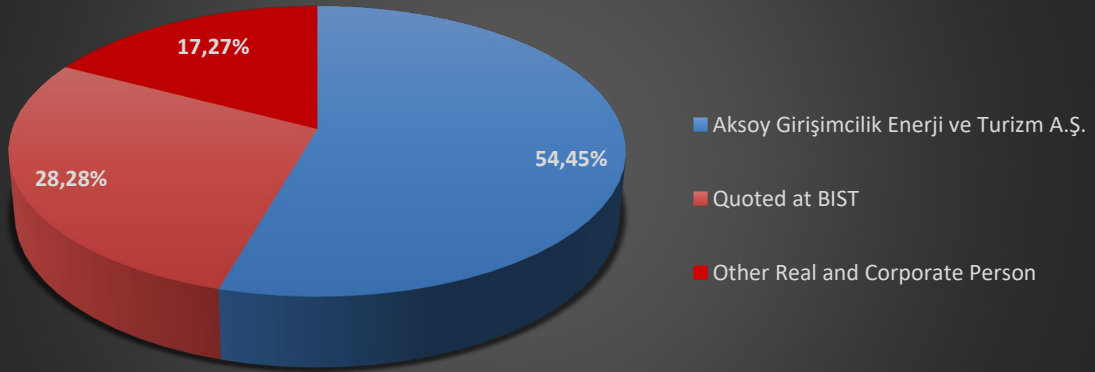
Company's Representatives in Charge of Rating:

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Mert GÖKNAR
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Shareholders Structure (31.12.2021)

Turcas Petrol A.Ş. Shareholders Structure



Shareholder Name	Share of Capital (TL)	%
Aksoy Girişimcilik Enerji ve Turizm A.Ş.	139.175.891,75	54,45
Quoted at BİST	72.271.775,73	28,28
Other Real and Corporate Persons	44.152.332,52	17,27
Total	255.600.000,00	100,00

Source: www.kap.gov.tr

Indirect Individual and Corporate Shareholders

Shareholder Name	Share of Capital (TL)	%
Erdal AKSOY	62.213.092	24,34
Saffet Batu AKSOY	37.670.367	14,74
Banu Aksoy TARAKÇIOĞLU	37.670.364	14,74
Ayşe Belkis AKSOY	883.388	0,35
Aksoy Enternasyonal Ticaret A.Ş.	1.080.259	0,42
Aksoy Girişimcilik Enerji ve Turizm A.Ş.	228.151	0,09

Source: www.kap.gov.tr

Aksoy Girişimcilik Enerji ve Turizm A.Ş. Shareholders Structure

Shareholder Name	Share of Capital (TL)	%
Erdal AKSOY	204.587.996	44,48
Saffet Batu AKSOY	124.506.971	27,07
Banu Aksoy TARAKÇIOĞLU	124.506.961	27,07
Ayşe Belkis AKSOY	2.827.631	0,61
Aksoy Enternasyonal Ticaret A.Ş.	3.570.441	0,78
TOTAL	460.000.000	100,00

Source: www.turcas.com.tr

Board of Directors

Name / Surname	Title	Executive / Non - Executive
Erdal AKSOY	Chairman of the Board	Executive
Banu Aksoy TARAKÇIOĞLU	Deputy Chairman of the Board	Executive
Saffet Batu AKSOY	Board Member and CEO	Executive
Matthew J. BRYZA	Board Member	Non - Executive
Mehmet Timuçin TECMEN	Board Member	Non - Executive
Lale ERGİN	Independent Board Member	Independent/ Non - Executive
Emre DERMAN	Independent Board Member	Independent/ Non - Executive

Source: www.turcas.com.tr

Executive Board

Name / Surname	Title
S. Batu AKSOY	Board Member and CEO
Erdal AKSOY	Chairman of the Board
Banu Aksoy TARAKÇIOĞLU	Deputy Chairman of the Board
Erkan İLHANTEKİN	Finance Director (CFO)
Eda YÜKSEL	Legal Director (CLO)

Source: www.turcas.com.tr

Committees Formed Within the Board of Directors

Audit Committee

Name / Surname	Title
Emre DERMAN	Independent Board Member / Committee Chairman
Lale ERGİN	Independent Board Member / Member

Source: www.kap.gov.tr

Corporate Governance Committee

Name / Surname	Title
Lale ERGİN	Independent Board Member / Committee Chairperson
M. Timuçin TECMEN	Board Member - Member
Matthew J. BRYZA	Board Member - Member
Erkan İLHANTEKİN	Finance Director (CFO) - Member
Eda YÜKSEL	Legal Director (CLO) - Member
Mert GÖKNAR	Finance and Investor Relations Manager - Member
Seda GÜR SOY ÜNLÜ	Corporate Communication and Marketing Manager - Member

Source: www.turcas.com.tr

Early Risk Detection Committee

Name / Surname	Title
Emre DERMAN	Independent Board Member / Committee Chairman
Banu Aksoy TARAKÇIOĞLU	Deputy Chairman of the Board - Member
Erkan İLHANTEKİN	Finance Director (CFO) - Member
Eda YÜKSEL	Legal Director (CLO) - Member
Mert GÖKNAR	Finance and Investor Relations Manager - Member

Source: www.turcas.com.tr

Investor Relations Department

Name / Surname	Title	Contact
Erkan İLHANTEKİN	Finance Director (CFO)	0(212) 259 0000/1270 erkan.ilhantekin@turcas.com.tr
Mert GÖKNAR	Finance and Investor Relations Manager	0(212) 259 0000/1243 mert.goknar@turcas.com.tr

Source: www.kap.gov.tr

Comparison of Company's Certain Selected Items for Summary Consolidated Balance-Sheet belonging to 9th Months of last two years (TL)

	2020/09	2021/09	Change 09/2020- 09/2021 (%)	2020/12
Current Assets	215.012.657	245.310.107	14,00	191.360.450
Fixed Assets	1.125.492.605	1.183.539.559	5,15	1.120.020.156
Total Assets	1.340.505.262	1.428.849.666	10,61	1.311.380.606
Short Term Liabilities	211.563.819	249.709.310	18,00	213.805.776
Long Term Liabilities	830.638.813	771.314.389	-7,14	732.906.519
Equity	298.302.630	407.825.967	36,71	364.668.311

Source: www.kap.gov.tr

Comparison of Company's Certain Selected Items for Summary Consolidated Income Statement belonging to 9th Months of last two years (TL)

	2020/09	2021/09	Change 09/2020- 09/2021 (%)	2020/12
Sales Revenue	39.824.906	56.665.627	42,28	63.964.826
Sales Cost (-)	(16.394.605)	(20.736.218)	26,48	(22.571.903)
Operational Profit or Loss	14.826.457	15.003.127	1,19	25.540.584
Profit / Loss before Tax	(197.875.482)	60.854.103	130,75	(135.311.287)
Net Periodical Profit / Loss	(183.676.414)	67.382.864	136,68	(124.004.098)

Source: www.kap.gov.tr

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

BIST Code: TRCAS

Market where it is Traded: MAIN MARKET

Indexes it is Included: BIST MAIN / BIST HOLDING AND INVESTMENT / BIST FINANCIAL / BIST ISTANBUL / BIST CORPORATE GOVERNANCE / BIST ALL / BIST ALL-100

Source: www.kap.org.tr

The Bottom and Peak Closing Values of Company's Shares traded on the BIST for last one year (21.02.2021-22.02.2022)

Bottom (TL)	Peak (TL)
3.33 (11.08.2021)	5.49 (22.02.2021)

Source: Turcas Petrol A.Ş.

Information about Subsidiaries, Affiliated Companies, Financial Fixed Assets and Financial Investments (*) (25.02.2022)

Commercial Title	Line of Business	Paid/Issued Capital	Company's Share in Capital	Currency	Company's Share in Capital (%)	Nature of Relationship with the Company
SHELL&TURCAS PETROL A.Ş.	Oil Products	528.117.660	158.435.298	TRY	30,00	AFFILIATED COMPANY (Direct)
RWE & TURCAS GÜNEY ELEKTRİK ÜRETİM A.Ş.	Electricity Production	1.874.681.920	562.404.576	TRY	30,00	AFFILIATED COMPANY (Direct)
ATAŞ ANADOLU TASFIYEHANESİ A.Ş.	Fuel Storage	8.400.000	420.000	TRY	5,00	FINANCIAL INVESTMENT

(*) Turcas Petrol A.Ş.'s all shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. ("Turcas Kuyucak") were sold on 14.02.2022. Therefore, this company is not on the list.

Brief History of the Company and information on its activities

Established as Turkey's first private fuel distribution company 1931 in the status of limited company, Türkp petrol ve Madeni Yağlar T.A.Ş. changed its status to incorporated company in 1936 and founded Turcas Petrolcülük A.Ş with British Burmah Castrol company in 1988. The title, "Turcas" comes from the combination of first three letters of Türkp petrol and Castrol, to acknowledge this joint enterprise. Having opened its shares to public in 1992, majority shares of the Company were bought by Tabaş Petrolcülük A.Ş. in 1996. As result of the merger between Tabaş Petrolcülük A.Ş. and Turcas Petrolcülük A.Ş. in 1999, the Company took the title of "Turcas Petrol A.Ş." ("TURCAS").

With its history of 90 years, Turcas is a holding engaged in fuel distribution, oil refining, electricity production and trade, natural gas import and wholesale activities as well as investments in energy markets and it buys shares of many companies.

Turcas established a new company, titled Shell & Turcas Petrol A.Ş. (STAŞ) in 2005, as a result of the Joint Venture Company Contract it signed with The Shell Company of Turkey Ltd. in compliance with Partial Division Declaration in the fields of distribution, marketing, retail and commercial sales of fuel and mineral oils. STAŞ, which Turcas owns 30 % of shares, received the required licenses from Energy Market Regulatory Authority (EMRA) and started its operations as of 01.07.2006. Most of Turcas' net active value comes from its stocks in the capital of STAŞ. Since the second half of 2006, the Company has been conducting all its activities of fuel distribution, commercial – industrial sales and operations in mineral oil markets through STAŞ. STAŞ today continues its operations all over Turkey through its network of more than 1,100 stations branded as Shell.

General chronological history of the Company:

1931 Establishment of Türkp petrol,

1953 Signing of mineral oils deal with English Burmah Castrol company,

1958 Establishment of Türkp petrol subsidiary Marmara Petrol ve Rafineri İşleri A.Ş.,

1962 ATAŞ Anadolu Tasfiyehanesi A.Ş. started operations,

1967 Türkp petrol entered LPG market with Alevgaz brand,

1970 Marmara Petrol became partner at Ataş Refinery,

1980 Establishment of Tabaş Petrolcülük A.Ş.,

1987 Launch of Mineral Oil Filling Facility in Yarımca,

1988 Establishment of Turcas Petrolcülük as a partnership of Türkp petrol and Burmah Castrol,

1992 Turcas Petrolcülük A.Ş. stocks opened to public,

1999 Tabaş Petrolcülük A.Ş. and Turcas Petrolcülük A.Ş. merged under the roof of Tabaş and Company title was registered as Turcas Petrol A.Ş. the same year,

2004 Refinery license of Ataş ended by partners and it was converted into a fuel storage terminal,

2005 ConocoPhillips stocks within Turcas Petrol A.Ş. capital were purchased by Aksoy Holding A.Ş.,

2006 Establishment of Shell & Turcas Petrol A.Ş. as a joint venture of The Shell Company of Turkey Ltd. and Turcas, operations started with a total of 1,300 oil stations,

2006 Establishment of SOCAR & Turcas Enerji A.Ş. as a joint venture of Azerbaijan state oil company SOCAR and Turcas,

2007 SOCAR & Turcas Enerji A.Ş. won Petkim Privatization Tender as the Consortium Leader,

2007 Turcas established a joint venture company with German E.ON for electricity production investments,

2008 SOCAR & Turcas Petrokimya A.Ş. purchased 51 % of Petkim stocks for USD 2.04 billion,

2008 SOCAR & Turcas Rafineri A.Ş. (STRAŞ) was established to set up a refinery in Petkim field with an annual capacity of 10 million tons,

2009 STRAŞ received positive ÇED (Environmental Impact Assessment) Report from the Ministry of Environment,

2009 Alman RWE purchased E.ON stocks in the joint venture and became the new partner of Turcas,

2010 Turcas Petrol A.Ş. was included BIST's Corporate Governance Index,

2010 SOCAR & Turcas Rafineri A.Ş. was given Refinery License by Energy Market Regulation Agency,

2010 Construction for Denizli Natural Gas Power Plant (800 MW established power) started as an investment of RWE & Turcas Güney Elektrik Üretim A.Ş.,

2011 Break ground for STAR Refinery,

2011 RWE & Turcas Enerji Toptan Satış A.Ş. was established and title of Turcas Rüzgar Enerji Üretim A.Ş. was changed as Turcas Yenilenebilir Enerji Üretim A.Ş.,

2011 Title of SOCAR & Turcas Rafineri A.Ş. (15 % affiliated company of Turcas Rafineri Yatırımları A.Ş.) was changed as STAR Rafineri A.Ş.,

2012 Establishment of RWE & Turcas Doğalgaz İthalat ve İhracat A.Ş. as a partnership of RWE and Turcas,

2012 STAR Rafineri A.Ş. became the first company in Turkey, which received Strategic Investment Incentive Document,

2013 Denizli Natural Gas Power Plant with 800 MW established power was put into operation,

2013 Establishment of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. to search for geothermal resources in Kuyucak, Aydın,

2014 Turcas Petrol A.Ş. sold 18.5 % of its stocks in STAR Refinery to SOCAR,

2014 Pre-license for geothermal electricity production in Kuyucak, Aydın was received,

2014 Shell & Turcas Petrol purchased 45 % of Petrol Ofisi share in Marmara Depoculuk Hizmetleri,

2015 Paid in capital of Turcas Petrol A.Ş. increased to TRY 270 million from TRY 225 million through capitalization issue,

2016 Turcas Petrol A.Ş. increased its share in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. (TKJ) to 92% from 46% and became the dominant partner,

2016 27 % of Shell's share in ATAŞ Fuel Terminal was purchased by Shell & Turcas,

2017 Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. power station (18 MW established power) was put into operation,

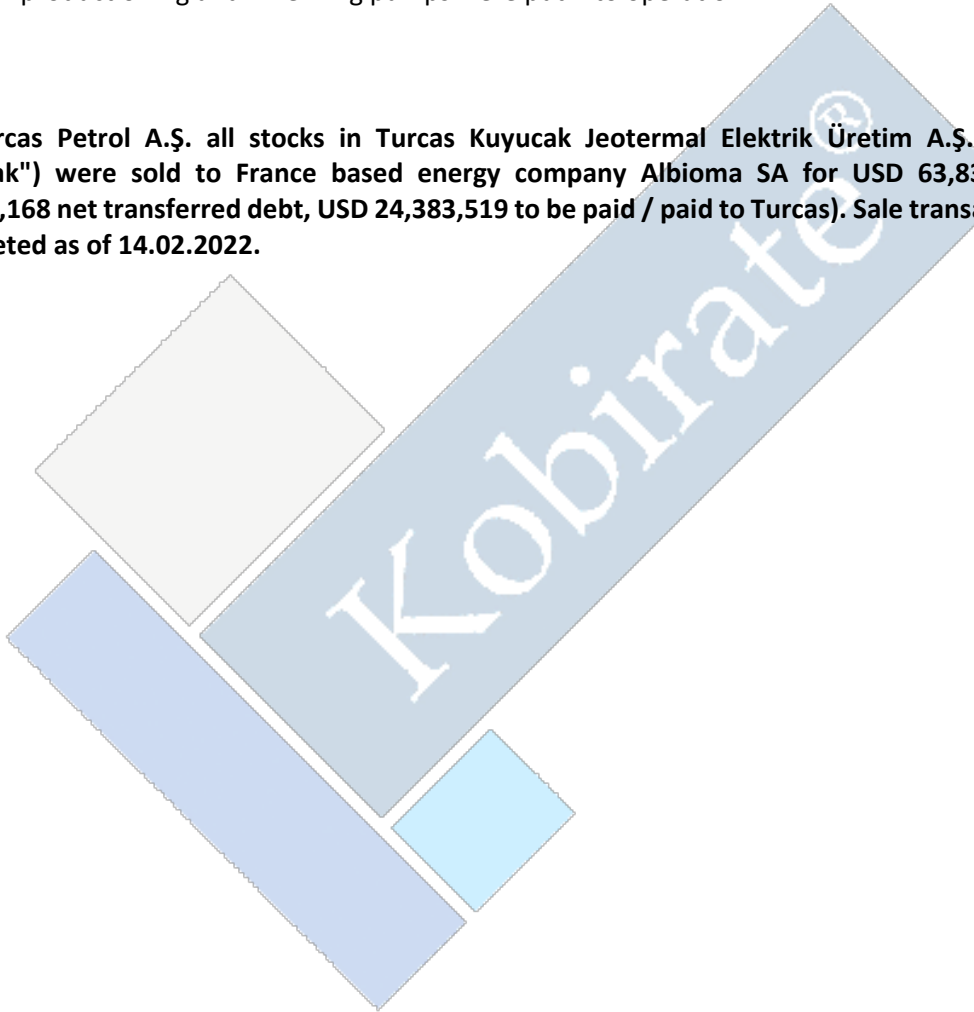
2017 Turcas Elektrik Üretim A.Ş. and Turcas Enerji Holding A.Ş. merged with Turcas Petrol A.Ş.,

2018 Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. started commercial activities within the scope of YEKDEM,

2018 Turcas Petrol A.Ş. increased its share in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. (TKJ) to 100% from 92%, (*)

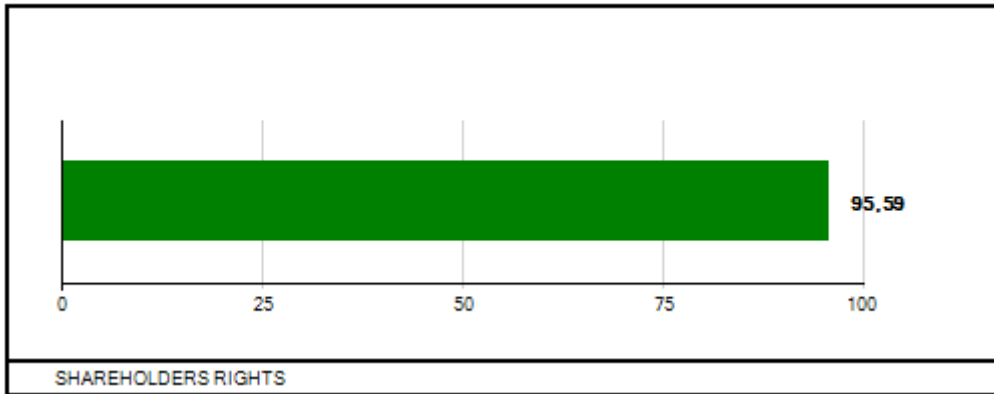
2020 8th production rig and inner ring pumps were put into operation.

(*) Turcas Petrol A.Ş. all stocks in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.'de ("Turcas Kuyucak") were sold to France based energy company Albioma SA for USD 63,838,687 (USD 39,455,168 net transferred debt, USD 24,383,519 to be paid / paid to Turcas). Sale transactions were completed as of 14.02.2022.



4. RATING SECTIONS

A. SHAREHOLDERS



Overview

- ✓ Investor Relations Department has been established and conducts its duties for shareholders as required.
- ✓ The director of Investor Relations Department has also been appointed as a member of Corporate Governance Committee.
- ✓ There are no regulations that make private audit difficult.
- ✓ General Assembly meetings are held in accordance with laws, regulations and the Articles of Association.
- ✓ General Assembly meetings are open to public and it is regulated in the Articles of association.
- ✓ There are no regulations that make the use of voting right difficult and no cap is applied on the amount of votes.
- ✓ Donations and Aid policies of the company are prepared, presented for the approval of the General Assembly and disclosed to public.
- ✓ Dividend advance has been regulated in the Articles of Association.

- ✗ There is privilege in voting right.
- ✗ There is restriction in transfer of B and C group registered shares.

In this section, as stated CMB's Corporate Governance Principles, the Company was evaluated on **111** different criteria, under the headings of **Facilitating the Exercise of**

Shareholders' Rights, Right to Obtain Information and to Examine, General Assembly, Voting Rights, Minority Rights Shareholders, Dividend Rights and Transfer of Shares. The company's grade for this section is **95.99**.

a. Facilitating the Exercise of Shareholders' Rights

Relations with Investors and Shareholders are carried out by the Investor Relations Department of TURCAS, coordinated at the level of CFO. Duties and responsibilities of this department are regulated by internal regulations within the framework specified by the Corporate Governance Communiqué of Capital Markets Board, published on Official Gazette on 03.01.2014. According to this, main duties of Investor Relations Department are:

- To ensure and monitor that all responsibilities originating from capital market regulations, including corporate management and public disclosures, are met,
- To keep healthy, reliable and updated records of correspondence between investors and company and of other information and documents,
- To answer written information requests of shareholders on the company,

- To prepare the documents for general assembly meeting to be presented to the examination of shareholders and to take necessary measures to ensure that the meeting takes place in accordance with relevant legal regulations, Articles of Association and other internal regulations.

Activities of Investor Relations Department are carried out by Arif ŞAHİN (Deputy Manager for Corporate Finance) and Mert GÖKNAR (Finance and Investor Relations Department Manager) under the coordination and supervision of Finance Director / CFO Erkan İlhantekin. Mr. İlhantekin has licenses for Capital Markets Operations Level 3 and Corporate Governance Rating and he has been a member of Corporate Governance Committee since 04.06.2012 in compliance with Capital Markets Board's Communiqué II-17.1. Mr. GÖKNAR has also license of Capital Markets Operations Level 3.

It has been found that the employees working in the Investor Relations Department have adequate qualifications in terms of knowledge and experience required for the task and that they play an effective part in protection and facilitation of shareholders' rights, starting with the right to obtain and review information.

Activities of Investor Relations Department are regularly reported to the Board of Directors and Corporate Governance Committee. The Department presents its detailed analysis of share performance and liquidity once a week and its comprehensive reports on activities and Company's corporate governance policies once in three months to the Board of Directors. It reported to the Board 4 (four) times in 2021, in March, June, September and December.

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

In this subsection the Company is in full compliance with the principles.

b. Right to Obtain Information and to Examine

The information required for proper exercise of shareholders' rights are presented to the shareholders and the company's website (www.turcas.com.tr) is used efficiently to this end.

Disclosures are made within the framework of "Disclosure Policy", which has been approved by the Board of Directors. The Policy is published on Company's corporate website and shareholders' right to obtain information is explained in detail within the scope of this policy.

It has been learned that all written applications made by the shareholders through phone and / or other means of communication are met, required information is given and the questions were answered by phone, e – mail or face to face meetings.

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

There are no regulations or policies that make the exercising of shareholders' right to demand appointment of a special auditor from the General Assembly. However, there are no provisions or regulations in the Articles of Association or inner procedures on this issue.

c. General Assembly

Due to the practices at the process of meeting, TURCAS has achieved very good compliance with the principles in this subsection.

It has been found that General Assembly announcement is made at least three weeks before the meeting and communicated by all means of communication in order to reach as much shareholders as possible. With the announcement of meeting, all documents, which should be ready for the examination of

shareholders according to the article 437 of the Turkish Commercial Code no 6102 and other statements and announcements that corporation should make in accordance with relevant regulations have also been disclosed to public through Company's corporate website and Public Disclosure Platform.

The ordinary general assembly meeting to discuss 2020 activities took place on 16.05.2021. Invitation for the meeting was made duly through Turkish Trade Registry Gazette dated 03.05.2021, No 10,321, Dünya newspaper dated 03.05.2021, Public Disclosure Platform Statement on 27.04.2021, Central Registry Office's e-assembly system (EGKS) and corporate website.

Special care was also given to express the items clearly in order not to cause different interpretations and to avoid using expressions like "other" or "various".

The company has prepared a briefing document, which contained detailed information on the process of General Assembly, voting, agenda items and other information, enabling shareholders to have opinions on the meeting. The document included additional explanations within the scope of CMB regulations, as well as agenda items and it is found very descriptive.

It has been learned that shareholders' written requests to add items on the agenda, sent while the agenda is being prepared are taken into consideration by the Board of Directors.

The meeting was held in a certain fashion to avoid inequalities among shareholders and enable them to participate with minimum costs and it convened in a suitable place.

The meetings are open to stakeholders and public, including media, without right to address and this practice is regulated by provisions in the Articles of Association.

The ordinary general assembly meeting to discuss activities of 2020 was attended by Banu Aksoy TARAKÇIOĞLU (Deputy

Chairperson of the Board of Directors) and Saffet Batu AKSOY (Board Member and CEO). Erdal AKSOY (Chairman of Board of Directors) and Mehmet Timuçin TECMEN (Board Member) attended online because of measures against pandemic. Erkan İLHANTEKİN (CFO-Investor Relations Director) and Eda YÜKSEL (Legal Director-CLO), as well as representatives of independent audit company have also attended to answer questions.

After interviews with officials and examination of general assembly meeting minutes it has been determined that agenda items have been separately voted during the meeting, votes were counted and results were disclosed to shareholders before the end of meeting.

It has also been determined that the chairman of the meeting has taken great care to ensure that all questions of shareholders that were not within the scope of commercial secret were directly answered during the meeting. The questions asked by the shareholders at the general assembly meeting and answers given to them are published on the corporate website.

In this subsection, the Company has achieved very good level compliance with the principles.

d. Voting Right

Neither the Articles of Association nor the internal procedures introduce any upper limit to the number of votes or create any difficulties in exercising voting right and opportunity to exercise in the easiest and most convenient manner and the voting right is provided for each shareholder.

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

Shareholders can also vote in electronic environment.

According to the 29th Article of the Articles of Association each share has one vote. This article also regulates voting method at general assembly meeting. The voting method for general assemblies is published on the corporate website and it has been learned that shareholders are also informed on the subject at the meetings.

The Company has no affiliated company that brings a dominant relationship.

However, the privilege of "B" and "C" group registered shareholders to nominate candidates Board of Directors and Audit Committee and the fact that some of general assembly decisions are made dependent on positive votes of "C" group shareholders are seen as areas that are not in compliance with principles of corporate governance.

e. Minority Rights

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

Article 15 of Articles of Association states: "The Board of Directors can hold a meeting on the demand of corporate investors who have at least 5 % share in the capital.

Article 27 of Articles of Association states: "If shareholders' - who represent at least 1 / 20 of Bank's capital - demand adding certain items on the agenda, by applying in writing to the Board of Directors 15 days before the announcement of General Assembly meeting, demand will be accepted." Although this wasn't extended to those shareholders with less than 5% share, these subjects are regulated with Articles of Association, in line with relevant laws and communiqués and it has been deemed positive in terms of compliance with Corporate Governance

Principles. However, there is no additional provision in the Articles of Association considering rights of shareholders with less than 1/20 share.

f. Dividend Right

Pursuant to the criteria laid down by CMB directives and by the Turkish Commercial Code, the Company has prepared its Dividend Policy and disclosed it to public in the electronic environment. The policy contains the minimum data enabling the investors to foresee the procedure and guidelines for distribution of profit to be generated by the company in future periods.

The company has disclosed its dividend policy to public as such: "In its dividend decision, Turcas Petrol A.Ş. Board of Directors takes the Articles of Association, relevant laws and regulations and market conditions into consideration. In profit distribution the Company takes the balance between investments that need to be done and their finance into consideration as well as Company's equity ratio, sustainable growth rate, market value and cash flows. Within this scope, the Company adopts the principle of distributing a ratio of profit that would meet the expectations of shareholders at the highest level, without having any negative effects on the market value of Company."

The Dividend Policy includes the information below that shareholders need, under the heading of "Other Rules":

- A consistent policy between the interests of shareholders and interests of the Company is adopted in the implementation of dividend policy.
- The payment date of dividend to shareholders is determined by the General Assembly upon proposal of Board of Directors. If dividend is to be paid in cash, care will be taken to make the payment until the end of 5th month at the latest. The Company will act in compliance with CMB's relevant regulations and communiqués in other distribution methods.

- The dividend for shares will be distributed to all shares by the end of period, without applying principle of per diem deduction and without taking these shares' issue and acquisition dates into consideration.

- Profit distribution may not take place if the "net distributable period profit" is less than 5 % of issued capital.

- If there is no distribution of profit, the Board of Directors will give information to shareholders at the General Assembly on the reason of this decision and where is the non – distributed profit going to be used.

There is no privilege in participating Company's profit.

Dividend advance has been regulated in the 41st Article of Articles of Association and it is seen as a positive practice. However, no dividend advance has been paid so far.

2020 activities resulted in a net period loss of TRY -124,004,098 (according to CMB) and TRY -119,264,97.86 (according to legal records). At the general assembly meeting on 26.05.2021, shareholders were informed that there would be no profit distribution because of the losses.

Board's dividend decision and dividend distribution statement were published on Public Disclosure Platform on the same day with general assembly invitation.

In this subsection, TURCAS has achieved high level compliance with the principles.

g. Transfer of Shares

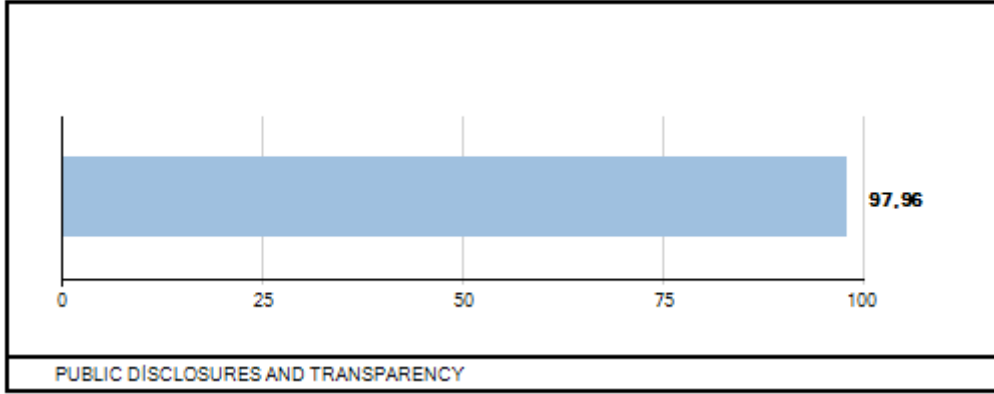
7th Article of Articles of Association says:

"Company stocks are monitored within the framework of MKK's dematerialization principles. On the subject of public offering of shares through Borsa Istanbul A.Ş.; transfer of registered "A" Group shares that have been taken or to be taken into Stock Exchange quotation should be registered to stock register. In order for transfer of B and C Group

registered stocks to be valid, approval of Board of Directors is necessary."

As the above quotation shows; there is no restriction in the transfer of A Group stocks. However, transfer of B and C Group stocks is made subject to the approval of Board of Directors and the conditions under which the Board can refuse to approve transfer are described in the same article.

B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ Public disclosure activities are conducted within the scope of prepared disclosure policies.
- ✓ Corporate website comprises information / documents required by the principles and it is continuously updated.
- ✓ The information and documents on the website cover last 5 years.
- ✓ Information on the website is also prepared in English.
- ✓ In addition to Turkish, financial statements are simultaneously published on Public Disclosure Platform in English as well as Turkish.
- ✓ Real people ultimate controlling shareholders table is put online.
- ✓ The content of the annual report is in compliance with the principles and other legal regulations.

As for this section, the Company has been assessed by **92** different criteria under the headings of Corporate Website and Annual Report as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **97.96**.

TURCAS fulfills its public disclosures through its corporate website, in accordance with its "Public Disclosures Policy", disclosed on Public Disclosure Platform.

Finance Director (CFO) Erkan İLHANTEKİN and Accounting Manager Engin ÇAYLAN are responsible and authorized for signing public disclosure statements of the Company. These officials are charged with monitoring and watching all subjects related to public disclosure.

Independent audit of the Company for 2020 has been conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). There have been no cases in the report where the independent auditor avoided expressing opinions, expressed conditional opinions or avoided signing. Company officials told us that there have been no legal conflicts or developments between the Company and independent auditor and its representatives that could harm the independence.

Independent audit company and its auditors did not provide any consultancy services (free or with fee) during the period when they provide independent audit services to the Company.

Any other consultancy company – on which the independent audit company has a dominant relationship - and its employees have not provided consultancy services for the Company in the same period.

On the suggestion of Audit Committee and by the approval of general assembly, it has been decided that audit for 2021 would be carried out by the same company.

a. Corporate Website

Information to be disclosed for public is on Company's corporate website at the address of (www.turcas.com.tr) for public use. These documents are correct, full, comprehensible, interpretable and helpful for people and corporations to make decisions. They are also easy to access with low cost. The corporate website serves as an active and effective platform for public disclosure and its content is updated continuously. The information on the corporate website is consistent with announcements made pursuant to the relevant regulation and doesn't contain conflicting and missing information.

The corporate website contains commercial registry details, the shareholding and management structure as of the latest situation, detailed information about privileged shares, dates and numbers of commercial registry newspapers where changes were published and final text of the company's Articles of Association, special case statements, financial reports, annual reports, explanations and other means of public disclosure, agendas of the general assemblies, lists of attendees, proceedings of the assemblies, the specimen Proxy, share purchase offer, Company policy on buying back its own shares, dividend policy, disclosure policy, remuneration and compensation policies, ethical rules developed by the Company and information requests, questions and notifications and answers given under frequently-asked questions title in addition to the coverage of mandatory disclosure pursuant to the legislation. These documents and information cover last 5 years. Shareholding structure is disclosed to the public on the corporate website, after eliminating indirect and mutual participation relationships, including names, share amounts, ratios and privileges of real person shareholders with more than 5 % of shares. The information on

the website is also published in English for the use of international investors and partners.

Although it is not obligatory for the Company as it is on the list of BIST 3rd Group Companies, Turcas continues to make material event disclosures and declare financial statements, which should be disclosed to public in accordance with capital market regulations, at Public Disclosure Platform simultaneously in Turkish and English. Information in English is a summary that is true to help people to decide, complete, comprehensible, sufficient and consistent with the Turkish version.

The Company has achieved very good level compliance with corporate governance principles.

b. Annual Report

TURCAS Board of Directors prepares the annual report in such a detail that it gives public access to sufficient information about company's activities.

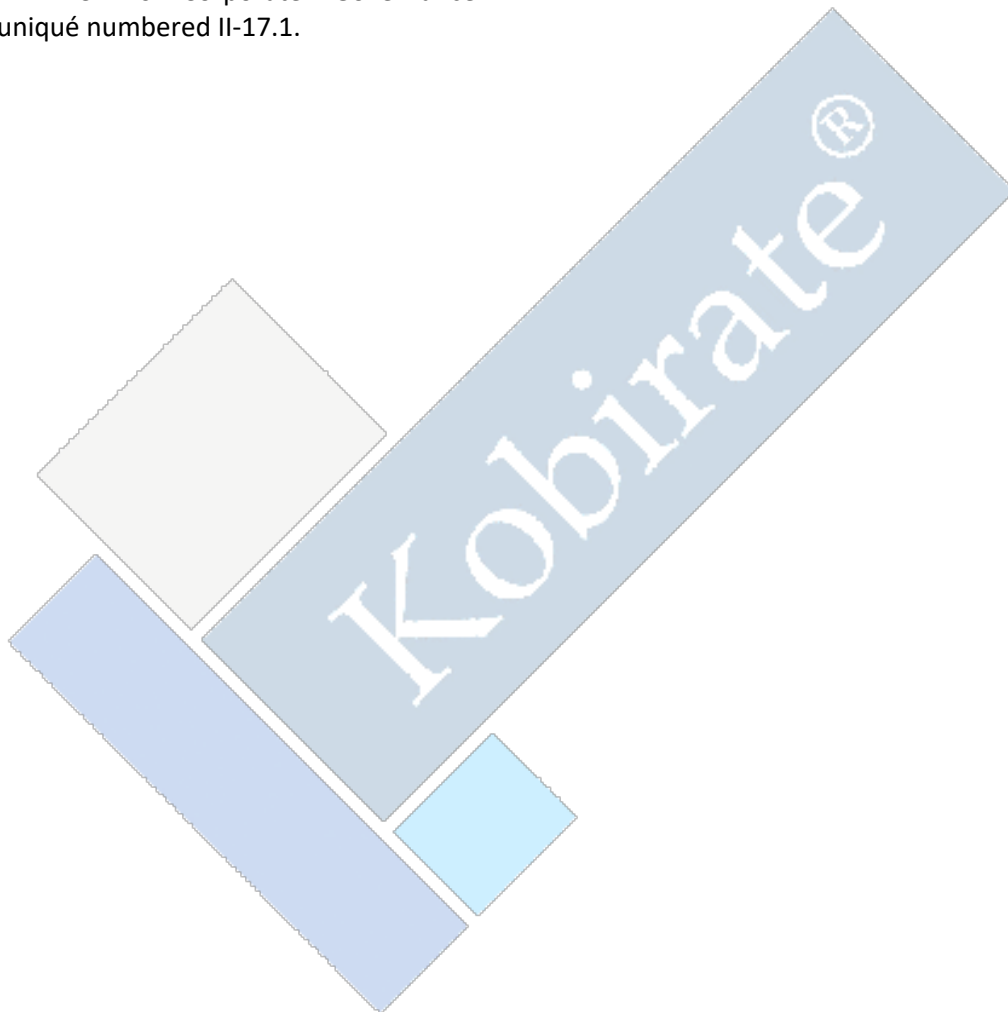
In addition to subjects underlined by relevant regulations and other parts of Corporate Governance Principles, the content of annual reports comprises:

- a) Information on jobs that Board members and managers hold outside the Company,
- b) Information on members of Board committees and their meeting frequency,
- c) Number of annual Board meetings and Board members' attendance performance to these meetings,
- ç) Regulatory changes that may have a significant impact on Company activities,
- d) Information on important lawsuits against the Company and their possible outcomes,
- e) Information on conflicts of interests between the Company and other companies that provide services like investment consultancy and rating and the precautions taken to prevent these conflicts of interests,
- f) Information on affiliated companies where Company's capital share is over 5%,

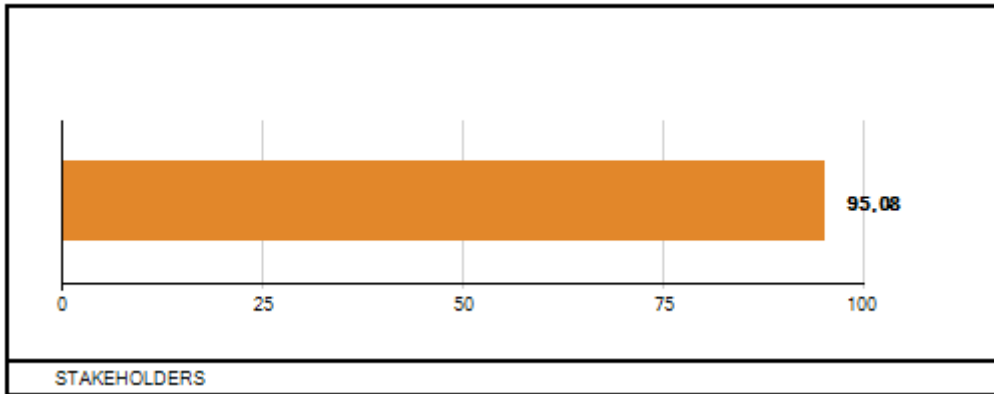
g) Information on social benefits and professional training of employees, social responsibility projects and other Company projects that have an impact on society and environment.

Annual reports of last 5 years are disclosed to shareholders and the public in the electronic environment.

The policies of the Company in this subsection are in very good compliance with the principles stated in CMB's Corporate Governance Communiqué numbered II-17.1.



C. STAKEHOLDERS



Overview

- ✓ Ethical Principles and Rules are published in the electronic environment.
- ✓ There are no regulations that make it difficult for stakeholders to exercise their rights.
- ✓ Employees are provided with a safe and pleasant working environment.
- ✓ There are no complaints by employees about discrimination or being unable to use their rights.
- ✓ There is a comprehensive human resources policy.
- ✓ There are inner regulations about recruiting, promotions, rewarding and disciplinary actions and practices are compatible with these regulations.
- ✓ Care is given to confidentiality of information about stakeholders on trade secret basis.
- ✓ Corporate social responsibility policies have been prepared and disclosed to public.
- ✓ Sustainability approach has been prepared and disclosed to public.
- ✓/*Through internal regulations, models and mechanisms have been developed to support employee's participation to Company management, but there is no

provision in the Articles of Association on this subject.

As for this section, the Company has been assessed by **104** different criteria under the headings of **Corporate Policy on Stakeholders, Supporting Stakeholders' Participation in Company Management, Human Resources Policy of the Company, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility and Sustainability** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **95.08**.

a. Corporate Policy on Stakeholders

The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations. It is determined that TURCAS has put stakeholders' rights regulated by provisions and contracts under protection in its transactions and operations.

It has been concluded that the company respects the stakeholders' rights, specified in regulations and mutual contracts. The impression is that in their case of lack of any

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

It is thought that an efficient and fast compensation is provided in case of a violation against stakeholders' rights, which are protected by the regulations and contracts. The Company also makes the use of mechanisms like compensation, which are provided with the relevant regulations, easy. On the other hand, Compensation Policy towards employees has been prepared in compliance with relevant legal regulations and disclosed to public via corporate website.

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

There is a complaint mechanism on the corporate website accessible to all stakeholders. Necessary mechanisms have been set up for the employees to convey transactions, which are contrary to regulations and unethical actions to Corporate Governance Committee or Audit Committee. "Employee Denunciation Policy" has been prepared and put into implementation as of 20.09.2021. Ethics Board is responsible from implementation of this policy. Ethics Board comprises 2 (two) independent members of Board of Directors and Company's legal director.

In this subsection the Company has achieved significant compliance with the Corporate Governance Principles.

b. Supporting Stakeholders' Participation in Company Management

TURCAS believes that strengthening communication with employees, learning their expectations and acting in collaboration with them, creates a much more productive business environment.

Two (2) meetings are held annually with managers of all levels. Information about Company's periodic financial performance and targets for future are shared in these meetings.

"Strategy Sharing Meeting" was first held in 2015 to ensure employees' participation to management. This meeting takes place every year. "Strategic Targets Progress Meeting" has also started in 2015. Progress made to achieve targets are discussed, opinions and suggestions exchanged at this meeting between directors, managers and team leaders.

"Internal Communication Committee" was established within the Company in 2014 to increase employees' communication and motivation levels, to strengthen teamwork and to carry out activities that will increase productivity in work processes. In order to convey employees' expectations, An "Employee Representative", elected democratically by the employees is a member of Internal Communication Group, which has also been active since 2014. The Group comprises employees with experience, knowledge and skills that will add added value to preparation and execution of projects.

Starting with the belief that it is important to know employees' needs, expectations and ways to increase their motivations, "Employee Loyalty and Satisfaction Survey" is conducted to strengthen corporate structure and to get sustainable achievement. It is aimed to increase employees' work satisfaction, their level of corporate loyalty and motivation in accordance with the data from the survey, as well as preparation and implementation of improvement plans.

"Internal Customer Satisfaction Poll" is important in terms of measuring joint work efficiency of related departments and identifying problems in interdepartmental coordination and improvement needs within the processes. Basic goal is to create high level of internal customer satisfaction and increase productivity by ensuring smooth running of

internal processes and managing interdepartmental relations.

There is no provision in the Articles of Association for participation of employees and stakeholders in Company management. However, there are comprehensive internal regulations for aforementioned policies. These policies have been active for a long time and they enable employees and stakeholders to participate in Company management to a great extent.

c. Human Resources Policy of the Company

The Company has a rather detailed and modern HR policy. Making, implementing and developing HR policies is undertaken by Human Resources Department. The processes of HR policies include written procedures, based on objective criteria, while giving priority to productivity, to training and developing careers of recruited employees, protecting rights of both the employees and the Company.

Internal procedures on recruitment, working conditions, disciplinary practices, power and responsibilities of employees, remuneration, health rights, leave rights, promotion, task alteration and dismissal, death, resignation, retirement are very comprehensive and our impression is that the company sticks to these policies in practice. It has been seen that the Company acted in accordance with the principle of providing equal opportunities for individuals with equal status, both in determining these policies and planning careers.

Performance and reward criteria have been disclosed to employees by the Company. It has also been mentioned that the results of performance assessment directly affect total earnings of employees and they are taken into consideration for appointments, promotions and development plans.

It is our impression that the Company respects human rights and under no circumstances

discriminates in terms of gender, age, religion, race, ethnicity, etc. and takes great care to treat the employees and stakeholders equally at every stage of its work processes. It has been declared that no complaints of malpractices from employees have reached to the management so far.

Upon examination of documents and work conducted at the office, it has been seen that training policies for employees were prepared and training programs in line with these policies have been developed.

As of 31.12.2021, Turcas employed 45 (26 men, 19 women) people.

According to the information received during our talks with Company managers and employees, there is no restriction for employees to join association activities, on the condition of getting permission first.

The employees are not involved any union organization.

Employee stock-options schemes are not developed.

TURCAS has achieved good level compliance Corporate Governance Principles in this subsection.

d. Relations with Customers and Suppliers

The Company does not have any clients, as it has transferred production and sales activities to other Group companies.

Transactions with suppliers take place by signing separate contracts with each supplier. The Company discloses its relationship with the suppliers through means of public disclosures.

As a result of studies conducted on documents chosen through sampling methods, it has been understood that collaboration with suppliers of goods and services is conducted in compliance with internal procedures on this subject.

Information about suppliers is kept confidential within the scope of trade secret security and it is understood that the employees are sufficiently informed and careful on the issue of trade secrets.

e. Ethical Rules and Social Responsibility

Ethical Rules required to be complied by all employees are laid down, approved by the Board of Directors and published on the company website. On close examination it is seen that the ethical rules are very comprehensive and compliant with the principles. The sanctions to be taken against employees who violate ethical principles are written on work contracts and staff regulations and they exist within the ethical principles. Each employee also gives a written statement and commitment at the end of the year by filling a form called "Personal Compliance with Business Ethics Policy and Regulations".

TURCAS has determined its Corporate Social Policies and disclosed to public. It also disclosed Shell & Turcas Petrol A.Ş. and RWE & Turcas Güney Elektrik Üretim A.Ş.'s - its direct subsidiaries - corporate social responsibilities to public.

With its practices in this subsection, the Company has achieved rather good compliance with Corporate Governance Principles.

f. Sustainability

The Company describes its sustainability approach under the headings of;

- Environmental Policy
- Quality Policy
- Occupational Health and Safety (İGS) Policy
- Risk Management
- Corporate Governance
- Corporate Social Responsibility

It adopts a responsible, ethical and transparent management approach within the framework of principle of "sustainable growth

focused on people and environment". Within this scope, the Company has disclosed to public its commitments on certain issues.

1. Environmental Policy

Turcas Petrol A.Ş. and its subsidiaries stated commitment to compliance with all the legal requirements within the framework of environmental regulations, standards and policies and it promises an approach based on efficient and continuous improvement of its performance in this area.

The Company promises to;

- Comply with all environmental laws, rules, regulations and guidelines it is subject to,
- Prioritize recycling, endeavor to minimize the pollution that may arise from its activities and prevent them at their source,
- Continuously improve its performance towards environmental protection within the framework of the sustainability principle,
- Reduce its natural resource consumption by ensuring efficient use of energy, water and recycled materials,
- Continue environmental awareness initiatives to make sure that its employees and sub-contractors act in an environmentally sensitive manner,
- Manage its wastes and recycle them in an environmentally friendly way.

2. Quality Policy

In line with its vision and mission, Turcas Petrol A.Ş. and its Subsidiaries adopt a Corporate Quality Culture that is based on the Total Quality Management Philosophy and process approach and aim to reach Business Excellence.

In order to implement its Quality Management System completely with full participation while

achieving business excellence, the Company commits itself to;

- Improve and develop all its processes by reviewing them on a continuous basis,
- Do its utmost to achieve company's goals by increasing efficiency, performance and profitability,
- Act in line with the principle of continuous improvement in all its activities with a focus on Sustainability and Total Quality and fulfill its legal obligations
- Ensure effective communication with all stakeholders,
- Encourage all its employees to work towards risk prevention and creating opportunities and make maximum efforts to develop quality awareness through training and implementation.

3. Occupational Health and Safety (IGS) Policy

It is stated that Turcas Petrol A.Ş. and its Subsidiaries work without compromising measures and practices regarding Occupational Health and Safety and manage the practices as the most critical processes of its business.

In line with the “Human-centered sustainable growth principle” which is the basis of its business strategy, the Company commits to;

- Conduct an effective risk assessment in order to minimize potential work accident risks by identifying the dangers of unsafe situations and behaviors,
- Take the necessary measures to eliminate the risks of occupational accidents and occupational diseases, to maintain a safe working environment and to achieve “Zero Serious Injury Accident” target,
- In order to ensure continuous development, Turcas commits to investigate and report the root causes of any health and safety risks,

communicate and consult with its employees, provide resources, and monitor performance improvement through inspections and audits,

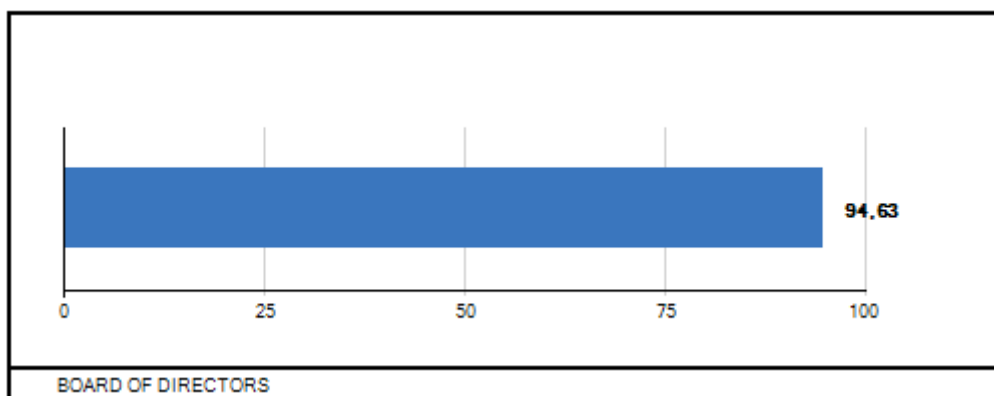
- Implement practices and contribute to its employees, subcontractors, suppliers, visitors, etc. development in order to act in compliance with the procedures, communiqués and instructions regarding legal regulations regarding Occupational Health and Safety,
- Improve its Occupational Health and Safety Management System based on the principle of continuous improvement by consulting its employees.

In line with Sustainability principles – Human Rights and Employee Rights Principle, “Turcas Ethical Rules and Compliance with Regulations Policy” has been prepared, but no decision has been yet taken by the Board of Directors and these principles haven’t yet been published on its corporate website.

in accordance with the “Communiqué on Change in Corporate Governance Communiqué (II-17,1)” (II-17,1. a), published in the Official Gazette dated 02.10.2020, No 31262, Turcas has published its framework for compliance with sustainability principles in the 2020 Annual Report.

The Company doesn’t have a detailed sustainability report within the scope of sustainability principles.

D. BOARD OF DIRECTORS



Overview

- ✓ Company's strategic targets, human and financial sources it requires are determined by the Board of Directors.
 - ✓ The number of Board Members is adequate for them to work productively and constructively.
 - ✓ Majority of Board Members are non-executives.
 - ✓ Two of the non-executive Board Members are independent members.
 - ✓ There two women Board Members.
 - ✓ Every Board Member has one vote.
 - ✓ Corporate Governance, Audit and Early Detection of Risk Committees have been working efficiently.
 - ✓ Performance of Board Members are assessed regularly.
 - ✓ Possible damages to the company due to defects of Board of Directors Members while performing their duties are insured and disclosed at Public Disclosure Platform.
- ✗ The member, who is sent to the Board of Directors by "C" Group shareholders, has veto /confirmation power over some important subjects.

In this section, the Company has been assessed by 139 different criteria under the headings of Function of the Board of Directors, Principles of Activity of the Board of Directors,

Structure of the Board of Directors, Procedure of Board of Directors Meetings, Committees formed within the Structure of the Board of Directors and Financial Rights Provided for the Members of the Board of Directors and Executives as laid down by the Capital Market Board's Corporate Governance Principles, for which the Bank has gained the grade of **94.63**.

a. Function of the Board of Directors

By the strategic decisions it takes, the Board manages and represents the company by 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 human and financial resources that are required.

The Board of Directors of TURCAS monitors company activities to be compatible with regulations, Articles of Association, internal procedures and established policies and audits management performance.

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

The Company has achieved high level compliance with Corporate Governance Principles in this subsection.

b. Principles of Activity of the Board of Directors

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

The distribution of responsibilities among Board members, duties and powers of members are disclosed in the annual report.

The Board of Directors has developed internal control systems including risk management and IT systems to minimize effects of risk and processes on stakeholders, starting with shareholders. Monitoring and supervision of the system and reporting outputs to the Audit Committee is carried out by an international consultancy firm. Audit Committee reports important subjects to the Board in accordance with internal audit report prepared by the consultancy firm.

Board of Directors has determined Company's strategic targets. Chairman of Board of Directors and General Manager are different persons. Differentiation between powers of Chairman of Board and CEO / General Manager is clearly described in the Articles of Association. Duties of the Chairman of Board, Board Members and General Manager are also described in detail in the Guidelines that set the principles of activity of the Board of Directors. These job descriptions are in line with the principles to a great extent.

Our impression is that the Board of Directors plays a leading role in the maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders. To this end, the Board of Directors is in close cooperation with the Corporate Governance Committee and Investor Relations Department. It has also been observed that the Board of Directors is in continuous and effective cooperation with managers while

performing its duties and responsibilities and it is learned that managers attend Board of Directors meetings whenever necessary. It is aimed to provide uninterrupted and healthy flow of information between Board of Directors and professionals in strategic decision-making process by having both Board Members and Top Managers in the Executive Committee.

Possible damages to the company due to defects of Board of Directors Members while performing their duties are insured for an amount not exceeding 25 % of company's capital. It was announced in Public Disclosure Platform on 03.09.2021.

TURCAS policies in this subsection are in compliance with the Corporate Governance Principles to significant extent.

c. Structure of the Board of Directors

Company's Board of Directors comprises seven (7) individuals; one Chairman and six (6) members. Thus, the minimum requirement of the Corporate Governance Principles is met and the number of Board Members is found sufficient to serve effectively and constructively and to form and arrange organization of committees.

The Board of Directors has four (4) non – executive members and thus its structure is in compliance with Corporate Governance Principles. Two (2) of the non – executive Directors of the Board are independent. Independent Directors have presented their written representations that they are independent under the legislation, the Articles of Association and the criteria laid down by the Principles of Corporate Governance. The Nomination Committee has presented proposed candidates for independent memberships and its assessment on whether the candidates had required criteria for independence, for the approval of Board of Directors. The Company disclosed the final list of candidates for independent memberships to public, simultaneously with the announcement of general assembly meeting.

Articles of Association restricts the mandate of Board Members with maximum 3 years and allows re – election at the end of this period.

There are two (2) women in the Board of Directors, which is in compliance with CMB’s recommendation having 25% women members on the Board. “Turcas Petrol A.Ş. Board of Directors Woman Member Policy”, approved by Board decision dated 24.09.2020, No 2020/14 is still valid.

In this subsection TURCAS has achieved rather good level of compliance with the Corporate Governance Principles.

d. Procedure of Board of Directors Meetings

Number of Board meetings, as well as required majority to convene and to take decisions are written in the Articles of Association.

Article 15 of Articles of Association says: “It is necessary to make the invitation at least 7 days before the meeting for ordinary meetings and the agenda as well as documents related to the agenda should be attached to the invitation.” Thus, it enabled equal flow of information by allowing examination of documents about agenda topics by Board Members in sufficient time before the meeting. On the other hand, Procedure of Board of Directors meetings is made written in company through internal regulations and it has seen that this procedure is in compliance with regulations, Articles of Association and Corporate Governance Principles and that practices are also in compliance with regulations.

Article 15 of the Articles of Association says: “The Board of Directors can convene on the demand of institutional investors whose share of capital is 5 % or more. The demand is made to Chairperson of the Board of Directors. If the Board of Directors takes the demand and decides that an urgent meeting is not required, then the demand is discussed at the first meeting of Board of Directors.” The fact

that the right of institutional investors who are minority shareholders to demand meeting is regulated in the Articles of Association is positive in terms of compliance with Corporate Governance Principles.

In order to ensure that Board Members do not hamper their duties within the Company an arrangement has been made in the Working Principles of Board of Directors. It says: “*The Board Member allocates sufficient time for company affairs. If the Board Member is a manager or board member in another company or if the member provides consultancy for another company it is essential that the situation doesn’t lead to a conflict of interest and doesn’t disrupt Board Member’s duties in the Company.*”

Every member has one vote in the Board of Directors. However, Article 15 of the Articles of Association says: “*Only for important decisions listed below (important decisions are described in 12 items), at least one positive vote should be cast by a Board Member who is nominated by C group shareholders.*” Nominees of C group shareholders are given the right to veto or affirm.

In this subsection Turcas has achieved a good level of compliance with Corporate Governance Principles.

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

In order for the Board of Directors fulfill its duties and responsibilities soundly; Audit Committee, Corporate Governance Committee and Early Detection of Risk Committees are formed. A Separate Nomination Committee and Remuneration Committee haven’t been established because of the Board of Directors’ structure. Duties of these committees are carried out by the Corporate Governance Committee.

Mandates, working rules and membership composition for all three committees have been determined, approved by the Board of Directors in written documents. The members

of these committees have been disclosed at the Public Disclosure Platform.

All members of the Audit Committee and minimum the Chairman of other committees are appointed from independent members. The General Manager has no assignment in any committee.

The Audit Committee comprises two (2) independent members. All members of the Committee are board members. The Committee held four (4) meetings in 2021 and reported meeting results to the Board.

The Corporate Governance Committee comprises five (5) members. Three (3) of them are non – executive board members and the Chairman is an independent board member. Investor Relations Department Director is appointed as a member of Corporate Governance Committee since 04.06.2012 in accordance with CMB Corporate Governance Communiqué number II.17-1. The Committee held four (4) meetings in 2021 and reported meeting results to the Board.

Early Detection of Risk Committee has been established within the Board of Directors to monitor possible risks and develop necessary policies to implement risk management processes. It is regulated by internal provisions that it reviews the risk management system for minimum once a year. The Committee comprises five (5) members, including one (1) independent board member, one (1) executive board member and three (3) executive managers. Early Detection of Risk Committee held six (6) meetings in 2021 and reported meeting results to the Board.

All resources and support are provided by the Board of Directors to ensure that the committees perform their responsibilities.

Committees invite appropriate executives to meetings to benefit from their opinions and all discussions in committees are recorded in writing.

Apart from the committees that are listed in Corporate Governance Principles and required, “Executive Committee” has also been established with the participation of at least two (2) board members and top executives. The Committee currently comprises five (5) members. The goal of the Committee is described in the working principles as; “to turn innovation into corporate culture, to perceive needs within the Company and the Group, as well as sudden changes outside of the Company and to restructure the business development process and make it more efficient in order to make change a company policy.”

The Committee held eight (8) meetings in 2021.

The Company has achieved rather good compliance with CMB’s Corporate Governance Principles.

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

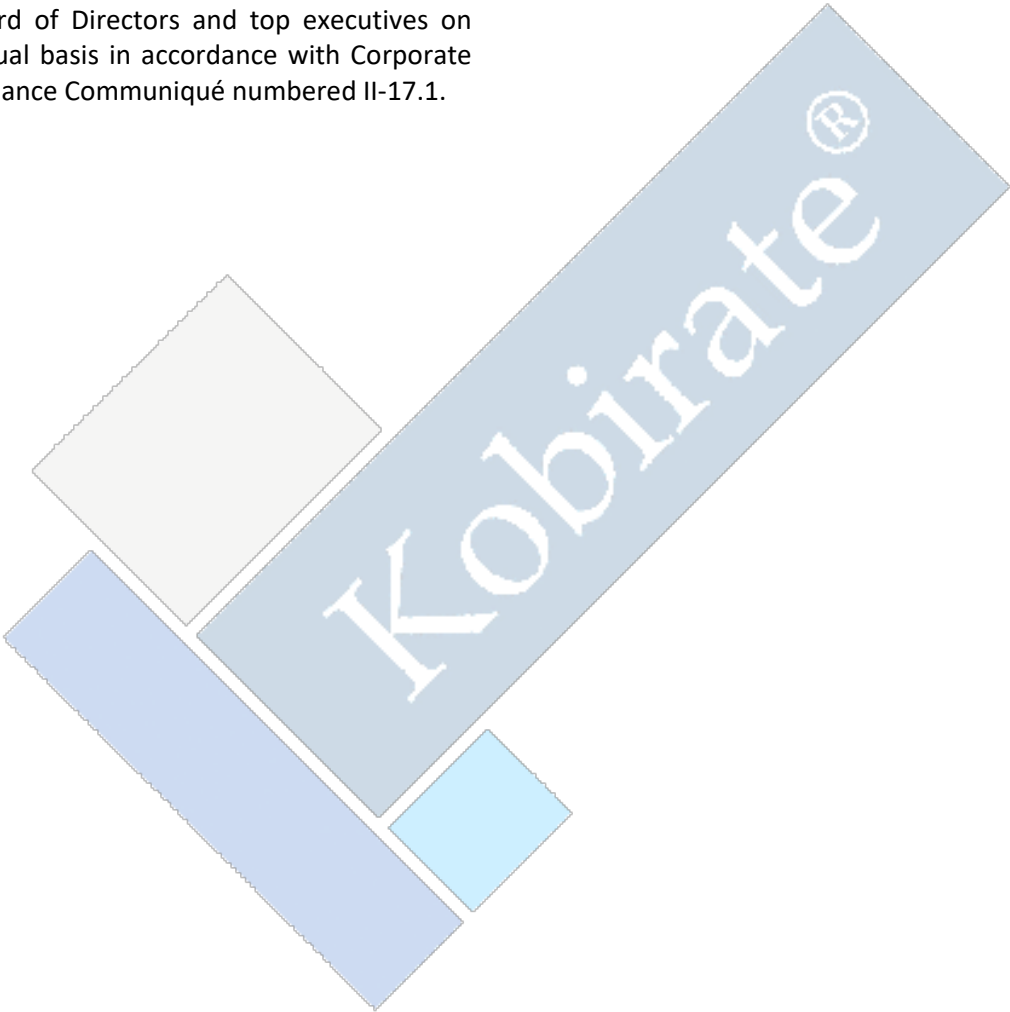
Guidelines on compensation of the Directors and top executives have been put on written documents and disclosed in electronic environment. Examination of meeting minutes and interviews with officials revealed that guidelines on compensation of the Directors and top executives were presented to the shareholders at the general assembly meeting on 24.05.2012 and they were given opportunity to express their opinions.

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

It has been found that the Company has not lent and extended loan to any Director or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favour of them.

Performance of Board and Board Members has been measured and self-criticism for members has been conducted since 2014. Performance measurement of previous period is done in January of next year and it is discussed by the Board at the first meeting in March.

Remuneration and other benefits that are provided for members of Board of Directors and top executives are explained in the annual report with distinction between Board of Directors and top executives. It would be appropriate to disclose remuneration and other benefits that are provided for members of Board of Directors and top executives on individual basis in accordance with Corporate Governance Communiqué numbered II-17.1.



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

GRADE	DEFINITION
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 recognised 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	DEFINITION
4-5,9	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.
< 4	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.

