



Corporate Governance Compliance Rating Report



Yünsa Yünlü Sanayi ve Ticaret A.Ş.

20 September 2024

Validity Period: 20.09.2024-20.09.2025

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Yünsa Yünlü Sanayi ve Ticaret A.Ş.

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on October 2 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated January 3 2014 and numbered 28871

The criteria, established for the companies whose shares are traded at BIST are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has been issued by considering the documents, information and data disclosed to the public by the company in 117 files electronically sent by the relevant company, Independent Audit Report dated 10.03.2022 regarding the independent audit report prepared on April 18 2024 based on company operations of 2022 by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the examinations and interviews conducted by our experts with the company officials.

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).

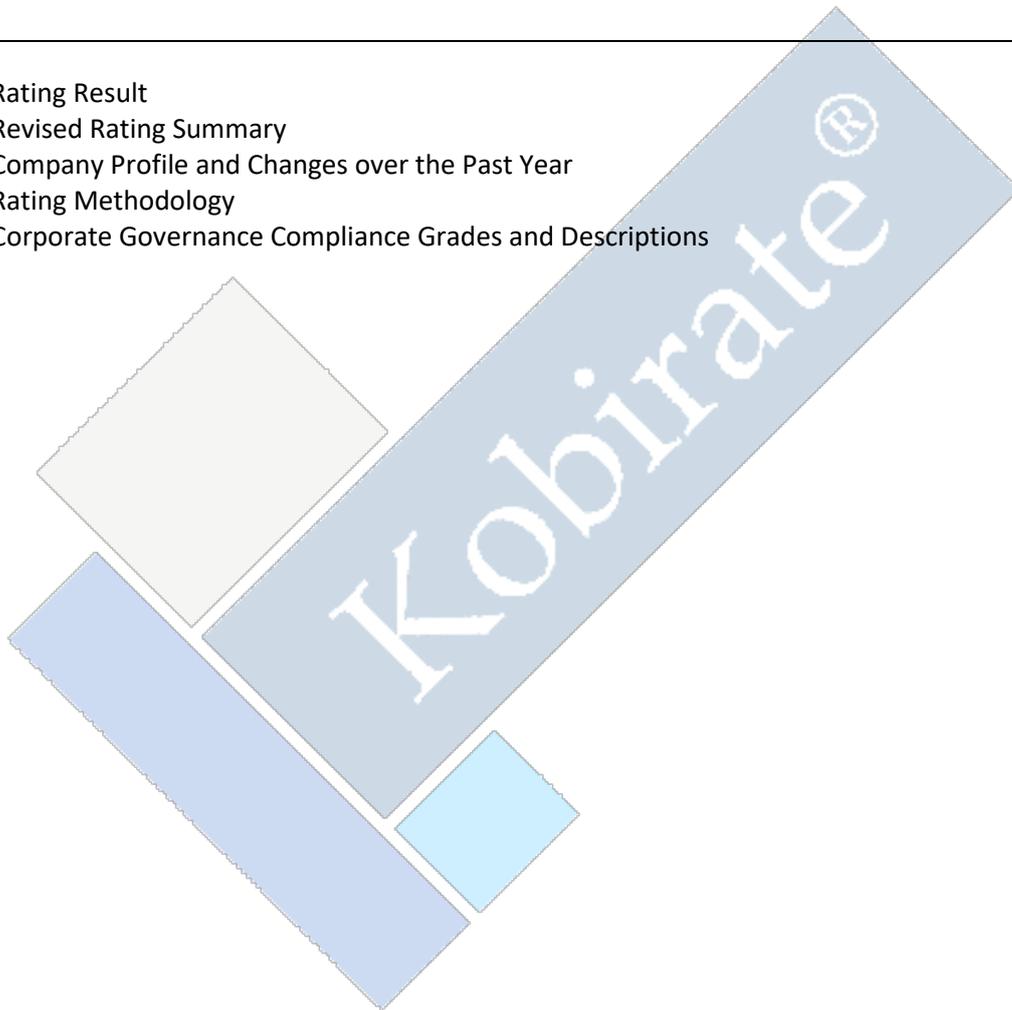
Although the rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed according to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. KOBİRATE 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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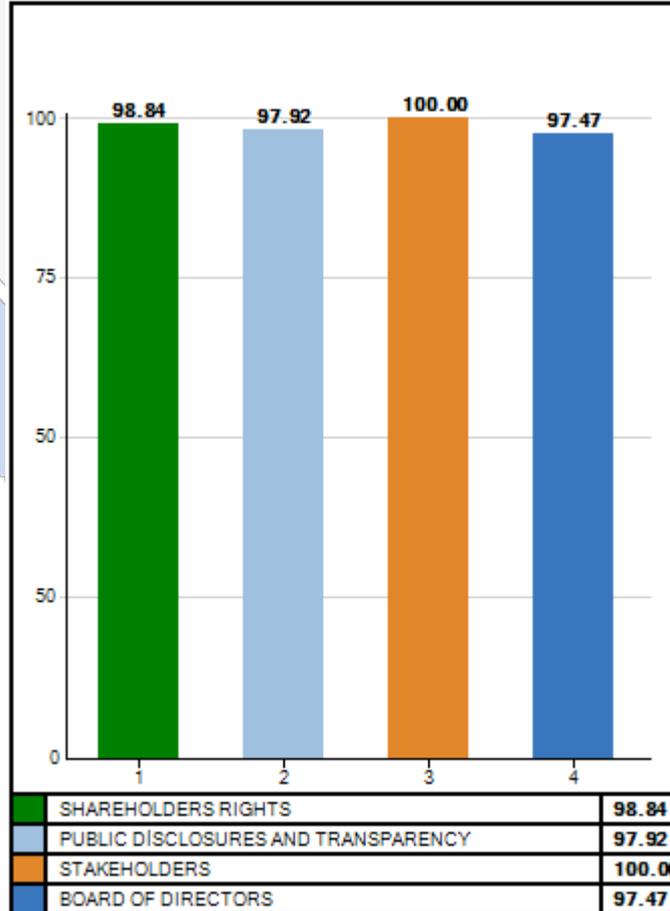
YUNSA YÜNLÜ SANAYİ VE TİCARET ANONİM ŞİRKETİ

1. RATING RESULT

BIST FIRST GROUP COMPANY

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

8.86





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Corporate Governance Rating Committee

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Serap ÇEMBERTAŞ

(License Number: 700342)

Nermin Z. UYAR

(License Number: 702999)

2. REVISED RATING SUMMARY

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

According to the decision of the Capital Markets Board dated 25.01.2024 and numbered 6/121, YÜNSA is in the Bist 1st Group Companies list. The Company has been evaluated through examination of 456 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 1st Group Companies". At the end of the examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of YÜNSA has been revised to **8.86**.

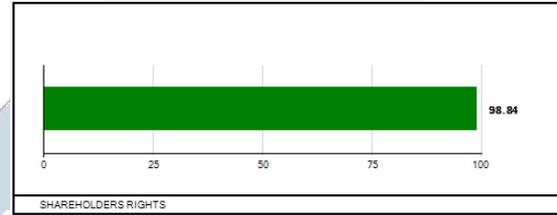
This result shows that the Company has achieved very high compliance with the Corporate Governance Principles issued by the Capital Market Board. Potential risks that the Company may be exposed to are identified and can be managed. The level of public disclosure and transparency is high. The rights of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

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

When the activities of YÜNSA for the last one year are examined, it is seen that it has been maintaining its compliance with Corporate Governance Principles.

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

▪ In the Shareholders section, the rating of YÜNSA has been revised to **89.60**.



The reason for the revision of the grade related to the Shareholders' Section is to provide information at the General Assembly about all donations and aids made during the period, as well as to successfully manage the General Assembly processes.

During the review period, it was observed that the company continues its activities in the field of informing the shareholders and exercising their fundamental shareholder rights with the same sensitivity and efficiency. It is understood that the harmonious cooperation of the Investor Relations Department with the Corporate Governance Committee is effective in the correct and effective exercise of the rights of the shareholders.

The Investor Relations Department operates under the Finance and Investor Relations Manager, Mr. Murat DOĞAN, within the Company's Financial Affairs Directorate. As of September 16, 2024, Ms. İnci TARI (Investor Relations Manager/Director of Investor Relations) is serving in the department. Ms.

İnci TARI has Capital Market Activities Level 3 and Corporate Governance Rating Specialist Licenses.

In accordance with the Capital Market Board's Corporate Governance Directive no II.17-1, İnci TARI's appointment as a member of the Corporate Governance Committee was made by the Board of Directors' decision on September 16, 2024, and was announced to the public on the same date through disclosure on the Public Disclosure Platform (PDP).

It has been determined that the Investor Relations Directorate reports and makes presentations to the Board of Directors at least once a year regarding its activities. A presentation regarding the 2023 activities was made to the Board of Directors on 19.04.2024.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company. The company carries out its disclosures to the shareholders and the public in accordance with the "Disclosure Policy." The said policy is published on the corporate website of the company.

The General Assembly meeting to discuss operations of 2023 took place on 24.05.2024. The invitation to the general assembly meeting was published on the Public Disclosure Platform (PDP) and the Central Registry Agency e-general assembly system (EGAS) on 22.04.2024 and in the Turkish Trade Registry Gazette (TTRG) dated 25.04.2024 and numbered 11069. The meeting invitation was made at least 3 (three) weeks before the meeting date as stipulated by the principles.

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

to the shareholders and the public in the corporate governance principles are also included.

Executives and auditors who are authorized to brief participants on special subjects on the agenda and answer their questions have attended the general assembly held on 24.05.2024. Attending top managers were Mr. Mustafa SÜRMEGÖZ (Chairman of the Board), Mr. Tamer SAKA* (Member of the Board of Directors), Mr. Adnan Taha SÜRMEGÖZ (Member of the Board of Directors), Mr. Cem Nuri TEZEL (Member of the Board of Directors), Mr. Ahmet Cevat ACAR (Independent Member of the Board of Directors), Mr. Ahmet YARIZ (Member of the Board of Directors), Mr. Semih UTKU (Finance Director) (resigned from his position on July 28, 2024), Mr. Engin SARIBÜYÜK (Operations Director), Mr. Hakan KONUŞKAN (Supply Chain Director), Mr. Murat DOĞAN (Finance and Investor Relations Manager), Ms. Asiye DEMİR (Accounting Manager), Ms. Mahmure CİVAN (Sales and Design Group Manager), and Mr. Gökhan YÜKSEL, representing PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Net distributable profit for the period 2023 was 572,091,045 TL according to the financial statements prepared in accordance with the TPL and 620,022,875 TL according to the consolidated financial statements prepared within the framework of the CMB legislation. The way the profit is used is explained in the "ii. Dividend Distribution" section of our report.

The profit distribution proposal of the board of directors and the profit distribution table were published on the Public Disclosure Platform on the same day as the invitation to the general assembly.

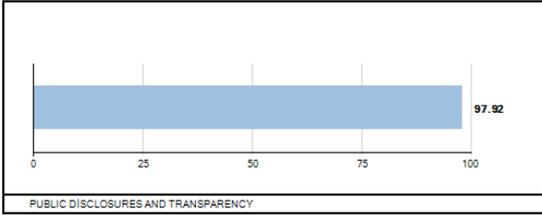
Holding General Assembly meetings open to the public, including stakeholders and the media, without the right to speak and adding a provision regarding this to the company's articles of association would enhance the

company's compliance with Corporate Governance Principles.

In the company, no adjustments were made to extend minority rights with Articles of Association and cover those shareholders who have less than 1 / 20 of the capital.

* Mr. Tamer SAKA was elected as Vice Chairman of the Board of Directors by the Board's decision no. 1260, dated May 29, 2024.

▪ In the Public Disclosure and Transparency section, the company's rating was revised to **93.14**.



The reason for the revision of the grade related to the section is the inclusion of statements regarding the independence of the board members in the company's annual report, information about legislative changes that could significantly impact the company's activities, and the initiation of material disclosures in English.

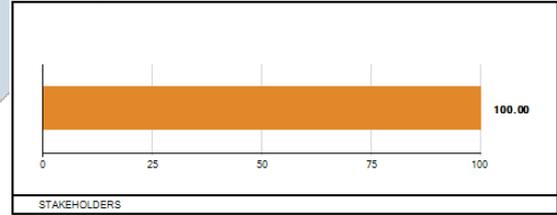
It has been determined that YÜNSA's works on public disclosure and transparency are in compliance with legal regulations and corporate governance principles. Annual reports are very rich in content and contain sufficient information about the activities.

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

website is designed as a convenient, easily accessible structure.

An Independent external audit for 2023 was carried out by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi. There are no cases where the independent audit avoided expressing opinion, expressed opinion with conditions or avoided signature in the reports. It has been learned from company officials that no event took place with the independent audit company or with its auditors that could damage this company's independence, and there was no legal conflict with it. In accordance with the Capital Markets legislation, the Turkish Commercial Code, and relevant regulations, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi has again been selected for the independent external audit of the company's accounts and transactions for the 2024 financial year, based on the recommendation of the Audit Committee and the approval of the General Assembly.

▪ In the Stakeholders section, the company's rating has been revised to **90.98**.



The reason for the revision of the grade under this heading is the establishment of the company's Employee Compensation Policy, its publication on the website, and the continuation of successful sustainability initiatives.

It is concluded that YÜNSA protects stakeholders' rights, which are specified in regulations and mutual contracts. The impression is that if there is a lack of regulation, the company respects stakeholders' rights within goodwill rules and the company's reputation. It has been

observed that many internal regulations were prepared to this end.

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

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

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

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

In terms of working life, Yünsa operates in accordance with the provisions of the International Labor Organization (ILO), to which Turkey is a party.

The company respects the fundamental rights of employees, including the right to organize, unionize, and engage in collective bargaining. With this understanding, Yünsa maintains constructive and mutually respectful relations with the union to which its employees are affiliated.

At YÜNSA, no discrimination is tolerated between employees or candidates based on language, race, color, gender, political opinion, belief, religion, sect, age, physical disability, or similar reasons. All employees are provided with equal opportunities in line with the Constitution and all relevant laws. An Ethics Committee Advisor is available for employees to consult and seek support

regarding any issues related to discrimination and harassment.

YÜNSA is committed to combating gender discrimination and strives to increase the participation of women in the workforce. In 2023, the proportion of female employees in the company was 35.1%.

As of August 29, 2024, YÜNSA employs a total of 859 people.

In 2023, the company provided its employees with a total of 43,515 hours of training, and in 2024, a total of 21,514 hours of training.

As part of its Corporate Social Responsibility project, the company provides scholarships to university students.

Sustainability;

The oversight authority and responsibility for sustainability matters at the Board of Directors level lies with the Early Detection of Risk Committee (EDRC). The EDRC, composed of Board members, reports to the Board every two months based on feedback from the General Manager. The Board, EDRC, and General Manager collectively manage the company's economic performance. In managing sustainability topics, the final decisions on goals, actions, and necessary investments are made by the General Manager with the approval of the Board.

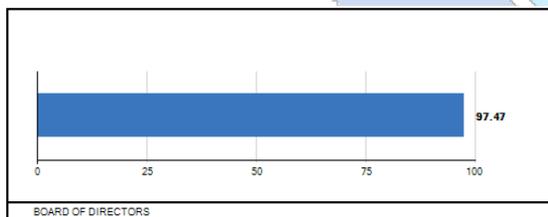
The Environmental, Health, and Safety Committee (EHSC), Energy Committee (EC), and Chemical Management Committee (CMC), which are responsible to the Operations Director, hold periodic meetings to evaluate performance results in their respective areas of responsibility. Risks and opportunities are regularly analyzed by these committees, and necessary actions are taken in high-risk and high-opportunity areas. Identified risks and opportunities, along with planned actions, are reported to the General Manager.

The EHSC prepares environmental risk assessments related to waste management and water consumption, including emissions, within the framework of the ISO 14001 Environmental Management System. The EC conducts energy audits and manages energy efficiency projects in line with the requirements of the ISO 50001 Energy Management System. The CMC is responsible for managing chemical risks within production processes in compliance with ZDHC (Zero Discharge of Hazardous Chemicals), Oeko-Tex Standard 100, and Ready to Manufacture (RTM) specifications. Additionally, it transparently discloses greenhouse gas emissions and water management within the Sustainable Apparel Coalition Higg Index Environmental Management Module (SAC Higg Index FEM), the ZDHC, and the Carbon Disclosure Project (CDP).

The company holds the following certifications: ISO 9001:2015, ISO 50001:2018 Energy Management System, ISO 45001:2018 Occupational Health and Safety Management System, ISO 14001:2015 Environmental Management System, ISO 27001:2017 Information Security Management System, ISO 10002:2018 Customer Satisfaction-Complaint Handling, ISO 14064-1:2018 Greenhouse Gas Verification, and ISO 14046 Verification Report.

Since 2016, the company has prepared and shared a Sustainability Report annually. The latest Sustainability Report is dated 2023.

- In the Board of Directors section, YÜNSA's score has been revised to **83.54**.



The reason for the revision of the grade related to this section is the implementation of the Board of Directors Diversity Policy, approved by the Board on November 24, 2023, which sets a target to have 25% female

members on the Board within five years. Additionally, the Board Function Policy, which also came into effect on the same date, formalized the procedures for how Board meetings will be conducted in this internal company regulation.

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

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

The Board of Directors, consisting of 6 (six) members, includes 1 (one) executive member and 5 (five) non-executive members. 2 (two) of the non-executive members have the status of independent member.

Although there are no female members on the Board currently, the aim is to increase the number of female members to at least 25% within five years. It would be appropriate for the Board to annually assess the progress made towards achieving these goals in order to strengthen compliance with corporate governance principles.

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

published on the corporate website of the company. All chairmen of all three committees are independent board members. Additionally, in accordance with Communiqué No. II-17.1, the Investor Relations Department Manager, Ms. İnci TARI, serves as a member of the Corporate Governance Committee. The company's general manager has not been appointed within the committee structures.

Independent members of the board of directors are elected to serve for 3 (three) years.

The Board of Directors convened 6 (six) times in 2023 and 3 (three) times as of May 2024.

The Audit Committee held 11 (eleven) meetings in 2023. As of the end of August 2024, it held 7 (seven) meetings.

The Corporate Governance Committee convened 7 (seven) times in 2023 and 5 (five) times as of the end of August 2024.

The Early Detection of Risk Committee held 6 (six) meetings in 2023 and 3 (three) meetings as of the end of August 2024. The Committee submitted reports to the Board of Directors on its work in the same number of meetings during the mentioned periods.

In the examinations made on the documents, it was observed that the meeting records of both the Board and the Committees were kept regularly.

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

Fees and benefits given to the board of directors and directors with administrative responsibilities are not disclosed on an individual basis.

The damages that may be caused to the company by the faults of the members of the board of directors during their duties were insured, but no PDP statement was made on the subject.

The Board of Directors does not yet have the practice of making performance evaluations on both a board and member basis and rewarding or dismissing the Members based on these evaluations.

3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

A. Company Profile:

1. COMPANY PROFILE



Company Name:	Yünsa Yünlü Sanayi ve Ticaret A.Ş.
Company Address	Ayazağa Mahallesi, Azerbaycan Caddesi, 1B Blok No: 3b İç Kapı No: 52 Sarıyer / İstanbul
Company Phone:	(0212) 3656500
Company Fax:	(0212) 2825067
Company's Web Address:	www.yunsa.com.tr
Date of Incorporation:	15.06.1973
Company Trade Registry Number:	İstanbul-122890-0
Paid-in Capital	480,000,000,-TL
Line of Business	Production and Marketing of Woolen Textile Products
Company's Sector	Textile

Company's Representatives in Charge of Rating:

Murat DOĞAN

Financing and Investor Relations Manager

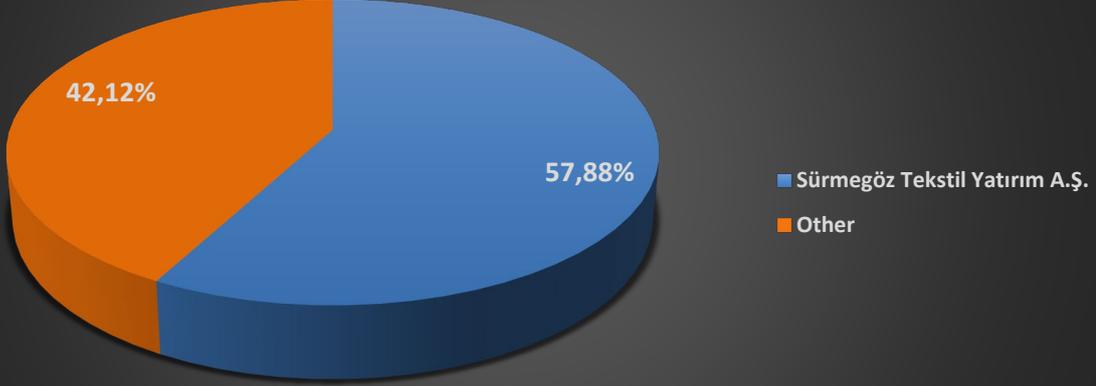
yatirimciliskileri@yunsa.com

(0212) 3656500

Company Shareholder Structure

(As of 10.08.2024)

Yünsa Yünlü San. Tic. A.Ş. Shareholder Structure



Source: www.kap.org.tr

Shareholder Name	Share (TL)	%
Sürmegöz Tekstil Yatırım A.Ş.	277,835,496.94	57.88
Other	202,164,503.06	42.12
Total	480,000,000.00	100.00

Source: www.kap.org.tr

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
Mustafa SÜRMEGÖZ	Chairman of the Board of Directors & General Manager	EXECUTIVE
Dr. Tamer SAKA	Deputy Chairman	NON - EXECUTIVE
Taha Adnan SÜRMEGÖZ	Member of Board of Directors	NON - EXECUTIVE
Cem Nuri TEZEL	Member of Board of Directors	NON - EXECUTIVE
Dr. Ahmet YARIZ	Member of the Board of Directors-Independent Member	NON - EXECUTIVE
Prof. Dr. Ahmet Cevat ACAR	Member of the Board of Directors-Independent Member	NON - EXECUTIVE

Senior Management of the Company

Name/ Surname	Title
Mustafa SÜRMEGÖZ	Chairman of the Board of Directors & General Manager
Engin SARIBÜYÜK	Director-Operations
İlker Bora YARGIÇ*	Director-Financial Affairs
Hakan KONUŞKAN	Director-Supply Chain

*Started the position on September 16, 2024.

COMMITTEES FORMED WITHIN BOARD OF DIRECTORS

AUDIT COMMITTEE

Member Name / Surname	Title
Prof. Dr. Ahmet Cevat ACAR	Chairman / Independent Member of Board of Directors
Dr. Ahmet YARIZ	Member / Independent Member of Board of Directors

CORPORATE GOVERNANCE COMMITTEE

Member Name / Surname	Title
Dr. Ahmet YARIZ	Chairman / Independent Member of Board of Directors
Dr. Tamer SAKA	Member / Member of Board of Directors
Taha Adnan SÜRMEGÖZ	Member / Member of Board of Directors
Cem Nuri TEZEL	Member / Member of Board of Directors
İnci TARI*	Member/ Investor Relations Manager

*Started the position on September 16, 2024.

EARLY DETECTION OF RISK COMMITTEE

Member Name / Surname	Title
Dr. Ahmet YARIZ	Chairman / Independent Member of Board of Directors
Dr. Tamer SAKA	Member / Member of Board of Directors
Taha Adnan SÜRMEGÖZ	Member / Member of Board of Directors
Cem Nuri TEZEL	Member / Member of Board of Directors

Investor Relations Unit

Name Surname	Title	Contact
İnci TARI*	Investor Relations Manager	0212 365 65 00 yatirimciiliskileri@yunsa.com

*Started the position on September 16, 2024.

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

	2022/12 (Thousand TL)	2023/12(Thousand TL)	Change %
Total Assets	1,837,180	3,540,799	92.73
Short-Term Liabilities	646,632	747,131	15.54
Long-Term Liabilities	293,971	253,580	-13.74
Paid in Capital	29,160	60,000	105.76
Equity	896,577	2,540,088	183.31

Source: Yünsa Yünlü Sanayi ve Ticaret A.Ş. Annual Report for the Period 01.01.2023 - 31.12.2023.

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

	2022/12 (Thousand TL)	2023/12(Thousand TL)	Change %
Revenue	2,405,442	2,188,548	-9.02
Main Operational Profit	450,286	448,005	-0.5
Profit/(Loss) Before Taxes from Operations	635,424	620,023	-2.42
Net Profit/(Loss)	542,839	544,243	0.26

Source: Yünsa Yünlü Sanayi ve Ticaret A.Ş. Annual Report for the Period 01.01.2023 - 31.12.2023.

Company's Subsidiaries (16.09.2024)

Subsidiary Companies	Company's Line of Business	Currency	Owned Capital Ratio (%)
Yunsa Germany GmbH	Sales Marketing	EUR	100.00
Yünsa Italia SRL	Design Office	EUR	100.00
Yunsa UK Limited	Sales Marketing	GBP	100.00
Yunsa USA	Sales Marketing	USD	100.00

Source: www.kap.org.tr

Peak and Bottom Closing Values of Company shares traded at BIST between 16.09.2023 and 16.09.2024

Bottom (TL)	Peak (TL)
7.18 (12.09.2024)	12.973 (08.05.2024)

Source: Yünsa Investor Relations Department

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

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

YILDIZ PAZAR

Indices in Which the Company Is Included

BIST YILDIZ / BIST TM / BIST KATILIM 100 / BIST KATILIM TUM / BIST KATILIM TEMETTU / BIST TEMETT / BIST TEKSTİL, DERİ / BIST SINAİ / BIST 500 / BIST KURUMSAL YNETİM / BIST TM-100 / BIST TEKİRDAĞ

Source: www.kap.gov.tr

B. Changes in the Company in the Last Year:

i. Changes in Capital and Articles of Association

In the company's PDP statement dated 22.05.2024, it is stated that

"It was stated in our company's Board of Directors meeting held on May 21, 2024:

In the context of the capital increase process initiated by our Board of Directors on May 2, 2024, from internal resources, it has been confirmed by the Certified Public Accountant's Approval Report dated May 21, 2023, that a total of 420,000,000 TL of internal resources were transferred to the company's capital account on May 3, 2024, thus completing the capital increase process. It was decided to apply to the Capital Markets Board (CMB) for the approval of the issuance document related to the shares representing the increased capital of 420,000,000 TL and for the opinion on the new version of Article 6 of the articles of association regarding the capital. Following the approval by the CMB, the necessary applications will be made to the Central Securities Depository (CSD) to carry out the procedures for the distribution of the shares, and these processes will be managed by Finance Director Semih UTKU and Finance and Investor Relations Manager Murat DOĐAN.

This decision was unanimously approved by those attending the meeting.

It is respectfully announced to the public."

In the company's Public Disclosure Platform (KAP) announcement dated May 24, 2024, the following was stated:

"An application for the necessary approval has been submitted to the Capital Markets Board today to obtain approval for the Issuance Document related to the shares with a nominal value of 420,000,000 TL, which will be issued due to the increase of our company's capital to 480,000,000 TL fully covered from internal resources, and to receive an opinion on the amendment of Article 6, titled 'Capital,' of the Articles of Association.

It is respectfully announced to the public."

This was the announcement of the application to the CMB.

In the company's Public Disclosure Platform (KAP) announcement dated August 2, 2024, the following was stated:

"The issuance of shares with a nominal value of 420,000,000 TL, which will be issued due to the increase of our company's capital to 480,000,000 TL fully covered from internal resources, and the amendment of Article 6, titled 'Capital,' of the Articles of Association have been approved by the Capital Markets Board. The announcement of the share issuance approval by the CMB was published in the CMB bulletin dated August 1, 2024, and numbered 2024/37.

It is respectfully announced to the public."

This was the announcement that the company's application was being approved by the CMB.

The registration of the amendment to the articles of association regarding the capital increase was announced in the company's Public Disclosure Platform (PDP) statement dated September 5, 2024, as follows:

"The amendment to Article 6, titled 'Capital,' of our company's Articles of Association was registered by the Istanbul Trade Registry Office on September 5, 2024, and published in the Turkish Trade Registry Gazette dated September 5, 2024, and numbered 11158.

It is respectfully announced to the public."

ii. Dividend Distribution:

In the Board of Directors' decision dated April 19, 2024, numbered 1255, regarding the distribution of the net profit for the 2023 fiscal year:

"It was noted that, according to the consolidated financial statements prepared by our company in accordance with the Capital Markets Board's Communiqué on 'Principles of Financial Reporting in Capital Markets' (II - 14.1) and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., for the period of 01.01.2023 – 31.12.2023, a 'Period Profit' of 620,022,875 TL was achieved, and according to the records kept in accordance with the Tax Procedure Law (TPL), a 'Period Profit' of 572,091,045 TL was recorded.

i. Since the general legal reserve required by Article 519 of the Turkish Commercial Code, which amounts to 5%, exceeds the 20% limit of capital as of December 31, 2023, no allocation will be made for the 2023 fiscal year.

It was noted that, as a result of applying inflation accounting to the balance sheet dated December 31, 2023, in the financial statements prepared according to TPL, the account of Retained Earnings/Losses from Previous Years, which includes the current year profit of 473,473,263 TL, yielded a positive balance of 262,295,379 TL, with a total decrease of 211,177,884 TL offset by the Inflation Adjustment Differences in Equity accounts. In this context, a net distributable profit of 473,473,263 TL is available according to TPL records.

It was noted that according to the financial statements prepared in accordance with TFRS, a distributable profit of 544,242,878 TL was achieved, and by adding the 164,773 TL of donations made

during the year, calculated based on purchasing power as of December 31, 2023, a first dividend base of 544,407,651 TL was formed. Accordingly;

ii. In accordance with the Capital Markets Legislation, the provisions of the Articles of Association, and the Profit Distribution Policy, it was decided to distribute the Net Distributable Period Profit as follows:

First Dividend	:	3,000,000.00 TL
Second Dividend	:	233,736,631.38 TL
Total Gross Dividend	:	236,736,631.38 TL
Extraordinary Reserves	:	307,671,019.54 TL

As a result of the profit distribution based on the above principles,

- It was decided that 236,736,631.38 TL of the Net Distributable Period Profit of 473,473,263 TL recorded in our legal records prepared in accordance with TPL regulations would be allocated as Extraordinary Reserve.

Thus, a total dividend of 394.56% (Gross) and 355.10% (Net) will be distributed in cash from the 2023 profit to shareholders representing the 60,000,000.00 TL capital, starting from May 30, 2024, depending on their legal status. This decision will be submitted for approval at the Ordinary General Assembly to be held on May 24, 2024."

The Board of Directors' proposal regarding the dividend distribution was discussed and approved as item 7 of the agenda at the ordinary general assembly meeting held on 24.05.2024.

iii. Policies:

During the reviewing period, the company's Employee Compensation Policy was prepared and discussed as agenda item 9 at the Ordinary General Assembly Meeting for 2023 held on May 24, 2024, and approved. The policy has been published on the company's corporate website.

Additionally, the Board of Directors' Diversity Policy was approved by the Board on November 24, 2023.

No updates were made to other policies mentioned in the principles.

iv. Management and Organization:

Changes in the Company's senior management during the reviewing period;

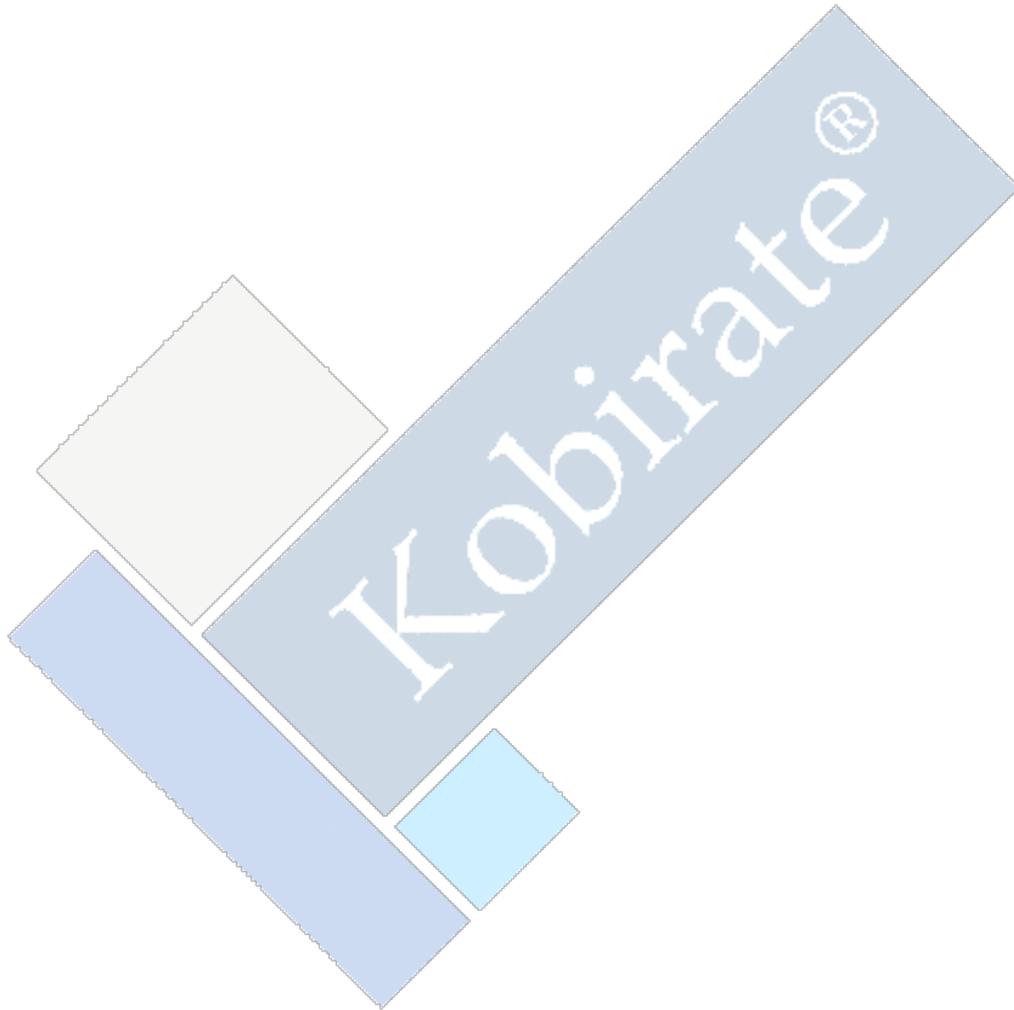
Board Member Mr. Temel Tayyar YEŞİL resigned on May 12, 2023, and Mr. Cem Nuri TEZEL was appointed by the Board of Directors on May 22, 2024, to fill the vacant Board seat, with the decision to present this appointment for approval at the next General Assembly. The election was discussed and approved as agenda item 6 at the Ordinary General Assembly meeting for 2023, held on May 24, 2024.

The company's Finance Director, Mr. Semih UTKU resigned and left the company on July 28, 2024. This was announced to the public through a PDP disclosure on July 29, 2024.

Mr. Semih UTKU's resignation was followed by the appointment of Mr. İlker Bora YARGIÇ as the new Finance Director, effective as of September 16, 2024.

Due to the resignation of Mr. Mahmut Nadir GÜNAK, who served as the Investor Relations Manager and a member of the Corporate Governance Committee, Ms. İnci TARI was appointed to both roles, effective September 16, 2024.

Both appointments were announced to the public via PDP disclosures on the same date.



4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system that audits whether the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with modern corporate governance principles and which assigns a grade corresponding to the existing situation.

The organization for Economic Co-operation and Development (OECD) established a working group in 1998 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 in this work. Although, at first, these principles were focused on the companies whose shares were quoted on the stock exchange, it was emphasized by the OECD that it would also be useful to implement these principles in public enterprises and companies whose shares were not quoted on the 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 decision-makers, investors, shareholders, companies and stakeholders throughout the world.

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

According to the OECD Corporate Governance Principles, corporate governance is based on four basic principles: fairness, transparency, accountability, and responsibility.

Turkey has been closely monitoring these developments. A working group established within TUSIAD in 2001 prepared the guide titled "Corporate Governance: The best

implementation code". Then, CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or explain," and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

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

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

It has been prepared by considering the criteria specified in the Corporate Governance Communiqué of the CMB, numbered II-17.1, published in the Official Gazette dated January 3, 2014, and numbered 28871, as well as the decisions taken by the CMB's board meeting dated 01.02.2013 and numbered 4/105.

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

456 criteria are used in the rating process for BIST 1st Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are transformed into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s software.

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

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

Principles in any sense in the existing weak structure.

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

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

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

GRADE	DEFINITIONS
9-10	The Company achieved substantial compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency is high. The interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.
7-8,9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are operational and in place, although some improvements are required. Potential risks to which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. The composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles, even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.
6-6,9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a moderate level have been established and operated. However, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of, although improvement is needed. Although public disclosure and transparency are taken care of, there is a need for improvement. The benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.

GRADE	DEFINITIONS
<p style="text-align: center;">4-5,9</p>	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, and the structure, as well as the working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
<p style="text-align: center;">< 4</p>	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed to are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, structure and working conditions of the Board and they are at a level that might cause the investor to incur material losses.</p>

