



Corporate Governance Compliance Rating Report



Doğuş Otomotiv Servis ve Ticaret A.Ş.

17 December 2018

Validity Period 17.12.2018-17.12.2019

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Doğu Otomotiv Servis ve Ticaret Anonim Şirketi is compiled; in accordance with the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, printed on Official Gazette dated January 3rd 2014, numbered 28871; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of Communiqué no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

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DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

BIST SECOND GROUP

9.64

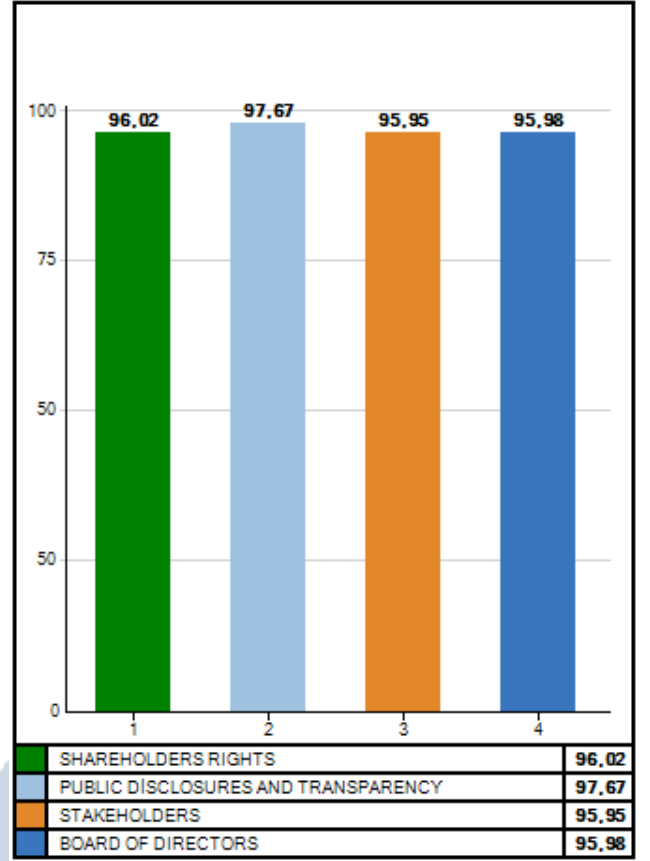
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1. EIGHT PERIOD REVISED RATING RESULT

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

The Company has been evaluated by examination of 401 criteria, described in the methodology of Kobirate A.S., developed for

“Second Group Companies of the BIST”. At the end of the evaluation process conducted under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors, Corporate Governance Compliance Rating Grade of **Doğuş Otomotiv** has been determined as **9.64**.

This result signifies that the company has largely achieved compliance with the CMB's Corporate Governance Principles. Possible risks for the company are determined and controlled. Activities of public disclosure and transparency are at a high level. Rights of shareholders and stakeholders are treated fairly. The structure and working conditions of board of directors are compliant with corporate governance principles. As a result, this grade shows that the Company highly deserves to be on the list of BIST Corporate Governance Index.

▪ At the section of Shareholders the Company has achieved the grade of **96.02**.

It has been determined that during the rating period the Company has taken special care to enable shareholders exercise their basic rights. The developments that have been effective for the Company to achieve this grade are listed below:

- For some time now, the Company has been holding its general assembly meetings open to public, including media, and it announces this in meeting invitations and information document. This ongoing policy was added to Articles of Association by the general assembly at a meeting on 29.03.2018.

- At the same general assembly meeting, the policy that gives 1 voting right for 1 share and accepts no privileges for shares representing was added to the Articles of Association.

Operations involving relations with shareholders are performed by H. Müge Yücel (Investor Relations Department Director) and Bahar Efeoğlu Ağar (Investor Relations Official). They report to Kerem TALİH (Financial Affairs General Manager).

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

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

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

conducts its disclosures for shareholders and public in accordance with its "Disclosure Policy". This policy is accessible on the Company's corporate website.

Ordinary General Assembly meeting to discuss activities of 2017 convened on 29.03.2018. Invitation to the meeting was made properly through Turkish Trade Registry Gazette dated 05.03.2018 and numbered 9529, Public Disclosure Platform and MKK e – general assembly system 3 (three) weeks before the meeting.

The document kit for the general assembly contained information about the distribution of Company's shares, voting rights that each share gives and that there is no privilege in voting right. It included many other subjects that need to be disclosed to shareholders and public in compliance with corporate governance principles. It is also seen that the document contained old and revised versions of Articles of Association for attention of shareholders. Explanations on changes in Articles of Association can be found in this report at the section titled "i. Capital and Articles of Association Changes".

Chairman of Board Aclan ACAR and Board Members O. Nezihi ALPTÜRK, H. Murat AKA, R. Yılmaz ARGÜDEN, Ferruh EKER, Emir Ali BİLALOĞLU, Gür ÇAĞDAŞ, Özlem Denizmen KOCATEPE and E. Gülden ÖZGÜL also attended to the general assembly meeting. A. Yasemin AKAD and Koray ARIKAN, candidates for Board membership, have also participated to the meeting and introduced to the attendees.

2017 activities of the Company produced TRY 183,232,000 net distributable profit and with the addition of TRY 1,680,973 total donations, net distributable profit for the period has become TRY 184,912,973. The use of this profit is explained in our report in the section, titled "ii. Dividend Distribution". Dividend distribution proposal of the Board of Directors and dividend distribution table have been published on Public Disclosure

Platform on the same date with the invitation for general assembly meeting.

- In the section of Public Disclosure and Transparency the Company has received the grade of **97.67**.

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

The persons who are responsible for disclosure statements and have the authority of signature are; Kerem TALİH (General Manager for Financial Affairs), Engin Kaya (General Accounting Manager), Damla ÇOBANOĞLU (UFRS/CMB Reporting Director) and İlyas AKGEDİK (Accounting Manager). These persons are charged with monitoring and watching every subject that may be relevant to the subject of public disclosure.

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

2017 independent audit has been conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst a Young Global Limited). There were no situations in the reports that the auditor avoided expressing opinion, expressed conditional opinion or withheld signature. Company officials have told us that no developments took place between the Company and independent audit company and its auditors that might damage independence and that there has been no legal conflict. With the suggestion of Audit Committee and approval of general assembly, it has been decided to assign same company for 2018 audit.

- In the section of Stakeholders the Company has received the grade of **95.95**.

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

Procedures on recruitment, remuneration, health, leave rights, promotion, appointments, disciplinary practices, dismissal, death, resignation and retirement have been developed and our impression is that the company sticks to these policies in practice. It is thought that principle of providing equal opportunities for people in equal positions has been respected both during the preparation and implementation of procedures and policies.

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

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

Thanks to its sustainability policies and policies in this field Doğu Otomotiv managed to get its place in BIST Sustainability Index for the period between November 2018 and October 2019, as it has managed in the previous period.

- In the section of Board of Directors, Doğu Otomotiv has achieved the grade of **95.98**.

Interviews at the Company and examination of decision books of Board of Directors and Committees have revealed that the Board and the Committees continue their regular activities.

At the General Assembly meeting on 29.03.2018, it was decided that the Board of Directors would be made of 6 (six) members. There are 1 (one) executive and 5 (five) non – executive members in the Board. 2 (two) of the non – executive members are independent, meeting the criteria specified by Corporate Governance Principles.

There are 3 (three) women members in the Board. Thus the target, determined by Board decisions dated 28.02.2014 and 9.12.2016 has been achieved and rate of woman members reached 50 % of the Board.

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

Orientation program in order to introduce the Company to newly elected Board members was carried out on 10.05.2018. In order to make Board members more informed about the Company, a training program including current position of each department, as well as their medium and long term strategies and expectations was given to them.

Committees referred by the Principles, including Audit, Corporate Governance and Sustainability, Early Detection of Risk, Remuneration Committees have been established. A Separate Nomination Committee hasn't been established due to Board's structure. Working principles, mandates and membership structures for committees have been determined by the Board of Directors and published on the corporate website. All members of the Audit

Committee are independent board members. In the committees of Corporate Governance and Sustainability, Early Detection of Risk and Remuneration Nomination, at the least chairpersons are independent members. CEO / General Manager is not a member of these committees.

Board of Directors held 11 (eleven) meetings in 2017. As of November 2017, the Board has made 10 (ten) meetings and it has planned 1 (one) more meeting until the end of the year.

Audit Committee held 7 (seven) meetings in 2017, 1 (one) of which was a joint meeting with Early Detection of Risk Committee. It held 10 (ten) meetings as of the end of November 2018 and 1 (one) of those meetings was again a joint meeting with Early Detection of Risk Committee.

Corporate Governance and Sustainability Committee held 4 (four) meetings in 2017 and 3 (three) meetings as of November 2018. It has 1 (one) more planned meeting until the end of the year.

Early Detection of Risk Committee held 5 (five) meetings in 2017. 1 (one) of them was a joint meeting with the Audit Committee. It has held 4 (four) meetings as of the end of November 2018 and 1 (one) of these meetings was a joint meeting with the Audit Committee. Committee has regularly presented assessment reports to the Board and shared these reports with the auditor.

Remuneration and Nomination Committee held 4 (four) meetings in 2017. It convened 3 (three) times as of November 2018. It has 1 (one) more planned meeting until the end of the year.

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

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

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

Manager Liability Insurance against defects of Board Members duties have been made for USD 25,000,000 and disclosed to public at Public Disclosure Platform on 10.08.2018.

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



2. COMPANY PROFILE AND CHANGES WITHIN LAST YEAR

A. Company Profile:



Company Name	: Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi
Company Address	: Legal Head Office Maslak Mahallesi, Ahi Evran Cad., Doğuş Center No:4 İç Kapı No:13, Sarıyer/ İSTANBUL Head Office Şekerpınar Mahallesi Anadolu Caddesi No: 22 41490 Şekerpınar - Çayırova / Kocaeli
Company Phone	: (0262) 6769090
Company Facsimile	: (0262) 6769096
Company's Web Address	: www.dogusotomotiv.com.tr
Date of Incorporation	: 19/11/1999
Registered Number	: 429183 / 376765
Paid in Capital	: 220.000.000.-TL
Line of Business	: Import of automotive and spare parts, sales – marketing and services
Company's Sector	: Automotive Sector

Company's Representative in Charge of Rating:

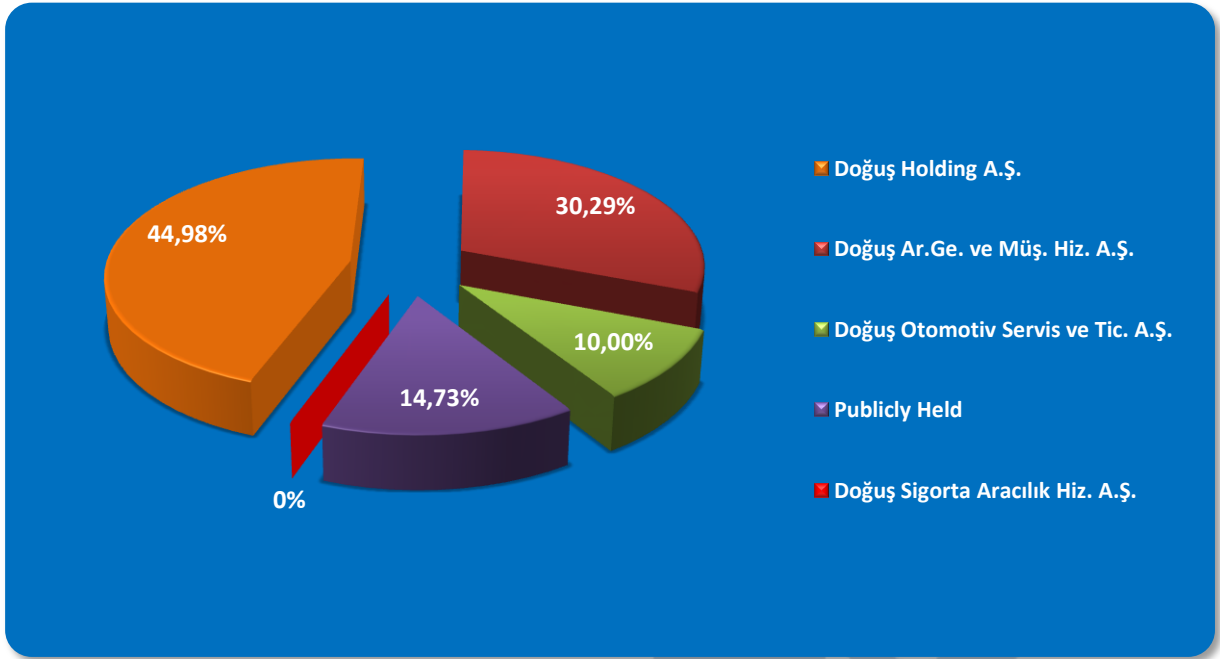
H. Müge YÜCEL

Investor Relations Director

muyucel@dogusotomotiv.com.tr

0262 676 9058

Shareholder Structure



Shareholder Name (*)	Share (TL)	Share (%)
DOĞUŞ Holding A.Ş	98.946.629,00 -	44,98
DOĞUŞ Ar. Ge. ve Müş. Hiz. A.Ş.	66.638.086,00-	30,29
Doğuş Otomotiv Servis ve Ticaret A.Ş.	22.000.000,00-	10,00
Publicly Held	32.414.993,00-	14,73
Doğuş Sigorta Aracılık Hiz. A.Ş.	292,00-	0,00
TOTAL	220.000.000,00	100,00

Source: Doğuş Otomotiv Servis ve Ticaret A.Ş.

Real Person Ultimate Controlling Shareholders (As of report date)

Shareholder Name	Share (%)
Şahenk Family	74.33 %
Others	25.67 %
Total	100.00%

Source: www.kap.gov.tr

Board of Directors

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

Source: www.kap.gov.tr

Board of Executives

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

Source: Doğuş Otomotiv Servis ve Ticaret A.Ş.

Board Committees

Corporate Governance and Sustainability Committee

Name/ Surname	Title	Job
A. Yasemin AKAD	Independent Member of Board of Directors	Committee Chairman
Koray ARIKAN	Member of Board	Member of Committee
Gür ÇAĞDAŞ	Deputy Chairman of Board of Directors	Member of Committee
H. Hüsnü GÜZELÖZ ⁽¹⁾	Consultant	Member of Committee
H. Müge YÜCEL	Investor Relations Department Director	Member of Committee

Source: www.kap.gov.tr

(1) Hasan Hüsnü Güzelöz has left his positions in the Company with the Board decision dated 28.04.2017 and No 2017/25. He was assigned as a consultant for committees

Audit Committee

Name/ Surname	Title	Job
E. Gülden ÖZGÜL	Independent Member of Board of Directors	Committee Chairman
A. Yasemin AKAD	Independent Member of Board of Directors	Member of Committee

Source: www.kap.gov.tr

Early Risk Detection Committee

Name/ Surname	Title	Job
E. Gülden ÖZGÜL	Independent Member of Board of Directors	Committee Chairman
Koray ARIKAN	Member of Board of Directors	Member of Committee
Gür ÇAĞDAŞ	Deputy Chairman of Board of Directors	Member of Committee
H. Hüsnü GÜZELÖZ ⁽²⁾	Advisor	Member of Committee

Source: www.kap.gov.tr

(2) Att.:Footnote: 1

Remuneration and Nomination Committee

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

Source: www.kap.gov.tr

Investor Relations Department

Name/ Surname	Title	Contact
H. Müge YÜCEL	Investor Relations Director	0(262) 676 9058 muyucel@dogusotomotiv.com.tr
Bahar EFEÖĞLU AĞAR	Investor Relations Specialist	0(262) 676 9059 befeoglu@dogusotomotiv.com.tr

Source: www.kap.gov.tr

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

	2016/12	2017/12	Change %	09/2018
Current Assets	3.140.398	3.194.267	1,72	4.583.184
Non - Current Assets	1.711.456	1.972.615	15,26	1.901.404
Total Assets	4.851.854	5.166.882	6,49	6.484.588
Short Term Liabilities	3.679.080	3.792.062	3,07	5.116.166
Long Term Liabilities	54.061	47.375	-12,37	44.087
Equity	1.118.713	1.327.445	18,66	1.324.335

Source: Dođuş Otomotiv Servis ve Ticaret A.Ş. 31.12.2017 Consolidated Financial Statements and Ind. Audit Report and 30.09.2018 Summary Consolidated Financial Statements and Limited Audit Report for Interim Financial Period of Nine Months

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

	2016/12	2017/12	Change %	09/2018
Sales Revenues	11.925.176	13.220.361	10,86	7.767.988
Sales Cost	(10.772.300)	(11.919.377)	10,65	(6.826.625)
Gross Profit	1.152.876	1.300.984	12,85	941.363
Profit / Loss Before Tax	275.132	226.129	-17,81	166.273
Profit/Loss for the Period	237.943	183.719	-22,79	130.411

Source: Dođuş Otomotiv Servis ve Ticaret A.Ş. 31.12.2017 Consolidated Financial Statements and Ind. Audit Report and 30.09.2018 Summary Consolidated Financial Statements and Limited Audit Report for Interim Financial Period of Nine Months

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

BIST ALL / BIST CORPORATE Governance / BIST SUSTAINABILITY INDEX / BIST 100-30 / BIST TRADE / BIST Istanbul / BIST 100 / BIST SERVICES / BIST STAR

**The Bottom and Peak Closing Values of Company's Shares traded on the BIST during Last Year
(30.11.2017-30.11.2018)**

Bottom (TL)	Peak (TL)
4,23- (26.10.2018)	9,20-(07.02.2018)

Source: Dođuş Otomotiv Servis ve Tic. A.Ş.

Subsidiaries, Affiliated Companies, Information about Financial Non - Current Assets and Financial Investments

Commercial Title	Line of Business	Paid In/Issued Capital	Company Share in Capital	Currency	Company Share in Capital (%)	Relationship with the Company
D-Auto Limited Liability Company	Auto Purchase-Sale and AS Services - Iraq	150.000.000.00	150.000.000	IQD	100	SUBSIDIARY
Doğuş Oto Pazarlama Ve Ticaret A.Ş.	Auto Purchase-Sale and SS Services	45.000.000.00	43.288.270	TL	96,20	SUBSIDIARY
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş.	IT Infrastructure and Software	19.000.000,00	8.740.000,00	TL	46	AFFILIATED COMPANY
Doğuş Sigorta Aracılık Hizmetleri A.Ş.	Insurance Intermediary Services	1.265.000	531.232	TL	41,99	AFFILIATED COMPANY
Vdf Servis ve Ticaret A.Ş.	Automotive Products and Services	5.100.000	1.924.230	TL	37,73	AFFILIATED COMPANY
Volkswagen Doğuş Finansman A.Ş.	Automotive Consumer Finance	180.000.000	86.399.987	TL	48	AFFILIATED COMPANY
Yüce Auto Motorlu Araçlar Ticaret A.Ş.	Skoda Turkey Distributor	2.100.000	1.049.999,40	TL	50	AFFILIATED COMPANY
Tüvtürk Güney Taşıt Muayene İstasyonları Yapım İşletim A.Ş.	Vehicle Inspection Stations	25.250.000	8.332.836	TL	33	BUSINESS PARTNERSHIP
Tüvtürk Kuzey Taşıt Muayene İstasyonları Yapım İşletim A.Ş.	Vehicle Inspection Stations	67.100.000	22.143.895	TL	33	BUSINESS PARTNERSHIP

Source: www.kap.gov.tr

B. Changes within Last Year:

i. Changes in Capital and Articles of Association:

At the ordinary general assembly meeting on 29.03.2018;

Article 6 of articles of Association, titled "Its Capital", has been changed in order to extend authorization for registered capital ceiling - which ended as of yearend 2017 – in accordance with CMB's Registered Capital System Communiqué No II-18.1. Registered Capital Ceiling will continue as TRY 660,000,000 between 2018 and 2022 (5 years).

The sentence of "car renting and management of car park" has been added to Article 3 of Articles of Association, titled "Aim and Subject". In the same article the phrase of "Issues all kinds of bonds, finance bonds and other instruments of debt with Board decision and in accordance with regulations" has been added to the sentence, which regulates issuing debt instruments.

Sentences of "There are no privileges on shares representing capital. One share gives right for one vote," have been added to Article 7, titled "Shares".

The phrase of "General assembly meetings can be held open to stakeholders and public including media, without any right to address the meeting" has been added to Article 16 titled "General Assembly Meetings".

ii. Dividend Distribution:

2017 activities of the Company produced TRY 183,232,000 net distributable profit and with the addition of TRY 1,680,973 total donations of the year, net distributable profit for the period has become TRY 184,912,973.

At its meeting on 28.02.2018, the Board of Directors took the following decision about distribution of dividends from activities in 2017;

"it is decided to propose the general assembly to distribute our Company's 2017 net distributable profit – adding previous years' profits in our balance sheet and some amount from our extraordinary reserves –, date of which to be determined by the Board of Directors, on the condition of not being later than 31.05.2018."

In line with Board of Directors' proposal, it was decided at the ordinary general assembly meeting on 29.03.2018 to distribute TRY 143,000,000 to shareholders, to allocate TRY 13,200,000 as reserve, to put TRY 27,032,000 into previous years' profits in line with consolidated balance sheet, which has been prepared in accordance with CMB regulations and to use TRY 23,951,082 from extraordinary reserves (previous year's profits) in order to distribute cash dividend.

Dividend distribution took place on 25.05.2018, according to decisions.

iii. Policies:

No change has been made in Company Policies during the rating period.

iv. Management and Organization:

Article 9 of Company's Articles of Association states: "Company's business and management is carried out by a Board of Directors, comprising at least 5 members who are elected within the scope of articles of Turkish Commercial Law and CMB Regulations." Within the scope of this Article the number of Board members - 9 (nine) in the previous year - was determined as 6 (six) at the general assembly meeting on 29.03.2018. Some members left the Board because of this decision and some of them left as their terms were expired.

Members who left Board of Directors: Aclan ACAR, O. Nezihi ALPTÜRK, H. Murat AKA, Ferruh EKER, R. Yılmaz ARGÜDEN (Independent member)

Re – elected members: Emir Ali BİLALOĞLU, Gür ÇAĞDAŞ, Özlem DENİZMEN KOCATEPE and E. Gülden ÖZGÜL (Independent member).

Newly elected members: Koray ARIKAN and A. Yasemin AKAD (Independent member)

At the first meeting of Board, which took place after the general assembly meeting, role distribution was completed and Board Member / CEO Emir Ali BİLALOĞLU was elected as Chairman and Gür ÇAĞDAŞ as Deputy Chairman.

According to Material Event Disclosure dated 29.01.2018, changes have been in Company's top management and reassignments have been done as below:

- General Manager for Audi, Bentley, Lamborghini and Bugatti brands Giovanni Atilla Cino BOTTARO has been reassigned as General Manager for Volkswagen passenger car brand.
- General Manager for Volkswagen Commercial Vehicle brand Kerem Galip GÜVEN has been reassigned as General Manager for Audi, Bentley, Lamborghini and Bugatti brands.
- Yüce Auto Motorlu Araçlar Ticaret A.Ş. (Skoda) General Manager Tolga SENYÜCEL was reassigned as General Manager for Volkswagen Commercial Vehicle brand.
- Hasan Hüsni GÜZELÖZ who has left Doğu Oto Pazarlama ve Ticaret A.Ş. (a subsidiary of Doğu Otomotiv) Board membership has been replaced by Vedat UYGUN, General Manager for Volkswagen passenger car brand, on the condition of limiting the term with that of the leaving member and to be approved in the first general assembly meeting.
- Osman YELKENCİ, Doğu Oto Pazarlama ve Ticaret A.Ş. Fleet and 2nd Hand operations Director, has been reassigned as General Manager of Doğu Oto Pazarlama ve Ticaret A.Ş. (a subsidiary of Doğu Otomotiv).
- Zafer BAŞAR, General Manager of Doğu Oto Pazarlama ve Ticaret A.Ş. has been reassigned as General Manager of Yüce Auto Motorlu Araçlar Ticaret A.Ş. (Skoda), which is an affiliated company of Doğu Otomotiv.

According to Material Event Disclosure dated 02.05.2018;

Yeşim YALÇIN MALERİ, who was Financial Affairs Director at Doğu Otomotiv, has left her job as she has been reassigned as Assistant General Manager for Financial Affairs – CFO at Doğu Publication Group.

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

▪ According to Material Event Disclosure dated 29.12.2017, "Doğuş Auto Misir for Trading and Manufacturing Vehicles Joint Stock Company" (based in Egypt) and "D-Automotive Limited Liability Company", both of which were disclosed to be liquidated by Material Event Disclosures dated 05.11.2008 and 12.04.2010 and already stopped activities, have been liquidated

▪ In our previous corporate governance rating report, it was already disclosed that after Meiller Doğuş Damper Sanayi ve Ticaret Limited Şirketi – at which the Company had 49 % share – stopped production, liquidation process had started and distributorship activities of Meiller brand was going to be continued by Doğuş Otomotiv.

According to Material Event Disclosure dated 29.05.2018, liquidation process of Meiller Doğuş Damper Sanayi Ve Ticaret Limited Şirketi has been completed.

According to Material Event Disclosure dated 20.07.2018, F.X. Meiller Fahrzeug- und Maschinenfabrik GmbH & Co. KG ve Doğuş Otomotiv Servis ve Ticaret A.Ş., two companies that owned 100 % Meiller Doğuş Damper Sanayi Ve Ticaret Limited Şirketi, have decided to sell all their shares to Doğuş Oto Pazarlama ve Ticaret A.Ş. Transfer of shares was completed as of date of this Material Event Disclosure.

▪ According to Material Event Disclosure dated 12.11.2018, the joint decision of merger between Doğuş Oto Pazarlama ve Ticaret A.Ş. (Doğuş Oto), which the Company owns 96.20 % and Doğuş Damper Sanayi ve Ticaret Ltd. Şti.'nin (Doğuş Damper), which the Company owns 100 %, under the roof of Doğuş Oto, had already been disclosed to public by Material Event Disclosure dated 22.10.2018. The merger has been completed by acquisition of Doğuş Damper by Doğuş Oto with its assets and liabilities. It has been approved and registered by Istanbul Trade Registry Office.

After the merger, 96.20 % share in Doğuş Oto Pazarlama ve Ticaret A.Ş. remained the same.

▪ According to Material Event Disclosure dated 28.11.2018, our Company's shares in D-Auto Suisse SA (based in Lausanne, Switzerland, providing sales and after sales services for Porsche and Bentley brands), which represents 100 % of its total capital have been sold and transferred to Orchid Swiss Development (Pte) Ltd. and Juglans Regia. With Material Event Disclosures dated 27.06.2018 and 31.10.2018 it was already disclosed that negotiations for sale of this company had started and a sales contract had been signed.

▪ According to Material Event Disclosure dated 17.08.2018, Doğuş Bilgi İşlem Ve Teknoloji Hizmetleri A.Ş. (affiliated company with 46 % share) and Doğuş Müşteri Sistemleri A.Ş. have decided to merge. The merger will take place by Doğuş Bilgi İşlem Ve Teknoloji Hizmetleri A.Ş. acquiring Doğuş Müşteri Sistemleri A.Ş. with all its assets and liabilities. The new capital and the share of our Company will be disclosed to public after the merger process is completed.

▪ According to Material Event Disclosure dated 03.01.2018, it was disclosed that main shareholder Doğuş Holding A.Ş. had decided to merge with other shareholder Doğuş Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş. by acquiring it with all its assets and liabilities and this decision was disclosed to public through Material Event Disclosure dated 06.11.2017. However, due to changes in business conditions it has been decided to take this subject off the agenda to be re – evaluated in a future date. As both companies are part of Doğuş Group, the fact that this merger is not going to take place will not cause any changes in Doğuş Otomotiv's shareholder structure and management.

3. RATING METHODOLOGY

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

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

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

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and stakeholders throughout the world.

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

There are four basic principles of corporate governance in OECD Corporate Governance Principles. These are: fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group, established

within TUSIAD in 2001, prepared the guide, titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014, according to international developments in this field.

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

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

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

The methodology takes into consideration the criteria stated in CMB's Corporate Governance Directive, no II-17.1, dated January 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

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

In the process of rating, **401** different criteria are considered to measure the compliance of BIST second group companies with the corporate governance principles.

These criteria are translated into Corporate Governance Rating Question Sets through Kobirate A.S.'s unique software.

The weighting scheme for the four main sections in the new Corporate Governance

Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as below:

Corporate Governance Principles in the existing structure.

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

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

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

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is unsatisfactory compliance with CMB's

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

GRADE	DEFINITIONS
9–10	<p>The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are 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.</p>
7–8,9	<p>The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.</p>
6–6,9	<p>The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established and operated, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the BIST Corporate Governance Index.</p>

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