



Corporate Governance Compliance Rating Report



Doğuş Otomotiv Servis ve Ticaret A.Ş.

24 January 2012

Validity Period 24.01.2012-24.01.2013

LIMITATIONS

This Corporate Governance Compliance Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc. (hereinafter referred to as "KOBIRATE") for DOGUS OTOMOTIV SERVIS VE TICARET A.S. (hereinafter referred to as the "Company") is compiled on the basis of regulations of the Corporate Governance Principles issued by the CMB in 2005, which were modified by the Circular of December 2011, Series: IV, No:56 and of February 2012, Series 4, No:57 and in accordance with the Corporate Governance Principles Compliance Rating Methodology prepared by Kobirate and approved by the CMB with their letter of 24.04.2009, No:5347.

The Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc is based on 67 copies of documents, data, files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

KOBIRATE has formulated its Code of Conduct according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Firms, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which are shared with the public through its Internet website (www.kobirate.com.tr).

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of KOBIRATE reached in accordance with the methodology disclosed.

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

**CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

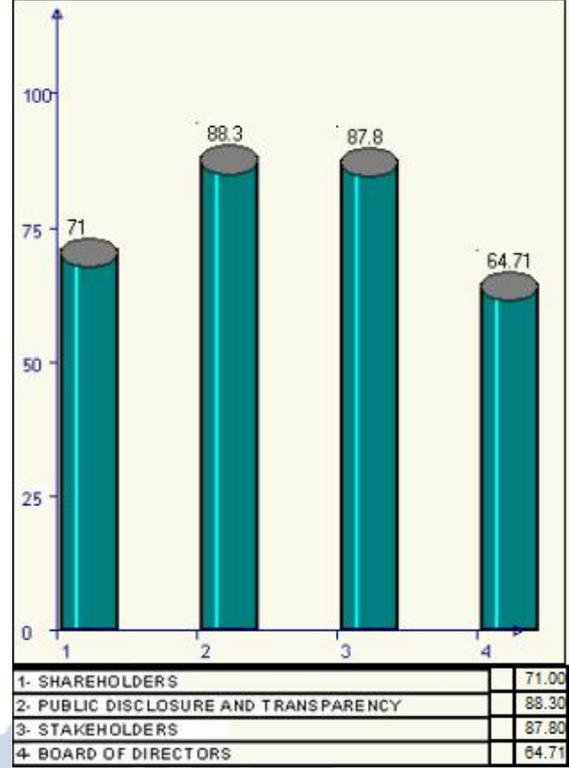
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RATING SUMMARY

At the end of examinations of the documents made at firm's site, discussions held with executives and other individuals concerned, and of other reviews, rating of compliance of **DOGUS OTOMOTIV SERVİS VE TİCARET A.Ş.** is concluded in accordance with the Corporate Governance Principles Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş. in accordance with the Corporate Governance Principles of the Capital Market Board, which is approved by the same regulator.

At the end of examination of 388 criteria under the headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors as required by the CMB's Corporate Governance Principles and of assessment according to the methodology of

Kobirate A.Ş., it has developed for "Third Group Companies of the ISE, the Corporate Governance Compliance Rating of DOGUS Otomotiv Servis ve Ticaret A.Ş. is determined as **7.80**. This result signifies that DOGUS Otomotiv has achieved a considerable compliance with the Corporate Governance Principles issued by the Capital Market Board, that although they do not pose serious risks certain improvements are required in corporate governance practices and it deserves to be included in the ISE Corporate Governance Index at high level.

Internal control systems have been devised which work healthily. Risks to which the Company might be exposed have been recognised considerably and are under control. The rights of shareholders are fairly observed and protected.

Public disclosure and transparency are at high level. Stakeholders' rights are observed equitably. Structure and conduct conditions of the Board comply with the Corporate Governance Principles, however, certain improvements are needed under the Corporate Governance Principles even though they do not pose significant risks. In view of rating process under the main headings and in brief.

It is observed that grade assigned to **DOĞUŞ Otomotiv** for the Shareholders section is **71.00**. For the purposes of this section, it is found that the Company has achieved a substantial compliance with the CMB's Corporate Governance Principles. There exists an investor relations department reporting to the CFO, who is capable of fulfilling the requirements of his responsibility.

Practices regarded ones in compliance with the principles are the fact that periods of time required by the principles have been observed in calling general meetings, that the general meetings have been held pursuant to the legislation, regulations in effect and the Articles of Association, that there is not any procedures making it difficult for the members to vote and any constraints imposing upper limit for number of votes, that no share has preference in nominating for Directors at the general meetings, that there is no restriction on transfer of shares, that Income Appropriation Policy has been laid down and disclosed to the public.

On the other hand, areas recognised ones requiring improvement are the fact that a briefing document aiming at informing the members prior to the general meeting has not been issued, that the Articles do not contain any regulation has to "Special Auditor Appointment" and "Accumulated Vote System", which are important criteria in respect of members right to get information and exercise of Shareholders' rights.

It is observed that due to its practices in the Public Disclosure and Transparency Section **DOGUS Otomotiv** has achieved

a rather high level of compliance with the principles and deserved the grade of **88.30**. For the purposes of this section achievements regarded positive are the fact that the Company has laid down its Disclosure Policy, that the list of individuals who might be involved in Insider Trading has been announced to the public, that individuals who are final controlling members appear on the corporate internet website, that the English version of internet website is available to ensure the foreign investors obtain information and that the Independent Audit Firm is subject to rotation. However, certain imperfections in this section observed as ones requiring to be eliminated are the fact that the Disclosure Policies have not been presented yet to the consideration of the General Assembly, that the ground of failure to respect the principles which have not been complied with has not explained in the Corporate Governance Compliance representation, that the annual report has not contained the signed representation of the Director(s) and top management that the periodic financial statements give a fair view of the Company's financial situation and that the Company has fully complied with the legislation.

DOGUS Otomotiv's rating for the Stakeholders section is determined as **87,80** which signifies that due to its practices in this section the Company has highly complied with the CMB's Corporate Governance Principles. Among positive achievements are the fact that the Company has introduced an exhaustive and contemporary human resources policy, that detailed regulations over rights of customers and suppliers have been made, that Code of Conduct(ethical rules) and social responsibility projects have been designed and announced to the public. The fact that no material legal disputes have arisen between the Company and the Stakeholders and public authorities is regarded as indicators that sound relationships have been established and maintained with the employees, customers, suppliers and public authorities, which are in compliance with the written procedures laid down.

The Board of Directors of **DOGUS Otomotiv** who has gained the grade of **64,71** for the Board and the Executives Section are individuals experienced in the Company's line of business, who have outlined and announced corporate mission and vision to the public. It is regarded as a positive aspect that 7 members of the 8-Director Board are the non executive ones. Audit and Risk, Ethics and Corporate Governance Committee have been formed. Areas identified as ones open to improvement in this respect are the fact that none of Directors is independent, that the members are not entitled to per diem (allowance), that the accumulated vote procedure is not followed in appointment of Directors.



2. RATING METHODOLOGY

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

In 1999 the Economic Cooperation and Development Organization (OECD) approved and published the Corporate Governance Principles at the Meeting of Ministers. Since then, these principles have been regarded as international references for the decision makers, investors, shareholders and companies throughout the world. In 2002, these principles were revised and updated to reflect the requirements of the present day.

In Turkey, the Capital Market Board (CMB) is carrying out the Corporate Governance studies. The CMB established the Corporate Governance Principles first in 2003, later in 2005, it revised and published the principles. The principles are grouped under four main headings namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors. Besides the CMB, by the Directive on Bank's Corporate Governance Principles, promulgated in official Gazette of 01.11.2006, No: 26333, the Banking Regulation and Supervision Agency (BRSA) introduced the rules required to be complied by Banks.

Kobirate A.S. achieves the Corporate Governance Compliance Rating by a system identically based on the Corporate Governance Principles of the CMB (CGPCMB). Through this system, the firms are analyzed under four main headings: Shareholders, Public Disclosure and Transparency,

Stakeholders and the Board of Directors in accordance with CGPCMB.

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

In this analysis, 388 different criteria are considered to measure the compliance of firms whose shares are traded on ISE with the Corporate Governance Principles. Such criteria are translated into the Kobirate A.S. unique Corporate Governance Rating Questionnaire and firms' or banks' responses are received electronically. The responses are analyzed and re-examined by the rating experts and analysts and reported with results which is submitted to Kobirate Corporate Governance Rating Committee for final decision.

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 an unsatisfactory compliance with CMB's Corporate Governance Principles in the existing structure.

On this context, in order to reach the total grade, the following rates as adopted from Corporate Governance Principles of CMB are applied:

- Shareholders %25
- Public Disclosure and Transparency %35
- Stakeholders %15
- Board of Directors %25

In this report the following legends have the following meanings:

✓ Proper / correct application of CMB's Corporate Governance Principles

✗ Improper / wrong application of CMB's Corporate Governance Principles

✓/✗ Practices required for the improvement of the CMB's Corporate Governance compliance.



3. COMPANY PROFILE



Title of the Company	: Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi
Company Address	: Registered Office Maslak Mahallesi, G-45 Ahi Evran Polaris Cad. Ayazağa – Maslak, Şişli/ İSTANBUL Administrative Office Şekerpınar Mahallesi Anadolu Caddesi No: 22 41490 Şekerpınar - Çayırova / Kocaeli
Company Phone	: (0262) 6769090
Company Facsimile	: (0262) 6769096
Company Web Site	: www.dogusotomotiv.com.tr
Date of Incorporation	: 19/11/1999
Registered Number	: 429183 / 376765
Paid up Capital	: 220.000.000.-TL
Line of Business	: Import, sale, marketing of and services for automotive spare parts
Sector in which its operates	: Automotive industry

Company's Representative in Charge of Rating:

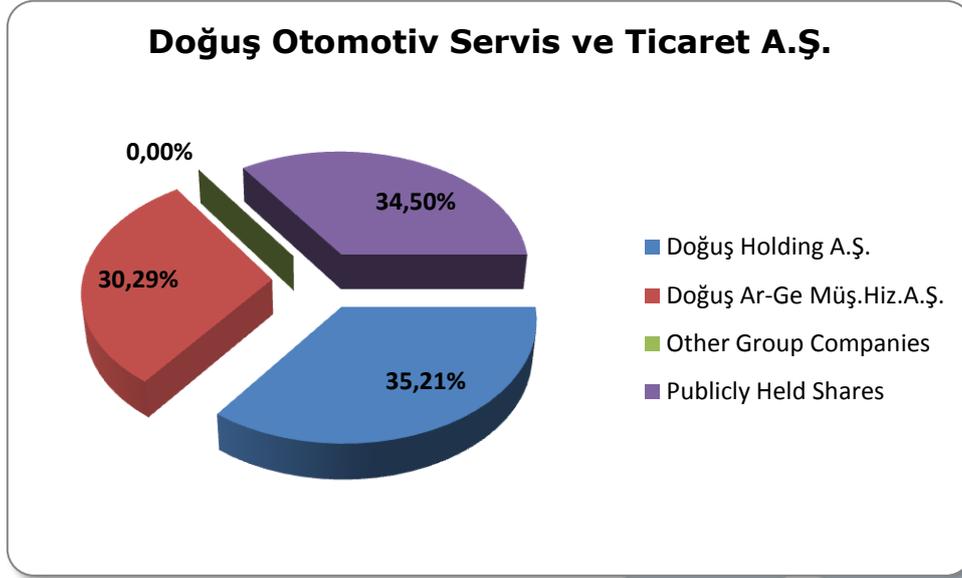
Verda Beste Taşar

Head of Investors Relations Department

BTasar@dogusotomotiv.com.tr

(0262) 6769090

Ownership Structure (As of the Report Date)



Source : www.kap.gov.tr

Name	Share (TL)
Doğuş Holding A.Ş.	77.461.218
Doğuş Ar. Ge. ve Müş. Hiz. A.Ş.	66.638.086
Halka Arz	75.900.000
Other Group (Sister) Companies	696
Total	220.000.000

Individuals who are the Final (Controlling) Shareholders (as of Report Date)

Name	Share
Şahenk Family	72,86 %
Others	27,14 %
Total	100,00%

The Board of Directors

Name	Title	Executive/ Non Executive
Aclan ACAR	Chairman of the Board	Non Executive
Süleyman Kadir Tuğtekin	Deputy Chairman	Non Executive
H.Murat Aka	Director & Head of Audit Committee	Non Executive
Emir Ali Bilaloğlu	Director / CEO	Executive
Özlem Denizmen Kocatepe	Director	Non Executive
Hasan Hüsnü Güzelöz	Director	Non Executive
Cem Yurtbay	Director	Non Executive
E.Nevzat Öztangut	Director	Non Executive

Segregation of Directors' Duties

- Industrial Investments and Construction Works: Süleyman Kadir Tuğtekin
- Financial Participations: H. Murat Aka
- Legal Issues: Hasan Hüsnü Güzelöz
- Relations with the Shareholders: Hasan Hüsnü Güzelöz (ISE)

Top Management

Name	Title
Emir Ali Bilaloğlu	CEO & Head of Executive Committee
Dr.Berk Çağdaş	President, Finance and Administrative Affairs & Member of Executive Committee
Giovanni Gino Bottaro	Brand President of Audi, Bentley, Lamborghini & Member of Executive Committee
İlhami Eksin	Brand President of DOD, Scania Sea and Industrial Engines, Thermo King & Member of Executive Committee
Anıl Gürsoy	Brand President of Seat, Porsche & Member of Executive Committee
Tolga Senyücel	Brand President of Scania, Krone, Meiller & Member of Executive Committee
Mustafa Karabayır	President, Logistics & Quality Management Representative & Member of Executive Committee
Vedat Uygun	Brand President of VW Passenger Car & Member of Executive Committee
Kerem Galip Güven	Brand President of VW Commercial Vehicle & Member of Executive Committee
Kerem Talih	Director of Financial & Administrative Affairs
Yeşim Yalçın	Finance Director
Ela Kulunyar	Human Resources & Process Management Manager
Koray Bebekoğlu	Strategic Marketing & Corporate Communication Manager
Okan Özkaynak	Foreign Investment & VW Commercial after sales services director

Committees with the Board of Directors

Audit and Risk (Management) Committee

Murat Aka
E. Nevzat Öztangut

Strategic Planning and Business Development Committee

Özlem Denizmen Kocatepe
Emir Ali Bilaloglu
Süleyman Kadir Tuğtekin

Ethics and Corporate Governance Committee

Özlem Denizmen Kocatepe
E. Nevzat Öztangut

Disipline Committee

Hasan Hüsnü Güzelöz
Emir Ali Bilaloğlu

Dealers Committee

Cem Yurtbay
Emir Ali Bilaloğlu

Human Resources and Remuneration Committee

Aclan Acar
Hasan Hüsnü Güzelöz
Emir Ali Bilaloğlu

Balance-Sheet Comparison of Selected Certain Items as of 31 Dec of the Last Two Years

	2009/12(000)	2010/12(000)	Change %
Trade Receivables	153.976	242.765	57,66
Inventories	293.396	402.562	37,21
Short Term Liabilities	548.645	667.262	21,62
Paid Up Capital	110.000	220.000	100,00
Shareholders' Equity	533.066	737.452	38,34

Source : www.kap.gov.tr

Income Statement Comparison of Certain Items as of 31 Dec of the Last Two Years

	2009/12(000)	2010/12(000)	Change %
Sales	2.129.385	3.428.300	60,99
Operating Profit	77.571	201.780	160,12
Financial Expenses	43.609	39.212	-10,08
Pre Tax Income/Loss	41.354	192.680	365,93
Net Income/Loss (for the Year)	30.529	149.549	389,86

Source : www.kap.gov.tr

Company's Brief History

The firm began to carry on business in 1994 as distributor of VWAG under the name "Dogus Otomotiv Sanayi ve Ticaret A.S." as a result of restructuring in 1999, its name was changed and it brought together under one roof all automotive-related brands under its present name in 2004 too.

It has not only increased the brands for which it has been distributor but also it has executed agreements for representation and production of several brands in complementary fields. Being the leader distributor for wholesale imports market in Turkey, Dogus Otomotiv is the representative of 14 international brands which are sectoral leaders.

In the fields of passenger car, light commercial vehicle, heavy-duty vehicle, industrial and sea engines, cooling systems. They included the following brands: Volkswagen Passenger Car, Volkswagen Commercial Vehicle, Audi, Porsche, Bentley, Lamborghini, Bugatti, SEAT, Skoda, Scania, Krone and Meiller. Further it is positioned in the sea engines market with Scania Engines, in the cooling systems market with Termo King and in the second hand market with the DOD brands developed within itself.

Dogus Otomotiv who offered 34.50% of its share to the public by way of public offering through ISE in 2004 has displayed a fast and high performance in terms of institutionalisation and brand/firm recognition (fame). It released the results of Corporate Reputation Survey in 2008, the Corporate Social Responsibility Reports in 2010 (the first for the sector). Dogus Otomotiv operates with the corporate social responsibility concept targeting to add a value to the society extending this consciousness to the job processes and social partners. On this context, it signed the "United Nations Global Principles Convention" as of March 2010. By this compact Dogus Otomotiv declares that it will attempt to fight jointly under the ten basic principles developed for such issues as human rights, working conditions, environmental protection and struggle against corruption (fraude).

About Company's Line of Business

Dogus Otomotiv is a member of Dogus Group operating in the fields of financial services, automotive, construction, media, tourism, real estate (property) and energy. It is due to the 560 employees and its sales-service network contributed by more than 500 dealers that the firm is the leader automotive importer and one of the largest automotive distributors in Turkey. Adopting as priority the unconditional customer satisfaction principle, Dogus Otomotiv provides fast and competent service to its customers across Turkey in supply of service, maintenance, spare parts through this dealer network.

Dogus Oto, affiliate of Dogus Otomotiv, has been continuing to serve since 2004 for 6 brands represented by Dogus Oto, it provides its customers with new vehicle, 2nd hand vehicle, spare parts, accessory sales/after sales services as well as insurance and finance services in Istanbul, Ankara and Bursa. Dogus Oto performs authorized dealer and service-shop services for VW Passenger Car, VW Commercial Vehicle, Audi, Porsche, SEAT brands while it performs the authorized service-shop services for Skoda. Further, Dogus Oto, as DOD authorized dealer, sells 2nd hand vehicles as well.

Yuce Oto, a subsidiary of Dogus Otomotiv, established in 1989 to act as Distributor for Skoda in Turkey, achieves the sales, service (maintenance) and spare parts services for Skoda brand vehicles through a network of 32 authorized dealers and 41 authorized service-shops across Turkey.

Volkswagen Dogus Tuketici Finansmani A.S. (vdf) is a consumer financing company incorporated on 30 December 1999, in which Volkswagen financial services AG has a stake of 51% while Dogus Group holds a stake of 49% to offer different financial products and services fit for customers budgets and payment ability.

Turkey's Pioneer finance company vdf established by combination of international knowledge formation of Volkswagen Financial Services AG and Dogus Group's experience in the automotive and finance sectors offers new and different financial alternatives to its consumers.

Lease Plan Turkey was formed in 2007 with the partnership of Dogus Otomotiv and Lease Plan for stakes of 49% and 51% respectively. The firm combining Lease Plan's global experience and Dogus Otomotiv's dynamism aims to expand the operational leasing

service both to foreign firms and large and small sized local firms. As the world leader in operational leasing, Lease Plan manages a giant vehicle fleet consisting of 1.300.000 units of vehicles in 30 countries in 5 continents with 6000 employees.

Dogus Otomotiv holds a 33% stake in TUVTURK to whom the concession was granted by an agreement signed on 15.08.2008 for Construction, Maintenance and Operation of Vehicle Examination Station, which was put on tender by the Headship of Privatisation Agency. TUVTURK performing vehicle examining service by its 48 subcontractor under the Supervision of the R.T., Ministry of Transportation operates throughout Turkey with 193 stationary, 71 mobile totalling 264 vehicle examination stations in conformity to international standards, which are put into service in 81 provinces.

Dogus Otomotiv ranked 18 in a survey conducted by Autonews in which Europe's biggest distributors were chosen. In surveys "Capital 500 conducted by Capital Magazine, in Fortune 500 conducted by Fortune Magazine and in 'Turkey's Top 100 Companies' conducted by Forbes Magazine, Dogus Otomotiv was ranked 34,30 and 55 respectively.

Dogus Otomotiv raised its rank from 3 in the last year to 2 this year in the automotive sector by the 'Turkey's Most Preferred Companies Survey' conducted regularly by Turkey's prestigious economic journal "Capital" each year. According to the data of sector's leading market survey company autobiz, Dogus ranked 7 in sales of new vehicle of the Europe's Largest Distributors list" in 2011. Sustainability studies were initiated in 2009 in order to evaluate on a broader platform the social responsibility activities "Traffic is Life" since 2004 and integrate in all jobs processes aiming at raising the awareness of both the pedestrians and the drivers with the topic of "Traffic Security". Dogus Otomotiv continues to give the traffic safety message to the society using corporate logos as well as the logo of "Traffic is Life" in the sponsorship projects being implemented in different areas from sport to art and education and in selling, marketing activities, in communication of all brands with whom business are done. Efforts are continued under the "Traffic is Life" social responsibility platform aiming at raising a society whose traffic safety consciousness is high and developing culture on the basis of mutual respect and reasonable behavior in the traffic.

Dogus Otomotiv was awarded this year 2 prizes at once for its "Traffic is Life" educational efforts at the prize ceremony "KSS Solutions Marketplace" organised by the Corporate Social Responsibility Association of Turkey to ensure the solutions of companies internalized the corporate social responsibility as corporate culture are shared with the public.

Dogus Otomotiv is involved in new investment projects for expanding its successful operations in Turkey to abroad. As a result of close collaboration with VW Group based on confidence, the Company put into service the Porsche authorized dealer and service center it founded in Lausanne in Switzerland.

The Meiller Dogus Damper Plant founded jointly by Dogus Otomotiv and Meiller, one of the world's leading damper maker of which Dogus is distributor was opened in Sakarya on 20 June 2008.

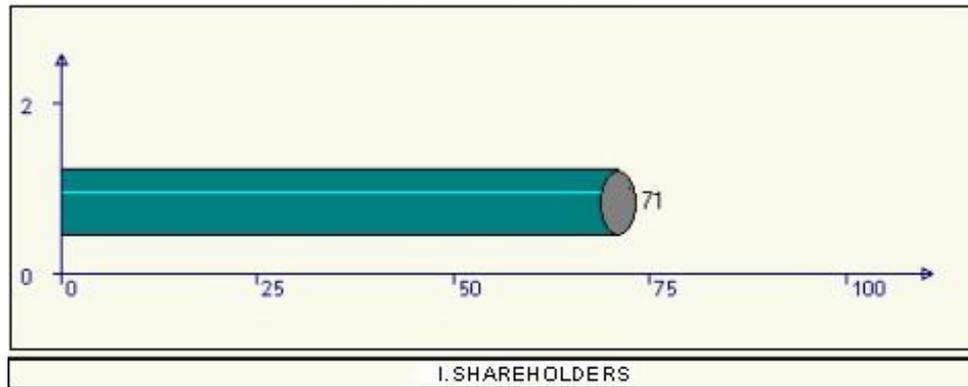
The Project involved an investment of 10 million Euros. Foundations of the Krone Dogus Trailer Plant planned by Dogus Otomotiv as second production facilities were laid at Tire District of Izmir on 17 July 2008. Krone Dogus Trailer Plant the foundations of which were laid with an investment of 35 million Euros was built with the partnership of Europe's second largest trailer maker krone. It has the characteristics that it is Turkey's first trailer production facility with a foreign partner.

PARTICIPATIONS AND SUBSIDIARIES

Name	Line of Business	Paid up / Issued Capital	Stake	Currency
<u>Doğuş Auto Mısır For Trading Manufacturing Vehicles JSC</u>	Vehicle Trading and AS Services	72.000.000	71.950.000	EGP
<u>D-Auto Suisse SA</u>	Lausanne Regional Distributor for Porsche	20.500.000	20.490.000	CHF
<u>Doğuş Oto Pazarlama ve Ticaret A.Ş.</u>	Vehicle Trading and AS Services	45.000.000	43.288.270	TL
<u>Yüce Auto Motorlu Araçlar Tic. A.Ş.</u>	Skoda Distributor in Turkey	2.100.000	1.049.999	TL
<u>Meiller Doğuş Damper Sanayi ve Ticaret Ltd. Şti.</u>	Manufacturing and Trading of Damper	39.000.000	19.110.000	TL
<u>Krone Doğuş Treyler Sanayi ve Ticaret A.Ş.</u>	Manufacturing and Trading of Trailer	66.300.000	31.824.000	TL
<u>Volkswagen Doğuş Tüketici Finansmanı A.Ş.</u>	Consumer Finance for Automotive	30.000.000	14.399.998	TL
<u>Doğuş Sigorta Aracılık Hizmetleri A.Ş.</u>	Insurance Brokerage Services	1.265.000	531.232	TL
<u>LPD Holding A.Ş.</u>	Holding Company	3.265.300	1.231.999	TL
<u>VDF Servis Holding A.Ş.</u>	Holding Company	5.100.000	1.924.230	TL
<u>Tüvtürk Güney Taşıt Muayene İstasyonları Yapım İşletim A.Ş.</u>	Vehicle Examination Station	25.250.000	8.332.836	TL
<u>Tüvtürk Kuzey Taşıt Muayene İstasyonları Yapım İşletim A.Ş.</u>	Vehicle Examination Station	67.100.000	22.143.895	TL
<u>Tüvtürk İstanbul Taşıt Muayene İstasyonları Yapım İşletim A.Ş.</u>	Vehicle Examination Station	67.000.000	11.257.060	TL
<u>Doğuş Holding A.Ş.</u>	Holding Company	856.027.050	31.380.908	TL
<u>Garanti Yatırım Otaklığı A.Ş.</u>	Portfolio Management	30.000.000	9.113	TL
<u>Leaseplan Otomotiv Servis ve Ticaret A.Ş.</u>	Operational Vehicle Leasing	6.400.000	1	TL
<u>VDF Sigorta Aracılık Hizmetleri A.Ş.</u>	Insurance Brokerage Services	50.000	1	TL
<u>Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş.</u>	IT	50.000	23.000	TL

4. SECTIONS OF THE RATING PROCESS

A. SHAREHOLDERS



Overview

- ✓ **Investor Relations Department exists and fulfils members-related duties properly.**
 - ✓ **Public Disclosure Policies are laid down and shared with the public.**
 - ✓ **General meetings are held and calls therefor are made in time.**
 - ✓ **Procedures for voting at the general meeting appear on the corporate internet website.**
 - ✓ **There is no procedures making it difficult to exercise the voting right and no upper limit for number of votes to be given by the members is imposed.**
 - ✓ **No share is granted any concession in respect of voting.**
 - ✓ **There is no restriction on transfer of shares.**
 - ✓ **Income Appropriation Policy is formulated and disclosed to the public.**
 - ✗ **No briefing document has been prepared prior to the general meeting.**
 - ✗ **The calls for the general meetings have not contained an explanation that the meetings would be held openly to the public.**
 - ✗ **The Articles of Association do not contain a regulation over**
- the right of members to request for appointment by the general assembly of special auditor.**
 - ✗ **The minority shareholders are not conferred the right to cast accumulated votes.**
 - ✗ **A Dividend Advance payment is not regulated in the Articles.**
 - ✓/✗ **It should be ensured that the Articles provide for particulars to be explained at general meetings in respect of candidates for Directorship.**
- The Company has been assessed by 100 different criteria for which it has been assigned the grade of **71,00** under the headings of the facilitation of exercise of Shareholders' rights, shareholders' right to obtain and review information, members' right to attend the general meetings, members' rights, minority members' rights, members' right to receive dividend and members' right to transfer their shares to individuals of their choice whenever they so wish and the principle that all members are treated equitably as laid down in the Capital Market Board's Corporate Governance Principles.
- a. Facilitation of Shareholders' Rights**
- At DOGUS Otomotiv, the relations with the shareholders are carried out by the

Investor Relations Department. This unit operates by reporting to Dr. Berk Cagdas, the CFO/President of the Financial and Administrative Affairs, which unit is headed by Verda Beste Tasar.

It is found that the shareholders right to get information has been caused to be exercised in the best manner, and that inquiries made by phone, facsimile and e-mail have been responded fastly. It is informed that by face to face meetings, teleconferances and analyst meetings both existing investors and potential investors are contacted while their inquiries are responded.

As for exercise of shareholders' rights, it is confirmed that documents from which the shareholders will benefit are prepared and made available to review at head office and on the internet website and that voting results are recorded, announced on the corporate internet website which are sent to shareholders requesting therefor.

Although we are of the opinion that by practices hereunder DOGUS Otomotiv has achieved satisfactory compliance with the principles, it is deemed fit that an independent relations with shareholders department reporting to the corporate governance committee be formed.

b. Right to Obtain and Review Information

Data required for shareholders' rights to be exercised healthily are made available to the use of shareholders and corporate internet website (www.dogusotomotiv.com.tr) is employed as an effective platform for this purpose. Developments that might affect the exercise of shareholders' rights are sent to Public Disclosure Platform (KAP-PDP) CMB and ISE further announced under the heading of SPECIAL CASE STATEMENTS on the corporate internet website.

It is found that inquiries made by the shareholders by various communication means and orally/in writing concerning

the company have been responded in the shortest time and that the requested information have been provided in completely, in time and carefully. Similarly provided that they are not considered within the trade secret, it is informed that even the questions raised over legal and commercial relations between the individuals/legal entities with which the Company is in direct/indirect relations in terms of management or audit and the company have been responded. It is observed that the questions raised by the shareholders and executives responses thereto are regularly filed.

Company's "Disclosure Policies" approved by the Board appear on the corporate official internet website and procedures for shareholders right to get information are explained in detail under such policies. It is declared by the company's lawyers that no action has been brought by shareholders for ancillation of general assembly resolutions due to failure in provision of sufficient, true information and/or in time.

The lack of a regulation in the corporate Articles over each shareholder's individual right to request for appointment by the general assembly of special auditor appears as an area incompliant with the principles hereunder.

c. The Right to Attend the General Assembly

DOGUS Otomotiv arranged for announcement of calls for annual general assemblies held in 2011 to consider and make a decision their on of 2010 operations appeared on Turkish commercial register journal, national newspapers and internet website three (3) weeks prior to the meeting date. It is confirmed that presentation of the notice coverage and order of the day are explicit avoiding any different comments. Information and papers covering the agenda have been made available to review of the shareholders at the head office and corporate official internet website fifteen (15) days before the

meeting date and the meeting has been held within the period of time of the accounting period and prescribed by the principles.

Specimen proxies drawn up for those who could not attend the meeting are made available to the use of shareholders at the head office, in the supplemental to notice published in the press and electronically. It is informed that when the agenda has been prepared issues requested by shareholders to be added to the agenda have been considered by the Board and that items of the agenda have been voted separately, counted and communicated to the shareholders prior to closure of the meeting.

From the review of the proceedings of the meeting it is confirmed that the meeting has been attended by the Chairman and two Directors. It is concluded on the meeting proceedings that the Chairman of the meeting conducted the meeting impartially allowing for shareholders to exercise their rights and that the shareholders have been briefed over annual report, financial statements, performance indicators. Notwithstanding that the Articles contain a detailed definition of candidacy for directorship, it is observed that nominees are elected from among individuals who have qualifications required for the job and who are experienced in the sector.

It is found that the Articles do not contain a provision for resolutions to be adopted at the general assembly for split and stake change affecting the capital, management structure, assets of the company; purchase/sale giving or taking on lease of tangible, intangible assets of important values or donations and provision of assistance and provision of security, surety, mortgage in favor of third parties, however, the shareholders have been advised of such resolutions at the general assembly.

Among irregularities observed as areas requiring new regulations in respect of this subsection are: that briefing paper is not prepared prior to the general

assembly, that although there isn't any contrary practice and obstruction the explanation that the general assembly could be attended by stakeholders and the media is not included in the calls for general assemblies, the lack of regulation in the Articles over particulars of nominees for the directorship to be explained.

d. Voting Right

Neither the Articles nor the practice contain procedures making it difficult to vote and there is no upper limit of number of votes to be given by the shareholders at the general assembly. It is ensured that voting right is exercised as one originated from acquisition of share while there is no regulation impeding the exercise of such right. The shareholders can give vote in person or by Proxy, whether a member or not, at the general meetings; specimen proxies to be used for this purpose are made available to the use of shareholders or notices and electronic environment. There is no restriction on exercise of voting right in terms of individual and institutional representation.

Procedures for voting at general meetings are laid down in item 21 of the corporate Articles. Accordingly, votes are given by handing up at general meetings, upon request by members representing 5% of capital represented by the attendees secret voting could be practised. Such details are submitted to the attention of the shareholders on the corporate official internet website.

All shares are bearer ones none of which has any concession.

DOGUS Otomotiv complies fully with the principles by practices hereunder.

e. Minority Rights

There is no contravention of right on such issues as attendance by minority shareholders of general meeting, representation by proxy, imposition of upper limit on exercise of voting right, nomination for directorship or concession granted to any share as to adoption of a

resolution on certain matters. Instead, that the Articles contain no regulation over accumulated voting by the minority shareholders and on appointment of director is regarded as an area required to be improved.

f. Dividend Right

DOGUS Otomotiv has laid down the manner of income distribution pursuant to both the TCC and CMB and the Articles of association which is disclosed to the public electronically.

It is confirmed that the Articles do not grant any privilege on dividend distribution the corporation distributed dividend in 2008 for the last time, income generated thereafter has been earmarked as legal reserve being added to the shareholders' equity. Review of general meeting proceedings reveals that the reasons for non distribution of income have been submitted to the attention of the shareholders.

In our opinion, it will be appropriate that the company regulates its income appropriation policy pursuant to the corporate governance principles and that such policy be presented to the consideration of the members at the first general assembly.

On the other hand lack of a regulation in the Articles over "dividend advance payment" to the shareholders is confirmed as a point requiring to be improved for compliance with the principles hereunder.

g. Transfer of Shares

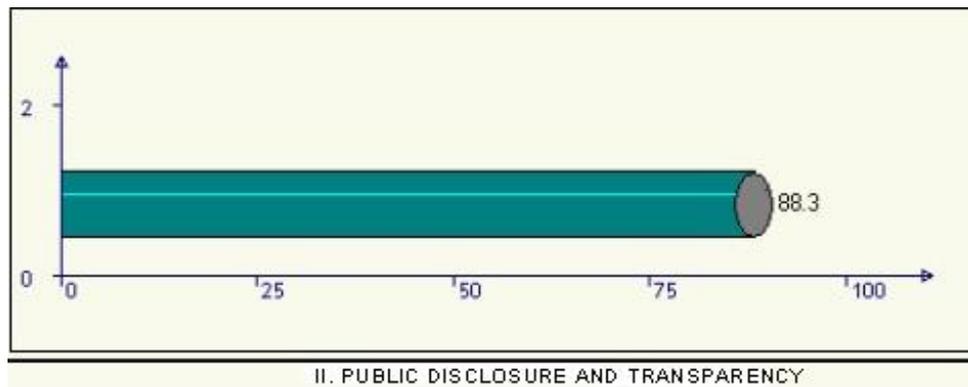
Of the Dogus Otomotiv's paid up capital of TL 220.000.000,00 , a portion of 34,50% were offered to the public. Company's all shares are bearer ones and the Articles do not contain a regulation restricting transfer of shares and this principle is observed in the practice as well.

It is found that the company has achieved full compliance with CMB's corporate governance principles in respect of share transfer.

h. Principles on Equally Treatment to Shareholders

At the end of examinations made on site and documents it is concluded that the company approaches to the members due to the fact that there has not been any complaint by members about discrimination, and that the Articles and other internal procedures do not contain any regulation over discrimination. It is thought that all the members are treated fairly in terms of public disclosure in particular.

B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ A Disclosure Policy is laid down and announced to the public on the internet website.
- ✓ Having an updated and considerable coverage, the internet website is employed as an effective public disclosure instrument, whose Turkish and English versions are available.
- ✓ The annual report provides details of company performance and prospects. Further, data provided is supported by statistical studies and graphics.
- ✓ Periodical Financial Statements and notes thereto are produced in accordance with relevant legislation and international accounting standards.
- ✓ The list of individuals likely to be involved in insider trading appears on the internet website.
- ✓ Method of dividend distribution is included in the annual report and the internet website.
- ✓ Code of conduct is announced to the public under the Disclosure Policy.
- ✓ Cases and developments required to be disclosed to the public are announced pursuant to the legislation and without any delay.

- ✗ Annual reports do not contain a signed representation by the

Director(s) and top executives that the Periodical Financial Statements give a fair view of the company's financial situation and that the company observes the legislation fully.

- ✗ The reasons for failure in compliance with the principles ignored are not explained in the corporate governance compliance representation.

- ✓/✗ The Disclosure Policy should be presented to the consideration of the general assembly.

As for this section, the Company has been assessed by **94** different criteria under the headings of Rules for and means of Public Disclosure, announcement of relations between the company, shareholders, directors and executives, the function of periodic financial statements and reports, independent audit for public disclosure, the trade secret concept, the insider trading, cases and developments required to be disclosed to the public, as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **88,30**.

a. Rules and Instruments of Public Disclosure

DOGUS OTOMOTIV accomplishes its disclosures under "Disclosure Policies" approved by the Board and shared with the public. It is confirmed that the corporation is at a satisfactory level in the public disclosure, that on this context the company employs such public disclosure means and procedures as press releases, electronic data transmission channels, meetings being held with shareholders and potential investors, media organisations or announcements on internet website. In addition to those required by the legislation for public disclosure. Corporate internet website contains various information described in the corporate governance principles which is employed as an effective platform for public disclosure, further it is available in English language enabling the foreign investors to be kept informed.

In the announcements transmitted to the public disclosure platform, CFO Dr. Berk Cagdas, financial and administrative affairs director Kerem Talih, General Accounting Manager Engin Kaya and Finance Director Yesim Yalcin are authorized by the Company to sign.

Again as for the purposes of this subsection, also the "Code of Conduct" appears on the internet website.

Among areas found to be improved in respect of this subsection are the fact that the Board's representation on whether such principles are followed or not, if no the reasons therefor do not appear in the corporate governance compliance report and that explanation on conflict of interest due to non compliance with such principles is not included therein.

b. Public Disclosure of Relationships Between the Company, Shareholders, Board of Directors and Executives

From review of records and documents there is no finding that the directors executives and employees have made deals on company's Capital Market Instruments. It is observed that the employees is aware of requirement that the cases of excess of or reduce to stakes of 5%, 10%, 25% and 33% threshold be announced to the public through ISE without delay, it is confirmed that by special case statements deals made during the period rated have been disclosed to the public. We don't have an observation that the company has been warned due to a contrary practice. The list of individuals who are the final controlling shareholders appears on the internet website informing the public on ownership structure. In our opinion, in general the company has complied with the CMB's Corporate Governance Principles hereunder.

c. Periodical Financial Statements and Reports in Public Disclosure

DOGUS Otomotiv's periodic financial statements and notes thereto are produced so as to give a fair new of company's financial situation and are corrected pursuant to international accounting standards and to points contained in the independent audit report which are disclosed to the public. Our relevant observation is supported by the similar opinion in the report of 6 April 2011 by the independent audit firm who audited the Company that "In our opinion, the attached consolidated financial statements give a fair view of the group's consolidated financial situation as of 31 December 2010 and of consolidated financial performance and consolidated cash flows as of the same year end in accordance with financial reporting Standard issued by the Capital Market Board.

Since there is no stock-based and/or other capital market instruments based-

incentive systems developed for employees to hold company shares, no explanation are made on financial statements in this respect.

Annual report is issued comprehensively and pursuant largely to the principles and data of performance displayed by the company in its field by years and future-oriented prospects are supported by statistical data graphics similarly the annual report covers information on such issues as legal changes in company's line of business, amendments made to the Articles and corporate social responsibility projects.

However, areas confirmed ones needing for improvement in this respect are the fact that the annual report, periodic financial statements and reports are not signed by the director and CEO responsible for issuance thereof and by Vice-President or executive charged for reparation of periodic financial statements and reports, and that their representation that the periodic financial statements give a fair view of company's financial situation and that the company complies fully with the legislation. Also other areas regarded to be improved for compliance with the Principles are that no explanation is made on conflict of interest arisen between the company and firms from which the company receives investment consultancy, investment analysis and rating services an on measures taken by the company to avoid such conflict of interest.

d. The Independent Audit Function

It is observed that business is done with independent audit firms subject to rotation at regular intervals according to CMB regulations and that attention has been paid not to be involved relationships detrimental to independence of such firms and auditors the company finally signed agreement with "AKIS Bagimsiz Denetim ve SMMM A.S.", one of independent audit firms designated by CMB for independent audit of interim and year end of 2010-2011. It is confirmed that agreement executed and Works performed with this firm are in compliance with the regulations and it

is declared by the executives that there is a litigation between the firm and the company.

It is expressed by the DOGUS Otomotiv executives that no consulting service is received from the independent audit firm and auditors and other personned employed by the firm inquestion. The independent audit firm was appointed by the audit committee, no report has been issued by the committee to the Board on whether there is a matter detrimental to independence, however.

e. The Trade Secret Concept and Insider Trading

The trade secret and company secret concepts are described in the Code of Conducts, accordingly practices impeding insider trading are covered and the public announced the list of individuals likely to have access to information not made publicly known are announced electronically and annual report and corporate governance compliance report. A series of technical measures are taken for security and protection of trade secrets while rules to be observed by the employees in this respect are included in the Code of Conduct. In our opinion a balance is considered between the protection of trade secret and exercises of stakeholders rights to obtain information.

At the interview held with the Company's legal department, it is declared that no action has been brought against company in this respect, that there is no finding that in the ISE and CMB bulletins the company has been warned or fined. It is observed that the company has considerably achieved compliance with the CMB's Corporate Governance Principles hereunder.

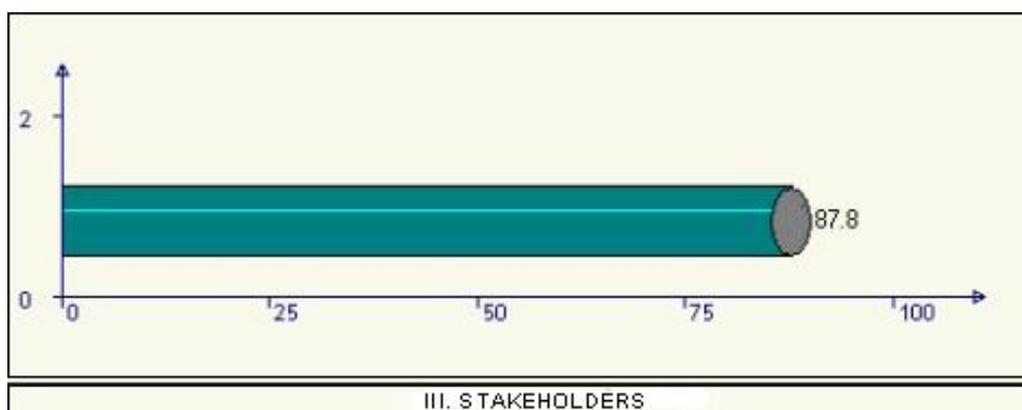
f. Major Events and Changes Required to be Disclosed

Through PDP, the Company shares its Special Case Statements with the public. It is ascertained that during the period rated major events and developments required by CMB and ISE to be disclosed and issues required by the principles to

be disclosed are announced regularly to the public through PDP, that no fine or warning has been imposed by CMB and ISE due to a contrary practice. Issues required to be disclosed to the public are described in detail in the Disclosure Policy which are announcements to be made by the Company are coordinated and disclosed by the Investor Relations Department. It is observed that the company fully complies with the CMB's Corporate Governance Principles in respect of major events and developments required to be disclosed to the public.



C. STAKEHOLDERS



Overview

- ✓ **A Code of Conduct is laid down.**
- ✓ **No regulation and practices making it difficult to exercise takeholders' rights are not introduced.**
- ✓ **The employees are provided with a safe and tranquil working environment.**
- ✓ **An exhaustive Human Resources Policy and training policy are formulated.**
- ✓ **Directives on recruitment, promotion awarding and disciplinary processes are in place which are respected in the practices.**
- ✓ **Well-designed systems are devised to ensure high level customer satisfaction.**
- ✓ **Corporate social responsibility policies are laid down and announced to the public.**

- ✗ **Employees aren't allowed to be represented on the Board in respect of which case no provision is incorporated in the Articles.**

- ✓/✗ **The Code of Conduct should be presented to the consideration of the general assembly.**

For the purposes of this section, the Company has been assessed by 41 distinct criteria under the headings of the corporate policy towards the Stakeholders, encouraging stakeholders participation in corporate management, the maintenance (sustainability) of corporate assets, corporate human resource policy, the relations with the customers and suppliers, Code of Conduct and social responsibility as laid down in the Capital Market Board's Corporate Governance Principles, for which DOGUS OTOMOTIV has deserved the rating of **87.80**

a. Corporate Policy Towards the Stakeholders

Corporate Policies followed by DOGUS Otomotiv interest a very broad range of stakeholders. They can be described as employees, customers, suppliers, public authorities, environment.

Modes and mechanism aiming at protecting rights and interests of such groups are devised by the Board which are implemented carefully. Discussions held with the authorized officers of the Legal Department and review of company records reveal that the interests of stakeholders are protected by agreements executed, that in case of breach of interest an effective and fast compensation facility is provided, that interests of stakeholders are protected in

good faith and taking into consideration company's reputation.

All employees are informed by the intranet system of company procedures developed under the supervision of the Process Management, the resolutions concerning employees' rights and responsibilities and of various areas requiring information-sharing. It is also found that through techniques specified in disclosure policies and press and visual media all stakeholders are briefed, further corporate policy towards stakeholders are announced by the same methods.

At the end of examinations made on site and discussions held with the persons concerned, we are of the opinion that the corporate structure has been designed so as to provide the employees and all the stakeholders with the facility of expressing their concerns about acts in contravention of legislation and ethical rules, which right is protected.

It is concluded that for purposes of this subsection the Company has achieved a high level compliance with the corporate governance principles.

b. Stakeholders' Participation in the Company Management

It is observed that the employees are ensured to be involved in the decision-making mechanisms within their own duty and responsibilities, and that platforms are set up on which they could share their demands, proposals and views through intranet. It is due to the "i have a Proposal" system that the employees share their proposals concerning company's work processes, and it has been seriously examined by the authorized teams that the submitted views are evaluated and awarded pursuant to the proposal and award system. In 2010, a total of 653 proposals were obtained from the employees of DOGUS Otomotiv and DOGUS Oto, 205 of which were embraced by the management. Further, by the "i have an idea" Project the employees can submit their proposals,

ideas and complaints about intracompany routine working life.

By means of the "Vision and Strategy Meetings" held each year, it is ensured that employees of retail and distributor departments within the DOGUS Otomotiv group get together and it is found that the year-end assessment and the targets for the new year are shared by the Chairman of the executive Committee with all the employees.

The Chairman of the Executive Committee and department managers get together at the "Management Briefing Meetings" held twice a year while at luncheons arranged each month, it is ensured that not only demands and problems are shared with the top management easily but also the employees are informed of the most updated information on the organisation.

The Company, together with the survey firm, measured the employee "loyalty", "willingness" and "satisfaction" for the employee satisfaction. Accordingly, the priority improvement areas across the company have been identified and actions plans required for enhancing the General Satisfaction Index have been made.

An "Employee Health and Occupational Safety (EHOS) Committee" was formed at the Company, and it is found that no of employees serving with the company corresponds to 2% of total workforce.

Instead, that the Articles do not provide for representation of the employees on the Board is regarded as a drawback requiring to be reviewed for compliance with the principles.

It is taken cognizance of the fact that through the Customer Satisfaction Survey the levels of Customer Satisfaction are measured at regular intervals, that the services are reviewed in line with the expectations and that necessary progress and regulations have been made. It is confirmed that with symposiums on the Customer Satisfaction Survey the first of which was held in 2010 and which was continued in

2011 and with the participation of the owners of the Authorized Service Shops and managers, processes were laid down and worked out to raise the performance in the Customer Satisfaction to the highest level, and that the results obtained were translated into decisions which are being implemented. It was due to all this efforts that the Customer Satisfaction Survey results were 100,58 and 91,18 for Dogus Otomotiv Sales and Dogus Otomotiv Service respectively in 2010.

In our opinion, Company's compliance with the principles for this subsection is at a considerable high level.

c. Protection of Company Assets

Main principles for sustaining corporate assets are laid down in detail under the Code of Conducts further efforts are made to avoid any operation resulting in a loss of corporate assets, being contributed by the regular CA audit and independent External Audit.

At the end of reviews made, it is observed that there is no item deemed to be negative at the Company under this heading.

d. Company Policy on Human Resources

A rather detailed and modern-standards-oriented corporate human resources policy is in place, which is implemented by the "Human Resources and Process Management Directorship" under the supervision of the Board. The unit in question fulfils so many duties as hiring, promotion, job changes, transfer, personal affairs, education, career advancement, social benefits of the employees; disciplinary directive, staff directive and monitoring compliance with the Code of Conduct as well as employees' satisfaction.

Processes laid down under the corporate human resources policies cover ones in writing underlying the protection of rights of both the organisation and the employees concerning new commers' training and career advancement, which are based on objective criteria and the

efficiency. On the other hand, also on the same context, considerably detailed and applicable policies are introduced on several sub areas as "Good Working Environment for the Employees, Employee Satisfaction and Compliance with the Group Values, Employee Held and Occupational Safety, Employee Advancement, Benefits Provided to the Employees".

Being laid down in writing, the criteria for requirement of staff are observed in the practice. In order for the new comer to be familiar in the short and best manner with all the standard information on brands and departments within the Dogus Group and Dogus Otomotiv, which they might require, e-orientation (distance teaching) programme is available on the intranet system.

Employees performance is measured by the "D-Human Performance and Advancement Management System". At the performance appraisal process, work performances, career plans, strengthes and weaknesses and compliance with principles of all the employees are monitored. At the end of evaluations made, the employees are provided by the executives concerned with feedback over "Face to Face performance interview", the results taken down are assessed by the executives at the "Round Table Meetings" and training and advancement plans are made for employees. Given the D-Human Performance Management infrastructure, it is intended to direct all the employees to right targets to render the high corporate performance to be permanent and to bring the organisation to the future by enhancing the capabilities possessed.

At the examination made on the vouchers and on site, it is observed that also the training policies laid down are considerably effective and efficient. It is informed that training is provided at the 4-storey Training Center with a daily capacity of 500 attendees and with a space of 4000 sqm, at the Head Office building; which training programme covers such various topics as Potential Programme, Backing Up Programme,

Competence Advancement Programme, Value Development Programme, Knowledge, Skill Development Programme and Executive Development Programme.

It is informed that as of 19.12.2011 560 persons are employed at the Company of whom 479 are white-collar ones and 81 blue-collar ones. The blue-collar employees are not member of trade-union.

As a consequence, it is confirmed that due to regulations and practices on this section the principles have been complied with at high level.

e. Relations with the Customers and Suppliers

A CRD (Customer Relations Department) reporting to the Strategic Marketing and Corporate Communication Directorship is structured in order to manage customer satisfaction, try to raise customer loyalty and profitability, to monitor and register relationships with the customers. This Unit's task description includes the keeping of customer data in an accurate, updated and accessible manner; the conduct of domestic and foreign customer satisfaction surveys (CSS, CSI, DSS) and the meeting of survey demands made by the brands, the measurement, assessment and reporting of their results, ensuring the recognition of the customer-centered working concept as a corporate culture.

Having designed to measure the impact of CRM activities on brand performance, the "CRM" "Card" is also managed by the same department.

Through the "TURKUAZ" project with the measurable and controllable properties, the Company provides all business partners, dealers and authorized services with the facility of having access to information legally on the internet thereby ensuring the workflow from a single platform.

As indicated in the previous section, the customers expectations and the Dealer satisfaction and expectations are queried

by Customer Satisfaction Survey, (CSS) and Authorized Dealer Satisfaction Survey (DSS) respectively at regular intervals and action is taken in line with results obtained. In order to ensure the customer satisfaction, the Customer Relations and Operations Department is structured and complaints and requests made by customers about products and services are recorded, resolved and it is informed that the customers are briefed over their questions and problems. On the other hand, in order for customer complaints to be avoided before occurrence, the same unit ensures the dealers are trained, directed, motivated and work processes involving customers are analyzed and necessary improvement are accomplished. Further, the supplier providing road assistance service to the customer is supervised and guided by this department.

For the selection of the suppliers, the company uses the standard it has established as bases and it is expected that among various requirements the Supplier holds the TSE, ISO900 Certificate/TSE Quality Certificate, has gained experience at Dogus Otomotiv has a long-lasting business experience. The Suppliers list is reviewed and revised at least once a year on the basis of "Supplier Quality System Audit Questionnaire" and the criteria laid down.

It is concluded that Dogus Otomotiv has also highly complied with the principles for this subsection.

f. Ethical Rules

An integral (body) of Code of Conduct which all employees must observe is laid down, which appears on the corporate internet website. Review of the Code of Conduct points to a rather comprehensive coverage, in compliance with the principles. Both the service contracts and the staff directive and the Code of Conduct include the procedures to be followed in case of breach by an employee of the ethical rules.

The fact that the Code of Conduct has not been presented yet to the consideration of the General Assembly

appear as an imperfection requiring to be eliminated for the purposes of this subsection.

g. Social Responsibility

A considerably exhaustive corporate social responsibility policy is laid down to ensure the effective strategy, policy and target prospects of shareholders of DOGUS Otomotiv, who are Affected by its operations resolutions directly and indirectly are met on such issues as sensitivity to social problems, social participation, protection of ecologic environment.

Being the first firm in Turkish Automotive Sector that signed the United Nations Global Compact in March 2010, the company released its corporate responsibility report in 2010. DOGUS Otomotiv's institutional, managerial performances as well as social, environmental, ethical and economic performances from the employees' view point are evaluated and explained in the report issued pursuant to Global Reporting Initiative (GRI)'s G3 principles under the international reporting. The corporate social responsibility report issued to render the tomorrow's world to be more healthily and livable (viable), to make contribution to creation of societies whose social welfare is high which respect the human rights and which are educated and conscious covers also the ethical and the accountable corporate governance concept.

DOGUS Otomotiv regularly monitors its corporate performance and sets its objectives through the corporate responsibility working group formed in 2009 and the corporate responsibility monitoring council comprising the executive Committee members to which the group in questions reports regularly. The corporate responsibility performance evaluated in terms of strategic corporate and operations level is included in the target parts of the unit managers forming the working group members.

The social participation campaign "Traffic is Life" which has been continuing since 2005 and the Indicators Rooms

campaign aiming at ensuring that the customers use the waiting room more efficiently and effectively and the relation between traffic and vehicle safety can be more understood continues in the period of 2010-2011, too.

DOGUS Otomotiv intends to establish and maintain cooperation with the vocational high school thereby making contribution to the education and employment.

To this end, as a result of Works carried out with the Sisli Vocational High School and Samandira Vocational High School, laboratories and classes were set up in vocational high schools, and curriculum was developed. Assistance is provided to ensure the Vocational High Schools take part in international contest and such contest are organised by the Ministry of National Education. 50% of 50 students graduating from Volkswagen classes each year are employed at the Authorized Dealers and Authorized Services (60% at Dogus Oto). Further, some 100 students receiving education at Vocational High School are provided with the training opportunity.

Under the Project entitled "Long Life our School", Dogus Otomotiv provided assistance the near by schools to fulfil its responsibilities against Gebze District where the company is situated and the company was awarded by the ministry of national education the Thanksgiving certificate due to its contributions to development of vocational education.

The firm who sponsors various cultural, artistic and sportive events, the Company is the unique sponsor of Turker Inanoglu Maslak Show Center (TIM) which have hosted local and international cultural arts, events shows and musical performances since 2005. Further, the Company has allocated vehicles to leading Turkish football clubs under sponsorship since the 2004-2008 season while making contribution the meeting of needs for infrastructure.

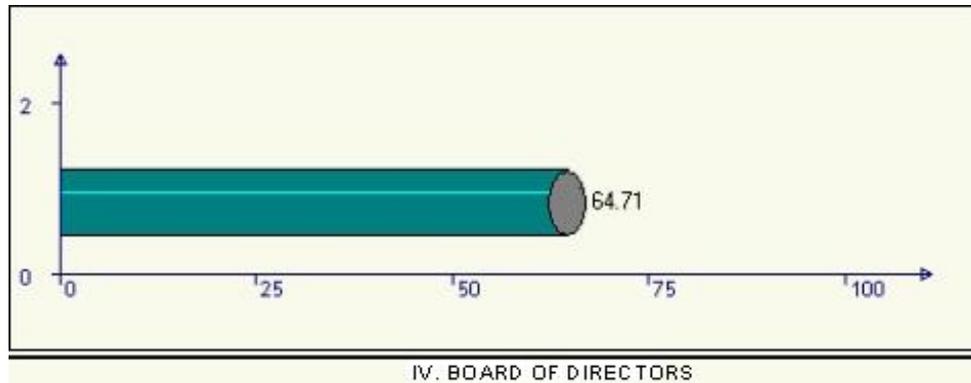
It is learnt that during the period rated no legal proceedings have been instituted against the Company for damages to the environment.

The Company is a member of so many associations and non-governmental organisations such as ADA (Automotive Distribution Association), QA (Turkish Quality Association), EPPWRF (Environment Protection and Packing Waste Recycling Foundation) and HDCVA (Heavy Duty Commercial Veichles Association).

It is concluded that DOGUS Otomotiv's compliance with principles hereunder is high.



D. BOARD OF DIRECTORS



Overview

- ✓ Company mission and vision are determined by the Board and shared with the public..
 - ✓ Directors and executives are appointed from among individuals of competence whose experience and Professional formation fit the nature of the job.
 - ✓ The Chairman and CEO are separate persons.
 - ✓ Majority of Directors are non-executive.
 - ✓ Register and proceedings of meetings of the Board are prepared and kept healthily.
 - ✓ There exist no loan/credit relationship between the Company and Directors.
 - ✓ Conduct guidelines are laid down for the Board and the audit committee.
 - ✓ Committees in sufficient number are formed within the Board to ensure Company business is carried on healthily.
 - ✓ None of votes is given concession.
 - ✗ None of directors is independent.
 - ✗ The Directors are not paid any per diem(allowance).
 - ✗ The Accumulated Vote System is not in place.
 - ✗ Directors have not made a signed representation in respect of joint and several responsibility.
 - ✗ Directors serve on more than one committees.
 - ✗ The Articles do not contain a regulation that the share and stakeholders may call a meeting of the Board.
- ✓/✗
- The Corporate Governance Committee must be rendered to be operative.**

The Company is assessed by 153 distinct criteria for this section under the headings of Primary Function of the Board, conduct guidelines for the Board, the Duties and responsibilities of the Board, the Composition and Appointment of the Board, Financial Benefits provided to the Board, the structure and independence of committees formed with the Board and the Executives as laid down in the CMB's Corporate Governance Principles, for which the Company has gained the rating of **64,71**.

a. Primary Functions of the Board of Directors

Company's Board comprises one Chairman and 7 members. The exhibit of particulars of the Directors is given in the 3-Company Profile Section on page 10.

The Board is authorized to decide, developed strategy and represent the Company at the highest level.

Accordingly the Board of DOGUS Otomotiv has revealed the mission, vision and strategic objectives it has set in its Corporate Governance Compliance report disclosed to the public.

The Board supervises the compliance of company operations with the legislation, the Articles and internal procedures while it reviews the attainment degrees of corporate goals, activities and past performance permanently and effectively, monitors the accuracy degrees of financial data and authorizes the strategic targets set by the executives.

The Board pays attention to the fact that the executives are suitable for their hosts and have the necessary qualifications while it adopts measures to ensure the qualified staff serve with the firm for a long time.

The Board has devised a risk management and internal control mechanism that might reduce to the minimum the risks to which the Company might be exposed, which might affect the stakeholders, the shareholders in particular. It is ensured that the risk areas are recognised and internal procedures are laid down to enable the set mechanism to work soundly.

Reporting directly to the Audit Committee, the Internal Audit (Control) Department serves in a rather effective manner working principles are laid down for the Audit and Risk Committee reporting to the Board which is rendered to be active.

Also an Ethical and Corporate Governance Committee, a strategic planning and Business Development Committee, an Human Resources and Remuneration Committee, Discipline Committee and Dealer Committee, comprising the directors with some of which top executives serve have been formed.

It is observed that the Board has made an intensive effort to comply with the CMB's Corporate Governance Principles and in our opinion the Company's compliance with the Principles in respect of this subsection is at a satisfactory level.

b. Conduct Rules, Duties and Responsibilities of the Board

The powers and responsibilities of the Board are outlined in the Articles, notwithstanding that no segregation of powers, duties and responsibilities hasn't been made among the Directors on the basis of function, however the duties of the Chairman of the Board, Directors and committees are expressly described in the directive on guidelines for conduct of Board. Except for duties assumed on the Committees, the segregation of duties among the members follows:

Industrial Investment and Construction Works:

Suleyman Kadir Tugtekin

Financial Participations:

Murat Aka

Legal Issues:

Hasan Husnu Guzeloz

Relations with the Shareholders:

Hasan Husnu Guzeloz(ISE)

The Board approves the company's annual budget and business plans, considers and approves the periodic financial statements, issues the annual reports and disclose them to the public.

The Board ensures that General Assemblies are held pursuant to the legislation and the Articles, executives' career plans and awards are endorsed. It

is confirmed that during the period rated the Board convened 14 times, it is understood that the Board convened in such a number and frequency that the company business could be carried out soundly.

Company's internal directives regulate how to set forth the order of the day of the Board meetings, how to have access by members to the meeting agenda and how to conduct the meeting and it is observed that the regulations in question have been respected in practices.

It is observed that the resolutions have been passed pursuant to the principles, that all the resolutions in the Register of the resolutions have been undersigned by all the Directors and that resolutions required to be disclosed to the public have been announced in time, further, that during the period rated no lawsuit has been sued against the resolution of the Board.

Without heading a separate secretariat, the Board is assisted by the Office Manager of executive Board Chairman through whom both reporting and briefing are duly effected.

Each Director has one vote while no concession is granted to a Director representing any vote.

Below are the irregularities observed to be improved in respect of this subsection: the lack of a regulation in Company's Articles allowing the share and stakeholders to call a meeting of the Directors, the lack of written representation signed by the directors that prior to commencement of office the Director will respect the Articles, internal procedures and policies laid down and that in case of contravention thereof they will jointly and severally indemnify the damages (losses) incurrent by the company, share and stakeholders.

c. Composition and Appointment of the Board

The Board comprises 1 executive and 7 non-executive of directors is fixed to ensure it Works efficiently, fast and

rationality. Being in compliance with the Principles, the Chairman of the Board and the CEO are separate individuals. None of Directors is convicted under the Capital Market Act and the Turkish Penal Code and all directors satisfy the criteria prescribed by the Principles, who possess the ethical values whose education level, Professional knowledge and formation are fit for qualifications required by the job.

It is informed that after appointment the Directors have been introduced to the employees, visited the production facilities and advised of executives backgrounds, performance appraisals of corporate strategic objectives, actual situation and troubles, company's market share and financial performance indicators.

However, the Board lacks the number of independent Directors respecting the criteria for independent Director prescribed by the CMB and the "Accumulated Vote System" enabling the minority shareholders to be represented on the Board is not applicable. On the other hand, that the Articles do not specify the attributes required to be appointed as Director is confirmed as an area requiring to be improved for the purposes of this subsection.

d. Financial Benefits Provided for the Board Members

It is declared by the executives that no deal in terms of trade, finance, loan and guarantee has been made between the Company and the Directors while none of Directors has borrowed money from the company.

The Directors are not entitled to allowance and emolument, however subject to approval by the general assembly, they could be paid dividend within the framework laid down by the Articles.

It reveals as areas to be improved in this respect that the Directors are not entitled to allowance, that a success indexed award mechanism is not designed.

e. Quantity, Structure and Independence of Committees Formed at the Board of Directors

Audit and Risk Committee, Ethics and Corporate Governance Committee, Strategic Planning and Business Development Committee, Human Resources and Remuneration Committee, Disciplinary Committee and Dealer Committee were formed within the Company's Board. Since none of Directors independent, the Committee Heads are not in the capacity of independent member, the Audit, Risk and Corporate Governance Committees required by the Corporate Governance Principles to be formed consist of non executive Directors, however. The committees and their members follow:

Audit and Risk Committee

Name
H. Murat Aka
Ekrem Nevzat Öztangut

Ethics and Corporate Governance Committee

Name
Ekrem Nevzat Öztangut
Özlem Denizmen Kocatepe

Strategic Planning and Business Development Committee

Name
Özlem Denizmen Kocatepe
Emir Ali Bilaloğlu
Süleyman Kadir Tuğtekin

Human Resources and Remuneration Committee

Name
Aclan Acar
Hasan Hüsnü Güzelöz
Emir Ali Bilaloğlu

Disciplinary Committee

Ad Soyadı
Hasan Hüsnü Güzelöz
Emir Ali Bilaloğlu

Dealer Committee

Ad Soyadı
Cem Yurtbay
Emir Ali Bilaloğlu

The Audit and Risk Committee and some others keep records of their certain activities. However, it is found that the Audit and Risk Committee has not issued a report to the Board on whether a case detrimental to independence of the firm that will audit the Company independently is arisen. On the other hand it is observed that the operations of the ethics and Corporate Governance Committee must be activated. Further, the fact that E. Nevzat Oztangut serves with both the Audit and Risk Committee and the Ethics and Corporate Governance Committee is a contravention of the Corporate Governance Principles.

f. Executives

Executives fulfil their tasks in a fair, transparent, accountable and responsible manner conduct according to the internal procedures, legislation and the Articles ensuring the company's business is carried on pursuant to the corporate mission, vision, targets, strategies and policies.

It is found that the executives are vested the powers required for fulfilment of their duties.

Review of backgrounds of the CEO and executives reveals that they possess the professional qualifications required for achievement of tasks assigned, that their knowledge skills and technical formations are sufficient therefor.

It is observed that the executive pay and awards are indexed to the performance, the implementation guidelines being introduced in writing.

It is declared by the executives at the rating process that none of Directors is condemned pursuant to the Capital Market Act and Turkish Penal Code. On the other hand, in order for the executives to avoid the use of the Company's Confidential or undisclosed information in favor of them or third parties and profiting unjust interest, the company has introduced regulations in the form of Code of Conduct, personnel directive and other internal procedures. However, here the point of how to compensate for the damages (losses) incurred by the Company and third parties due to failure of the executives to fulfil their tasks properly is not addressed, further, a written undertaking that the executives will indemnify against the damages (losses) due to executives' errors or negligence is not taken, and given the company's foregoing regulation, sanction is attributed to the relevant sections of the Act. Further, an undertaking that after termination of their service contract the executives will not serve with the competing firms for a certain period of time is not taken.

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

GRADE	DEFINITIONS
9-10	The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are 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 ISE 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 obviously eligible for inclusion in the ISE 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 operate, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interest 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 ISE Corporate Governance Index.

GRADE	DEFINITIONS
4-5,9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not true 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 the 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 ISE 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 appears to be at a level that might cause the investor to incur material losses.</p>