



Corporate Governance Compliance Rating Report



Doğuş Otomotiv Servis ve Ticaret A.Ş.

15 December 2016

Validity Period 15.12.2016-15.12.2017

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Doğu Otomotiv Servis ve Ticaret A.Ş. is compiled;

in accordance with the criteria stated in CMB's Corporate Governance Directive, 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 directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

The Rating Report issued by Kobirate Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 63 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

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

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

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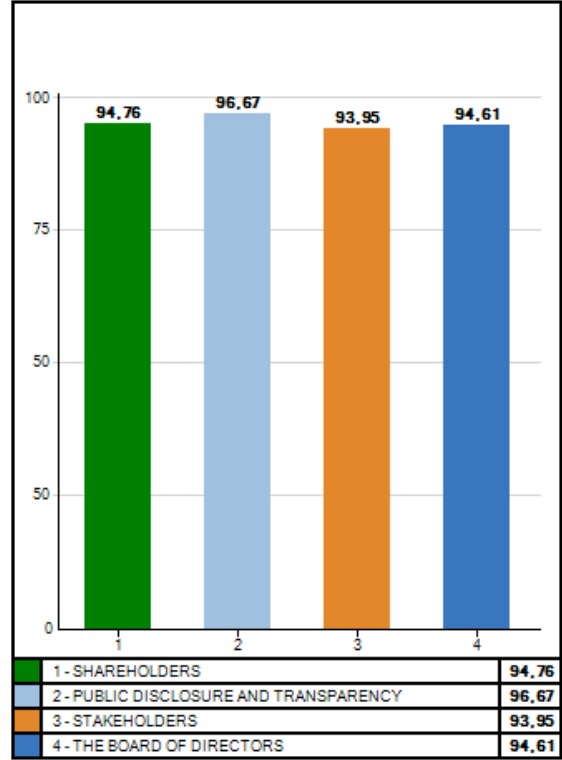
DOĞUŞ OTOMOTİV
SERVİS VE TİCARET A.Ş.

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

9.51

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RATING SUMMARY

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.Ş., through onsite examinations of the documents, interviews held with executives and persons involved, publicly disclosed information and of other reviews, according to the Capital Markets Board's (CMB) Corporate Governance Principles directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

According to CMB Bulletin dated 08.01.2016 and numbered 2016/1, Doğuş Otomotiv is on BİST 2nd Group Companies list. The Company has been evaluated through examination of

401 criteria as described by Kobirate A.Ş.'s methodology of "Corporate Governance Compliance Rating for BIST Second Group Companies". The rating process has been conducted under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors and Corporate Governance Compliance Grade of Doğuş Otomotiv Servis ve Ticaret A.Ş has been determined as **9.51**. This result signifies that the company has largely achieved compliance with the CMB's Corporate Governance Principles. Possible risks for the Company have been determined to a significant extent and can be controlled. Shareholders' rights are treated fairly. Public disclosure activities and transparency are at the highest level. Stakeholders' rights are treated fairly. The structure and working conditions of board of directors is rather

compliant with corporate governance principles. However, the result also expresses a need for some improvements while it doesn't pose major risks.

Willing and determined approach of both board of directors and top management to internalize corporate governance principles and to produce solutions for areas that require compliance and improvement within last one year is seen as the most important factor in reaching the revised grade.

In view of rating process under main headings in brief;

It has been seen that the company has achieved a rather good level of compliance in the section of shareholders where it has obtained a grade of **94.76**. The existence of Investor Relations Department that keeps healthy relations with shareholders, timely and duly convention of general assemblies and their proper invitations, having no privileges in voting rights, establishment of a dividend policy and its disclosure to public are salient positive achievements. In accordance with CMB Communiqué no II.17-1, the Manager of Investor Relations Department is appointed as Corporate Governance Committee member.

DOĞUŞ Otomotiv has achieved a grade of **96.67** for Public Disclosure and Transparency section. Developing its disclosure policy, presenting it to the general assembly and sharing it with public are all policies in compliance with the Principles. The Company provides access to several current data on the corporate website, which are specified in the Principles and might be needed by the investors and this has been deemed positive. The annual report is sufficient in terms of content and information is supported with graphics. As a result of these assessments, it is our opinion that **DOĞUŞ Otomotiv** has displayed very good level of compliance with the Principles on public disclosure and transparency.

It is observed that the company has reached the grade of **93.95** in the section of Stakeholders.

In this section the Company has achieved significant compliance with CMB's Corporate Governance Principles. Human resources policy has been established; regulations on different subjects including recruitment, job descriptions, performance appraisal, promotion, rewards, leave and social benefits have been made and disclosed to the employees. Training policies and annual training programs have been prepared and employees have been informed about them.

It has been observed that business processes and standards have been set forth and that the customers are being informed of such processes.

Procedures for outsourcing products and services have been determined and regulated in written documents.

Ethical Principles and Rules have been prepared and introduced to employees in order to ensure that they act pursuant to such rules.

Corporate social responsibility and sustainability policies have been prepared and activities in these fields are disclosed to public through corporate website and annual reports.

As for the Board of Directors Section, the Company's grade is **94.61**, representing a rather good level compliance with the CMB's Corporate Governance Principles.

It has been confirmed that the Board has set company's strategic goals, supervises performance of company management and pays further attention to ensure that company affairs to be in compliance with the legislation, the Articles of Association and internal regulations.

The posts of Chairman of the Board and Chief Executive Officer are held by separate

individuals, there is no sole person in the Company with unlimited authority to make decisions.

The Board convenes regularly and procedures for meetings are incorporated in both the Articles of Association and internal guidelines.

It has been seen that the Audit, Corporate Governance, Early Detection of Risk and Remuneration Committees, referred by the Principles, have been established and their working principles were put in written documents. Moreover there are some committees within the Board that include professionals and they operate actively.

There are also other important indications of compliance with the Principles such as the fact that Board comprises one (1) executive, eight (8) non- executive and adequate number of independent members, and that guidelines for remuneration of top executives are set forth and presented to the shareholders at the general assembly meeting as a separate item of agenda.

It has been also learned that possible damages to the company due to defects of Board of Directors Members while performing their duties are insured for an amount exceeding 25 % of company's capital and it has been disclosed to public through Public Disclosure Platform.

2. RATING METHODOLOGY

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

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

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

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

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

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

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

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

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

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:

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 internalize 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 Corporate Governance Principles in the existing structure.

In this report the following legends have the following meanings:

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

* Improper / Erroneous Application of CMB's Corporate Governance principles

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

3. COMPANY PROFILE



Company Name	: Dođuş Otomotiv Servis ve Ticaret Anonim Őirketi
Company Address	: Legal Headquarters Maslak Mahallesi, Ahi Evran Cad., Dođuş Center No:4 İç Kapı No:7, Sarıyer/ İSTANBUL Headquarters Office Őekerpınar Mahallesi Anadolu Caddesi No: 22 41420 Őekerpınar - 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:

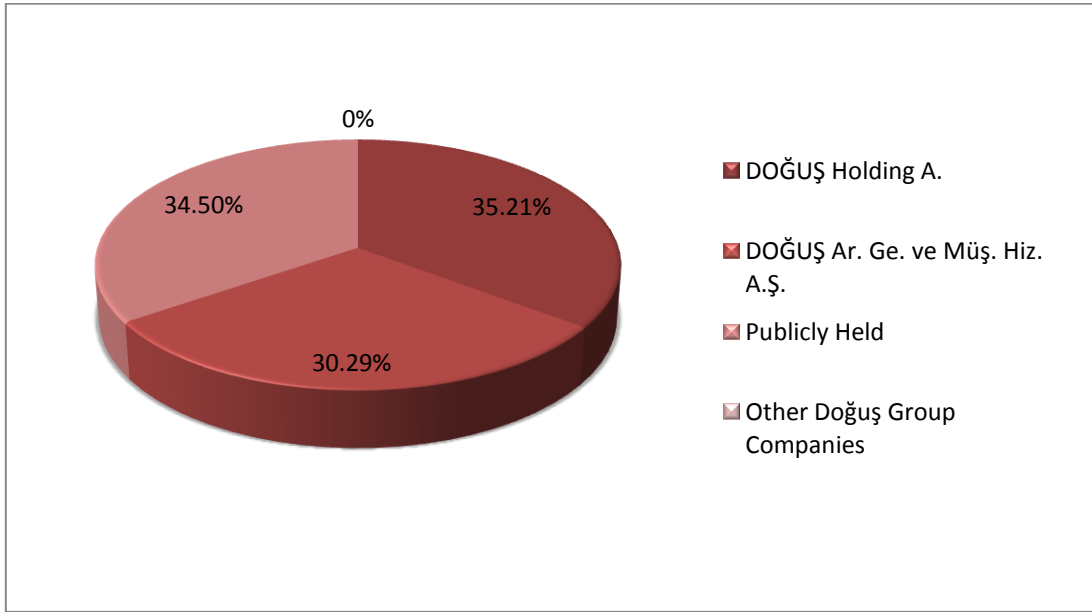
H. Müge YÜCEL

Investor Relations Department Manager

muyucel@dogusotomotiv.com.tr

0262 676 9058

*** Shareholding Structure (As of 30.11.2016)**



Source: Doğuş Otomotiv Servis ve Ticaret A.Ş.

Shareholder Name (*)	Share (TL)	Share (%)
DOĞUŞ Holding A.Ş.	77,461,218.00 -	35.21
DOĞUŞ Ar. Ge. ve Müş. Hiz. A.Ş.	66,638,086.00-	30.29
Publicly Held	75,900,000.00-	34.50
Other Doğuş Group Companies	696.00-	0.00
TOTAL	220,000,000.00	100.00

Real Person Ultimate Controlling Shareholders (As of report date)

Shareholder Name	Share (%)
Şahenk Family	73.45 %
Others	26.55 %
Total	100.00%

Source: www.kap.gov.tr

* With the decision of Board of Directors on 27.07.2016 and within the frame of Capital Market Board's Announcement on 21.07.2016 and additional announcement on 25.07.2016, Doğuş Otomotiv has bought back some of its shares that were quoted in BIST. The decision required that total amount of the bought back shares cannot be more than TRY 524,000,000. which is the total amount of resources that can be used for dividend distribution on the last year's financial table prepared in accordance with CMB regulations and that the number of shares to be bought back cannot exceed 22,000,000. Buy back was completed as of 17.11.2016 within these limitations.

Company Board of Directors

Name/ Surname	Title	Executive/ Non Executive
Aclan ACAR	Chairman of Board	Non-Executive
Osman Nezihi ALPTÜRK	Deputy Chairman of Board	Non-Executive
H.Murat Aka	Member of Board	Non-Executive
Emir Ali Bilaloğlu	Member of Board / CEO	Executive
Gür ÇAĞDAŞ	Member of Board	Non-Executive
Özlem Denizmen Kocatepe	Member of Board	Non-Executive
R.Yılmaz Argüden	Independent Member of Board & Chairman of Corporate Governance and Sustainability, Early Detection of Risk Committees	Non-Executive
Ferruh Eker	Independent Member of Board & Chairman of Audit Committee	Non-Executive
E.Gülden Özgül	Independent Member of Board & Chairman of Remuneration Committee	Non-Executive

Company Board of Executives

Name/ Surname	Title
Emir Ali Bilaloğlu	Board Member & CEO
Giovanni Gino Bottaro	Brand General Manager for Audi, Bentley and Lamborghini
İlhami Eksin	Brand General Manager for Scania, Meiller, Scania Marine Engines, ThermoKing
Anıl Gürsoy	Brand General Manager for DOD, Seat and Porsche
Kerem Galip Güven	Brand General Manager for VW Commercial Vehicle
Mustafa Karabayır	General Manager for Spare Parts and Logistics
Ela Kulunyar	General Manager for Human Resources and Process Management
Tolga Senyücel	General Manager for Skoda Yüce Auto
Kerem Talih	General Manager for Financial Affairs
Vedat Uygun	Brand General Manager for VW Passenger Car

Committees Formed Within Board of Directors

Corporate Governance and Sustainability Committee

Name/ Surname	Title	Job
R.Yılmaz ARGÜDEN	Independent Board Member	Committee Chairman
Aclan ACAR	Chairman of Board	Committee Member
Gür ÇAĞDAŞ	Board Member	Committee Member
H. Hüsnü GÜZELÖZ	Chief Legal Advisor	Committee Member
H. Müge YÜCEL	Investor Relation Dept. Manager	Committee Member

Audit Committee

Name/ Surname	Title	Job
Ferruh EKER	Independent Board Member	Committee Chairman
R. Yılmaz ARGÜDEN	Independent Board Member	Committee Member

Early Detection of Risk Committee

Name/ Surname	Title	Job
R. Yılmaz ARGÜDEN	Independent Board Member	Committee Chairman
Aclan ACAR	Chairman of Board	Committee Member
H. Murat AKA	Board Member	Committee Member
H. Hüsnü GÜZELÖZ	Chief Legal Advisor	Committee Member

Nomination and Remuneration Committee

Name/ Surname	Title	Job
E. Gülден ÖZGÜL	Independent Board Member	Committee Chairman
Aclan ACAR	Chairman of Board	Committee Member
Osman Nezihi ALPTÜRK	Deputy Chairman of Board	Committee Member

Dealer Committee

Name/ Surname	Title
Cem YURTBAY	Chairman of Board Advisor
Emir Ali BİLALOĞLU	Board Member & CEO

Strategic Planning and Business Development Committee

Name/ Surname	Title
Özlem Denizmen KOCATEPE	Board Member
Emir Ali BİLALOĞLU	Board Member & CEO

Disciplinary Committee

Name/ Surname	Title
Osman Nezihi ALPTÜRK	Deputy Chairman of Board
Emir Ali BİLALOĞLU	Board Member & CEO
H. Hüsnü GÜZELÖZ	Chief Legal Advisor

Compliance Committee

Name/ Surname	Title
H.Hüsnü GÜZELÖZ	Chief Legal Advisor
H.Murat AKA	Board Member

Human Resources Committee

Name/ Surname	Title
Aclan ACAR	Chairman of Board
Emir Ali BİLALOĞLU	Board Member & CEO
H.Hüsnü GÜZELÖZ	Chief Legal Advisor

Balance-Sheet Comparison of Company's Certain Selected Items for last two years

	2014/12 (000 TL)	2015/12 (000 TL)	Change %
Current Assets	1,442,182	2,489,232	72.60
Trade Receivables	743,529	1,103,939	48.47
Inventory	569,259	1,214,122	113.28
Non-Current Assets	1,385,075	1,490,671	7.62
Total Assets	2,827,257	3,979,903	40.77
Current Liabilities	1,528,824	2,304,035	50.70
Non-Current Liabilities	62,098	312,985	404.00
Share Capital	220,000	220.000	-
Equity	1.236.335	1.362.883	10,23

Source: www.kap.gov.tr

Income Statement Comparison of Company's Certain Selected Items for last two yearends

	2014/12 (000 TL)	2015/12 (000 TL)	Change %
Sales Revenues	7,692,702	10,889,161	41.55
Sales Cost (-)	(6,819,714)	(9,780,598)	43.41
Gross Profit	872,988	1,108,563	26.98
Financial Expenses	(123,378)	(171,488)	39
Profit / Loss Before Tax	296,297	365,389	23.31
Profit/Loss for the Period	253,078	302,444	19.50

Source: www.kap.gov.tr

The Bottom and Peak Closing Values of Company's Shares traded on the BIST during Last Year

Bottom	Peak
8.27 (01.12.2016)	13.29 (04.04.2016)

Source: Dođuş Otomotiv Servis ve Ticaret A.Ş.

Brief History of the Company

The Company started its operations with the title of Dođuş Otomotiv Sanayi ve Ticaret A.Ş. and as VW AG distributor in 1994. The company was restructured in 1999 and all brands in automotive operations were put together under company's current title in 2004. Having celebrated its 20th Anniversary in 2014, Dođuş Otomotiv is the leading automotive importer and one of the largest distributors in Turkey.

As the company has increased the brands that it distributes, it has also made dealership and production agreements with different brands. The leading distributor in Turkey's total import market, Dođuş Otomotiv has the dealership of 13 international brands that are leaders in their respective sectors in passenger car, light commercial vehicle, heavy vehicle, industrial and marine engines and cooling systems. These brands are; Volkswagen Passenger Car, Volkswagen Commercial Vehicle, Audi, Porsche, Bentley, Lamborghini, Bugatti, SEAT, Skoda, Scania, and Meiller. The company presents a large portfolio comprising more than 80 models of these brands. The company has Scania Engines in industrial and marine engines, Thermo King in cooling systems market, as well as DOD brand that it created in second hand market.

Taking customer satisfaction as priority, Dođuş Otomotiv has one of the largest networks of Authorized Dealership and Service. It provides sales, service and spare part services for its customers at more than 500 points all over Turkey.

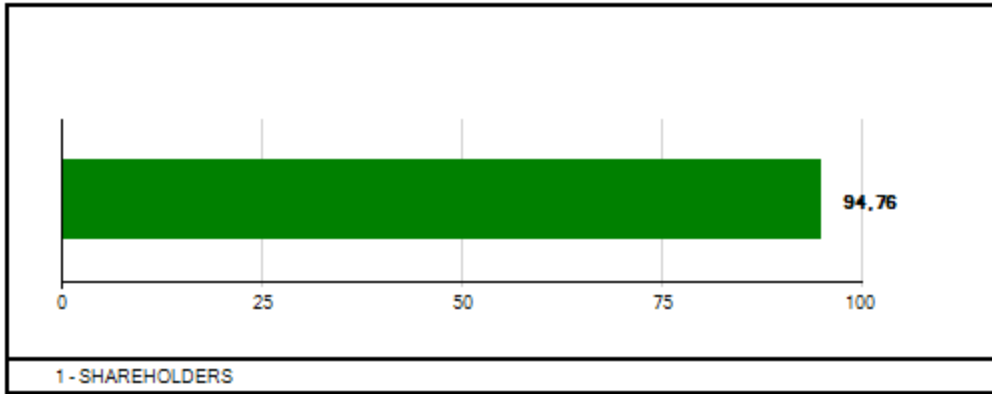
In parallel with its strategy of operating in every link of value chain, Dođuş Otomotiv continuously extends its portfolio of services. Its activities continue in the fields of consumer finance, spare parts and accessory trade, logistics, customer services, second hand car trade, fleet leasing, fast service, vehicle inspection and insurance.

Doğuş Otomotiv opened 34.50 % of its capital to public in 2004 and achieved a fast and strong performance in terms of brand / company awareness. It printed the results of Corporate Reputation Survey in 2008 and Corporate Responsibility Reports in 2009 and 2010, for the first time in its sector. Doğuş Otomotiv has been continuing its corporate sustainability activities without interruption. Sharing reports that it has prepared within the frame of Company's Corporate Sustainability policies with public since 2009, Doğuş Otomotiv managed to join BIST Sustainability Index November 2016 – October 2017 period as it did before.



4. RATING SECTIONS

A. SHAREHOLDERS



Overview

- ✓ Investor Relations Department has been established to continue relations with shareholders properly.
- ✓ General Assemblies are held in accordance with regulations and Articles of Association.
- ✓ General Assemblies are open to public and this information has been given in invitations.
- ✓ Donations and Aid policy of the company has been prepared, presented for the approval of the General Assembly and disclosed to public.
- ✓ Shareholders have been briefed on the amount of donations and aids given in the period and on their beneficiaries at the general assembly meeting.
- ✓ There is no privilege in voting right.
- ✓ There are no regulations that make exercising voting rights difficult.
- ✓ Dividend policy has been prepared, presented for the approval of the General Assembly and disclosed to public.
- ✓ There is a regulation in the Articles of Associations allowing for dividend advance payment.
- ✓/* Adding an item on the Articles of Association, saying that general assembly meetings would be open to public will be appropriate.

- ✓/* Adding a provision to Articles of Association in order to widen minority rights will strengthen compliance with Corporate Governance Principles.

In this section, as stated by CMB's Corporate Governance Principles, the company was evaluated on **115** different criteria, under the headings of **Facilitating the Exercise of Shareholders Rights**, shareholders' Right to **Obtain and Examine Information**, shareholders' right to **Attend the General Assembly**, shareholders' **Voting Right**, shareholders' **Minority Rights**, shareholders' **Dividend Rights** and shareholders' right to **Transfer Shares** to whomever they want, whenever they want. The company's grade for this section is **94.76**.

a. Facilitating the Exercise of Shareholders Rights

Activities involving Relations with the Shareholders are conducted by the Investor Relations Department. According to material event disclosure dated 25.03.2016, H. Müge YÜCEL was assigned as the Manager of Investor Relations Department on the same date. Bahar Efeoğlu AĞAR works as Investor Relations Specialist. Both of them have Capital Market Activities Level 3 and Corporate Governance Rating Licenses.

In order to achieve compliance to CMB's Corporate Governance Communiqué No II-17.1, Investor Relations Department Manager was assigned as Member of Corporate Governance Committee and it was disclosed to public with a material event disclosure, dated 13.12.2016.

Investor Relations Department directly reports to General Manager for Financial and Administrative Affairs Kerem TALİH.

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

It has been learned that Investor Relations Department presents periodical reports to the Board of Directors about its activities and performance of shares. It has also been determined that the Department prepares "Investor Relations Annual Report" once a year about its activities and makes presentation for the Board.

Any data that might affect the exercise of shareholders' rights are currently at disposal of shareholders on the corporate Internet website.

In this subsection the company has achieved rather good compliance with the principles.

b. Right to Obtain Information and to Examine

The information required for the proper exercise of shareholders' rights are presented to the shareholders and the company's web site www.dogusotomotiv.com.tr is used efficiently to this end.

The "Disclosure Policy", discussed and approved by the Board of Directors and presented for the approval of General Assembly, is on the corporate website.

Shareholders' right to obtain information is comprehensively explained in this policy.

All information concerning the company has been given on time, truthfully and completely. There have been no warnings or penalties on this issue given by Regulatory authorities. It has also been learned that there were no conflicts brought to court in the same period due to unanswered information and examination requests of shareholders or not answering their requests without a reason.

It has been learned that inquiries of shareholders are answered by phone, e mail or one on one meeting without discrimination. It has been found that during the period of monitoring (December 2015 – December 2016) information requests from investors and shareholders were completely answered.

Shareholders' right to obtain and examine information is not cancelled or restricted by the Articles of Association and/or by decision of any Company department.

There are no regulations and practices that make it difficult for shareholders to exercise their right to request appointment of special auditor from the general assembly. The fact that information was given in Corporate Governance Compliance Reports for shareholders about how to use this right, including references to related law, has been found positive.

c. General Assembly

Through its practices at the process of general assembly meeting, the Company has achieved good level compliance with many principles in this subsection.

Ordinary General Assembly meeting to discuss Company's 2015 activities was held on 25.03.2016. Invitation for the meeting was done properly on Turkish Trade Registry Gazette dated 02.03.2016, No: 9023, on Public Disclosure Platform on 29.02.2016 and

in the e – general assembly system of Central Registry Agency.

It has been also found that financial statements, annual report, audit reports and Board’s dividend proposal, all of which should be ready for the review of shareholder according to article 437 of Turkish Commercial Law no 6102 and other announcements that partnership should make in accordance with regulations and Corporate Governance Principles have been shared with shareholders 3 weeks before the General Assembly.

The document explaining the items of general assembly agenda was put on the corporate website simultaneously with the announcement of general assembly. It has also been determined that the shareholders have been notified about total number of shares reflecting company’s shareholder structure and voting rights as of the announcement date, as well as information on whether there is any privileged share within the company’s capital. It has also been seen that information was given on changes that might significantly affect managements and activities of the Company and subsidiaries, shareholders’ requests to add agenda items, whether or not there is change in the Articles of Association in the agenda and Company’s general assembly internal guidelines.

When the agenda was being prepared, special care was given to express the items clearly in order not to cause different interpretations and to avoid using expressions like “other” or “various”.

In order to increase participation of shareholders, general assemblies are held at company’s head office neighborhood, avoiding inequalities among shareholders and enabling them to participate with minimum costs.

At the general assembly meeting that our experts also attended, it was observed that the chairman of board, CFO, legal advisor,

company auditor and officers responsible for preparing financial statements and persons related to specific issues on the agenda were available. It was seen that the items on the agenda were separately voted and the results were shared with shareholders before the closure of the meeting. It was also noted that the chairman of the meeting has taken great care to have the issues of the agenda expressed objectively, comprehensively, clearly and simply. Shareholders were able to express their opinions and ask questions under equal conditions.

It was seen that the chairman of the meeting let all the questions of shareholders to be answered, except those that are considered as commercial secret. All the questions and answers have been disclosed to public by being recorded at the minutes and put on the corporate website.

Allowing majority shareholders, board members, managers with administrative responsibilities their spouses and first and second degree relatives to have transactions that might cause conflict of interest with the company or its subsidiaries or to engage in commercial activities in the same business area with the company or its subsidiaries in their own name or on behalf of someone else or joining another company, who operates in the same business area, as unlimited partners was included in the general assembly agenda as a subject.

General Assembly was also informed on guarantees, pledges, mortgages and bails given or revenue or interest provided by the company in favor of third persons, in accordance with the articles of CMB’s Corporate Governance Directive numbered II-17.1. In another item, the general assembly was informed on amount of all aids and donations, as well as their beneficiaries for that period.

There is no provision in the Articles of Association about general assembly meetings’ being open to public including stakeholders and media, without right to

address the meeting and this is seen as a deficiency. However this information is given in meeting invitations and meetings are open to public.

d. Voting Right

Neither the Articles of Association nor the internal procedures contain any difficulties to exercise the voting right and opportunity to exercise the voting right in the easiest and most convenient manner is given to each shareholder.

It is possible for the shareholders to exercise their voting right in person or by proxies, whether member or not, at the general assembly; the members are submitted with the specimen proxies to be used for this purpose at Company's head office and through corporate website.

General assembly information document has information on the distribution of company shares and on the issue of privilege in voting right. The document clearly states that each share provides one voting right and there are no privileged groups among shareholders.

The company doesn't have a subsidiary with mutual relationship which brings sovereignty.

In this subsection Doğuş Otomotiv has achieved a high level of compliance with the principles.

e. Minority Rights

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

However, there is no regulation to widen the scope of minority rights in the Articles of Association and to add arrangements in order to give same rights to shareholders with less than one twentieth of the capital.

f. Dividend Rights

Dividend practices of the company are regulated in 24th article of the Articles of Association. Article 25 / b of the Articles of Association states that the company can distribute advance dividend to shareholders in accordance with CMB regulations.

Pursuant to the criteria laid down by CMB directives and by the Turkish Commercial Law and relevant provisions of the Articles of Association, the Company has prepared its Dividend Policy and disclosed it to public in the electronic environment.

Dividend policy contains the minimum data enabling the investors to foresee the procedure and guidelines for distribution of profit to be generated by the company in future periods. Within this scope, information like dividend distribution ratio, payment method and its time table has been disclosed to public.

There are no privileges in the distribution of dividend. Moreover, 24th Article of the Articles of Association states: "Existing shares will get dividends equally without the principle of per diem deduction".

At the Board of Directors meeting dated 29.02.2016, No 2016/06, it was decided to present a proposal for the approval of the General Assembly that TRY 300,000,000 cash to be distributed – by using net period profit of 2015, according to consolidated financial statements, which have been prepared in compliance with CMB regulations and audited independently, as well as additional resources from previous year profits and extra ordinary reserves –and that Board of Directors to determine the date for distribution, which would be no later than 31.05.2016. This proposal was put into vote at General Assembly meeting on 25.03.2016 as 6th Article of meeting agenda. Distribution took place on 07.04.2016.

In this subsection Dođuř Otomotiv has achieved very good compliance with the principles.

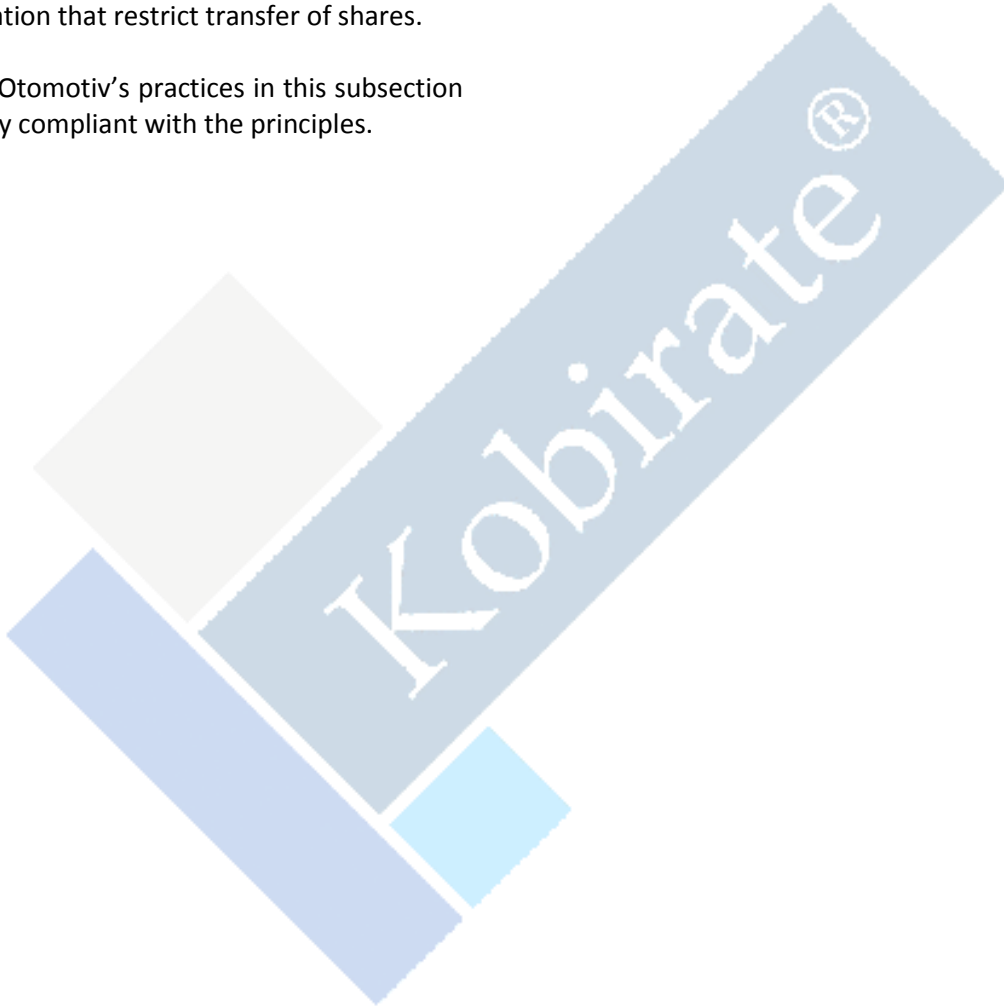
g. Transfer of Shares

Article 7 of company's Articles of Association states;

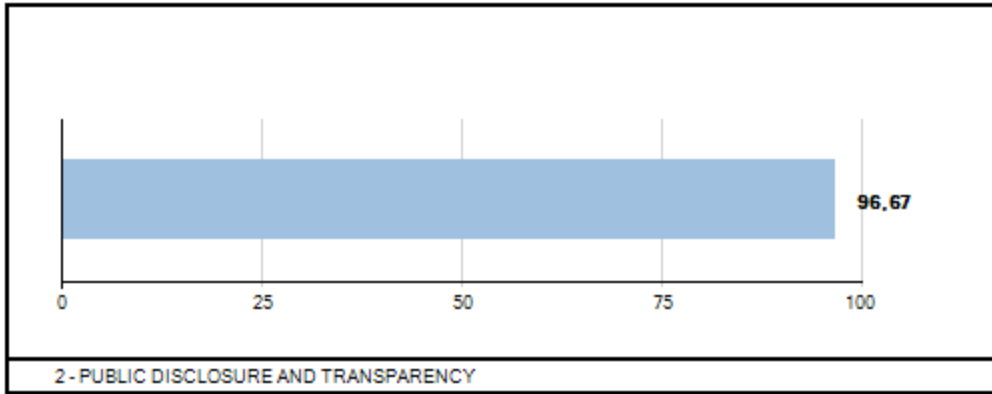
"Transfer of company shares is subject to Turkish Commercial Law, Capital Market Law and related regulations."

There are no provisions in the Articles of Association that restrict transfer of shares.

Dođuř Otomotiv's practices in this subsection are fully compliant with the principles.



B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ Disclosure policies have been prepared in detail, presented to the general assembly and disclosed to public in electronic environment.
- ✓ The corporate website is being used effectively as a tool to update and enlighten the public within the context of the principles.
- ✓ Information in the website has also been prepared in English.
- ✓ Ultimate majority real person shareholders of the company are disclosed to public.
- ✓/*Annual report doesn't have statements showing amounts of commercial and financial relations with directly or indirectly affiliated companies.
- ✓/*It would be appropriate to give information in the annual report on whether or not significant amounts of asset purchases or sales took place within the period.
- ✓/* Not all the benefits provided for board members and top executives are disclosed on individual basis.

In this section, the Doğu Otomotiv has been assessed by **88** different criteria under the headings of **Corporate Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market

Board and the Company has deserved the grade of **96.67**.

Doğu Otomotiv carries out public disclosures within the scope of its Disclosure Policy developed by the board and disclosed to public.

The public disclosure policy contains what to be disclosed to public in addition to those required by the legislation, how, in what frequency and by which channels such data will be disclosed to public, the method to be used to respond to questions directed to the company.

The disclosure policy also contains principles about the disclosure of information intended for future. In the case of such a disclosure to public, it has been observed that assumptions and hypothetical data are also disclosed, and information doesn't contain exaggerated predictions. Furthermore, it's in line with company's financial situation and results.

The persons who have the responsibility for public disclosures and the signatory authority in the company are Kerem TALİH (Financial Affairs General Manager), Yeşim YALÇIN MALERİ (Financial Affairs Director) and Engin Kaya (General Accounting Manager). These directors are assigned to monitor all issues about public disclosure.

Independent audit of the Company for 2015 was done by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of KPMG International Cooperative). There are no cases in the reports where independent auditor avoided expressing opinions, expressed conditional opinions or withdrew 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 was decided that audit of 2016 would also be conducted by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of KPMG International Cooperative).

a. Corporate Website

The corporate website (www.dogusotomotiv.com.tr) serves as an active and effective platform for public disclosure and its coverage is updated continuously. The information on the corporate website is consistent with announcements made pursuant to the relevant regulation and doesn't contain conflicting and missing information.

The corporate website covers commercial registry details, latest shareholding and management structure, final text of company's Articles of Association along with dates and numbers of commercial registry gazette where changes were published, material event disclosures, financial reports, annual reports, agenda of the general assemblies, lists of attendees, proceedings of the assemblies, the specimen Proxy, internal guidelines, dividend policy, disclosure policy, remuneration and compensation policy, company's share buyback policy, donations and grants policy, corporate sustainability policies, human resources policies, ethical rules developed by the Company and information requests, questions and notifications and answers given under

frequently-asked questions title in addition to the coverage of mandatory disclosure pursuant to the legislation.

Shareholding structure was disclosed to public, after eliminating indirect and mutual participation relationships, including names, share amounts, ratios and privileges of real person shareholders with more than 5 % of shares.

The information on the website is also being published in English for international investors to utilize.

In accordance with the capital market regulations financial statement notifications were disclosed on Public Disclosure Platform in Turkish and English simultaneously. In order to help people to make decisions, English text is summarized in a brief, correct, complete, direct, comprehensible and sufficient manner and in consistency with the Turkish text.

In this subsection, it has been determined that Doğu Otomotiv has achieved very good level compliance with the principles.

b. Annual Report

It is clear that board of directors has prepared the annual report in such a detail that it gives public access to full and sufficient information about company's activities. Annual reports of the last five years are being disclosed to the shareholders and the public in electronic environment.

Annual report for the period that ended on 31.12.2015 was approved with signatures of members of the Board of Directors with the decision dated 29.02.2016, No 2016/05.

The content of annual reports comprises;

- Résumés and tenures of board members and senior managers,
- Information about the sector that company operates in and about its position within the sector,

- Information about the company's financial resources, qualifications and amounts of its issued capital market tools,
- Changes made in the Articles of Association during the period and their reasons,
- Report on compliance to corporate governance principles,
- Responsibility declarations of board members who are responsible for financial reporting,
- Report of independent auditor on the annual report.

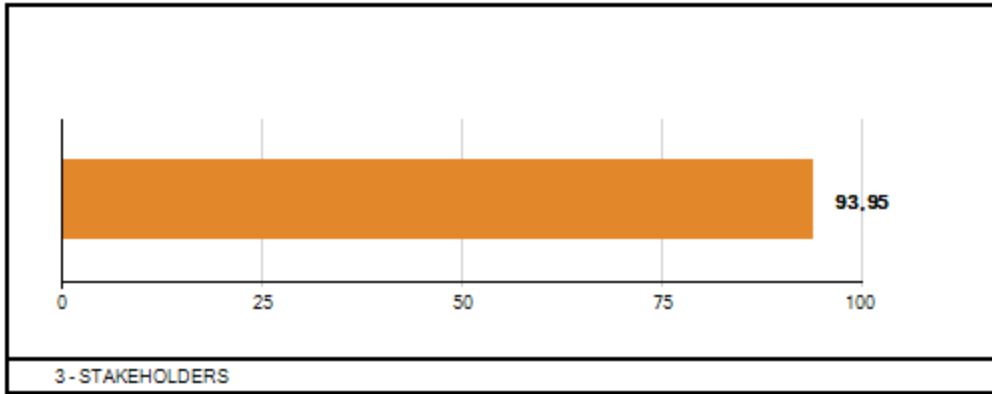
and information on whether or not there were any significant asset purchasing or selling within the period would increase compliance with corporate governance principles to a higher level.

In addition to topics quoted in regulations and other parts of corporate governance principles, annual reports also include information on;

- Board members' and managers' ongoing jobs outside the company,
- Declaration of independent board members on their independence,
- Members of subcommittees within the board of directors and meeting frequencies of these subcommittees,
- Changes of regulations, which might significantly affect company operations,
- Important law suits against the company and their possible conclusions.
- Social rights and professional training of employees, as well as other company activities that have social and environmental impacts and corporate social responsibility activities,
- The need for permission by the general assembly for majority shareholders, board members, managers with administrative responsibilities, their spouses and first and second degree relatives to have transactions that might cause conflict of interest with the company or its subsidiaries or to engage in competitive commercial activities.

However, having statements about the amount of financial and commercial relations with directly or indirectly affiliated companies

C. STAKEHOLDERS



Overview

- ✓ Ethical Rules have been formed and published in the electronic environment.
- ✓ There are no regulations that make it difficult for stakeholders to use their rights.
- ✓ Human resources policy has been prepared and many subjects concerning customers and stakeholders are internally regulated.
- ✓ Remuneration and Compensation Policy for employees have been prepared, presented for the approval of the general assembly and published on the corporate website.
- ✓ Employees are provided with a safe and pleasant working environment.
- ✓ There are no complaints made by employees about discrimination and difficulties in getting their rights.
- ✓ Corporate sustainability policies have been prepared and published on the corporate website.
- ✓ Care is given to confidentiality of information about customers and suppliers on the basis of trade secrets.

In this section, the Company has been assessed by 57 different criteria under the headings of **Corporation's Policy on Stakeholders, Supporting the Participation of the Stakeholders' in Corporation's Management, Human Resources Policy of the Corporation, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **93.95**.

a. Corporation's Policy on Stakeholders

The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations. It is concluded that, in its transactions and operations, Doğu Otomotiv protects the stakeholders' rights specified in regulations and mutual agreements.

It has been concluded that the company respects the stakeholders' rights, specified in regulations and mutual agreements. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and

company's reputation. It has been observed that many internal regulations were prepared to this end.

Remuneration and Compensation Policy towards employees has been prepared, presented to the shareholders at the general assembly and disclosed to public via corporate website.

Stakeholders are adequately informed on company policies and procedures to protect their rights. Company officials informed us that necessary mechanisms have been formed for the stakeholders to inform Corporate Governance, Early Detection of Risk or Audit Committees about operations contrary to company's regulations and ethically improper behaviors.

In this subsection Doğuş Otomotiv has achieved significant compliance with the principles.

b. Supporting the Participation of the Stakeholders in the Corporation's Management

It has been determined that the company has put many policies into practice to encourage stakeholders' participation into company management, entrepreneurship and creativity. These policies are described below;

- Platforms have been prepared in the intranet through which the employees can share their requests, suggestions and opinions, in addition to involving them in decision making mechanisms – within the boundaries of their authorizations and responsibilities. Employees participate to the management through Suggestion and Reward System. Their suggestions are evaluated by authorized teams and rewarded if they are found worth to reward. Employee Satisfaction Survey includes questions on social, environmental and economic conditions, aiming to find out the expectations of employees. Their answers to these questions are consolidated, published in the Corporate

Responsibility Report and presented to top management regularly. Representing all units of the company, Corporate Responsibility Working Group presents the results of its activities regularly to the Corporate Responsibility Monitoring Council, which is made of members of Executive Board.

- Customer Satisfaction Surveys are regularly conducted by an independent company. Customer requests and opinions received by Customer Relation Department through polls are evaluated and updated by authorized departments with the Authorized Dealer meetings, which take place every year, the customers are briefed on company's strategy and plans. In parallel to more efficient, more productive and high quality service approach, meetings with stakeholders take place and they play an active role in shaping company policies and decisions. The results of these meetings are evaluated and translated into actions. This mechanism has been internalized as part of the participation process.

These models that support employees' participation to company management are currently being implemented; however it would be appropriate to develop them and put them in the Articles of Association and internal regulations.

c. Human Resources Policy of the Corporation

Procedures on recruitment, working conditions, register files, disciplinary practices, powers and responsibilities of employees, remuneration, health rights, leave rights, promotion, task alteration and dismissal, death, resignation, retirement and education have been developed and it has been observed that the Company sticks to these policies in practice. Both during development of the policies and in practice we got the impression that equal opportunity is given to individuals under equal conditions.

Recruitment and career planning procedures have been determined and tradition to

comply with these procedures has been developed.

Performance and reward criteria have been established and disclosed to employees, in determination of benefits provided to employees the mentioned criteria are followed.

It has been determined that the company develops education policies to increase knowledge, capability and experience of the employees and implements programs in accordance with these policies. Within this context, 24,688 person / hour training was provided in 2015 and 16,456 person / hour as of August 2016. 27.250 person / hour training is planned by the end of 2016.

At every change of company's vision and plans, the HR Department organizes Communication Meetings where HR processes are shared with employees in detail. All employees of the company can participate to these meetings.

The company's organization chart has been drawn in parallel to working conditions and units, as well as number and qualification of employees for these units have been determined with written internal regulations.

Upon examination of files in the company and interviews with employees, it has been learned that the employees are provided a safe working environment and conditions and that there exists no discrimination among employees in terms of race, religion, language and gender.

The officials told us that regulations for employees were regularly updated and relevant employees were informed.

Employee stock-options schemes have not been developed.

There is no restriction on the freedom of founding association. Employees are not members of any trade-union.

In this subsection Doğuş Otomotiv has achieved a rather good level of compliance to corporate governance principles.

d. Relations with Customers and Suppliers

Information and documents obtained from customers and suppliers during the activities are kept confidential and under protection, within the scope of trade secret security, in order to ensure that they are not accessed by unrelated individuals.

Procedures for suppliers and outsourced services have been prepared and their standards determined.

The company has founded a CRM (Customer Relations Management) Department, under the Strategic Marketing and Corporate Communication Directorship, in order to manage customer satisfaction, to conduct activities to increase loyalty / profitability of customers, to get closer to customers and to monitor and record relations.

Alongside ensuring customer satisfaction, the department also records and solves customers' complaints and requests, which reaches company through phone, facsimile, e – mail, letter, social media (Facebook, Twitter, etc.) and online support channels of the website, and inform customers on their subjects rapidly in order to increase customer loyalty. Job description of this department includes to keep customer data in a true, current and accessible fashion, to conduct internal and outside customer satisfaction polls (CSS, CSI, DSS) in order to improve processes and meeting survey requests of brands, to measure results, to evaluate and report, and to ensure that customer – focused business approach becomes part of corporate culture. The same department also manages "CRM Carnet", which was designed to measure the effect of CRM operations on brand performance.

Thanks to "Turkuaz" project, which can be measured and supervised, the company

provides access to information (within the legal boundaries) for all its partners, dealers and licensed service providers. Thus it conducts its business flow over one platform. Privacy of customer's data and methods to share it are regulated by neat and detailed rules and access of unrelated people to these data is blocked.

As it is mentioned in previous subsection, customer expectations are regularly researched by Customer Satisfaction Survey (CSS) and dealers' expectation and satisfaction by Dealer Satisfaction Survey (DSS). Action is taken in parallel to data received from these surveys.

The company uses its own standards in recruiting suppliers. The supplier is expected to meet many conditions including having ISO 9000 TSE quality standard, approval certificate of the producer, being supervised by Doğuş Otomotiv and having long term work experience. The list of suppliers is reviewed and renewed at least once a year in accordance with these criteria and "Supplier Quality Supervision Question List".

In this subsection, Doğuş Otomotiv has achieved very good level of compliance to principles.

e. Ethical Rules and Social Responsibility

Business Ethic Rules, required to be complied by all employees have been laid down, approved by the General Assembly and published on the corporate website. On close examination it is seen that the ethical rules are very comprehensive and compliant with the principles. The procedure to be applied in case of an unethical behaviour by employees is set forth in staff regulations, work contracts and ethical rules.

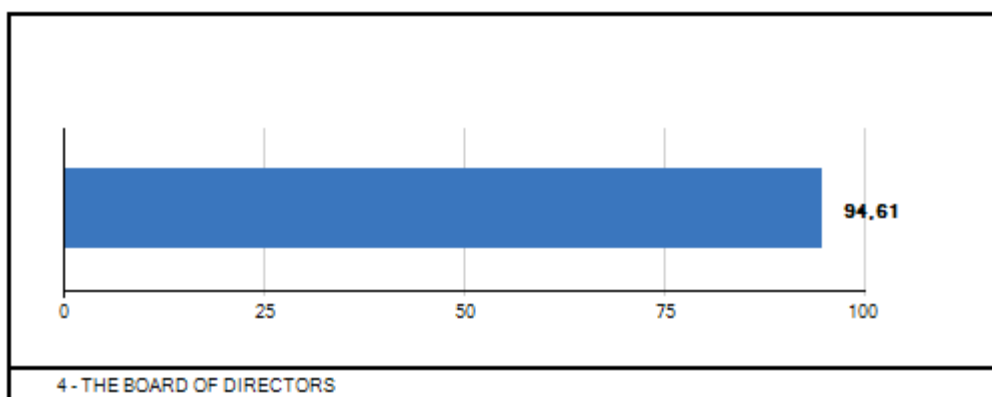
Our examination showed that there has been no lawsuit against the Company in this rating period. Our finding has also been confirmed by company lawyers.

As a company conscious of corporate citizenship, Doğuş Otomotiv expresses its belief in its responsibilities for employees, shareholders, customers, partners, society and all stakeholders and for their common living spaces. To this end, the company signed UN Global Compact" in March 2010, declaring its determination, as Doğuş Otomotiv, to join the struggle to support 10 principles, developed on the subjects like human rights, labor conditions, environmental protection and fight against corruption.

Doğuş Otomotiv has determined its Corporate Sustainability Policies and disclosed them to public. These policies have been prepared under six headings and translated them into detailed application codes. These headings are; Economic Responsibility, Environment (water, waste, energy, logistics and environment friendly products), Employees and Good Working Environment, Human Rights, Product and Service Responsibility and Social Participation.

In order to ensure that areas of sustainability are monitored, targets for these areas are determined and managed at the level of Board of Directors, "Corporate Governance and Sustainability Committee" was established in 2015. In addition to ensuring implementation of corporate governance principles, the Committee was established to provide management, consultancy and coordination activities that relevant stakeholders and institutions may need, in parallel to Company's social, environmental, economic and ethical responsibilities. Subjects shared by Sustainability Working Group, which consists of managers and employees from all departments of the Company, are presented to the Corporate Governance and Sustainability Committee at least four times a year and necessary actions are taken. Detailed announcements on Corporate Sustainability Management are provided in Company's Corporate Sustainability Report and these reports are disclosed to public on the corporate website.

D. BOARD OF DIRECTORS



Overview

- ✓ Company's strategic targets, human and financial sources it requires are determined by the Board of Directors.
- ✓ The posts of Chairman and CEO are carried out by separate individuals and there is no person with solely unlimited authority in the company.
- ✓ The number of Board Members is adequate for the Board to work productively and creatively.
- ✓ Majority of Board Members are non-executive.
- ✓ 3 of non-executive Board Members are independent members.
- ✓ Every Board Member has one vote.
- ✓ There isn't any loan/credit involvement between Board Members and company.
- ✓ Corporate Governance and Sustainability, Audit, Early Detection of Risk, Nomination and Remuneration Committees have been established and their working principles have been determined.
- ✓ Corporation's damage that may be caused due to the faults of the board of directors during the charge of their duties has been insured for an amount exceeding 25% of the corporation's capital and disclosed on Public Disclosure Platform.
- ✓ Policy has been prepared to assign woman Board Members.

✓/* Although there is practice of self-criticism and performance evaluation for Board Members, there is yet no practice of rewarding or dismissing them in the light of these assessments.

✓/* It would be appropriate to state remuneration and other interests provided for managers with administrative responsibilities in the annual report on individual basis.

In this section, the Company has been assessed by 147 different criteria under the headings of **Function of the Board of Directors, Principles of Activity of the Board of Directors, Structure of the Board of Directors, Procedure of Board of Directors Meetings, Committees Formed within the Structure of the Board of Directors and Financial Rights Provided for Members of the Board of Directors and Executives** as laid down by the Capital Market Board's Corporate Governance Principles, for which the Company has gained the grade of **94.61**.

a. Function of the Board of Directors

By the strategic decisions it takes, Board of Directors manages and represents the company, keeping the risk, growth and return in balance while paying attention primarily to company's long term interests under a reasonable and prudent risk management approach. In this sense, Board of Directors has described the corporate strategic objectives, and determined required human and financial resources. At the same time, Board of Directors monitors company activities to be in compliance with regulations, Articles of Association, internal procedures and policies and it supervises management performance.

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

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

b. Principles of Activity of the Board of Directors

Board of Directors conducts its activities in an open, accountable, fair and responsible fashion.

The distribution of responsibilities among board members, as well as their duties and powers are disclosed to public in the annual report.

Board of Directors has developed internal control systems including risk management and IT systems to minimize effects of risk and processes on stakeholders, starting with shareholders. It reviews the efficiency of risk management and internal control systems at least once a year. There are detailed statements in the annual reports about internal control system and internal supervision activities.

No person in the Company has the authority to decide solely and in an unrestricted

fashion. Posts of Chairman of the Board and General Manager are hold by different individuals.

It is our impression that Board of Directors plays a leading role in maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders. To this end, the Board is in close cooperation with the Investor Relations Department.

It has been observed that the Board is in continuous and effective cooperation with managers while performing its duties and responsibilities. It has been learned that top managers attend Board meetings whenever necessary.

"Directors and Officers Liability Insurance" against defects of Board Members duties has been made by Doğuş Holding A.Ş. for an annual amount of USD 25 million and it was disclosed to public on 26.02.2016 with a material event disclosure.

In this subsection, the company has achieved a rather good level compliance with the Corporate Governance Principles.

c. Structure of the Board of Directors

Company's Board is formed with nine (9) members one (1) being the Chairman and eight (8) members. The requirement of having at least 5 members to form the Board has been met and the number of Board Members is found sufficient to serve effectively and constructively and to form and arrange organization of committees.

The Board comprises executive and non-executive directors, and the principle that majority of Directors should be non-executive members is respected. One (1) of the Directors is executive and eight (8) of them are non-executives. On the other hand three (3) of non-executive directors are independent, satisfying the independence criteria laid down by Corporate Governance Principles. Articles of Association state that

independent members' mandates can be for maximum three years. The independent directors have presented their written representations to the Nomination and Remuneration Committee that they are independent under the legislation, the Articles and the criteria laid down by the Principles to the board. Nomination and Remuneration Committee assesses the nominations for independent candidates, focusing on the fact that whether the candidates meet the criteria for being independent and reports its assessment for approval of Board of Directors. The Committee discloses final list of independent candidates to public, simultaneously with the announcement of General Assembly meeting.

There are two (2) female members in the Board. The Board has prepared a policy to increase the ratio of female members over 25 % and this policy was approved by Board of Directors decision dated 09.12.2016, No 2016/69.

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

d. Procedure of Board of Directors Meetings

The Board comes together frequent enough to implement its duties efficiently. Number of Board meetings, as well as required majority to convene and to take decisions is written in the Articles of Association. It has been determined that board meetings take place regularly at least once a month. Upon examination of decision book it was seen that the board convened 12 times in 2015 and 10 times as of November 2016. It has been learned that one more meeting was planned until the end of the year. Each member has one voting right at the Board of Directors. There are no veto powers for any member. Board meetings take place in accordance with the provisions of internal regulations and the Articles of Association on Board meetings. Meeting processes have been put into written form with internal regulations.

In the "Working Principles and Procedures of the Board of Directors";

- The administrative structure, mandate and responsibilities of the board of directors are defined.
- Processes of invitation and preparation of board members for meetings are described.
- Annual meeting frequency and planning of meetings are stated.
- Method to prepare meeting agenda is determined.
- Flow process of information and documents related to the topics of the agenda to members are defined.
- It is stated that each member has one vote.
- The responsibility of board members to inform each other and of managers to inform the board is underlined.
- Distribution of responsibilities in the Board and committees are defined.
- Conditions and restrictions for members who want to assume duty in other companies are stated.
- Performance evaluation and rewarding of the board is defined. Many more subjects, mentioned in the principles, are decreed. It has been determined that the Company acts in accordance with this regulation in practice.

Secretariat of the Board is undertaken by CEO Office Manager Bakiye ARABACIOĞLU.

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

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

In order for the Board of Directors to fulfil its duties and responsibilities soundly, Audit Committee, Corporate Governance and Sustainability Committee, Early Detection of Risk, Nomination and Remuneration Committees have been established.

The committees' duties, working principles and their members have been determined

and approved by the Board of Directors with written documents and disclosed to public in electronic environment.

The company has stuck with the principle, which requires that all members of the Audit Committee and minimum the Chairmen of other committees are appointed from independent members and the General Manager has not been assigned to any committee.

All sources and support are provided by the Board to ensure that the committees perform their duties.

Committees invite appropriate executives to their meetings to benefit from their opinions.

Upon examinations conducted at the office and over records, it has been determined that the committees report to the Board of Directors after each meeting they held.

The Audit Committee consists of two (2) independent members. It monitors company's accounting system, public disclosures of financial information, independent audit and working and efficiency of the internal control system. The selection of independent audit company and supervision of its work at every stage is conducted by the audit committee. The committee reassesses company's processes and activities on subjects like accounting system, financial reporting, public disclosure, internal control and audit system, independent external audit, law, regulation and compliance with ethical principles. If it deems necessary, the committee makes suggestions to the board.

Internal Audit Department, which directly reports to the Audit Committee, supervises the effectiveness and performance of internal control and risk management systems for the whole Company within the scope of annual audit plan according to risk managements. On the other hand, it has been determined that internal control mechanisms had been established for all levels of personnel to implement and follow in order to ensure that

company activities are carried out in accordance with current legislation and within the framework determined by the Board of Directors and that the integrity and reliability of accounting and reporting systems are ensured.

Audit Committee held 8 (eight) meetings in 2015 and held 1 (one) joint meeting with the Early Detection of Risk Committee. It held 7 (seven) meetings as of November 2016 and one of them was a joint meeting with the Early Detection of Risk Committee.

Quality assurance assessment of Doğuş Otomotiv Servis ve Tic. A.Ş Internal Audit Department was conducted by an independent audit company in 2014 in order to determine compatibility of its internal supervision activities to International Internal Supervision Standards, to assess whether its performance meets the expectations of top management or not and to find good practices by comparing its activities with activities of internal supervision departments in similar sectors in order to create development opportunities. The assessment stated that the Company is "Generally Compliant" with Standards and Ethical Rules. The assessment is planned again for 2017.

Internal Audit Department monitors sustainability of Doğuş Otomotiv's growth, increases in sales of brands and models that it distributes and other activities that Company conducted in 2016, focusing on risks. Since the use of Information Systems continuously increases, an assessment of Doğuş Otomotiv's IT processes has been conducted in coordination with an independent audit company. The assessment has been based on COBIT standards, which covers best practices for IT management. In parallel to increasing need for IT supervision, Internal Audit Department has recruited an expert IT Supervisor in 2016 and increased the share of this area within internal audit activities.

Internal Audit Department started continuous audit activities in 2016. System makes daily, weekly and monthly reporting possible. Audit

methodology that can produce results from all data, instead of samples, has been developed. System supports on the spot, productive, efficient and timely supervisions. It is targeted to increase the weight of continuous audit within audit activities in 2017.

It has been learned that Internal Audit Department presented reports to Board of Directors in April, May, September and October 2016.

Secretariat of the Audit Committee is undertaken by Cüneyt TANRIVERDİ, Internal Audit Director.

Corporate Governance and Sustainability

Committee; establishes whether the corporate governance principles are implemented in the Company, as well as the grounds for non-implementation, if applicable; conflicts of interest, if any, arising from failure to fully comply with these principles, and discloses these to public through Corporate Governance Compliance Report. The Committee consists of five (5) members. Committee Chairman is an independent member of the Board, while two (2) are non – executive Board members. Another member is a Legal Expert and Advisor for the Chairman of Board. Investor Relations Department Manager is also assigned as a member of Corporate Governance Committee in accordance with CMB Communiqué No II.17-1. The change in the Committee was disclosed to public with a special case statement dated 13.12.2016.

Its structure complies with the principle which requires that all of the members of the Corporate Governance and Sustainability Committee – if there are only two – or majority of members – if there are more than two – should consist of non-executive Board Directors.

The committee convened four (4) times in 2015. It convened three (3) times in 2016 (on February 18, June 15 and October 12). A meeting is also planned for December 7 (seven). Secretariat of the committee is

undertaken by Financial Affairs Director Yeşim YALÇIN MALERİ.

Early Detection of Risk Committee consists of four (4) members. Its chairman is independent. Two (2) members are non – executive Board Members. One (1) member is a professional executive, appointed from outside the Board.

Organizational structure of the Early Detection of Risk Committee was separated from Corporate Governance and Sustainability Committee in April 2013 and working principles for the committee were determined.

The Committee convened 6 (six) times in 2015, including one joint meeting with the Audit Committee. With the joint meeting it has underlined the synergy between early detection of risks and audit. The Committee has presented reports to the Board of Directors once in every two months and assessed the situation. Reports have been shared with the auditor. The Committee held 4 (four) meetings in 2016 on February 18, July 25, October 12 and November 3. There is one planned meeting for December.

Secretariat of the committee is undertaken by Financial Affairs Director Yeşim YALÇIN MALERİ.

Organizational structure of **Nomination and Remuneration Committee** was separated from the Corporate Governance and Sustainability Committee in April 2013.

Committee consists of three (3) members. Its chairman is an independent member. Committee held three (3) meetings in 2015 and two (2) in 2016.

Secretariat of the committee is undertaken by Human Resources and Process Management General Manager Ela KULUNYAR.

It is our opinion that in this subsection the company has achieved rather good level of

compliance with the Corporate Governance Principles.

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

Guidelines of remuneration of board members and top executives have been written, approved by the general assembly and disclosed to public in the electronic environment.

It has been seen that actions have been taken in compliance with the principle, which states that stock-options or payment plans based on corporate performance should not be used for remuneration of independent directors. The emoluments of independent directors are sufficient to protect their independency.

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

The performance criteria of Board Members are evaluated with the support of a professional company. However there is no practice of rewarding or dismissing members by taking evaluation results into consideration.

On the other hand; remuneration and other benefits that are provided for board members and top executives are explained in the annual report. However it would be appropriate to explain this information on individual basis as required.

5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ
A. Ş. CORPORATE GOVERNANCE 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 BIST corporate governance index.
7–8,9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.
6–6,9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established and operated, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the BIST Corporate Governance Index.

GRADE	DEFINITIONS
<p style="text-align: center;">4-5,9</p>	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both 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>
<p style="text-align: center;">< 4</p>	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed 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>