



## ***Corporate Governance Compliance Rating Report***



***Turcas Petrol A.Ş.***

28 February 2020

Validity Period: 28.02.2020-28.02.2021

## LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Turcas Petrol A.Ş. is compiled in accordance with the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014; as well as the CMB's board decision taken at the Board meeting on 01.02.2013, no 4 / 105.

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

The Corporate Governance Compliance Rating Report issued by Kobirate Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 70 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 Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website ([www.kobirate.com.tr](http://www.kobirate.com.tr)).

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

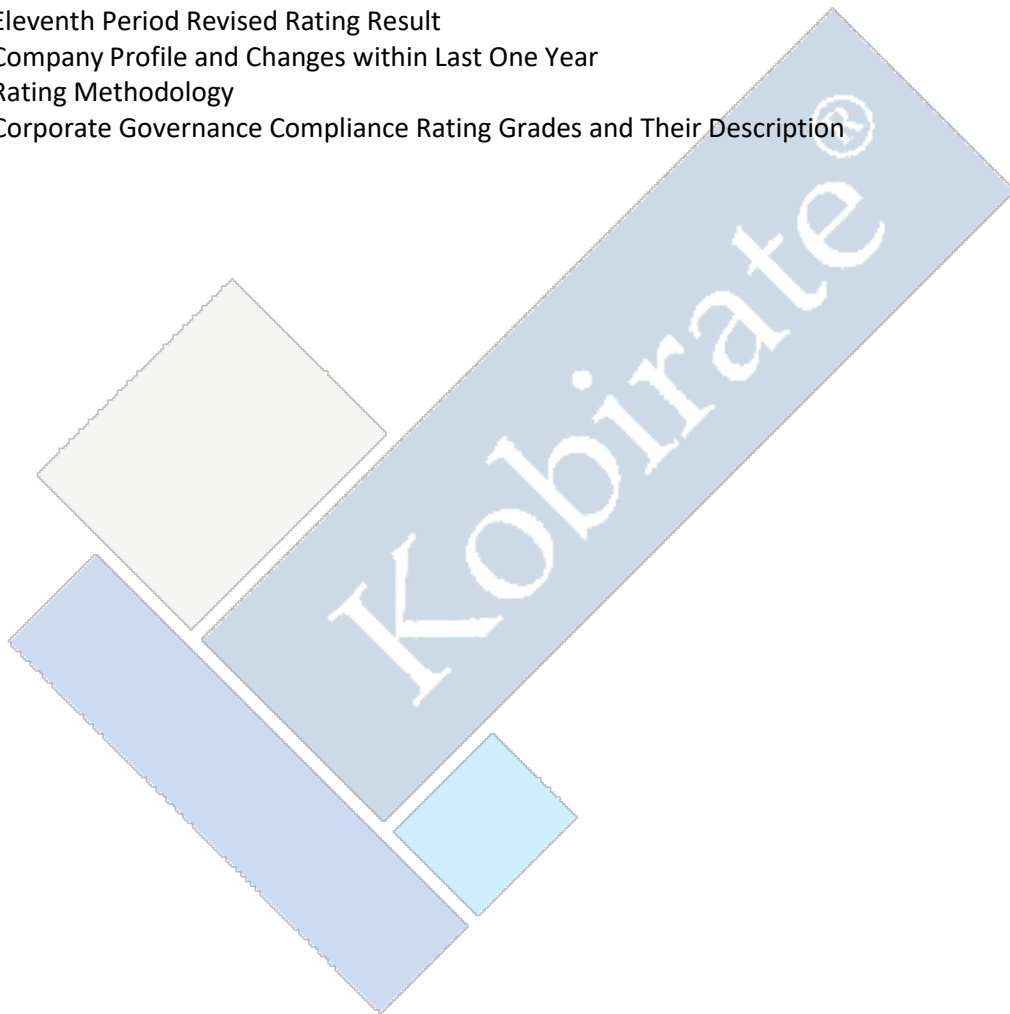
The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. Kobirate A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

© All rights in this report belong to Kobirate Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. This report cannot be printed in writing and electronically, reproduced and distributed without our permission.

## TABLE OF CONTENTS

---

1.	Eleventh Period Revised Rating Result	3
2.	Company Profile and Changes within Last One Year	8
3.	Rating Methodology	16
4.	Corporate Governance Compliance Rating Grades and Their Description	18





## TURCAS PETROL A.Ş

CMB CORPORATE GOVERNANCE  
PRINCIPLES COMPLIANCE GRADE

BIST THIRD GROUP

**9.58**

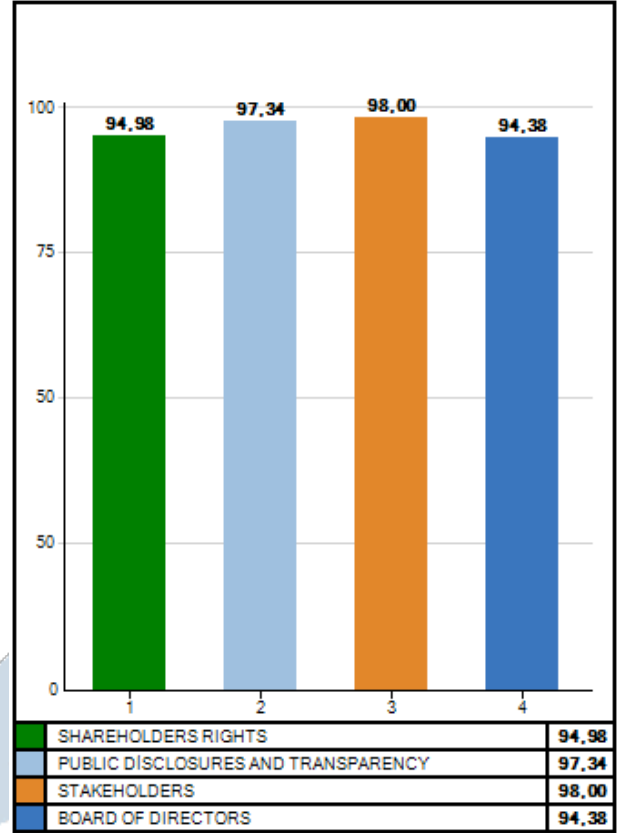
Kobirate Uluslararası Kredi Derecelendirme  
ve Kurumsal Yönetim Hizmetleri A.Ş

Contact:

Serap Çembertaş (216) 3305620 Pbx

[serapcembertas@kobirate.com.tr](mailto:serapcembertas@kobirate.com.tr)

[www.kobirate.com.tr](http://www.kobirate.com.tr)



### 1. ELEVENTH PERIOD REVISED RATING RESULT

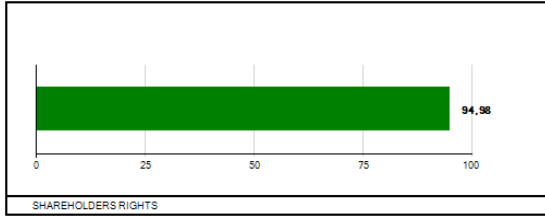
The process of rating of compliance of **TURCAS PETROL A.Ş.** with the Corporate Governance Principles has been prepared through onsite examinations of the documents, interviews held with executives and persons involved, examination of information open to public and other reviews. The rating process is based on the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.S. Methodology and the process of rating are based on CMB's Corporate Governance Principles Communiqué no II-17.1 No: 28871, published on 03.01.2014.

According to CMB's decision No: 4/54, dated 09.01.2020, Turcas Petrol A.Ş. is on BIST 3<sup>rd</sup> Group Companies. The Company has been examined through 399 criteria, as described in the methodology of Kobirate A.S. for "BIST Third

Group Companies". At the end of the examination under the main headings of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors, the Corporate Governance Compliance Rating Grade of TURCAS PETROL A.Ş. is determined as **9.58**.

This result signifies that the Company has achieved a considerable compliance with the CMB's Corporate Governance Principles. Possible risks for the Company are determined and controlled. Public disclosure and transparency activities are at the highest level. Rights of shareholders and stakeholders are treated fairly. The structure and working conditions of board of directors is significantly compliant with corporate governance principles. As a result, this grade shows that the Company

highly deserves to be on BIST Corporate Governance Index.



▪ At the section of Shareholders Turcas' grade has been confirmed as **94.98**.

Relations with shareholders are managed by the Investor Relations Department (IRD). IRD activities are conducted by IRD Assistant Manager Pinar SAATCIOĞLU (Ceritoğlu), under the coordination and supervision of CFO / IRD Director Erkan İLHANTEKİN. They both have Capital Markets Activities Level 3 and Corporate Governance Rating Licenses

Erkan İlhantekin, has been a member of Corporate Governance Committee since 04.06.2012 in compliance with Capital Markets Board's Communiqué II-17.1. On the other hand IRD Manager Pinar SAATCIOĞLU has also been appointed as a member of Corporate Governance Committee with the Board of Directors decision dated 02.03.2016, no: 2016/06. It is believed that this appointment is important in terms of contributing to direct communication between the Committee and Department.

Activities of Investor Relations Department are regularly reported to the Board of Directors and Corporate Governance Committee. The Department presents its detailed analysis of share performance and liquidity once a week and its comprehensive reports on activities and Company's corporate governance policies once in three months to the Board of Directors. 4 (four) reports were presented to the Board in the months of April, June, September and December in 2019.

There is no regulation or practice of cancelling or restricting shareholders' right to obtain and review information imposed by

the Articles of Association and/or a decision by any company department. Disclosures for shareholders and public are made in accordance with the "Disclosure Policy" of the Company. The policy is accessible at the Company's corporate website. It has been determined that the Company has taken care to ensure use of basic shareholder rights during the rating period.

Ordinary General Assembly meeting to discuss activities of 2018 took place on 16.05.2019. The announcement of the meeting was made through Turkish Trade Registry Gazette (TTSG) No: 9812 and dated 18.04.2019, on Dünya newspaper dated 22.04.2019, Public Disclosure Platform Statement on 08.04.2019, Central Registration Agency's e – general assembly system (EGKS) and corporate website, 21 days before the meeting, in accordance with regulations.

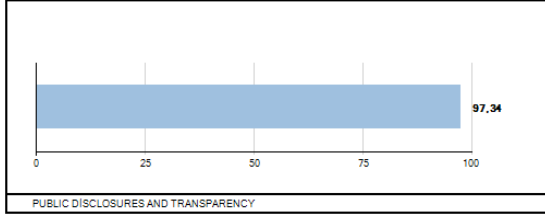
A briefing document on general assembly meeting's items of agenda was prepared and published on the corporate website and Public Disclosure Platform. The document included additional explanations within the scope of CMB regulations, as well as agenda items and it is found very descriptive.

All Board members except one, executive management, officials responsible for preparing financial statements, legal advisor and representative of independent audit company attended to the general assembly meeting.

Turcas' compliance with regulations and principles in general assembly practices is at a very good level.

According to consolidated financial statements – prepared in accordance with CMB regulations and independently audited - dated 31.12.2018; the Company made a loss of TRY 139,907,174 and a loss of TRY 114,970,174 profit according to Tax Method Law.

Board's proposal for dividend distribution and dividend distribution table has been published by Public Disclosure Platform on the same day with invitation to the general assembly meeting.



▪ In the section of Public Disclosure and Transparency, Company's grade has been confirmed as **97.34**.

It has been understood that the Company takes decisions fast in line with national and global economic developments and shares them with public without delay. Company's activities in the field of Public Disclosure and Transparency continue with same sensitivity and improvements.

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

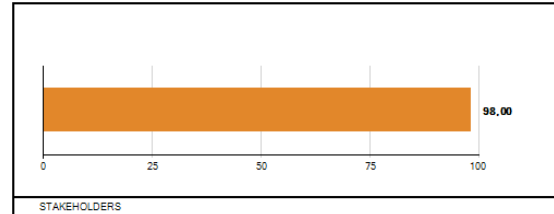
Although it is not obligatory for the Company as it is on the list of BIST 3<sup>rd</sup> Group Companies, Turcas continues to make material event disclosures and declare financial statements, which should be disclosed to public in accordance with capital market regulations, at Public Disclosure Platform simultaneously in Turkish and English.

It has been determined that Company's corporate website at [www.turcas.com.tr](http://www.turcas.com.tr) and its annual reports are used efficiently as means of public disclosure.

Independent audit of the Company for 2018 has been done by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited).

There have been no cases in the report where the independent auditor avoided expressing opinions, expressed conditional opinions or avoided signing. Company officials told us that there have been no legal conflicts or developments between the Company and independent auditor and its representatives that could harm the independence.

On the suggestion of Audit Committee and by the approval of general assembly, it has been decided that audit for 2019 would be carried out by the same company.



▪ At the section of Stakeholders, Company's grade has been revised as **98.00**.

- In order to ensure compliance with regulations, procedures have been prepared for Information Systems Management Communiqué issued by CMB on 05.01.2018, with the support of consultancy services. It has been learned that required system software, hardware and investments have been done and compliance with the Communiqué has been achieved in 2019.

- Work was started on Protection of Personal Data in November 2018. The work is expected to be completed by 2020 in three phases.

- "Quality and Environment Department" has been established and it prepared many regulations within the scope of quality and environment policies of Turcas Petrol A.Ş. and its subsidiaries.

- "Complaint Mechanism", which is an important part of Quality Management System, has been improved and made easily accessible over Turcas corporate website. All complaints are registered and monitored. It has been learned that 38 complaints reached

the Company in 2019 and they were analyzed. Steps to correct and improve processes relevant to the complaints have been taken.

These developments have been the reason for the grade increase.

In order to ensure employees' participation to management, "Strategy Sharing Meeting" was held for the first time in 2015 with the attendance of all employees and it convenes every year. "Strategic Targets Progress Meeting" has also started in 2015. Progress in strategic targets is discussed at this meeting by directors, general manager, managers and team leaders and their opinions are taken.

"Synergic Actions Committee", which was established in 2014, also continues its activities. It comprises five (5) members. In order to convey expectations of employees, an "Employee Representative", who is elected by employees, also joins the committee.

"Employee Loyalty and Satisfaction" and "Internal Customer Satisfaction and Organizational Harmony" surveys are conducted once in two years. Most recently they were conducted in October 2019 and results were disclosed on December 2019.

Established under the leadership of Quality, Process Management and Environment Department in 2016, "Office Environmental Risk Assessment Working Group" continues its activities. "Turcas Oil Quality Policy" was approved and put into implementation on 03.05.2017.

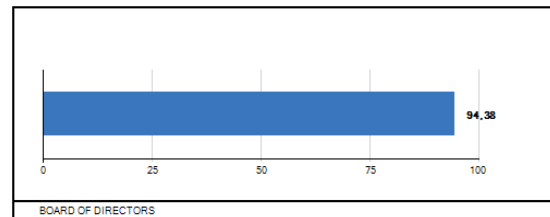
The Company established a "Sustainability Working Group" in 2016. The Group comprises 15 (fifteen) members and works to determine and plan sustainability actions within the Company, to take necessary actions and to prepare sustainability reporting.

The Company has a rather detailed and modern HR policy. The processes of HR policies contain written procedures, which

are based on objective criteria and they give priority to recruiting, productivity, educating and developing careers, protecting rights of both the employees and the Company.

"Compensation Policy" for employees has been prepared and disclosed to public through corporate website.

Turcas continues to improve its policies in this section.



▪ In the section of Board of Directors, Turcas' grade has been revised as **94.38**.

Operating Principles of Corporate Governance Committee and Early Detection of Risk Committee have been revised with the Board decision dated 14.06.2017, No 2017/12. The revision stated: "Getting all Independent Board members' yes votes is required for decisions. If this is not the case, negotiations take place for 4 weeks. If a consensus cannot be achieved then the subject is sent to the Board of Directors for final decision." This revision strengthened independent members' position in committees and made them more efficient. It is obvious that this revision has further increased compliance with corporate governance principles and it has been a valuable step within the scope of best practices.

As a result of interviews at the Company and examination of Decision Books of Board of Directors and Committees, it has been determined that the Board and Committees continue their activities regularly.

Board of Directors has determined Company's strategic targets. Chairman of Board of Directors and General Manager are different persons. In line with the principle of clear differentiation of powers between Chairman of Board and CEO / General

Manager, 14<sup>th</sup> and 16<sup>th</sup> items of Articles of Association clearly describe duties of the Board of Directors and Chairman of Board. Duties of the Chairman of Board, Board Members and General Manager are also described in detail in the Guidelines that set the principles of activity of the Board of Directors. These job descriptions are in line with the Principles to a great extent.

Company's Board of Directors is formed with seven 7 (seven) individuals; 1 (one) Chairman and 6 (six) members. The Board of Directors has four 4 (four) non – executive members and 2 (two) of the non – executive Directors of the Board are independent Members who meet the criteria for independence described by Corporate Governance Principles.

Audit, Corporate Governance and Early Detection of Risk Committees, which are referred by the Principles are established. Mandates, working principles and membership composition for all three committees have been determined by the Board of Directors, approved as written documents, disclosed to the public and published on the corporate website. All members of the Audit Committee are Independent Members of Board of Directors. Chairmen of Corporate Governance and Early Detection of Risk are also Independent Members of Board of Directors. CEO / General Manager has no assignment in committees. Board of Directors convened 4 (four) times and took 18 (eighteen) decisions in 2019.

Audit Committee held 4 (four) meetings in 2019 and reported meeting results to the Board of Directors. Corporate Governance Committee held 4 (four) meetings in 2019 and reported meeting results to the Board of Directors. It is also learned that Committee briefs Board of Directors at every Board meeting.

Separate Nomination Committee and Remuneration Committee haven't been established because of the Board of Directors' structure. Duties of these

committees are carried out by the Corporate Governance Committee. There has been no change in the Board of Directors during the rating period. However at the 2018 General Assembly with elections, it was determined that the Committee fulfilled its duties as "Nomination Committee". It also functioned as the "Remuneration Committee" and "Guidelines of Compensation" for Board members and executive managers was prepared in writing and disclosed on the corporate website.

Early Detection of Risk Committee held 6 (six) meetings in the same period and reported meeting results to the Board of Directors.

Possible damages to the company due to defects of Board Members and Top Executives while performing their duties are insured, meeting the conditions described by CMB's relevant Communiqué. A Material Event Disclosure on the subject was published on Public Disclosure Platform on 09.08.2019.

Self criticism and performance measurement for the Board of Directors were conducted in 2014 for the first time and the data were evaluated. Performance review for 2019 was carried out in December 2019. We have been informed that results of this review would be evaluated at the first board meeting in 2020.

There is 1 (one) woman member of board in the new Board, which was renewed with independent members' election on 21.06.2018. It has been learned that the Company started to work on "Woman Board Member Policy" and on a strategy to achieve it in accordance with CMB's recommendation of "having 25 % woman membership within the Board". The grade is decreased in this section due to the fact that the work has not been completed as of the date of this report.



## 2. COMPANY PROFILE AND CHANGES WITHIN LAST YEAR

### A. Company Profile:



**Company Name** : Turcas Petrol Anonim Şirketi  
**Company Address** : Ahi Evran Caddesi No: 6 Aksoy Plaza Kat:7 34398  
Maslak-Sarıyer / İstanbul  
**Company Phone** : (0212) 2590000 / 17 Hat  
**Company Facsimile** : (0212) 2590018  
**Company's Web Address** : [www.turcas.com.tr](http://www.turcas.com.tr)  
**Company's E-Mail Address** : [IR@turcas.com.tr](mailto:IR@turcas.com.tr)

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

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

**Company's Sector** : Energy

#### **Company's Representatives in Charge of Rating:**

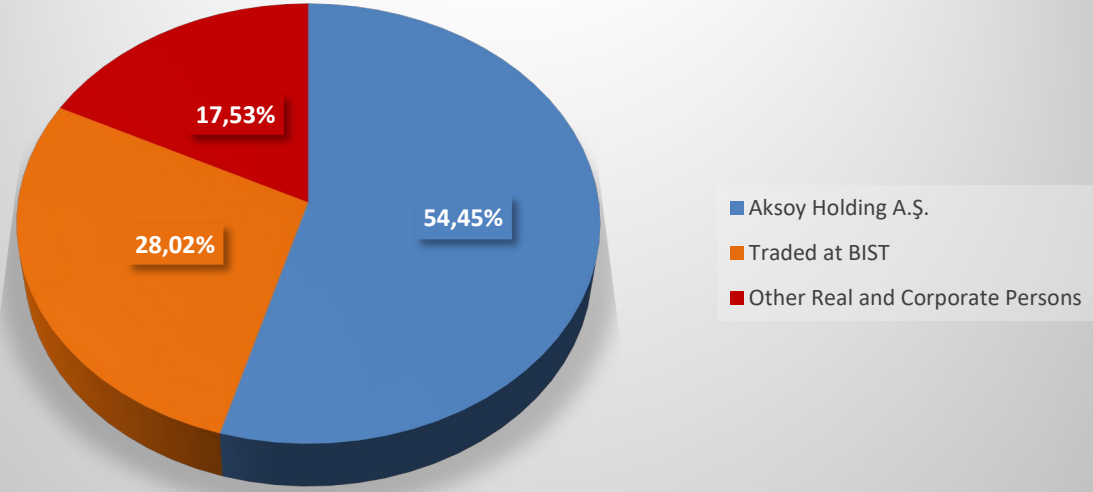
Erkan İLHANTEKİN  
Finance Director (CFO)

[erkan.ilhantekin@turcas.com.tr](mailto:erkan.ilhantekin@turcas.com.tr)  
0212 259 0000/1270

Pınar SAATÇİOĞLU  
Investor Relations Department Manager

[pınar.ceritoglu@turcas.com.tr](mailto:pınar.ceritoglu@turcas.com.tr)  
02122590000/1287

## Turcas Petrol A.Ş. Shareholder Structure



### TURCAS Petrol A.Ş Shareholder Structure

Shareholder's Name	Share (TL)	Share (%)
Aksoy Holding A.Ş.	139.175.892-	54,45
Traded at BIST	71.625.653-	28,02
Other Real and Corporate Persons	44.798.455-	17,53
Total	255.600.000	100,00

Source: [www.turcas.com.tr](http://www.turcas.com.tr)

### Indirect Individual and Corporate Shareholders

Shareholder's Name	Share (TL)	Share (%)
Erdal AKSOY	73.710.314,08	28,84
Saffet Batu AKSOY	31.941.570,43	12,50
Banu Aksoy TARAKÇIOĞLU	31.941.566,83	12,50
Ayşe Belkıs AKSOY	1.071.331,63	0,42
Aksoy Enternasyonal Ticaret A.Ş.	1.274.152,23	0,50
Aksoy Holding A.Ş.	509.660,89	0,20

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### Aksoy Holding A.Ş. Shareholder Structure

Shareholder's Name	Share (TL)	Share (%)
Erdal AKSOY	204.587.996	52,5
S. Batu AKSOY	89.506.971	23,0
Banu Aksoy TARAKÇIOĞLU	89.506.961	23,0
Ayşe Belkıs AKSOY	2.827.631	0,7
Aksoy Enternasyonal Ticaret A.Ş.	3.570.441	0,9
TOTAL	390.000.000	100,00

Source: [www.turcas.com.tr](http://www.turcas.com.tr)

### Board of Directors

Name / Surname	Title	Executive / Non - Executive
Erdal AKSOY	Chairman of the Board	Executive
Banu Aksoy TARAKÇIOĞLU	Deputy Chairperson of the Board	Executive
S.Batu AKSOY	Board Member and CEO	Executive
Matthew J. BRYZA	Board Member	Non – executive
M. Timuçin TECMEN	Board Member	Non – executive
Prof.Dr. Mustafa ERGEN	Independent Board Member	Independent / Non – executive
Emre DERMAN	Independent Board Member	Independent / Non – executive

Source: www.kap.gov.tr

### Executive Board

Name / Surname	Title
S. Batu AKSOY	Board Member and CEO
Erdal AKSOY	Chairman of the Board
Banu Aksoy TARAKÇIOĞLU	Deputy Chairperson of the Board
Arkin AKBAY	Operational Director
Erkan İLHANTEKİN	Finance Director(CFO)
Eda YÜKSEL	Legal Director
Altan KOLBAY	Corporate Communication and Public Relations Manager

Source: www.turcas.com.tr

### Committees Formed Within the Board of Directors

#### Audit Committee

Name / Surname	Title
Emre DERMAN	Independent Board Member / Committee Chairman
Prof.Dr. Mustafa ERGEN	Independent Board Member / Committee Member

Source: www.kap.gov.tr

#### Corporate Governance Committee

Name / Surname	Title
Prof.Dr. Mustafa ERGEN	Independent Board Member / Committee Chairman
M. Timuçin TECMEN	Board Member / Committee Member
Matthew J. BRYZA	Board Member / Committee Member
Erkan İLHANTEKİN	Finance Director (CFO)- Committee Member
Eda YÜKSEL	Legal Director
Altan KOLBAY	Corporate Communication and Public Relations Manager / Committee Member
Pinar SAATÇIOĞLU	Investor Relations Department Manager- Committee Member

Source: www.turcas.com.tr

### Early Detection of Risk Committee

Name / Surname	Title
Emre DERMAN	Independent Board Member / Committee Chairman
Banu Aksoy TARAKÇIOĞLU	Deputy Chairperson of the Board
Erkan İLHANTEKİN	Finance Director (CFO)
Eda YÜKSEL	Legal Director
Murat Kubilay ŞİMŞEK	Corporate Finance Manager
Ayşe Nihal ŞEKER	Corporate Treasure Manager

Source: www.turcas.com.tr

### Investor Relations Department

Name / Surname	Title	Communication
Pınar SAATÇİOĞLU	Investor Relations Department Manager	0(212) 259 0000 (Ext: 1287) pinar.ceritoglu@turcas.com.tr

Source: www.kap.gov.tr

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

	2018/09	2019/09	Change 09/2018- 09/2019 (%)	2018/12
Current Assets	211.980.338	239.750.952	13,10	119.086.128
Fixed Assets	1.326.356.176	1.130.864.134	-14,74	1.232.627.522
Total Assets	1.538.336.514	1.370.615.086	-10,90	1.351.713.650
Short Term Liabilities	192.254.977	140.777.451	-26,78	163.780.072
Long Term Liabilities	785.612.943	648.681.006	-17,43	627.201.698
Equity	560.468.594	581.156.629	3,69	560.731.880

Source: www.kap.gov.tr

### Comparison of Company's Certain Selected Items for Summary Consolidated Income Statements belonging to 9<sup>th</sup> Months of last two years (TL)

	2018/09	2019/09	Change 09/2018- 09/2019 (%)	2018/12
Sales Income	32.968.118	33.382.113	1,26	46.429.265
Sales Cost (-)	(9.922.278)	(15.632.320)	57,55	(16.142.606)
Operational Profit or Loss	4.588.228	15.663.375	241,38	(3.888.991)
Profit / Loss before Tax	(201.816.800)	28.708.175	114,22	(142.999.068)
Net Periodical Profit / Loss	(184.140.939)	29.098.072	115,80	(130.551.935)

Source: www.kap.gov.tr

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

**BIST Code:** TRCAS

**Market, where it is Traded:** MAIN MARKET-GROUP 1

**Indexes it is Included:** BIST 100 / BIST CORPORATE GOVERNANCE / BIST FINANCIAL / BIST ISTANBUL / BIST 100-30 / BIST MAIN / BIST HOLDING AND INVESTMENT

**The Bottom and Peak Closing Values of Company's Shares traded on the BIST for last one year (22.02.2019-24.02.2020)**

<b>Bottom (TL)</b>	<b>Peak (TL)</b>
<b>1,22.- (22.05.2019)</b>	<b>4,12.- (11.02.2020)</b>

Source: Turcas Petrol A.Ş

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

<b>Commercial Title</b>	<b>Line of Business</b>	<b>Paid/Extracted Capital</b>	<b>Company's Share in Capital</b>	<b>Currency</b>	<b>Company's Share in Capital (%)</b>	<b>Nature of Relationship with the Company</b>
<b>TURCAS KUYUCAK JEOTERMAL ELEKTRİK ÜR. A.Ş</b>	Electricity Production	39.777.656	39.777.656	TRY	100,00	AFFILIATED COMPANY (DIRECT)
<b>SHELL&amp;TURCAS PETROL. A.Ş</b>	Oil Products	528.117.660	158.435.298	TRY	30,00	DIRECT SUBSIDIARY
<b>RWE &amp; TURCAS GÜNEY ELEKTRİK ÜRETİM A.Ş.</b>	Electricity Production	1.874.681.920	562.404.576	TRY	30,00	DIRECT SUBSIDIARY
<b>ATAŞ ANADOLU TASFIYEHANESİ A.Ş.</b>	Fuel Oil Storage	8.400.000	420.000	TRY	5,00	FİNANCIAL INVESTMENT
<b>ENERJİ PİYASALARI İŞLETME A.Ş. (EPİAŞ)</b>	Energy Markets Man.	61.572.770	50.000	TRY	0,08	FİNANCIAL INVESTMENT

Source: www.kap.gov.tr

## **B. Changes within Last One Year:**

### ***i. Changes of Capital, Shareholder Structure and Articles of Association:***

There have been no changes in Company's capital and shareholder structures, as well as its Articles of Association during the rating period.

### ***ii. Dividend Distribution:***

According to consolidated financial statements dated 31.12.2018 - prepared in accordance with CMB regulations and audited independently - the Company has made a loss of TRY 139,907,174 (TRY 114,970,174 according to Taxation Method Law) as a result of its activities in 2019. Board decision dated 08.04.2019 and numbered 2019/05, disclosing that no dividend distribution will be made, was presented to the general assembly meeting on 16.05.2019 and approved by shareholders.

Board decision on dividend distribution and dividend distribution statement were disclosed to public on 08.04.2019 with a material event disclosure, same day with the invitation for general assembly meeting.

### ***iii. Policies:***

There have been no changes in Company policies during the rating period.

### ***iv. Company Mergers, Relations with Subsidiaries and Affiliated Companies:***

- Company's Material Disclosure dated 17.06.2019 states:

"It has been resolved by Turcas Petrol A.Ş.'s Board of Directors dated 11.06.2019 that;

1. Preparation and signing of merger agreement and other relevant documents for the facilitated merger procedure of our Company by way of acquisition with Turcas Elektrik Toptan Satış A.Ş. (where we own all the shares that grants voting rights), which is a 100% affiliate of our Company and registered to Istanbul Trade Registry Directorate with the registration number 447200, whereby all its assets and liabilities shall be transferred to our Company as a whole, and,
2. Application of facilitated merger procedure and benefiting from eases provided by the legislations related to facilitated merger and within this scope:

(i) not to require the independent audit report, merger report and expert institution opinion,  
(ii) not to apply to the examination process of merger documents pursuant to Article 149 of Turkish Commercial Code,

(iii) approval of the merger agreement by board of directors' resolution without being submitted to approval of the general assembly,

3. Carrying out aforementioned merger through financial statements dated 31.12.2018 of the Companies,
4. No retirement right has arisen pursuant to the pursuant to the Capital Markets Board Communiqué no. II-23.1 on the “Common Principles Regarding Significant Transactions and the Retirement Right

5. In the framework of this content including but not limited to abovementioned matters, execution of all works and transactions which will be and/or should be completed by the finalization of the facilitated merger transaction; carrying out all kinds of private and formal applications including applications to all related private and formal institutions, registrations, notifications and all other works and transactions provided under the legislations. Following this transaction, our Company aims to increase operational efficiency within the group and simplify our Company’s organization

Further details about the process will be shared with the public in a timely manner.”

The merger has taken place after completion of legal procedures, registered on 16.08.2019 and disclosed to public same day with a material event disclosure.

- According to Material Disclosure dated 12.09.2019:

“Shell & Turcas Petrol A.Ş., our 30% subsidiary, has decided to distribute 492 MM TL of dividends from previous years’ income. Out of this amount, 242 MM TL will be transferred to Shell & Turcas Petrol A.Ş. in the form of shareholder loan (pro-rata basis) following dividend distribution with an aim to finance operations and investments. Dividend distribution date is identified as 17 September 2019.”

- According to Material Disclosure dated 08.11.2019:

“As might be recalled, financing required for our 30% subsidiary RWE & Turcas Güney Elektrik Üretim A.Ş. (“RTG”)’s 797 MW Combined Cycle Natural Gas Power Plant in Denizli was provided between the power plant construction period of 2010-2013 in the form of “equity” and “shareholder loan” mix by both shareholders, RWE Beteiligungsverwaltung Ausland GmbH and Turcas Petrol A.Ş. (“Turcas”) with respect to their shareholding ratios at RTG, 70% and 30% respectively.

Our subsidiary RTG’s Board of Directors has decided to include 347,681,920 TL of the above mentioned shareholder loan receivables into capital. Turcas’ 30% share in shareholder loan receivables which will be included into capital amounts to 104,304,576 TL. As a result of this transaction, paid-in capital of RTG will reach 1,874,681,920 TL from current 1,527,00,000 TL. Following the transaction, there will not be any change in the 30% shareholding ratio of Turcas at RTG. Thanks to this transaction, shareholder loan principal, interest and VAT payments of RTG to shareholders will be terminated. Therefore, capital of our subsidiary will be strengthened while cash generation and efficiency will be enhanced. As already understood from the explanations, capital increase will be funded from shareholder loan receivables. Therefore, there won’t be any cash outflow or new funding requirement.

Capital increase transaction will be subject to the approval of shareholders at RTG's Extraordinary General Assembly to be held on 15.11.2019. Above mentioned transaction is expected to be finalized before the end of 2019, following all necessary legal approvals. Following the finalization of this transaction, there will be a timely public disclosure."

- According to Material Disclosure dated 20.12.2019:

"As previously announced in our Company's Public Disclosures dated 08.11.2019 and 15.11.2019, our 30% subsidiary RWE & Turcas Güney Elektrik Üretim A.Ş. ("RTG")'s Board of Directors decided to include 347,681,920 TL (Turcas Petrol A.Ş.'s share: 104,304,576 TL) of the shareholder loan receivables into capital. Capital increase transaction had been approved by shareholders at RTG's Extraordinary General Assembly held on 15.11.2019. Mentioned capital increase transaction is finalized following necessary legal approvals.

Accordingly, paid-in capital of RTG has reached 1,874,681,920 TL from 1,527,00,000 TL. Following the transaction, there has not been any change in the 30% shareholding ratio of Turcas Petrol A.Ş. ("Turcas") at RTG.

Thanks to this transaction, shareholder loan principal, interest and VAT payments of RTG to shareholders have been terminated. Therefore, capital of our subsidiary is strengthened while cash generation and efficiency is aimed to be enhanced. As already understood from our explanation, there hasn't been any cash outflow from Turcas as the capital increase is funded from shareholder loan receivables."



### 3. RATING METHODOLOGY

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

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

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

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

Onaylandığı 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 Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014; 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.

**399** criteria are used in the rating process for BIST Third Group companies in order to measure the compliance of firms with 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 decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions / methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology, created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014, numbered II-17.1, is restricted to 85 % of the full points. Remaining 15 % is reached by measuring company's efficiency in applying CMB's Corporate Governance Principles, degree to which the company is internalized these practices and the value that these internalized practices create for the company. The existence of those practices that are not included in CMB's Corporate Governance Principles, but determined as good corporate practices by Kobirate A.Ş. Corporate Governance Compliance Rating Methodology are also

considered as part of the remaining 15 % and affect the company's grade.

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

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

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

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

