

## Declaration for Compliance with Principles of Corporate Governance

### Declaration For Compliance With Principles Of Corporate Governance

“Corporate Governance Principles” enacted by the Capital Markets Board (CMB) is an area of priority for Koç Group. Our Company fully complies with the compulsory principles within the scope of the Corporate Governance Communiqué n.II-17.1 (the Communiqué) that was in force in 2020, and Koç Holding has also widely implemented most of the non-mandatory principles. However, Koç Holding has not yet achieved full compliance due to: the challenges encountered in the implementation of some principles; ongoing discussions in Turkey and internationally regarding compliance with certain principles, and the failure of the current market and corporate structure to comply with such principles in a proper manner. We are continuously working on the principles not yet implemented with maximum effort and we plan to evaluate them once the administrative, legal and technical infrastructure for the effective governance of our company has been investigated.

The major non-compulsory Corporate Governance Principles that we have not yet achieved full compliance with are explained below.

- Regarding principle n. 1.3.10; the agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made and major donations were explained in the general assembly informative document. The remaining amount for which the details were not provided, includes donations to various parties each below 500,000 TL, which were not deemed as material information to our shareholders. As the donations below this threshold are not interrogated by our investors, we foresee to continue with the current practice of disclosing only the material amounts.
- Regarding principle n. 1.4.2; the Company has shares entailing voting privileges as explained in Legal Disclosures Section; however, privileged voting rights do not constitute more than half of total voting rights. As these rights have been present since the establishment and accordingly the initial public offering of our shares and taking into account that it is not possible to make a decision by the affirmative votes of privileged shares only and also given that they do not prevent the holders of publicly traded shares from being represented at company board, any changes to the current structure is not foreseen.
- Regarding principle n. 1.5.2: In the Articles of Association, minority rights are not granted to those who are in possession of less than one twentieth of the capital, and in parallel to the general practices in the country, rights were granted to the minority within the general legislative framework and any changes to the current structure is not foreseen.
- Regarding principle n. 1.7.1; Article 9 of our company's Articles of Association sets out the principles regarding transfer of shares and there are no provisions in the Articles of Association that complicate or restrict the transfer of Group B shares traded on the stock exchange. As the existing restrictions relate only to non-listed group of shares, any changes to the current structure is not foreseen.
- Regarding principle n. 4.2.8; there is a Directors and Officers Liability Insurance policy for Koç Group companies, however the coverage is below the stated ratio. Given the high capital, the current insurance coverage is deemed enough to cover foreseeable risks. The amount is reviewed regularly and can be increased in the future if deemed necessary.
- Regarding principle n. 4.4.1; given the concerns on physical meetings due to COVID-19 pandemic, in addition to the necessary resolutions, the Board has made one all-day long strategic physical meeting and another strategic meeting whereby the resolution was adopted by the Board of Directors in writing without a physical meeting and the relevant detailed documents have been provided well in advance to all members. These meetings provided members access to adequate information on company performance and activities, enabling them to make a strategic review. Besides, the Board has been informed about the company performance and recent developments on a periodic basis within the year. Yet, many of the resolutions this year have been adopted by the Board of Directors in writing without a physical meeting, whereby the agenda and related information has been provided well in advance. Based on the meetings made, majority of the board members attended majority of the meetings.

- Regarding principle n. 4.4.7; There are no restrictions for BoD Members on assuming other positions or duties outside the Company. Such a restriction is not deemed necessary as the business and sectoral experience of BoD Members makes a vital contribution to the BoD. CVs of the BoD Members are provided in the annual report. Given the performance and the efficiency of the BoD and taking into account the fact that the current structure does not impose any challenges in terms of corporate governance, any changes to the current structure is not foreseen in the short-run.
- Regarding principle n. 4.5.5: Know-how and experience of the Members of our BoD is taken into consideration when appointing members to the committees in line with the relevant regulations. Some of the Members of our BoD can assume duties in more than one committee. However, members who assume duties in more than one committee enable communication among the committees that carry out activities in connected subjects and increase the opportunity of collaboration. Given the performance and the efficiency of the committees and the valuable contributions of Board members, any changes to the current structure is not deemed necessary.
- Regarding principle n.4.6.5: remuneration of the Members of the BoD and managers who have administrative responsibilities is disclosed on a non-individual basis – in parallel to the general practices – in the footnotes of our financial statements and at the General Assembly meetings. We are monitoring the general market practices in this subject which we deem to be material in terms of the protection of personal information, and intend to follow such prevalent practice.

Our company was not exposed to any conflict of interest due to non-compliance with such principles.

Within 2020, the activities in the field of Corporate Governance were carried out in accordance with the Capital Markets Law that includes the regulations regarding the CMB's Corporate Governance Principles, and with the communiqués issued based on this Law. In our Ordinary General Assembly held in 2020, our BoD and the Committees of our BoD were established in accordance with the regulations stipulated in the Communiqué. Before the General Assembly, the procedures for designating independent candidates and making public disclosures were completed and candidates were elected according to regulations. The Committees established under the BoD continued to function effectively. The General Assembly Informative Document that contains the compulsory information such as information on preferred shares, voting rights and organizational changes, as well as the CVs of BoD Membership Candidates, the Remuneration Policy for Board Members and Executive Management was provided to our investors three weeks prior to the General Assembly. In addition, the Company's website and annual report were reviewed and revisions required to comply with the principles were made. Also, at the beginning of 2021 Koç Holding Board Diversity Policy has been approved. Accordingly, in light of international best practices and our visionary mission, the principal of aiming to keep the ratio of the number of female Board Members within Koç Holding's Board of Directors at least 30% at all times has been approved. Furthermore, parallel to the long-standing and consistently implemented procedures in place, working principles for Board of Directors (BoD) have been adopted as advised in CMB Corporate Governance Principles.

We will continue our endeavors to ensure compliance with the Principles in light of the developments in legislation and general market practices.

Corporate Governance Compliance Report and Corporate Governance Information Form of Koç Holding prepared in accordance with the CMB decision dated 10.01.2019 n. 2/49 and approved by Koç Holding Board of Directors is available at pages 286-299 of the annual report. These documents are also available at Corporate Governance Section of Koç Holding at Public Disclosure Platform <https://www.kap.org.tr/en/sirket-bilgileri/ozet/1005-koc-holding-a-s>.

## Explanations Regarding Corporate Governance

### SHAREHOLDERS

Investor Relations Department (IR) is responsible for liaising in the relations between Koç Holding and its shareholders in coordination with other relevant departments. IR is responsible for providing information, excluding confidential information and trade secrets, to existing and potential shareholders on the Company's operations, its financial position and strategy and managing the bilateral communication between the shareholders and the Company management. The information is provided in an orderly manner that will not cause any inequality of information, by consulting the relevant departments and coordinating with the Group companies when required. Some of the activities that are stipulated in the Corporate Governance Communiqué are carried out by the Legal Affairs Department (ensuring that the General Assembly meetings are held in compliance with the regulations in force, the Articles of Association and other internal regulations of the Company) and Finance Department (fulfilling all obligations of public disclosure required by the regulations such as, preparation of documents that shareholders will use at the General Assembly meetings, public disclosure of financial reports and material events).

IR submits an activity report, at least annually, to the Corporate Governance Committee and CEO to be submitted to the BoD. The report regarding the activities in 2019 was submitted to the Corporate Governance Committee in order to be presented to the BoD on 09 March 2020. The report regarding the activities of 2020 was submitted to the Corporate Governance Committee and the BoD in March 2021.

#### **Investor Relations Contacts**

CFO: Ahmet F. Ashaboğlu

Investor Relations Coordinator: Nursel İlgen, CFA

Finance Coordinator Responsible for Ensuring Compliance with Corporate Governance and Capital Markets Regulations: Nevin İmamoğlu İpek

Investor Relations Manager: Neslihan Aycil

Investor Relations Manager: Sinem Baykalöz

Finance Manager: Ayça Sandıkciöğlu

## BOARD OF DIRECTORS AND COMMITTEES

In the table below, brief information is given about our Members of the BoD who all are Non-executive Members in accordance with the definition made in the CMB Corporate Governance Principles except our CEO Levent Çakıroğlu. All BoD Members currently on duty were elected at the General Assembly dated 02 April 2020 for a term of one year to serve until the General Assembly where the operations of 2020 will be discussed.

Name Surname	Position	Current Positions Held Outside the Company	Independent BoD Member?	Committees and Position
Rahmi M. Koç	Honorary Chairman	BoD Chairman and Member, Committee Member	Not Independent Member	Executive Committee Member
Ömer M. Koç	Chairman	BoD Chairman and Member, Committee Member	Not Independent Member	Executive Committee Chairman
Ali Y. Koç	Vice-Chairman	BoD Chairman and Member, Committee Member	Not Independent Member	Executive Committee Member, Nomination and Remuneration Committee Member
Semahat S. Arsel	Member	BoD Chairman and Member, Committee Member	Not Independent Member	Executive Committee Member
Caroline N. Koç	Member	BoD Chairman and Member, Committee Member	Not Independent Member	Risk Management Committee Member
İpek Kırac	Member	BoD Chairman and Member	Not Independent Member	Corporate Governance Committee Member
Levent Çakıroğlu	Member, CEO	BoD Chairman and Member, Committee Member	Not Independent Member	
Jacques Albert Nasser	Member	BoD Member in companies outside the Group	Independent Member	Risk Management Committee Chairman; Nomination and Remuneration Committee Chairman
Anne Lauvergeon	Member	BoD Chairman and Member in companies outside the Group	Independent Member	
Emily K. Rafferty	Member	BoD Chairman and Member in companies outside the Group	Independent Member	Audit Committee Member
Dr. Cem M. Kozlu	Member	BoD Chairman and Member in companies outside the Group	Independent Member	Corporate Governance Committee Chairman, Audit Committee Chairman

The CVs of the BoD Members can be found on our website and in our Annual Report. (See pages 144-147)

The duties of the BoD Chairman and CEO are performed by different persons. Attention is paid to the allotment of enough time BoD Members need for corporate business; there are no restrictions for BoD Members on assuming other positions or duties outside the Company. Such a restriction is not deemed necessary as the business and sectoral experience of BoD Members makes a vital contribution to the BoD. Prior to the General Assembly, the CVs of the BoD Independent Members and the positions they held outside the Company are provided to shareholders.

At the meetings held in 2020, the Board made 30 decisions, two of which were during meetings at which strategic issues were discussed. Every member has one vote at BoD meetings; differences of opinion and grounds for opposing votes and specific questions raised by Members of the BoD at Board Meetings are recorded in the Resolution Book. No opposition or difference of opinion has been declared recently.

Koç Holding BoD manages and represents the Company through its strategic decisions, taking into consideration particularly long-term interests in light of keeping the Company's risk-growth-profits balance at the most appropriate level through a rational and cautious risk management approach. Our BoD determines Koç Holding's strategic goals, identifies the human and financial resources needed to achieve them, and oversees the performance of management and the BoD. The BoD, through the strategic meetings it holds, in principle, four times a year, compares the Holding's quarterly financial performance with the budget, monitors strategic developments and develops new strategies and makes investment decisions taking into account the management's recommendations. Besides evaluating financial and operational indicators, in its end-of-year performance evaluation, the BoD assesses the extent to which the Company's strategies have been implemented, thereby forming a basis for determining performance and rewards. Due to COVID-19 pandemic, in addition to the necessary resolutions, the Board has made one all-day long strategic physical meeting and another strategic meeting whereby the resolution was adopted by the Board of Directors in writing without a physical meeting and the relevant detailed documents have been provided well in advance to all members.

## Explanations Regarding Corporate Governance

The revised “Remuneration Policy for BoD Members and Senior Executives,” which contains the remuneration principles and the criteria used in determining every right, benefit and remuneration given to BoD Members and senior executives is available at page 27 of the Annual Report. Koç Holding does not get involved in material transactions that might lead to conflicts of interest such as extending loans the BoD Members or Executive Management, or providing collateral on their behalf.

In 2020, all Committees of the Board of Directors (BoD) fulfilled their duties and responsibilities stipulated by the Corporate Governance Principles and their working principles, and convened in conformity with their working schedules. Reports including the information about the activities of the Committees and the results of the meetings held within the year were presented to the BoD.

Board of Directors has concluded that the benefit expected from the activities of the Board of Directors’ Committees was obtained.

### **Working Principles and Operations of the Audit Committee**

The working principles of the Audit Committee are posted on the Company website.  
<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The Audit Committee monitors the implementation of the accounting and reporting systems pursuant to the relevant laws and regulations, disclosing financial data to the public, and the effectiveness of the internal audit and inspection system within our company. The Committee convenes at least every quarter with minimum of four times a year and submits its findings and recommendations in writing to the BoD.

On 14 April 2020, it was decided by the Board that the Audit Committee shall be composed of two Independent Board Members. The Audit Committee President will be Dr. Cem M. Kozlu and the Committee Member will be Ms. Emily K. Rafferty.

In 2020, the Audit Committee convened once to review the audit related operations particularly with regards to compliance with tax laws and regulations. The Committee passed five resolutions and accordingly submitted to the BoD its written assessments on selection of the independent audit firm and annual & interim financial reports in terms of their truthfulness, accuracy, and compliance with the accounting principles adopted by the Company.

### **Working Principles and Operations of the Corporate Governance Committee**

The working principles of the Corporate Governance Committee are posted on the Company website.  
<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The Corporate Governance Committee aims to find out whether the corporate governance principles are applied within the Company, and, if not applied, to find out the reasons and the possible conflicts of interests that may have occurred as the result of the violation of such principles. It also gives advice to the BoD on improving governance applications. The Committee meets frequently enough to manage the duties assigned to it.

On 14 April 2020, it was decided by the Board that the Corporate Governance Committee shall be composed of three members and the Independent Member Dr. Cem M. Kozlu be appointed as its Chairman and Ms. İpek Kiraç and Mr. Ahmet F. Ashaboğlu as the members.

The Committee made an assessment of the Company’s corporate governance practices and the Corporate Governance Compliance Report in 2020, and informed the BoD on the activities of the Investor Relations Unit.

### Working Principles and Operations of the Nomination and Remuneration Committee

The working principles of the Nomination and Remuneration Committee are posted on the Company website.  
<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The Nomination and Remuneration Committee gives advice and recommendations to the BoD for the purpose of improving the corporate governance implementations on the issues of nomination of Board Members and remuneration of the key executives of our company under the provisions defined in the Corporate Governance Principles of Capital Markets Board of Turkey. The Committee convenes at least twice a year.

On 14 April 2020, it was decided by the Board that the Committee shall consist of two members, with Independent Member Jacques A. Nasser as Chairman and Mr. Ali Y. Koç as Member.

In 2020, the Committee worked on the nomination of Independent Board Members, on the assessment of the board performance and on the benefits provided to Board Members and senior management.

### Working Principles and Operations of the Risk Management Committee

The working principles of the Risk Management Committee are posted on the Company website.  
<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The purpose of the Risk Management Committee is to early identify the risks that would endanger the existence, development and continuity of the Company; implement measures and remedies required in this respect; manage and report these risks in parallel with the Company's corporate risk profile; apply necessary precautions relevant to recognized risks; evaluate options while making decision and make recommendations to the Board about developing and integrating internal control systems. The Committee convenes at least six times a year.

On 14 April 2020, it was decided by the Board that the Committee shall consist of two members: Independent BoD Member Jacques A. Nasser as Chairman and Ms. Caroline N. Koç as Member.

In 2020, the Committee worked to assess the Company's risk profile, identify measures to be taken in risk prone areas, implement information security policy and prepare the risk management chapters in the annual report. In its report dated 15 February 2021, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. stated that Koç Holding's early detection of risk system and its Risk Management Committee are adequate in all major aspects within the framework of the provisions of Turkish Commercial Code (TCC) no. 378. Detailed information on the activities of the Risk Management Committee is available in the report on pages 150-151.

### Working Principles and Operations of the Executive Committee

The operations of the Executive Committee are summarized below:

The Executive Committee, by providing effective coordination between the BoD and other administrative units of the Company, aims to enhance the efficiency of the BoD and to steer investments toward more appropriate strategic goals and to improve business development. The Executive Committee convenes regularly at least once a month.

On 14 April 2020, Semahat S. Arsel, Rahmi M. Koç, Ömer M. Koç, Ali Y. Koç, İpek Kiraç and A. Ümit Taftalı were elected by the Board as Committee members.

The BoD may not always be able to meet as often as it would like, therefore one of the functions of the Executive Committee is to monitor developments in the Company's sectors of operation and to keep the BoD informed of them. Another of its functions is to provide coordination between the administrative structure of the Company and the BoD. It also makes recommendations for developing appropriate Company strategies and increasing the effectiveness of its operations.