



Corporate Governance and Credit Rating Services, Inc.

## Corporate Governance Rating Report

ANADOLU  
**ISUZU**

**12 June 2023**

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## Rating and Executive Summary

### ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. (ASUZU)



Corporate Governance Rating:

**9.45**



MAIN SECTIONS : **Ort. 94.52**

Shareholders : 89.54



Public Disclosure & Transparency : 98.46



Stakeholders : 99.48



Board of Directors : 93.15



0 10 20 30 40 50 60 70 80 90 100

### EXECUTIVE SUMMARY

This report on rating of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş.'s ("Anadolu Isuzu") compliance with Corporate Governance Principles is prepared upon conclusions following detailed analysis of the Company. SAHA's rating methodology is based on the Capital Markets Board's ("CMB") "Corporate Governance Principles" released on January of 2014.

Anadolu Isuzu is rated with **9.45** as a result of the Corporate Governance study conducted by SAHA. The Company's corporate governance rating has shaped up as above in consideration with the importance given by Anadolu Isuzu to corporate governance principles, its willingness to carry out the compliance process continuously and dynamically and improvements which had been initiated in this direction.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc. Anadolu Isuzu is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on May 10, 2022 can be accessed at <http://www.saharating.com>.

Anadolu Isuzu is rated with **8.95** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations. These rights and shareholder relations are secured by the "Investor Relations Department". There are no voting privileges. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There is a publicly disclosed, consistent dividend policy of the Company. On the other hand, the rate of minority rights in the Company's Articles of Association is adopted as prescribed for public joint stock companies (%5). Although the Company does not have a separate policy on donations and grants, a regulation in detail is included in the Articles of Association. The Disclosure Policy has not yet been submitted to the general shareholders' meeting for approval.

Anadolu Isuzu attained **9.85** under the **Public Disclosure and Transparency** chapter. There is a comprehensive web site that includes all information listed in the Corporate Governance Principles pertinent to "Public Disclosure". Public announcements are made via all communications channels and are in accordance with the CMB and Borsa Istanbul (BIST) rules and regulations. The Annual Report is also comprehensive and informative. Shareholding structure of Anadolu Isuzu and the names of ultimate controlling individual shareholders as identified after being released from indirect shareholding relationships between co-owners are disclosed to the public. Benefits provided to Board members and senior management is mentioned collectively in the Annual Report, but a list on individual basis is essential as per the Principles.

On the topic of **Stakeholders**, Anadolu Isuzu scored **9.95**. Anadolu Isuzu guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. A written compensation policy for the employees is established and disclosed to the public on the web site. The Company has an effective and comprehensive human resources policy. A model has been developed to support the participation of stakeholders in the management of the Company. Anadolu Group Holding's business ethics principles and compliance reporting regulations have been disclosed to the public via the web site. Various social awareness projects have been implemented and a detailed Sustainability Report is prepared and published.

From the perspective of the principles regarding the **Board of Directors**, Anadolu Isuzu's tally is **9.32**. There is a well communicated mission and vision, and the Board fulfils all duties in accordance with the Company's needs. Chairman of the Board and the general manager are not the same person. Although there are 5 independent members in the 14-member Board of Directors, there are no executive members. Each member is entitled to a single vote. There is 1 female member in the Board of Directors and Anadolu Group's Board of Directors Diversity Policy has been adopted in order to achieve the 25% female membership target. Corporate Governance, Audit and Early Detection of Risks Committees are established. The working principles of the Committees and the Remuneration Policy are disclosed to the public. Losses that may be incurred by the Company as a result of not performing the Board members' duties duly are insured for a coverage exceeding 25% of the Company's capital, and disclosed on the Public Disclosure Platform (PDP). Remuneration of Board members and executives with administrative responsibility as well as all other benefits provided are disclosed to the public collectively via the Annual Report.

## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which have been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the board of directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.


SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions p.24).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

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

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria thereunder. A separate rating is assigned to each one of the main sections as well.

## Company Overview

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.	
	<b>Chairman of the Board</b> TUNCAY ÖZİLHAN
Fatih Sultan Mehmet Mahallesi, Balkan Caddesi, No: 58, Buyaka E Blok, Tepeüstü, 34771 Ümraniye, İstanbul	<b>Investor Relations Process Leader</b> NEŞET FATİH VURAL Tel: 0850 200 19 00 <a href="mailto:investorrelations@isuzu.com.tr">investorrelations@isuzu.com.tr</a>

Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. was established in Turkey in 1980 to manufacture, assembly, import and sale of motor vehicles, primarily commercial vehicles, along with after-sales services for the supply and sale of spare parts. The Company is registered with the Capital Markets Board ("CMB") and 15% of its shares were offered to the public on Borsa Istanbul in 1997. Currently operating as a partnership of Isuzu Motors Ltd., Itochu Corporation and Anadolu Group, the Company's production facilities are located at Çayırova, Kocaeli. As of December 31, 2022, Anadolu Isuzu has an average of 970 employees.

The controlling shareholder of the Company is AG Anadolu Grubu Holding A.Ş., who on the other hand, is controlled by AG Sınai Yatırım ve Yönetim A.Ş., a company established by the Özilhan and Süleyman Kâmil Yazıcı Families to ensure the ultimate management of its subsidiaries in line with the principle of equal representation and equal management.

The Company shares are traded under "ASUZU" code at Borsa Istanbul and is a constituent of BIST 100-30 / BIST INDUSTRIALS / BIST ALL SHARES / BIST KOCAELI / BIST 100 / BIST STARS and BIST METAL PRODUCTS MACH. indices.

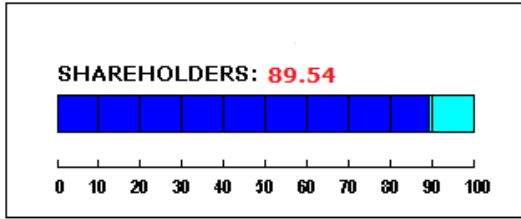
Anadolu Isuzu's capital structure is as follows:

<b>ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. Capital Structure</b>		
<b>Shareholders</b>	<b>Share Value (TL)</b>	<b>Share %</b>
AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ	46,535,401.12	55.40
ISUZU MOTORS LIMITED	14,275,508.76	16.99
ITOCHU CORPORATION	7,948,322.43	9.46
Other	15,240,767.69	18.15
<b>TOTAL</b>	<b>84,000,000.00</b>	<b>100.00</b>

Composition of the Board of Directors:

<b>Board of Directors of ANADOLU ISUZU</b>	
<b>Name</b>	<b>Title</b>
TUNCAY ÖZİLHAN	Chairman (non-executive)
KAMİLHAN SÜLEYMAN YAZICI	Vice Chairman (non-executive)
TALİP ALTUĞ AKSOY	Board Member (non-executive) Early Risk Detection Committee Member
MUSTAFA ALİ YAZICI	Board Member (non-executive)
MEHMET HURŞİT ZORLU	Board Member (non-executive) Corporate Governance Committee Member
AHMET MURAT SELEK	Independent Board Member (non-executive) Corporate Governance Committee Chairman Audit Committee Chairman
ORHAN ÖZER	Independent Board Member (non-executive) Audit Committee Member Early Risk Detection Committee Chairman
LALE DEVELİOĞLU	Independent Board Member (non-executive) Corporate Governance Committee Member
BARIŞ TAN	Independent Board Member (non-executive) Early Risk Detection Committee Member
YUSUF KAMİL SONER	Independent Board Member (non-executive)
REO SAWADA	Board Member (non-executive)
HIDENAO HASHIMOTO	Board Member (non-executive)
RECEP YILMAZ ARGÜDEN	Board Member (non-executive) Corporate Governance Committee Member
ÖZDEMİR OSMAN KURDAŞ	Board Member (non-executive)

## SECTION 1: SHAREHOLDERS



SYNOPSIS	
+	Equal treatment of shareholders
+	Unrestricted shareholder rights to review and receive information
+	Voting rights are facilitated
+	No voting privileges
+	General shareholders' meetings are conducted in compliance with the legislation
+	A specific and consistent dividend distribution policy established
=	Although the participation of stakeholders and media in the general shareholders' meeting is permitted when deemed appropriate, there is no such provision in the Articles of Association nor in internal directives
-	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital
-	A policy on donations and grants has not been established and submitted to the approval of the general shareholders meeting

### 1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

Anadolu Isuzu's Investor Relations Department plays an active role in facilitating the protection and exercise of the shareholders' rights, mainly the rights to obtain and review information related to the management and operations of the Company.

Investor Relations Department is managed by Mr. Neşet Fatih Vural. Mr. Fatih Terlemez is a member of the Department, holding the Capital Market Activities Level 3 and Corporate Governance Rating Licenses.

In addition to any ad-hoc requests that may arise, the Department reports 5 times a year on the activities conducted to the Corporate Governance Committee for further submission to the Board of Directors and fulfills the following duties:

- Ensuring that the records relating to the written correspondence with the investors and other information are kept properly, secure and up-to-date.
- Responding to the queries of the shareholders and potential investors requesting information regarding the Company, excluding the undisclosed information that is deemed confidential and/or trade secret.
- Ensuring that the general shareholders' meeting is held in compliance with the applicable legislation, Articles of Association and other Company by-laws.
- Preparing the documents that might be used by shareholders in the general shareholders' meeting.



e. Supervising the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

Investors generally convey their queries by calling, and when they have written requests, they are returned via e-mail.

Information and explanations that may affect use of shareholders' rights are duly available and up to date on the corporate web site of the Company.

### **1.2. Shareholders' Right to Obtain and Evaluate Information:**

There is no evidence of any hindering process or application regarding the appointment of a special auditor.

The Company acts in accordance with the relevant provisions of the Turkish Commercial Code (TCC) regarding the use of the right of special audit and no such request was submitted in 2022.

All kinds of information about the Company that do not constitute a trade secret are provided in a complete, timely, honest, and diligent manner.

The disclosure policy was published on the corporate web site but not yet presented to the attention of the shareholders at the annual general shareholders' meeting.

### **1.3 Minority Rights:**

Maximum care is given to the exercise of minority rights at Anadolu Isuzu. Minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital, and the Company has adopted exactly the rate set forth in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

### **1.4. General Shareholders' Meeting:**

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the ordinary general shareholders' meeting held on April 27, 2023 is performed through all means of communication available to the Company on April the 3<sup>rd</sup>, 2023 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity, exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where Annual Report, financial statements and other meeting documents can be examined. A descriptive disclosure document on agenda items has also been prepared.

Commencing from the date of announcement of invitation for the general shareholders' meeting; the Annual Report, financial statements and reports, and all other related documents pertaining to the agenda items along with the dividend distribution proposition are made available to all shareholders for examination purposes in convenient locations including the headquarters of the Company, and the electronic media.

Shareholders are informed of the following issues prior to the general shareholders' meeting via the corporate web site:

a. The total number of shares and voting rights reflecting Anadolu Isuzu's shareholding structure as of the date of disclosure and that there

are no privileged share groups within the shareholding structure.

- b. Information on changes in management and activities of the Company and its subsidiaries in the previous fiscal year, or planned for the upcoming fiscal period which can significantly affect the Company operations.
- c. Grounds for dismissal and replacement of Board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of their relationship with the Company and its related parties, whether they are independent or not, and information on similar issues.

Prior to the meeting, the shareholders did not submit any proposals to be included in the meeting agenda. Moreover, since these transactions were not approved by the majority of the independent members of the Board of Directors, no transaction was submitted to the approval of the shareholders.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items.

The general shareholders' meeting was held at the Company headquarters. The chairman of the meeting has made the necessary preparations and obtained the necessary information for the conduct of the general assembly in accordance with the TCC, laws and regulations.

Items on the agenda were conveyed in detail and in a clear and understandable

way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions.

The chairman of the Board of Directors, general manager and authorized persons who are responsible for preparing the financial statements and the representative of the external audit firm were present to give necessary information and to answer questions at the general shareholders' meeting.

The Company has not established a policy regarding donations and grants nor submitted it to the approval of the general shareholders' meeting. However, at the meeting, shareholders were informed on the amount and beneficiaries of all donations and grants within the year, as well as policy changes, with a separate agenda item.

There are no statutory obstacles for the attendance of stakeholders and media in the general shareholders' meetings with no voting rights, however but no such clause regarding their admittance is included in the Articles of Association.

### **1.5. Voting Rights:**

There are no voting privileges at Anadolu Isuzu. Each share has an equal voting right. Any actions that may complicate the use of voting rights are avoided. Each shareholder is given the opportunity to exercise his/her voting right, including cross border voting, in the most appropriate and convenient manner.

Four members of the Board of Directors are elected by the General Assembly from among the candidates nominated by the B Group shareholders, eight members among the candidates nominated by the Group A shareholders, and the other members among the candidates nominated by

any shareholder. However, this privilege does not prevent the representation of the publicly held shares in the management.

There is no cross-ownership between Anadolu Isuzu and any other institution.

#### **1.6. Dividend Rights:**

The dividend distribution policy of Anadolu Isuzu is clearly defined and disclosed to public on the corporate web site. It is submitted to the approval of the shareholders at the general shareholders' meeting and is incorporated in the Annual Report.

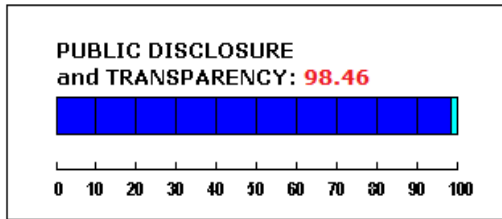
Anadolu Isuzu's dividend distribution policy contains sufficient information clear enough for investors to predict any future dividend distribution procedures and principles.

A balanced policy is followed between the interests of the shareholders and those of the Company. The dividend distribution proposal submitted to the shareholders at the latest general shareholders' meeting contained all necessary information. In addition, the Articles of Association contain a provision on advance dividend payments.

#### **1.7. Transfer of Shares:**

The provisions on the transfer of shares are included in the Articles of Association. There are no sanctions or fines imposed in this regard.

## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Comprehensive Disclosure Policy, disclosed to public on the web site
+	Comprehensive web site, actively used for public disclosure
+	Annual Report complies with the legislation, comprehensive and informative
+	Important events and developments disclosed in accordance with the legislation
+	Ultimate controlling shareholders with a share higher than 5% are disclosed
+	English version of the web site for international investors
+	Dividend distribution policy disclosed to public via the web site
=	Benefits provided to Board members and senior executives are mentioned collectively in the Annual Report
=	Although there is no separate policy on donations and grants, a regulation in detail is included in the Articles of Association

#### 2.1. Corporate Web Site:

Anadolu Isuzu's corporate web site is easily accessible, actively used as a means of public disclosure, and available in English for the benefit of foreign investors and shareholders. The

information contained therein is timely updated, accurate, complete, comprehensible and interpretable.

Along with the information required to be disclosed pursuant to the legislation, the corporate web site includes; trade register information, information about latest shareholder and management structure, information on privileged shares, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's Articles of Association, publicly disclosed material information, periodical financial statements, annual reports, other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, frequently asked questions, and responses thereof. Anadolu Group's Procedures are referred to for ethical rules.

The Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect relationships between co-owners is not disclosed to the public through the corporate web site. Instead, such list is included on PDP under General Information-Capital and Shareholding Structure Information.

Anadolu Isuzu's corporate web site also includes; investor presentations, working principles of the Committees, important Board decisions under the heading of material disclosures, the vision/mission of the Company

established by the Board, information on dividend payments for the last 5 years and capital increases, news, general shareholders' meeting internal guidelines, social responsibility activities, the sustainability report, information on senior management, financial data, main ratio analyses, information about the protection of personal data regarding the web site, terms of use and privacy policy, timetable on events and developments which may interest investors, and the human resources policy.

Although there is no separate policy on donations and grants, a related regulation in detail is included in the Articles of Association.

Anadolu Isuzu prepared the Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) and disclosed them on the Public Disclosure Platform (PDP) on March 13<sup>th</sup>, 2023, a month before the ordinary general shareholders' meeting took place.

## **2.2. Annual Report:**

Annual Report is prepared in detail by the Board of Directors to provide public access to complete and accurate information on the Company and it covers information such as;

- a. Period covered by the report, the title of the entity, trade register number, contact information,
- b. The names of the chairman and members served on the Board and the Committees during the covered period,
- c. The sectors in which the Company operates and information on its position in these sectors,
- d. Qualifications of the Company's units, general explanations related to their activities and performances, and yearly developments,
- e. Progress on investments, the eligibility status on incentives,

- f. Changes and justifications on the Articles of Association within the year,
- g. Corporate Governance Principles Compliance Report,
- h. Links to the PDP for the CRF and the CGIF templates,
- i. Information on related party transactions,
- j. Other issues not included in the financial statements, but are beneficial for users,
- k. Company's capital and ownership structure,
- l. Benefits provided to staff and workers, information on number of personnel,
- m. The dividend distribution policy,
- n. Information about R&D and innovation activities,
- o. Basic ratios on the financial position, profitability and solvency,
- p. Company's financing resources and risk management policies,
- q. Information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the content specified in the legislation, the following also took place in the Annual Report:

- a. External duties of Board members and executives,
- b. Declaration of independence of the related Board members,
- c. Members of the Committees within the Board, their meeting frequency and working principles,
- d. The number of Board meetings held during the year and participation status of the members,
- e. Changes in legislation which could significantly affect the Company's operations,
- f. Significant legal cases filed against the Company and possible consequences,

- g. Information on the fact that there is no cross shareholding in excess of 5% of the capital,
- h. Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results,
- i. Rating results,
- j. Application status of the Corporate Governance Principles as required by the CMB communiqué, justifications on reasons behind any non-compliance.

On the other hand, benefits provided to Board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis.

### **2.3. External Audit:**

PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi has been selected as the external audit firm. This resolution of the Board of Directors was approved at the Ordinary General Shareholders' Meeting dated April 27, 2023.

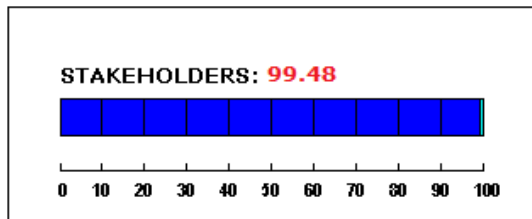
There has been no situation during the reporting period where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. It has been declared by the Company officials that there has been no legal conflict between the Company and the external audit firm.

Independent audit firm and their audit staff did not provide consulting services

for a price or free of charge during the audit period.

No consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated
+	Efficient Human Resources Policy
+	Stakeholders' views are taken on important decisions
+	Code of ethics disclosed to public
+	Efficient customer support methods
+	Company is socially and environmentally sensitive and respectful
+	A written employee compensation policy is established and disclosed to the public on the web site
+	Social responsibility projects implemented
+	Written supportive regulations regarding the participation of stakeholders in the management of the Company
+	Comprehensive Sustainability Report disclosed on web site

### 3.1. Company Policy Regarding Stakeholders:

Anadolu Isuzu's corporate governance structure recognizes the rights of stakeholders established by law or through any other mutual agreement. Effective and swift compensation is assured in case the stakeholders' rights, that are governed under the

relevant legislation and protected by contracts, are violated. In case the rights of the stakeholders are not regulated by the relevant legislation and mutual agreements, Anadolu Isuzu resolves to preserve the interest of stakeholders under good faith principles and within the capabilities of the Company, without permitting any damage to the brand image. The Company acts in accordance with the Corporate Governance Principles in its relations with stakeholders and has established all necessary relevant procedures. To this end, stakeholders are sufficiently informed about the Company's policies and procedures, which aim to protect stakeholders' rights.

Anadolu Isuzu has also established the required mechanisms for stakeholders to freely communicate their concerns regarding any illegal or unethical transactions to the Corporate Governance or the Audit Committee.

The Company has declared on its CRF posted on the PDP that potential conflicts of interest among the stakeholders are handled with a balanced policy aimed at protecting the rights of stakeholders.

Anadolu Isuzu has a written compensation policy disclosed to the public on its corporate web site.

### 3.2. Stakeholders' Participation in the Company Management:

Models have been developed to support the participation of stakeholders in the Company's management without impeding operations of the Company and such models are included in the Company's internal regulations.

There is no policy established within the Company on taking joint decisions and participating in the management, but different Committees exist depending on the subject. Employees' participation in management is organized by the Executive Committee, Occupational Health and Safety Committee, Disciplinary Committee, Food and Cafeteria Service Quality Improvement Committee, Social Activity Committee, Kaizen Committee, Technical Coordination Committee, and Bi-Fikir Final Evaluation Committee.

Opinions of stakeholders are taken in important decisions that have consequences for stakeholders.

### **3.3. Company Policy on Human Resources:**

The Company has a written human resources policy which is included on the corporate web site.

Anadolu Isuzu offers equal opportunity to persons with the same qualifications in recruitment and career planning.

In cases which management reshuffle could cause disruptions, a succession planning for determination of new manager appointments is in place. Within the scope of Anadolu Group Organizational Development Meetings, succession plans are created every year.

The criteria for hiring are documented in writing and the Company complies with these criteria. All employees are treated with fairness and equality in terms of the benefits provided to them, training programs are provided to enhance employee knowledge, skills and conduct, and training policies are formulated. Informative meetings are held for employees on issues such as the Company's financial situation, wages, career, education and health, and views are exchanged.

The decisions taken regarding the employees or the developments concerning them are reported to the employees or their representatives and their opinions are taken.

United Metal Workers Union is the authorized labor union in Anadolu Isuzu. There is 1 Chief Representative and 3 Union Representatives elected and appointed within the Company.

Productivity is a major criterion in determining the salary and other benefits provided.

The Company has no plans to acquire shares for its employees.

At Anadolu Isuzu, relations with blue-collar employees are regulated within the scope of collective bargaining agreements.

Measures are adopted and safe working environment and conditions are also provided to prevent discrimination on the basis of race, religion, language and sex among the employees, to ensure human rights are respected and to protect the employees against internal physical, mental and emotional abuse.

### **3.4. Relations with Customers and Suppliers:**

Anadolu Isuzu is taking a wide variety of precautions to attain customer satisfaction in the sales and marketing of its products and services. There is no evidence of non-market pricing of goods and services. The Company complies with quality standards of products and services and strives to maintain these standards.

As of the end of 2022, Anadolu Isuzu's domestic service network consisted of 90 points operating in 57 provinces. In abroad, vehicles produced by Anadolu Isuzu are provided with 129 authorized service centers in 45 countries.



Within the framework of protection of trade secrets, care is taken on the confidentiality of information about customers and suppliers.

Customer satisfaction surveys are conducted regularly through the call center, and the results of the surveys are shared with the relevant units. Requests and complaints from customers are forwarded to the authorized departments and solutions are worked on. In the satisfaction surveys conducted with the customers, it has been observed that the level of service and product satisfaction has reached 90%.

### **3.5. Ethical Rules & Social Responsibility:**

Anadolu Group's Procedures are referred to for ethical rules.

There have been no cases in which the Company was held liable for by the public authority within the last years.

The Group, which carries out activities in many fields such as agriculture, education, health, sports, culture-arts and tourism within the framework of its social responsibility understanding, carries out these activities through its social organizations such as Anadolu Foundation, Anadolu Health Center and Anadolu Efes Sports Club.

With its Business Continuity Policy, the company is not only a contractual, legal and regulatory requirement, but also observes its responsibility towards all stakeholders, the environment, country and society.

The Company publicly discloses its preventive and corrective practices against discrimination, inequality, human rights violations, forced labor and child labor.

### **3.6. Sustainability:**

The Company's Annual Report includes a "Statement of Compliance with the Sustainability Principles". The 2021 Sustainability Report is available and the 2022 report will be shared in 2023.

Anadolu Isuzu monitors all its activities within the framework of ISO 14001 Environmental Management System.

The main principles set forth in Anadolu Isuzu Environmental Policy form the basis of the environmental management approach. These principles contribute to environmental sustainability through greenhouse gas and emissions, as well as water, waste and chemical management studies.

Within the scope of Anadolu Isuzu's strategies and actions, a road map for net zero was created with the Science Based Target Initiative (SBTi) and Drive to Zero initiative. Being a member of the leading international platform in the field of sustainability, such as the UN Global Compact, the Company has also been among the supporters of the Task Force on Climate-Related Financial Disclosures. Anadolu Isuzu also took part in the Environmental Working Groups of the Automotive Manufacturers Association, Turkish Industry and Business Association (TUSIAD), and Anadolu Group Holding.

The Corporate Carbon Footprint calculation for the year 2021 took place in 2022. The Company's Scope 1, Scope 2 and Scope 3 emissions are verified by a third-party independent verifier within the framework of ISO 14064-1:2018 GHG Emissions Verification and Reporting Standard.

Anadolu Isuzu continuously monitors and controls the Volatile Organic Compound (VOC) emissions released into the atmosphere as part of its production activities. The Company

reports its cumulative VOC values annually to the Ministry of Environment, Urbanization and Climate Change and produces short and medium-term projects to reduce such values.

Two different wastewater treatment systems, industrial and domestic, operate in the treatment plant, which has been operating since the establishment of the Anadolu Isuzu production facility. The treatment of industrial wastewater is carried out in a continuous treatment plant constructed for chemical treatment.

Anadolu Isuzu, with its Sustainable and Digital Zero Waste Management System project realized in 2022, was awarded the first place among large enterprises in the category of Waste Management System and Applications at the Green Dot Industry Awards organized by CEVKO (Environmental Protection and Packaging Waste Evaluation Foundation).

In 2022, Environment Committee meetings were organized and seminars on environmental sustainability were held. Anadolu Isuzu also took an active role in the OSD Environment Committee and the TUSIAD Environment and Climate Change working group.

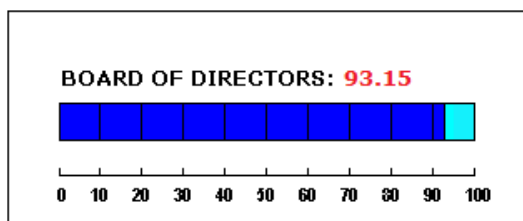
Established at global scale standards, the Energy Management System was certified with ISO 50001 certificate for the first time as a result of the audits carried out in 2022. Through a Factory Energy Survey, the works included in the report and studies which do not require investment were immediately put into use as Quick Win.

Anadolu Isuzu is committed to the continuous protection of the environment in line with;

- continuously improving the environmental performance of production activities, products and services,
- complying with the necessary legislative obligations and the expectations of the relevant parties,
- preventing environmental pollution at its source,
- giving importance to biodiversity issues in order to increase the use of renewable energy sources and providing the necessary energy efficiency to reduce greenhouse gas emissions, to protect the ecological balance,
- reducing the effects of climate change, to create a sustainable environmental management system.

Anadolu Isuzu, which has a wide supplier network, requires its suppliers to constantly improve themselves in terms of environmental sustainability as well as complying with the current legislation on the environment. The Company works with more than 350 domestic and less than 100 suppliers abroad as of the end of 2022.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	The Company's vision, mission and strategic goals are defined
+	The Board works efficiently and staffed with qualified members
+	Five independent Board members
+	Audit, Corporate Governance, and Early Risk Detection Committees are established and functional
+	Principles of remuneration of Board members and senior executives are established and disclosed to the public
+	Chairman of the Board and general manager are not the same person
+	The conduct of the Board of Directors' meetings is defined in internal regulations and meeting and decision quorums have been included in the Articles of Association
+	One female Board member
+	Any potential losses incurred by the Company and third parties as a result of misconduct by the members of the Board are insured with a coverage exceeding 25% of the Company's capital, and disclosed on PDP
=	Remuneration and benefits provided to Board members and to managers with

administrative responsibility are not disclosed on individual basis

#### 4.1. Functions of the Board of Directors:

Strategic decisions of the Board of Directors aim to manage Anadolu Isuzu's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the Company. The Board administers and represents the Company within these parameters.

The Board of Directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The Board also oversees that Company activities are managed in compliance with the legislation, Articles of Association, internal procedures and established policies.

#### 4.2. Principles of Activity of the Board of Directors:

Board of Directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the Board of Directors is explained in the Annual Report.

The Board of Director's resolution (state of responsibility) regarding the approval of the financial statements, Annual Report and the Corporate Governance Compliance Report also includes the CRF and the CGIF which were disclosed on the PDP.

The Board has also established internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees. In this context, the Board reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit are explained in the Annual Report. The duties of the chairman of the Board of Directors and the chief executive officer (general manager) are separated and defined. The chairman of the Board and the CEO are separate persons and there is no single person with unlimited decision-making authority in the Company.

Anadolu Isuzu's Board of Directors acts as a pioneer in providing efficient communication between the Company and the shareholders, in resolving and in settling disputes that may arise between these and for this purpose it is in close cooperation with the Corporate Governance Committee and Investor Relations Department.

Losses that may be incurred by the Company as a result of not performing the Board members' duties duly are insured for a coverage in excess of 25% of the share capital and the relevant information is provided in the PDP disclosure.

#### **4.3. Structure of the Board of Directors:**

Anadolu Isuzu's Board of Directors is composed of fourteen members with none holding executive duties. There are five independent members who have the ability to execute their duties without being influenced under any circumstances.

No upper limit for the number of independent Board members is mentioned in the Articles of Association. Tenure of office for independent members is designated as three years as per the relevant legislation.

CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria, and such declarations are included in the Annual Report.

There is one female member on the Board of Anadolu Isuzu. Nevertheless, the Company has established the Anadolu Group Board of Directors Diversity Policy for the 25% target set by the CMB's Corporate Governance Communiqué No. 28871, and for reaching and reviewing this target every year.

#### **4.4. Conduct of the Meetings of the Board of Directors:**

Board meetings take place with sufficient frequency, with five meetings held in 2022. Members allocate sufficient time for all of the Company's business and show care to participate in each meeting (94% attendance rate).

Chairman of the Board of Directors sets the agenda for Board meetings in consultation with other members and the general manager.

Information on the agenda items of the Board of Directors is made available to the members in sufficient time prior to the meeting date by a coordinated flow of information.

Each Board member is entitled to a single vote.

The operation and conduct of the Board of Directors' meeting as well as the meeting and decision quorum have been included in the Articles of Association of the Company.

There are no limitations introduced for the members taking on additional duties outside the Company.

Shareholders are informed of external duties of the Board members through PDP and at the general shareholders' meeting.

#### **4.5. Committees Established Within the Board of Directors:**

Corporate Governance, Audit, Early Risk Detection Committees are established from within the Board of Directors in order to fulfill its duties and responsibilities duly.

Functions of the Committees, their working principles, and members are designated by the Board of Directors and disclosed to public on the corporate web site as well as the Annual Report.

Both members of the Audit Committee and the chairs of the Corporate Governance and Early Detection of Risk Committees are elected from among the independent Board members. The Corporate Governance Committee consists of five, and the Early Detection of Risk Committee consists of three members. The General Manager (CEO) is not a member of the Committees.

The Corporate Governance Committee consists of four board members, two of which are independent. The Investor Relations Department Manager is also a member of the Corporate Governance Committee.

Care has been taken to ensure that a member of the Board of Directors (excluding independent members) does

not take part in more than one Committee.

All necessary resources and support needed to fulfill the tasks of the Committees are provided by the Board of Directors.

The frequency of Committee meetings is sufficient, all activities are documented and records are kept. Reports containing information about the activities and the resolutions of the meetings are submitted to the Board of Directors.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure of the financial information, independent auditing, and the operation and efficiency of internal control and internal audit systems.

At the same time, the Committee determines the methods and criteria to be applied in examining and concluding the complaints received by the Company regarding the accounting and internal control systems and independent audit, and evaluating the Company's employees' reports on accounting and independent audit issues within the framework of the principle of confidentiality and finalizes them.

The Audit Committee notifies its evaluations with regard to the veridicality and accuracy of the annual and interim period financial statements to be disclosed to the public and accounting principles followed by the Company to the Board of Directors in writing, together with the opinions of the responsible executives and independent auditors.

The Committee has convened four times during the reporting period. Audit Committee members possess the qualifications listed in the Corporate

Governance Principles communiqué. The Annual Report contains information on activities and meeting resolutions of the Audit Committee and that it has submitted four written reports to the Board of Directors within the reporting period.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the Board and ends with the Board's choice being presented and approved at the general shareholders' meeting.

The Corporate Governance Committee, which has convened four times during the reporting period, is established in order to determine whether or not the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advice to the Board of Directors. In addition, it oversees the work of the Investor Relations Department.

As separate Nomination and Remuneration Committees are not established from within the Board, the Corporate Governance Committee is chartered to perform the governance related duties of these two Committees. These duties are defined in the Committee's statutes. A full view of the functionality levels of the Committees on these issues has not yet been obtained and will be closely monitored in the upcoming rating periods.

The Early Risk Detection Committee, which has convened six times during the rating period, carries out its tasks towards early detection of risks which may jeopardize the Company's assets, its development and progression, and

measures taken to mitigate and manage those risks. It reviews risk management systems at every meeting and finalizes relevant reports.

#### **4.6. Remuneration of the Board of Directors and Managers with Administrative Responsibility:**

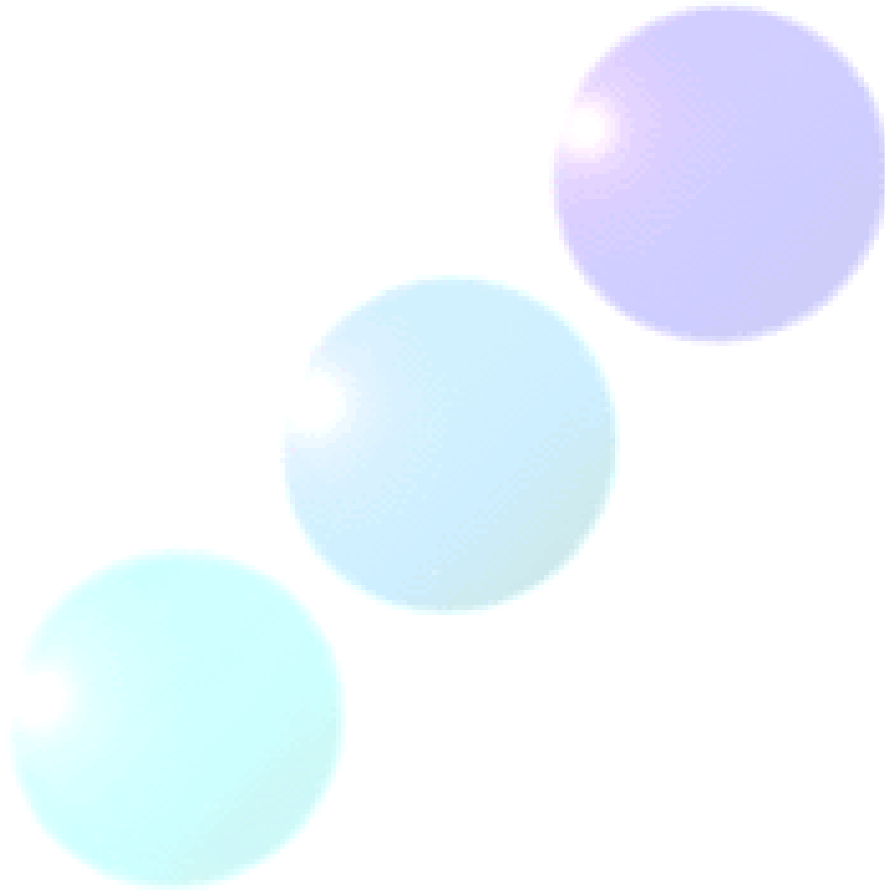
The Board of Directors explained in the Annual Report whether the operational and financial targets disclosed to the public are met or not, along with reasons behind possible shortcomings. The principles of remuneration of Board members and senior executives have been documented in writing and submitted to the shareholders as a separate item at the general shareholders' meeting. A remuneration policy prepared for this purpose can be found on the Company's web site. Stock options or performance-based payments are not included in the remuneration package of the independent Board members. Their remuneration is designated at a level to maintain their independence

Anadolu Isuzu does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

The executives have the required professional qualifications in order to perform the assigned duties and comply with the legislation, Articles of Association, and in-house regulations and policies in fulfilling their duties.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

Remuneration of Board members and managers with administrative responsibility as well as benefits provided are mentioned collectively in the Annual Report. Full implementation of Corporate Governance Principles dictates reporting on an individual basis.



## Rating Definitions

Rating	Definition
9 - 10	The company performs <b>very good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level.
7 - 8	The company performs <b>good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index.
6	The company performs <b>fair</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them, however does not qualify to be included in the BIST Corporate Governance Index. Management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs <b>weakly</b> as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.



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This report, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in-depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of the company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

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