



KAMUYU AYDINLATMA PLATFORMU

KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş. Corporate Governance Compliance Report 2023 - Annual Notification

Summary

2023 Corporate Governance Compliance Report

Related Companies

Related Funds

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				The participants to the Company's Ordinary General Assembly for 2021 held on May 25, 2023, were one of the Company's Independent Members of the Board of Directors, the Company's Executive Director and CEO, the Assistant General Manager of Financial Affairs and Finance, the persons responsible for the preparation of the financial statements, the Company auditor and the General Assembly Company employees who wanted to participate.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There is no mutual participation relationship that brings the domination.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
						The reason for the non-compliance of item no. 1.5.2 of the CMB Corporate Governance Principles is that the scope of minority rights has not been expanded in the Company's articles

1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X				of association. It is regulated in the company's articles of association that five percent of the capital would be sufficient to represent the minority rights stipulated. It is not planned to expand minority rights in the upcoming period.
1.6. DIVIDEND RIGHT							
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X						
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X						
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X						
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X						
1.7. TRANSFER OF SHARES							
1.7.1 - There are no restrictions preventing shares from being transferred.	X						
2.1. CORPORATE WEBSITE							
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X						
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X						
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.			X				The reason why the article partially complied with numbered 2.1.4 of the CMB Corporate Governance Principles is that the majority of the Turkish content is prepared in English, and some documents are presented in Turkish on the website. Although not completely in the same content as Turkish, the corporate website is also available in English, French, German, Italian, Portuguese, Polish, Lithuanian, Bulgarian, Romanian, Greek, Slovak, Spanish, Danish, Hebrew, Norwegian, Swedish, Ukrainian and Dutch. There has been no adverse situation regarding the current practice so far, and it is not planned to prepare the information on the Corporate website in Turkish in a way that is exactly the same in the upcoming period.
2.2. ANNUAL REPORT							
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X						
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X						
3.1. CORPORATION'S POLICY ON STAKEHOLDERS							
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X						
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X						
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X						
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X						
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT							

<p>3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.</p>	X				<p>Union Representatives are included in the Occupational Health and Safety Board, the Permission Board, the Disciplinary Board and social rights meetings, and no regulation has been made regarding the participation of employees in the management. Therefore, it is partially complied with Article No. 3.2.1 of the CMB Corporate Governance Principles. No adverse situation has been observed in our Company so far regarding the lack of any regulation regarding the participation of employees in the management, and no new regulation is planned in the upcoming period.</p>
<p>3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.</p>	X				<p>In important decisions that have consequences for some of the stakeholders, requests, suggestions and complaints of stakeholders are received and evaluated. Therefore, Partial compliance is achieved with Article No. 3.2.2 of the CMB Corporate Governance Principles. It is planned to continue the practice in the same way in the upcoming period.</p>
3.3. HUMAN RESOURCES POLICY					
<p>3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.</p>	X				
<p>3.3.2 - Recruitment criteria are documented.</p>	X				
<p>3.3.3 - The company has a policy on human resources development, and organises trainings for employees.</p>	X				
<p>3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.</p>	X				
<p>3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.</p>	X				
<p>3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.</p>	X				
<p>3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.</p>	X				
<p>3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.</p>	X				
<p>3.3.9 - A safe working environment for employees is maintained.</p>	X				
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS					
<p>3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.</p>	X				
<p>3.4.2 - Customers are notified of any delays in handling their requests.</p>	X				
<p>3.4.3 - The company complied with the quality standards with respect to its products and services.</p>	X				
<p>3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.</p>	X				
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY					
<p>3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.</p>	X				
<p>3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.</p>	X				
4.1. ROLE OF THE BOARD OF DIRECTORS					

4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					Although there is an agenda for the meetings of the Board of Directors of the company, no minutes are kept. Therefore, partial compliance is achieved with Article 4.1.2 of the CMB Corporate Governance Principles. In terms of Corporate Governance, no conflict of interest or adverse situation has been observed in practice so far, and it is planned to continue the practice in the same way in the upcoming period.
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					The damage to be caused by the faults of the members of the Board of Directors in the course of their duties is insured with an insurance amount of 10 Million USD , which is less than 25% of the Company's capital. Therefore, partial compliance is achieved with Article 4.2.8 of the CMB Corporate Governance Principles. In practice, no negative situation has been observed so far, and the amount in question is re-evaluated every year.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					Although a target rate and time for the rate of female members to be included in the Board of Directors is not less than 25%, a policy has not yet been determined in order to achieve these targets. The structure of the board of directors is reviewed annually, and this issue is taken into account during the nomination process. Therefore, it is partially complied with Article 4.3.9 of the CMB's Corporate Governance Principles.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attend the majority of the board meetings in person or via an electronic board meeting system	X					

<p>4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.</p>		X		<p>Although the Company's Board of Directors adopts the practice of sending information and documents on the agenda to all members before the meeting, no minimum period has been defined for the submission of such information and documents. In addition, it is planned to write the Working Principles of the Board of Directors for the upcoming period and to determine the minimum submission period. Therefore, it is not complied with Article 4.4.2 of the CMB Corporate Governance Principles.</p>
<p>4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.</p>			X	
<p>4.4.4 - Each member of the board has one vote.</p>	X			
<p>4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.</p>		X		<p>The manner in which the Company's Board of Directors meetings will be held is determined in Article 10 of the Company's articles of association. Apart from the company's articles of association, there is no other in-company regulation on the subject. However, it is planned to write the Working Principles of the Board of Directors for the upcoming period. Therefore, partial compliance is achieved with Article 4.4.5 of the CMB Corporate Governance Principles.</p>
<p>4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.</p>		X		<p>The Company does not keep a memorandum at the Board of Directors meetings. No conflict of interest has been observed regarding this practice of our company so far, and the practice will be re-evaluated in the coming period. Therefore, it is not complied with Article 4.4.6 of the CMB's Corporate Governance Principles.</p>
<p>4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.</p>		X		<p>The members of the Board of Directors of the Company were given permission at the General Assembly to carry out the transactions specified in Articles 395 and 396 of the Turkish Commercial Code. Therefore, it is not complied with Article 4.4.7 of the CMB Corporate Governance Principles. Information on the duties held by the members of the Company's Board of Directors outside the Company is included in the General Assembly information document, the annual report and the Public Disclosure Platform. No conflict of interest has been observed regarding this</p>

						practice of our company so far, and it is planned to continue this practice in the coming period.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Within the framework of CMB regulations, some of our board members are assigned to more than one committee as a result of the requirement that committee chairs be composed of independent members, all members of the audit committee must be independent members, the chief executive officer /general manager cannot take part in committees, and the knowledge and experience of our board members are taken into account. Therefore, it is not complied with Article 4.5.5 of the CMB Corporate Governance Principles.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Explanations about whether the targets set in the previous periods have been achieved or not are included in the annual report of the Board of Directors of the Company. Apart from this , there is no separate performance evaluation. Therefore, it is not complied with Article 4.5.5 of the CMB Corporate Governance Principles. There has been no adverse situation regarding the current practice, and no changes are planned in the practice in the coming period.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Within the scope of the article numbered 4.6.5 of the CMB Corporate Governance Principles regarding the payments made to the Members of the Board of Directors and executives with administrative responsibility, determining the attendance fees paid to the members of the Board of Directors at the General Assembly and explaining them in the Annual Report with the distinction of independent / non-independent members, however, partial compliance with the relevant article is achieved since the remunerations given to

						executives with administrative responsibility are disclosed to the public not on an individual basis, but on a collective basis, in the Company's Annual Report, in line with the general practice. No changes are planned for the current practice in the upcoming period.
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