

KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş.

REMUNERATION POLICY

FOR BOARD OF DIRECTORS MEMBERS AND MANAGERS WITH ADMINISTRATIVE RESPONSIBILITIES

The Remuneration Policy of Karsan Otomotiv Sanayii ve Ticaret A.Ş. has been adopted pursuant to the Capital Markets Legislation and accordingly the provisions in the Capital Markets Corporate Governance Principles. The purpose of the remuneration policy is to determine the principles regarding the remuneration of the members of the Board of Directors and managers with administrative responsibilities. Remuneration principles are determined by the Corporate Governance Committee taking into consideration the long term targets of the Company. While determining the principles of remuneration, the qualifications of the work such as the importance, difficulty and the level of responsibility are taken into consideration. While determining these principles it is aimed to form a balance between the remunerations and to assure that the balance is obtained both within the company and in the market and it is aimed to protect the competitive market and that the remuneration is fair, objective, appreciative, competitive and rewarding.

The company may not lend money, provide any credits, extend the terms of existing loans and credits or improve the conditions thereof, and to provide credit under the name of any personal credit means through a third person or to provide warranties such as surety to a member of the Board of Directors or managers with administrative responsibilities.

The remuneration principles of the members of the Board of Directors and managers with administrative responsibilities that have hereby been put into writing are presented to the shareholders' consideration in the general assembly meeting under a separate item in the agenda and the shareholders are given the opportunity to provide opinion in this respect. The remuneration policy of our Company is indicated at the corporate website of www.karsan.com.tr.

1. Board of Directors Remuneration Principles

A fixed fee, to be applied for the members of the Board of Directors is determined in the annually held ordinary general assembly meeting of the Company. While determining the fixed fee, different remuneration levels may be determined for especially the Board of Directors members who are in executive positions and for the Board of Directors who are appointed to the committees established in accordance with Corporate Governance principles. As for independent members of the Board of Directors, the principle is to determine their remuneration in a way to protect their independency; thus, their remuneration shall not be based on the performance of the company. The principal is to determine the remuneration to be paid to the members of the Board of Directors members based on the consideration of ethical rules, internal balance and strategic aims. Thus, as a principle the remuneration is not associated with the profit or revenue or any other short term performance indicators.

Payments are made to the members of the Board of Directors pursuant to pro-rata principle taking into consideration the office term as of the dates of appointment and resignation.

The expenditures (transportation, telephone, accommodation, insurance, representation etc. expenses) borne by the Board of Directors in connection with the contributions they made to the Company may be reimbursed by the Company.

2. The Remuneration Principles of Managers with Administrative Responsibilities

The remuneration of managers with administrative responsibilities of the company constitute from two components, fixed and performance-based.

Fixed Remuneration Payments: Comprises of regular cash payments made every month to the managers with administrative responsibilities . Fixed remuneration is determined taking into consideration the levels applicable in the market, the size of the company, ethical rules, internal balance, strategic targets, microeconomic data, international standards, qualifications and positions of the executives. As a principle, the fixed remunerations are not associated with the profit or revenue or any other short term performance indicators

Performance Based Fee Payments: Comprises of annual payments calculated with the components of premium basis in accordance with the performances of managers with administrative responsibilities and company performance. **Premium basis;** is calculated taking into account the responsibility of executives required by their positions and the workload.

Company performance; is calculated in accordance with the achievement level of the targets set for the Company and accordingly for the managers with administrative responsibilities at the beginning of the year. The sustainability of success is taken into consideration while determining Company targets.

The expenditures (transportation, telephone, accommodation, insurance, representation etc. expenses) borne by the Managers with administrative responsibilities in connection with the contributions they made to the Company may be reimbursed by the Company.