

Corporate Governance Rating Report

Rating Revision

iŞ LEASING



28 December 2023

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Rating and Executive Summary

İŞ FİNANSAL KİRALAMA A.Ş.



Corporate Governance Rating:

9.29



MAIN SECTIONS: **Avg. 92.91**

Shareholders: **88.62**



Public Disclosure & Transparency: **97.21**



Stakeholders: **94.24**



Board of Directors: **92.34**



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

The Corporate Governance Rating of 9.29 that has been assigned to İş Finansal Kiralama A.Ş. ("İş Leasing") on December 28, 2022 is hereby reconfirmed as **9.29**. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

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.. İş Finansal Kiralama A.Ş. 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 July 12, 2023 can be accessed at <http://www.saharating.com>.

İş Leasing is rated with **8.86** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Company carries out the investor relations obligations through the Investor Relations Department. 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 dividend policy of the Company. There are no restrictions on transfer of shares. On the other hand, there are areas for improvement like adoption as it is, of the rate of minority rights as prescribed for public joint stock companies (%5), absence of a provision in the Articles of Association allowing the attendance of those including stakeholders and media to the general shareholders' meetings with no voting rights, and existence of privileges on nomination of candidates to the Board of Directors.

İş Leasing attained **9.72** under the **Public Disclosure and Transparency** chapter. The Company has a comprehensive web site. Public announcements are made via all communications channels and are in accordance with CMB and Borsa Istanbul (BIST) rules and regulations. The Annual Report complies with the legislation, comprehensive and informative. The agreement and work conducted with the external auditor also complies with the legislation. Nevertheless, non-disclosure of the benefits provided to Board members and senior executives on individual basis is an area in need of further refinement.

On the topic of **Stakeholders**, İş Leasing scored **9.42**. In case of violation of stakeholders' rights drawn up in line with the legislation and mutual agreements, İş Leasing enables an effective and speedy compensation. The Company has a written and advanced human resources policy. Code of ethics is publicly available through the Company's web site. During the rating period, the Company was not held liable by any public authority for any sanctions. A written compensation policy for the employees is established and disclosed to the public on the corporate web site.

From the perspective of the principles regarding the **Board of Directors**, İş Leasing's tally is **9.23**. The Board of Directors fulfills all duties regarding Company needs. The Board of Directors consists of 9 members, of which 3 are independent. Corporate Governance, Audit, and Early Detection of Risk Committees are established within the Board of Directors. The working principles of the Committees are disclosed to the public. Principles of remuneration of Board members and senior executives are included on the corporate web site. There is 1 female member on the Board of Directors. Conduct of Board meetings is defined in the Articles of Association of the Company. Defects and damages caused by Board members during the execution of their duties are insured, but not with a coverage amount exceeding 25% of the share capital. The Company's lack of transparency regarding its vision and mission, as well as its failure to establish a target ratio of at least 25% for female members on the Board of Directors and a timeline for achieving this goal, and to implement a policy to attain these targets, have been identified as areas that require regulation.

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 has 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 339 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.21).

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 there under. A separate rating is assigned to each one of the main sections as well.

Company Overview

İş Finansal Kiralama A.Ş.	
	<p>CHAIRMAN OF THE BOARD Nevzat Burak Seyrek</p> <p>GENERAL MANAGER Uygar Şafak Öğün</p>
<p>Headquarters: IS KULELERI KULE:1 KAT:6 34330 4. LEVENT BESIKTAS ISTANBUL www.isleasing.com.tr</p>	<p>Manager Responsible for Relations with Shareholders Neslihan Oruç Tel: (0212) 350-74-70 neslihanoruc@isleasing.com.tr</p>

İş Leasing ("İş Leasing") was established on March 9, 1988 and conducts its activities in accordance with the provisions of the Financial Leasing, Factoring, Financing and Saving Financing Companies Law nr. 6361. The Company engages in domestic and international financial leasing activities in accordance with the provisions of the legislation. It started its leasing activities in July 1988.

The Company purchased İş Faktoring A.Ş.'s ("İş Faktoring") shares with a total nominal value off TL 12,517,000 in exchange for 10,952,375 US Dollars on August 11, 2004. İş Leasing owns 78.22% of this subsidiary, which is consolidated in the financial statements.

İş Faktoring also operate within the framework of the "Financial Leasing, Factoring, Financing and Saving Financing Companies Law" numbered 6361.

The Company shares are traded under "ISFIN" code at Borsa Istanbul and İş Leasing is a constituent of BIST ALL SHARES / BIST FINANCIALS / BIST ALL SHARES-100 / BIST STARS / BIST SUSTAINABILITY / BIST 500 / BIST LEASING FACTORING and BIST CORPORATE GOVERNANCE indices.

İş Leasing's capital structure disclosed on PDP (Public Disclosure Platform) on December 27, 2023 is as follows:

SHAREHOLDING STRUCTURE		
Shareholders	Share Value (TL)	Share %
Türkiye İş Bankası A.Ş.	212,232,414.38	30.52
Türkiye Sınai Kalkınma Bankası A.Ş.	204,850,378.33	29.46
Other	278,219,852.29	40.02
TOTAL	695,302,645.00	100.00

Group distribution of shares representing the capital is as follows:

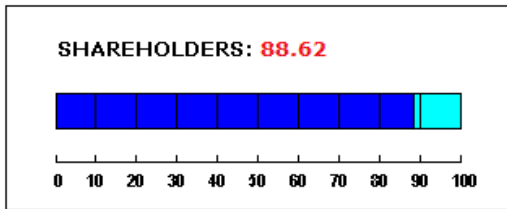
Group	Capital TL	Rate
A	6,000,000	0.92%
B	689,302,645	99.08%
TOTAL	695,302,645	100.00%

Board Members are selected from among the candidates nominated by holders of (A) group of shares.

The Board of Directors is composed as follows:

İş Leasing Board of Directors	
Name	Title
Nevzat Burak Seyrek	Chairman
Necati Çağlar	Vice-chairman
Ömer Karakuş	Board Member
Mehmet Şencan	Board Member
Uygar Şafak Öğün	Board Member General Manager
Ayşe Botan Berker	Independent Board Member Audit Committee Chairwoman Early Detection of Risk Committee Member
Selim Yazıcı	Independent Board Member Corporate Governance Committee Chairman Audit Committee Member
Mehmet Coşkun Cangöz	Independent Board Member Early Detection of Risk Committee Chairman Audit Committee Member Corporate Governance Committee Member
Hüseyin Serdar Yücel	Board Member Early Detection of Risk Committee Member Corporate Governance Committee Member

SECTION 1: SHAREHOLDERS



SYNOPSIS

+	Equal treatment of shareholders.
+	Active investor relations department.
+	General shareholders' meetings are conducted in compliance with the legislation.
+	Preparation and disclosure prior to general shareholders' meetings are satisfactory.
+	Publicly disclosed dividend distribution policy.
+	No restrictions on transfer of shares.
+	Policy on donations and grants submitted to the general shareholders' meeting for approval.
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital.
-	No provision in the Articles of Association on conduct of the general shareholders' meetings open to public and media without voting rights.
-	Privileges on Board nominations.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The Company carries out shareholder relations obligations through the Investor Relations Department.

Employees of this unit are active and willing on exercise of corporate governance principles at the Company.

Along with other units of the Company, the "Investor Relations Department" plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and review information, and its duties are as follows;

- To ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- To respond to the queries of the shareholders requesting written information on the Company.
- To ensure the general shareholders meeting is held in compliance with the applicable legislation, Articles of Association and other Company by-laws.
- To prepare the documents that might be used by shareholders in the general shareholders' meeting.
- To supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

The Investor Relations Department submitted four reports to the Board of Directors in 2023 regarding its activities.

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

Manager of the Investor Relations Department, Ms. Neslihan Oruç holds Capital Market Activities Advanced Level License and Corporate Governance Rating Expertise License.

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 at the request of shareholders.

All kinds of information about the Company are provided in a complete, timely, honest, and diligent manner and there is no fine or warning received in this regard.

The Company has established a disclosure policy, submitted it to the general shareholders' meeting and disclosed it to the public on the corporate web site.

1.3. 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 general shareholders' meeting held on March 28, 2023 is performed through all means of communication available to the Company on February 28, 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.

In addition, a descriptive disclosure document on agenda items has been prepared.

Commencing from the date of announcement of invitation for the general shareholders' meeting, following documents are made available to all shareholders for examination purposes in convenient locations including the headquarters or

branches of the Company, and the electronic media;

- The Annual Report.
- Financial statements and reports.
- All other related documents pertaining to the agenda items.
- The dividend distribution proposal.

Shareholders are informed via the corporate web site of the total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, number of shares and voting rights reflecting the privileged share group within the Company capital, and the nature of the privileges.

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 located at İş Towers, İş Bank Auditorium Building, 34330 4. Levent Besiktas-Istanbul.

The 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.

Authorization of the members of the Board of Directors for the execution of transactions in articles 395 and 396 of the TCC (Turkish Commercial Code) has been included as a separate item on the agenda of the general shareholders' meeting.

At least one member of the Board of Directors related with those issues of a special nature on the agenda, other related persons, authorized persons who are responsible for preparing the

financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

Attendance of the absolute majority of the Board members to the general shareholders' meeting is deemed positive by us.

General shareholders' meeting was also attended by the representative of the external auditor.

İş Leasing has established a policy on donations and grants and submitted it to the approval of shareholders at the general shareholders' meeting held on 2013. At the general shareholders' meeting held on March 28, 2023, shareholders were informed, with a separate agenda item, of amount on all donations and grants effectuated during the reporting period.

Members of the Board of Directors were elected to serve for 2 years at the 2022 ordinary general assembly held on March 28, 2023.

However, the Articles of Association of the Company do not contain a clause on attendance of those including stakeholders and media with no voting rights to the general shareholders' meetings.

1.4. Voting Rights:

At İş Leasing all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately and the Company avoids applications that make it difficult to exercise voting rights.

Pursuant to the Articles of Association of the Company, holders of Group A shares have the privilege to nominate the members of the Board of Directors and auditors.

1.5. Minority Rights:

Maximum care is given to the exercise of minority rights. However, 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 foreseen in the legislation for listed companies.

1.6. Dividend Rights:

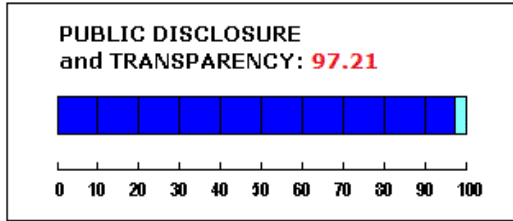
The dividend policy of İş Leasing is clearly defined. It is submitted to the attention of the shareholders at the general shareholders' meeting and disclosed to public on the corporate web site.

Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. It is stated in the dividend distribution policy document that a balanced policy is followed between the interests of the shareholders and those of the Company. Furthermore, the Articles of Association contains a provision on advance dividend payments.

1.7. Transfer of Shares:

There are no complications which impede free transfer of shares and there is no such provision in the Articles of Association.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	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.
+	Policies on Remuneration, Stakeholders, Disclosure, Compensation, Dividend Distribution and Donations have been established and disclosed to the public on the corporate web site.
+	Agreement and studies conducted with external auditors comply with the legislation.
=	Benefits provided to Board members and senior executives are mentioned collectively in the Annual Report, a disclosure on individual basis is essential.

2.1. Corporate Web Site:

Company's corporate web site (www.isleasing.com.tr) is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the Company's web site includes; information about latest shareholder and management structure, 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 and other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the meetings, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, ethical rules of the Company, frequently asked questions including requests for information, questions and notices, and responses thereof.

The information contained on the web site exists also in English for the benefit of international investors and is identical to the Turkish content.

İş Leasing disclosed its Corporate Governance Compliance Report ("CRF"), the Corporate Governance Information Form ("CGIF") along with the Sustainability Compliance Report via PDP on March the 6th, 2023, within the specified notification period.

The Company's web site also includes; investor presentations, working principles of the Committees, information on dividend payments and capital increases, news, general shareholders' meeting internal guidelines, information on senior management, financial data, corporate social responsibility/sustainability reports, and the human resources policy.

However, the vision/mission of the Company established by the Board, and a timetable on events and developments which may interest investors are not included on the web site.

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 Company, contact information.
- b. The names and surnames of the chairman, members and executive members involved in the management and supervisory Boards during the covered period, their limits of authority, tenure of office (with start and end dates).
- c. The sector in which the Company operates and information on its position in this sector.
- d. Qualifications of the company's units, general explanations related to their activities and performances, and yearly developments.
- e. Progress on investments.
- f. Corporate Governance Principles Compliance Report.
- g. Information on related party transactions.
- h. Other issues not included in the financial statements, but are beneficial for users.
- i. Company's organization, capital and ownership structure, and any changes in the related accounting period.
- j. Benefits provided to staff and workers, information on number of personnel.
- k. Explanations on and number of privileged shares.
- l. The dividend distribution policy.

- m. Basic ratios on the financial position, profitability and solvency.
- n. Company's financing resources and risk management policies.
- o. The dividend distribution policy.
- p. 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. Information on external duties of Board members and executives.
- b. Members of the Committees within the Board and their working principles on conducted activities.
- c. Number of Board meetings held during the year and participation status of the members.
- d. Major court cases against the Company and possible consequences.
- e. Signed declaration of independence of the independent Board members.
- f. Rating results of the Company.
- g. Implementation status of the corporate governance principles as required by the CMB communiqué.

On the other hand, the 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. Also there is no detailed information on benefits and vocational training of employees, and other

Company activities that give rise to social and environmental results.

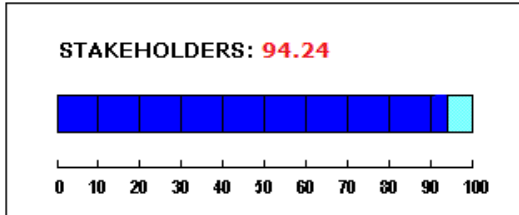
2.3. External Audit:

The external auditor hired for the audit of fiscal year 2022 is Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. Also there has been no legal conflict between the Company and the external audit firm.

External 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

+	Compensation is provided in case of violation of the stakeholder rights safeguarded by the legislation and mutual agreements.
+	Efficient Human Resources policy.
+	Code of ethics established and disclosed to the public.
+	A written employee compensation policy established and disclosed to the public on the web site.
=	Mechanisms exist to support stakeholder participation in Company management, but they are not included in the Articles of Association.

3.1. Company Policy Regarding Stakeholders:

We have not come across a significant or repetitive situation in which the rights of stakeholders established by any law or agreement are not recognized. The Company's corporate governance practices are in top level and İş Leasing recognizes the rights of stakeholders established by law or through any other mutual agreement.

The web site of the Company is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

The Company has established a Stakeholders Policy and disclosed it to the public on the corporate web site. Moreover, stakeholders are informed via e-mail, phone or by organized meetings regarding issues of interest.

The corporate governance structure of the Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions.

Any act subject to complaint concerning transactions that are contrary to the relevant legislation and that are not ethically appropriate can be forwarded to the Corporate Governance Committee and the Audit Committee. İş Leasing has established a compensation policy for its employees and disclosed it to the public through its web site.

3.2. Stakeholders' Participation in the Company Management:

Even though the Articles of Association do not contain any provisions setting out stakeholder participation in the Company's management, İş Leasing has developed models for stakeholders, particularly employees to participate in management without impeding the operations of the Company.

There is a suggestion system in place whereby employees can convey their suggestions regarding the Company's operations. There is an online communication environment at İş Leasing that facilitates communication of any and all demands and complaints by the employees directly to the senior management.

3.3. Company Policy on Human Resources:

The Company's Human Resources Policy is outlined below:

- The Company espoused the principle of giving equal opportunities to individuals with equal qualifications in recruiting, and the recruitment criteria have been documented in writing.
- No discrimination on the basis of race, religion, language and sex is allowed among employees; respecting human rights is promoted and care is taken to safeguard employees against internal physical and emotional abuse.
- Care is taken to provide a safe working environment and working conditions at high standards, and to further improve them as needed.
- Objective data are taken into consideration in making decisions about training, appointment and promotion.
- Employees are informed of decisions that are of concern to them, along with developments.
- Training plans are made to support employee development, and necessary arrangements are made for participation in training programs.

It has been declared that the Company executives did not receive any complaints from the employees with respect to discrimination during the reporting period.

The Company's Corporate Portal, which is set up to enhance internal information sharing and to increase the effectiveness of communication with the employees, gives all employees quick access to legislation, the activities of departments, job descriptions and distribution of tasks, performance management practices, current announcements and reference sources.

An orientation program is implemented at the Company that is designed to speed up the adaptation of new hires to

the working environment and to help increase their productivity at work.

Job descriptions, individual targets, performance and rewarding criteria are determined by the Company management and announced to employees.

3.4. Relations with Customers and Creditors:

We have come to the conclusion that the Company has taken necessary precautions to attain customer satisfaction in the sales and market of its products and services.

Demands of the customers regarding the goods and services purchased are met rapidly and they are informed about the delays without waiting for the deadline.

The Company complies with quality standards of services and strives to maintain these standards.

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

3.5. Ethical Rules & Social Responsibility:

The ethical rules of İş Leasing is established and publicly disclosed through the corporate web site.

The Company has not been subject to any significant sanctions during the course of last year by the public administrations.

The Company ensures that the projects it finances comply with relevant environmental and public health legislation. Additionally, it supports social responsibility projects that it deems appropriate.

Within the framework of international norms and national applicable laws, the Company adopts it as an important principle to fight against laundering of crime revenues and against corruptions and similar other crimes, and does its

best in order to enter into cooperation with both Association members and other entities and institutions and concerned authorities. The "Anti-Bribery and Anti-Corruption Policy" has been established with the approval of the Board of Directors, and we affirm that the Company internally takes the necessary measures and organizes training programs for its Employees in connection therewith.

3.6. Sustainability:

Publishing the first sustainability report in its sector (2020 Sustainability Report), İŞ Leasing has declared through its Annual Report that it aims to carry its sustainability efforts beyond the requirements of legal regulations; to consider environmental, economic and social sustainability factors as a whole in the Company's management and product/service processes, to effectively manage the risks and opportunities related to these factors and to create value through sustainable growth.

In keeping with its commitment to sustainability, İŞ Leasing steps up its Green Transformation Vision with sustainable finance initiatives, prioritizing climate change in this endeavor. Aiming to take action for efficient resource and energy consumption to facilitate low-carbon transition by offering services directed towards energy efficiency and renewable energy investments in particular, İŞ Leasing pledges to uninterruptedly carry out the sustainability activities it has initiated for being able to contribute to a sustainable and livable future.

In 2022, installed capacity in operation of the projects financed within the scope of renewable energy investments reached 334 MW. Out of the renewable energy projects financed, 257 MW are

Solar Power Plants (SPP), 63 MW are Wind Power Plant (WPP) and 2 MW are Biomass Power Plants. Additionally, a cogeneration project with a total installed capacity of 14 MW has been financed.

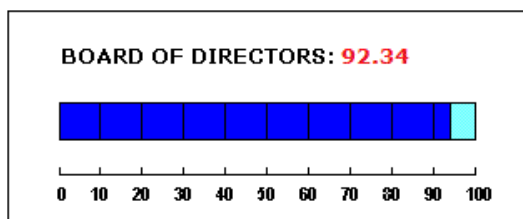
Admitted as a participant of the UNGC (United Nations Global Compact), the world's largest sustainability initiative, in June 2022, İŞ Leasing contributes to the UN Sustainable Development Goals in the material topics it has identified.

The main axes of the sustainability strategy are listed below:

- Energy, Water, Raw Material and Resource Efficiency
- Financing Renewable Energy Projects
- Financing Projects that will Support Employment in the Country
- Support to Low Carbon Transition
- Environmental and Social Risk Measurement of Investment Projects
- Waste Management
- Corporate Integrity and Transformation

The Sustainability Principles Compliance Report, prepared in accordance with the communiqué issued by the Capital Markets Board and approved by the Board of Directors, is included in the Annual Report.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS	
+	The Board works efficiently and staffed with qualified members.
+	The 9-member Board of Directors includes 3 independent, 1 female and 1 executive member.
+	Audit, Corporate Governance, and Early Detection of Risk Committees are established.
+	Principles of remuneration of Board members and senior executives are established and disclosed to the public.
+	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.
=	Defects and damages caused by Board members and executives during the execution of their duties are insured, but not with a coverage amount exceeding 25% of the Company's capital.
-	No policy has been established to set a target rate and time frame for the proportion of female Board members, which should not be less than 25%.

4.1. Functions of the Board of Directors:

It is thought that the strategic decisions of the Board of Directors aim to manage İş Leasing's risk, growth, and return balance at an appropriate level, conduct a rational and cautious risk management approach with a view to

the long-term interests of the Company and represent 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.

4.2. Principles of Activity of the Board of Directors:

It is believed that the 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 Directors established internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees.

It is declared via the Annual Report that 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 CEO/GM are carried out by different persons. Their executive powers are clearly separated and this separation is documented in the Articles of Association.

The Board of Directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise. The Board works in close coordination with the Corporate Governance Committee and

the Investor Relations Department in this context.

Defects and damages caused by Board members and executives during the execution of their duties are insured, but not with a coverage amount exceeding 25% of the share capital.

Analyzing the Company's organization, it is seen that there is no person in the Company who has unlimited authority to make decisions alone and this is deemed positive by us.

4.3. Structure of the Board of Directors:

The Company's Board of Directors is composed of 9 members with only one holding executive powers. Among the non-executive members there are 3 independent members who have the ability to execute their duties without being influenced under any circumstances.

The Corporate Governance Committee have prepared a report on the candidates proposed by the Board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report to the Board for its approval. CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have each signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There is 1 female member on the Board of Directors. Therefore, the Company has not yet reached the Corporate Governance Principles' advisory target of minimum 25% female Board membership rate, nor a policy has been established to achieve this goal.

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

Company officials declared that within the reporting period the Board of Directors convened 4 times, full participation was ensured and a total of 86 resolutions were adopted.

Chairman of the Board of Directors sets the agenda for Board meetings in consultation with other members and the CEO/GM.

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 member is entitled to a single vote.

The meeting and decision quorums have been included in the Articles of Association of the Company. In addition, Board meetings can also be held in a remote access system.

Although the appointment of members of the Board of Directors in another company is not prohibited, such external duties are shared with the shareholders at the general shareholders' meeting.

In addition, it has been determined that the conduct of Board meetings is governed by the Company's Articles of Incorporation.

4.5. Committees Established Within the Board of Directors:

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

Functions of the Committees, their working principles, and members are designated by the Board of Directors and disclosed to the public on the Company's web site.

All members of the Audit Committee and the chairmen of the other Committees are elected among the independent Board members. The

CEO/GM and the chairman of the Board of Directors are not on the Committees.

With the exception of independent members, a member of the Board of Directors does not undertake duty in more than one Committee.

The manager responsible for Investor Relations is appointed as a member of the Corporate Governance Committee in terms of compliance with the Communiqué in question. There are no executive members on the Committees.

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

Meeting frequency of the Committees has been found sufficient by us.

The Corporate Governance Committee 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 advices to the Board of Directors. In addition, it oversees the work of the shareholder relations unit.

The Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them, notifies the Board in writing on findings related to their duties and responsibilities and the related assessment and recommendations, following taking the opinion of responsible managers of the Company and the external auditor notifies the Board in writing on whether the annual

and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate.

The Annual Report contains information on working principles of the Audit Committee and number of written notices given to the Board of Directors in the accounting period. Meeting resolutions are also included in the Annual Report.

The external audit of the Company is conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. 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 Early Detection of Risk Committee 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 least once a year.

The duties of the Nomination and Remuneration Committees are shouldered by the Corporate Governance Committee. The Committee submits to the Board of Directors its suggestions about the wages to be offered to the Board members and executives with administrative responsibility as set forth, also in consideration with the degree of realization of the criteria applicable to such compensation. The activities of the Corporate Governance Committee on determination of independent candidates have been observed.

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

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.

It is declared in the Corporate Governance Compliance Report that İş Leasing 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.

We are convinced that the executives have the required professional qualifications in order to perform the assigned duties and they 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.

Company officials declared that there is an insurance policy on compensation for losses incurred by the Company, and third parties, as a result of not performing the executives' duties duly.

In addition, the orientation process for the newly appointed managers is determined in writing in the personnel manual.

Rating Definitions

Rating	Definition
9 - 10	The company performs very good 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 good 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 fair 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. Deserved to be included in the BIST Corporate Governance Index and 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 weakly 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 very weakly 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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