



## ***Corporate Governance Compliance Rating Report***



***Alarko Holding A.Ş.***

2 October 2023

Validity Period 02.10.2023-02.10.2024

## LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Alarko Holding Anonim Şirketi,

Has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on October 02, 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated January 03 2014 and numbered 28871.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group, and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 106 copies of documents, data, and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website ([www.kobirate.com.tr](http://www.kobirate.com.tr)).

Although the rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed according to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, hold, or dispose of any kind of borrowing instrument. KOBİRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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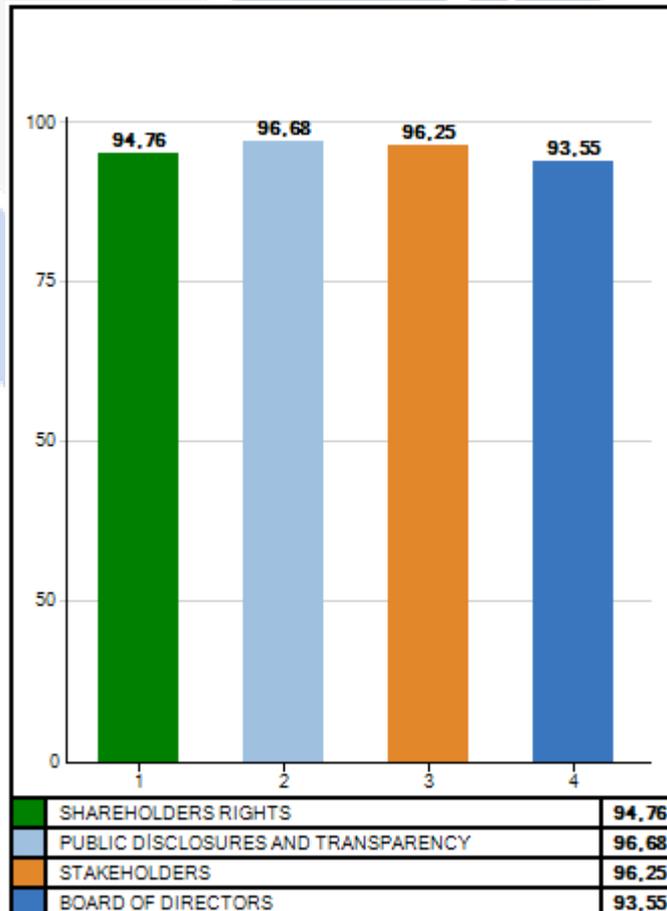
## ALARKO HOLDING A.Ş.

### 1. RATING RESULT

BIST FIRST GROUP COMPANY

CMB CORPORATE GOVERNANCE  
PRINCIPLES COMPLIANCE GRADE

9.50





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**Corporate Governance Rating Committee**

Burhan TAŞTAN

(License Number: 700545)

Can TEKİN

(License Number: 700573)

Nermin Z. UYAR

(License Number: 702999)

## 2. REVISED RATING SUMMARY

This report of rating of compliance of Alarko Holding A.Ş. with the Corporate Governance Principles is concluded through onsite examinations of the documents and information open to the public, interviews held with executives and persons involved, and other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published by the Board has been considered in addition to the regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

According to the CMB decision dated 12.01.2023, No.2/51, Alarko Holding A.Ş. is on the BIST 1st Group Companies list. The Company has been evaluated through examination of 456 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 1st Group Companies". At the end of the examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders, and the Board of Directors, the Corporate Governance Compliance Rating Grade of Alarko Holding A.Ş. has been revised as **9.50**.

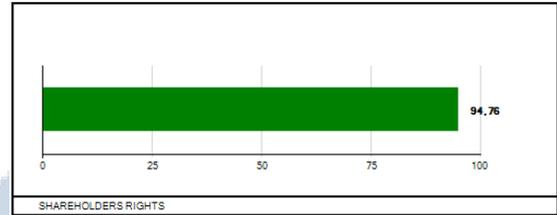
This result shows that the Company has very high compliance with the Corporate Governance Principles issued by the Capital Market Board. Potential risks that the Company may be exposed are identified and can be managed. The level of public disclosure and transparency is high. The rights of the shareholders and stakeholders are treated fairly. The composition and operational

conditions of the Board highly comply with the Corporate Governance Principles.

When the activities of Alarko Holding A.Ş. for the last one year are examined, it is seen that it has been maintaining its compliance with Corporate Governance Principles.

In conclusion, this rating indicates that the Company highly deserves to be included in the BIST Corporate Governance Index.

▪ In the Shareholders section, the rating of Alarko Holding has been revised to **94.76**.



The improvements that led to grade increase for the company in this section are:

- Submitting the revised Information Policy and Donation and Aid Policy to shareholders for their information and approval at the ordinary general assembly in 2022,
- Revising the Profit Distribution Policy and Remuneration Determination Policy and submitting to the approval of the shareholders at the ordinary general assembly.

Detailed information about the updated policies is explained in the "*iii. Policies*" section of our report.

During the reviewing period, it has been observed that the company continues its activities in the field of informing the shareholders and exercising their fundamental shareholder rights with the same sensitivity and efficiency. It is understood that the harmonious cooperation of the Investor Relations Directorate with the Corporate Governance Committee is effective in the correct and effective exercise of the rights of the shareholders.

Activities on relations with shareholders are carried out by the Investor Relations Directorate, which directly reports to the Strategy and Business Development Group President, Mr. Alpaslan SERPEN.

Investor Relations Director Mr. Özgür KALYONCU started to work on 12.06.2019. In accordance with the CMB's Corporate Governance Communiqué No. II.17-1, she was appointed as a Member of the Corporate Governance Committee as well. The aforementioned development was announced to the public with the Material Disclosure of the same date. . Mr. KALYONCU has Capital Market Activities Advanced Level and Corporate Governance Rating Specialist Licenses.

The Investor Relations Directorate regularly makes presentations to the Board of Directors about its reporting and activities, and it has made two presentations together with the Corporate Governance Committee in 2022.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company.

The company carries out its disclosures to the shareholders and the public in accordance with the "Disclosure Policy". The said policy is published on the corporate website of the company.

The General Assembly meeting to discuss the operations of 2022 took place on May 29, 2023. The invitation to the ordinary general assembly meeting was published on the Public Disclosure Platform (PDP), the Central Registry Agency e-general assembly system (EGAS) on 26.04.2023, and in the Turkish Trade Registry Gazette (TTRG) dated 28.04.2023 and numbered 10821. The meeting invitation was made at least 3 (three) weeks before the meeting date as stipulated by the principles.

The general assembly information document provides detailed information on the distribution of company shares, the voting rights granted by the shares and the privileges regarding voting. In addition, whether the shareholders have a request to add an item to the agenda and the information that is required to be announced to the shareholders and the public in the corporate governance principles are also included.

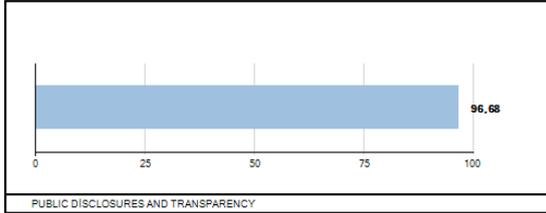
Executives and auditors who are authorized to brief participants on special subjects and answer their questions have attended the meeting. Attending top managers were; İzzet GARIH (Chairman of the Board of Directors), Mr. Vedat Aksel ALATON (Deputy Chairman of the Board of Directors), Ms. Leyla ALATON (Member of the Board of Directors), Mr. Niv GARIH (Member of the Board of Directors), Mr. Ayhan YAVRUCU (Member of the Board of Directors) Ms. Lale ERGİN (Independent Board Member), Ms. Nihal MASHAKİ SEÇKİN (Independent Board Member), Mr. Ümit Nuri YILDIZ (Member of the Board of Directors and Group Chief Executive Officer), Mr. Mehmet AHKEMOĞLU (Financial Affairs Group President), Ms. Pinar YAMANER (People and Organization Group President), Mr. Alpaslan SERPEN (Strategy and Business Development Group President) and Mr. Serkan DEMİR (Information Technologies and Digital Transformation Group President), and Mr. Özgür KALYONCU (Investor Relations and Corporate Communications Director) and Independent Audit Company Representative.

Net distributable profit for the 2022 was 127,764,553.78 TL according to the financial statements prepared in accordance with the TPL, and 11,434,060,465.00 TL according to the consolidated financial statements prepared within the framework of the CMB legislation. The way the profit is used is explained in the "ii. Dividend Distribution" section of our report.

The profit distribution proposal of the Board of directors and the profit distribution table were published on the Public Disclosure

Platform on the same day as the invitation to the general assembly.

▪ In the Public Disclosure and Transparency section, the company's rating was revised as **96.68**.



The improvement led to a grade increase for the company in this section is:

- Including the amounts of commercial and financial relations with indirect and direct subsidiaries during the period in the annual report.

It has been determined that Alarko Holding's works on public disclosure and transparency are in compliance with legal regulations and corporate governance principles. Annual reports are very rich in content and contain sufficient information about the activities.

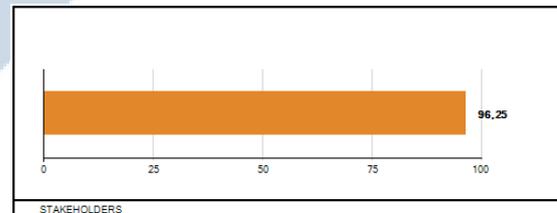
The corporate website ([www.alarko.com.tr](http://www.alarko.com.tr)) is updated regularly and the website is being used as an active and effective platform for disclosure to the public. All information and documents that the public, investors, and other interested parties want to access are published on the corporate website of the company for the last five (5) years. It has been observed that this information is consistent with the disclosures made in accordance with the provisions of the relevant legislation and does not contain contradictory and incomplete information. The corporate website is designed as a convenient, easily accessible structure.

The officials in the Company who are charged with disclosures and have the authority for signature are: Mr. Ümit Nuri YILDIZ (Member of the Board of Directors and Group Chief Executive Officer), Mr. Mehmet AHKEMOĞLU (Financial Affairs Group President), Mr.

Süleyman Sami İNAL (Financial Affairs Director). The named persons have been assigned to maintain and monitor all kinds of issues related to public disclosure.

The independent external audit for 2022 was carried out by BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş. (Member BDO International Network). There are no cases where the independent audit avoided expressing opinion, expressed opinion with conditions, or avoided signature in the reports. During the meeting with the company officials, it was learned that there was no development that would harm the independence of the independent audit firm and its auditors and that there was no legal dispute. The same institution was elected as the independent auditor with the recommendation of the audit committee and the approval of the general assembly for the independent external audit of the accounts and transactions of the 2023 operating year within the framework of the Capital Markets legislation, the Turkish Commercial Code, and the relevant legislation.

▪ In the Stakeholders section, the company's rating has been revised to **96.25**.



The reasons for the increase in the grade of the company in this section are:

- Establishing many policies and procedures that concern all interest groups, especially employees,  
- Announcing these policies, which have been created/revised in line with the Community Philosophy, to all relevant parties through effective methods since 2022,  
- Taking an active presence in sustainability management and practices,  
- Preparing and disclosing the first Sustainability Report on behalf of the Group.

It is concluded that Alarko Holding protects stakeholders' rights, which are specified in regulations and mutual contracts. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and company's reputation. It has been observed that many internal regulations were prepared to this end.

The Compensation Policy for employees has been prepared and disclosed to the public via the corporate website.

Recruitment, wage, health, leave rights, promotions, appointments, discipline, dismissal, death, resignation, and retirement regulations have been established. During the reviewing period, all these regulations were updated in accordance with the company's change philosophy. It is thought that these procedures are adhered to in practice, as well. Both during the development of the policies and in practice, we got the impression that equal opportunity is given to individuals under equal conditions.

It has been determined that the Company runs training programs to increase the knowledge, talents, and experience of its employees and that it has prepared training policies.

Ethical Rules and Working Principles have been determined and the relevant parties have been informed. In addition, all policies concerning the other shareholders and all stakeholders are disclosed to the public on the corporate website of the company.

As of the end of 2022, 67 white-collar employees were employed at Alarko Holding A.Ş. As of the same date, a total of 5,994 people, 1,953 white-collar employees, who are mostly engineers and architects, and 4,042 technicians and workers, were employed in the companies and institutions within the holding.

A total of 1,893 blue-collar employees in the Group Companies Alarko Carrier Sanayi ve

Ticaret A.Ş., Meram Elektrik Dağıtım A.Ş. and Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş are organized under three different unions.

Alarko Holding carries out social responsibility activities, especially in the area of education, in order to create sustainable and lasting value for the society. It supports social development with education-oriented projects developed through various collaborations. Information about the company's contribution to the social development and welfare of society can be found in the annual reports and on the corporate website.

### **Sustainability;**

#### *Sustainability Approach;*

Alarko Holding states that it sees sustainability concepts and practices as a tool for creating long-term value. Therefore, it tries to implement its long-term perspective by concretizing it with its strategic sustainability framework and long-term goals.

With its sustainability strategy, which it started working on in 2022, the company has determined the areas where it will create value in the long term, based on priority issues.

Alarko Holding defines its priority issues as "Planet", "People and Culture" and "Digital Transformation and Innovation".

#### PLANET

- ▶ To have net zero carbon emissions by 2050,
- ▶ To increase the investment in biodiversity and nature conservation efforts by 20% every year,
- ▶ To reduce water consumption across the Group by 50% by 2030,

#### HUMAN AND CULTURE

- ▶ To keep the unwanted employee turnover rate within 8-11%,
- ▶ To increase the rate of female members in the Board of Directors to 40%,
- ▶ To increase the employee engagement score by 20% by 2030,
- ▶ To triple social investment spending by 2030,

#### DIGITAL TRANSFORMATION AND INNOVATION

- ▶ To increase sustainability-oriented R&D and Innovation investments by 50% by 2030.

#### *Sustainability Governance Structure;*

Sustainability governance is carried out under the authority and responsibility of the Sustainability Committee within Alarko Holding. The Sustainability Committee reports directly to the Chief Executive Officer and meets four times a year with predetermined agenda items. Issues such as progress on sustainability targets, issues to be included in the investment agenda, and sustainability performances of group companies are monitored by the Committee and, when necessary, are conveyed to the Board of Directors through the Committee Chairman.

The coordination of the Sustainability Committee is ensured by the Investor Relations and Corporate Communications Director. Other members of the Committee are the People and Organization Group President, the Strategy and Business Development Group President, and the Information Technologies and Digital Transformation Group President.

Working Groups have been established to support the Committee, facilitate the monitoring of annual performance within companies, and generate project ideas for improvements. Working Groups report to the Committee twice a year on the progress of the group companies, reporting to the relevant Group President in the Committee. The frequency of meetings of the Working Groups is decided individually by each group,

depending on the intensity of the issues that need to be reported and conveyed to the Committee.

Another element of the governance structure is the Sustainability Ambassadors, who consist of volunteers and come together to ensure cultural transformation in sustainability. Adopting a different learning and leadership approach, the community aims to impact sustainability-related issues throughout the organization and create long-term value through alternative perspectives and innovative solutions.

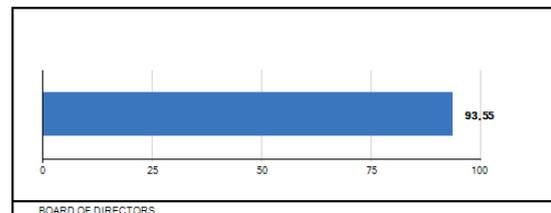
Alarko Holding signed the UN Global Compact in 2023.

The company prepared a "Sustainability Report" for the first time in 2023 about its 2022 activities and disclosed it to the public on its corporate website.

The company discloses the "Sustainability Principles Compliance Report" in accordance with the voluntary sustainability principles compliance framework format specified in the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" prepared by the Capital Markets Board and published in the Official Gazette No. 31262 on October 02, 2020, to the public in its annual activity reports.

The shares of Alarko Holding A.Ş. are not traded in the BIST Sustainability Index.

- In the Board of Directors section, the rating of Alarko Holding was revised as **93.55**.



In the interviews with the relevant officials and the examinations of some selected board decisions, it was determined that the Board continues its work actively, effectively, and

regularly. It has been observed that the Board of Directors internalizes the corporate governance principles, adopts an open approach to improvement and development, and displays a proactive attitude.

The Board of Directors has described the corporate strategic objectives and determined necessary human and financial resources. The duties of the chairman of the Board of directors and general manager are carried out by different persons, and the authorities of each are defined. The Board of Directors, consisting of 9 (nine) members, consists of 1 (one) executive and 8 (eight) non-executive members. 3 (three) of the non-executive members have the status of independent member.

There are 4 (four) female members on the Board of Directors. The rate of female members is 44% and it complies with the "not less than 25%" criterion determined by the CMB as the rate of female members in the Board of Directors. In addition, the "Board of Directors Female Member Policy" created by the Board of Directors in 2022 is still in effect.

The Audit, the Corporate Governance, and the Early Detection of Risk Committees, which are stated in the Principles, have been established. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by the Corporate Governance Committee as well. The duties, working principles and the members of the committees have been determined by the Board of Directors, approved as written documents, announced to the public and published on the corporate website of the company. The composition of all three committees complies with the criteria listed in the corporate governance principles. The company's general manager has not been appointed within the committee structures.

The duties, working principles and the members of the committees have been determined by the Board of Directors, approved as written documents, announced

to the public and published on the corporate website of the company. When the method followed before the general assembly regarding the independent members of the Board of directors is examined, it is understood that:

- The Nomination Committee prepares an evaluation report on the independence of the candidate for the election of independent members and submits it to the Board of directors,

- The Board of directors elects independent members within the framework of the nomination committee's report,

- The report prepared regarding the determined candidate is sent to the Capital Markets Board together with the candidate's resume, declarations of independence and the resolutions of the Board of directors.

The Board of Directors convened 31 (thirty-one) times in 2022 and 26 (twenty-six) times as of June 2023. Secretarial function of the Board is carried out by Mr. Alpaslan SERPEN (Strategy and Development Group President).

The Audit Committee held 4 (four) meetings in 2022 and as of the end of June 2023. The Committee has submitted 8 (eight) reports in 2022 and 4 (four) reports as of June 2023 to the Board of Directors on its activities.

The Corporate Governance Committee convened 3 (three) times in 2022 and 2 (two) times as of the end of June 2023. The Committee has submitted 3 (three) reports in 2022, in parallel with the number of meetings, and 2 (two) reports as of the end of June 2023 to the Board of Directors on its activities.

The Early Detection of Risk Committee convened 1 (one) time in 2022 and submitted reports to the Board of Directors 6 (six) times. Although the Committee has not yet held a meeting as of the end of June 2023, it has reported to the Board of Directors 3 (three) times.

The secretarial function of the Audit and Early Detection of Risk Committees is carried out

by Mr. Alpaslan SERPEN (Strategy and Business Development Group President) and the secretarial function of the Corporate Governance Committee is carried out by Mr. Özgür KALYONCU (Investor Relations and Corporate Communications Director).

In the examinations made on the documents, it was observed that the meeting records of both the Board and the Committees were kept regularly.

Remuneration Principles for the Members of the Board of Directors and Senior Executives have been determined and disclosed to the public on the Company's corporate website.

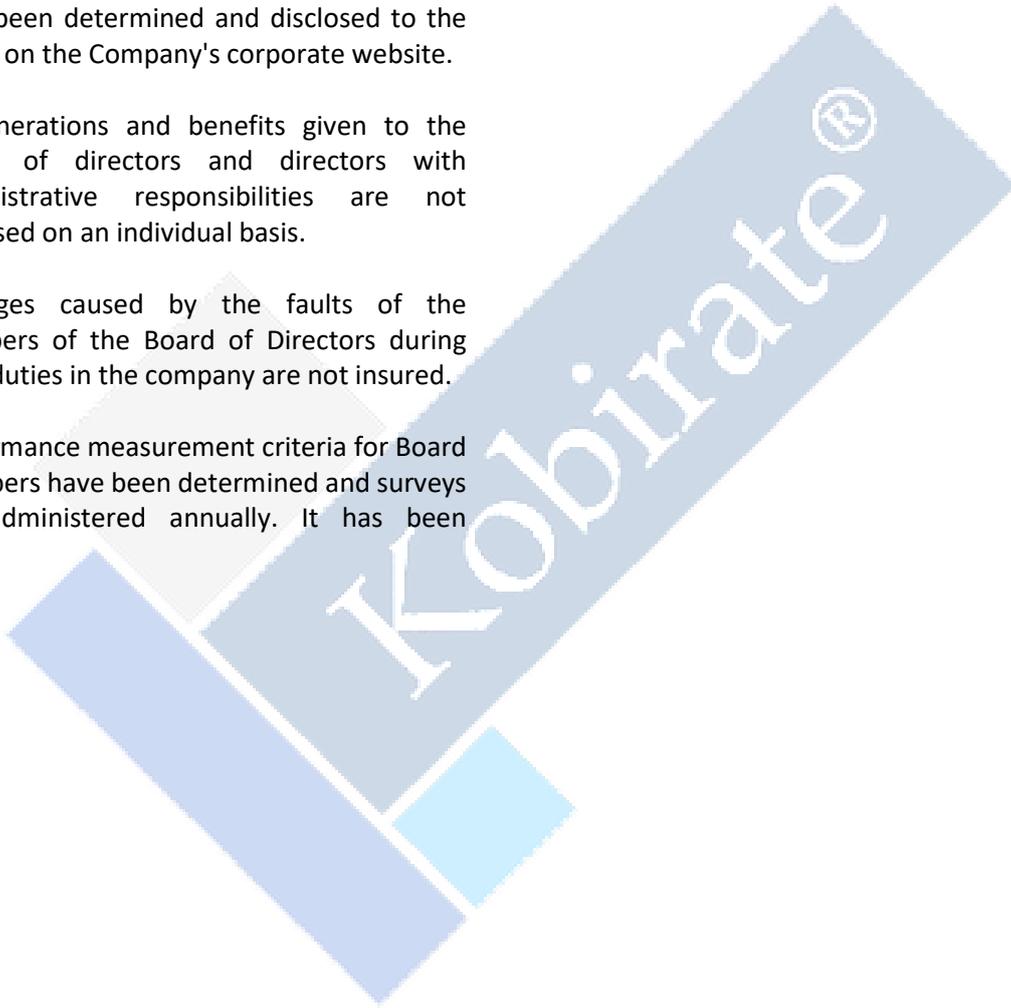
Remunerations and benefits given to the Board of directors and directors with administrative responsibilities are not disclosed on an individual basis.

Damages caused by the faults of the members of the Board of Directors during their duties in the company are not insured.

Performance measurement criteria for Board Members have been determined and surveys are administered annually. It has been

learned that the performance evaluation for 2022 will be held at the Corporate Governance Committee meeting scheduled for October 2023 and the outputs obtained will be discussed at the Board of Directors meeting scheduled for November 2023.

However, there is no practice of rewarding or dismissing the members of the Board of Directors based on their performance.



### 3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

#### A. Company Profile:



<b>Company Name</b>	: ALARKO HOLDING A.Ş.
<b>Company Address</b>	: Muallim Naci Caddesi No:69 34347
<b>Company Phone</b>	: (0212) 227 5200 - (0212) 310 3300
<b>Company Fax Number</b>	: (0212) 260 3504
<b>Company's Web Address</b>	: <a href="http://www.alarko.com.tr">www.alarko.com.tr</a>
<b>E-mail Address</b>	: <a href="mailto:info@alarko.com.tr">info@alarko.com.tr</a>
<b>Date of Incorporation</b>	: 16/12/1972
<b>Registered Number</b>	: 118376
<b>Paid-in Capital</b>	: 435,000,000 - TL
<b>The Company's Field of Activity</b>	: Portfolio Management.
<b>The Sector in Which It Operates</b>	: Financial Institutions / Holdings and Investment Companies

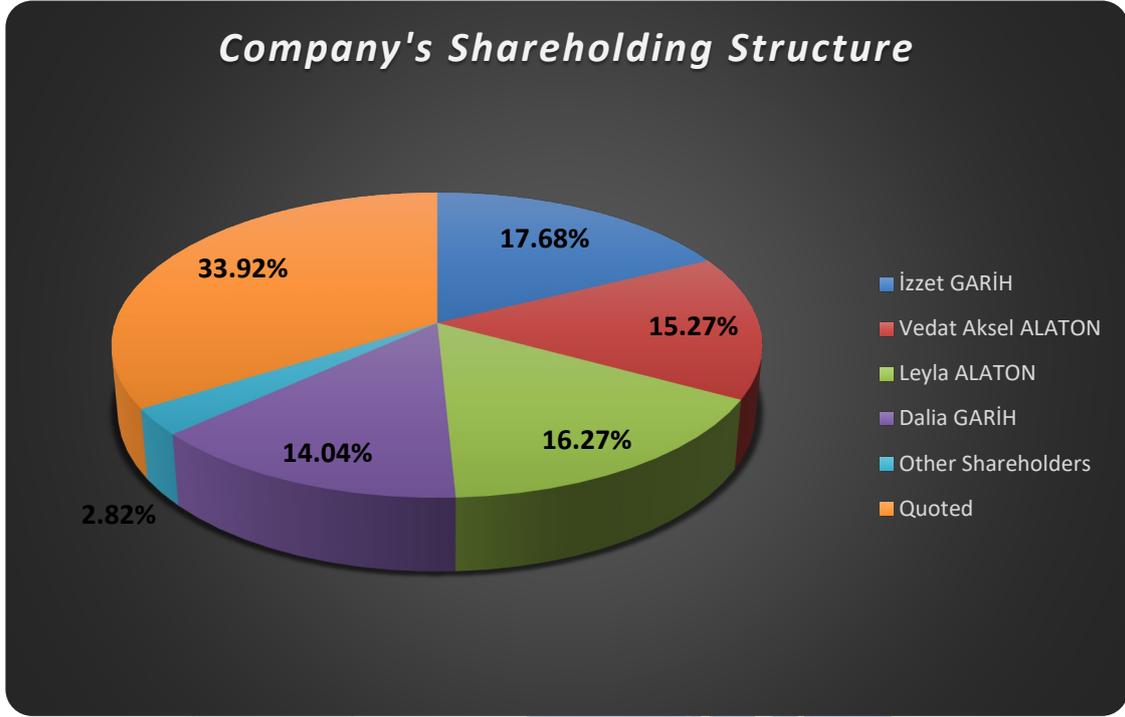
**Company's Representative in Charge of Rating:**

**Özgür KALYONCU**  
Investor Relations and Corporate Communications Director

[ozgur.kalyoncu@alarko.com.tr](mailto:ozgur.kalyoncu@alarko.com.tr)

**(0212) 310 3429**

**Shareholder Structure (as of the date of this report)**



Source: [www.alarko.com.tr](http://www.alarko.com.tr)

Shareholder Name	Share (TL)	%
İzzet GARİH	76,921,245.42	17.68
Vedat Aksel ALATON	66,426,560.51	15.27
Leyla ALATON	70,776,560.42	16.27
Dalia GARİH	61,078,008.65	14.04
Other Shareholders	12,247,729.62	2.82
Public	147,549,895.37	33.92
<b>Total</b>	<b>435,000,000.00</b>	<b>100.00</b>

Source: [www.alarko.com.tr](http://www.alarko.com.tr)

**Real Person Ultimate Controlling Shareholders (as of the report date)**

Shareholder Name	Share in Direct and Indirect Capital (TL)	Share in Direct and Indirect Capital (%)
İzzet GARİH	79,075,365.42	18.18
Vedat Aksel ALATON	66,426,560.51	15.27
Leyla ALATON	70,776,560.42	16.27
Dalia GARİH	61,078,008.65	14.04

Source: [www.alarko.com.tr](http://www.alarko.com.tr)

## Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
İzzet GARİH	Chairman	Non - Executive
Vedat Aksel ALATON	Deputy Chairman	Non - Executive
Ayhan YAVRUCU	Member of Board of Directors	Non - Executive
Niv GARİH	Member of Board of Directors	Non - Executive
Leyla ALATON	Member of Board of Directors	Non - Executive
Ümit Nuri YILDIZ	Member of the Board of Directors – Chairman of the Executive Board of the Community	Executive
Neslihan TONBUL	Independent Member of Board of Directors	Non - Executive
Nihal MASHAKİ SEÇKİN	Independent Member of Board of Directors	Non - Executive
Lale ERGİN	Independent Member of Board of Directors	Non - Executive

Source: [www.kap.org.tr](http://www.kap.org.tr)

## Committees Formed Within Board of Directors

### Corporate Governance Committee

Name Surname	Title	Duty
Nihal Mashaki SEÇKİN	Independent Member of Board of Directors	Chairman of the Committee
İzzet GARİH	Member of Board of Directors	Committee Member
Vedat Aksel ALATON	Member of Board of Directors	Committee Member
Özgür KALYONCU	Investor Relations and Corporate Communications Director	Committee Member

### Audit Committee

Name Surname	Title	Duty
Neslihan TONBUL	Independent Member of Board of Directors	Chairman of the Committee
Nihal Mashaki SEÇKİN	Independent Member of Board of Directors	Committee Member

### Early Detection of Risk Committee

Name Surname	Title	Duty
Neslihan TONBUL	Independent Member of Board of Directors	Chairman of the Committee
İzzet GARİH	Member of Board of Directors	Committee Member
Vedat Aksel ALATON	Member of Board of Directors	Committee Member

**Top Management of the Company**

Name/ Surname	Title
Ümit Nuri YILDIZ	Community Chief Executive Officer
Mehmet AHKEMOĞLU	Group President-Financial Affairs
Alpaslan SERPEN	Group President-Strategy and Business Development
Pınar YAMANER	Group President-HR and Organization
Serkan DEMİR	Information Technologies and Digital Transformation
Edip İLKBAHAR	General Manager-Tourism
Erol UÇMAZBAŞ	General Manager - MEDAŞ
Ümit BORAN	General Manager-Contracting
Cem AKAN	General Manager-Industry and Trade
Hakan AYTEKİN	General Manager-ALTEK
Harun H. MORENO	General Manager-AGYO
İlker ARSLANARGUN	General Manager-MEPAŞ

Source: [www.kap.org.tr](http://www.kap.org.tr)

**Comparison of some selected items of the Company's Balance Sheet for the last two year-end and six-month periods (Consolidated)**

	2021/12 (Thousand TL)	2022/06 (Thousand TL)	2022/12 (Thousand TL)	2023/6 (Thousand TL)	Change % (2021-2022)
Current Assets	2,433,953	3,947,265	8,596,463	10,782,129	253
Trade Receivables	534,876	972,612	1,625,957	2,024,944	204
Inventories	278,722	739,764	585,502	730,177	110
Fixed Assets	4,697,866	7,903,135	16,076,966	20,861,633	242
Total Assets	7,131,820	11,850,400	24,673,430	31,643,763	246
Short-Term Liabilities	2,126,349	3,449,367	7,470,327	9,020,835	251
Long-Term Liabilities	446,930	499,952	951,356	1,647,388	113
Paid-in Capital	435,000	435,000	435,000	435,000	-
Equity	4,558,540	7,901,080	16,251,746	20,975,539	266

Source: Alarko Holding A.Ş. Financial Statements and Independent Auditor's Report for the Periods 01.01.2021-31.12.2022, 01.01.2022-31.12.2022 and 01.01.2022-30.06.2023

**Comparison of some items of the Company's Income Statement for the last two year-end and six-month periods (Consolidated)**

	2021/12 (Thousand TL)	2022/06 (Thousand TL)	2022/12 (Thousand TL)	2023/6 (Thousand TL)	Change % (2021-2022)
Revenue	2,016,553	2,737,393	7,123,179	3,203,695	253
Cost Of Sales	(1,986,322)	(2,092,636)	(6,191,383)	(2,858,894)	212
Operational Profit / Loss	453,312	678,532	1,045,575	1,682,002	131
Profit/Loss Before Tax	1,531,958	3,405,888	11,510,008	5,059,623	651
Profit/Loss for the Period	1,583,676	3,349,821	11,863,642	5,086,695	649
Earnings/Loss Per Share	2.9	7.5	26.3	11.4	-

Source: Alarko Holding A.Ş. Financial Statements and Independent Auditor's Report for the Periods 01.01.2021-31.12.2022, 01.01.2022-31.12.2022 and 01.01.2022-30.06.2023

**Subsidiaries, Financial Fixed Assets and Financial Investments**

Title of the Subsidiary Company	Line of Business	Registered Capital (TL)	Direct Share (%)	Direct and Indirect Participation Share (%)
Alarko Carrier Sanayi ve Ticaret A.Ş.	Heating, Ventilation, Air Conditioning Pump Production and After-Sales Services	10,800,000	42.03	43.12
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	Construction, Contracting and Tourism	200,000,000	99.91	99.91
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	Real Estate Investment Trust	144,900,000	16.41	51.20
Al-Riva Projesi Arazi Değerlendirme Konut İnşaat ve Tic. A.Ş.	Real Estate Buying and Selling, Importing and Manufacturing of Materials Related to the Subject, Wholesale and Retail Sales	6,839,063.84	11.55	12.13
Al-Riva Arazi Değerlendirme Konut İnşaat ve Tic. A.Ş.	Construction and Sale of Housing, Recreation Areas, and Trade Centers On Lands, Establishing or Participating in Industrial Facilities	3,308,555.70	2.49	2.63
Al-Riva Arazi Değerlendirme Konut İnşaat Turistik Tesis. Golf İşl. ve Tic. A.Ş.	Building Residences, Recreation Areas and Commercial Centers and Partially Selling or Leasing Them, Building and Operating Golf Courses	10,489,764.84	2.16	2.28
Tüm Tesisat ve İnşaat A.Ş.	Construction Works	141,000	49.15	50.15
Alarko Tarım Sanayi ve Ticaret A.Ş.	Construction	120,000,000	100	100
Alarko Konut Projeleri Geliştirme A.Ş.	Real Estate Development, Construction and Marketing	22,193,713	-	99.91
AO Mosalarko	Design, Construction and Use of Real Estate	30,000,000 (rubles)	-	51.20
Meram Elektrik Dağıtım A.Ş.	Electric Energy Distribution	496,032,904.58	-	49.96
Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş.	Establishment, Transfer or Operation of Energy Distribution Facilities	214,560,000	-	49.96
Alarko Fenni Malzeme Satış ve İmalat A.Ş.	Installation, Transfer or Operation of Sanitary and Heating Installations	230,000	88.68	99.99
Attaş Alarko Turistik Tesisler A.Ş.	Touristic Facility Management	21,500,000	0.46	99.91

Alen Alarko Enerji Ticaret A.Ş.	Purchase and Sale, Import and Export of Electrical Energy,	2,000,000	16.95	99.94
Altek Alarko Elektrik Sant. Tes. İŞl. ve Tic. A.Ş.	Electric Energy Generation	92,500,000	40.13	99.96
Aldem Alarko Konut İnşaat ve Ticaret A.Ş.	Housing, Construction	50,000	0.13	99.91
Meram Elektrik Enerjisi Toptan Satış A.Ş.	Electrical Energy Wholesale	4,050,000	0.1	49.96
Meram Elektrik Perakende Satış A.Ş.	Electric Energy Distribution	13,545,520.42	-	49.96
Alyat Teknoloji Yatırımları Holding A.Ş.	Activities of the Holding Companies	220.000.000	99.50	99.50
Alarko Enerji A.Ş.	Energy Generation	226,975,276.31	89.24	99.93
Cenal Elektrik Üretim A.Ş.	Establishment and Operation of Electric Energy Plant	1,666,667,350	-	49.96
Algiz Enerji A.Ş.	Establishment and Operation of Electric Energy Plant	845,000	-	49.96
Panel Enerji A.Ş.	Establishment and Operation of Electric Energy Plant	6,500,000	-	49.96
Bakad Investment & Operation LLP	Construction Works	65,759,065 (Kazakh tenge)	-	33.27
Bakad International B.V.	Holding	150,654,309 (USD)	-	33.27
Alsim Alarko S.R.L.	Construction	240,000 (Romanian leu)	-	99.91
Saret KZ	Construction Works	600,000 (Kazakh tenge)	-	100
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş. Business Partnership	TCDD Ankara - Eskişehir High Speed Train Project	-	-	45
Alsera Jeotermal Tarım Gıda San. ve Tic .A.Ş.	Greenhouse Farming Based on Geothermal Energy	17,245,000	-	100
Alser Alarko Sermaye Yatırımları Holding A.Ş.	Activities of the Holding Companies	320,000,000	100	100
Palmira Agro Gübre San. ve Tic. A.Ş.	Micro Granule Fertilizer Production	7,500,000	-	80
Antsan Tarım Sanayi ve Ticaret A.Ş.	Greenhouse Farming Based on Geothermal Energy	1,000,000	-	100
Gürlük Jeotermal Enerji Tarım Seracılık Gıda San. ve Tic. A.Ş.	Agriculture, Food, Food Business and Geothermal Energy Activities	10,000,000	-	100
Alden Jeotermal Tarım Gıda Sanayi ve Tic. A.Ş.	Agriculture, Food, Food Business and	19,992,446.18	-	100

	Geothermal Energy Activities			
Ereğli Agrosan Doğal Ürünler ve Türevleri Tarım Üretim ve Tic. A.Ş.	Food, Food Business	62,124,000	-	100
Alpak Jeotermal Sağlık Turizm ve Depoculuk A.Ş.	Health Tourism	50,000	-	100
Alurla Jeotermal Sağlık ve Turizm A.Ş.	Health Tourism	50,000	-	100
Albi Bitkisel İlaç Hammaddeleri Üretim San. ve T.c. A.Ş.	Herbal Medicine Raw Material Production	1,000,000	-	100
Hak Gayrimenkul Tarım Sanayi ve Tic. A.Ş.	Real Estate Services	100,000	-	100

Source: www.kap.org.tr

***The Market where the Capital Market Instrument is Traded and the Indexes that the Company is Included***

***BIST Code*** : ALARK

***Market where the Capital Market Instrument is Traded*** : BIST STAR

***Indices in which it is included*** : BIST DIVIDEND / BIST 100 / BIST 50 / BIST FINANCIALS / BIST 30 / BIST STARS / BIST ISTANBUL / BIST ALL SHARES / BIST HOLD. AND INVESTMENT / BIST CORPORATE GOVERNANCE

***The Peak and Bottom Closing Values of the Company Stock in the BIST in the Last One Year Period (25.09.2022-25.09.2023)***

<b><i>Bottom (TL)</i></b>	<b><i>Peak (TL)</i></b>
50.76 (10.05.2023)	133.10 (21.08.2023)

Source: Alarko Holding A.Ş.

**B. Changes in the Company in the Last Year:**

***i. Changes in Capital and Articles of Association:***

There were no changes in the company's capital and articles of association during the reviewing period.

***ii. Profit Distribution:***

- The decision of the Board of Directors of the Company, dated 26.04.2023, regarding the distribution of the net period profit obtained as a result of 2022 activities is as follows;

“1) After allocating 422,857,565 TL for non-controlling shares and 6,724,450 TL for first order general legal reserves in accordance with the Capital Markets Legislation, the Company's Articles of Association and other legislative provisions, the remaining net profit for the period from the period profit of 11,863,642,480 TL in the consolidated financial statements of our company for 2022 is 11,434,060,465 TL.

- 47,165,000 TL (Gross), corresponding to 0.41% of the 11,435,649,015.44 TL, resulting from the addition of donations amounting to 1,588,550.44 TL to the net profit for the period, will be distributed in cash to the shareholders as dividends,

- 80,381,324.42 TL, which is 75% of the subsidiary sales profit, will be transferred to the special funds account in the liabilities in order to benefit from the corporate tax exemption,

- The remaining amount will be added to the extraordinary spare funds,

2) 96,385,000 TL (Gross) added to the extraordinary reserves in previous years will be distributed in cash to the shareholders as dividends.

3) Necessary tax withholding will be made on the dividend portion subject to tax withholding.

4) Dividend distribution will begin on May 31, 2023.

It was decided that this proposal will be submitted to the approval of the General Assembly at our Company's Ordinary General Assembly Meeting to be held in May 2023."

The proposal of the Board of Directors on profit distribution was discussed and approved as the 14th item of the agenda at the ordinary general assembly meeting held on May 29, 2023.

- The resolution made by the company's Board of directors on 30.05.2023 is as follows;

"Within the scope of the relevant provisions of our Company's Articles of Association, the Capital Markets Law No. 6362, the Capital Markets Board's Dividend Communiqué numbered II-19.1 and the Capital Markets Board's Dividend Guidelines, on the basis of the authority given to our Board of Directors by the shareholders at our Company's Ordinary General Assembly Meeting dated 29.05.2023;

It has been decided to distribute 'Dividend Advance' at the rate of 70% gross and 63% net per share as of 01.06.2023 to shareholders representing 435,000,000 TL capital as 304,500,000 TL ("gross") of the remaining amount after deducting the reserve funds that must be set aside in accordance with the TCC and the articles of association, from the net profit for the period based on the interim financial statements dated 01.01.2023 - 31.03.2023.

Net Period Profit in Row 3: The net period profit of the shareholding is 1,858,133,465 TL, and considering the period profit of 22,774,732 TL of non-controlling interests included in this amount, the net period profit of the parent company in the amount of 1,835,358,733 TL is taken as basis.

- The resolution made by the company's Board of Directors on August 18, 2023, is as follows;

"Within the scope of the provisions of our Company's Articles of Association, the Capital Markets Law No. 6362, the Capital Markets Board's Dividend Communiqué numbered II-19.1 and the Capital Markets Board's Dividend Guidelines, on the basis of the authority given to our Board of Directors by the shareholders at our Company's Ordinary General Assembly Meeting dated 29.05.2023;

It has been decided to distribute 'Dividend Advance' at the rate of 35% gross and 31.5% net per share as of 25.08.2023 to shareholders representing 435,000,000 TL capital, as 152,250,000 TL ("gross") of the remaining amount after deducting the reserve funds that must be set aside in accordance with the TCC and the articles of association, from the net profit for the period based on the interim financial statements dated 01.01.2023 - 30.06.2023.

Net Period Profit in Row 3: The net period profit of the shareholding is 5,086,695,048 TL, and considering the period profit of 161,819,789 TL of non-controlling interests included in this amount, the net period profit of the parent company in the amount of 4,924,875,259 TL is taken as basis.

Dividend advances for the relevant periods were deposited into the accounts of the beneficiaries in line with the distribution date decisions taken by the Board of directors.

### **iii. Policies:**

During the reviewing period;

- The company's Profit Distribution Policy has been revised and accepted by the decision of the Board of Directors dated April 26, 2023 and numbered 897. The said policy was presented to the approval of the shareholders as the 9th item of the agenda at the ordinary general assembly held on 29.05.2023.

- The company's Remuneration Policy has been revised and accepted by the decision of the Board of Directors dated April 30, 2022, and numbered 871. The said policy was presented to the approval of the shareholders as the 10th item of the agenda at the ordinary general assembly held on 29.05.2023.

- The Information Policy and the Donation and Aid Policy, which were revised in the previous period and accepted by the Board of Directors' decision dated September 16, 2022, and numbered 870, were submitted for the information and approval of the shareholders as the 8th item on the agenda at the ordinary general assembly held on May 29, 2023.

All policies were disclosed to the public on the corporate website of the company.

In addition, 11 (eleven) policies and regulations concerning the company's Human Resources and all other interest groups have been created or updated, and the necessary information has been provided to the parties.

### **iv. Management and Organization:**

Changes in the Company's senior management during the reviewing period;

- Independent Member of the Board of Directors Mr. Burak KOÇER resigned from this position on November 28, 2022. With the recommendation of the corporate governance committee and the approval of the Board of directors, Ms. Nihal MASHAKİ SEÇKİN was appointed to the vacant membership on December 01, 2022. As a result of the Capital Markets Board's opinion that it was deemed appropriate, Ms. SEÇKİN's independent board membership was submitted to the approval of the shareholders at the ordinary general assembly held on May 29, 2023.

- Independent Member of the Board of Directors Mr. Mahmut Tayfun ANIK resigned from this position on March 22, 2023. With the recommendation of the corporate governance

committee and the approval of the Board of directors, Ms. Lale ERGİN was appointed to the vacant membership on April 13, 2023. As a result of the Capital Markets Board's opinion that it was deemed appropriate, Ms. ERGİN's independent board membership was submitted to the approval of the shareholders at the ordinary general assembly held on May 29, 2023.

No other changes were made in the Board of directors and senior management during the reviewing period.

**v. Changes in Group Companies, Subsidiaries and Affiliates:**

Although there is no change in the existing Group Companies, Subsidiaries and Affiliates, the financial assets acquired during the reviewing period are listed under the heading "*Subsidiaries, Financial Fixed Assets and Financial Investments*" on pages 16, 17 and 18 of our report.



## 2. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system that audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Cooperation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non-binding principles.

The fact that principles are open to change in time was also accepted in this work. Although, at first, these principles were focused on the companies whose shares were quoted on the stock exchange, it was emphasized by the OECD that it would also be useful to implement these principles in public enterprises and companies whose shares were not quoted on the stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for decision-makers, investors, shareholders, companies, and stakeholders throughout the world.

Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

According to OECD Corporate Governance Principles, corporate governance is based on four basic principles, which are fairness, transparency, accountability, and responsibility.

Turkey has been closely monitoring these developments. A working group established

within TUSIAD in 2001 prepared the guide "Corporate Governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or disclose", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders, and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non-quoted companies.

It has been prepared by taking into account the criteria specified in the Corporate Governance Communiqué of the CMB, numbered II-17.1, published in the Official Gazette dated January 03, 2014, and numbered 28871, as well as the decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

In this analysis, the full compliance of workflow and analysis technique with KOBİRATE A.Ş.'s Ethical Rules is considered.

456 criteria are used in the rating process for BIST 1st Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are transformed into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s software.

The weighting scheme for the four main sections in the new Corporate Governance

Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as follows:

**Shareholders 25 %**

**Public Disclosure and Transparency 25 %**

**Stakeholders 15 %**

**Board of Directors 35 %**

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions/methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014 is restricted to 85 % of the full points. A rating is made with a system that completes the section grades up to 100 by the company's compliance and implementation of the corporate governance practices, which include the good implementation and internalization of the criteria determined in the corporate governance principles, and the different good corporate governance practice criteria determined by our company.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles, while grade "0" means that there is no

compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

**3. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ  
A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS**

<b>GRADE</b>	<b>DEFINITIONS</b>
<b>9-10</b>	<p>The Company achieved substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency is high. The interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.</p>
<b>7-8,9</b>	<p>The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place and operational, although some improvements are required. Potential risks to which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. The composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles, even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.</p>
<b>6-6,9</b>	<p>The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a moderate level have been established and operated. However, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of, although improvement is needed. Although public disclosure and transparency are taken care of, there is a need for improvement. The benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.</p>

<b>GRADE</b>	<b>DEFINITIONS</b>
4-5,9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, and the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
< 4	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed to are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, structure and working conditions of the Board and they are at a level that might cause the investor to incur material losses.</p>