



# Corporate Governance Principles Compliance Report

## ŞOK MARKETLER TİCARET A.Ş. CORPORATE GOVERNANCE COMPLIANCE REPORT

### SECTION I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Company has provided in detail below the assessment and findings on the level of compliance with the Corporate Governance Principles and comments on the potential improvement areas related to compliance in terms of scope and quality:

Pursuant to Article 17 of the Capital Market Law No: 6362, dated December 6, 2012, and II-17.1 Corporate Governance Communiqué released on January 3, 2014, issuance of a "Corporate Governance Principles Compliance Report" and compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul (BIST).

Accordingly, the Company has resolved that the requirements imposed by the CMB be strictly followed, and necessary efforts are undertaken to guarantee compliance with other principles described in those Communiqués.

Accordingly;

- The "Investor Relations Department" was established; the Board of Directors was formed upon the determination and public announcement of the Independent Board Members in the number set forth in the Corporate Governance Principles Communiqué, and upon the dissemination of their résumés;
- Female member was elected to the Board;
- Corporate Governance Committee, Audit Committee, and Early Detection of Risk Committee were formed in a way to directly report to the Board of Directors;
- Committee working principles were published on the Public Disclosure Platform and website;
- Committee chairs were elected from among the Independent Members of the Board;
- Information document, meeting agenda, annual report, résumés of the nominees for Board Membership, and other matters to be announced were submitted to investors and shareholders three weeks prior to the General Assembly;
- The Investor Relations Manager was included in the Corporate Governance Committee to ensure compliance of committee members with the Corporate Governance Communiqué;
- Necessary arrangements were made regarding insider trading;
- The website was arranged as stipulated in the principles.

Although full compliance with non-mandatory Corporate Governance Principles is a target, it has not yet been achieved implementation of some principles due to difficulties regarding and some principles failing to align with the existing structure of the market and the Company.

The principles that have not been implemented yet have not resulted in a conflict of interest among stakeholders up to today. However, they are being worked on and the plan is to adopt them upon the completion of the administrative, legal and technical infrastructure works that would contribute to the Company's effective management.

The explanations within the scope of compliance with Corporate Governance Principles accompanying the Corporate Governance Communiqué in the accounting period that ended on 31 December 2020 are presented in the annual report, Corporate Governance Compliance Report ("CRF") and Corporate Governance Information Form ("CGIF") on Public Disclosure Platform, as well as other relevant sections of the annual report. Related reports can be accessed at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/3913-sok-marketler-ticaret-a-s>.

Further works will be carried out in the future to more effectively operate the mechanisms of corporate governance practices of the Company as part of the said principles and to improve our corporate governance practices, including those voluntary principles not yet been implemented.

### Grounds for the Corporate Governance Principles Not Yet Implemented

- No model or mechanism was created for the Stakeholders to participate in the management. However, the independent members of the Board ensure that the Company and shareholders, as well as all stakeholders, are represented in the management. The Company takes the advice and opinions of the employees, suppliers, various non-governmental organizations, and all other stakeholders into consideration.
- Currently, there is not a written compensation policy in place for our employees that must be formulated as per Article 3.1.2 of the "Corporate Governance Principles" and studies in this regard are still being carried out.
- Due to the number of members in the Board of Directors, a member of the Board assumes duties in a number of committees.
- As per Article 4.6.5 of the "Corporate Governance Principles," the remuneration of the members of the Board and executive senior managers as well as all other benefits granted are publicly announced via Annual Report. However, the announcement is not made on a personal basis.
- There are no provisions in the Articles of Association, giving the shareholders any personal right to ask for a private audit from the general assembly. The relevant regulations of the Turkish Code of Commerce and the Capital Markets Board are deemed sufficient to appoint a private auditor. Every shareholder's right to ask for a private audit is recognized within the framework of the regulations of the Turkish Code of Commerce no. 6102 that entered into force on 01.07.2012.

## SECTION II - SHAREHOLDERS

### 2.1. Investor Relations Department

The Investor Relations Department is managed by the Investor Relations Manager functioning under the CFO of the company.

The Department processes any and all written, verbal or online inquiries submitted by current and potential stakeholders. It also attends all local and international investor conferences regularly and holds meetings with domestic and foreign institutional investors.

The Investor Relations Department is in charge of disclosures required by the BIST, Capital Markets Board, and Central Registry Agency, to shareholders and stakeholders, and of other communications with these agencies. In addition to organizing the ordinary and extraordinary general assembly meetings, the Investor Relations Department may organize other ad-hoc meetings held at the request of shareholders.

The management attended a total of 18 events, including conferences and roadshows and one-to-one meetings, in 2020, and held 389 meetings with existing and potential shareholders.

Information regarding the executives responsible for the Investor Relations Department is presented below.

Ziya KAYACAN (CFO)  
Phone: 0850 221 6755  
E-mail address: yatirimciiliskileri@sokmarket.com.tr

Çağrı DEMİREL SEKMEN (Investor Relations Manager and Corporate Governance Committee Member)  
Phone: 0850 221 6755  
E-mail address: yatirimciiliskileri@sokmarket.com.tr

### 2.2. Shareholders' Right to Information

Except for information considered either commercial secret or insider information, all written or verbal requests from our shareholders for information within the period were responded to.

Our shareholders are provided with all the information as required under their rights as shareholders via quarterly and annual reports, and material event disclosures. In addition, information, as required by shareholders, is presented at [www.sokmarket.com.tr](http://www.sokmarket.com.tr) and [www.sokmarketyatirimciiliskileri.com](http://www.sokmarketyatirimciiliskileri.com) electronically.

Article 15 in the Articles of Association presents information regarding principles and procedures of Company audits, and no request has been forwarded to appoint a private auditor.

### 2.3. General Assembly Meetings

Pursuant to Article 1527 of the Turkish Commercial Code no. 6102 dated January 13, 2011, which stipulates that online participation in general assembly meetings, making proposals and statements online, and online voting shall have the same legal effects in all aspects as participating and voting in any general assembly meeting in person; and that all companies traded on the stock exchange are required to set up and maintain a system allowing online participation in general assembly meetings and voting; the online General Assembly convenes on the same date and with a parallel agenda as the physical general assembly.

One Ordinary General Assembly meeting was held in 2020. The press did not attend the meetings. The invitation for the General Assembly, which stated the date and agenda of the meeting, was announced on the Company's official website [www.sokmarket.com.tr](http://www.sokmarket.com.tr) and on the Public Disclosure Platform as specified by law and the Articles of Association within the prescribed time limit.



# Corporate Governance Principles Compliance Report

Prior to the General Assembly meeting, agenda items, a sample proxy form, résumés of nominees for election as members to the Board, amendment to the Articles of Association, balance sheet, profit-loss statements, independent auditor's report, and footnotes, auditor's report, Board of Directors' resolution on profit distribution, report on the transactions of the related parties and the resolution on the selection of an independent audit company were published on [www.sokmarketyatirimciiliskileri.com](http://www.sokmarketyatirimciiliskileri.com) and made available for the examination of the shareholders at the head office and branches.

Items on the agenda were expressed in an unbiased and detailed manner at the General Assembly clearly and intelligibly; shareholders were provided with equal opportunity to express their opinions and raise any questions to create a healthy atmosphere for discussion.

The amount of aids and donations made during the fiscal period was discussed at the General Assembly meeting as a separate agenda item and shareholders were informed about the same.

Shareholders did not make any requests regarding the items of the agenda.

With the attendance of the shareholders representing approximately 75% of the paid-in capital amounting to TL 611,928,571, the 2019 Ordinary General Assembly Meeting was held on July 16, 2020, at Kısıklı Mahallesi, Hanımseti Sokak, No: 35 B-1 Üsküdar/İSTANBUL.

According to the list of attendants, of the 611,928,571 shares corresponding to the Company's total capital of TL 611,928,571, 205 shares corresponding to TL 205 in total were represented personally at the meeting, whereas 460,530,906 shares corresponding to TL 460,530,906 were represented by proxy. In total, 460,531,111.27 shares, corresponding to TL 460,531,111.27 were represented at the meeting.

Decisions taken at the Ordinary General Assembly Meeting were disclosed via Public Disclosure Platform on July 16, 2020.

## 2.4. Voting and Minority Rights

According to the Articles of Association, each share carries the right to one vote.

The shareholders who have the right to attend the General Assembly meetings of the Company may also attend them by electronic means, pursuant to Article 1527 of the Turkish Commercial Code. The Company may set-up an electronic general assembly system allowing the shareholders to participate in general assembly meetings, express opinions, share suggestions, and vote as per the terms of the Regulation on the General Assembly Meetings to be held Electronically in Joint Stock Companies or may purchase services from the systems designed for this purpose. In all general assembly meetings, it shall be ensured that the beneficiaries and their representatives are able to exercise their rights specified in the provision of the aforementioned Regulation, through the system set-up as described under this provision of the Articles of Association.

The Articles of Association do not contain any provision prohibiting voting by proxy of those, who are not shareholders of the Company.

There is no company in which the Company holds reciprocal shares.

There is no privilege to share groups or other shares in the Company's capital. The Company does not implement a cumulative voting method.

## 2.5. Dividend Rights

The Articles of Association do not grant a privilege regarding participation in the Company's profit.

The "Dividend Policy" of the Company is made publicly available via annual reports and on the website.

In accordance with the resolution of the Board of Directors dated March 5, 2020, it was proposed by the Board to not distribute profit for the year 2019 as the Company announced a net period loss and accumulated losses in the financial statements as of December 31, 2019. This issue was ratified by the shareholders at the Ordinary General Assembly Meeting held on July 16, 2020, by a majority vote, with 460,490,926.27 affirmative votes vis-à-vis 40,185 negative votes.

## 2.6. Transfer of Shares

Article 8 of the Articles of Association governs the transfer of shares. According to the aforementioned Article, Ordinary Shares, and Preferred Shares, unless specified otherwise, may be freely transferred pursuant to the Turkish Commercial Code, Capital Market Law, these Articles of Association, and the provisions of the applicable law.

If any of the proprietors of Preferred Shares wishes to transfer his/her shares partially or wholly to third parties, he/she shall first extend a proposition to other proprietors of Preferred Shares, thereby determining a price in line with the market value of those shares and quantity and shall grant a reasonable time period. The proprietors of Preferred Shares shall be authorized to transfer the Preferred Shares to third party/parties, unless he/she consult the selling proprietor for the purchase of shares under the conditions set forth, within the designated time period.

If the proprietors of Preferred Shares transfer his/her shares to third party/parties, the Preferred Shares subject to such transfer will be immediately converted into Ordinary Shares. The Preferred Shares to be sold on the stock exchange are required to be converted into Ordinary Shares. If the proprietors of Preferred Shares apply to the Central Registry Agency or any other competent authority serving in a similar nature for conversion into tradable shares, the shares subject to the said application will convert automatically into Ordinary Shares.

## SECTION III – PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1. Corporate Website and Its Content

Matters regulated by the Corporate Governance Principles of the Capital Markets Board are published on the corporate website of the Company, available both in Turkish and English, at [www.sokmarket.com.tr](http://www.sokmarket.com.tr). The majority of the information published on the website has an English version. The Company website and annual report were reviewed, and action taken to make necessary updates.

## 3.2. Annual Report

The annual report of the Company is prepared in conformity with the Corporate Governance Principles under Corporate Governance Communiqué (Serial No. II-17.1), as detailed as to allow the shareholders and public to access full and accurate information regarding the Company's activities.

## SECTION IV - STAKEHOLDERS

### 4.1. Information to Stakeholders

The "Disclosure Policy" of the Company is implemented within the framework of the rules set by statutory regulations, CMB legislation, and published Communiqués. The Company prepared a written document with regard to public disclosure and information, which was announced to the public and shareholders via the website of the Company upon approval of the Board of Directors.

The Board of Directors has the mandate regarding the formulation of, and changes to, the disclosure policy of the Company. Disclosure Policy and any changes thereto are published on the website upon the Board's approval.

The Investor Relations Department is in charge of implementing the Disclosure Policy. The core principle is to transmit any and all public information to the relevant person promptly upon request. Information is provided to shareholders verbally or in writing upon request. In cases where material events take place in a given year, material event disclosures are made in time. Our annual reports are prepared in a manner to cover all details to allow the public to access all information regarding the Company's activities.

## 4.2. Participation of Stakeholders in Management

According to the Articles of Association, the Board of Directors is composed of six or eight members who are elected by the General Assembly upon nomination by the shareholders of different share classes in accordance with the Articles of Association. In the event that the ratio of the Preferred Shares equals 20% (inclusive) of the Company's total capital, or exceeds this ratio, half of the members of the Board of Directors of the Company shall be elected from among the candidates nominated by Preferred Shareholders. The Company does not have any practices related to stakeholders' participation in management.

### 4.3. Human Resources Policy

In a country-wide organization that rapidly grows every day, the Human Resources business processes are managed in full integration with our vision.

At the core of our Human Resources Policy lies building human resources processes by which all our employees can amplify their success stories in their career journeys and maintaining continuity of these processes. It also has made it a principle to provide equal opportunities to all employees in this journey and adopt a fair management understanding.

Human Resources Policy is submitted to the information of shareholders via the website and Annual report.



# Corporate Governance Principles Compliance Report

## SECTION V - BOARD OF DIRECTORS

### 5.1. Structure and Organization of the Board of Directors

At the Ordinary General Assembly Meeting on July 16, 2020, the election of Mehmet Tütüncü, as per the Board decision dated March 2, 2020, in place of Mustafa Yaşar Serdengeçti, who vacated the position upon resignation on March 2, 2020, to complete the remaining term of office of the resigned board member, was submitted to the approval of the General Assembly and ratified by a majority vote in accordance with the mandatory provision under Article 363 of the Turkish Commercial Code. The Board is composed of 8 persons, all of whom serve as non-executive members. Non-executive members include independent members, who satisfy all of the criteria set out in the Capital Market Law, who have the capacity to perform their duties with impartiality, and who can devote their time to monitor the functioning of the Company and to fulfill all the responsibilities vested in them as independent members.

In appointing Independent Board Members, the Corporate Governance Committee, which performs the tasks of the nomination committee, screens their independence and submits them to the Board of Directors. Résumés of the Members of the Board of Directors are also available in the Annual Report, in the section "Board of Directors."

Chairman of the Board of Directors and Chief Executive Officer (CEO) are different persons with separate duties.

There are two female members on the Board. Details of the Members of the Board of Directors are as follows:

Full Name	Title	Term of Office/Remaining Term
Cengiz SOLAKOĞLU	Chairman of the Board of Directors	
Ali ÜLKER	Vice Chairman of the Board	Elected to serve for three years at the Ordinary General Assembly Meeting held on July 18, 2018.
Erman KALKANDELEN	Board Member	
Murat ÜLKER	Board Member	Elected until the end of the term of office of other Board Members at the Extraordinary General Assembly Meeting held on October 31, 2019.
Mehmet TÜTÜNCÜ	Board Member	Elected on March 3, 2020, and the election was approved at the Ordinary General Assembly Meeting dated July 16, 2020, to complete the term of office for the previous board member.
Ahmet BAL	Board Member (Independent)	Elected to serve for three years at the Ordinary General Assembly Meeting held on July 18, 2018.
Fatma Pınar ILGAZ	Board Member (Independent)	Elected on April 30, 2019, and the election was approved at the Extraordinary General Assembly Meeting dated October 31, 2019, to complete the term of office for the previous board member.
Aytaç Saniye MUTLUGÜLLER	Board Member (Independent)	Elected until the end of the term of office of other Board Members at the Extraordinary General Assembly Meeting held on October 31, 2019.

\* Mr. Mehmet TÜTÜNCÜ was appointed as Board Member on 2 March 2020 in place of the resigned Board Member Mr. Mustafa Yaşar SERDENGEÇTİ, to complete his remaining term of office and to be submitted to the approval of the shareholders at the first General Assembly to convene.

Résumés of the Members of the Board of Directors are also available in the Annual Report, in the section of “Board of Directors.”

Independent Board Members’  
Statement of Independence

### **Fatma Pinar Ilgaz – Statement of Independence**

I hereby agree, represent, and undertake that I read and understood the Corporate Governance Principles under Capital Market Legislation, Articles of Association, and the Capital Markets Board’s Communiqué on Corporate Governance numbered II-17.1; and that I meet all the criteria for Independent Board Membership as specified in principle no. 4.3.6 attached herein:

Fatma Pinar Ilgaz

**4.3.6** - A member of the board of directors who meets the following criteria shall be referred to as an “independent member.”

a) Not to have a relationship in terms of employment at an administrative level to take upon significant duties and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares either jointly or solely or not to have established a significant commercial relation between the corporation, companies in which the corporation holds control of management or significant effect (in determining the control and significant effect, the provisions of TFRS 10 and Turkish Accounting Standards 28 should be referred to, respectively) and shareholders who hold control of management of the corporation or have significant effect

in the corporation and legal entities in which these shareholders hold control of management and himself/herself, his/her spouse and his/her relatives by blood or marriage up to second degree (In case that the corporations within the scope of this subparagraph are non-active in the last three accounting periods, there shall not be a violation of the independence criteria. In case that the ratio of the turnover/profit before tax obtained from the significant commercial relation is 20% or higher than the total turnover/profit before tax obtained from the same kind of business in respect to any of the candidates for an independent member or any person from the corporation, independence shall be deemed damaged).

b) Not to have been a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of the board of directors within the last five years in companies that the corporation purchases from or sells to goods or services at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, in the time period when the corporation purchases or sells services or goods).

c) To have professional education, knowledge, and experience in order to duly fulfill the duties assigned for being an independent board member.

d) Not to be a full-time employee at public authorities and institutions after being elected, except being an academic member at university provided that it is in compliance with the relevant legislation.

e) To reside in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193.

f) To be capable to contribute positively to the operations of the corporation, to maintain his/her objectivity in conflicts of interest between the corporation and the shareholders, to have strong ethical standards, professional reputation, and experience to freely take decisions by considering the rights of the stakeholders.

g) To be able to allocate time for the corporation’s business in order to follow up the activities of the corporation and duly fulfill the allocated duties.

h) Not to have conducted membership of the board of directors more than a term of six years in the last ten years.

i) The same person shall not be the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management and in more than five corporations in total which are admitted to trading on the stock exchange.

j) Not to be registered and announced as a Board Member representing a legal entity.



## Corporate Governance Principles Compliance Report

### Ahmet Bal – Statement of Independence

I hereby agree, represent, and undertake that I read and understood the Corporate Governance Principles under Capital Market Legislation, Articles of Association, and the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1; and that I meet all the criteria for Independent Board Membership as specified in principle no. 4.3.6 attached herein:

Ahmet Bal

**4.3.6-** A member of the board of directors who meets the following criteria shall be referred to as an "independent member."

a) Not to have a relationship in terms of employment at an administrative level to take upon significant duties and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares either jointly or solely or not to have established a significant commercial relation between the corporation, companies in which the corporation holds control of management or significant effect (in determining the control and significant effect, the provisions of TFRS 10 and Turkish Accounting Standards 28 should be referred to, respectively) and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities in which these shareholders hold control

of management and himself/herself, his/her spouse and his/her relatives by blood or marriage up to second degree (In case that the corporations within the scope of this subparagraph are non-active in the last three accounting periods, there shall not be a violation of the independence criteria. In case that the ratio of the turnover/profit before tax obtained from the significant commercial relation is 20% or higher than the total turnover/profit before tax obtained from the same kind of business in respect to any of the candidates for an independent member or any person from the corporation, independence shall be deemed damaged).

b) Not to have been a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of the board of directors within the last five years in companies that the corporation purchases from or sells to goods or services at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, in the time period when the corporation purchases or sells services or goods).

c) To have professional education, knowledge, and experience in order to duly fulfill the duties assigned for being an independent board member.

d) Not to be a full-time employee at public authorities and institutions after being elected, except being an academic member at university provided that it is in compliance with the relevant legislation.

e) To reside in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193.

f) To be capable to contribute positively to the operations of the corporation, to maintain his/her objectivity in conflicts of interest between the corporation and the shareholders, to have strong ethical standards, professional reputation, and experience to freely take decisions by considering the rights of the stakeholders.

g) To be able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties.

h) Not to have conducted membership of the board of directors more than a term of six years in the last ten years.

i) The same person shall not be the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management and in more than five corporations in total which are admitted to trading on the stock exchange.

j) Not to be registered and announced as a Board Member representing a legal entity.

### Aytaç Saniye Mutlugüller – Statement of Independence

I hereby agree, represent, and undertake that I read and understood the Corporate Governance Principles under Capital Market Legislation, Articles of Association, and the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1; and that I meet all the criteria for Independent Board Membership as specified in principle no. 4.3.6 attached herein:

Aytaç Saniye Mutlugüller

**4.3.6-** 4.3.6- A member of the board of directors who meets the following criteria shall be referred to as an "independent member."

a) Not to have a relationship in terms of employment at an administrative level to take upon significant duties and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares either jointly or solely or not to have established a significant commercial relation between the corporation, companies in which the corporation holds control of management or significant effect (in determining the control and significant effect, the provisions of TFRS 10 and Turkish Accounting Standards 28 should be referred to, respectively) and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities in which these shareholders hold control of management and himself/herself, his/her spouse and his/her relatives by blood or marriage up to second degree (In case that the corporations within the scope of this subparagraph are non-active in the last three accounting periods, there shall not be a violation of the independence criteria. In case that the ratio of the turnover/profit before tax obtained from the significant commercial relation is 20% or higher than the total turnover/profit before tax obtained from the same kind of business in respect to any of the candidates for an independent member or any person from the corporation, independence shall be deemed damaged).

b) Not to have been a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of the board of directors within the last five years in companies that the corporation purchases from or sells to goods or services at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, in the time period when the corporation purchases or sells services or goods).

c) To have professional education, knowledge, and experience in order to duly fulfill the duties assigned for being an independent board member.

d) Not to be a full-time employee at public authorities and institutions after being elected, except being an academic member at university provided that it is in compliance with the relevant legislation.

e) To reside in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193.

f) To be capable to contribute positively to the operations of the corporation, to maintain his/her objectivity in conflicts of interest between the corporation and the shareholders, to have strong ethical standards, professional reputation, and experience to freely take decisions by considering the rights of the stakeholders.

g) To be able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties.

h) Not to have conducted membership of the board of directors more than a term of six years in the last ten years.

i) The same person shall not be the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management and in more than five corporations in total which are admitted to trading on the stock exchange.

j) Not to be registered and announced as a Board Member representing a legal entity.

### 5.2. Rules of Conduct of the Board of Directors

The Board of Directors took 29 resolutions within the period of January-December in 2020.

In 2020, the Board held 4 meetings, with an attendance rate of 91%.

### BOARD OF DIRECTORS' MEETINGS

The Board of Directors convenes at any time as required by the activities of the Company. The venue is the Headquarters of the Company. However, the Board of Directors may convene at any other convenient place in or outside of Turkey, subject to the Board of Directors' resolution.

Chairman or Deputy Chairman sets the agenda for the Board of Directors.

The presence of the majority of the total number of members of the Board of Directors is required for a resolution to be adopted, without prejudice to the provisions of the capital market legislation. Resolutions shall be adopted by a majority of votes of members present at the meeting.

Meetings may be conducted through teleconference, video conference, or voice or video communication means and resolutions may be adopted upon signing the minutes related thereto. A resolution may be adopted without the need for a meeting in case that all of the members of the Board of Directors unanimously approved the resolutions by signing them.



# Corporate Governance Principles Compliance Report

Those who have the right to attend the Board of Directors' meetings may also attend them via electronic means, pursuant to Article 1527 of the Turkish Commercial Code. The Company may establish an Electronic Meeting System allowing beneficiaries to participate in Board of Directors' meetings and vote via electronic means, as per the terms of the "Communiqué regarding the Meetings other than General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies" or may purchase systems designed for this purpose. It shall be ensured in those meetings that the beneficiaries exercise their rights set forth in the provisions of the relevant legislation within the framework of relevant Communiqué of the Ministry through the system set-up or through the system from which support will be received under this provision of the Articles of Association.

In the event of Board of Directors' meetings held in an electronic environment, the provisions related to the quorum in these Articles of Association shall be applicable in the same way.

Minutes of the meetings and reports of the Audit Committee, Corporate Governance Committee, and Risk Committee were followed up by the Board of Directors in 2020.

No related party transactions or other transactions of significant nature were submitted to the approval of the independent board members during the year. Important decisions with regard to matters that must be disclosed to the public are announced to the public promptly after the meeting.

### 5.3. Number, Structure, and Independence of the Committees formed by the Board of Directors

The Board of Directors established three committees including the Audit Committee, Corporate Governance Committee, and the Early Detection of Risk Committee. The established committees of the Board of Directors actively carry out their tasks.

Committee chairs are elected from among the Independent Members of the Board of Directors. Independent members assume tasks in multiple committees.

Committees generally convene a few days before, or on the same day as, Board of Directors' meetings.

Working principles of the committees formed under the umbrella of the Board of Directors were prepared and necessary arrangements were put in place regarding the monitoring of such principles by relevant units. The working principles of the committees are available on the Company's website.

#### Audit Committee

Name and Surname	Description
Ahmet BAL	Committee Chairman (Independent Board Member)
Fatma Pınar ILGAZ	Committee Member (Independent Board Member)
Aytaç Saniye MUTLUGÜLLER	Committee Member (Independent Board Member)

The Audit Committee is in charge of assisting the oversight of Board of Directors regarding accuracy and quality of the financial statements and related disclosures of the Company; implementation and effectiveness of the accounting system of the Company; qualifications and independence of independent auditors; determination of the independent audit company; approval and review of the contract between the independent auditor and the Company; effective functioning of the independent audit system; and implementation and effectiveness of the internal audit practices at the Company.

The Audit Committee is composed of at least two members elected by the Board of Directors from among independent board members. The Committee convenes four times a year, no less than once every three months. The Audit Committee convened six times in 2020 and presented reports involving opinions and comments to the Board of Directors.

#### Corporate Governance Committee

Name and Surname	Description
Fatma Pınar ILGAZ	Committee Chairman (Independent Board Member)
Erman KALKANDELEN	Committee Member (Board Member)
Mehmet TÜTÜNCÜ	Committee Member (Board Member)
Çağrı DEMİREL SEKMEN	Committee Member (Investor Relations Manager)

As Nomination Committee and Remuneration Committee, as stipulated by the Corporate Governance Principles, were not established due to the structure of the Board of Directors, the duties falling under the scope of these committees have been assumed by the Corporate Governance Committee.

The Corporate Governance Committee is tasked with monitoring the Company's compliance with Corporate Governance Principles, undertake improvement efforts, and submit proposals to the Board of Directors on this matter, in conformity with the CMB Legislation and the Corporate Governance Principles of the Capital Markets Board.

It is composed of at least three members, including a minimum of two Board members and the head of the Investor Relations Department.

In 2020, the Corporate Governance Committee convened six times and presented reports including opinions and comments to the Board of Directors.

#### Early Detection of Risk Committee

Name and Surname	Description
Ahmet BAL	Committee Chairman (Independent Board Member)
Cengiz SOLAKOĞLU	Committee Member (Board Member)
Aytaç Saniye MUTLUGÜLLER	Committee Member (Independent Board Member)

The main purposes of the Risk Committee, which will function under the Board of Directors, include

- Early detection of strategic, operational, financial, legal, and other risks of any nature that may jeopardize the Company's existence, growth, and business continuity; controlling and validating effective management of the detected risks via assessment within the scope of the corporate risk-taking limits of the Company;
- Prioritizing those risks above the corporate risk-taking limits by their impact and probability;
- Determining and implementing necessary measures against detected risks, and managing risks.

The Early Detection of Risk Committee is composed of at least two members. The majority of the Committee members are non-executive Board Members. The Chief Executive/CEO may not assume duties in the committees.

The committee convenes six times in a given year at maximum, no less than once every two months. The meetings of the Committee may be held with members attending in person or via technological communication means. The timing of the meetings is aligned with the timing of the Board meetings where possible.

The committee prepares a report on the findings and suggestions in their areas of duty and responsibility, as a result of the meetings held once every two months, and submits such reports to the Board of Directors.

In 2020, the Early Detection of Risk Committee convened six times and presented reports including opinions and comments to the Board of Directors.

#### 5.4. Risk Management and Internal Control Mechanism

The Company's risk management operations are carried out by the Risk Committee. Moreover, the Company is regularly audited by the audit units of its main partner Yıldız Holding A.Ş. and an independent audit firm. The findings derived in these audits are reported to the members of the board of directors along with the Audit Committee. The company's workflows, procedures, as well as the authorities and responsibilities of the employees, have been supervised and subjected to perpetual audits within the framework of risk management.

#### 5.5. Strategic Objectives of the Company

The strategic objectives, mission, and vision of ŞOK Marketler are to become the most preferred retail brand and the leading modern food retailer in Turkey while continuing to create value for our investors.

#### 5.6. Remuneration

The remuneration of the members of the Board of Directors is determined by the General Assembly according to the financial situation of the Company.

During the Ordinary General Assembly on July 16, 2020, it was approved that Cengiz SOLAKOĞLU and independent board members namely, Ahmet BAL, Fatma Pınar ILGAZ and Aytaç Saniye MUTLUGÜLLER be paid a net monthly membership salary of TL 5,000 and that other members of the board of directors, Ali ÜLKER, Murat ÜLKER, Mehmet TÜTÜNCÜ and Erman KALKANDELEN not be paid any salary.