



Corporate Governance Rating Report

VESTEL

19 February 2021

CONTENTS

Rating and Executive Summary	3
Rating Methodology	5
Company Overview	6
SECTION 1: SHAREHOLDERS	8
Facilitating the Exercise of Shareholders' Statutory Rights	8
Shareholders' Right to Obtain and Evaluate Information	9
Minority Rights	9
General Shareholders' Meeting	9
Voting Rights	10
Dividend Rights	10
Transfer of Shares	11
SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY	12
Corporate Web Site	12
Annual Report.	13
External Audit.	14
SECTION 3: STAKEHOLDERS.	15
Company Policy Regarding Stakeholders	15
Stakeholders' Participation in the Company Management	16
Company Policy on Human Resources	16
Relations with Customers and Suppliers	16
Ethical Rules & Social Responsibility	17
Sustainability	17
SECTION 4: BOARD OF DIRECTORS.	18
Functions of the Board of Directors	18
Principles of Activity of the Board of Directors	18
Structure of the Board of Directors	19
Conduct of the Meetings of the Board of Directors	19
Committees Established Within the Board of Directors	19
Remuneration of the Board of Directors and Managers With Administrative Responsibility	21
Rating Definitions	22
Disclaimer	23

Rating and Executive Summary

Vestel Elektronik Sanayi ve Ticaret AŞ

 SAHA
Corporate Governance Rating:

9.63



MAIN SECTIONS: **Avg. 96.34**

Shareholders : 94.93



Public Disclosure & Transparency : 98.44



Stakeholders : 99.48



Board of Directors : 94.48



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

The Corporate Governance Rating of 9.63 that has been assigned to Vestel Elektronik Sanayi ve Ticaret AŞ ("Vestel") on February 21, 2020 is hereby reconfirmed as **9.63**. SAHA's rating methodology is based on the Capital Markets Board's (CMB) "Corporate Governance Principles" ("the Communiqué") released on January of 2014.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Vestel is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on October 8, 2019 can be accessed at <http://www.saharating.com>.

Vestel is rated with **9.49** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, articles of association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Vestel carries out the investor relations obligations through "Investor Relations Department". There are no privileges or restrictions on the exercise of voting rights. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There is a publicly disclosed consistent dividend policy of the Company. There are no restrictions on transfer of shares. The Company has constituted a policy on donations and grants and disclosed it to the public on its corporate web site. On the other hand, the rate of minority rights in the Company's articles of association is adopted as prescribed for public joint stock companies (%5).

Vestel attained **9.84** under the **Public Disclosure and Transparency** chapter. There is a comprehensive web site that includes all information listed in the Corporate Governance Principles pertinent to "Public Disclosure". Public announcements are made via all communications channels and are in accordance with CMB and Borsa Istanbul A.Ş. (BIST) rules and regulations. The annual report is also comprehensive and informative. Ultimate controlling individual shareholders with a share over 5% in the Company's capital structure are disclosed on the Public Disclosure Platform (PDP), and the corporate web site. On the other hand, there is no regulation on permitting the attendance of stakeholders and media to the general shareholders' meetings with no voting rights. Furthermore, benefits provided to board members and senior management is mentioned collectively in the annual report, but a list on individual basis is essential as per the Principles.

On the topic of **Stakeholders**, Vestel scored **9.95**. The Company guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. Models have been developed to support the participation of stakeholders in management. The Company has a documented human resources policy. Vestel complies with quality standards concerning its goods and services and takes measures to ensure these standards. Specific guarantees are provided for this purpose. Code of ethics and the compensation policy for the employees are publicly available through the corporate web site. Sustainability practices and social responsibility studies are at a sufficient level. Collective bargaining is not applied in the Company and there is no trade union.

From the perspective of the principles regarding the **Board of Directors**, Vestel's tally is **9.45**. There is a well communicated Company mission and vision, and the board fulfills all duties regarding Company needs. Chairman of the board of directors and the general manager is not the same person. The board consists of seven members, with three independent and no executive members. Each member is entitled to a single vote. CMB criteria are complied with for the appointment of independent members who have each signed a declaration of independence. There are two female members on the board. Defects and damages that may be caused by the board members during the execution of their duties have been insured with an amount exceeding 25% of the Company's capital and the respective disclosure is realized through the PDP. Corporate Governance, Audit, and Early Detection of Risk Committees are established within the board of directors. The working principles of the Committees are disclosed to the public. Principles of remuneration of board members and senior executives are available on the corporate web site.

Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the board of directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.22).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Shareholders: **25%**
Public Disclosure and Transparency: **25%**
Stakeholders: **15%**
Board of Directors: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

Company Overview

Vestel Elektronik Sanayi ve Ticaret AŞ	
	<p>Chairman of the Board Ahmet Nazif Zorlu</p> <p>Chairman of the Executive Committee Enis Turan Erdoğan</p>
<p>Levent 199 Büyükdere Cad. No:199 34394 Şişli- İstanbul www.vestel.com.tr www.vestelyatirimciiliskileri.com</p>	<p>Investor Relations Director Serap Mutlu Tel: (0212) 456 3456 yatirimci@vestel.com.tr</p>

Vestel Elektronik Sanayi ve Ticaret AŞ ("Vestel") and its subsidiaries conduct entire manufacturing and commercial activities in the fields of consumer electronics and domestic appliances, including production, marketing, sales and after-sales services. Founded in 1984 and acquired by Zorlu Group in 1994, Vestel is today a global group of entities with a total of 27 companies, 17 of which are abroad. Vestel offers a wide range of products to consumers in domestic and foreign markets, consisting of consumer electronics, white goods, small home appliances, digital products, mobile products and LED lighting products.

Vestel's production base in Manisa, built on an area of 1.3 million square meters, called Vestel City, is one of Europe's largest industrial complexes that manufactures in a single location.

The Company shares are traded under "VESTL" ticker at Borsa Istanbul and Vestel is a constituent of BIST CORPORATE GOVERNANCE / BIST METAL PRODUCTS, MACHINERY / BIST ALL SHARES / BIST 100-30 / BIST INDUSTRIALS / BIST SUSTAINABILITY / BIST 100 / BIST 50 and BIST STARS indices.

Company's registered share capital is TL 1,000,000,000.-(one billion) divided into 100,000,000,000 (one hundred billion) bearer shares, each with a nominal value of 1 Kuruş (TL 0.01). The registered capital ceiling permission given by the Capital Markets Board is valid between 2020 and 2024 (5 years). Even if the permitted registered capital ceiling is not achieved at the end of 2024, in order for the board of directors to be able to pass a decision on capital increase after 2024; it must be authorized by the general shareholders' meeting for a new period not exceeding 5 years, by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling. In the event that the entitlement is not accorded, the capital increase cannot be realized with the decision of the Board of Directors.

The issued share capital distribution of Vestel as of February 17, 2021 is given below.

Capital Structure		
Shareholder	Share Value (TL)	Share %
Zorlu Holding A.Ş.	223,096,519	66.51
Biröl Mutlu	31,281,784	9.33
Other (Free Float)	81,077,972	24.16
Total	335,456,275	100.00

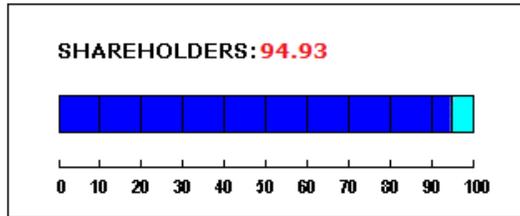
According to the Public Disclosure Platform (PDP) data as of the report date, the ratio of the Company's actual free float shares to the capital is 33.45%.

The board of directors of Vestel is composed as follows:

Vestel Board of Directors	
Name	Title
Ahmet Nazif Zorlu	Chairman of the Board
Bekir Ağırđır	Vice-chairman Independent Board Member Audit Committee Member Corporate Governance Committee Chairman
Selen Zorlu Melik	Board Member Early Detection of Risk Committee Member
Mehmet Emre Zorlu	Board Member Corporate Governance Committee Member
Olgun Zorlu	Board Member
Elmas Melih Araz	Independent Board Member Audit Committee Chairman Early Detection of Risk Committee Chairman
Ayşegöl İldeniz	Independent Board Member

According to the Company's articles of association, the Board of Directors should consist of at least 5 and at most 11 members, and the Chairman of the Board of Directors or his deputy must be elected from among independent members. There are no executive members among the members of the Board of Directors. There are 2 female members on the Board of Directors.

SECTION 1: SHAREHOLDERS



SYNOPSIS

+	Equal treatment of shareholders
+	Unrestricted shareholder rights to review and receive information
+	Voting rights are facilitated
+	General shareholders' meetings are conducted in compliance with the legislation
+	No voting privileges
+	No restrictions on transfer of shares
+	Policy on donations and grants approved at the general shareholders' meeting and disclosed to the public
+	A specific and consistent dividend distribution policy established
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

An Investor Relations Department is established in order to carry out shareholder relations activities. The department manager, Ms. Serap Mutlu is the holder of Capital Market Activities Advance Level and Corporate Governance Rating Specialist licenses. Ms. Mutlu is also a member of the Corporate Governance Committee.

The Investor Relations Department plays an active role in protecting and facilitating shareholders' rights and in

particular the right to obtain and review information, and its duties are as follows:

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

Investor Relations Department submits a report to the board of directors at least once a year on its conducted activities. Information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site. Throughout the year, a total of 96 meetings were held face-to-face with investors and analysts via telephone or video conference, and 2 investor conferences and 3 investor group meetings were attended by intermediary institutions in a virtual environment.

Information and explanations that may affect use of shareholders' rights are

available and up to date on the investor relations web site of the Company.

1.2. Shareholders' Right to Obtain and Evaluate Information:

There is no evidence of any hindering process or application regarding the appointment of a special auditor at the request of shareholders and no such demand was received within the reporting period.

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

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

1.3 Minority Rights:

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and the Company has adopted exactly the rate foreseen in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

1.4. General Shareholders' Meeting:

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the ordinary general shareholders' meeting held on June 30, 2020 is performed through all means of communication available to the

Company on June the 3rd 2020 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where annual report, financial statements and other meeting documents can be examined.

Besides, the Company has prepared a descriptive disclosure document on agenda items.

Commencing from the date of announcement of invitation for the general shareholders' meeting; the annual report, financial statements and reports, and all other related documents pertaining to the agenda items along with the dividend distribution proposition are made available to all shareholders for examination purposes in convenient locations including the headquarters of the Company, and the electronic media.

Shareholders are informed of the following issues prior to the general shareholders' meeting via the corporate web site;

- a. The total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, privileged share groups within the Company capital, voting rights and nature of such privileges.
- b. Information about the fact that there were no changes in management and activities of the Company and its subsidiaries in the previous fiscal year, or planned for the upcoming fiscal

period which can significantly affect the Company operations.

- c. Grounds for dismissal and replacement of board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of their relationship with the Company and its related parties, whether they are independent or not, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items.

Due to the pandemic, our observers did not attend the general shareholders' meeting held in 2020, and the statement of the Company officials was referred for some of the control points highlighted by us in the past years. In this context, it has been declared that items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions. The Company statement is in line with the opinion we have reached over the past years.

The members of the board of directors related with those issues of a special nature on the agenda, other related persons, authorized persons who are responsible for preparing the financial statements and a representative of the external audit company were present to give necessary information and to answer questions at the general shareholders' meeting.

There were no agenda items in need of approval due to a lack of consent of the majority of independent board members.

The Company has established a policy on donations and grants and submitted it to the general shareholders' meeting for approval. Shareholders were informed of donations realized within the reporting period and the cap for the upcoming period was approved.

There is no clause in the articles of association on permitting the attendance of stakeholders and media to the general shareholders' meetings with no voting rights.

1.5. Voting Rights:

All shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

There are no voting privileges at Vestel.

1.6. Dividend Rights:

The dividend policy of Vestel is clearly defined and disclosed to public on the corporate web site. It is submitted to the shareholders for approval at the general shareholders' meeting and is incorporated in the annual report.

The Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. A balanced policy is followed between the interests of the shareholders and those of the Company.

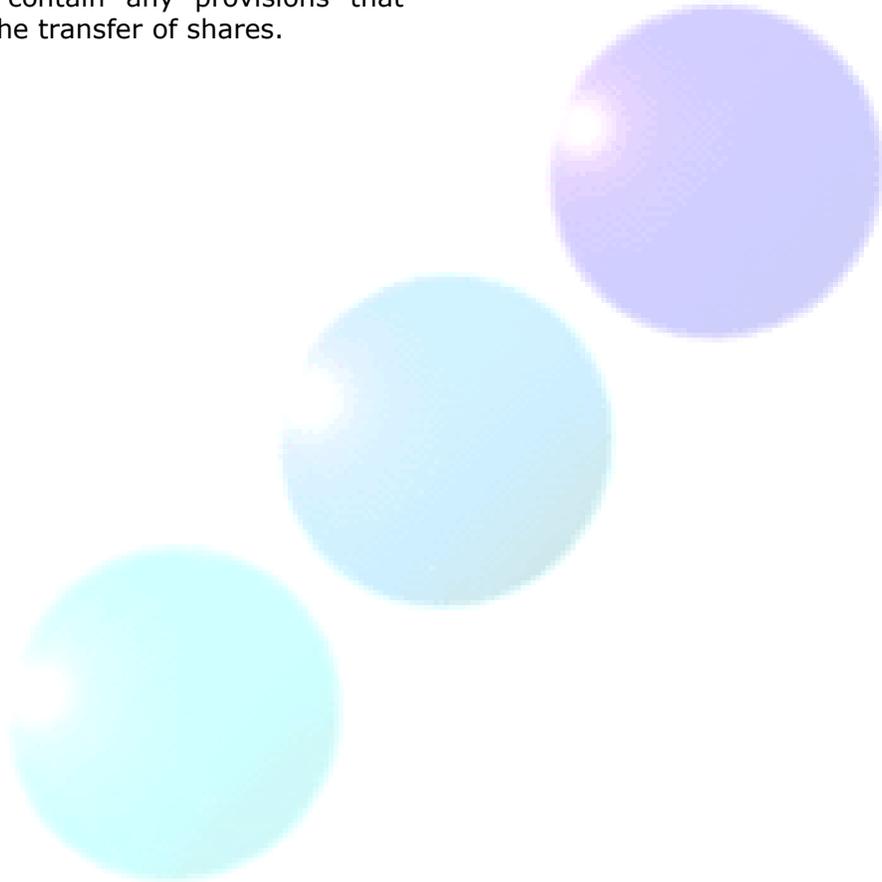
Shareholders were informed at the Ordinary General Shareholders' Meeting held on June 30, 2020 that no dividend distribution will take place in order to strengthen the financial

structure, and to prevent new financing needs.

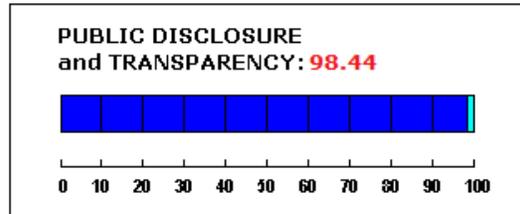
The articles of association of the Company contain a provision on advance dividend payments.

1.7. Transfer of Shares:

Neither the articles of association of the Company nor any resolutions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares.



SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS	
+	Disclosure policy established and disclosed to public on the corporate web site
+	Comprehensive web site, actively used for public disclosure
+	Annual report complies with the legislation, comprehensive and informative
+	Important events and developments disclosed in accordance with the legislation
+	Individual shareholders with a share higher than 5% within the capital structure are disclosed on PDP
+	English version of the web site for the benefit of international investors
+	Remuneration policy established and disclosed to public on the corporate web site
+	Dividend distribution policy disclosed to public via corporate web site
=	Benefits provided to board members and senior executives are mentioned collectively in the annual report

2.1. Corporate Web Site:

Company's web site is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the corporate web site includes; trade register information, information about latest shareholder and management structure, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's articles of association, publicly disclosed material information, periodical financial statements, annual reports, prospectuses and circulars and other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, ethical rules of the Company, frequently asked questions, and responses thereof.

In this context, information on at least the last 5 years can be reached on the web site.

The Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public through the PDP and the corporate web site.

Vestel disclosed its Corporate Governance Compliance Report ("CRF") and the Corporate Governance Information Form ("CGIF") notifications via PDP on March 10, 2020, within the specified notification period.

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

The Company's web site also includes; the donation policy, working principles of the Committees, material disclosures, important board resolutions, information on dividend payments and capital increases for the last 5 years, general shareholders' meeting internal guidelines, studies on sustainability, information on senior management, financial data, main ratio analysis, web site privacy/security policy, timetable on events and developments which may interest investors, and the human resources policy.

2.2. Annual Report:

Annual report is prepared in detail by the board of directors to provide public access to complete and accurate information on the Company and it covers information such as;

- a. Period covered by the report, the title of the Company, trade register number, contact information.
- b. Names of the chairmen and members serving on the Committees and the board within the reporting period.
- c. The sectors in which the Company's subsidiaries operate and information on their position in these sectors.
- d. Qualifications of the Company's units, general explanations related to their activities and performances, and yearly developments.

- e. Progress on investments, the eligibility status on incentives.
- f. Corporate Governance Principles Compliance Report and Corporate Governance Information Form.
- g. Information on related party transactions.
- h. Other issues not included in the financial statements, but are beneficial for users.
- i. The Company's organization, capital and ownership structure.
- j. Information on external duties of the board members, with intra/out Group distinction and within the scope of permission granted at the general shareholders' meeting.
- k. Research and development activities.
- l. The dividend distribution policy.
- m. Basic ratios on the financial position, profitability and solvency.
- n. Company's financing resources and risk management policies.

In addition to the matters specified in the legislation, following information was also given in the annual report:

- a. External duties of board members and executives.
- b. Declaration of independence of the related board members.
- c. Members of the Committees within the board, meeting frequency and working principles of the Committees.
- d. Number of board meetings held during the year and status of participation of the members to these meetings.
- e. Major court cases against the Company and possible consequences.
- f. Information on the fact that there is no cross shareholding in excess of 5% of the capital.
- g. Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results.
- h. Rating results.

- i. Application status of the corporate governance principles as required by the CMB Communiqué.

On the other hand, benefits provided to board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictates that this information is given on an individual basis.

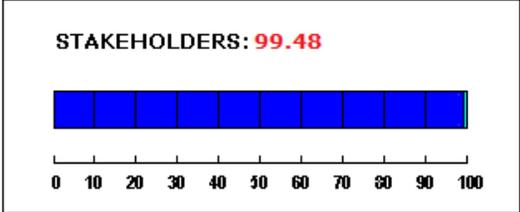
2.3. External Audit:

The external audit of the Company is conducted by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ.

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

External audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period. No consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

SECTION 3: STAKEHOLDERS



SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated
+	Effective Human Resources Policy
+	Stakeholders' views are taken on important decisions
+	Code of ethics disclosed to the public
+	A Compensation Policy for employees is established and disclosed to the public via the web site
+	A written Donation Policy established and disclosed to public on the corporate web site
+	Social Responsibility and Sustainability studies are at an adequate level
=	No provision in the articles of association regarding the participation of stakeholders in the management of the Company despite the existence of certain incentive models

3.1. Company Policy Regarding Stakeholders:

Vestel recognizes the rights of stakeholders established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation and protected by contracts, the Company protects the interest of

stakeholders under good faith principles and within the capabilities of the Company. Effective and expeditious compensation is provided in case of violation of the rights.

Stakeholders are consistently informed within the framework of the Company's disclosure policy.

Employees and management take part in periodic meetings held to keep employees actively informed about the Company. Attention is given to ensure two-way communication with information flowing upward to management from employees as well as downward from management to employees. The Company adheres to an open door policy to keep channels of communication open between management and personnel. In addition, employees are kept continuously informed by means of the corporate intranet.

Periodic meetings are held with customers and suppliers and all customers and suppliers are kept informed about Company-related issues that may be of concern to them. Vestel regularly organizes meetings for its dealers in order to measure customer satisfaction. When deemed necessary, additional one-on-one and group meetings are also held.

The stakeholders can report Company's transactions violating legislation or not compliant with ethical rules to the Corporate Governance Committee, Audit Committee or to the Investor Relations Department via telephone and/or e-mail.

3.2. Stakeholders' Participation in the Company Management:

Vestel has developed models for stakeholders, particularly employees to participate in management without impeding the operations of the Company, but such models are not included in the articles of association of the Company.

The representation of shareholders and other stakeholders in management is carried out by three independent members on the Board of Directors.

In making important decisions with regard to the stakeholders, senior executives representing the stakeholders are invited to board meetings to express their opinions.

3.3. Company Policy on Human Resources:

The Company's human resources operations are carried out by the Vestel Human Resources Department, which reports to the Zorlu Holding Human Resources Group. The Company has a written human resources policy documenting the criteria for recruitment and promotion mechanism.

The functioning of human resources systems is defined by procedures and announced to all employees. In addition, the Human Resources Department carries out all necessary communication with all employees regarding the HR Strategies and Policies.

Recruitment and career planning policies are based on the principle of equal opportunity for equal qualifications. In cases which management reshuffle could cause disruptions, a succession planning for determination of new manager

appointments is established. The criteria for the recruitment are also documented in writing.

All rights provided to employees are treated fairly, training programs are organized and training policies are established to increase employees' knowledge, skills and attitudes.

Meetings are organized for personnel to give them information and share opinions about the Company's financial position, compensation, career planning, training, health and similar topics.

Job descriptions, distribution of duties, performance and rewarding criteria are shared with employees. Vestel takes productivity measures into account in determining compensation and other benefits offered to personnel.

The Company does not discriminate among its employees in terms of their race, religious belief, language or gender, and takes precautions to protect employees against all kinds of physical, emotional or spiritual abuse.

There is no collective bargaining, neither a trade union at Vestel.

3.4. Relations with Customers and Suppliers:

Vestel has taken all necessary precautions to attain customer satisfaction in the sales and marketing of its products and services.

Quality standards are complied with in goods and services and care is taken to protect the standard. To this end, the Company holds international certificates on environmental quality and efficiency.

The Company organizes meetings with customers and suppliers during the year and allows mutual exchange of ideas. Consequently, studies are

conducted on recommendations of customers and suppliers. Improvement studies are carried out for customer and supplier satisfaction. In addition, the suggestion system for all employees and all activities is in operation.

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

3.5. Ethical Rules & Social Responsibility:

Vestel's code of ethics has been set forth in writing and published on the corporate web site pursuant to the public disclosure policy. Utmost care is taken to ensure that the code of ethics, which is formulated for the Company, the board and the employees, is complied with in full.

Information regarding the activities that the Company carries out in line with environmental laws and environmental responsibility awareness are under the heading of Sustainability on the corporate web site and in the annual report.

The Company complies with ethical rules with respect to environment, consumer, public health, and shows respect to internationally recognized human rights.

3.6. Sustainability:

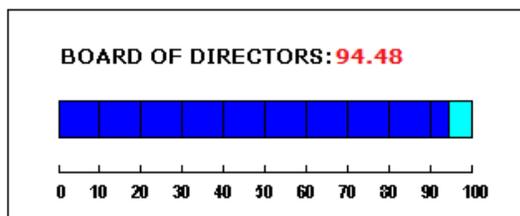
Vestel was included, and still is, in the Borsa Istanbul (BIST) Sustainability Index for the first time on November 2, 2015, which consists of the shares of companies with high corporate sustainability performance.

The Company has a policy, internal regulations, goals, initiatives and campaigns on environment, nature, energy conservation, recycling and education issues.

In this context, the Company has national/international quality/health standard certificates. It is a member of domestic/international organizations carrying out studies in this area.

The Company, as a global manufacturer, takes into account all environmental impacts, from the design stage to the production of its products, to the processes performed after their life cycle, in the processes it manages with the vision of sustainability.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

+	The Company's vision, mission and strategic goals are defined
+	The board works effectively and staffed with qualified members
+	Three independent members on the board
+	Audit, Corporate Governance, and Early Detection of Risk Committees are established and functional
+	Principles of remuneration of board members and senior executives established and disclosed to public
+	Manager liability insurance in place with a price exceeding 25% of the capital and the relevant PDP statement is made
+	Two female board members
=	Remuneration and benefits provided to board members and to managers with administrative responsibility are not disclosed on individual basis

4.1. Functions of the Board of Directors:

Strategic decisions of the board of directors aim to manage the Company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the

Company. The board administers and represents the Company within these parameters.

The board of directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The board also oversees that Company's activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

4.2. Principles of Activity of the Board of Directors:

Board of directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the board of directors is explained in the annual report. The board of directors established internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees. In this context, the board reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit are explained in the annual report. Chairman of the board and general manager's executive powers are actually separated, but this separation is not documented in the articles of association.

There is no individual in the Company who has unlimited authority to take decisions on his/her own.

The board of directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise and works in close coordination with the Corporate Governance Committee and the "Investor Relations Department".

Defects and damages caused by board members and executives during the execution of their duties are insured with an amount exceeding 25% of the Company's capital, and a relevant PDP statement is released.

4.3. Structure of the Board of Directors:

The Company's board of directors is composed of seven members and none of them is executive. There are three independent members who have the ability to execute their duties without being influenced under any circumstances.

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

There are two female members on the board of directors. The Company has reached the Corporate Governance Principles' advisory target of minimum 25% female board membership rate.

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

Board meetings are held at the Company headquarters as and when deemed necessary, and at least once a month.

The Board of Directors convened 12 times in 2020. The members of the Board of Directors attended the meetings regularly and the rate of participation to the meetings was 96%.

Chairman of the board of directors sets the agenda for board meetings in consultation with other members and the general manager. Information on the agenda items of the board of directors is made available to the members in sufficient time prior to the meeting date.

Each board member is entitled to a single vote.

Conduct of the board of directors meetings and decision quorums are included in the articles of association of the Company.

There are no limitations on external duties of the board members.

Shareholders are informed of external duties of the board members through the general shareholders' meeting, annual report and the Corporate Governance Compliance Report.

4.5. Committees Established Within the Board of Directors:

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

Functions of the Committees, their working principles, and members are designated by the board of directors

and disclosed to public on the corporate web site.

All members of the Audit Committee are elected from among the independent board members. Also the chairmen of the Corporate Governance and Early Detection of Risk Committees are elected from among the independent board members. The Corporate Governance Committee has three members, while the other two Committees are composed of two members each. The chairman of the board and the general manager are not on the Committees. With the exception of the "Investor Relations Director" who serves on the Corporate Governance Committee as per corporate governance principles, there are no other executive members on the committees.

All necessary resources and support needed to fulfill the tasks of the Committees are provided by the board of directors. Committees can invite any manager as they deem necessary to their meetings and obtain their views.

The frequency of Committee meetings is sufficient, all activities are documented and records are kept. Reports containing information about the activities and the resolutions of the meetings are submitted to the board of directors.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them, notifies the board in writing on findings related to their duties and responsibilities and the related assessment and

recommendations, following taking the opinion of responsible managers of the Company and the external auditor notifies the board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate. The Committee has convened six times during the course of reporting period.

Audit Committee members possess the qualifications listed in the Corporate Governance Principles communiqué.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the board and ends with the board's choice being presented and approved at the general shareholders' meeting.

The Corporate Governance Committee is established in order to determine whether or not the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advices to the board of directors. In addition, it oversees the activities of the "Investor Relations Department".

The Corporate Governance Committee carries out the duties of the Nomination Committee and the Remuneration Committee, since they are not established. We need further observations to have a solid opinion, and to assess the degree of efficiency and functionality of the Corporate Governance Committee; whether it has conducted studies to identify suitable candidates for the board of directors and managers with administrative responsibilities on

creation of a transparent system of evaluation and training, on determination of the relevant policies and strategies, particularly with regard to its reviews on the structure and efficiency of the board of directors; whether the Committee submitted its recommendations to the board members on changes that can be done on these matters; whether it determined the principles, criteria and practices to be used at the remuneration of board members and executives taking into account the long-term goals of the Company; and by taking into account the degree of achievement of the criteria, whether it makes proposals to the board on remuneration of the board members and senior executives.

The Early Detection of Risk Committee carries out its tasks towards early detection of risks which may jeopardize the Company's assets, its development and progression, and measures taken to mitigate and manage those risks. It reviews risk management systems and finalizes relevant reports.

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

The principles of remuneration of board members and senior executives have been documented in writing and submitted to the shareholders as a separate item at the general shareholders' meeting held on June 19, 2012. The remuneration policy prepared for this purpose can be found on the corporate web site.

Stock options or performance based payments are not included in the remuneration package of the independent board members. Their remuneration is designated at a level to maintain their independence.

Vestel does not lend any funds or extend any credits to a member of the board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

The executives have the required professional qualifications in order to perform the assigned duties. The executives comply with the legislation, articles of association, and in-house regulations and policies in fulfilling their duties.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

Remuneration of executives is consistent with the Company's ethical values, inner balance, and strategic objectives, and it is not associated with the Company's short-term performance.

Remuneration of board members and managers with administrative responsibility as well as benefits provided are mentioned collectively in the annual report. Full implementation of Corporate Governance Principles dictates reporting on an individual basis.

Rating Definitions

Rating	Definition
9 - 10	The company performs very good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level.
7 - 8	The company performs good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index.
6	The company performs fair in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs weakly as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs very weakly and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

DISCLAIMER

This Corporate Governance Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme AŞ (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Vestel Elektronik Sanayi ve Ticaret AŞ and according to the Corporate Governance Principles by the Turkish Capital Markets Board as amended on 2014.

This report, conducted by SAHA AŞ analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this report and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA AŞ makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

SAHA AŞ has embraced and published on its web site (www.saharating.com) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

© 2021, Saha Kurumsal Yönetim ve Kredi Derecelendirme AŞ. All rights reserved. This publication or parts thereof may not be republished, broadcast, or redistributed without the prior written consent of Saha Kurumsal Yönetim ve Kredi Derecelendirme AŞ and Vestel Elektronik Sanayi ve Ticaret AŞ.

Contacts:

S. Suhan Seçkin
suhan@saharating.com

Ali Perşembe
apersembe@saharating.com

M. Metin Tosun
mtosun@saharating.com



SAHA Corporate Governance and Credit Rating Services, Inc.
Hacı Mansur sok. Konak Apt. 3/1 Nişantaşı 34363 Şişli İstanbul
Tel: 212. 291 97 91; Fax: 212. 291 97 92
www.saharating.com