

KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş
CORPORATE GOVERNANCE COMMITTEE
DUTIES AND OPERATING PRINCIPLES

1. PURPOSE

The purpose of this regulation is to designate the duties and operating principles of the Corporate Governance Committee (Committee) to be established by the Board of Directors of Karsan Otomotiv Sanayii ve Ticaret A.Ş. (Company).

2. BASIS

This regulation is prepared in accordance with the provisions of Capital Markets Legislation hence Corporate Governance Principles.

3. POWERS AND SCOPE

The Committee is established and authorized by the Board of Directors, acts within the scope of its powers and responsibilities and advises the Board of Directors; however the responsibility of final decision always belongs to the Board of Directors.

The Board of Directors provide all kinds of resources and support necessary to fulfill the Committee's duties. The Committee may invite executives to meetings if it deems necessary and obtain their opinions. The Committee may benefit from independent expert opinions on issues related to its activities when deemed necessary. The service fees for the consulting activities required by the Committee shall be borne by the Company.

In accordance with the Capital Markets Legislation and principles stated herein this Regulation, the Committee undertakes to monitor the Company's compliance to Corporate Governance and sustainability principles, to determine the reason in case of failure to implement the principles, to make recommendations to the Board of Directors for improving corporate management and sustainability applications, and to monitor the activities of the Investor Relations Department. In case a Nomination Committee and Compensation Committee is not formed within Company's Board of Directors, Corporate Governance Committee shall also undertake the duties of these committees.

4. STRUCTURE OF THE COMMITTEE

The chairman of the Committee shall be selected among independent Board Members and at least two Board Members shall be appointed to the Committee. The manager of Investor Relations Department is also appointed as a Committee member. Both of the Committee's two Board members and the majority of the members in case more than two Board members are appointed shall be selected from supervisory non-management Board Members.

5. COMMITTEE MEETINGS AND REPORTING

The Committee meets at least twice a year. The Committee shall meet with one more than half of its members and take decisions by majority. The decisions of the Committee are written down and recorded. The Committee shall submit the report including its operation and the results of the meeting to the Board of Directors.

In case the Corporate Governance Committee has undertaken the duties of the Nomination Committee and Compensation Committee, the meetings shall be conducted and reports shall be prepared to include the duties of the said committees.

6. RESPONSIBILITIES

Within the framework of the Capital Markets Regulations and Capital Market Corporate Governance Principles,

The Committee shall;

- Determine whether the corporate governance and sustainability principles are implemented at the Company or not, the reasons if the said are not applied and conflicts of interest arising from non-compliance to such principles;
- Make recommendations to the Board of Directors for improving corporate management and sustainability applications;
- Establish the mechanisms necessary to convey the transactions of beneficiaries which are unethical and contrary to the Company's legislation;
- Monitor the activities of the Investor Relations Department.

In case a separate Nomination Committee is not formed within Company's Board of Directors,

The Committee shall;

- Obtain declarations of independency from the candidates among independent Board Members in accordance with the criteria stated in Articles of Associations and Corporate Governance Principles;
- By taking into account whether the candidate meets independency criteria or not, evaluate candidate proposals for independent membership including management and share holders, prepare a report including its evaluation in this regard and submit the said to the Board of Directors for approval;
- In case the Independent Board Member resigns due to losing his/her independence; make an evaluation in order to select an independent member who will serve as replacement until the first General Assembly Meeting which will be held to restore the minimum number of independent members, and submit to the Board of Directors the result of the said evaluation in writing; (This provision shall maintain its validity even if the Independent Board Member resigns or becomes unable to perform his/her duties.)
- Conduct works on development of a transparent system concerning the determination of suitable candidates to Board of Directors and for positions of executives with administrative responsibility, evaluation and training thereof, and designating policies and strategies in this regard;
- Make regular assessments of the structure and efficiency of the Board of Directors, and submit to the Board of Directors its recommendations concerning changes that can be implemented in this regard;
- Determine the approaches, principles and applications to be used in performance evaluation and career planning of Board Members and executives with administrative responsibility and monitor thereof;

In case a separate Compensation Committee is not formed within Company's Board of Directors,

The Committee shall;

- Determine the principles, criteria and applications to be used in compensation of Board Members and executives with administrative responsibility by taking into account the long-term objectives of the Company and monitor thereof;
- Determine the benchmarks that may be used in compensation in a way associated with the performance of the Company and member;
- Taking into account the level of achievement of such criteria, submit to the Board of Directors its recommendations concerning the compensation to be given to the Board Members and executives with administrative responsibility;

- In compensation of Independent Board Members, due care is taken not to apply a payment plan based on stock options or company's performance.

The Committee is obliged to submit the reports required by all of the responsibilities fulfilled by the Committee to the Board of Directors.

7. ENFORCEMENT

The Committee's duties and operating principles and from which members it will consist of shall enter into force by Board of Directors decision and disclosed to the public.