



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



09 August 2024

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## Rating and Executive Summary

### TAV HAVALİMANLARI HOLDİNG A.Ş. (TAVHL)

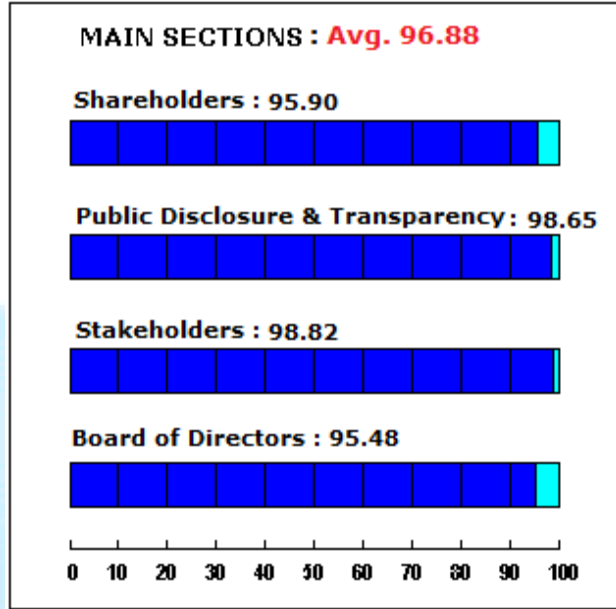


Corporate Governance Rating:

**9.69**



#### EXECUTIVE SUMMARY



The Corporate Governance Rating of 9.69 that has been assigned to TAV Havalimanlari Holding A.Ş. on August 11, 2023 is hereby reconfirmed as **9.69**. 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.. TAV Havalimanlari Holding A.Ş. is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on July 12, 2023 can be accessed at <http://www.saharating.com>.

TAV is rated with **9.59** 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. Holding carries out the investor relations obligations through the "Investor Relations Department." There is no upper limit or privileges on 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 Holding. There are no restrictions on transfer of shares. A policy on donations and grants is established and disclosed to public on the corporate web site. On the other hand, the rate of minority rights in the Holding's Articles of Association is adopted as prescribed for public joint stock companies (%5).

TAV attained **9.86** 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 the CMB and Borsa Istanbul (BIST) rules and regulations. The Annual Report is also comprehensive and informative. Shareholding structure of TAV Holding and the names of ultimate controlling individual shareholders as identified after being released from indirect or cross shareholding relationships between co-owners are disclosed to the public. Benefits provided to Board members and senior executives are mentioned collectively in the Annual Report, but a list on individual basis is essential as per the Principles.

On the topic of **Stakeholders**, TAV scored **9.88**. TAV guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. A written compensation policy for the employees is established and disclosed to the public on the web site. The Holding has an effective and comprehensive human resources policy. A model has been developed to support the participation of stakeholders in the management of the Holding. Code of ethics is publicly available through the Holding's web site. Various social responsibility projects have been implemented. There is no lawsuit filed against the Holding due to any damage to the environment.

From the perspective of the principles regarding the **Board of Directors**, TAV's tally is **9.55**. There is a well communicated mission and vision, and the Board fulfills all duties regarding Holding needs. Chairman of the Board of and the general manager is not the same person. The eleven-member Board of Directors includes one executive member and four independent members. Each Board 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 three female members on the Board and the Holding has met the Corporate Governance Principles' advisory target of 25% female Board membership rate. Corporate Governance, Nomination, Audit, and 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 TAV Holding's web site. Any damages that may be caused by the members of the Board of Directors during the execution of their duties are insured. Remuneration of Board members and executives with administrative responsibility as well as all other benefits provided are mentioned collectively in the Annual Report, but Principles dictate reporting on an individual basis.

## 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 Holding's governance practices in future should be mentioned in the annual report and disclosed to the 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 Holding 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 Holding should be in full and perfect compliance with the Principles (pls. see the last section of this report for rating definitions).

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

TAV Havalimanları Holding A.Ş.	
	<b>Chairman of the Board</b> Edward Arkwright <b>General Manager (CEO)</b> Serkan Kaptan
Vadi İstanbul Bulvar, Ayazağa Mahallesi, Azerbaycan Caddesi, 2C Blok No:3L/6 34485 Sarıyer/İstanbul	<b>Investor Relations Coordinators</b> Ali Özgü Caneri Tel: (0212) 463 3000 - 10545 <a href="mailto:ali.caneri@tav.aero">ali.caneri@tav.aero</a> Besim Meriç Tel: (0212) 463 3000 - 10546 <a href="mailto:besim.meric@tav.aero">besim.meric@tav.aero</a>

TAV Havalimanları Holding A.Ş. ("TAV," "TAV Holding" or "the Company") was established in Turkey in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. The Company was established to rebuild and operate Istanbul Atatürk Airport (International Terminal Building) and its previous title of TAV Havalimanları İşletme A.Ş. has been changed as TAV Havalimanları Holding A.Ş. as of August 7<sup>th</sup> 2006. Holding shares have been traded in Borsa İstanbul under the ticker "TAVHL" since February 23, 2007.

TAV, one of the world's leading airport operators, operates Antalya, Ankara Esenboğa, İzmir Adnan Menderes, Milas Bodrum and Gazipaşa Alanya airports in Turkey, and the Holding's international portfolio consists of Kazakhstan's Almaty, Georgia's Tbilisi and Batumi, Tunisia's Monastir and Enfidha-Hammamet, Macedonia's Skopje and Ohrid, Saudi Arabia's Medina, and Croatia's Zagreb Airport.

TAV is also involved in other areas of airport operation such as duty-free sales, food and beverage services, ground services, informatics, security, and management services. In addition, TAV operates duty free, catering, and other commercial areas in Riga Airport in Latvia.

In 2023, TAV provided service to 661,000 flights and 96 million passengers.

The Holding shares are traded under "TAVHL" code at BIST National Market and TAV is a constituent of BIST ALL-SHARES / BIST 500 / BIST 100 / BIST STARS / BIST İSTANBUL / BIST HOLDING AND INVESTMENTS / BIST SUSTAINABILITY / BIST FINANCIALS / BIST CORPORATE GOVERNANCE / BIST 100-30, and BIST 50 indices.

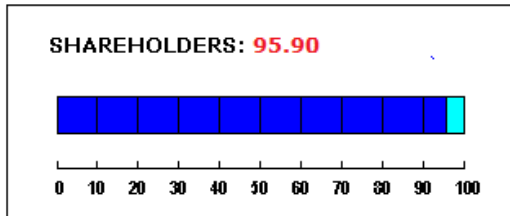
TAV's capital structure (as of June 30, 2024) is as follows:

<b>Capital Structure</b>		
<b>Shareholders</b>	<b>Share Value (TL)</b>	<b>Share %</b>
TANK ÖWA ALPHA GMBH	167,542,321.00	46.12
TEPE İNŞAAT SANAYİ ANONİM ŞİRKETİ	15,635,414.00	4.30
OTHER	180,103,516.00	49.58
<b>TOTAL</b>	<b>363,281,250.00</b>	<b>100.00</b>

Division of tasks of the Board of Directors of TAV is as follows:

<b>Board of Directors of TAV Havalimanları Holding</b>	
<b>Name</b>	<b>Title</b>
EDWARD RODOLPHE PAUL ARKWRIGHT	Chairman of the Board Nomination Committee Member
ALİ HAYDAR KURTDARCAN representing TEPE İNŞAAT SANAYİ A.Ş.	Vice-Chairman Risk Committee Member
FRANCK MEREYDE	Executive Member Corporate Governance Committee Member
XAVIER MARIE MARTIN BENOIT HURSTEL	Board Member Risk Committee Member
ANTOINE CROMBEZ	Board Member Risk Committee Member
JEROME PAUL JACQUES CALVET	Board Member Risk Committee Member
JEAN MICHEL VERNHES	Board Member Nomination Committee Member
ELSA PEKMEZ ATAN	Independent Board Member Corporate Governance Committee Chairwoman Audit Committee Member
ZEYNEP NAZAN SOMER ÖZELGİN	Independent Board Member Audit Committee Chairwoman Corporate Governance Committee Member
NURGÜN EYÜBOĞLU	Independent Board Member Risk Committee Member Nomination Committee Chairwoman
PHILIPPE BONNAVE	Independent Board Member Risk Committee Chairman

## SECTION 1: SHAREHOLDERS



### SYNOPSIS

+	Equal treatment of shareholders
+	Unrestricted shareholder rights to review and receive information
+	Voting rights are facilitated
+	No voting privileges
+	General shareholders' meetings are conducted in compliance with the legislation
+	No restrictions on transfer of shares
+	Policy on donations and grants approved at the general shareholders' meeting and disclosed to the public
+	The Investor Relations Department submitted 5 reports to the Board of Directors regarding the activities carried out.
+	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:

TAV's Investor Relations Department submits a report to the Corporate Governance Committee, Board of

Directors, and the CFO on the work conducted. Mr. Besim Meriç and Mr. Ali Özgü Caneri are the Investor Relations Coordinators. Mr. Meriç is the holder of Capital Market Activities Level 3, Derivative Instruments and Corporate Governance Rating Specialist licenses, and Mr. Caneri holds the Capital Market Activities Level 3 license.

The Investor Relations Department plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and review information. The Department fulfills the following duties:

- 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 Holding.
- Ensure that the general shareholders' meeting is held in compliance with the applicable legislation, articles of association and other Holding 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.

The Investor Relations Department submitted 5 reports to the Board of Directors regarding the activities



carried out. In addition, the Department participated in 6 conferences throughout the year and held meetings with over 200 investors and analysts regarding the Holding's operations and financials. Information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site of the Holding.

### **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 Holding 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 Holding has constituted a disclosure policy and 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 Holding has adopted exactly the rate foreseen in the legislation for listed holdings.

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

### **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 covering the fiscal year 2023, which was held on March 29, 2024, was performed through all means of communication available to the Holding on March the 5<sup>th</sup> 2024 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. A descriptive disclosure document on agenda items has been prepared.

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 Holding, 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 TAV Holding's shareholding structure as of the date of disclosure, that there are no privileged share groups within the Holding capital.
- b. Information on changes in management and activities of the Holding and its subsidiaries in the previous fiscal year, or planned for

the upcoming fiscal period which can significantly affect the Holding 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 Holding 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. An information document on agenda items has been prepared.

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 Holding has established a policy on donations and grants and submitted it to the general shareholders' meeting for approval. Shareholders are informed, with a separate agenda item, of amount and beneficiaries on all donations and grants effectuated within the reporting period.

Stakeholders and media are allowed to attend the general shareholders' meetings with no voting rights as mentioned in internal guidelines of the meeting and subject to the consent of the chairman of the meeting, but no such clause is included in the Articles of Association.

At least one member of the Board of Directors related with those issues of a special nature on the agenda, other related persons, authorized persons who are responsible for preparing the financial statements and representatives of the external audit firm were present to give necessary information and to answer questions at the general shareholders' meeting. However, the majority of the Board of Directors did not attend the general shareholders' meeting.

### **1.5. Voting Rights:**

There are no voting privileges at TAV and all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

### **1.6. Dividend Rights:**

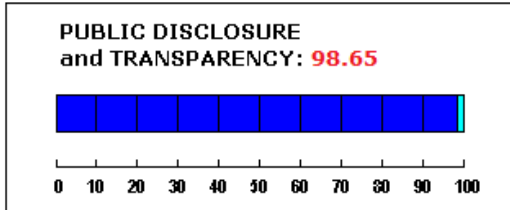
The dividend distribution policy of TAV is clearly defined and disclosed to public on the corporate web site. It is submitted to the approval of the shareholders at the general shareholders' meeting and is incorporated in the Annual Report.

TAV Holding'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 Holding. The dividend distribution proposal contained all necessary information. The Articles of Association contain a provision on advance dividend payments.

### **1.7. Transfer of Shares:**

Neither the Articles of Association nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares.

## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Comprehensive Disclosure Policy, disclosed to public on the 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
+	Ultimate controlling shareholders with a share higher than 5% are disclosed
+	English version of the web site for international investors
+	Remuneration policy established and disclosed to public on the web site
+	Dividend distribution policy disclosed to public via the web site
=	Benefits provided to Board members and senior executives are mentioned collectively in the Annual Report

#### 2.1. Corporate Web Site:

TAV Holding's web site is actively used for public 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 Holding'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 Holding, 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 Holding's shareholding structure; the names, amount and rate of the shares held by the Holding'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 corporate web site.

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

TAV Holding's web site also includes; investor presentations, the donation policy, working principles of the Committees, important Board decisions

under the heading of material disclosures, the vision/mission of the Holding established by the Board of Directors, information on dividend payments and capital increases for the last 5 years, share buyback scheme, news, general shareholders' meeting internal guidelines, social responsibility activities, the sustainability report, information on senior management, financial data, main ratio analyses, corporate web site disclaimer, terms of use and privacy 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 Holding and it covers information such as;

- a. Period covered by the Report, the title of the entity, trade register number, contact information,
- b. The names of the chairmen and members served on the Board and the Committees during the covered period,
- c. The sectors in which the Holding operates and information on its position in these sectors,
- d. Qualifications of the Holding's units, general explanations related to their activities and performances, and yearly developments,
- e. Progress on investments, the eligibility status on incentives,
- f. Changes and justifications on the Articles of Association during the period,
- g. Corporate Governance Principles Compliance Report,

- h. Information on related party transactions,
- i. Other issues not included in the financial statements, but are beneficial for users,
- j. Holding's capital and ownership structure,
- k. Benefits provided to staff and workers, information on number of personnel,
- l. Explanations on privileged shares,
- m. The dividend distribution policy,
- n. Basic ratios on the financial position, profitability, and solvency,
- o. Holding's financing resources and risk management policies,
- p. Information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the content specified in the legislation, the following also took place in the annual report:

- a. 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. The number of Board meetings held during the year and participation status of the members,
- e. Changes in legislation which could significantly affect the Holding's operations,

- f. Major court cases against the Holding and possible consequences,
- g. Information on the fact that there is no cross shareholding in excess of 5% of the capital,
- h. Benefits and vocational training of employees, and other Holding activities that give rise to social and environmental results,
- i. Rating results,
- j. Application status of the corporate governance principles as required by the CMB communiqué, explanations on reasons behind any non-compliance.

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.

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

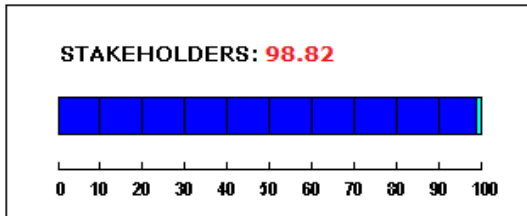
### **2.3. External Audit:**

The external audit of TAV Holding is conducted by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

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 Holding and the external audit firm.

Independent audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period.

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated
+	Efficient Human Resources policy
+	Stakeholders' views are taken on important decisions
+	Code of ethics disclosed to public
+	Holding is socially and environmentally sensitive and respectful
+	A written employee compensation policy is established and disclosed to the public on the web site
+	Social responsibility projects implemented
+	There are written supportive regulations regarding the participation of stakeholders in the management of the Holding
-	No trade union

### 3.1. Holding Policy Regarding Stakeholders:

TAV 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 Holding protects the interest of stakeholders under good faith principles and within the capabilities of the Holding. Effective and expeditious

compensation is provided in case of violation of the rights.

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

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

Employees can convey any transaction that contradicts with the legislation and is ethically inappropriate to the Committee Responsible of Audit and to the Audit Unit. Stakeholders have the opportunity to directly contact via e-mail with members of the Corporate Governance Committee or the Audit Committee as well as individuals authorized to disseminate information as prescribed by the Holding Disclosure Policy with regards to the Holding's conduct or transactions in breach of applicable law and regulations or ethical norms.

In addition, a documented compensation policy is prepared and disclosed to the public on the corporate web site.

### 3.2. Stakeholders' Participation in the Holding Management:

It is vital within the Holding that all communication channels remain open for employees to engage in management and that any potential

barriers are promptly identified and removed.

The Holding maintains constant communication with employees, pays due regard to their needs, and creates various platforms and mechanisms by which employees can convey their opinions and comments.

Methods such as surveys/consultations have been applied to obtain the opinions of stakeholders in important decisions that have consequences for them.

In addition, the said model is documented in the internal regulations as guidelines on supporting the participation of stakeholders in the Holding management.

### **3.3. Holding Policy on Human Resources:**

The Holding has a documented human resources policy.

Recruitment and career planning are conducted on the basis of equality and transparency is ensured. The criteria for hiring employees are documented in writing and the Holding complies with these criteria. All employees are treated with fairness and equality in terms of the benefits provided to them; provided training programs to enhance employee knowledge, skills, and conduct; and training policies are formulated.

Informative meetings are organized for employees about the Holding's financial position as well as compensation, career, training, and health related issues where opinions are exchanged.

Recruitment activities are carried out within the scope of Recruitment Charter. Competencies required for each position are determined within the scope of the project conducted together with a human-resources consulting firm and have been in effect since then in all

recruitment activities. Job descriptions are defined for all positions and their revisions are realized at regular intervals.

Job descriptions and assignments, along with performance and rewarding criteria are announced to the Holding employees. Productivity is a major criterion in determining the salary and additional benefits provided to the employees.

Coordination meetings are organized on a regular basis with the participation of senior management to share information on issues such as financial position of the Holding, remuneration, career, training, and health. Following these meetings, senior managers inform their respective Groups on related issues on a regular basis.

TAV's human resources policy is based on job security, comprehensive facilities for employees' professional and personal development and equal opportunity. Measures are taken to ensure that employees are not discriminated on the basis of race, religion, language, or gender, and they are protected against any internal physical, mental, and emotional maltreatment. Since the employees of the Holding's affiliates are generally not unionized, the matter of resorting to the opinion of the trade unions on decisions about the employees and collective bargaining agreements stipulated in the human resources policy is not applicable.

In addition, the constitutional provisions regarding the right of association stipulated in the Constitution of the Republic of Turkey remain, and furthermore, as a member of the International Labor Organization (ILO), pursuant to the Freedom of Association and Protection of the Right to Organize Convention (convention 87) and Right to Organize and Collective Bargaining Convention

(convention 98), the Holding shall abide by its related commitments regarding associations that may transpire in the future.

### **3.4. Relations with Customers and Suppliers:**

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

Correct and complete information is provided to customers in marketing and sale of the Holding services. Care is taken for all related documents, printed and visual materials to reflect all features of the product to achieve customer satisfaction. Appointment of competent and relevant staff is secured to provide contact with customers for all matters pre-sales, during sales and after sales.

The Holding complies with quality standards of products and services and strives to maintain these standards. To this end, the Holding provides a certain level of quality guarantee.

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

The Holding has developed a customer relations management system that is specifically tailored to the processes associated with customer satisfaction. This system is utilized for the documentation and processing of customer satisfaction and complaint management requests that are received via the [info@tav.aero](mailto:info@tav.aero) and [cr@tav.aero](mailto:cr@tav.aero) email addresses. In addition to the aforementioned customer satisfaction, and complaint management processes, a head office has been established.

### **3.5. Ethical Rules & Social Responsibility:**

The ethical rules of TAV are publicly disclosed on the corporate web site.

The Holding expends maximum effort to be sensitive to its social responsibilities in its operations. It complies with all regulations regarding the environment, consumers, and public health, as well as ethical rules, and directs and supports its affiliates to behave in the same manner.

In 2023, the Holding donated approximately TL 3.3 million in donations and grants as part of its social responsibility approach. Within the scope of the Donation Policy approved, information on donations and grants given within the period was presented in a separate agenda item at the general shareholders' meeting.

An "Ethics and Compliance" unit was established by ADP and TAV within the Group. In order to achieve this objective, TAV Holding have implemented a series of measures, including the development of an international code of conduct, the provision of training, the establishment of an ethics hotline, the creation of an ethics and compliance committee, the implementation of corruption risk mapping, the design of an annual ethics survey, the development of an annual communication plan, the introduction of third-party control and monitoring, the implementation of a conflicts of interest policy, the introduction of a gift and hospitality system, the establishment of a donation and sponsorship system, the incorporation of ethics and independence provisions, and the appointment of company ethics and compliance officers. In line with the studies started in 2018, the principles were established and announced to the employees, together with the International Code of Conduct and the Compliance & Ethics Policy.



In order to transform the principles of the Holding, which aims to protect the rights of all internal and external stakeholders, into a common corporate culture, TAV organized face-to-face and on-line trainings in partnership with ADP. An Ethics Reporting Line has been established and announced, where all employees and third parties can anonymously report unethical behavior. The International Code of Conduct Policy published in 2018 has been updated.

A communication plan was created with the aim of increasing awareness. In addition, risk maps were created by reviewing all processes of the Holding and its main subsidiaries, and the existing control environment was strengthened. Compliance Specialists, who work and report under the Holding Compliance Department, have been appointed to TAV and main subsidiaries.

### **3.6. Sustainability:**

The Holding presents all the work carried out in this process and its future targets to its stakeholders in an open and transparent manner with the Sustainability Report prepared in accordance with GRI Standards and in light of the data for January 1<sup>st</sup> - December 31, 2022, covering all subsidiaries. In addition, sustainability data from previous periods are also included in the report to demonstrate measurable and comparative performance, and the contribution to the UN Sustainable Development Goals (SDGs) is also detailed. The Holding also states that it is committed to reporting its sustainability performance annually in the future.

TAV Airports conducted a "Stakeholder Engagement and Materiality Analysis" study in 2022 in order to determine the issues it prioritizes in the field of sustainability. Corporate strategies,

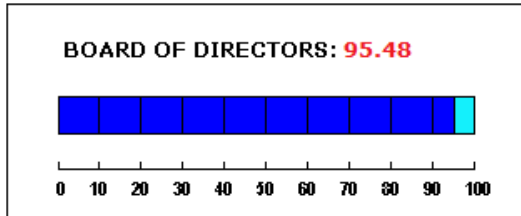
global trends, international sustainability frameworks GRI (Global Reporting Initiative) Standards, CDP (Carbon Disclosure Project), TCFD (Climate-related Financial Disclosure Task Force), SASB (Sustainability Accounting Standards Board), UN (United Nations) Sustainable Development Goals, UN Global Compact World Economic Forum (WEF) Global Risks Report, United Nations Principles for Responsible Investment (UN PRI) and sectoral practices were analyzed in the process of identifying material issues.

The "Airports for Trust" Declaration, signed by the Chief Executive Officers of Groupe ADP-affiliated airports, is one of the cornerstones of the international integration of TAV Airports' corporate sustainability strategy. The Group's commitments in this area aim to contribute to achieving common goals in the aviation ecosystem.

In alignment with Groupe ADP, TAV Airports has announced its commitments through Act4nature International. In this context, the Company aims to develop a process for evaluating the impacts of its core activities on biodiversity and to integrate biodiversity considerations into operational decision-making. It complies with national and international regulations and laws to support biodiversity, with the understanding that combating climate change will directly contribute to the protection of biodiversity.

Izmir Adnan Menderes, Ankara Esenboğa, Medina, Tbilisi, Zagreb, and Skopje airports operated by TAV Airports were awarded by ACI World as the best airports in their categories under the Airport Service Quality (ASQ) program at the Passenger Experience Summit held in Krakow, Poland in 2022.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	The Holding's vision, mission and strategic goals are defined
+	The Board works efficiently and staffed with qualified members
+	Four independent Board members
+	Audit, Corporate Governance, Risk, and Nomination Committees are established and functional
+	Principles of remuneration of Board members and senior executives are established and disclosed to the public
+	Chairman of the Board and general manager is not the same person
+	The conduct of the Board of Directors meetings is defined in internal regulations and meeting and decision quorums have been included in the Articles of Association
+	Any potential losses incurred by the Holding and third parties due to misconduct by executives are insured
+	Three female Board members
=	Remuneration and benefits provided to Board members and to managers with administrative responsibility is not disclosed on individual basis

#### 4.1. Functions of the Board of Directors:

Strategic decisions of the Board of Directors aim to manage TAV Holding'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 Holding. The Board administers and represents the Holding within these parameters.

The Board of Directors has defined the Holding's strategic goals and identified the needs in human and financial resources, and controls management's performance. The Board also oversees that Holding 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 separated and this separation is documented in the Articles of Association. There is no individual in the Holding 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 Holding 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 that may be caused by the Board members during the execution of their duties have been insured with a coverage exceeding 25% of the Holding's capital, and disclosed to the public.

#### **4.3. Structure of the Board of Directors:**

TAV Holding's Board of Directors is composed of eleven members, with one holding executive duties. There are four independent members who have the ability to execute their duties without being influenced under any circumstances.

No upper limit for the number of independent Board members is mentioned in the Articles of Association. Tenure of office for independent members is designated as three years.

The Nomination Committee have prepared a report on the candidates proposed by the Board and shareholders, by taking into consideration of whether the candidate meets the independency criteria, and submitted this assessment as a report to the Board for 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.

The Holding has set a target rate and target time for the ratio of female members on the Board of Directors, which should not be less than 25%. In order to achieve these targets, the Holding has established a 'Female Board Member Policy'. The Board of Directors evaluates the progress towards achieving these targets on an annual basis.

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

Board meetings take place with sufficient frequency and convened eight times during the course of last year. Members allocate sufficient time for all of the Holding's business and show care to participate in every meeting.

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.

The conduct of the Board of Directors meetings is documented in internal regulations and meeting and decision quorums have been included in the Articles of Association of the Holding.

There are no certain rules or limitations for Board members taking on additional duties as executives and/or Board members outside the Holding. The Holding has declared that this does not lead to any conflict of interest.

Shareholders are informed of external duties of the Board members through

the Annual Report and the Corporate Governance Compliance Report.

#### **4.5. Committees Established Within the Board of Directors:**

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

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 among the independent Board members. Also, the chairmen of the Corporate Governance, Nomination and Risk Assessment Committees are elected among the independent Board members. The Corporate Governance Committee consists of four members, the Nomination Committee of three members, the Risk Committee of six members and the Audit Committee of two members. The general manager (CEO) is not on the Committees. With the exception of "Investor Relations" department manager who serve on the Corporate Governance Committee as per Corporate Governance Principles, there is also one executive Board member on this Committee.

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 Holding's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Holding regarding Holding accounting, internal and external independent audit systems, and finalizes them. The Committee also determines the methods and criteria to be applied for the evaluation of the Holding's employees regarding the Holding's accounting and independent audit within the framework of the principle of confidentiality. It also 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 Holding and the external auditor, the Audit Committee notifies the Board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Holding's accounting principles, true and accurate. The Committee has convened five times during the course of reporting period. Audit Committee members possess the qualifications listed in the Corporate Governance Principles communiqué.

The Annual Report contains information on activities and meeting resolutions of the Audit Committee and that it has submitted five written reports to the Board of Directors within the reporting period.

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 the corporate governance principles are being fully implemented by the Holding, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising due to lack of implementation of these principles, and present remedial advices to the Board of Directors. In addition, it oversees the work of the "Investor Relations" department.

The proposals for independent Board membership candidacy are evaluated by the Nomination Committee taking into consideration whether the candidates possess the criteria for independence under the applicable legislation and these assessments are documented. It is responsible to identify and assess the qualified candidates for Board of Directors and executive management positions and to formulate policies and strategies related to this subject. The Nomination Committee also conducts regular assessments on the structure and efficiency of the Board of Directors and reporting its recommendations on the changes that can be made in these areas.

Since a Remuneration Committee is not established, its duties are carried out by the Corporate Governance Committee. The Corporate Governance Committee has discussed the issue of salary increase rates during the reporting period and documented its recommendation. The Holding has established a remuneration policy that sets out the principles of remuneration of Board members and executives with administrative responsibilities and disclosed it to the public on the corporate web site.

Revising, changing and re-evaluation of principles, criteria and applications on remuneration, and submission of the views to the Board in the upcoming reporting periods and when necessary, will be closely monitored by us.

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

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

The Board of Directors explained in the Annual Report whether the operational and financial targets disclosed to the public are met or not, along with reasons behind possible shortcomings. The principles of remuneration of Board members and senior executives have been documented in writing and submitted to the shareholders as a separate item at the general shareholders' meeting. A remuneration policy prepared for this purpose can be found on the Holding's 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

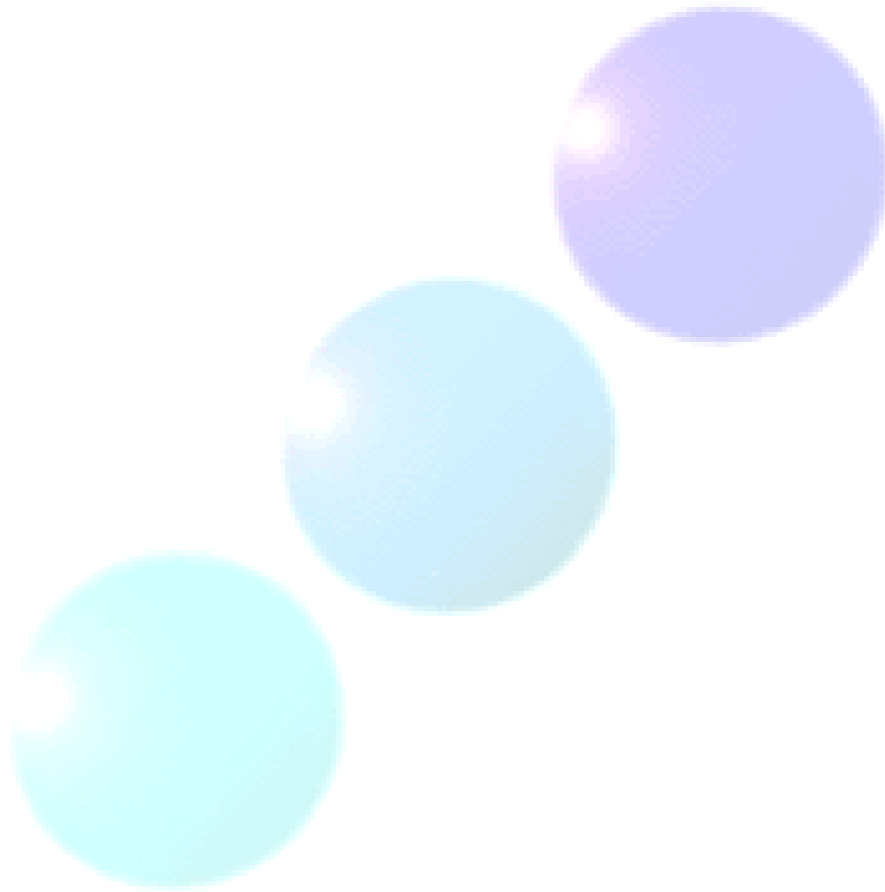
TAV Holding does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

The executives have the required professional qualifications 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 Holding information in favor of themselves or others. There are no executives who accepted a gift or favor

directly or indirectly related to the Holding's affairs, and provided unfair advantage.

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
<b>9-10</b>	The company performs <b>very good</b> 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.
<b>7-8</b>	The company performs <b>good</b> 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.
<b>6</b>	The company performs <b>fair</b> 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.
<b>4-5</b>	The company performs <b>weakly</b> 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.
<b>&lt;4</b>	The company performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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