

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

- a. *This report will be included in the annual report of the company as a separate section.*
- b. *CMB Corporate Governance Principles that are adopted and not adopted by the company, reasons for not applying the principles and conflicts of interest resulting from not wholly adopting these principles will be disclosed in this report.*
- c. *The issues in explanations given below for each part are the minimum requirements to be included in the report. Besides this, it is possible to give more information about the state of the company regarding Corporate Governance Principles. The explanations are given as a guide in order to be used in preparing this form.*
- d. *If some of the information needed to be disclosed in the compliance report are stated in the annual report, such information may be disclosed in the compliance report by making cross references to the annual report.*
- e. *Corporate Governance Principles issued by Capital Markets Board can be reached from CMB's web site www.cmb.gov.tr .*

1. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

A statement concerning whether the principles were applied or not in the related period, the principles which were not applied, the reasons for not applying these principles and the conflicts of interest arising from not applying these principles will be disclosed in this section. Likewise, the information on studies regarding compliance to Corporate Governance Principles will also be included in this section.

SECTION 1- SHAREHOLDERS

2. Shareholders Relations Department

In this section it will be stated whether the Shareholder Relations Department is established or not. If it is established, the manager of department and the names of staff, communication information, main operations carried out by department in the related period, and number of applications made to department and the responses given to investors will be disclosed. If the department isn't established, reasons for not establishing the department will be disclosed.

3. The Use of Shareholders Rights to Obtain Information

In this section, there will be a brief information about number and content of information requested by shareholders from the company, also how the request of information of shareholders has been evaluated, how efficient electronic forms were used as a way of announcement about improvements which can affect exercising rights of shareholders, and how these improvements were announced to investors will be disclosed. Moreover; whether requesting to assign a special auditor is arranged as an individual right in the articles of association, whether there was a request for a special auditor and how this was it was concluded in the related period will be stated

4. Information on Shareholders' Meeting

In this section, shareholder meetings which took place in the related period, how the meeting was held in terms of participation (attendance quorum, whether stakeholders and media attended the meetings), how shareholders were invited to meetings, how much time has been anticipated for recording in share ledger of the company in order to ensure the attendance of shareholders who own registered shares to the meeting, the reason if such a time has been anticipated, where and what kind of information was made available to shareholders before shareholders meeting, whether shareholders used their rights to pose questions at the meeting, whether these questions were answered if the right was used, whether any proposals were made by shareholders, if made; in what way the proposals were concluded, whether there were any provisions in the articles of association allowing important decisions such as divestiture, sale, purchase or lease of assets to be made in the shareholders meeting only, the reason if there is no such provision in the articles of association, what has been done in order to ease the participation for meeting, where the minutes of shareholders meeting are kept ready for the shareholders, will be disclosed.

5. Voting Rights and Minority Rights

In this section, the existence of any privileged rights on voting in company's articles of association, its explanation and a statement of how it was exercised, whether

companies in mutual ownership on the condition that it leads to sovereignty have cast their votes in shareholders meeting, whether minority shares are represented in management and whether cumulative voting procedure is adopted by the company, will be disclosed.

6. Dividend Policy and Deadline for Dividend Distribution

In this section, the existence of any privileged rights on distribution of dividends in company's articles of association, kind of privilege provided if available, the existence of any dividend policy made available to public, information on this policy and whether this information was disclosed in shareholders meeting, reason for not disclosing this information if appropriate, whether distribution of dividends have been realized within the period set by legislation, reason for not distributing dividends within the prescribed period and legal results encountered, will be disclosed.

7. Transfer of Shares

In this section, the existence of any provisions which restrict transfer of shares, information and reasons for such provisions if available, will be disclosed.

SECTION 2-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Disclosure Policy

In this section, disclosure policy if determined by the company in accordance with Corporate Governance Policy, Section II, Article 1.2.2, reasons for not determining any disclosure policy or not disclosing the policy to the public if determined, will be disclosed. The names and duties of people responsible for implementation of disclosure policy will also be disclosed in this scope.

9. Disclosure of Material Events

In this section, number of disclosures on material events according to CMB regulations during the accounting period, the information on how many additional disclosure statements have been requested from CMB and ISE regarding disclosure of material events, number of disclosures on material events in foreign stock exchanges if the company's shares are dual listed and whether these material events have been disclosed in home country, reasons for not disclosing material events timely, furthermore the sanctions imposed by CMB for not disclosing material events on time, will be disclosed.

10. The Company's Website and Its Contents

In this section, whether there is a website of the company, the company's web address, whether information mentioned in CMB Corporate Governance Principles Section II, Article 1.11 .5 are provided in the company's website, reasons for not having a website or not providing the information mentioned in Article 1.11.5 if a website exists, will be disclosed.

11. Disclosure of the Company's Ultimate Controlling Individual Shareholder / Shareholders (Beneficial Ownership)

In this section, whether the information about the company's ultimate controlling individual shareholder/shareholders determined after eliminating the effects of indirect and mutual ownership are disclosed to the public or not, reasons for not disclosing such information will be disclosed.

12. Disclosure On Insiders

In this section, whether the list of individuals who can be classified as an insider are disclosed to the public or not, the list of insiders even if it has been disclosed before and reasons for not disclosing the list, will be disclosed.

SECTION III- STAKEHOLDERS

13. Informing Stakeholders

In this section, whether stakeholders of the company have been informed about issues related to themselves, ways they have been informed (participation to the assembly etc.), and explanations on reasons if they have been not informed, will be disclosed.

14. Participation of the Stakeholders in the Management

In this section, explanations on the kind of actions taken for the participation of Stakeholders' in management, whether a model has been established regarding participation of Stakeholders' in management and the kind of participation that has taken place if such a model has been established, will be disclosed.

15. Human Resources Policy

In this section, explanations about whether the company has established a policy on human resources, main principles if the company has established a policy, the reasons if the company hasn't established a policy; whether a representative has been assigned to manage the relationships with the employees, name, duties and authorization of the representative assigned, reasons if a representative has not been assigned; whether there are any complaints from employees especially on discrimination, what has been done to solve complaints if there has been any, will be disclosed.

16. Information on Relations with the Clients and Suppliers

In this section, explanations on marketing and sales of goods and services, and

what has been done in order to maintain customers' satisfaction will be disclosed.

17. Social Responsibility

In this section, information on activities concerning the environment, region and the public (supported/pioneered social trainings, social studies towards the people in the region etc.) will be disclosed. Also information on law suits against the company regarding damages given to the environment, information on their results and whether there are any environmental effect evaluation reports on activities, will be disclosed.

SECTION IV-BOARD OF DIRECTORS

18. The Structure and Composition of Board of Directors and Independent Members

In this section, names of board members and chairman (general director if not available) sorted by whether they are executive, non-executive and independent will be disclosed. If the board chairman and executive chairman/general director are the same person and/or more than half of the board members have executive duties, reasons for these matters will be disclosed. Likewise in case there are no independent members in the board or independent members are less than two or one third of number of members in the board, reasons for these matters will also be disclosed. Furthermore in this section, independency statement of independent members and the actions taken in case a situation arises which jeopardizes independency of members in any way in the related period, will be disclosed. Whether duties carried out by board members out of the company have been regulated by rules and/or restricted in way and if there is no restriction reasons for it will also be disclosed in this section.

19. Qualifications of Board Members

Whether minimum qualifications required for the election of board members of the

company coincide with the qualifications stated in CMB Corporate Governance Principles Section IV, Articles 3.1.1, 3.1.2 and 3.1.5. and whether principles for this have been regulated in the articles of association, whether any training and adaptation program have been applied for board members who do not have qualifications mentioned, subjects included in the adaptation program, studies of corporate governance committee on this subject and reasons for not complying with this principle, will be disclosed.

20. The Mission, Vision and Strategic Goals of the Company

In this section, it will be disclosed whether board of directors has determined and disclosed the mission/vision of the company, what the mission/vision is if it has been determined, whether the board has approved strategic goals set by managers, information on formation, approval and implementation process of strategic goals, rate of the board in meeting the goals of the company, whether board of directors has reviewed past performance and activities, the frequency of reviews and kind of method that has been followed, reasons for not complying with this principle.

21. Internal Control and Risk Management Mechanism

Whether an internal control and risk management mechanism has been established by the board; information on the operation and the efficiency of the system if it has been established; reasons for not establishing the system, will be disclosed.

22. Authority and Responsibilities of the Members of the Board Directors and Executives

In this section, whether the authorities and responsibilities of board members and company executives have been explicitly regulated in the articles of association and if not reasons for not doing so will be disclosed.

23. Principles of Activity of the Board of Directors

In this section, method followed to determine the agenda of board meetings; number of meetings held in the related period; methods and procedures for calling and attending the meetings; whether a secretariat has been formed to inform the members and to facilitate communication; whether reasonable and detailed grounds for dissenting opinions discussed in the meeting have been written to the minutes of the meeting, and legal company auditors have been informed in writing; whether grounds of dissenting opinions on issues which independent board members have brought different views have been disclosed to public; whether attendance to meetings in person have been obtained on subjects which are stated in Section IV, Article 2.17.4 of CMB Corporate Governance Principles; whether questions of a member in the meeting has been recorded in the minutes of the meeting; whether the members have been granted with weighted voting rights and/or negative veto rights; and reasons if above mentioned principles have not been applied, will be disclosed.

24. Prohibition of Carrying Out Transactions with the Company and Prohibition of Competing with the Company

In this section, whether the prohibition of carrying out transactions with the company and prohibition of competing with the company have been implemented, reasons of members who carry out transactions with the company and to compete with the company if available and possible conflicts of interest which may stem out from it, will be disclosed.

25. Ethical Rules

In this section, whether ethical rules for the company and the employees have been established by the board of directors; reasons for not establishing the rules and whether ethical rules have been disclosed to employees and to the public within disclosure policies will be disclosed.

26. Number, Structure and Independency of Committees Established by the Board Of Directors

In this section, whether the board of directors, have established a corporate governance committee or other committees besides audit committee in order to fulfill its tasks and responsibilities; qualifications of the chairman and members of committees; their meeting frequency and activities in the relevant period; and whether there are procedures to be followed during the execution of such activities shall be specified, and in case a corporate governance committee is not established, its grounds will be disclosed.

Furthermore, whether committee chairmen of all committees established within the board of directors have been selected among independent board members, whether both of the members in committees with two members and most of the members in committees with more than two members are non-executive board members, whether a board member serves in more than one committee, and, in case the above mentioned principles are not complied with, its grounds and the conflict of interest that emerge due to such failure in full compliance with these principles will be disclosed.

27. Remuneration of the Board of Directors

In this section, all sort of rights, compensations and wages granted to the members of the board and the criteria that are used to determine them, whether a remuneration is implemented when determining remuneration of the board of directors according their performance and the performance of the company.

In this section, additionally, whether the company lends money to any member of the board and the managers; whether it provides credit to them; whether it prolongs the terms of existing loans and credits; whether it improves the borrowing conditions; whether it extends credit under the name of personal credit means through a third person or it provides warranties, such as guarantee and if one or more than one of these cases take place, then its grounds and the conflicts of interest that result from this incident will be disclosed.