

**COMMUNIQUE ON CORPORATE GOVERNANCE (II-17.1)**

(Published in the Official Gazette edition 28871 on 3.01.2014)

**FIRST PART  
Purpose, Scope, Legal Basis and Definitions****Purpose and scope**

**ARTICLE 1 – (1)** The purpose and scope of this Communiqué is to determine the principles of corporate governance and principles and procedures on related party transactions, which shall be applied by corporations.

**(2)** Corporations set forth below shall not be subject to the provisions in Part II of this Communiqué regarding principles of corporate governance:

- a) Publicly held corporations whose shares are not traded on the exchange.
- b) Corporations whose shares are traded on markets, market places or platforms other than National Market, Second National Market or Collective Products Market.
- c) Corporations whose shares will be traded on markets, market places or platforms other than National Market, Second National Market or Collective Products Market, from among those which have applied to the Board for offering their shares to public and/or being admitted to the trading on the exchange for the first time.
- ç) Corporations deemed to be residing abroad in accordance with the Decree numbered 32 regarding Protection of the Value of Turkish Currency come into force by the Cabinet Decree dated 7 August 1989 and numbered 89/14391.

**(3)** Corporations set forth in subparagraphs (a) and (b) of the second paragraph shall not be subject to provisions in Article 11 of this Communiqué regarding the section of investor relations department.

**(4)** Corporations set forth in subparagraph (a) of the second paragraph shall not be subject to provisions in Part III regarding the related parties' transactions and in Article 12 regarding securities, pledges, mortgages and sureties.

**(5)** Corporations except for the corporations stated in the second paragraph are subject to sustainability principles and explanations regarding the sustainability principles compliance framework shall be included in the corporate governance principles compliance reports of these corporations.

## Legal Basis

**ARTICLE 2 – (1)** This Communiqué is based on Article 17 of the Capital Markets Law dated 6 December 2012 and numbered 6362.

## Definitions and Abbreviations

**ARTICLE 3 – (1)** For the purpose of this Communiqué, following definitions and abbreviations shall apply;

- a) Subsidiaries: Subsidiaries defined in the Turkish Accounting Standards,
- b) Bank: Banks defined in the Banking Law dated 19 October 2005 and numbered 5411,
- c) Exchange: Exchange defined in subparagraph (ç) of the first paragraph of Article 3 of the Law,
- ç) Financial Institutions : Financial institutions defined in the Banking Law except for the development and investment banks,
- d) Financial reports: Reports consisting financial statements, annual reports and statements of responsibility,
- e) Financial statements: A statement of financial position, a statement of profit or loss and other comprehensive income, a statement of cash flows and a statement of changes in equity,, together with their footnotes
- f) Corporation: Corporations the shares of which are offered to public or are deemed to be offered to public,
- g) Related party: Related party defined in the Turkish Accounting Standards,
- ğ) Related party transactions: Related party transactions defined in the Turkish Accounting Standards,
- h) Joint venture: Joint ventures defined in the Turkish Accounting Standards,
- ı) Associates: Associates defined in the Turkish Accounting Standards,
- i) Law: Capital Markets Law dated 6 December 2012 and numbered 6362,
- j) PDP: Public Disclosure Platform,
- k) Board: Capital Markets Board,
- l) CRA: Central Registry Agency
- m) Common and continuous transactions: Transactions in same qualification of the corporations fulfilled or to be fulfilled at least two times in one year accounting period, within the scope of their ordinary activities either commercial or not.

## SECOND PART

### Principles of Corporate Governance

#### Principles of Corporate Governance

**ARTICLE 4 – (1)** Principles of corporate governance to be taken as basis by the corporations set forth in the annex of this Communiqué.

#### Implementation of the principles of corporate governance

**ARTICLE 5 – (1)** Corporations are liable to implement the principles of corporate governance numbered (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5.12.), (4.5.13.), (4.6.2.) and (4.6.3.) from among those set forth in the annex of this Communiqué.

**(2)** In respect of designation and supervision of the principles of corporate governance set forth in the annex of this Communiqué, which shall be mandatory to apply, corporations, whose shares are traded on National Market, Second National Market and Collective Products Market of the exchange shall be divided into three groups in accordance with their systemic significance considering their market values and the market values of the shares in active circulation. The average of the closing prices in the second session of the last trading days of March, June, September and December and the rates of the shares in active circulation is the basis of the calculation of the market price and the price of the shares in active circulation. In cases where different share groups of the same corporation are traded on the exchange, all of such groups shall be taken into consideration. This calculation shall be made by the Board each year in January to re-determine the groups in which the corporations are included and the list shall be published by the Board Bulletin. With this regard, the numerical thresholds to be used for grouping are set forth below:

- a) First group: Corporations whose average market value is above TRY 3 billion and average market value in actual circulation is above TRY 750 million.
- b) Second group: Corporations among those excluded from the first group, the average market value of which is above TRY 1 billion and average market value in actual circulation is above TRY 250 million.
- c) Third group: Corporations among those excluded from the first and second groups, the shares of which are traded on National Market, Second National Market and Collective Products Market.

**(3)** The corporation which is announced by the Board that has risen to upper group as a result of the change in its market value and/or rate of share in actual circulation shall be subject to the principles of corporate governance relating to the new group as of the year following the year to which the calculation is relevant. Contrary situation shall not require amendment in the principles of corporate governance that the corporation is subject to. The required compliance with the principles relevant to the new group shall be ensured as of the date of the earliest meeting of general assembly following the announcement in the Board Bulletin of the Board decision on involvement into the new group.

**(4)** Corporations which have applied to the Board for offering their shares to public and/or being admitted to the trading on the exchange for the first time shall be subject to the liabilities of the corporations in the third group until the list stated in the second paragraph has been announced and they shall be obliged to ensure the compliance as of the date of the earliest meeting of the general assembly following the initiation of their shares to be admitted to the trading on the exchange.

**(5)** The third paragraph of the principle numbered (4.3.7.) and the second paragraph of the principle numbered (4.3.8.) shall not be applied for the corporations in the second and the third groups. Any event that the Board does not grant negative opinion on the candidates of independent member of board of directors shall not mean that the

independence of the candidate has been warranted by the Board or the public.

(6) It is sufficient that the independence criterion set forth in the subparagraph (d) of the first paragraph of the principle numbered (4.3.6.) is ensured by at least half of the independent members.

### **Exemptions in implementation of corporate governance principles**

**ARTICLE 6 – (1)** The criteria stated under the principle numbered (4.3.4.) regarding the number of independent board member shall not be applied for the third group corporations and the joint ventures, except for the banks, formed of two real persons or legal entities who, do not have a relationship on capital, management or auditing relation with respect to 51 % of the capital of each other as minimum, independent from each other and sharing the management control of the partnership equally with an agreement requiring positive votes of both parties for significant decisions with regard to the corporations provided that any application made in relation thereto should be accepted by the Board Independent members in number of two shall be sufficient in these corporations.

(2) Conditional on obtaining the affirmative opinion of the Board, the criteria set forth in subparagraphs (ç) and (g) of the first paragraph of the principle numbered (4.3.6) shall not be required and the principle numbered (4.3.7) regarding the election of these members shall not be applied in respect of the independent members of board of directors of the corporations the main field of activity of which is to use a license or a concession granted by public authorities or institutions either for a temporary or permanent term in order for rendering public service, or of the corporations, in which public authorities or institutions have privileged shares and the shares of which are traded on National Market, Second National Market and Collective Products Market.

(3) Banks the shares of which are traded on National Market, Second National Market and Collective Products Market shall comply with the principles herein, in respect of implementation of the principles numbered (4.3.2.), (4.3.3.) and (4.3.4.).

- a) Number of independent board members may be determined by the banks, provided that is not less than three. Board members who are appointed as a audit committee member within the bank's organizational structure shall be considered as independent board member within the framework of this Communiqué. The Qualifications set forth in the principle numbered (4.3.6) shall not be required and the principle numbered (4.3.7) and (4.3.8) regarding the election of these members shall not be applied in respect of the audit committee members of the banks.
- b) Qualifications set forth in the principle numbered (4.3.6) shall be required in any case in respect of the independent board members who will not be appointed in the audit committee, and for at least one member in cases where whole of the independent members of board of directors are appointed in the audit committee and principles numbered (4.3.7) and (4.3.8) shall apply with regard to election of this independent

(4) Execution by the investment companies of the transactions stated under the principle numbered (1.3.9) shall be possible without requirement of approval by the general assembly despite the majority decision quorum of the independent members is not provided. However, in this case, the reasoned opposition of the majority of the independent members of board of directors shall be disclosed at PDP and the shareholders shall be informed on the matter by an additional agenda item at the earliest meeting of the general assembly to be conducted.

(5) In cases where there are reasonable grounds, persons who do not comply with one or few of the independence criteria may be elected by the general assembly as independent members of board of directors, limited to maximum one year of provisional term subject to the opinion of the Board. The independence criterion which is not complied shall be disclosed at PDP together with its ground for non-compliance.

### **Measures to be taken upon breach of the obligation to comply with the principles of corporate governance**

**ARTICLE 7 – (1)** In cases where the compliance obligation is not performed as set forth in this Communiqué or

within the term granted by the Board, the Board shall be authorized to take decisions providing fulfillment of the compliance liability and fulfill the relevant transactions ex officio.

(2) Even if a specific time period is not designated or granted for fulfillment of the compliance obligation, the Board shall be authorized to request cautionary injunction exempt from all kinds of guarantee, to file a lawsuit for determination of the legal violation by activities breaching the compliance obligations or for cancellation of these activities, to request for a court decision that will result in the way that lead to the fulfillment of the compliance. A compliance proposal involving the transactions required for compliance to the principles of corporate governance shall be added to the request to be submitted to the court.

(3) In cases where, despite corporations have the required number of board members, the board of directors or the general assembly does not fulfill the required transactions or take required resolutions in order to provide the compliance to the mandatory principles of corporate governance, the Board shall grant a term of 30 days to these corporations. In case the transactions required for compliance have not been fulfilled within this time period granted, the Board shall appoint ex officio independent members of board of directors in required number that is necessary for the board of directors to convene and to take resolution in accordance with Article 17 of the Law and to provide the independence criterion. Upon affirmative opinion of the Board, the new board of directors shall fulfill the required amendments at the articles of association to provide the compliance to the mandatory principles of corporate governance and shall register these amendments with the trade registry and have them announced.

### **Corporate Governance Principles Compliance Reports**

**ARTICLE 8 – (1)** Annual reports shall include information as to whether principles of corporate governance set forth in the annex of this Communiqué are implemented, if not, it shall include a reasoned explanation with this regard and explanations as to whether the corporation has an amendment plan in the future within the framework of such principles in respect of the conflict of interest arising from the non-compliance to these principles and governance implementations of the corporation. Annual reports shall also include information as to whether sustainability principles are implemented, if not, it shall include a reasoned explanation with this regard and effects on environmental and social risk management arising from the non-compliance to these principles. In case there is a significant amendment within the term on these explanations, such amendments shall be included within the interim activity report.

(2) Principles as to the content and publication of the Corporate Governance Principles Compliance Reports shall be designated by the Board and the format of the reports shall be announced by the Board.

(3) Application of the sustainability principles published by the Board is based on voluntariness. The contents and publication principles of the sustainability principles compliance framework are determined and announced by the Board.

## **THIRD PART Related Party Transactions**

### **Transactions to be fulfilled with related parties**

**ARTICLE 9 – (1)** Corporations and subsidiaries thereof, before initiating the transactions set forth in the second and third paragraphs to be fulfilled with their related parties shall take a resolution of board of directors designating the principles of the transaction to be fulfilled.

(2) With respect to the transactions between the corporations and subsidiaries thereof with their related parties, in cases where,

- a) In transactions, i.e. asset and service purchase and obligation transfer transactions, the rate of the transaction amount comparing to the total asset as per the latest financial statements

disclosed to public or to the revenue amount as per the latest financial statements disclosed to public or to the value of the corporation to be calculated on the basis of the average of the weighted average of the daily corrected prices of the six-month term prior to the board of directors resolution date,

- b)** In transactions i.e. asset and service sale, the rate of the transaction amount (in case the net book value of the asset is higher, the rate of the net book value) comparing to the total asset as per the latest financial statements disclosed to public or to the revenue amount (in cases that the asset is transferred, leased out or right in rem is established thereon, the rate of the profit earned from the asset as per the latest financial statements comparing to the profit of the corporation before the taxation on its ongoing operations) as per the latest financial statements disclosed to public or to the value of the corporation to be calculated on the basis of the average of the weighted average of the daily corrected prices of the six-month term prior to the board of directors resolution date,

is foreseen to be more than 5%, before the transaction it is mandatory to have made an appraisal by an institution designated by the Board. In case that the asset subject to transaction is a stock and the transfer of such stock is fulfilled on exchange, then a separate appraisal report shall not be required. In lease transactions and/or other transactions in which cash flow may be certainly dissociated, actual net value of the total lease income/expense and/or other income/expense calculated in accordance with the reduced cash flow method shall be taken into consideration as the transaction amount. In case that, the rates calculated within the framework of the principles stated herein are negative or non-applicable for the reasons such as obtaining unreasonably high results, such rate shall not be taken into consideration during appraisal and this situation shall be disclosed at PDP in a manner including a satisfactory explanation. Provisions regarding common and continuous transactions set forth in Article 10 are reserved.

- c)** In cases where the amount corresponding to 5% of the revenue is lower than the amount corresponding to one per thousand of the total equity capital; rate based on the revenue shall not be deemed applicable.
- ç)** From the perspective of the banks, revenue is the income of interest earned from their major field of activity.

**3)** In cases where it is foreseen that a rate more than 10% may be achieved in respect of the rates stated under the second paragraph, approval by the majority of the independent board members shall be required in the resolution of board of directors regarding the transaction, in addition to the obligation of having made an appraisal. Members of board of directors who are related parties cannot have vote in the board of directors meeting in which this subject will be discussed. In case that the majority of the independent board members do not approve such transaction, this situation shall be disclosed at PDP in a manner including a satisfactory explanation and the transaction shall be submitted to the approval of the general assembly. In these general assembly meetings, resolution shall be taken through a voting, in which parties to the transaction and the persons related thereto cannot vote. Meeting quorum shall not be required in the general assembly meetings to be made in situations stated in this article. Resolutions shall be taken by the simple majority of those who have voting right. Resolutions of board of directors and of general assembly which have not been taken pursuant to the principles stated in this paragraph shall not be deemed valid.

**(4)** Real estate, integral parts of the real estate, real estate projects and rights attached to real estate that are included in the transaction shall be subject to appraisal according to the Board's regulations regarding real estate appraisal.

**(5)** Appraisal services rendered in cases other than the the fourth paragraph shall be made according to the Board's regulations regarding appraisal.

**(6)** In case that it has been decided to execute the related party transaction, direct or indirect relations among the parties of the transaction, feature of the transaction, a summary of the appraisal report including assumptions used in the appraisal and appraisal results; and in case that the transactions have not been fulfilled in accordance



with the results obtained in the appraisal report, the ground for this situation shall be disclosed at the PDP within the framework of the Board's regulations on public disclosure.

(7) This article shall not apply for portfolio management services, investment consulting services and intermediary services for sale and purchase of the securities that investment companies purchase from their related parties.

(8) Banks and financial institutions are not obliged to fulfill the obligations set forth in this article for related party transactions arising from their ordinary activities.

(9) Board, if deems required regardless of the rates stated in this Communiqué, may oblige to make appraisal for transactions between corporations or corporations' subsidiaries and their related or non related parties and disclosure of the appraisal results to public within the framework of the principles set forth in this Communiqué.

### **Common and continuous transactions**

**ARTICLE 10 – (1)** The scope of the common and continuous transactions between the corporations and subsidiaries thereof with their related parties and the conditions as to these transactions shall be resolved by the board of directors. In case a significant amendment is made within the scope and the conditions of these transactions, a new resolution of board of directors shall be taken.

(2) In cases where it has been foreseen that the rate of the amount of common and continuous transactions between the corporations and subsidiaries thereof with their related parties within an account period, compared to

- a) For purchases, the cost of sales in the latest annual financial statements disclosed to public,
- b) For sales, the revenues in the latest annual financial statements disclosed to public,

exceed 10%, the board of directors of the corporation shall, in addition to its resolution, issue a report regarding the conditions of the transactions and comparison thereof with the market conditions and the entire report or its result only shall be disclosed at the PDP. Transactions with similar features shall be evaluated collectively for the calculation of the rates yet transactions with the same corporation that encompass different features shall be deemed as separate transactions. In case that the majority of the independent board members do not approve such transactions, the ground for opposition shall be disclosed at the PDP.

(3) Reports to be issued according to the second paragraph shall include at least the following matters:

- a) Information on parties to the transaction including their trade name, their activities in relation to the corporation, whether it is a public corporation or not, and summarized financial data including annual total assets, operation profits, net sales.
- b) General information on the feature of the relations with the corporations which are party to the transaction and the effects thereof on the operations of the corporation,
- c) Date, subject and significant issues of the contract that the transaction is based on, provided that they are not commercial secrets, and in case such information has been disclosed in a document such as prospectus in the past, information on this matter. ç) Criteria followed during the appraisal of the transaction's compliance with the market conditions.
- d) Appraisal as to whether the transaction complies with the market conditions.

(4) Provisions of this article shall not apply in respect of dividend distributions, fulfillment of the right to acquire new shares in capital increases and payments with respect to the financial rights of the managers and portfolio management services, investment consulting services and intermediary services for sale and purchase of the securities purchased by the securities investment companies, real estate investment companies and venture

capital investment companies from their related parties and related party transactions arising from the ordinary activities of the banks and financial institutions .

## **FOURTH PART Other Obligations**

### **Investor relations department**

**ARTICLE 11 – (1)** Investor relations department shall be established in order to ensure the communication between the corporations and the investors and this department shall function directly under the general manager or vice general manager or one of the other equivalent executives and shall prepare a report at least once a year about the activities conducted and submit this report to the board of directors.

**(2)** Manager of the investor relations department shall have a “Capital Market Activities Advanced Level License Certificate” and a “Corporate Governance rating Specialist License” and shall be employed in the corporation as a full time manager and be appointed as a member of corporate governance committee. In so far, such personnel employed in securities investment companies are not obliged to be full time employed. The name, surname and contact information of the manager of the investor relations department and at least one of the department’s employees, and the changes on these issues shall be disclosed at PDP within the framework of the Board’s regulation on material events. In case that the department manager resigns, a new person shall be assigned within 30 days.

**(3)** The duty of the investor relations department may also be fulfilled by certain units provided that it is disclosed to public. In this case, the manager who is responsible from the most of the duties shall be deemed as the manager of the investor relations department and the duties set forth in the first paragraph shall be fulfilled by this personnel.

**(4)** In respect of the manager of the investor relations department of the corporations set forth in the third group designated as per this Communiqué, it is that he/she has either of the “Capital Market Activities Advanced Level License Certificate” and “Corporate Governance rating Specialist License” stated in the second paragraph or solely “Basic License On Capital Markets Activities”.

**(5)** Major duties of the investor relations department are as follows:

- a)** To ensure that the records relating to the correspondence between the investors and corporation and any other information or documents thereof are kept proper, secure and up-to-date.
- b)** To respond to the written information requests of the shareholders regarding the corporation.
- c)** To prepare the documentation with respect to the general assembly meeting required to be submitted to the shareholders for their information and review and to take the measures in order to ensure that the general assembly meeting is conducted in accordance with the legislation, articles of association and other internal regulations.
- ç)** To supervise and pursue that the liabilities arising from the capital markets legislation including any matters with respect to corporate governance and public disclosure are fulfilled.

**(6)** Corporations which have applied to the Board for offering their shares to public and/or for being admitted to the trading on the exchange for the first time shall fulfill their obligations within the scope of this article within six months as of the date on which their shares have been admitted to the trading on the exchange.



**Collateral, pledge, mortgage and sureties**

**ARTICLE 12 – (1)** Corporations and subsidiaries thereof shall not grant collateral, pledge, mortgage and surety in favor of third parties, except those granted;

- a) In favor of their own legal entity,
- b) In favor of corporations that are fully consolidated in their financial statements,
- c) In favor of other third parties for the purpose of conducting its own ordinary commercial activities.

(2) Collateral, pledge, mortgage and surety may be granted in favor of the associates and joint ventures in which there is direct capital contribution, in proportion of the directly contributed capital share.

(3) Under any condition, approval of the majority of the independent board members shall be required in the resolution of board of directors relevant to granting collateral, pledge, mortgage and surety in favor of third parties for the purpose of conducting their ordinary commercial activities. Board members who are also a related party shall not vote in the board of directors meetings in which this subject will be discussed. In cases where the majority of the independent board members do not approve such transactions, their ground of opposition shall be disclosed at PDP.

(4) Securities, pledge, mortgage and surety granted in favor of third parties and the income and benefits obtained from the securities, pledge, mortgage and surety granted shall be inserted as a separate agenda item in the ordinary general assembly meeting.

(5) Corporations which have applied to the Board for offering their shares to public and/or for being admitted to the trading on the exchange for the first time shall reduce their existing collateral, pledge, mortgage and surety breaching this article to zero level until the end of the fourth year following the year on which their shares have been admitted to the trading on the exchange.

(6) Provisions of this article shall not apply in respect of the collateral, pledge, mortgage and surety granted in favor of the third parties by the investment corporations, banks and financial institutions.

**FIFTH PART**  
**Miscellaneous and Final Provisions**

**Rates and amounts**

**ARTICLE 13 – (1)** Board is authorized to change the rates and the amounts in this Communiqué.

(2) Transactions fulfilled with the aim of standing under the limits set forth in this Communiqué, such as completion of the transaction in a number of times or changing the accounting policies, shall not be allowed.

**Authority of the Board**

**MADDE 14 – (1)** Board, if deems necessary, may bring obligations for corporations whose shares are not traded on the exchange and for banks whose shares are not traded on the exchange provided the opinion of the Banking Regulatory and Supervisory Agency is obtained, considering the criteria such as size of balance sheet and capital, the sector of the field of activity.

**Repealed communiqués**

**ARTICLE 15 – (1)** Communiqué on Determination and Implementation of the Principles of Corporate Governance (Serial: IV, No: 56) published in the Official Gazette dated 30 December 2011 and numbered 28158 and Communiqué on Principles to be Followed by Joint Stock Corporations subject to Capital Markets Law (Serial: IV, No: 41) published in the Official Gazette dated 19 March 2008 and numbered 26821 have been repealed.

**(2)** References made in other regulations of the Board to the communiqués stated in the first paragraph shall be deemed made to this Communiqué.

**Transition process**

**TRANSITIONAL ARTICLE 1 – (1)** Corporations shall comply to Article 11 until 30 June 2014.

**(2)** Corporations shall comply to Article 12 until 31 December 2014.

**Enforcement**

**ARTICLE 16 – (1)** This Communiqué shall enter into force on the date of its publication.

**Execution**

**ARTICLE 17 – (1)** The provisions of this Communiqué shall be executed by the Board.

**ANNEX-1  
CAPITAL MARKETS BOARD**

**PRINCIPLES OF CORPORATE GOVERNANCE**

**1. SHAREHOLDERS**

**1.1. Facilitating the Exercise of Shareholders Rights**

1.1.1. As well as the corporation's organs, "Investor Relations Department" shall also have an active role in facilitating the protection and exercise of the shareholders rights, mainly the rights to obtain information and to examine.

1.1.2. Information and disclosures which may affect the exercise of the shareholders rights shall be made available and up-to-date on the corporate website for utilization of the investors.

**1.2. Right to Obtain Information and to Examine**

1.2.1. Management of the corporation shall refrain from transactions that would complicate the conduct of special audit.

**1.3. General Assembly**

1.3.1. Following information shall be announced conspicuously in the corporate website of the corporation and at PDP, at least three weeks before the general assembly meeting excluding the days of announcement and the meeting, together with the documentation which shall be submitted to the shareholders for their examination as per Article 437 of the Turkish Commercial Code dated 13 January 2011 and numbered 6102 and with the notifications and explanations that the corporation shall make in accordance with the relevant legislation:

a) Total number of shares and voting rights reflecting the current corporate structure as of the date that the announcement and should the corporation have privileged shares, number of privileged shares and voting rights for each privileged share group and information on the feature of the privileges.

b) Changes in the management and activities of the corporation and subsidiaries thereof that took place in the past accounting period or that are planned for future accounting periods, which may affect the activities of the corporation significantly and information on the reasons for such changes.

c) In case the general assembly meeting agenda includes dismissal, change or election of board of directors members, the grounds for their dismissal and change and with respect to the persons whose candidacy has been declared to the corporation; their curricula vitae, duties that they have conducted in the last ten years and reasons for their resignation, feature and materiality level of their relation with the corporation and its related parties, whether they are independent or not, and information on similar issues which may affect the activities of the corporation should these persons are elected as members of board of directors.

c) Written requests of shareholders submitted to the Investor Relations Department for inclusion of an item into the agenda and should the board of directors have not accepted the proposals, such proposals which have not been accepted and grounds for their refusal.

d) In case the agenda includes amendment of articles of association, relevant resolution of the board of directors and former and new versions of the articles of association.

1.3.2. While preparing the agenda for the general assembly, each proposal shall be submitted under a separate topic and each topic in the agenda shall be phrased explicitly and in a manner not to cause different interpretations. Attention shall be paid for not using expressions such as "other", "miscellaneous" etc. in the agenda. Information to be provided before the general assembly meeting shall be given by referring to the relevant agenda items.

**1.3.3.** In order to promote the attendance of the shareholders, the general assembly meeting shall be conducted in a manner not to cause an inequality among the shareholders and to provide the attendance of the shareholders with minimum cost. For this purpose, the meeting shall be conducted at the place where the shareholders exist in nominal majority, provided that this matter is set forth in the articles of association.

**1.3.4.** The chairman of the meeting shall be prepared and obtain the required information in advance regarding the conduct of the general assembly meeting in accordance with the Turkish Commercial Code, the Law and relevant legislation.

**1.3.5.** The chairman of the meeting shall be attentive in the general assembly meeting that the agenda items should be expressed in an objective and detailed manner with a clear and comprehensible method. Shareholders should be provided with equal opportunities to express their opinions, and raise questions. The chairman of the meeting shall ensure that each question imposed by the shareholders and which is not a commercial secret is responded directly in the general assembly. In case the question posed is not related to the agenda or is too complicated to be responded during the meeting, then the question shall be responded in writing within 15 days by the Investor Relations Department. All questions posed in the general assembly meeting and all responses to these questions shall be announced to public via the corporation's website by the Investor Relations Department within 30 days at the latest following the date of the general assembly meeting.

**1.3.6.** In cases where shareholders who have a management control, members of board of directors, managers with administrative liability and their spouses, relatives by blood or marriage up to second degree conduct a significant transaction with the corporation or subsidiaries thereof which may cause a conflict of interest, or/and conduct a transaction on behalf of themselves or a third party which is in the field of activity of the corporation or subsidiaries thereof, or become an unlimited shareholder to a corporation which operates in the same field of activity with the corporation or subsidiaries thereof, such transactions shall be included in the agenda as a separate item for providing detailed information at the general assembly meeting on the matter and recorded in the minutes of meeting.

**1.3.7.** Save for the principles under (1.3.6), persons who have the opportunity to access information of the corporation in a privileged way shall inform the board of directors to have this item add to the agenda in order to provide information at the general assembly regarding the transactions that they have conducted on their behalf within the scope of the corporation's field of activity.

**1.3.8.** It shall be ensured that the members of board of directors, other related persons, officers who are responsible in preparation of the financial statements and the auditors be present at the general assembly meeting in order to provide required information and respond the questions in relation to the specific items of the agenda.

**1.3.9.** In respect of the transactions of the Corporations,

**a)** In transactions i.e. asset and service purchase and obligation transfer transactions, the rate of the transaction amount comparing to the total asset amount as per the latest financial statements disclosed to public or to the revenue amount as per the latest financial statements disclosed to public or to the value of the corporation to be calculated on the basis of the average of the daily corrected weighted average prices of the six-month term prior to the board of directors resolution date,

**b)** In transactions i.e. asset and service sale, the rate of the transaction amount (in case the net book value of the asset is higher, the rate of the net book value) comparing to the total asset amount as per the latest financial statements disclosed to public or to the revenue amount (in cases that the asset is transferred, leased out or right in rem is established thereon, the rate of the profit earned from the asset comparing to the profit of the corporation before the taxation on its ongoing operations as per the latest financial statements) (except for establishment of right in rem arising from ordinary activities of the banks and financial institutions) as per the latest financial statements disclosed to public or to the value of the corporation to be calculated on the basis of the average of the daily corrected weighted average prices of the six-month term prior to the board of directors resolution date,

exceed 10% or an activity is ceased; approval of the majority independent members shall be required in order to execute the board of directors resolution in relation to such transactions. In case that the board of directors

resolution has not been taken with the unanimity of the attending members, the signed board of directors resolution and the dissenting opinions shall be disclosed at PDP.

In lease transactions and/or other transactions in which cash flows may be certainly dissociated, net present value of the total annual gross lease income/expense and/or other income/expense calculated in accordance with the reduced cash flow method shall be taken into consideration as the transaction amount.

In case that the majority of the independent board members do not approve the transaction, this situation shall be disclosed at PDP in a manner including a satisfactory explanation and the transaction shall be submitted to the approval of the general assembly. In general assembly meetings, the principles in the sixth paragraph of Article 29 of the Law shall apply.

In case that, the rates calculated within the framework of the principles stated in this paragraph are negative or non-applicable for the reasons such as obtaining unreasonably high results, such rates shall not be taken into consideration during assessment and this situation shall be disclosed at PDP in a manner including a satisfactory explanation. In case where the amount corresponding to 10% of the revenue is lower than the amount corresponding to two per thousand of the total shareholders' equity; rate based on the revenue shall not be deemed applicable.

**1.3.10.** A policy regarding donations and contributions shall be formed and submitted to the approval of the general assembly. Information regarding the amounts and beneficiaries of all donations and contributions made within the term in line with the policy approved by the general assembly and the amendments in the policy shall be provided to the shareholders through a separate item at the general assembly meeting.

**1.3.11.** General assembly meetings may be conducted open to public including stakeholders and media, provided that those shall not have right to speak and a provision may be included in the articles of association in this respect.

#### **1.4. Voting Right**

**1.4.1.** Any actions that may complicate the use of voting rights must be avoided. Each shareholder should be given the opportunity to exercise his/her voting right, including cross border voting, in the most appropriate and convenient manner.

**1.4.2.** Privileges regarding voting rights should be avoided. In case there is a privilege in the voting right, the privileges in a feature to prevent the holders of publicly traded shares from being represented at the board of directors of the corporations shall in principle be revoked.

**1.4.3.** In case cross ownership is associated with a controlling relationship, the corporations in such cross ownership shall avoid exercising his/her voting right in the general assembly meeting of the corporations in which they have cross ownership, provided that no compulsory cases arise, such as ensuring a quorum and this matter shall be disclosed at the PDP in accordance with the relevant legislation.

#### **1.5. Minority Rights**

**1.5.1.** Maximum diligence shall be paid for the exercise of minority rights.

**1.5.2.** Minority rights may be defined in the articles of association for shareholders holding less than one twentieth of the capital of the corporation. The scope of minority rights may be enlarged in the articles of association.

#### **1.6. Dividend Right**

**1.6.1.** The corporation shall have a clearly defined and consistent dividend distribution policy. This policy shall be submitted for the approval of the shareholders at the meeting of general assembly and shall be disclosed to public via the corporate website of the corporation.

**1.6.2.** Policy of dividend distribution shall comprise the minimum information to ensure that the shareholders

can foresee the procedure and principles of distribution of the dividend that the corporation shall obtain in the future.

**1.6.3.**In case the board of directors proposes not to distribute dividends to the general assembly, the reason for such proposal and information as to use of the dividend shall be included into the agenda item regarding dividend distribution.

**1.6.4.**A balanced policy shall be followed with regard to the dividend distribution between the benefits of the shareholders and the corporation.

## **1.7. Transfer of Shares**

**1.7.1.**Practices that would complicate the free transfer of the shares shall be avoided.

## **2. PUBLIC DISCLOSURE AND TRANSPARENCY**

### **2.1. Corporate Website**

**2.1.1.**Further to the information mandatory to disclose pursuant to the relevant legislation, the corporate website of the corporation shall also include trade registry information; up-to-date information about the shareholder and management structure; detailed information about privileged shares, the final version of the corporation's articles of association together with date and numbers of the Turkish Trade Registry Gazettes in which amendments are published; material information disclosures; financial statements, annual reports, prospectuses and other documents for public disclosure, agendas of the general assembly meetings, lists of attendees and meeting minutes, form for proxy voting at the general assembly meeting, mandatory information forms prepared for tender offer or proxy solicitation and similar forms, should the corporation has any policy for buy-back, policy of dividend distribution, policy of information, ethic rules formed by the corporation and information requests from the corporation and question and complaints and the answers to them under the topic of frequently asked questions. In this context, the corporate website shall contain information of the last 5-year- term at the minimum.

**2.1.2.**Shareholding structure of the corporation, names, number and ratio of shares, and the privilege of the real person shareholders who own more than 5% shareholding cleared from indirect relations and cross ownership relations shall be disclosed by being updated at least in every 6 months.

**2.1.3.**Notifications of financial statements except for material event and notes, which are mandatory to be disclosed to public in accordance with capital markets legislation shall be disclosed at PDP in English as well as in Turkish. Disclosures made in English shall be true, full, direct, comprehensible, satisfactory and consistent with the Turkish version thereof as a summary, to the extent that the disclosure assists the beneficiaries to make a decision.

**2.1.4.**Information in the website shall be prepared also in foreign languages to be selected in line with the requirements, in completely same content with the Turkish version, for the utilization by the international investors.

### **2.2. Annual Report**

**2.2.1.**The board of directors shall issue the annual report in a detailed way to ensure that the public can reach the complete and true information with respect to the activities of the corporation.

**2.2.2.** In addition to the information under the relevant legislation and the principles of corporate governance, annual reports shall also include;

**a)** Information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of the members of board of directors,

**b)** Information on the members of the committees formed within the structure of the board of directors, the meeting frequency of these committees, the evaluation of the board of directors regarding the working principles including the conducted activities and the efficiency of the committees,



c) Number of meetings of the board of directors in a year and attendance of the members of board of directors to these meetings,

c) Information on amendments in the legislation which may significantly affect the activities of the corporation,

d) Information on significant lawsuits filed against the corporation and the possible results thereof,

e) Information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest,

f) Information on the cross-ownership subsidiaries that the direct contribution to the capital exceeds 5%,

g) Information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results.

### **3. STAKEHOLDERS**

#### **3.1. Corporation's Policy on Stakeholders**

**3.1.1.** Stakeholders are persons, institutions or interest groups that are related with the achievement of goals or activities of the corporation such as employees, creditors, clients, suppliers, syndicates, several non-profit organizations. The corporation in its transactions and activities shall protect the rights of the stakeholders which have been regulated in legislation and reciprocal contracts. In case the rights of the stakeholders are not protected by the relevant legislation and reciprocal contracts, the rights of the stakeholders shall be protected within the framework of bona fides principles and within the capabilities of the corporation.

**3.1.2.** Effective and rapid compensation should be offered in case the rights of the stakeholders that are protected under the relevant legislation and contracts are violated. The corporation shall make it convenient to provide the utilization of the mechanisms such as compensation provided for the stakeholders as per the legislation. Furthermore, the corporation shall form a policy on compensation towards the corporation's employees and disclose this policy to public via the corporate website.

**3.1.3.** Stakeholders shall be informed adequately with regard to the corporation's policy and procedures on protection of their rights by using the corporate website as well.

**3.1.4.** Corporation shall establish the required mechanisms for informing the corporate governance committee or audit committee by the stakeholders on transactions breaching the relevant legislation of the corporation and which are not ethically acceptable.

**3.1.5.** In cases that conflicts of interest rises among the stakeholders or a stakeholder is involved in more than one interest group; a balanced policy, as far as possible shall be followed with regard to protection of the vested rights and each right shall be aimed to be protected independently.

#### **3.2. Supporting the Participation of the Stakeholders in the Corporation's Management**

**3.2.1.** Models supporting the participation of the stakeholders, primarily corporation's employees, to the management shall be developed in a manner not to hinder the activities of the corporation. Such models adopted by the corporation shall be incorporated to the internal regulations or articles of association of the corporation.

**3.2.2.** With respect to the significant decisions which affect stakeholders, opinions of the stakeholders shall be taken.

#### **3.3. Human Resources Policy of the Corporation**

**3.3.1.** When establishing employment policies and preparing career plans, the corporation shall adopt the principle to provide equal opportunities to individuals who have similar specifications. In cases where the change of

duty of the managers may cause defects in the corporate governance, a succession plan shall be made with respect to the determination of the managers to be appointed.

**3.3.2.** Criteria as to employment shall be determined in written form and be respected.

**3.3.3.** Corporation shall be fair in all rights provided to the employees, organize training programs for improvement of the knowledge, skill and experience of the employees and issue training policies.

**3.3.4.** Corporation shall organize meetings for informing the employees on issues such as financial status of the corporation, remuneration, career planning, education, health and exchange opinion.

**3.3.5.** Decisions taken in relation to the employees or developments relevant to the employees shall be notified to the employees or representatives thereof and the opinion of the syndicate shall also be taken in this kind of decisions.

**3.3.6.** Job definition and distribution of duty and criteria of performance and awarding shall be announced to the employees. Productivity shall be considered in determination of the remuneration and other benefits granted to the employees. Corporation may arrange employee stock ownership plans.

**3.3.7.** Measures shall be taken in order to prevent discrimination of race, religion, language and gender among the employees and to protect the employees against any physical, spiritual and emotional mistreatments in the corporation.

**3.3.8.** Corporation shall support the recognition of the freedom to establish association and the right of collective bargaining efficiently.

**3.3.9.** Safe working environment and conditions shall be ensured for the employees.

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

**3.4.1.** Corporation shall take all measures in order to ensure that its customers are fully satisfied with the marketing and sale of its goods and services.

**3.4.2.** The requests of customers concerning their purchases to the goods and services shall be handled in a quick and efficient manner, and any delay in handling customers' requests shall be acknowledged before the end of the time period.

**3.4.3.** The corporation shall comply with the quality standards of goods and services and be attentive to preserve the standard. For this purpose, a specific guarantee shall be provided with respect to quality.

**3.4.4.** Corporation shall be diligent to keep the confidentiality of the commercial secrets of the customers and suppliers.

#### **3.5. Ethical Rules and Social Responsibility**

**3.5.1.** The operations of the corporation shall be carried out in accordance with the ethical rules disclosed to public via the corporate website.

**3.5.2.** Corporation shall be sensitive towards its social responsibilities and comply with the regulations and ethical rules with respect to environment, consumers, public health. Corporation shall support and respect the internationally recognized human rights. Corporation shall combat against any kind of corruption including embezzlement and bribery.

### **4. BOARD OF DIRECTORS**

#### **4.1 Function of The Board of Directors**

**4.1.1.** Board of directors keeps in balance a corporation's risk, growth and return at the most appropriate level through strategic decisions and manages and represents the corporation by firstly protecting the long-term benefits of the corporation through rational and prudent risk management.

**4.1.2.** Board of directors defines the strategic targets of the corporation, determines the manpower and financial resources that the corporation would require, and audits the performance of the management.

## **4.2. Principles of Activity of the Board of Directors**

**4.2.1.** Board of directors shall conduct its activities in a transparent, accountable, fair and responsible way.

**4.2.2.** In case there is delegation of duty among the board members, duties and authorities of the members of the board of directors shall be announced in its annual report.

**4.2.3.** Board of directors, by obtaining the opinions of the relevant committees of the board of directors, shall establish internal control systems consisting of information systems and information processes and risk management which may reduce to minimum the effects of the risks on stakeholders of the corporation, mainly on shareholders.

**4.2.4.** Board of directors shall review the efficiency of their risk management system and internal control system at least once a year. The Board of directors shall grant information regarding the function and efficiency of the internal control system in its annual report.

**4.2.5.** Authorities of the chairman of the board of directors and the chief executive officer/general manager shall be explicitly separated and this separation shall be set forth in the articles of association in written form. No one in the corporation shall be delegated with limitless decision-making authority.

**4.2.6.** In case it has been resolved that the chairman of the board of directors and the chief executive officer/general manager would be the same person, this situation shall be disclosed at PDP with its grounds.

**4.2.7.** The board of directors shall act as a pioneer in providing efficient communication between the corporation and the shareholders, in resolving and in settling disputes that may arise between these and for this purpose it shall be in close cooperation with the corporate governance committee and Investor Relations Department.

**4.2.8.** Corporation's damage that may be caused due to the faults of the board of directors during the charge of their duties shall be insured for an amount exceeding 25% of the corporation's capital and this matter shall be disclosed at PDP.

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

**4.3.1.** The number of members of the board of directors, provided that the number is not less than five in any case, shall be determined in order to ensure that the board members conduct productive and constructive activities, make rapid and rational decisions and efficiently organize the formation and activities of the committees.

**4.3.2.** A Majority of the members of the board of directors shall consist of members who do not have an executive duty. A Non-executive member of the board of directors shall be the person who does not have any administrative duty other than being a board member or any executive unit subsidiaries to himself/herself and is not involved in the daily work routine or ordinary activities of the corporation.

**4.3.3.** There shall be independent members from among the non-executive board members who have the ability to fulfill their duties impartially.

**4.3.4.** The number of independent board members cannot be less than one third of the total number of board of directors. In calculation of the number of independent board members, fractions shall be considered as the following whole number. In any case, the number of independent board member shall not be less than two.

**4.3.5.** The term of office of the independent members of the board of directors shall be up to three years and it shall be possible to be nominated as a candidate and elected again.

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

**a)** Not to have a relationship in terms of employment at an administrative level to take upon significant<sup>1</sup> duty and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares either jointly or solely or not to have established a significant commercial relation<sup>2</sup> between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and himself/herself, his/her spouse and his/her relatives by blood or marriage up to second degree,

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

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

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

**d)** To be residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193.

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

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

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

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

**h)** Not to be registered and announced as a board member representing a legal entity.

**4.3.7.** Nomination Committee shall evaluate the candidate proposals for independent membership, including

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<sup>1</sup> In order for the detection as to whether there is control, provision of TFRS 10 and as to whether there is significant effect provision of TMS 28 shall be taken into consideration

<sup>2</sup> In case that the corporations within the scope of this subparagraph are non-active in the last three account period, there shall not be a violation of the independence criteria. In case that the rate of the turnover/profit before tax obtained from the significant commercial relation is 20% or more than the total turnover/profit before tax obtained from same kind of business in respect to any of the candidates for independent member or any person from the corporation, independence shall be deemed damaged.

those of the management and the investors, by considering as to whether the candidate meets the independence criteria and shall report its evaluations and submit its report to the approval of the board of directors.

Candidate independent member of the board of directors shall submit a written declaration to the Nomination Committee at the time of his/her nomination, stating that he/she is independent within the framework of relevant legislation, articles of association and the criteria set forth above.

The Board of directors shall compile a list of candidate independent members within the framework of the report of nomination committee and send this list to the Board together with the report of the nomination committee and the resolution of the board of directors at least 60 days in advance from the general assembly meeting. In case the Board has an adverse opinion as a result of its evaluations within the framework of the principle numbered 4.3.6., it shall notify the corporation its adverse opinion regarding the list within 30 days. A person who has been subject to the adverse opinion of the Board cannot be submitted as a candidate independent member in the general assembly meeting. The corporation shall disclose at PDP the list of the candidate independent members and of the candidates who have not been accepted as candidate independent member, at the latest with the announcement of the general assembly meeting. Resolution of the general assembly of shareholders with regard to the nomination of independent members of the board of directors shall be announced together with the opposing votes and the grounds thereof, via the corporate website of the corporation.

**4.3.8.** In case of a situation which revokes independence arises, this situation and the grounds thereof shall be immediately notified to the board of directors by the independent board member in order to be disclosed at PDP. Such a member shall simultaneously notify in writing this situation and the grounds thereof to the Board. In principle, the member who lost his/her independence shall resign. In order to reinstate the minimum number of members of the board of directors, the nomination committee shall make an evaluation for election of independent members to the vacant positions in order to be on duty until the earliest general assembly meeting and notify the result of its evaluation to the board of directors. The Board of directors shall elect the independent members from among the candidates in the report of the nomination committee.

The Board of directors shall send to the Board the candidate list determined within the framework of the nomination committee within 30 days as of the date that the independent membership becomes vacant. If the Board has an adverse opinion, it shall notify its adverse opinion to the corporation within 20 days. A Person who has been subject to the adverse opinion of the Board cannot be nominated as an independent member. The members elected by the board of directors within this framework shall be on duty until the earliest general assembly.

The provisions set forth in this article shall also be applicable in cases where the independent member of the board of directors resigns or becomes unable to fulfill his/her duty.

**4.3.9.** Corporation shall determine a target rate provided that it is not less than 25% and a target time for membership of women in the board of directors and form a policy for this target. The Board of directors shall annually evaluate the progress in respect to achieving this target.

**4.3.10.** At least one of the members responsible for audit shall have a 5-year experience on audit/accounting and finance.

#### **4.4. Procedure of Board of Directors meetings**

**4.4.1.** Board of directors shall convene frequently in order to fulfill its duties efficiently. The Chairman of the board of directors shall determine the agenda of the board of directors meeting by negotiating with other members of the board of directors and the chief executive officer/general manager. Members of the board of directors shall be diligent to attend the meetings and declare their opinion. The Board of directors meeting shall also be enabled in an electronic environment.

**4.4.2.** Chairman of the board of directors shall be responsible for submitting the information and documents relating to the agenda of the board of directors meeting for revision to provide equal information flow in a reasonable time before the meeting.

**4.4.3.** Opinions of the members who could not attend the meeting but who have notified their opinions in writing

to the board of directors shall be submitted for other member's information.

**4.4.4.** Each member in the board of directors shall have one voting right.

**4.4.5.** Procedure of the board of directors meeting shall be in written form in the internal regulations of the corporation.

**4.4.6.** Board of directors meeting agenda items shall be discussed clearly and comprehensively. The Chairman of the board of directors shall use his/her best effort to ensure the efficient attendance of the non-executive members. Members of the board of directors shall have his/her dissenting opinion recorded in minutes for decisions with reasonable and detailed grounds.

**4.4.7.** Members of the board of directors shall allocate a reasonable time for the business of the corporation. In cases where the member of the board of directors is a manager or board member in another corporation or renders consultancy services to another corporation, in principal this situation should not cause a conflict of interest and the member shall not hinder his/her duty in the corporation. Within this context, external duties that the member conducts shall be conditional on certain rules or become limited. The external duties conducted by the member of the board of directors and the grounds thereof shall be submitted for the shareholders' information, by distinguishing either such corporation is intragroup or out of the group, together with the agenda item regarding election, at the general assembly meeting in which the election is discussed.

#### **4.5. Committees Formed within the Structure of the Board of Directors**

**4.5.1.** Board of directors shall form an "Audit Committee" (except for banks), "Early Detection of Risk Committee" (except for banks), "Corporate Governance Committee", "Nomination Committee, Compensation Committee" (except for banks) in order to fulfill its duties and responsibilities in a reliable way. However, in case that a separate nomination committee and compensation committee cannot be established due to the structure of the board of directors, corporate governance committee shall fulfill the duties of such committees.

**4.5.2.** Duties, working principles and the members of the committee shall be determined by the board of directors and disclosed at PDP.

**4.5.3.** Committees shall be composed of at least two members. In case there are two members, both of them, and in case there are more than two members, the majority of them shall be comprised of non-executive members of the board of directors. The Chairman of each committee shall be elected from among the independent members of the board of directors. All members of the audit committee shall comprise of the independent members of board of directors. Specialists who are not a member of the board of directors may become a member of the committees except for the audit committee.

**4.5.4.** Chief executive officer/general manager shall not have a duty in the committees.

**4.5.5.** It shall be noted that any member of the board of directors shall not have a duty in more than one committee.

**4.5.6.** All kinds of resources and support in order for the committees to fulfill their duties shall be provided by the board of directors. Committees may invite persons to the meetings who are deemed to be necessary to obtain their views.

**4.5.7.** Committees may benefit from the opinions of the independent specialists on matters that they find necessary with regard to their activities. The fee of the consultancy services required by the committees shall be paid by the corporation. However in this case, information as to the person/institution that the service is purchased and as to whether this person/institution has any relation with the corporation shall be stated in the annual report.

**4.5.8.** Committees shall keep a record of all their work in writing. Committees shall convene in frequency as deemed necessary for the efficiency of their work and as stated in their working principles. Committees shall submit the information on their work and the reports comprising the meeting results to the board of directors.



#### **4.5.9. Audit Committee**

The Audit committee shall be in charge of the supervision of the corporation's accounting system, public disclosure of the financial information, independent auditing and the operation and efficiency of internal control and internal audit system. Election of the independent audit institution, initiation of the independent audit process by preparing the contracts of independent audit and the work of the independent audit institution at all levels shall be conducted under the supervision of the audit committee.

The independent audit institution and the service to be purchased from this institution shall be determined by the audit committee and submitted for the approval of the board of directors.

The Audit committee shall designate the applicable method and criteria with regard to the review of the complaints regarding the accounting and internal control system of the corporations and the independent audit, settling thereof, evaluation of the notifications of the employees of the corporation with regard to matters on accounting and independent audit of the corporation within the framework of the confidentiality principle.

The Audit committee shall notify its evaluations with regard to the veridicality and accuracy of the annual and interim period financial statements to be disclosed to the public and accounting principles followed by the corporation to the board of directors in writing, together with the opinions of the responsible executives and independent auditors of the corporation.

The Audit Committee shall convene at least four times a year, provided that it is once in three months, record meeting minutes and submit the resolutions to the board of directors. There shall be an explanation in the annual report with regard to the activities and meeting results of the audit committee. The Number of written notifications of the audit committee to the board of directors within the term of the account period shall also be set forth in the annual report.

The Audit committee shall notify its findings relevant to its own duty and responsibilities and evaluations relevant thereto immediately in writing to the board of directors.

#### **4.5.10. Corporate Governance Committee**

The Corporate governance committee shall determine as to whether principles of corporate governance apply, if not applied its grounds and state the conflict of interest which arises for not complying with these principles and give advice to the board of directors in order to enhance the implementation of corporate governance and supervise the work of the investor relations department.

#### **4.5.11. Nomination Committee**

The Nomination committee shall;

a) Be in charge of forming a transparent system on determination, evaluation and training of the candidates suitable for the positions of the board of directors and executives and to determine policies and strategies with this regard,

b) Evaluate regularly the structure and productivity of the board of directors and submit its advices to the board of directors regarding possible amendments in this respect.

#### **4.5.12. Committee of Early Detection of Risk**

The Committee of early detection of risk shall be responsible for early detection of the risks which poses a threat to the existence, development and continuation of the corporation, taking the necessary measures with respect to detected risks and working on risk management. The Committee of early detection of risk shall review the risk management systems at least once a year.

#### **4.5.13. Remuneration Committee**

The Remuneration committee shall;

a) Be in charge of designations of the principles, criteria and implementations to be used in the remuneration of the members of the board of directors and the executives, considering the long term targets of the corporation and supervision thereof,

b) Submit its advices with respect to the remuneration of the board of directors and the executive managers, considering the achievement level to the criteria used in remuneration.

#### **4.6. Financial Rights Provided for Members of the Board of Directors and Executives**

**461.** The Board of directors shall be responsible for the corporation's achievement of its targets on operational and financial performance designated and disclosed to the public. Evaluation as to whether the corporation has achieved its targets on operational and financial performance disclosed to public or not, and if not achieved, reasoning thereof shall be included in the annual report. The board of directors shall undertake self-criticism and performance evaluation on the basis of both the board, the member and the executive. Members of the board of director and executives shall be either awarded or discharged subject to these evaluations.

**462.** Principles on remuneration of members of the board of directors and executives shall be in written form and submitted to the shareholders as a separate agenda item at the general assembly meeting and the shareholders shall be enabled to express opinion on this matter. The remuneration policy issued with this objective shall be set forth in the corporate website of the corporation.

**463.** In remuneration of the independent members of the board of directors, payment plans such as dividend, stock options or payment options based on the corporation's performance shall not apply. In so far, remuneration of the independent members of the board of directors shall be at a level to protect their independence.

**464.** Corporation shall not loan money, make credit available, enlarge the term of the loan money or credit, improve conditions, make credit available via a third party as a personal credit or grant securities such as surety to any of its members of the board of directors or executives. However, institutions providing personal loan may make credits and other services available to these persons, within the conditions provided to other persons.

**465.** Remunerations provided for members of the board of directors and executives and all other benefits<sup>3</sup> provided shall be disclosed via the annual report to the public. Principally, public disclosure shall be made on the basis of the persons.

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<sup>3</sup> Payments shall include cash payments such as remuneration, bonus, other regular and casual payments, non-cash payments such as share, derivatives based on share, share options in the framework of stock option plans, residence, automobile ownership of which is granted and/or designated for utilization and all the benefits provided.

**LIST REGARDING THE AMENDMENTS TO THE COMMUNIQUE**

- 1) Communiqué (II-17.1.a) Amending Communiqué on Corporate Governance (II-17.1) was published in the Official Gazette dated 2/10/2020 and numbered 31262.

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