

## **İş Real Estate Investment Trust Co.** Corporate Governance Principles Compliance Report

### **1. Statement of Compliance with Corporate Governance Principles**

Utmost attention was paid to achieve compliance with Corporate Governance Principles under the main headings of "Shareholders," "Public Disclosure and Transparency," "Stakeholders" and "Board of Directors" at our Company in 2010. Efforts to develop and further improve the application of the foregoing principles in the Company were continued during the reporting period.

Our Company closely monitors the development of the Corporate Governance concept both in the world and in our country, and believes in the necessity of compliance with these rules in order to maintain successful business practices and to generate long-lived added value for the investors.

In this regard, our Company espouses all legal regulations and the "Corporate Governance Principles" disclosed to the public by the Capital Markets Board of Turkey (CMB); in addition, the Company constantly identifies the improvement areas in order to best serve the interests of investors, shareholders, and all groups with which the Company is involved and it develops and implements new practices to constantly improve the corporate governance system.

### **PART I-SHAREHOLDERS**

#### **2. Shareholder Relations Unit**

Set up at our Company in 2005, the Risk Management and Investors Relations Department has been operating as the "Shareholder Relations Unit" since its establishment.

The Shareholder Relations Unit effectively and systematically managed primarily the general meeting activities, as well as shareholders' exercise of their rights, public disclosure and information provision activities.

Contact details for the Risk Management and Investor Relations Department (Shareholder Relations Unit) are presented below:

<b>Name</b>	<b>Phone</b>	<b>Email</b>
Ayşegül Şahin Kocameşe Manager	0212-325 23 50 ext. 204	investorrelations@isgyo.com.tr
Mine Kurt Specialist	0212-325 23 50 ext. 209	

In 2010, the interest of national and foreign investors towards İş REIT continued to increase. Throughout the year, one-on-one meetings were held with approximately 100 domestic and international investment companies, investment funds and intermediary institutions at the Company headquarters. The Unit also made use of conferences held in and out of Turkey to get together with investors. All in all, a total of 130 people were contacted. Nearly 75% of the investors contacted during the course of the year consisted of companies operating abroad.

#### **3. Shareholders' Exercise of Their Right to Obtain Information**

During 2010, shareholders, for the most part, sought information after the public disclosure of the general meeting, portfolio tables, financial reports, and after material event disclosures. Besides these periods, queries received at other times have also been responded, which concerned the course of the Company's activities, and projects planned to be developed, in particular. Necessary records on information requests received in writing and orally and the responses provided thereto are kept by the Shareholder Relations Unit.

During the year, approximately 160 information requests forwarded to the Department mostly by emails have been fulfilled and almost 255 questions have been replied in this frame. Comprehensive information requests on the Company received from numerous domestic, foreign, individual and corporate investors have been handled in a multi-faceted and detailed manner, observing the applicable legislation and the Company's Disclosure Policy, in particular, as well as all other considerations relating to public disclosure.

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55% of information requests have been directed by foreign investors, while individual investors accounted for 10% of all information queries. While domestic investors demanded the information they needed mostly via telephone or email, foreign investors preferred to obtain the information they needed by e-mail or by holding one-on-one meetings.

The questions posed at investor meetings and information requests received by the Shareholder Relations Unit mostly concerned publicly disclosed financial statements and portfolio tables, rental income, real estate projects, future strategies and dividend policy.

Information requests from universities and various government organizations in addition to investors are also fulfilled within the scope of their research.

The Company website is actively used to facilitate public disclosure and exercise of shareholder rights. Quarterly investor presentations in Turkish and English, and the balance sheet and income statement drawn up within the scope of financial statements, as well as material event disclosures made via the Public Disclosure Platform (KAP) are prepared in Turkish and English, and are posted on the corporate website the same day. Further, the Company website is updated as soon as possible in line with the major changes in the portfolio or the sector. In this way, accurate and up-to-date data are made available to investors and analysts, in particular, as well as different individuals or institutions that require information about the Company and its activities.

Material event disclosures concerning facts about the Company that need to be shared with the public within the frame of CMB and Stock Exchange legislation have been sent firstly to the Public Disclosure Platform (in Turkish: KAP) attaching electronic signature.

Under a service contract entered into with the firm of Foreks Bilgi İletişim A.Ş., all material event disclosures that our Company sends to the KAP and information about our stock price performance are also published on the "Investor Relations" section of our website. Both our Turkish and English websites feature the related section, which covers all the information investors may be interested in as set out in the CMB's Corporate Governance Principles.

In the case of announcements relating to the Company's activities that must be made in the press, the Company takes care to publish them in high-circulation national newspapers rather than local ones. In addition, announcements and documents concerning ordinary and extraordinary General Meeting of Shareholders are also posted on the corporate website.

Our Company's articles of association contain no provisions concerning a request for the appointment of a special auditor as a shareholder right. The appointment of a special auditor right is stipulated in 348th article of the Turkish Commercial Code; the article in question encompasses all companies, as well as ours, which were founded as a joint stock company. However, with this article, the right to appoint a special auditor, which was given to shareholders that represent at least one tenth of the capital, can be used by shareholders that represent at least one twentieth of the capital in a publicly held corporation. The aforementioned CMB regulation is to protect small investor's rights for issues that require a special auditor's appointment.

During the period, our Company received no requests for the appointment of a special auditor.

#### **4. Information About General Meetings**

The Annual General Meeting of Shareholders for 2009 convened on 26 March 2010. An invitation for the General Meeting of Shareholders, the meeting's agenda and a specimen of a proxy statement were published in two nationally circulating newspapers; information concerning the meeting was made available on the corporate website; an additional letter concerning the meeting was also sent to corporate shareholders whose names appeared in the list of attendees of the latest General Meeting of Shareholders. The annual report was prepared twenty-one days prior to the meeting date, it was sent to the addresses of the shareholders upon request, and placed on the internet site and was also made available for the inspection and assessment of shareholders visiting the Company's headquarters and of shareholders attending the General Meeting of Shareholders.

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In order to ensure that both Turkish and foreign investors are informed of the topics to be addressed in the general meeting in advance, the "General Meeting Disclosure Document" has been prepared in Turkish and English, and posted on the Company website along with the proxy form specimen, agenda, and invitation to the meeting.

While complying with the provisions of the Ministry of Industry and Trade Communiqué concerning the period of time in which entries must be made in the shareholders register, shareholders who applied to obtain their meeting passes after the one-week period stipulated in the Communiqué, were given them as well, so as to achieve maximum participation at the meeting. The General Meeting of Shareholders for 2009 was held with 56.11% attendance of the Company's shareholders all of which were represented in person. Pursuant to Corporate Governance Principles, shareholders have been informed on the number of total votes that may be cast at the general meeting, the privileges they incorporate, voting procedure, and the Company's Dividend Policy.

At every stage of the meeting, shareholders are allowed to raise questions, advance proposals, and even take the floor. All questions are answered; all proposals are given consideration. Since no questions and no proposals came up at the Annual General Meeting of Shareholders this year, there is no reference to questions or proposals in the meeting minutes.

Furthermore, all oral and written queries of the shareholders about the Company during the reporting period were answered before and after the General Meeting of Shareholders apart from Company-related trade secrets and confidential information that are not publicly disclosed.

Corporate Governance Principles set forth that decisions concerning the purchase/sale, renting or hiring of tangible/intangible assets of significant worth be passed at the general meetings. In as much as our Company is a real estate investment trust and its principal business activity is buying, selling, leasing, and developing real estate properties, such decisions have to be made quickly and quite frequently. Therefore, it becomes impossible to convene a General Meeting for all decision-making mechanisms. Furthermore, conducting business in such a way would have a direct impact on the transaction prices involved in buying and selling the related properties and give rise to other drawbacks as well. For this reason, the Company's articles of association contain no provisions requiring decisions of this nature to be made at General Meeting of Shareholders.

#### **5. Voting Rights and Minority Rights**

Class-A shareholders have the privilege to designate candidates for election to seats on the Board of Directors. One Board Member must be elected among candidates designated by Class-B shareholders and the remaining members must be elected among candidates designated by Class-A shareholders.

At General Meeting, shareholders are informed about the Board of Directors candidates who are designated by our principal shareholder. Candidates are duly appointed at the meeting.

Minority shareholders are not represented in the Company's administration. The articles of association contain no provisions concerning the use of the optional cumulative voting method.

#### **6. Dividend Policy and Timing**

The Dividend Policy of İş REIT is presented below:

İş REIT's Articles of Association sets out the principle of distributing first dividend out of the distributable profit, at the percentage and amount determined by the Capital Markets Board of Turkey (CMB). The Board of Directors adopts the following principles with respect to dividend distribution proposals to be laid down before the General Assembly for approval:

- Maintaining the delicate balance between shareholders' expectations and the Company's growth requirements,
- Distributing at least 30% of the Company's distributable profit in bonus shares or in cash, taking into consideration İş REIT's profit-earning capacity.

The dividend distribution proposal of the Board of Directors is discussed at the General Meeting of Shareholders and issues such as, distribution method, distribution date and if there will be a distribution, are decided. There are

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no privileges concerning participation in the Company's profit, and dividend distribution is carried out within the legally prescribed period of time.

#### **7. Transfer of Shares**

The Company's articles of association contain no provisions restricting the transfer of shareholding interests.

### **PART II-PUBLIC DISCLOSURE AND TRANSPARENCY**

#### **8. Company Disclosure Policy**

The aim of the Company Disclosure Policy is to achieve compliance with the Corporate Governance Principles published by the CMB, Capital Market legislation and other applicable regulations at a minimum, thus ensuring timely, complete, accurate and efficient information provision to the public.

The Company's Disclosure Policy has been devised by the Board of Directors, and it is under the authority and responsibility of the Board to monitor, oversee and improve the Policy.

During 2010, the principles set out in the Company's Disclosure Policy have been complied with both in the fulfillment of information requests received and in all activities within the scope of public disclosure.

#### **9. Disclosure of Material Events**

Pursuant to CMB regulations, our Company made twenty-three (23) material event disclosures in 2010.

During the reporting period, CMB imposed no sanctions on our Company for not having made material event disclosures in due time.

The Board of Directors has decided that the individuals responsible for making material event disclosures be designated from amongst those identified in the Company's list of authorized signatures who are empowered to represent and bind the Company, pursuant to Article 22/4 of the CMB Communiqué Serial: VIII No:54 on the Principles of Public Disclosure of Material Events.

#### **10. The Internet Site and its Content**

Our Company has a corporate website located at [www.isgyo.com.tr](http://www.isgyo.com.tr) Constantly kept up-to-date in order to better inform our investors, our website covers the following: Company profile, our portfolio, founding and capital structure, Company Senior Management, mission, trade registry information and shareholder structure, investor information, annual reports, portfolio tables, financial reports, investor presentations, stock performance, public disclosures, capital increase tables, prospectus and circulars, Capital Market Board forms, dividend policy, the Company's articles of association, Corporate Governance Principles Compliance Report, General Meeting of Shareholders information, meeting invitation, meeting minutes, list of attendees, dividend news, capital increase news, REIT sector, Company news, media news about the Company, Company disclosure policy, code of ethics, human resources management and contact information. Any changes to such information are regularly monitored and it is made sure that their latest versions are posted on the website.

Thanks to the service provided by Foreks Bilgi İletişim A.Ş., investors have access to share performance as well as to material event disclosures via a link on the home page. All the information requests that the Company receives through its internet site or e-mail are fulfilled promptly and carefully.

#### **11. Disclosure of Non-Corporate Ultimate Shareholders Who Have a Controlling Interest**

There are no non-corporate ultimate shareholders with a controlling interest in the Company. Information about shareholders who controlled at least a 10% interest in the Company as of 31 December 2010 is presented below:

<b>31.12.2010</b>	<b>Share (TL)</b>	<b>Share Ratio (%)</b>
T. İş Bankası	190,057,270	42.23
Others	259,942,730	57.77
<b>Total</b>	<b>450,000,000</b>	<b>100.00</b>

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### **12. Public Disclosure of Those Who May Have Access to Insider Information**

Pursuant to the CMB Communiqué Serial: VIII No: 54 on the Principles of Public Disclosure of Material Events and the "Material Event Disclosures Guide" prepared under the said Communiqué, the Company holds a list of those working for the Company based on an employment contract or otherwise who have regular access to insider information. The individuals who are in a position to access insider information are identified below:

#### **Board Members**

Adnan Bali, Chairman  
Ali Cüneyt Demren, Vice Chairman (independent)  
Mehmet Sırrı Erkan, Board Member  
Kemal Şahin, Board Member  
Hulusi Cemal Karaoğlu, Independent Board Member

#### **Members of the Board of Auditor**

Burak Sezercan, Statutory Auditor  
Erdal İnceler, Statutory Auditor  
Murat Doğan, Statutory Auditor

#### **Senior Management**

Turgay Tanes, General Manager  
Hülya Demir, Assistant General Manager  
T. Aydan Ormancı, Assistant General Manager  
Tuğrul Gürdal, Financial and Administrative Affairs Manager  
Bülent Otuz, Project Application, Electrical and Mechanical Manager  
Atty. Pınar Ersin Kollu, LL.M, Legal Consultant  
Ayşegül Şahin Kocameşe, Risk Management and Investor Relations Manager  
Ömer Barlas Ülkü, Internal Audit and Control Manager  
Gökhan Temel, Project Application, Construction and Architecture Manager  
Gülfem Sena Tandoğan, Corporate Communications and Marketing Assistant Manager  
Kaan Özsoy, Project Application, Construction and Architecture Assistant Manager  
Özlem Yılmaz Savaşer, Project Application, Construction and Architecture Assistant Manager  
Merter Gürgün, Investment and Project Development Assistant Manager

## **PART III-STAKEHOLDERS**

### **13. Keeping Stakeholders Informed**

Open and honest channels of communication have been established with Company employees and other stakeholders and maximum attention is given to ensure that they are kept informed about issues that are of concern to them. The rights of all stakeholders are preserved within the framework of the Code of Ethics published by the Board of Directors.

### **14. Stakeholder Participation in Management**

In the participation of stakeholders in the Company's management, it is a fundamental principle that all channels of communication to be kept open and that any barriers to communication be eliminated. In line with this and as spelled out in the Company's Code of Ethics, the workplace policy is developed and updated through ongoing communication with employees and in light of their wishes as well. Coordination meetings are held which are presided by the General Manager and attended by Company employees. These meetings play an important role in senior management's decision-making process.

No model has been developed concerning the participation of other stakeholders in the Company's management directly. However, the expectations and the demands of the individuals who are connected to the Company and who have interests are resolved through mutual communications and within Code of Ethics. Contractual or other demands, requests and problems of real and legal persons that the Company is in a relationship on the basis of rental agreements are forwarded to the Company's related committees via the Corporate Communication and Marketing Department; solution-oriented suggestions are discussed and decided by the committee.

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#### **15. Human Resources Policy**

The main objective of our Company is to ensure employment of qualified personnel in order to realize and maintain the most effective company activity by; providing employee motivation, continual improvement of the financial and social rights of the employees, creating a fair and professional work environment and to determining the training needs of the personnel.

Our Company practices an "Open Door Policy" and uses all necessary platforms in order to create efficient communication forums.

The objectives and strategies spelled out in the Company's Human Resources Policy are designed to ensure that qualified human resources are recruited and hired; that they are put to the best possible use through effective organization with a high level of motivation; that equal opportunities for personal development are given to each individual; and that satisfactory career opportunities are provided for everyone.

Within the framework of the Company's Code of Ethics, each employee is respected as an individual, is guaranteed all the rights to which he/she is entitled by law. All the means necessary to ensure a safe and healthy environment in which to work is provided.

It is expected from the employees that they embrace performance based management, view and understand that their personal contribution will be adding value to customers and shareholders.

Subjects such as employment, career planning and conditions of promotion, monetary compensation, and social benefits are clearly presented in detail to the employees in our Company's Personnel Regulations. The decisions concerning employees are concluded within the framework of Personnel Regulations at the Financial and Administrative Affairs Department.

During the reporting period we received no complaints concerning discriminatory treatment.

#### **16. Relations With Customers and Suppliers**

The Company always gives importance to developing business relationships with partners espousing its Code of Ethics. In our professional relationships and dealings, customers are treated honestly and equally. Fidelity to contracts is always a primary concern and commitments are always fulfilled on time. In relationships with suppliers, attention is given to basing them on long-term mutual trust.

#### **17. Social Responsibility**

##### **Social Responsibility**

Our company has established Donation Regulations which encompasses all the rules for giving complementary support to the projects related to social responsibilities such as education, health, culture, law, scientific research, environment project, sports, etc. The Regulations came into effect in January 2007.

In 2010, the Company sponsored the "MIMED 2010 Students' Prizes" organized by the Association of Architectural Education (MIMED), with the aim of providing guidance and support to the future architects with a professional perspective.

The Company was also an official sponsor of the "Week of Architecture in Izmir" organized by the Izmir Branch of the Chamber of Architects of Turkey on 4-10 October 2010. The World Day of Architecture is celebrated on the first Monday of October every year, and the event's theme for 2010 was determined as "Better City, Better Life: Sustainable by Design" by the International Union of Architects (UIA). Various activities were organized throughout the week in an effort to bring the society in closer interaction with architecture. Also in the years ahead, we will keep closely monitoring activities geared towards enhancing awareness of the sector and the society within the frame of this event, which we support as an official sponsor.

Iş REIT contributed to the realization of the "Listening to İstanbul" album project by pianist Seda Röder, who has won international acclaim at a young age. Performing many concerts in Europe and the USA, the musician introduces Turkey's involvement in contemporary music. Known for her successful musical career, Röder also currently works as an associate at the Music Department at Harvard University. Within the frame of her project

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aiming to promote Turkey's face that is turned towards contemporary music, Seda Röder continues to get together with music lovers in numerous cities in Europe and USA, as well as in İstanbul. Sponsored by İş REIT, the album was received with great interest and admiration by music lovers.

In the third quarter of 2010, İş REIT donated TL 30,000 to Pakistan that was devastated by flood. In addition, the Company opens the doors of the shopping centers in its portfolio to associations and foundations working for the benefit of the public by offering them the opportunity to set up stands and carry out publicity activities free-of-charge. The Company extends all necessary cooperation in this area.

Out of its awareness of its social responsibilities, our Company takes care to comply with the requirements of law and show respect for society's values in all its activities. During the current year, no suits were lodged against our Company on account of any damage caused by it to the environment.

### **PART IV-THE BOARD OF DIRECTORS**

#### **18. Structure and Formation of the Board of Directors, and Independent Board Members**

##### **Board Members**

Adnan Bali, Chairman, Non-Executive  
Ali Cüneyt Demren, Vice Chairman, Non-Executive, Independent  
Mehmet Sırrı Erkan, Board Member, Non-Executive  
Kemal Şahin, Board Member, Non-Executive  
Hulusi Cemal Karaoğlu, Board Member, Non-Executive, Independent

##### **Senior Management**

Turgay Tanes, General Manager

Two of the Board members are independent of any direct or indirect relationship from the standpoint of employment, capital, or commercial interests with the leader entrepreneur and of any persons or entities from which our Company obtains service.

During the current year, no situations occurred that would impair their independence. Our Company's Articles of Association lay down explicit rules governing the ability of the Board members to undertake other duties and responsibilities outside the Company. According to Article 18 of the Articles of Association, "Board members shall not be involved in any negotiations on issues that are concerned with their own personal interests or with the interests of any persons with whom they or their spouse have any kinship or affinity, whether by blood or marriage, unto the third degree. Board members shall not engage, personally or indirectly, in any business transaction that falls within the Company's object and scope, either on their own behalf or on the behalf of others, even if they have obtained permission to do so from the General Meeting of Shareholders; neither shall they join another company engaged in the same kind of business as a partner with unlimited liability." All of our Company's Board Members adhere strictly to these rules.

#### **19. Qualifications of Board Members**

The minimum qualifications required for election to a seat on our Company's Board of Directors are in full compliance with the CMB's Corporate Governance Principles. Indeed the Corporate Governance Principles recommended principle concerning the professional experience of Board members is embodied even more explicitly in Article 12 of our Articles of Association, in line with the CMB's Communiqué on principles pertaining to Real Estate Investment Trusts, which governs our Company's activities. According to Article 12 of the Company's Articles of Association, the Board members must have at least three years of experience in matters falling under the Company's field of operation."

#### **20. Vision, Mission and Strategic Goals of the Company**

The Board of Directors has defined and disclosed to the public the Company's corporate mission. Our mission is to create desirable spaces for contemporary people and contemporary cities, and to maximize the collective value of our portfolio for our shareholders through sustainable growth and high profitability by utilizing our investments and resources effectively. Our vision is to set a global corporate example in our sector not only by the projects it

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undertakes, but also with the way it conducts business, by its corporate structure and values, and management approach; and to achieve a stable portfolio growth over the years and to maintain sustainable growth.

The board meets on a monthly basis regularly unless warranted by unusual circumstances and during these meetings the degree to which the Company is achieving its objectives, its activities, and its performance are reviewed. A detailed activity report concerning these matters is prepared in advance and made available for Board members to study at least a week before the date of each meeting.

Our Company continues its work in the scope of mission that was disclosed to the public. Since the day it was founded, stable growth has been maintained through its shrewd investments and effective evaluation of its resources.

Since our Company aims to maximize the gains for our shareholders, we have followed the value gaining opportunities in the sector in the past reporting period.

#### **21. Risk Management and Internal Control Mechanisms**

Risk management, internal audit and control systems at the Company are structured in line with international practices, principles and organization framework. Risk management activities are carried out by the risk management unit and staff, while internal control activities are handled by the internal audit and control unit and staff.

The "Risk Management and Investor Relations Department" has been operating in the Company since 2005. The Department reports to the Company senior management, Company Risk Committee and the Board of Directors, with respect to the management of risks inherent in the Company's activities within the framework of the Company Risk Policy and relevant internal arrangements.

"Company Risk Catalogue" covering the risks inherent in the Company's activities is updated, new risk types are defined, potential risks are identified and efforts are taken on in relation to actions to prevent risks. Thus, the aim is to ensure that necessary measures are taken by the Company senior management, and that control mechanisms are established for managing these risks.

The Internal Audit and Control Department handles the audit and control function for all the activities of the Company. The Department is assigned with internal audit and control of the risks related to the Company's activities within the frame of applicable legislation and international standards. The Department also evaluates the adequacy and effectiveness of the Company's activities and the control in relation thereto, and reports the outcomes.

Planning and conducting its activities with a focus on risks, the Department works to ensure that high-risk areas are controlled on an ongoing basis and issues are resolved quickly.

Internal audit and control activities are organized to keep under control all financial and operational risks identified in relation to the activities at all times. Work flows, job descriptions, authority and limits regarding the activities are documented, and constantly reviewed in parallel with the risks. Work flows for activities cover the necessary controls that are able to respond to the risks on the basis of a particular activity. Functional job distinctions on the basis of activities serve to constant, effective, accurate, regular and safe conduct of transaction and approval authorities, post-transaction and other controls specific to a particular transaction, as well as the activities and transactions themselves.

#### **22. Authorities and Responsibilities of Board Members and Executives**

The authorities and responsibilities of the Board Members are governed by Article 16 of the Company's Articles of Association. According to this article, the Company is supervised and represented by the Board. The Board of Directors fulfills all duties defined by General Meeting of Shareholders, incumbent upon it under the Turkish Commercial Code, the Capital Market Law, and related regulations.

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#### **23. Operating Principles of the Board of Directors**

Board Meeting agendas are determined on the basis of recommendations made by General Manager and with the knowledge of Chairman of the Board. The Chairman or Vice Chairman calls upon the other members to convene. According to Company's Articles of Association Article 13, all members have the right to call the Board for a meeting. Audit Board members are also invited to Board meetings and receive the same meeting reports as the Board members. General Manager's Assistant is assigned to inform and maintain communication with Board members and auditors. During the year under review, the Board of Directors held twenty-one (21) meetings and took thirty-six (36) decisions.

The Board of Directors' decisions that are related to the issues mentioned in the Article 21 of the CMB Communiqué on Principles Regarding REITs, must, as a rule, be unanimous. In situations where unanimity cannot be achieved, a material event disclosure must be sent to the KAP, as to make a public disclosure. To date there has never been a situation where such a public disclosure was necessary. The Company is in full compliance with all the matters in Article 2.17.4 of section IV of CMB's Corporate Governance Principles. Board members do not have preferential voting rights or the right to veto board decisions.

#### **24. Prohibition on Doing Business or Competing with the Company**

Article 18 of the Company's articles of association stipulates that members of the Board of Directors may not engage in a commercial transaction that falls under the Company's scope either in their own capacity or on behalf of others, directly or indirectly, with the Company even if permission shall have been obtained from the General Assembly of Shareholders, nor may they carry out a commercial transaction under the Company's scope on their own or others' behalf or participate in any company engaged in the same kind of commercial transactions as a partner with unlimited liability.

During the reporting period, there were no instances of Board members acting in contravention of the prohibition on doing business or competing with the Company.

#### **25. Code of Ethics**

In 2003, Code of Ethics under the headings "Shareholders," "Operating Standards," "Employees" and "Customers- Suppliers-Business Partners" were developed by the Board of Directors and were published on the corporate website and publicly disclosed. The Company is in full compliance with the Code of Ethics.

#### **26. Numbers, Structures, and Independence of Committees within the Board of Directors**

As required by CMB Communiqué X:19, an Audit Committee consisting of two non-executive Board members has been set up. Neither of these committee members are independent Board members.

In accordance with Corporate Governance Principles, with the aim to manage risks that our Company's face systematically, "Risk Committee" was established as the highest administrative organ in risk management and to represent the Risk Management System to the Board of Directors.

"Corporate Governance Committee" was established to monitor our Company's compliance with Corporate Governance Principles and to present suggestions to the Board of Directors.

#### **27. Financial Rights Provided to the Board of Directors**

The General Meeting of Shareholders determines the salaries of the Board members. At the General Meeting of Shareholders held on 26 March 2010, the decision was taken to pay the Board members a monthly salary of TL 2,250 (net) and statutory auditors a monthly salary of TL 1,350 (net).

During the current year, the Company engaged in no transactions such as lending, granting loans, providing guarantees, etc. involving Board members and managers.