

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Türkiye Petrol Rafinerileri A.Ş. Corporate Management Committee

Meeting Date: 14.02.2019

Subject: Governance Principles Compliance Report

SECTION I: DECLARATION OF CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Tüpraş ("Company") pays utmost attention to comply with the Corporate Governance Principles issued by the Capital Markets Board in four main topics. Being aware of the importance of confidence and consistency demonstrated to its shareholders and investors in particular, Tüpraş is included in the BIST Corporate Index and, accordingly, has adopted the concepts of equality, transparency, accountability and responsibility that are stipulated in the Corporate Governance Principles issued by the Capital Markets Board.

As a result of the evaluation done by the international rating company SAHA Kurumsal Yönetim ve Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Rating Services Inc.), which has license for rating activities in Turkey in accordance with the Capital Markets Board's Corporate Governance Principles, Tüpraş's rating is revised as 94.81 in October 2018. The details of the corporate governance rating are as follows:

Main Topics	Weight	October 2018 Rating
Shareholders	0.25	95.51
Public Disclosure and Transparency	0.25	94.02
Stakeholders	0.15	99.51
Board of Directors	0.35	92.86
Total	1.00	94.81

Corporate Governance Rating Report is available on the Company website www.tupras.com.tr.

All activities of our Company are carried out in compliance with the legal regulations and the "Corporate Governance Principles" issued by the Capital Markets Board.

Activities Carried Out within the Period for Complying with the Principles

In 2018, full compliance was achieved with great majority of the compulsory principles stipulated within the scope of the Corporate Governance Communiqué (no.II-17.1) (the Communiqué) in force while compliance was also achieved with most of the non-compulsory principles. Although the aim is to fully comply with the non-compulsory Corporate Governance Principles as well, full compliance has not yet been achieved due to various reasons such as; difficulties in practicing some of the principles, ongoing discussions on complying with some of the principles both in our country and on international platforms, and incompatibility of some of the principles with the current structure of the market and the Company. Action is taken regarding the principles that are not yet put into practice while the plan is to put these principles into practice after completing the administrative, legal and technical infrastructure procedures in a manner that will contribute to effective management of our Company.

The comprehensive activities carried out at our Company within the frame of Corporate Governance Principles are described below. The principles with which compliance has not been achieved as yet, and conflicts of interest arising therefrom, if any, are also explained in related sections.

In 2018, activities related to Corporate Governance were carried out in accordance with the Capital Market Law covering the CMB's requirements about Corporate Governance Principles and the communiqués issued based thereupon. At the Ordinary General Assembly Meeting convened in 2018, our Board of Directors and Board Committees were formed in line with the requirements set out in the Communiqué. Pursuant to legal obligations and Article 10 of our Articles of Association, one member of our Board of Directors is elected from among individuals nominated by the Privatization Administration, our Group C Shareholder. Under the authority covered in Article 6 (2) of the Communiqué, principle no. 4.3.7 does not apply to the said Board of Directors Member nominated by the Privatization Administration of our Company, whose principal field of activity consists of the utilization of

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a license or privilege granted by public agencies or institutions for a definite period of time or indefinitely to offer public service or in which public agencies or institutions hold preference shares.

Prior to the General Assembly Meeting, the process for designation and publicly disclosing the independent member nominees was finalized and the election was completed in accordance with the regulations. The Board of Directors Committees established carry on with their activities effectively. With the General Assembly Meeting information document prepared, General Assembly Meeting-information that must be publicly disclosed as per the Principles such as preference shares, voting rights, organizational changes; résumés of the Board of Directors member nominees, Remuneration Policy for the Board of Directors and Executive Management, and other information that must be disclosed were made available for the information of our investors three weeks before the General Assembly Meeting. Furthermore, the Company website and annual report were reviewed and revised as necessary for achieving full compliance with the Principles. Necessary actions will be taken also in the period ahead for alignment with the Principles, taking into consideration the developments in legislation and other related practices.

While our Company achieved full compliance with the compulsory principles in the operating period from 1 January 2018 to 31 December 2018, the major non-compulsory principles under the Regulation that our Company has not yet achieved full compliance with are stated below. Relevant additional explanations are also provided in the related sections of the report. Our Company was not exposed to any conflicts of interest by reason of not achieving full compliance with non-compulsory principles.

- Regarding principle n. 1.4.2; the privileges addressed in Section 2.4 hereinbelow are stipulated in our Articles of Association.
- Regarding principle n. 1.5.2, the Articles of Association do not grant minority rights to those who hold less than one twentieth of the capital, and in parallel to the common practices, rights are granted to the minority within the general legislative framework.
- Regarding principle n.4.3.9; our Company has not yet determined a target ratio and timeframe for female members in the Board of Directors. Assessments on this issue continue.
- Regarding principle n. 4.4.5; the Company has in place long-standing and consistently implemented processes related to how the Board of Directors meetings will be held; however, there is no internal written regulation specific to this matter.
- Regarding principle n.4.4.7; Members of the Board of Directors are not restricted to assume other tasks/roles outside the Company as explained in section n.5.1. below.
- Regarding principle n. 4.5.5; the knowledge and experiences of the Members of our Board of Directors are taken into consideration when appointing members to the committees in line with the relevant regulations. Some of the Board Members can be assigned to more than one committee. However, members who assume duties in more than one committee enable communication among the committees that carry out activities in connected subjects and increase the opportunity of collaboration.
- Regarding principle n. 4.6.1; there has been no specific initiative aimed at performance evaluation at the Board of Directors level.
- Regarding principle n. 4.6.5; remuneration of the Members of the Board of Directors and managers who have administrative responsibilities is disclosed collectively in parallel to the common practice in the footnotes of our financial statements and at the General Assembly meetings.
- 2018 Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) of Tüpraş, which will be prepared according to the new reporting formats as per the CMB decision n. 2/49 dated 10 January 2019 will also be separately disclosed on the Public Disclosure Platform (KAP) within due time deemed appropriate by the CMB.

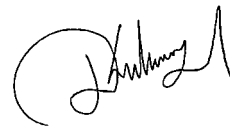
Our Corporate Governance Principles Compliance Report covering 2018 activity period, under four main topics; "Shareholders", "Public Disclosure and Transparency", "Stakeholders" and "The Board of Directors", is available below for your information, including the practicable and impracticable aspects of the mentioned principles.



Muharrem Hilmi Kayhan
Chairman



Yağız Eyüboğlu
Member



Doğan Korkmaz
Member

SECTION II: SHAREHOLDERS

2.1. Investor Relations Department

Investor Relations Department was established in 2000 in order to oversee the process of public offering of the Company shares and privatization of government's shares. The Investor Relations Unit, which operates under the Strategic Planning Division and collaborates with related units, is responsible for handling all relations between Tüpraş and shareholders. The Investor Relations Unit is in charge of informing shareholders and potential investors about the Company's activities, financial position and strategies, save for trade secrets and confidential information, obtaining other units' inputs as and when necessary and in a manner that will not lead to information asymmetry. The Unit also manages the bi-directional communication between shareholders and Company executives.

Part of the activities stipulated by the Communiqué is carried out by the Financial Planning and Reporting Division. These activities include, among others, ensuring that General Assembly Meetings are convened in accordance with the regulations in force, the articles of association and internal guidelines; preparation of the Annual Report and other documents that will be useful for shareholders for the General Assembly Meetings, and financial reporting required by the legislation.

The responsibility for all sorts of public disclosure obligations such as public disclosure of material events required by the regulatory framework is fulfilled by the Financial Planning and Reporting Division and Strategic Planning Division.

Investor Relations Department presents a report to the Corporate Governance Committee at least once a year - to be submitted to the Board of Directors - about the activities it carries out. The report regarding 2017 activities was submitted by the Corporate Governance Committee to the Board of Directors on 5 February 2018, and was assessed by the Board of Directors on 26 February 2018.

In 2018, one-on-one meetings were held with nearly 400 fund managers and analysts about the Company's operating results, performance and other developments during the reporting period, and 8 conferences and roadshows were attended. The Investor Relations Unit responded to all questions received from analysts, existing and potential investors about the Company's financial reports and developments in business lines within the scope of information open to the public.

Through quarterly webcasts held four times a year on the dates financial reports are announced and featuring also the Assistant General Manager responsible for Financial Affairs, investors and analysts are kept informed about the activities of Tüpraş and the developments in the sector, and they are provided with the opportunity to follow the presentation and pose their questions in writing or orally by phone or over the Internet. In 2018, shareholders' requests were responded to and necessary information provision continued. For those analysts and investors who were unable to join the webcast at the specified date and time, the investor presentation used in the webcast and the audio recording of the webcast are posted on the Tüpraş website.

Disclosures that are significant for investors and their translations into English have been published on the Company website after they were announced on the Public Disclosure Platform (KAP).

Utmost care is taken to ensure regulatory compliance in the fulfillment of investor requests; there were no complaints, nor any administrative or legal proceedings initiated against our Company, regarding the exercise of shareholder rights in the reporting period.

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The individuals responsible for Investor Relations within the scope of the Communiqué are named below:

Name	Position	E-mail address	Phone No.
Doğan Korkmaz	Chief Financial Officer	Dogan.Korkmaz@tupras.com.tr	(262) 316 31 09
Aslı Gülçur	Strategic Planning Director	Asli.Gulcur@tupras.com.tr	(262) 316 30 87
Turgut Tuncay Önbilgin	Financial Planning and Reporting Director	Tuncay.Onbilgin@tupras.com.tr	(262) 316 30 85
Levent Bayar	Investor Relations Manager	Levent.Bayar@tupras.com.tr	(262) 316 30 88
Merve Savaşlıoğlu Kan	Investor Relations Coordinator	Merve.Savaslioglu@tupras.com.tr	(262) 316 32 70
Çetin Karaca	Investor Relations Supervisor	Cetin.Karaca@tupras.com.tr	(262) 316 32 74

Strategic Planning Director and Financial Planning and Reporting Director report to Doğan Korkmaz, Chief Financial Officer. The Assistant General Manager, Financial Planning and Reporting Director, and Investor Relations Manager hold Capital Market Activities Advanced Level and Corporate Governance Rating Specialist Licenses.

2.2. Shareholders' Right to Obtain Information

Shareholders are not discriminated with respect to the exercise of their right to obtain and review information; all information apart from trade secrets are made available to shareholders. Save for those related to trade secrets and confidential information, all questions directed to the Investor Relations Unit are responded to in writing or on the phone, after discussing the issue addressed in the question with the related executive person. As explained in Section 3.1 of this Report, all kinds of information and explanations that might impact the exercise of shareholder rights are made available on the website.

Appointing a private auditor is not an individual right specified in the Tüpraş Articles of Association. However, as per the 438th Article of the Turkish Code of Commerce, every shareholder may request the General Assembly to clarify certain cases through private audit in case this is necessary for using shareholders' rights, even if the right to information or review is used before, and even if it is not on the agenda. Shareholders have not communicated such requests to the Company so far. Moreover, the Company's activities are periodically audited by the Independent Auditor approved by the General Assembly.

2.3. General Assembly Meetings

General Assembly Meetings are organized to provide sufficient information to shareholders and ensure their attendance, as per Turkish Commercial Code, Capital Markets Law, General Assembly Internal Directive and Corporate Governance Principles.

The Ordinary General Assembly Meetings are held at the end of every fiscal period, as soon as possible, within a maximum period of three months. The Company held its 58th Ordinary General Assembly Meeting on 21 March 2018 for the year 2017. Shareholders representing 80.1% of all shares attended the meeting. The necessary means are made available to enable shareholders attending the meeting in either way to pose their questions during the General Assembly Meeting. Apart from the items on the agenda, no other additional proposals were made.

Supervised by a Government Inspector authorized by the Ministry of Customs and Trade, General Assembly Meeting sessions are open to public. Pursuant to the provision contained in our Articles of Association, meetings can be observed by stakeholders, members of the media and electronic participants.

Invitations to the General Assembly Meeting are issued by the Board of Directors, according to the Turkish Commercial Code, Capital Markets Law and Articles of Association. Meeting date, place and the agenda items in line with the decision taken by the Board of Directors to organize a General Assembly are announced to the shareholders via Disclosure of Material Matters made, in conformity with the procedures within the framework of the general provisions, on the Public Disclosure Platform, and via Electronic General Assembly System (e-GEM).

General Assembly Meeting announcements are made at least 21 days in advance via the website at www.tupras.com.tr so as to

reach the maximum number of shareholders possible, as well as by following the procedures stipulated by legislation; in addition, announcements are also published in the Turkish Trade Registry Gazette.

Before the General Assembly Meeting, an information sheet about agenda items is prepared and publicly disclosed; compliance with all legal processes and legislation is ensured in all disclosures. In line with the agenda items for the General Assembly Meeting, audited annual report, financial statements and reports, Corporate Governance Principles compliance report, profit distribution proposal, independent audit report, the amendment text to the Articles of Association, if applicable, and grounds for such amendment, Information Policy, Remuneration Policy, Dividend Policy, résumés of all Board of Directors Members nominees including independent members, and all necessary information and documents providing the basis for the agenda items are made available for review by shareholders three weeks in advance of the General Assembly Meeting date at the Company headquarters and on the company website so as to provide the easiest access to the shareholders.

In order to facilitate attendance to the meetings, General Assembly Meetings are held at the Company Headquarters; participation in the meeting via e-GEM is also possible. The location of the General Assembly Meeting is chosen so as to enable the participation of all shareholders. The agenda items of the General Assembly Meeting are written in a clear and unequivocal way and allows for the discussion of each proposal under a separate section. At the latest General Assembly Meeting, shareholders made no demands concerning the agenda. During the General Assembly Meeting, the agenda items are conveyed to shareholders in an impartial, detailed, clear and comprehensible fashion, shareholders are given the chance to express their opinions and pose questions under equal terms. Questions asked by the shareholders and stakeholders attending the General Assembly Meeting, are evaluated and necessary explanations are made by our Members of the Board of Directors and top executives within the framework of the procedures and principles stipulated in the Turkish Code of Commerce. During the General Assembly Meeting held on 21 March 2018, all questions directed by our shareholders have been answered during the meeting. No questions in writing were addressed to the Investor Relations Unit by reason of being left unanswered during the General Assembly Meeting.

In the General Assembly Meeting, at least one Board member, one auditor, one of the officers responsible for the preparation of the financial statements, as well as one officer informed about the agenda items and ready to make explanations is present. In case of the absence of any one of these people, their excuse for absence is presented to the General Assembly Meeting.

For those who will be represented by proxy; power of attorney samples are published for the use of the shareholders via newspaper ads and on the website before the General Assembly Meeting. Voting methods/procedures that will be applied in the meeting are submitted to the information of the shareholders via newspaper ads and on the website. During the voting of the agenda items, open ballot voting is used in "show of hands method" at our General Assembly Meetings.

Meeting minutes can be accessed via KAP, e-GEM, e-Company portal and Tüpraş website at the address www.tupras.com.tr. In addition, the minutes are available for reviewing by our shareholders and furnished to them upon request.

In the Ordinary General Assembly Meeting held in 2018, information about the donations and aids made in 2017 was given under a dedicated agenda item, and the upper limit for donations that can be made in 2018 was determined as 0.2% of the proceedings generated in the previous year in line with the Donations and Aid Policy. No changes were made to the Donations and Aid Policy. In 2018, charitable donations totaled TL 45.6 million.

Some of the shareholders who control the management, members of the Board of Directors, executives who have administrative responsibilities and their spouses and second degree relatives by blood or by marriage, assume roles as members of the Board of Directors in our Company and in some of the other Koç Group companies. During 2018, there were no transactions significant enough to lead to a conflict of interest between the said individuals and publicly held company or its subsidiaries.

The Company's 59th Ordinary General Assembly Meeting for 2018 will be held at the Company Headquarters on 20 March 2019.

2.4. Voting Rights and Minority Rights

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The voting procedure is announced to the shareholders at the beginning of the General Assembly Meeting. The Company avoids practices that would make it difficult to exercise voting rights.

No upper limits have been introduced for the voting rights of any shareholders and each shareholder is given the opportunity to exercise his/her voting right in the easiest and most convenient manner. Shareholders, who are eligible to participate in the Company's General Assembly meetings, can attend these meetings by electronic means, as per Article 1527 of the Turkish Commercial Code. The shareholders who are entitled to vote can vote in person, or exercise their voting right via a third party who may or may not be a shareholder.

Shareholders present in Ordinary and Extraordinary General Assembly Meetings exercise their rights to vote in proportion to the nominal value of their total shares. Votes are cast openly in the General Assembly Meetings. However, secret voting shall be exercised upon the request of the shareholders who have minimum one twentieth of the shares represented in the meeting.

As stipulated in the Articles of Association, material decisions concerning spin-offs or sales, acquisitions or lease of assets with significant value can only be taken with the positive vote of Group C (preferential) shares, represented by the Privatization Administration. In this context, at the General Assembly Meeting for deciding on issues that might restrict or hinder the supply of petroleum to the Turkish Armed Forces, such as closure or sale of one of the refineries, limitation of activities through establishment of restraint or any reduction corresponding to more than 10% of the capacity, or spin-off or merger and/or liquidation of the Company a positive voters needed. Class C shares do not hold any other privileges concerning voting rights, apart from those indicated above.

Our Articles of Association do not contain any provisions prescribing or complicating the representation of minority in the management, nor determining minority as less than one twentieth of the capital.

As per the Turkish Commercial Code and CMB regulations, the Company shows maximum care to ensure the exercise of minority rights. Shareholders representing minority rights constitute the Management with the majority shareholders, through their attendance at the General Assembly Meeting. No criticism or complaint about this issue was received by our Company in 2018.

2.5. Dividend Rights

The Profit Distribution Policy of our Company was set within the framework of the Capital Markets Regulations and the provisions of our Articles of Association at the General Assembly held on 31 March 2014. There is no privilege in dividend distribution for Group A and Group C shareholders representing the capital.

Profit Distribution Policy and the Annual Profit Distribution Proposal are included to the Annual Report and submitted to the approval of the shareholders at the General Assembly.

Profit Distribution Policy

Our Company distributes dividends in compliance with the Provisions of Turkish Commercial Code, the Capital Markets Regulations, the Tax Regulations and other related regulations and the related provisions of our Company's Articles of Association regarding dividend distribution. In the dividend distribution, in compliance with the Corporate Governance Principles, a balanced and consistent policy is pursued between the shareholders and the Company benefits.

In principle; as far as the related regulations, investment needs and financial situation allow, the entire amount of the "net distributable profit for the period", calculated within the frame of the Capital Markets Regulations, is distributed in cash - taking into consideration

the market expectations, long term company strategies, investment and financing policies, profitability and cash position - as long as it is covered from the existing resources in our legal records. The General Assembly or the Board of Directors, if authorized, may decide to distribute dividends with installments in compliance with the regulations of the Capital Markets. There is no privilege in the Articles of Association regarding the participation to dividend distribution.

The aim is to make the dividend distribution within one month at the latest after the General Assembly meeting. Dividend distribution date is decided by the General Assembly.

As per the Company Articles of Association; in compliance with the Regulations of the Capital Markets, the Board of Directors may distribute advance dividend provided that the authorization is granted by the General Assembly.

2.6. Transfer of Shares

The principles regarding the Transfer of Shares are specified in the 7th Article of our Articles of Association. The Articles of Association does not include any practices or provision that would impede or restrict shareholders who hold publicly traded Group A shares in transferring their shares.

Registered Group C shares can be transferred with the powers vested by Law n.4046 to the Turkish Prime Ministry Privatization Authority, to another government-owned corporation in Turkey vested with the same powers in principle. This transfer will not be subject to the approval of the Board of Directors.

SECTION III: PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Content

The address of the Company's corporate website is www.tupras.com.tr Company's corporate website is created both in Turkish and in English in order to provide information to international investors. Company's website is actively used in public disclosure. Furthermore, the information given on the website is constantly updated. There is a separate investor relations section on the website in order to provide more inclusive data flow to investors and intermediaries. Thus, all information specified in Article 2.1. of Section II of the Corporate Governance Principles of the Capital Markets Board are available on the website. Principles regarding website management are included in our Information Policy. Furthermore, the website address is also available on the headed papers of the Company.

3.2. Annual Report

Tüpraş Annual Report is prepared in such detail that will provide complete and accurate information to public about the activities of the Company and so as to cover the information prescribed by the CMB's Corporate Governance Principles.

After the annual report is prepared, it is presented to the approval of the Board of Directors, and publicly announced on the website both in Turkish and in English, as well as the e-manage page of the Central Registry Agency. Printed copies are available at Tüpraş Financial Planning and Reporting Directorate.

SECTION IV: STAKEHOLDERS

4.1. Informing Stakeholders

Company's corporate governance applications and codes of conduct guarantee the stakeholders' rights that are regulated by legislations and mutually signed contracts. Stakeholders are continuously informed within the framework of the Information Policy created by the Company in accordance with the existing legislations and codes of conduct.

With the General Assembly Meetings open for all stakeholders, and the detailed information made available on our website, as

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well as the inclusive Annual Reports, press announcements, and our practices within the scope of our Information Policy based on transparency; the aim is to provide information not just for our shareholders but for all stakeholders.

Company personnel are given access to circulars and announcements via the intranet portal and important announcements are communicated to all employees via electronic mail. The Company journal, Rafine, is issued with the aim of reinforcing corporate communication between employees at different geographical locations. Employees and senior management executives at Tüpraş come together once a year to evaluate the goals and progress achieved in the course of the year and to exchange ideas. Continuous

Stakeholders are able to report any illegal or unethical transactions through the Stakeholder Communication Management on the Company internet and intranet sites to the Audit Group for referral to the Audit Committee.

An efficient and continuous indemnification is provided in case of breach of stakeholders' rights that are protected by legislations and contracts. "Indemnification Policy" published within the Company is available on the Company's website. Necessary exceptions with respect to the scope or nature of the jobs are shared with the employees in the employment contract signed with the employees.

4.2. Stakeholders Participation to the Management

Models that will support the stakeholders and, in particular, Company employees to participate to the Company management are developed in a manner that will not hinder company activities. Summary of the activities carried out are explained below.

In order to award the employees' actions and efforts that support business values and objectives, "Refined Suggestions" system is implemented to support and encourage individual and original ideas on process improvement, energy saving, resource efficiency, productivity in production, environmental protection and occupational safety through the "Tüpraş Appreciation Recognition and Rewarding" system. Furthermore, employees' evaluations on the practices, and their loyalty and satisfaction are measured with the Employee Commitment surveys. The results of the survey are considered in company activities, and the improvement targets are added to the performance cards of the Company's Top Management.

Behavior-based safety tours, in which Tüpraş executives also participate, are held at Tüpraş as part of the "Visible Leadership" practice. In safety tours, "visible leadership" is demonstrated with the active participation of the management, where positive safety behavior receives appreciation and is encouraged, risks in the behavior of people and working conditions are identified and corrected, communication and dialogue are strengthened to ensure a safe working environment, awareness is developed, and an environment in which employees can share their opinions and observations on safety is created.

Another practice for involving employees in decisions is the right to speak granted to two representatives from the labor union in disciplinary committee decisions concerning employees working on hourly basis, pursuant to the collective agreement.

The basic activities of Customer Relations Management and other marketing functions are handled under the "Tüpraş Customer Relations Policy", with the primary goals of enhancing customer satisfaction, improving customer relations and fulfilling customer demands and expectations optimally and in the fastest manner possible.

As per ISO 10002 Customer Satisfaction and Complaints Handling certificate, which was included in the Tüpraş Quality Management process in 2016 in addition to the Tüpraş Customer Relations Policy, all customer touchpoint processes undergo constant improvement and all customer notifications are recorded. In addition, the Company successfully passed the recertification audit in December 2018, and ISO 10002 Customer Satisfaction and Complaints Handling Quality Certificate has been extended until January 2020. Within the scope of the same process, working groups were set up to deal with the complaint handling software update and necessary efforts were initiated in relation to improvement areas such as vesting the process in a more traceable format by customers.

In addition, Customer Satisfaction Questionnaires were administered for all delivery points, all customer segments and all products also

in 2018, and service has been procured from an expert company in its sector. The conclusion report from the Customer Satisfaction Questionnaire has been evaluated openly with the participation of Senior Executives as well, the improvement areas identified based on the evaluation were used to set out the Customer Relations Management strategies for 2019.

On the other hand, communication meetings continued to be organized to ensure sustainability of the long-lasting commercial relations, to create an opportunity for face-to-face conversation with persons who are usually contacted on the phone, and to develop solutions by listening to individual requests. Within this scope, the 15th Fuel Distribution Corporations Communication Meeting and the 1st Base Oil Distribution Corporations Communication Meeting were held on 22 October 2018 and 1 November 2018, respectively, both of which were hosted at İzmir Refinery.

In addition to the above, Tüpraş Customer Care Line (444 123 0) went live in January 2018, which is aimed at offering easy access for all existing and potential customers through all available communication channels and for providing communication and service at an enhanced level.

Tüpraş Supplier Portal, Tüpraş Supplier Code of Conduct and Supplier Management Policy were launched to establish sustainable supply chain management practices. In order to provide an easy, fast and effective communication environment between our suppliers and our Company, Tüpraş Supplier Portal is designed as a source for obtaining information, making application, communicating, measuring and reporting. Our suppliers make their applications by completing Tüpraş Supplier Evaluation Survey and Tüpraş Health Safety Environment Survey on the supplier portal. The performance of our suppliers is monitored through the SAP system, and the evaluations in our workplace visits are made by making reference to Tüpraş Supplier Code of Conduct as well as technical criteria.

Furthermore, “Tüpraş Supplier Satisfaction Survey” and “Tüpraş Contractor Satisfaction Survey” are done every year in order to constantly maintain the sustainability of our supply chain management at the highest level, to detect changing and developing demands and to strengthen our relations with our suppliers even further.

Targets to improve customer satisfaction, supplier satisfaction, and employee satisfaction, are reflected in the Company management goals.

4.3. Human Resources Policy

The motto “Our Most Important Asset is our People” is the essence of the Human Resources Policy at Tüpraş, as it is in all the other Koç Group companies. Accordingly, being a company possessing creative, dynamic, knowledgeable, highly-motivated, efficient and productive human resource, Tüpraş aims to further strengthen its team by the day by continuing to attract the successful professionals in the sector and to remain as the preferred employer in the sector being Turkey’s largest industrial company. The criteria related to human resources are described in writing and are in compliance with the criteria listed in the subparagraphs of Article 3.3 of the Communiqué.

The headlines of the Company’s main practices within the frame of its Human Resources Policies are summarized below:

- Recruitment criteria are laid down and communicated in writing; these criteria are adhered to in recruitment. The aim is to attract highly qualified and high-potential candidates who will drive Tüpraş forward.
- Job descriptions, distribution of tasks, and performance criteria have been defined by the Company management and communicated to the employees.
- Care is taken to make use of objective data in decisions related to training, appointments and promotions.
- Great emphasis is placed on conducting training programs designed to develop professional knowledge, capabilities and personal skills of employees.
- A safe working environment is provided for our employees and efforts are spent for their constant improvement.
- Decisions or developments that are of concern to the employees are communicated to them.
- Employees are informed about the Company’s financial position, remuneration, careers, training, health and other matters that concern them.
- Recognition and rewarding systems are in place that support short and long-term successes of all employees, and that ensure awareness of performances and the value created.
- There is no discrimination between the employees in whatsoever manner; the Company pursues a fair, objective and transparent

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Human Resources Policy.

- An indirect representative apart from the Human Resources Unit has not been assigned to handle relations with the employees.

All employees are informed in detail and in a transparent manner about all Human Resources processes from the moment of hiring through employment contracts and the Personnel Code that describes the mutual responsibilities of the Company and employees and working standards. Employee rights are managed within the scope of human rights principles, applicable legislation, personnel guidelines and code of ethics.

Within the framework of Human Resources Policies, the HR Unit ensures that candidates possessing the qualifications required by the position are determined, employee competencies are taken into consideration, evaluations are made employing suitable assessment tools without discrimination, and after being hired, employees benefit from equal opportunities throughout their employment.

Criteria in relation to the Recruitment Policy of Tüpraş are put in writing. Tüpraş aims to use contemporary and integrated systems that deliver business results in all HR processes from recruitment to performance management system, from development to remuneration and resignation.

Announcement of job advertisements for salaried employees and employees working on hourly basis on various platforms (the Company website, online career sites, Turkish Employment Agency, etc.) and granting equal opportunities to individuals possessing equal qualifications during recruitment are two of the pillars of the HR Policy of Tüpraş. Job descriptions for all new vacant positions and qualifications to be required of individuals to be appointed to/recruited in these positions are defined in advance by the related department and Human Resources, and candidate search is shaped accordingly. As part of career planning, employees are able to apply for vacated positions within Koç Holding upon informing the HR unit and their line managers, and these requests are supported in line with the needs that arise. Rotation and cross-promotion practices are applicable between different departments at Koç Holding and Tüpraş. Succession planning is carried out for key positions. Newly established or open positions at the Company are first communicated to the Human Resources Department by the related Manager or Director, and the recruitment process progresses following budget approvals. The recruitment performance is constantly monitored as performance criteria. A "Trial Period Evaluation Form" is used to assess the new hires' performance during the two-month period, which also measures the recruitment success.

In order to strengthen employee experience, HR processes are followed up on platforms built on technological infrastructure.

Job descriptions and distribution of tasks for Company employees, and performance and rewarding criteria are announced to the employees. Job descriptions are posted on the shared QDMS system, which is open to computerized access of all our employees.

The Company pays attention to productivity in determining the salaries and other benefits provided to employees. Employee performance is evaluated, competencies are measured, and development and career plans are prepared. Tasks performed are assessed within the frame of a specific system and the magnitudes of tasks are determined.

All rights and fringe benefits granted to a title or position are pre-defined and identical for everyone. The Company works with internationally recognized research companies for comparing the salaries available in the market, and remuneration management policies are followed up in an up-to-date manner through salary structures, market positioning and regular sector-specific salary investigations. A transparent remuneration system is implemented which focuses on the contribution made to the achievement of corporate goals according to responsibility levels. The remuneration and fringe benefits model is objective, transparent and built on job-based remuneration and the principle of fairness and equality, and reflects the reality of the national and international business.

Performance management by objectives system is being implemented at Tüpraş, which is also implemented at Koç Holding. The

system is intended to impartially manage the objectives set in line with Tüpraş's business strategies and the individual performances of employees using common principles, and to capture the highest performance. The strategic performance management system also forms the basis of remuneration management, rewarding, personal career and training opportunities.

Within the frame of equal opportunities at Tüpraş, employees with high development potential are determined based on their performances and results of competence-based assessment for positions at different levels and their development is monitored closely. In addition, the employees' potential for senior management leadership roles are evaluated in a fair manner using the Assessment Center tools; and employees with the potential to fulfill the senior management positions in the future are identified based on objective criteria. The results of the assessment are reviewed during the annual Strategic Human Resources Planning Meetings where information about all employees is exchanged. Succession plans are also discussed in these meetings.

In cases where it is predicted that changes in executive positions might lead to hitches in the Company's management, career maps are prepared for determining the executives to be assigned.

The employees are instantly informed about various topics including the Company's financial position, remuneration, career, training and health through intranet announcements and e-mails. The Company implements a communication management system that cares for the people, and encourages creativity, communication and employee involvement. The Company recognizes that it is of paramount importance to create an open, close and uninterrupted communication environment between the management and the employees with respect to employee motivation and productivity.

In matters concerning employees working on an hourly basis, employee representatives' opinions and assessments are obtained and hence, they are involved in the formulation of procedures.

A special Talent Management Program is conducted at the Company to identify talented leaders to drive their development. Under the program, our employees benefit from various development opportunities including participation in projects, receiving corporate coaching, familiarizing with different functions and positions, and sharing their expertise, in addition to training programs.

Training programs are conducted, which are designed to build on the employees' knowledge, skills and personal development, and training policies are being established. Based on the Company's notions of continuous learning, development, and delivering business results, it is targeted to organize development programs regarding Company goals, knowledge, skills, experience areas and competencies for employees, while care is taken to allocate resources for programs that will support development in social and cultural areas at the same time. In development planning, training and development solutions appropriate to the current situation are offered in view of the Company's and employee's needs.

At Tüpraş, which is bound by a collective agreement and in which a union is organized, there are workplace representatives of the union in the number as stipulated by the regulatory framework.

Constant improvement and development efforts are carried out to provide a safe working environment and safe working conditions for employees. Total occupational health and safety is targeted to be secured in the workplace and on the job in our refineries. For this purpose, employees are informed about rules and guidelines, and they act and take necessary precautions accordingly. In the occupational health platform, in which the HR management takes part and the company management participates on a monthly basis, topics such as occupational health and working conditions are discussed, suggestions are taken into consideration upon which necessary actions are taken. Training programs are given to employees in our workplaces regularly, and training contents are reviewed according to practices and developments. In addition to those, risk assessments at our refineries are completed on time in accordance with legal regulations. Each year, workplace accidents are monitored and reported on a consolidated basis.

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Tüpraş implements “open office” concept to support and thrive the communication process between the management and employees across the Company. Through open office communication, all complaints, opinions and suggestions are shared. The HR structuring has been reviewed and revised to make sure that the Human Resources is accessible, and to maintain a climate facilitating free communication of feelings, thoughts and problems by employees. Relations with employees are handled by the Human Resources Department and Human Resources Professionals in the Department who have specific responsibilities. At the same time, it has been resolved that employees should contact the HR Department when they have any problems in relation to the management, and the said decision has been communicated to employees. The “Ethics Committee” mechanism involving Legal, Corporate Communications and HR departments has been set up and operates actively. Like numerous examples in the past, the Company employees are able to convey all their opinions and complaints to the Corporate Communication and HR department; it has been observed that necessary actions and measures were taken accordingly.

Through regular annual questionnaires conducted by independent expert agencies, our employees’ engagement and satisfaction are being measured and the factors affecting engagement are studied. These questionnaires also serve to collecting the employees’ opinions regarding HR practices and management of employees. Along this line, goals to enhance employee engagement are set, improvement activities are monitored closely, and employee participation in management is supported.

Tüpraş Code of Ethics is publicly disclosed on the company website. In the performance of roles, powers and responsibilities defined at the Company, it is targeted to act in accordance with the Company’s Articles of Association, Personnel Code, Turkish Code of Obligations, Tüpraş Values and Working Culture Principles, the Labor Law regulating work life, and applicable international regulatory framework in force.

Also, ethical rules that employees are required to comply with at the Company and important considerations for communicating among themselves are also set out. These topics are addressed in “Tüpraş Code of Ethics and Implementation Principles”, “Job Descriptions” and “Personnel Regulation” and all employees are familiar with the same.

Job advertisements, job application forms and job interviews do not include questions about one’s religion, language and/or race. In line with the principle of “employee befitting the requirements of the position”, discrimination is not exercised in recruitment. Measures are taken to prevent discrimination between employees on the basis of race, religion, language and sex, and to protect employees against physical, psychological and emotional abuse. Employees are informed about these subjects by way of personal development and communication training programs.

The Company does not institute any obstacles against effective recognition of the right to organize and collective bargaining. Currently, the Company has in place a collective bargaining agreement.

4.4. Code of Ethics and Social Responsibility

The Code of Ethical Business involves the fundamental principles of conduct.

Employees of the Company are expected to comply with the Business Ethics Principles and Common Values of the Koç Group when performing their jobs. In recognition that business procedures, standards, laws and regulations cannot provide guidance for all conduct and actions, we utilize the Code of Ethics built on corporate values and the Ethics Committee.

The Code of Ethics adopted by the Board of Directors has been approved during the General Assembly Meeting in April 2011 and signed statements of compliance from all employees have been obtained.

With its accumulated knowledge in the refining sector, Tüpraş is oriented toward social rather than individual interests. Thanks to its institutionalized structure and socially responsible employees, Tüpraş initiates and supports various projects in cities where its refineries

are located so as to contribute to the cultural and social development of our nation.

Tüpraş has further developed its corporate and ethical management philosophy and standards by issuing its first Corporate Social Responsibility Report in 2008 and the eighth report was completed in 2017. In its Corporate Social Responsibility Report, Tüpraş adopted the Global Reporting Initiative's (GRI) G3 Reporting Principles.

As the largest industrial enterprise in Turkey, Tüpraş places human health, workplace safety, environmental protection and public interest at the forefront of its activities in pursuit of its goals. Apart from continuously developing products and services that protect people and the environment, Tüpraş complies with environmental standards concerning the fuel used in all its refineries -including the Batman Refinery- for production purposes, regardless of regional differences. Operating on world standards concerning environmental protection, Tüpraş recognizes the importance of improving the natural habitat as well as preserving it and works toward the creation of new natural conservation areas.

In 2018, Tüpraş conducted numerous events as part of its Corporate Social Responsibility activities, in areas such as education, culture and arts, health, sports, environmentally friendly actions and employee rights; the details of which are presented under the heading Corporate Social Responsibility section of the annual report.

SECTION V: BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

The qualifications that the Company seeks for Board members are in compliance with those outlined in the CMB's Corporate Governance Principles. The duties of the Chairman of the Board of Directors and the General Manager are performed by different persons. Special attention is paid on the issue that the members of the Board of Directors spare plenty of time for the Company tasks. However, there is no restriction about having other duty/duties outside the Company especially, due to the significant contribution of the professional and sectoral experiences of the independent members to the Board of Directors. Before the General Assembly, together with the résumé of the member, duties assumed outside the Company are submitted for the information of the shareholders.

At our Company, the duties of the Nomination Committee are performed by the Corporate Governance Committee. Five independent member nominees were submitted to the Corporate Governance Committee in 2018. The nomination declarations and résumés of these individuals were evaluated in the Corporate Governance Committee and Board of Directors meeting held on 18 January 2018, and it has been resolved to nominate these five nominees for independent membership. Pursuant to legal obligations and Article 10 of our Articles of Association, one member of our Board of Directors is elected from amongst individuals nominated by the Privatization Administration, our Group C Shareholder. Our Company has been notified by the Privatization Administration that Mr. Ömer Sertbaş has been appointed to the seat vacated on 29 May 2018 due to the resignation of Mr. Süleyman Karaman who was serving in the afore mentioned Board of Directors membership. On 30 May 2018, the Board of Directors resolved to appoint Mr. Ömer Sertbaş as a member of the Board of Directors, subject to the approval of the next General Assembly Meeting and to complete the remaining term of office of his predecessor. Currently, five independent members serving on the Board of Directors satisfy the independence criteria stipulated by the Communiqué. During 2018 operating period, no events took place that would prejudice the independence of independent Board members.

It is considered that ensuring diversity in terms of knowledge, experience, and point of view in the Board of Directors will positively contribute to the activities of the Company and to efficient performance of the Board of Directors; currently there is no policy addressing women Board of Directors members. At present, there are two women members on the Board of Directors, and the ratio of women members is 13%. The table below lists the Members of the Board of Directors, who are all non-executive in accordance with the definition stipulated in CMB's Corporate Governance Principles and who were elected at the Company's General Assembly held on 21 March 2018 to serve until the General Assembly meeting where 2018 activities will be discussed, and their qualifications, while their résumés are available on the website and in the Annual Report.

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Name/Surname	Duty	Independent/Dependent	Date of Appointment	Term of Duty	Duties on the Board and in Other Committees	Duties Outside the Company
Ömer M. Koç	Chairman of the Board of Directors	Dependent	26.01.2006	1 Year	Member of the Executive Committee	Member of the Board of Directors of Koç Holding Companies
Ali Y. Koç	Vice Chairman	Dependent	27.03.2009	1 Year	Member of the Executive Committee	Member of the Board of Directors of Koç Holding Companies
Rahmi M. Koç	Member	Dependent	04.06.2008	1 Year	Member of the Executive Committee, Member of the Risk Management Committee	Member of the Board of Directors of Koç Holding Companies
Semahat S. Arsel	Member	Dependent	27.03.2009	1 Year	Member of the Executive Committee	Member of the Board of Directors of Koç Holding Companies
Temel Kamil Atay	Member	Dependent	26.01.2006	1 Year	Member of the Executive Committee, Member of the Risk Management Committee	Member of the Board of Directors of Koç Holding Companies
Dr. Bülent Bulgurlu	Member	Dependent	30.04.2007-04.04.2012 31.03.2014	1 Year	Member of the Executive Committee	Member of the Board of Directors of Koç Holding Companies Koç Holding CEO
O. Turgay Durak	Member	Dependent	05.04.2010	1 Year	-	Member of the Board of Directors of Koç Holding Companies
Levent Çakıroğlu	Member	Dependent	30.03.2015	1 Year	-	Member of the Board of Directors of Koç Holding Companies; Energy Group President
Erol Memioğlu	Member	Dependent	26.01.2006	1 Year	-	Chief Advisor to the Speaker of the Parliament
Yağız Eyüboğlu	Member	Dependent	04.04.2016	1 Year	Member of the Corporate Governance Committee	Member of the Board of Directors of Koç Holding Companies; Energy Group President
Ömer Sertbaş	Independent Member; (PA Representative)	Independent	30.05.2018	1 Year	-	Chief Advisor to the Speaker of the Parliament
Ahmet Turul	Independent Member	Independent	31.03.2014	1 Year	-	Member of the Board of Directors of Allianz Companies
Muharrem Hilmi Kayhan	Independent Member	Independent	21.03.2018	1 Year	Chairman of the Corporate Governance Committee, Chairman of the Audit Committee	Söktaş A.Ş. Chairman and Member of the Board of Directors
Ayşe Canan Ediboğlu	Independent Member	Independent	21.03.2018	1 Year	Chairman of the Risk Management Committee	Independent Member of the Board of Directors of Koç Holding Companies
Kamil Ömer Bozer	Independent Member	Independent	21.03.2018	1 Year	Member of the Audit Committee	Independent Member of the Board of Directors of Koç Holding Companies

The Board of Directors consists of at least five members, elected in the General Assembly Meeting. In the selection of the Board of Directors, one member has to be appointed by the Class C shareholders. The Class A shareholders, in order to determine their representatives, votes among themselves in the General Assembly Meeting. Those receiving the highest number of votes become members of the Board. The number and qualifications of the independent members who will join the Board of Directors are determined as per the CMB's regulations on corporate governance.

The Board of Directors is authorized in determining the number of its members and election of the members. Without prejudice to the stipulations provided under the regulations of the CMB concerning the Corporate Governance Principles, the members of the Board of Directors may always be replaced by the General Assembly if deemed necessary under the article 364 of the Turkish Commercial Code taking the provisions of this Articles of Association in to account.

In case of any vacancy in the Board of Directors for any reason or if the Independent Board Member loses its independency, or resigns or becomes incapable of executing its duties, the Board of Directors elects the nominee nominated by the group of shareholders, which had nominated the previous member of the Board temporarily in conformity with the procedures set out in the provisions of the Turkish Commercial Code and CMB regulations and submits to the approval of the General Assembly in the next meeting.

5.2. Operating Principles of the Board of Directors

Tüpraş's Board of Directors operates in a transparent, accountable, equitable and responsible manner. The duties and responsibilities of the Board of Directors are outlined in the Articles of Association. Distribution of tasks and duties among the Members of the Board of Directors and their duties and powers are explained in the annual report.

The Board of Directors convenes whenever the business of the Company requires. The Board of Directors must convene when demanded by the Chairman or two of its members. The meetings can be held in the Company's headquarters or any other location as determined by a majority of the Board members. In addition to its regular meetings, the Board of Directors can be convened by an absolute majority of its members to reach decisions on special issues deemed important or can take decisions without actually convening, as per Article 390/4 of Turkish Commercial Code.

According to the Article 367 of the Turkish Commercial Code, the Board of Directors can delegate some or all of its administrative and representative authorities to one or more of its members, to a Board Member and nonmembers such as the General Manager or one or more directors and it can also form executive committees from among members or non-members to exercise these duties and authorities.

The Board of Directors' meeting procedure, meeting quorum, decision quorum, voting methodology, duties and authorities are determined in line with the Turkish Commercial Code and CMB regulations.

The agenda of Board of Directors meetings is prepared by the secretariat of the Board of Directors in view of the decisions previously taken or the issues that need to be decided. The agenda of other meetings is determined by issues that need to be decided as per legal obligations. The CFO fulfills the secretariat function for the Board of Directors.

The Board of Directors met three times in 2018, on April 9th, July 12th and November 26th. All Board members physically attended most of the Board meetings. During the reporting period, a total of 29 decisions were passed. At least three independent members were present at the time the decisions were made. Each member has one vote in Board meetings; in Board of Directors meetings held in 2018, no dissenting votes were cast or no opposing opinions were put forth. None of the related party transactions or material transactions that were put to the vote of independent Board members were laid down for the approval of the General Assembly on account of having been rejected at the Board of Directors.

The Articles of Association does not provide a privileged vote or veto right to Board members. In the Articles of Association, the members of the Board of Directors are not given weighted voting right or veto power (except the affirmative votes of the Group C privileged shares in order to take a decision in the Board of Directors on the issues specified in the voting right).

The General Assembly Meeting may grant Board members business leave for the cases outlined in the Articles 395 and 396 of the Turkish Commercial Code.

The location for meetings is the Company headquarters. Meetings may be held at another venue with the decision of the Board of Directors. Matters to be discussed at Board Meetings must be pre-determined on an agenda that is communicated to the Board before the date of the meeting. Invitations to these meetings must be made at least one week before the actual date of meeting.

The Company has a Directors' and Officers' Liability insurance with a coverage of up to EUR 25 million (in excess of 25% of the Company's capital) against the liabilities that the directors and the Members of the Board of Directors can be personally held responsible within the scope of their duties.

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While pursuing the Company activities, the Board of Directors evaluates the possibility of conflict of interest, and the consequences of such conflict of interest (if any) for the company. Furthermore, the Board of Directors takes necessary decisions to ensure most suitable action for Company interests is taken. Besides complying with the regulations within the scope of related party transactions, the Board of Directors also evaluates potential misconduct risks and related party transactions with scrutiny.

5.3. Number, Organization and Independence of Board Committees

The Company has established a number of committees to ensure that the Board performs its duties and responsibilities correctly; these committees perform their activities in accordance with certain procedures. The Corporate Governance Committee, Risk Management Committee, Audit Committee and Executive Committee work in line with the principles mentioned below. The said principles are also posted on the Company website.

Corporate Governance Committee

The Corporate Governance Committee was established with the Board of Directors decision dated 20 November 2007; to monitor the Company's compliance with the corporate governance principles, and to assess the reasons of not being implemented regarding the principles which have not been implemented yet, and to give remedial advice to the Board of Directors. In the current situation there are three members one of which is the Chairman. In 2018, the Committee convened five times. The duties of the Nomination Committee and Remuneration Committee outlined in the CMB's Corporate Governance Principles are currently performed by the Corporate Governance Committee.

Name/Surname	Relation to Company	Independent/Dependent	Duties in Other Committees
Muharrem Hilmi Kayhan	Member of the Board of Directors (Non-Executive)	Independent	Yes
Yağız Eyüboğlu	Member of the Board of Directors (Non-Executive)	Dependent	No
Doğan Korkmaz	CFO (Executive)	Dependent	Yes

The Risk Management Committee was established with the Board of Directors decision dated 28 July 2010. The aim of the committee is to counsel the Board of Directors about the following issues; early detection and assessment of all kinds of strategic, operational, financial, legal and other risks that may endanger the Company's existence, development and continuation, estimating the impacts and probabilities of these risks, managing and reporting these risks in accordance with the Company's corporate risk taking profile, carrying out the necessary measures regarding the detected risks, taking these risks into consideration in decision mechanisms and establishing and integrating internal control systems in this aspect. The Committee convened six times in 2018. The experience of the member of the Board of Directors required him to assume duties in more than one committee.

Name/Surname	Relation to Company	Independent/Dependent	Duties in Other Committees
Ayşe Canan Ediboğlu	Member of the Board of Directors (Non-Executive)	Independent	No
Temel Kamil Atay	Member of the Board of Directors (Non-Executive)	Dependent	Yes

Audit Committee

Established with the Board of Directors decision dated 26 December 2003, the Committee is responsible for the Audit process in order to oversee the compliance of the accounting and reporting systems with the relevant laws and regulations; public disclosure of the financial information and performance and effectiveness of the independent audit and internal control system.

Board of Directors monitors financial control and audit activities via the Audit Committee. While fulfilling this function, the Audit Committee analyzes and assesses the reports from the Financial Audit Department established to evaluate, audit and report on the

efficiency of Company processes from a financial perspective. The Audit Committee then gives the necessary instructions to the Company management and when deemed necessary, submits these to the attention or approval of the Board of Directors. In this regard, the Board of Directors is coordinated in its actions by the Audit Committee.

The Financial Audit Department assesses the Company's entire business process from a financial perspective, tests the adequacy, efficiency and implementation of the relevant audit mechanisms and determines in coordination with the operational units the measures to be taken to mend any deficiencies and reports the results of its activities to the Audit Committee.

The Audit Committee collects the opinions of executives and independent auditors on the annual and interim financial statements to be disclosed to the public, as regards their truthfulness, accuracy and compliance with the Company's accounting principles and presents these to the Board of Directors in written form together with its own assessments. The Audit Committee convenes at least four times every year and more frequently when deemed necessary. In 2018, the Audit Committee passed seven decisions in total within the frame of which it has provided its opinions in writing to the Board of Directors. The Chairman and members of the Committee are elected among the independent members of the Board of Directors. The financial experience of the independent member of the Board of Directors required him to assume duties in more than one committee.

Name/Surname	Relation to Company	Independent/Dependent	Duties in Other Committees
Muharrem Hilmi Kayhan	Member of the Board of Directors (Non-Executive)	Independent	Yes
Kamil Ömer Bozer	Member of the Board of Directors (Non-Executive)	Independent	No

Steering Committee

The Steering Committee was established on 4 May 2012 in order to counsel the Board of Directors with the aim of increasing the effectiveness of the Board of Directors by ensuring the coordination between the Board of Directors and the administrative structure; ensuring the enhancement of investment and business development in areas that comply with its strategic targets.

The Steering Committee ensures that the analysis and assessment of the matters such as; impacts on the activities; financial aspects; legal situation; compliance with the strategic priorities regarding the important issues which will be resolved by the Board of Directors is completed by the Board of Directors. The Steering Committee aims to set the strategies that will increase the competitive power of the Company by monitoring and analyzing the impacts of the developments in the economic, social and political environment of the sector in which the Company has been carrying out its activities. The committee aims to make sure that the opportunities are uncovered through monitoring the sector dynamics in accordance with the determined strategies. With this objective, the Steering Committee carries out the following tasks and counsels the Company Management and the Board of Directors.

Executive Committee is composed of a Chairman and a number of members that will be no less than 1/3 of the Board of Directors. Executive Committee made twelve meeting within the year.

Name/Surname	Relation to Company	Independent/Dependent	Duties in Other Committees
Rahmi M. Koç	Member of the Board of Directors (Non-Executive)	Dependent	No
Ömer M. Koç	Member of the Board of Directors (Non-Executive)	Dependent	No
Semahat S. Arsel	Member of the Board of Directors (Non-Executive)	Dependent	No
Ali Y. Koç	Member of the Board of Directors (Non-Executive)	Dependent	No
Temel Kamil Atay	Member of the Board of Directors (Non-Executive)	Dependent	Yes
Bülent Bulgurlu	Member of the Board of Directors (Non-Executive)	Dependent	No

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Ethics Committee

Ethics Committee the Code of Ethical Business involves the fundamental principles of conduct of the Company. Tüpraş has renewed its Code of Ethical Business toward compliance with the Global Compact signed by Koç Holding, in addition to the changes in legal, social and economic circumstances and was approved by the General Assembly in April 2011.

Employees of the Company are expected to comply with the Business Ethics Principles and Common Values of the Koç Group when performing their jobs. In recognition that business procedures, standards, laws and regulations cannot provide guidance for all conduct and actions, the Company has published its Code of Ethics and established the Ethics Committee.

Name/Surname	Relation to Company	Independent/Dependent	Duties in Other Committees
İbrahim Yelmenoğlu	General Manager (Executive)	Dependent	No
Doğan Korkmaz	CFO (Executive)	Dependent	Yes
Ahmet Aksoy	Human Resources Director (Executive)	Dependent	No
Can Akçaoğlu	Chief Legal Advisor (Executive)	Dependent	No
Çiler Teber	Corporate Communications Manager (Executive)	Dependent	No

5.4. Risk Management and Internal Control Mechanism

Tüpraş has in place policies that are devised in line with the Company's Enterprise Risk Management Guide with the aim of ensuring sustainability of operational and business continuity and fighting against factors creating uncertainty, and for protecting the Company's reputation by successfully managing extraordinary events.

At Tüpraş, there is a Monitoring Committee that reports to the General Manager and that oversees Enterprise Risk Management practices. The Monitoring Committee is formed of the General Manager, Assistant General Managers and Risk Management and Audit Manager. The purpose of the Committee is to detect all risks that may threaten the Company's existence and continuity in advance, take necessary measures in relation to identified risks, develop necessary policies and practices for effective operation of enterprise risk management processes, and periodically follow up action plans concerning risks, as well as risk trends, using key risk indicators.

5.5. Company's Strategic Targets

The Board of Directors manages and maintains the risk-return trade-off of Tüpraş, safeguarding its sustainable profitability and long-term interests to proceed towards strategic targets. It ensures that the Company's strategic targets are set with the support of the Executive Committee and other sub-working groups. The Board of Directors, which is responsible for setting, implementing and supervising the Company's strategic targets, shall carry out the following activities.

While Tüpraş Board of Directors oversees the Company's quarterly financial performance in comparison with the Company's budgeting, the Board also receives information about the sector-specific and strategic developments, and may make investment decisions paying regard also to the suggestions of the administrative body.

5.6. Financial Rights

The Company's "Remuneration Policy for the Board of Directors Members and Executive Management", which covers all rights, benefits and remunerations provided to the members of the Board of Directors and Executive Management, as well as the criteria employed for determining the same, and bases for remuneration was first made available on the corporate website for reviewing by our shareholders through the "Information Document" published three weeks before our General Assembly Meeting convened on 4 April 2012, and was implemented after the General Assembly Meeting. This policy that was included in the agenda of the Ordinary General Assembly Meeting where 2017 activities were discussed and that was publicly disclosed via the Company's website and annual report was also incorporated in the agenda for the Ordinary General Assembly Meeting dated 20 March 2019 where 2018 activities will be discussed, and where the policy will be laid down for the approval of shareholders. The total payments made within the frame of the Remuneration Policy for the Board of Directors Members and Executive Management are assessed every year by the Corporate Governance Committee and the Board of Directors. In line with the common practice, the payments made to the Board of Directors Members and Executive Management are publicly disclosed cumulatively in the footnotes of our financial statements. There are no transactions that might lead to conflicts of interest such as the Company's lending money or extending loans to our Board of Directors Members or executives, or furnishing guarantee in their favor.

Taking their contributions, their participations in the meetings, and their functions into consideration; a bonus payment determined by the Board of Directors within the framework of the Corporate Governance Committee's opinion can be made at the year-ends to the members of the Board of Directors who will be assigned in the committees that will be created by the Company's Board of Directors. In the remuneration of the independent members of the Board of Directors, stock options or payment plans depending on the Company's performance are not used.