

## **WORKING PRINCIPLES OF CORPORATE GOVERNANCE COMMITTEE**

### **1. FOUNDATION**

Corporate Governance Committee was established by Decision of Our Company's Board of Directors dated 20.11.2007 and within the scope of provisions included in Capital Markets Board (CMB) regulations, with the purpose of improving our Company's corporate governance practices by advising Board of Directors.

### **2. PURPOSE**

The purpose is to determine whether corporate governance principles are applied or not in our Company, if not, the reasons why these principles are not applied and the conflicts of interests occurring due to the failure to apply these principles; and then to give Board of Directors advices enhancing corporate governance practices.

### **3. DUTIES AND RESPONSIBILITIES**

Duties of Corporate Governance Committee are:

- determine whether corporate governance principles are applied or not in, if not, the reasons why these principles are not applied and the conflicts of interests occurring due to the failure to apply these principles; and then to give Board of Directors advices enhancing corporate governance practices,
- To supervise the activities of the investor relations unit,
- To review "Corporate Governance Compliance Report" to be disclosed to public and check the accuracy and consistency of information included in this report according to the information owned by Committee,
- To ensure Corporate Governance Principles to be developed, adopted and applied within the Company; to carry out a study on whether these principles are applied or not and to make suggestions improving the compliance degree to Board of Directors,
- To follow Corporate Governance Principles throughout the world and to make suggestions to Board of Directors so as to ensure necessary factors to be applied within the body of Company,

The duties stipulated in the CMB regulations for the nomination and remuneration committees are also fulfilled by the Corporate Governance Committee in our Company, and the duties of the Committee are as follows:

- To create a transparent system with the purpose of determining, evaluating and training appropriate candidates for Board of Directors and managerial positions with administrative responsibilities and carry out studies and works in determination of policies and strategies with this respect,

- To evaluate the candidates' proposals for independent membership, including management and investors, by considering whether the candidate meets the criteria for independence and to present his or her assessment for the board's approval.
- In case of vacancies in the independent board memberships, in order to ensure the minimum number of independent members to be re-established, to submit an independent member to the vacant positions in order to serve until the next general assembly meeting and submit the result to the Board of Directors in written.
- To carry out evaluations on regular basis concerning the structure and efficiency of Board of Directors and to submit Board of Directors its recommendations on changes and amendments that might be made with this regard,
- To determine and supervise approaches, principles and practices for performance evaluation and career planning of Board Members and top managers,
- To determine recommendations regarding salary principles of Board Members and top managers by considering company's long-term objectives and overseeing them
- To determine criteria that might be used in salary system in a manner depending on Company's and member's performance,
- To submit Board of Directors its recommendation concerning the salaries to be paid to Board Members and top managers by considering the criteria achievement degree.

The Committee advises the Board of Directors in writing or orally its evaluations and recommendations on the abovementioned matters.

#### **4. STRUCTURE AND MEMBERSHIP CRITERIA OF COMMITTEE**

- The Corporate Governance Committee consists of at least two board members and the Manager of the Investor Relations Unit, who is appointed under the Corporate Governance Communiqué.. Committee President shall be elected among independent Members of Board of Directors. Chief Executive Officer / General Manager may not take office in the committee.
- In case of consisting of two members except for the Investor Relations Unit manager, both members of the Committee, and in case of consisting more than two members except for the Manager of the Investor Relations Unit, majority of the members of the Committee shall be composed of the Members of the Board of Directors who do not undertake any executive function. Persons, who are expert in their own subject but not Members of Board of Directors, may be included in the Committee.
- Upon election of new Board of Directors in Ordinary General Assembly by the board, members of Corporate Governance Committee shall be determined in parallel with Board's term of office. Former committee members shall continue their duties until

new committee members are elected.

- All kinds of resources and supports necessary for Committee to fulfill its own duties shall be provided by Board of Directors. Committee may invite any manager it deems necessary and receive his/her opinions.
- Committee may benefit from independent expert opinions when needed with regard to its own activities. Costs of consultancy services required and needed by Committee shall be borne by Company.

## **5. SUB-COMMITTEES**

Sub-committees consisting of persons to be selected among Corporate Governance Committee's own members and/or externally and having enough experience and knowledge in corporate governance may be formed with the purpose of ensuring effectiveness of works and studies of Corporate Governance Committee.

## **6. MEETINGS**

- The Committee shall convene as often as required by its duties assigned to it.
- Committee's decisions have the characteristics of advice to Board of Directors; and the final decision shall be made concerning the respective matter by Board of Directors.
- The Committee shall ensure notification of the Board of Directors in subjects within its authorization and responsibility.
- Quorum shall be absolute majority of total number of committee members.
- It is possible for the committee meetings to be held either online or through a conference call without physical meetings. Physical meetings may be held in company's headquarters or another place easily accessible by committee members. Minutes of meetings held either online or through a conference call without actually coming together are signed by the members of the Executive Committee. In addition, it is possible to obtain the decisions of the committees by passing from hand to hand, all of the members' decisions signed on the same or different papers are valid.

## **7. REPORTING PROCEDURES**

- Committee decisions are maintained in decision book.
- Meeting minute is required to include at least those following:
  - o Date of Meeting
  - o Information concerning the matters evaluated in the meeting
  - o Decisions taken

- Decisions deemed necessary by Committee shall be submitted to Board of Directors.
- Secretary of Board of Directors shall be responsible for preparing and retaining the reports. Meeting minute prepared shall be archived following its submission to Committee Members.

## **8. EFFECT**

The structure of the Corporate Governance Committee was revised in accordance with the regulations of the Capital Markets Board regarding the Corporate Governance and revised with the resolutions of the Board of Directors dated 04 May 2012 and 25 March 2019. The Board of Directors is authorized to review and revise these working principles as necessary.