

## Koç Holding A.Ş. Corporate Governance Alignment Report

### 1. CORPORATE GOVERNANCE COMPLIANCE DECLARATION

#### 1.1. Compliance with the Principles of Corporate Governance

Financial markets have been gaining further depth in the recent years, parallel to the increasing globalization trends. Active participation in the financial markets, reaching a consistent and profitable growth performance despite the challenging competitive landscape and creating shareholder value requires working on the internationally accepted compliance practices and implementation of a set of respective principles. It is of extreme importance to closely monitor and implement the developments in the international platform for the Turkish capital markets to become part of the global liquidity system and increase the funding opportunities from international financial markets.

As Koç Group, we believe that good corporate governance brings considerable benefits to companies. Raising management quality, reducing risks and increasing reliability and esteem in the financial and capital markets can be quoted among the foremost benefits.

At a time when corporate governance principles were not generally applied in Turkey, Koç Holding A.Ş. ("Koç Holding") was one of the first companies to voluntarily and proactively implement measures in order to reach the highest standards in corporate governance. Therefore, Koç Holding has made i) Transparency, ii) Fairness, iii) Responsibility and iv) Accountability its four inviolable principles.

Koç Holding's and Group companies' long-established and sound corporate identity facilitates good corporate governance practices. Honesty, respect, ethical behavior and compliance with all laws and regulations are central to the way the Koç Holding does business and an integral part of the Group's corporate culture.

Koç Holding's management structure, processes and policies have been established in compliance with the prevailing regulations, ensuring clarity and transparency in the areas of decision making and responsibility. Koç Holding is one of the first Turkish companies to appoint independent members to its Board of Directors (BoD). Koç Holding is also one of the few companies in Turkey to link the remuneration of its senior management to performance. Koç Holding has voluntarily implemented international practices.

Koç Holding, in accordance with laws and regulations, provides the requisite information to all investors and analysts simultaneously in a timely, reliable, consistent and orderly manner. In order to ensure continuous and effective communication, Koç Holding organizes investor meetings, conferences and panels and targets to reach a wider audience through media interviews and press bulletins.

As the first holding company established in Turkey and as a Group that is genuinely committed to institutionalization, Koç Holding has adopted the "Corporate Governance Principles" enacted by the Capital Markets Board (CMB) on July 4, 2003 with decision number 35/835, declared to public in July 2003 and revised in May 2005. These universal principles have been widely implemented by Koç Holding. We are continuing to work on the principles that have yet not been implemented and plan to apply them immediately following the completion of the administrative and technical infrastructure.

Details of the compliance report that provides Koç Holding's position vis-à-vis the Corporate Governance Principles that have been implemented and those that are pending implementation can be found in the following sections.

#### 1.2. Corporate Governance Principles Pending Implementation

Koç Holding believes in the importance of full compliance with the corporate governance principles. However due to challenges encountered in the implementation of some principles, the ongoing discussions in Turkey and in the international platform regarding compliance with certain principles and failure of the current market and corporate structure to meet such principles in a proper fashion, full compliance has not yet been achieved. There are also some principles that have been implemented, but have not yet been reflected to the Articles of Association. Koç Holding is closely monitoring the relevant developments while also working continuously in order to ensure that full compliance is achieved in the most appropriate timeframe. The following sections describe the comprehensive practices implemented in our Company within the scope of corporate governance principles as well as those principles which are yet pending implementation.

#### 1.3. Activities in 2009 for Compliance with Corporate Governance Principles

In 2009, the Corporate Governance Committee continued to work actively and important steps were taken for compliance with Corporate Governance Principles. Many activities have been conducted with the direction of the Corporate Governance Committee, to improve compliance with the principles by both the Holding company and publicly-traded Group companies.

The Articles of Association of all publicly traded Group companies were amended following the general assembly meetings held in 2009 to include provisions on the following topics: Announcements of the general assembly meetings will be made three weeks in advance of the meeting date, the media and stakeholders will be invited to the general assembly meeting, Board Member, Auditor and the officer responsible for the preparation of the financial statements will be present at the Meeting and a sufficient number of committees will be established to ensure that the BoD is able to efficiently carry out its duties and responsibilities.

In order to strengthen compliance with disclosure of material events, the list of people who have access to insider information has been compiled. These people have been informed of their liability to protect insider information until it is publicly announced and to prevent inappropriate use of such information.

Koç Holding's and Group companies' disclosure policies were reviewed and revised for further compliance with the principles.

Our Company website and annual report are reviewed and revised for full compliance with the principles. The General Assembly Procedure delivered to Group companies was expanded with the following topics: Information will be provided about candidate members of the BoD, agenda and information memorandum will be announced minimum 3 weeks in advance of the general assembly meeting, information will be provided on preferred shares, directors will be present at the meeting, media and stakeholders will be invited to the meeting, open ballots will be used by way of raising hands during the voting procedure and shareholders will be advised of this procedure in advance, proxy forms will be provided with the announcement. Our endeavors continued on the use of standard wording and templates on general assembly announcements and information memorandums by all Group companies.

We will continue our endeavors to ensure full compliance with the principles in light of the developments in legislation and general practice.

## SECTION I - SHAREHOLDERS

### 2. Investor Relations Department

#### 2.1. Role of the Investor Relations Department

Investor Relations Department is responsible for liaising the relations between Koç Holding and the shareholders in coordination with other relevant departments.

2.1.1) Investor Relations Department is responsible for providing information, excluding confidential information and trade secrets, to existing and potential shareholders on the Company's operations, its financial position and strategy and managing the bilateral communication between the shareholders and the Company management. The information is provided in an orderly manner that will not give way to inequality of information, by consulting the relevant departments and coordinating with the Group companies when required,

Within this scope, the responsibilities of the Investor Relations Department are as follows:

- To coordinate with the Corporate Communications Department vis-à-vis the management of the Company's financial communication strategy,
- To promote the Company to individual and institutional investors in Turkey and abroad,
- To promote the Company to existing and potential shareholders and brokerage houses; to reply to analyst requests for information on Koç Holding,
- To issue press releases following the announcement of financial results and arrange teleconferences, web-casts and press meetings when required,
- To answer investor inquiries and requests,
- To inform existing and potential investors proactively and regularly on micro and macro developments by participating in conferences, roadshows and investor meetings,
- To maintain an accurate and updated customer database,
- To determine the communication strategy by analyzing Koç Holding's share price performance, peer group comparison, perception studies etc.,
- To follow and analyze the developments that might have a potential impact on the Company's capital market instruments and propose alternative strategies considering the interests of all stakeholders,
- To facilitate bilateral communication between the shareholders and the executive management and the BoD,
- To provide reporting to the relevant departments and executive management on the capital market developments and share price performance,
- To update communication tools such as the website, annual report, investor presentations, investor bulletins, corporate films, etc. in order to provide shareholders accurate and complete information on Koç Group.

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- 2.1.2) Directorate of Accounting ensures that investor records are kept in an orderly, secure and updated manner, based on the records of the Central Registry System.
- 2.1.3) Legal Department ensures that general assembly meetings are held in compliance with the legislation, Company's Articles of Association and other internal corporate principles.
- 2.1.4) In coordination with the support of the Finance Group and Legal Department, the Investor Relations Department prepares the documents to be used by the shareholders in general assembly meetings. These documents are published on the Company website 3 weeks before the meeting date.
- 2.1.5) The Legal Department ensures that voting results are recorded in the general assembly meeting minutes. The Investor Relations Department ensures that the minutes containing the voting results are published on the website for the convenience of the shareholders.
- 2.1.6) Finance Group is responsible for financial reporting and disclosing material information to the public. Investor Relations and Corporate Communications departments perform the other functions related to informing the public within the scope of the Company's Disclosure Policy.
- 2.1.7) Corporate governance activities are performed by the "Corporate Governance Committee" in coordination with the Investor Relations Department, Finance Group and Legal Department.
- 2.1.8) Investor Relations Department prepares an activity report, at least annually, to the Corporate Governance Committee, CEO and CFO. This report may also be submitted to the BoD.

### 2.2. Investor Relations Department Contacts

Strategic Planning Group President and  
Corporate Governance Committee Member: Tamer Haşimoğlu  
Tel : 0216 531 0221  
Fax : 0216 531 0099  
E-mail: tamerh@koc.com.tr

Investor Relations Coordinator: Funda Güngör  
Tel : 0216 531 0535  
Fax : 0216 531 0099  
E-mail : fundag@koc.com.tr

Investor Relations Manager: Aslı Selçuk  
Tel : 0216 531 0537  
Fax : 0216 531 0099  
E-mail : aslii@koc.com.tr

### 2.3. Investor Relations Activities in 2009

Investor Relations Department attended 10 roadshows and conferences in Turkey and abroad, held one-on-one meetings with 213 existing and potential investors and analysts, and answered more than 600 telephone and e-mail inquiries in 2009. Each quarter on the day of announcement of financial results, a webcast was held to discuss the financial results with the investment community, followed by a Q&A session with the senior management. The voice records and transcripts of the webcasts, as well as the relevant investor presentations were published on the Company website for the convenience of investors for further replay or downloading. The website, investor presentations and other investor tools were updated regularly and at most on a quarterly basis, with the aim of informing the public and shareholders. Material disclosures were posted on the website in Turkish and English within one business day of their announcement at the Public Disclosure Platform. Koç Holding acted in complete prudence in carrying out these activities to ensure full compliance with the regulations. There were no complaints filed with our Company regarding the exercise of shareholders' rights in 2009. To the best of our knowledge, there were also no administrative or legal proceedings regarding this subject.

### 3. Shareholders' Right to Obtain Information

#### 3.1. Principles on the Shareholders' Right to Obtain and Evaluate Information

Koç Holding does not discriminate among shareholders vis-à-vis their right to obtain and evaluate information. All information, except those involving trade secrets are shared with the shareholders.

Senior management provides firsthand information to shareholders at meetings, conferences and webcasts on the strategy and operations. Throughout the year, material information is disclosed to shareholders. These announcements, past and current, are posted in English and Turkish on our website and distributed via email to those investors who have provided their contact information.

Our website ([www.koc.com.tr](http://www.koc.com.tr)) provides comprehensive historical information and statistics that may be of interest to shareholders in Turkish and English under the Investor Relations section. Detailed contents of our website are available under the "Internet Site and Contents" section of this report.

#### 3.2. Information Requests in 2009

Enquiries directed to the Investor Relations Department, with the exception of information considered confidential or a trade secret, are answered in writing or by phone by the most authorized person concerning that particular issue. Within this framework, more than 600 inquiries have been answered in 2009 by phone and e-mail.

#### 3.3. The Right to Demand a Private Auditor

Our Articles of Association does not govern the right to demand a private auditor as an individual right and until now, no shareholder has submitted a request. The Company's activities are audited by an Independent External Auditor and legal Auditors assigned at the general assembly. In the last general assembly meeting, Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PriceWaterhouseCoopers was appointed as the independent external auditor. As this audit company has been employed for over seven years, pursuant to the view of the Audit Committee, our BoD has resolved to appoint Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited) as the new independent audit company. This appointment will be submitted to the approval of the General Assembly Meeting to be held in 2010.

### 4. General Assembly Meetings

General Assembly Meetings are held in accordance with the Koç Group Companies General Assembly Meeting Procedure that was prepared in line with the Turkish Commercial Code (TCC), Capital Market Legislation and the Corporate Governance Principles. They are organized in a way to provide adequate information to and facilitate wide participation by the shareholders.

#### 4.1. General Assembly Meetings Held in 2009

Koç Holding's 2009 Ordinary General Assembly Meeting was held on 15 April 2009 with 80.97% attendance.

We are unable to hold our Ordinary General Assembly Meetings within the first three months of the year as we prepare consolidated financial statements and some of the subsidiaries included in our Company's consolidation are also obligated to prepare consolidated financial statements. Nevertheless, we are endeavoring to shorten this period as much as possible. Furthermore, given the 14-week period stipulated by the Capital Market Regulations for the publication of annual financial statements by those companies obliged to prepare consolidated financial statements and the Corporate Governance Principle that stipulates public announcement of financial statements no later than three weeks prior to the General Assembly Meeting, the meeting date fulfills the regulatory requirements and the general practice.

Our General Assembly Meetings are open to the public. Stakeholders and the media are able to follow the meetings. The General Assembly Meeting is held under the supervisor of a government observer from the Ministry of Industry and Trade.

#### 4.2. Invitations and Announcements

Invitations to the General Assembly Meetings are issued by the BoD in compliance with the TCC, Capital Markets Legislation and Koç Holding's Articles of Association. The public is informed by notifying the Istanbul Stock Exchange (ISE) and CMB immediately of the BoD's decision to hold the General Assembly Meeting.

General Assembly Meeting announcements are published on our website [www.koc.com.tr](http://www.koc.com.tr) at least 21 days prior to the meeting and in two high circulation daily newspapers in Turkey so that the announcement reaches the highest number of shareholders possible within the frame of governing regulations.

Prior to the General Assembly Meeting, the agenda items and related documents are announced to the public in compliance with all legal processes and regulations. The agenda items of the General Assembly Meeting - annual report, financial statements, corporate governance alignment report, profit distribution proposal, independent external auditor's and internal auditors' reports and proposed amendments, if any, to the Articles of Association with copies of the old and new versions of the texts, permissions issued by the CMB and the Ministry of Industry and Trade - are posted on the Company website and are available at Koç Holding headquarters to facilitate easy access to the shareholders.

#### 4.3. Voting Procedure

The voting procedure is explained to shareholders on the Company website and newspaper notices. Voting by open ballots is employed through the raising of hands in voting the agenda items at the General Assembly Meeting.

Proxy forms are provided on the Company website and in newspaper notices for shareholders who wish to be represented by a proxy at the General Assembly Meeting.

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#### 4.4. Principles of Attendance to General Assembly Meeting

All Koç Holding shares are registered. Shareholders who wish to participate in the General Assembly Meeting, whose shares are in custody in investment accounts under intermediary institutions at the Central Registry Agency (CRA) are noted in the 'General Meeting Blockage List', and the records in the General Meeting Blockage List are taken into consideration within the framework of the respective regulations. Shareholders who fail to get themselves recorded in the Blockage List at the CRA are, by law, not permitted to attend the meeting. The CRA list of blocked shares is issued on the evening before the General Assembly Meeting.

Those shareholders who are unable to participate in the meeting in person have to draw up their proxies in accordance with the proxy form which is available at our Company headquarters as well as the Company's website [www.koc.com.tr](http://www.koc.com.tr), fulfill the requirements specified in Communiqué Series: IV, No.8 of the CMB as published in the Official Gazette dated 09.03.1994 and numbered 21872, and submit their notarized proxies to the Company headquarters so that they can be represented by a proxy at the General Assembly Meeting.

Our General Assembly Meetings are held at the Company headquarters. However, as stated in our Articles of Association, the meeting may also take place in another part of the city upon the request of shareholders. The location of the General Assembly Meeting is selected to facilitate easy access to all shareholders.

At the General Assembly Meeting, the agenda items are expressed in an unbiased and detailed manner and presented in a clear and concise method to provide shareholders an opportunity to express their opinions under equal conditions and raise any questions. During our Ordinary General Assembly Meetings, the questions raised by our shareholders, guests and media representatives are answered by the Chairman of the BoD and our Executive Management.

No deadline has been specified for registration in the share ledger to allow owners of registered shares to attend the General Assembly Meeting.

#### 4.5. Minutes of the Meeting

Minutes of the General Assembly Meetings are posted at our Company website [www.koc.com.tr](http://www.koc.com.tr). In addition, these minutes are made available to all shareholders for examination purposes at the Company headquarters.

#### 4.6. Special Transactions

Decisions regarding division and merger of shares which change the capital and management structure of the Company, are taken at the General Assembly Meeting. Decisions related to the sale and purchase of assets are made by the BoD as stipulated by the Articles of Association. A majority quorum is required for the BoD decisions regarding participation in new companies or disposal of existing subsidiaries which are regarded as important transactions in our Articles of Association.

#### 4.7. Developments regarding General Assembly Meetings

For the purpose of ensuring compliance with the Corporate Governance Principles by both Koç Holding and other publicly traded Group companies, the General Assembly Meeting Procedure has been expanded to include special provisions in respect of providing information about candidate members of the BoD, announcing the agenda and relevant informative documents minimum 3 weeks in advance of the General Assembly Meeting and posting all the documents on the website for the use of the investors, providing information about preferred shares, presence of directors and independent auditors at the meeting to answer the investors' questions, inviting media and stakeholders to the meeting, use of open ballots by way of raising hands during the voting procedure and informing investors of this procedure in advance through the General Assembly announcement. In the years ahead, legal and sectoral developments will be monitored and activities will be continued to increase the effectiveness of General Assemblies including the use of e-votes.

### 5. Voting Rights and Minority Rights

#### 5.1. Preferred Shares

Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. If any amendments are made to the Articles of Association, A Group preferred shareholders must approve the relevant decisions taken at the General Assembly Meeting. However, in decisions requiring a change in the Articles of Association, all shareholders are entitled to 1 vote. As stated in Koç Holding's Articles of Association, shareholders of preferred stock do not have the privilege to nominate candidates to the BoD. A Group shares represent 26.77% of the paid-in capital and 42.23% of the total voting rights. B Group shares, each of which is entitled to 1 vote represent 73.23% of the paid-in capital and 57.77% of the total voting rights.

#### 5.2. Exercise of Voting Rights

Our Company avoids practices that may complicate the use of voting rights. Each shareholder is given the opportunity to exercise his/her voting right in the most appropriate, fair and convenient manner. An ordinary shareholder can vote either personally or by appointing a non-shareholder third party as his/her representative. Our Articles of Association does not include a provision preventing non-holders to vote by proxy as an appointed representative. However, A Group shareholders may only be represented by another A Group shareholder. If this is the case, it should be documented in the legal representations in writing.

Our Company attaches importance to corporate representation in terms of the exercise of voting rights at General Assembly Meetings, and takes measures to assure effective operation of corporate representation.

Within the Holding, there are no cross ownerships that are associated with a controlling relationship.

#### 5.3. Voting Method

Without prejudice to the special provisions of the relevant legislation and Articles of Association, voting is conducted through open ballot and by raising hands during the General Assembly Meeting. Upon request by shareholders, the voting procedure will be determined by the General Assembly Meeting.

#### 5.4. Minority Rights

Koç Holding gives utmost care to the exercise of minority rights. There were no criticisms or complaints filed with our Company in this regard in 2009. As Koç Holding has preferred shares, it is not possible to facilitate a cumulative voting procedure.

### 6. Dividend Policy and Timing

#### 6.1. Dividend Policy

Koç Holding's Dividend Policy is determined at the General Assembly Meeting within the framework of the provisions of the Capital Market Legislation and our Articles of Association.

The Dividend Policy and the annual dividend proposal containing the details stipulated in the Capital Markets Board Corporate Governance Principles are provided in the annual report and presented to the shareholders during the General Assembly Meeting. Furthermore, detailed information on the dividend history and capital increases are posted on our Company website.

Our Company conducts a Dividend Policy within the framework of the provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Regulations and other relevant legislation as well as the provisions of our Articles of Association governing the distribution of profits.

In determining the distribution of profit, the long-term strategy of our Group, the capital requirements of our Company, our affiliates and subsidiaries, our investment and financing policies, profitability and cash position are taken into consideration. In principle, 20% of the "distributable profit for the period", calculated within the framework of the Capital Markets Legislation and other relevant legislation, based on the net profit for the period as shown on the financial statements prepared as per the Capital Markets Legislation and subjected to independent audit, is distributed in the form of cash or stock.

If the distributable profit calculated as above is less than 5% of the issued capital, there will be no distribution of dividend.

As per the decision taken at the General Assembly Meeting, dividends can be paid out entirely in the form of cash or stock, or partly in cash and partly as stock.

If in the form of cash, the dividend distribution is completed until the end of the fifth month following the end of the respective fiscal period, at the latest. If in the form of stock, the distribution is completed until the end of sixth month, at the latest.

In accordance with the Dividend Policy, dividends are allocated equally to all existing shares as of the respective fiscal period.

Pursuant to Article 32 of our Articles of Association, no more than 2% of the amount remaining from the pre-tax earnings after the allocation of the first series of legal reserve fund, financial obligations, and first level dividend to shareholders withheld as per the Capital Markets Legislation, is allocated to Koç Holding Pension and Assistance Foundation. Additionally, without prejudice to the first level dividend established under the Capital Markets Legislation, 3% of the amount remaining after the deduction of first series of legal reserve fund, financial obligations and 5% of the paid-in capital from the pre-tax earnings, is allocated to holders of dividend-right certificates.

However the amount that will be paid to holders of dividend-right certificates cannot exceed 1/10 of the amount remaining from the net profit after the deduction the first series of legal reserve fund and first level dividend to shareholders established under the Capital Markets Legislation.

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### 6.2. Timing

In respect of dividend distribution, the approval of the General Assembly Meeting is sought and the legal deadlines are followed based on the provisions of the TCC, Capital Market Regulations and the Company's Articles of Association. Currently dividend distributed in cash and the dividend distributed in stock are paid out to shareholders, within the five months and the six months following the end of the relevant fiscal period, respectively. In accordance with the dividend policy, the dividends are allocated equally among all the shares existing in the respective fiscal period.

### 7. Transfer of Shares

There are no provisions in the Articles of Association that complicate the transfer of publicly-traded B type shares. As stated in the Articles of Association Article 13, Koç Holding BoD has the right to abstain from transferring A type shares held by the controlling shareholder.

## PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Company Disclosure Policy

#### 8.1. General Information on Disclosure Policy

Koç Holding, as one of Turkey's leading and most prestigious corporations making a significant contribution to the Turkish economy and comprising a substantial share of the ISE, follows a transparent and effective disclosure policy that is in compliance with the relevant rules and regulations. The purpose of the disclosure policy is to share information concerning Koç Holding's past performance, future expectations, strategies, targets and vision, excluding any trade secrets, in light of the Group strategy, equally with the relevant authorities, current and potential investors and stakeholders. The policy aims at announcing Koç Holding's financial statements in an accurate, fair, timely and detailed manner as per the generally accepted accounting principles and Capital Markets Regulations and providing a constant, efficient and open communication platform through the investor relations and corporate communications departments.

Koç Holding applies an active and transparent disclosure policy and acts in compliance with CMB and ISE Regulations in matters relating to informing the public and aims at implementing the most efficient disclosure policy within the scope of CMB Corporate Governance Principles.

In 2009 our Disclosure Policy has been updated parallel to the evolving market conditions and new provisions. Our Disclosure Policy which has been approved by our BoD is announced on our company website and will be submitted for the information of our shareholders in our General Assembly Meeting.

#### 8.2. Disclosure Policy Contacts

The Board of Directors is responsible for preparing, overseeing and updating the Disclosure Policy. The Disclosure Policy, which is approved by the Board of Directors, is presented to the shareholders at the General Assembly Meeting and shared with the public on our website.

#### 8.3. Disclosure Principles

In principle, the announcements and disclosures on behalf of Koç Holding A.Ş. using the tools and methods defined in our Disclosure Policy, can be made by the Members of the Board of Directors, CEO, CFO, the President of Corporate Communications and Information Technology Group or the President of Strategic Planning Group.

In addition, the Investor Relations Department can communicate on behalf of Koç Holding A.Ş. in promoting Koç Holding vis-à-vis current and potential individual and institutional investors and intermediary institutions both in Turkey and abroad; responding to information requests coming from analyst and research staff and answering questions received within the scope of investor relations.

An Investor Relations Department has been established under the Strategic Planning Group at Koç Holding to manage the relations with both current and potential investors and analysts, respond to investor inquiries in the most efficient manner and carry out activities to reach the fair company value. Relations with the shareholders are carried out in coordination with the Investor Relations Department.

The Executive Management of Koç Holding and Investor Relations Department meet frequently with intermediary institutions, analysts and investors to promote Koç Holding's operational and financial performance; vision, strategy and goals and the value Koç Holding creates for its investors, in the best possible manner.

Investor Relations Department aims to inform investors in the best possible way through investor tools such as presentations, investor bulletins, Q&A documents, company website, annual report, teleconferences and web-casts, investor meetings, etc. and ensures that all such tools are prepared, published and updated in compliance with the legislation.

Investor Relations officers endeavor to facilitate all meeting requests received during the year, regularly attend conferences organized in Turkey and abroad and hold one-on-one meetings with investors. These meetings are also attended by the President of Strategic Planning Group, CEO and CFO periodically, enhancing the communication between shareholders and potential investors and our Executive Management.

The company website, which is updated regularly, and the informative documents shared with the stakeholders through the website aim to facilitate easy access to investor relations tools and the close monitoring of the developments in the Turkish economy and Koç Group by the shareholders and the analysts. Detailed information on the annual reports and the website contents is provided in our Disclosure Policy.

From time to time, analyst reports are shared on the website, with the prior consent of the relevant analyst, to provide investors with a different viewpoint. Koç Holding is not in a position to review, verify or approve analyst reports or models. However, if requested, in order to avoid misinforming the public, Koç Holding can control the analyst reports before they are published to ensure that historical and public information used in the reports are correct.

The foremost objective of the Investor Relations Department is to carry out the mutual relationship between the company and shareholders in the most efficient manner. Within this context, the Investor Relations Department assumes a bridge function between the Executive Management and shareholders. The Department conveys Koç Holding's investment messages to the investors while providing periodic reporting to the Executive Management on the evaluations and feedback received from the shareholders, thereby facilitating a two-way communication.

### 9. Material Disclosures

Finance Group is authorized and responsible for carrying out Koç Holding's material disclosures obligation, in coordination with the Legal Department.

Material disclosures are sent to the ISE after being signed by the CEO and CFO in principle. The disclosures are published in the website in Turkish and English.

Koç Holding made a total of 29 material disclosures during 2009. Koç Holding is not listed on any foreign securities exchanges and therefore is not required to issue any material disclosures other than what is required by the ISE within the framework of CMB legislation. Koç Holding has not received any disclosure requests from the CMB and ISE during the year. Since all disclosures have been made within the legal timeframes, no sanctions were applied.

### 10. Internet Site and Contents

Koç Holding's website ([www.koc.com.tr](http://www.koc.com.tr)) provides contemporary and historic information in both Turkish and English. There is an Investor Relations section to provide more comprehensive information to current and potential shareholders and brokerage houses. Some of the topics on the website are as follows:

- Detailed information on the Company
- Strategic targets and principles
- Information about members of the BoD and Executive Management
- Company organization and shareholder structure
- Articles of Association
- Commercial registry information
- Foreign partnerships
- Summary information about business segments and companies
- Frequently Asked Questions
- Periodic financial statements, financial information, key performance indicators
- Annual reports
- Press releases
- CMB Material Disclosures
- Stock information, charts and calculators regarding share price performance
- Share price calculator for investors
- Investor presentations and bulletins
- Economic reports and historical data on economic indicators
- Information on analysts who analyze the Company and analyst reports
- Date, agenda items and information memorandum of the General Assembly Meeting
- Minutes of the General Assembly Meeting and list of participants
- Proxy forms
- Corporate Governance Practices and Compliance Report
- Dividend policy, payout history and capital increases
- Disclosure policy
- Detailed information regarding corporate social responsibility activities
- Glossary

The principles related to the management of our website are part of the Disclosure Policy. In addition, the letterhead of our Company contains our website address.

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### 11. Disclosure of Ultimate Controlling Shareholder(s)

Koç Holding's shareholder structure is published in the website, our annual report and related documents. Koç Family members are the "ultimate controlling shareholders".

### 12. Disclosure of People with Access to Insider Information and Protection of Insider Information

In order to promote transparency while protecting our Company's interests, utmost importance is given to compliance with Company policies regarding prevention of insider trading.

For this reason in 2009 Koç Holding prepared a list of "People with Access to Insider Information". Every employee who is on this list has been asked to sign a declaration acknowledging their responsibility to protect and prevent misuse of insider information. Employees who are not on this list were also informed of the rules by a general letter in order to prevent a potential misuse.

Information acquired in the course of employment that belongs to the Company and is viewed by the Company as information on a need to know basis that might be construed as commercial secrets, such as confidential software, technology, information, systems, applications, methods or industrial ideas, applications, designs, models, creation, innovation etc. developed by the Company is deemed "Proprietary Information." All employees undertake to safeguard Proprietary Information and not to disclose this information to third parties without the Company's written consent by agreeing to the Personnel Code, which is an attachment to the Contract of Employment, and Information Protection Contract.

As of the date of this report, people with administrative duties who have access to insider information are listed below. A comprehensive and updated list of the other people who have access to insider information is kept at Koç Holding People with administrative duties at Koç Holding are defined as members of the management and audit bodies, people with regular access to insider information pertaining to Koç Holding and people who are authorized to take management decisions that will impact the future development and commercial targets of Koç Holding People who have regular access to insider information and are authorized to take management decisions are Members of the Board of Directors, auditors, Presidents, Directors and the General Secretary.

#### Board of Directors

Rahmi M. Koç	Honorary Chairman
Mustafa V. Koç	Chairman
Suna Kiraç	Vice-Chairman
Temel Atay	Vice-Chairman
Ömer M. Koç	Vice-Chairman
Semahat Arsel	Member
Dr. Bülent Bulgurlu	Member, CEO
İnan Kiraç	Member
Ali Y. Koç	Member
Prof. Dr. John H. McArthur	Member
Sanford I. Weill	Member
Prof. Dr. Heinrich Von Pierer	Member
Peter D. Sutherland	Member

#### Legal Auditors

Kutsan Çelebician	Auditor
Dr. Füsün Akkal Bozok	Alternate Auditor

#### CEO and Deputy CEO

Dr. Bülent Bulgurlu	CEO
Osman Turgay Durak	Deputy CEO

#### Group Presidents

Ahmet Ashaboğlu	CFO (Finance Group)
Aka Gündüz Özdemir	Consumer Durables Group
Ali Tank Uzun	Audit Group
Ali Y. Koç	Corporate Communications and Information
	Technology Group
Cenk Çimen	Automotive Group
Erol Memioğlu	Energy Group
Kudret Önen	Defense Industry and Other Automotive
	Companies Group
Ömer Bozer	Tourism, Food and Retailing Group
Tamer Haşimoğlu	Strategic Planning Group
Tayfun Bayazıt	Banking and Insurance Group

#### Legal Advisor

Kenan Yılmaz	Chief Legal Advisor
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#### Directors

Emine Alangoya	Director (Accounting)
Mert Ş. Bayram	Director (Human Resources)
Oya Ünlü Kızıl	Director (Corporate Communications)

#### General Secretariat

Tahsin Saltık	Secretary General
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## SECTION III- STAKEHOLDERS

### 13. Disclosure to Stakeholders

#### 13.1. Stakeholders in General

Our Company, being a holding company, does not have any direct relations with customers, vendors, etc., but has relations with a wide range of stakeholders, due to its subsidiaries and affiliates. Stakeholders are informed of issues that may concern them by means of invitations to regular meetings or via intranet and telecommunication tools. Public disclosures are made by press conferences and through statements and bulletins in the media, while information sharing with employees is realized through various meetings and organizations and the Company intranet site.

By holding our General Assembly Meetings open to all stakeholders, providing detailed information on our website, publishing comprehensive annual reports, issuing press releases and implementing other practices that promote transparency as per our Disclosure Policy, we aim to inform not only our shareholders but also all stakeholders.

#### 13.2. Disclosure to Employees

Important announcements, management changes and press bulletins are posted on the intranet for the convenience of Group employees. Additionally, some important announcements and executive management messages are sent to employees by e-mail. Furthermore a periodic internal magazine (Bizden Haberler) is issued by the Corporate Communications department to increase communication with the employees.

#### 13.3. Disclosure to Dealers

Koç Holding's Chairman of the Board, CEO and Executive Management participate in the "Anatolian Meetings" which are held with the dealership network of our Group companies with the aim of exchanging views and generating ideas. In these meetings, dealers are provided with updates on the developments in the Group and they have the opportunity to share their ideas. An intranet platform has been developed to provide information, training and promotions to our dealership network and it is actively used by 7,160 dealers. Furthermore our dealers participate in Koç Group's "For My Country" project as an indication of their dedication to social responsibility.

### 14. Stakeholders' Participation in the Company Management

Group companies hold comprehensive meetings and exchange ideas during the year with dealers and providers and evaluate and work on the suggestions that come up during these meetings.

The results of the dealer and customer satisfaction surveys, the details of which are provided later on in the report, are of significant importance to Koç Holding. Improvement of dealer and customer satisfaction are made part of Group companies' management performance targets.

### 15. Human Resources Policy

As of 31.12.2009, Koç Group had a total of 71,221 employees, 66,798 of which are in Turkey and 4,423 of which are abroad. Number of employees in consolidated subsidiaries totaled 68,057.

#### 15.1. Human Resources Policy

"Our Most Important Asset is our People", the statement of our Founder, Vehbi Koç, best summarizes the basic approach of Koç Group to human resources.

Koç Group aspires to become an ideal company with competent professional staff creating value added to ensure sustainable growth, that is most preferred and that every employee is proud of being a part of.

In line with this objective and within the frame of the Human Resources Policy, we are committed to

- attracting the most competent young and experienced professionals who can carry our Group to the future;
- rewarding achievement through fair and competitive compensation policies and high performance standards,
- making investments to improve our employees continuously,
- improving loyalty of employees to the Company by creating equal opportunities in promotions and rewards,
- creating a working environment that is always peaceful.

## Koç Holding A.Ş.

# Koç Holding A.Ş. Corporate Governance Alignment Report

### 15.2. Implementation of Human Resources Policy

Koç Group values its employees and respects the employee rights. The employment contract signed with the employees at the time of recruitment covers the mutual responsibilities of the Company and the employees, whereas Personnel Code describes the working standards and covers the whole process regarding human resources from recruitment to resignation.

The Human Resources department ensures that candidates who meet the competency criteria as described in the Human Resources policies are recruited without discrimination and benefit from equal opportunities throughout their employment. In this context, employees' performance is evaluated, competencies are measured and the improvement and career planning is performed. A competition analysis is conducted on a sector basis and compensation policy is determined accordingly in order to ensure that the employees receive competitive salaries. Within the framework of equal opportunities achieved as mentioned above, employees with the highest potential are identified and assigned to higher positions swiftly taking into account the performance and competency evaluation results.

All employees are able to access the Human Resources Systems that have been prepared for the purpose of implementing these policies over the electronic platform Koç@İnsan. This platform offers an open communication environment where the information of all our employees is managed, and makes policies and practices fair and transparent. Koç Career is one example of the Human Resources Systems managed on this Platform. Koç Career is designed to manage applications received as a result of activities to attract the most competent young professionals to the Group and is used across the Group in cooperation with its other commercial peers.

The Integrated Performance Management and Development Planning process that is carried out electronically across the Group over Koç@İnsan effectively spreads the objectives through the Performance Management System, and assures the deployment of Company objectives to the employees and the measurement of the employees' performance in achieving the objectives. Via Koç Compensation System, the rewarding process is managed; and via the Competency Assessment System, competencies are accessed to discover potential employees for future promotions, and data is created for the performance of development plans.

Koç Academy that is part of the Integrated Performance Management and Development Planning process plays an important part in putting Human Resources policies into practice and offers a platform where our employees can plan their individual development, find the chance to improve and follow their own development.

In respect of development of a common culture, a total of 3,031 of our managers attended the Group's Leadership Development Program between 2003-2009, which aims to improve the competency of our managers who can carry our Group into the future.

In line with the regulations, in workplaces with unionized workers including in collective bargaining agreements, there are designated union representatives that manage employee relations. Union representatives cooperate with Human Resources Departments to ensure the sustainability of a peaceful business environment.

Additionally, health and safety issues of Koç Group companies are managed by the Occupational Health and Safety Committee across the affiliates and the Group for the purpose of improving occupational health and safety continually, identifying and eliminating risks in line with the targets set.

Employees show great interest to programs implemented within the framework of policies developed by Koç Group taking into account the importance it attaches to its employees for the purpose of measuring employee satisfaction and loyalty regularly and planning necessary improvement activities accordingly. Examples include KoçAilem program and Koç Holding Pension and Assistance Foundation applications which have been created to provide benefits both during and after the working life.

### 16. Customer and Supplier Relations

Since 2003, Koç Holding has been conducting centralized customer satisfaction surveys on a regular basis as a sign of the importance given to this issue. As Turkey's most comprehensive end consumer survey, it encompasses 28 brands belonging to 12 Koç Group companies as well as 97 brands belonging to the competition. The results of the survey conducted with approximately 25,700 customers in 45 cities which represent Turkey in general are shared with upper and middle management of Koç Holding and Group companies, and are included in the management's performance score cards.

Due to the importance of company-dealer-customer relations at the customer touch points, the level of satisfaction of our dealers is also monitored. The Dealer Satisfaction Survey was conducted for the 6th time this year by an independent research company among 6,600 dealers Turkey-wide. As is the case with Customer Satisfaction, areas of improvement towards dealer satisfaction are included in the management performance scorecards.

### 17. Corporate Social Responsibility

Koç Holding and the Group companies put social responsibility, which was introduced by Vehbi Koç, one of the pioneers of institutionalization in Turkey, into practice through social projects and in the way they do business. Vehbi Koç Foundation, which is Turkey's first private foundation, is continuing to mark its leadership in the fields of culture, art, education and healthcare, setting lasting examples in the institutionalization of these services. Koç Holding and Koç Group companies support the activities of the Foundation through many social responsibility projects they undertake. Koç Group's objective to further improve as a socially responsible corporation was confirmed with the participation in the Global Compact, an official and international framework.

Koç Holding's and the Group Companies' approach to social responsibility is based on the principle espoused by our founder Vehbi Koç: "I exist if my country exists". Within this context, Koç Group seeks to create value for the society, in which it has grown and developed, through projects that will contribute to the development of the society. Every year, thousands of scholarships are extended to students and numerous projects are initiated in the fields of culture, art, environment and healthcare. In addition to projects in Turkey, Koç Group actively contributes to the promotion of Turkey in the international arena by sponsoring various exhibitions. The Vehbi Koç Foundation is now the sponsor of the Gallery for Ottoman Art in the Metropolitan Museum of Art, one of the world's most prominent museums. The two galleries within the Islamic Art section are currently under renovation and will open in 2011 and will bear the name of the Koç Family. Through a new strategic partnership in 2007, Koç Holding has become sponsor to the Istanbul Biennial for 10 years to support contemporary art, a branch of art which is directly related to and involved in social issues as well as representation of our country abroad. In 2009, where the Vehbi Koç Foundation celebrated its 40th year, Koç Family was honored with one of the most prestigious international awards of its kind, the Andrew Carnegie Medal of Philanthropy, for their philanthropic contributions.

Koç Group, which has been a pioneer in Turkey, has acted through the Vehbi Koç Foundation, to establish the first privately-owned museum, the first industrial museum and the first private student dormitory in Turkey, making it a leader in the area of corporate citizenship. Koç Holding and Koç Group companies contribute to the society with their projects in a common understanding and shared principles.

Koç Holding and Koç Group companies view the activities and investments relating to corporate citizenship, not as a duty, but as an integral part of doing business. Approaches to and studies on corporate citizenship are a way of doing business internalized by Koç Group and represent one of the basic foundations of the natural workflow. Koç Group has assumed an important social mission, not just in terms of the large number of people it employs, the economic value it creates and the taxes it pays, but also through its philosophy of corporate citizenship. Koç Group Corporate Citizenship Reports reflecting this approach are posted on the website of Koç Holding since 2006.

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

#### 18.1. Structure of the Board of Directors

Koç Holding is one of the leading Turkish companies to appoint internationally respected non-Turkish professionals to its BoD. The structure of our BoD conforms to CMB principles. On the BoD, all members with the exception of Dr. Bülent Bulgurlu, CEO and Ali Y. Koç, President of Corporate Communications and IT Group, are non-executives. Currently, 3 out of the 13 Board members, are in overall compliance with the independence criteria stipulated by the Principles. 1 member also complies with the independence criteria except the term.

#### 18.2. Current Members of Board of Directors

The names and titles of our current BoD members are given below:

Rahmi M. Koç	Honorary Chairman - non-executive	Dr. Bülent Bulgurlu	Member-CEO
Mustafa V. Koç	Chairman - non-executive	İnan Kıraç	Member - non-executive
Suna Kıraç	Honorary Chairman - non-executive	Ali Y. Koç	Member, President of Corporate Communications and IT Group
Temel Atay	Honorary Chairman - non-executive	Prof. Dr. John H. McArthur	Member - Independent
Ömer M. Koç	Honorary Chairman - non-executive	Sanford I. Weill	Member - Independent
Semahat Arsel	Member - non-executive	Prof. Dr. Heinrich Von Pierer	Member - Independent
		Peter D. Sutherland	Member - Independent

#### 18.3. Changes in Board of Directors Members

There were no events in 2009 which would revoke the independence of current independent members. Following the General Assembly Meeting in which Board members are selected, the Chairman and Vice-Chairmen are appointed upon the division of duties. If a seat on the Board is vacated during the term, clause 315 of the TCC is invoked. Within this scope, further to the resignation of our BoD member Prof. Dr. Atilla Aşkar, who was appointed in the General Assembly Meeting dated 15 April 2009, Peter Dennis Sutherland was appointed as a BoD member in our BoD meeting dated 1 June 2009.

### 18.4. Assignment of Members of Board of Directors to Duties outside the Company

There is no restriction on members taking on other employments or functions. Due to the significant contribution made to the Board by the work experience and knowledge of independent members, no such restriction was considered necessary.

### 19. Qualification of Members

The BoD is structured in a way that will maximize its effectiveness and efficiency. The basic qualifications of the BoD members meet CMB Principles, Section 4, articles 3.1.1, 3.1.2, 3.1.3, 3.1.4 and 3.1.5. Koç Holding BoD members are always selected from among highly qualified, knowledgeable and skillful candidates, with specific work experience and background.

The Curriculum Vitae of our Board members are available on our website and annual report. Curriculum Vitae for new candidates proposed for BoD membership are provided at the General Assembly Meetings.

### 20. Company Vision and Strategic Principles

#### 20.1. Company Vision and Strategic Principles

The strategic objectives defined within the context of Koç Group's vision are assessed and approved by the BoD. These objectives and strategies are made public through the annual report, our website and press releases. Our strategy, the main highlights of which have been cited below, is explained in more detail in the relevant part of our annual report and website.

#### Our Strategic Principles:

- Focus on those sectors where we can create a differential competitive advantage
- Grow in sectors where we can leverage our strong brands and technological prowess
- Derive maximum benefits from economies of scale by being the market leader or a close second in every business we operate
- Achieve the optimum portfolio diversification, where we can balance out and minimize sector and geography-specific risks

These principles offer rapid and profitable growth opportunities in Turkey and the neighboring countries which promise a strong growth potential with their lucrative and underpenetrated markets and sectors. In addition to geographic proximity and benefits of the Customs Union, our strong organization and market positioning allows us to follow a profitable and sustainable growth strategy in Europe.

#### 20.2. Strategic Planning Process

Every year Koç Group companies prepare their strategic plans in line with the principles and methods defined by Koç Holding's strategic plan and the Group objectives approved by the BoD. Following the evaluation of these strategic plans, strategies and financial projections are consolidated and, if necessary, the Group strategic plan is revised and the final strategic plan and financial plan are submitted to the BoD for approval. The BoD may approve the strategic plan and financial plan as they are submitted or they may request changes. At the end of the year, in line with the strategic plan and financial plan approved by the BoD, companies prepare an annual budget that is consistent with the methods and principles defined by Koç Holding. After being approved by Executive Management, the budgets submitted by the companies are consolidated and submitted to the BoD for approval. The BoD may approve the budgets as they are submitted or they may request changes. To ensure effective implementation of strategic plans and budgets, annual scorecards for top managers and companies are prepared according to the strategic plans and budgets that have been prepared by the companies and approved by the BoD. Koç Holding's strategic objectives such as economic profit, company value, growth and employee, dealer and customer satisfaction are integrated in all scorecards.

#### 20.3. Evaluating Performance in Achieving Strategic Goals

Koç Holding BoD and Executive Management monitor the performance and operations of companies against their budgets and targets in periodic meetings throughout the year. At the quarterly Planning and Coordination Council meetings attended by the Chairman of the Board, CEO and Koç Holding Executive Management, the financial performance, developments in business segments and the actual performance of Koç Holding Executive Management and companies are assessed and measured against targets and budgets. Potential measures are discussed in case of any deviations.

The BoD meets every three months to review the quarterly financial performance of Koç Group against the budget, monitor strategic developments and make recommendations.

### 21. Risk Management and Internal Control Mechanisms

The responsibility for Risk Management and Reporting is shared among Koç Holding Presidents depending on the source of risk. Risks are investigated and assessed in detail at periodic meetings.

The main risks that Koç Holding is exposed to are monitored under three main categories, namely financial risks (credit, FX, interest, liquidity and capital risk), operational risks and legal risks. Detailed information on risk management can be found in the relevant section of the annual report.

Koç Holding has given utmost importance to internal control since the establishment of the Company. To date, there has always been an Internal Control unit operating under various names. In line with the principle of "separation of management and audit functions" the Audit Group President charged with this duty has been reporting directly to the BoD since 1.1.2004. Our Group companies periodically undergo process, risk, financial, operational and fraud audits. The executive management of Koç Holding and the respective Group company as well as the President and members of the Audit Committee are updated on the audit results on a regular basis.

### 22. Authority and Responsibilities of the Board of Directors and the Managers

The authority and responsibilities of the members of the BoD have been clearly defined in the Company's Articles of Association. The authorities have been indicated in detail in the Company Signature Circular.

### 23. Fundamental Activities of the Board of Directors

Activities of the BoD are managed as per the TCC and the Articles of Association.

#### 23.1. Determining the Agenda and Convening a Meeting

Matters which are subject to the decision of the BoD as per the Company's Articles of Association are notified to the executive management and BoD members by the relevant departments. These will be included in the agenda for Board Meetings. In the event that any one of the members of the BoD notifies Company Executive Management about a decision that must be taken about a certain matter, the agenda of the meeting is drawn up accordingly.

Matters that are to be discussed at the Company's BoD meeting are collected at the General Secretariat to be included on the agenda.

#### 23.2. Board of Directors Secretariat

Koç Holding General Secretariat has been assigned the duties of determining the agenda for the Koç Holding BoD Meetings, preparing Board decisions within the scope of the provisions of TCC 330/II, making disclosures to the BoD and ensuring the flow of communication.

#### 23.3. Number of Board of Directors Meetings

The BoD meets as many times as business dictates. In 2009, the Board met 4 times, and the number of decisions taken within the year, including the decisions made under Article 330 of the TCC, is 31.

#### 23.4. Opposing Votes at Board of Directors Meetings

Differences of opinion and grounds for opposing votes and specific questions raised by members of the BoD at Board Meetings are recorded in the Resolution Book. Since no opposition or difference of opinion has been declared recently, no public announcement has been made in this regard.

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### 23.5. Active Attendance to Board Meetings by the Members

The Articles of Association of the Company stipulate a majority quorum for any decision regarding participation in a new company or the disposal of shares of an existing subsidiary. In relation to subject matters which are not particularly cited in the Articles of Association, but are included in the CMB Corporate Governance Principles under Section IV. Article 2.17.4, active attendance is attained.

### 23.6 Weighted Vote - Veto Right

No weighted voting right and/or negative veto right has been vested in members of the BoD under the Articles of Association. Each member is entitled to 1 vote.

### 24. Prohibition of engaging in transactions and competing with the company

According to Articles 334 and 335 of the TCC, approval of the General Assembly should be sought in order for the Chairman and the members of the BoD, directly or indirectly, to engage in the transactions covered by the scope of activities of the Company and to become shareholders in companies performing such transactions. No problem has been faced within the period in relation to permissions given to members of the BoD in this regard.

### 25. Ethical Rules

Throughout its 80 years of history, Koç Group's culture has given priority to honesty, respect, ethical behavior and compliance with all laws and regulations.

Koç Group made further progress in terms of both corporate citizenship and corporate governance and ethical rules by signing the United Nations Global Compact.

Committed to ensuring customer satisfaction and a healthy development with its employees, supplying products and services in universal quality and standards, thereby becoming a hallmark of safety, continuity and esteem for its country, customers, shareholders, dealers and by-industries, Koç Group Values lead the way to follow in attaining these goals, and are shared with the public through the internet site.

Furthermore, the Personnel Regulation covering the ethical rules applicable to the Company employees notes the issues which the personnel have to comply with in their activities.

### 26. Number, Structure and Autonomy of the Committees Formed by the Board of Directors

Board Committees are formed at our Company with the aim of ensuring that the BoD is able to fulfill its duties and responsibilities more effectively, and these committees work under certain procedures.

Activities carried out by our committees are regularly recorded. Decisions taken by the committees following independently-performed activities are presented to the BoD as a proposal, and the final decision is made by the BoD.

These committees work under the following principles:

#### 26.1. Management Committee

The Management Committee members are nominated by the members of the BoD and are approved by the BoD. As the reason for establishing this Committee is the challenges encountered in convening BoD meetings whenever desired and urgent, the BoD assigns its duties and authorities to this Committee except certain restrictions set forth in its job description. The evaluation and approval procedure of the Committee's decisions at the Board are undertaken in accordance with the Company Articles of Association.

In principle, the Committee may not take decisions or make revisions about matters previously decided upon by the BoD or on subjects that are contrary to the Strategic Plan. The Committee shall bring the decisions it has taken between Board Meetings to the next meeting of the Board and have them approved.

The Management Committee is chaired by the Chairman of the BoD, and CEO is a member of this committee. While the Management Committee may meet in such frequency as necessitated by the developments, it may meet whenever it is deemed proper by the Chairman. In addition, when the Chairman of the BoD deems it necessary, it attends general and private disclosure or evaluation meetings related to the Group's activities (Planning Council, Annual Budget and ad hoc meetings, etc.).

The Management Committee is comprised of five persons including Honorary Chairman, Chairman, two Vice-Chairmen and the CEO.

#### 26.2. Audit Committee

The Audit Committee fulfills the functions stipulated in the Capital Market Regulations for the audit committee. Within this frame, it conducts the disclosure and independent audit of the accounting system and financial information of our Company and the supervision of the operation and efficiency of the internal control system of the Company. Selection of the independent audit company, preparation of independent audit contracts and initiation of independent audit process, and supervision of the studies of the independent audit company at every stage are all carried out under the supervision of the audit committee.

The Audit Committee meets at least four times a year or more when necessary as it has to submit a written report to the BoD containing its assessments and the views of the responsible executives of the Company and of the independent auditors in relation to the truth, accuracy and compliance of annual and interim financial statements to be disclosed to public with the accounting principles adopted by the Company.

The responsibility of the Audit Committee and of Company management is to not only undertake internal and external auditing, but also to ensure that records, procedures and reporting is in accordance with the laws, rules and regulations, and with the principles set forth by the CMB and IFRS. This Committee is comprised of the Chairman of the Committee and non-executive members.

#### 26.3. Corporate Governance Committee

This Committee oversees compliance to Corporate Governance Principles, assesses the reasons behind non-compliance in some areas, and proposes improvements to the BoD.

The Committee consists of 3 members including the Chairman of the Committee and meets at least two times a year and more frequently when the need arises. Chairman of the Committee is an independent member of the BoD and President of the Strategic Planning Group, who is responsible from Investor Relations is a member of the Committee.

#### 26.4. Human Resources Committee

This Committee evaluates and supervises the implementation of policies related to salaries and bonuses. It evaluates the human resources requirement of the Company through senior management succession plans and development programs. The Committee comprises of four people including the Chairman of the BoD.

### 27. Financial Benefits Granted to the Board of Directors

The financial benefits granted to the members of the BoD are determined at the General Assembly Meeting, which is open to the press and announced to the public by means of Meeting minutes and in the footnotes to our financial statements.

No transaction which might lead to conflict of interests such as the lending of funds or disbursement of loans by the Company to members of the BoD or executives has been undertaken.