

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

### PART 1. Statement of Compliance with Corporate Governance Principles:

a) During the operating period ended 31 December 2014, PINAR SÜT MAMULLERİ SANAYİİ A.Ş. ("the Company") achieved compliance with the entirety of the mandatory articles of the Corporate Governance Principles appended to the "Communiqué No: II.17.1 on Corporate Governance ("the Communiqué") issued by the Capital Markets Board of Turkey (CMB).

b) Our Company spends maximum effort to achieve full compliance also with the non-compulsory Corporate Governance Principles. Justifications for currently non-implemented non-compulsory principles are presented hereinbelow, and it is considered that the said matters do not lead to any major conflicts of interest under the current circumstances.

The Company maintains its position for the principles numbered 1.3.10 and 1.3.11 as their implementation is non-compulsory.

While the Company intends to achieve full alignment with the principles numbered 2.1.2 and 2.2.2/a, the hardships in practice create obstacles against full compliance.

Alignment with the principles numbered 1.5.2 and 4.6.5 cannot be realized due to the fact that these principles do not fully coincide with the market and the Company's existing structure.

The Company is currently in the process of assessment in relation to efforts for full compliance with the principle numbered 4.2.8.

During 2014, the Investor Relations Department at our Company was structured as stipulated by the legislation, necessary Board of Directors decisions were passed regarding common and continuous transactions with related parties, employee compensation policies were developed, material event disclosures incorporating significant Board of Directors decisions were separately classified on the website, and improvements to the website continued.

Our company will continue to monitor the changes in legislation and implementations regarding compliance with the principles and to carry out the necessary work also in the future.

### PART II: SHAREHOLDERS

#### 2.1. Investor Relations Department:

The Investor Relations Department handling communication with the investors has been set up at the Company pursuant to Article 11 of the Communiqué. The Investor Relations Department reports to Muzaffer Bekar, the Finance Director of the Company.

Contact information for Investor Relations Department employees is presented below:

Head of the Investor Relations Department: Tolga Bağcı (holds Capital Market Activities Advanced Level License)

Investor Relations Department Officer: Derya Gülerman

Tel : +90 232 482 2200

Fax : +90 232 489 1562

Email : investorrelations@pinarsut.com.tr

The Investor Relations Department is mainly charged with the following:

- Ensure that records of correspondence by and between the investors and the Company, and of other information and documents are maintained in a reliable, secure and up-to-date manner,
- Respond to shareholders' written requests for information about the Company,
- Prepare the documents related to the general assembly meetings, which need to be made available for the information of, and review by, shareholders, and take necessary steps to make sure that the general assembly meetings are carried out in accordance with the applicable legislation, the Company's articles of incorporation and other bylaws,
- Supervise and monitor that obligations arising out of the capital market legislation are fulfilled, including all aspects of corporate governance and public disclosure,
- Ensure that investor relations activities are properly conducted.

Having obtained the views of other units when necessary and in coordination with such units, the Investor Relations Department is responsible for providing shareholders and potential investors with information about the Company's activities, financial standing, and strategies, with the stipulations that it may not divulge any information which is confidential and/or in the nature of a trade secret and that it must not do so in any way that might lead to information asymmetry and for managing communication moving on both directions between shareholders and company managers.

During the reporting period, the Unit held one-on-one contacts with nearly 40 investors, and responded to more than 150 queries by phone or e-mail. In addition, upon disclosure of the Company's financial results, two webcast meetings have been organized, which were open to all analysts and addressed the Company's activities and financial results for 2013 full year and for 2014 half-year. "Financial Presentations" drawn up in Turkish and English languages covering the Company's periodic operating results were published on the Company's website. The website and investor presentations have been updated regularly to make sure that up-to-date information is made available to the investors at all times. Maximum attention is paid to achieving compliance with the legislation in fulfilling investor requests

### 2.3. Shareholders' exercise of their right to obtain information:

The fundamental principle in shareholders exercising their right to obtain information is that there should be no discrimination among shareholders. All information and documents that shareholders may need to exercise their shareholders' rights in a sound manner are made equally available to all shareholders on the Company's corporate website. During 2014, utmost care was paid, under the supervision of the Investor Relations Department, to respond to requests for information received from shareholders within the framework of the requirements of capital market laws and regulations and without delay.

Such requests for information are generally about such issues as General Assembly meeting dates, information on financial statements that are disclosed, developments in the sector and profit distribution. All requests for information, except in the case of information that was in the nature of a trade secret and information that it was deemed to be in the Company's interest to keep confidential, were responded to without making any distinctions among shareholders and in line with any statements that may previously have been made within the framework of capital market laws and regulations. Information and disclosures that might affect the exercise of shareholders' rights are announced in the "Investor Relations" section on the Company website, and there have been no information or disclosures during the reporting period, other than those disclosed under the Capital Market legislation. While the request to have a special auditor appointed is not an individual right provided for under the Company's articles of incorporation, no such request was received during 2014.

### 2.3. General Assembly Meetings

Pursuant to "Article 19 - Meeting Quorum" of the Company's articles of incorporation, the quorum requirements at annual and extraordinary General Assembly meetings are subject to the provisions of the Capital Market Law and of the Turkish Commercial Code.

The 2013 Annual General Assembly meeting took place on 27 March 2014 at our company's factory during the reporting period. At the 2013 Annual General Assembly meeting, 83.40% of the Company's capital was represented. During the meeting, shareholders electronically or physically attending the meeting or their proxies expressed their comments and wishes. Shareholders did not propose any agenda items during the said General Assembly meeting, either.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. representative participated in the meeting, whereas no media representatives were present. In addition to shareholders, representatives of the independent auditors were also sent written invitations to attend the meetings. Invitations to the meetings were made by the Board of Directors.

The Company's General Assembly meeting announcements were promulgated under "Article 22 - Announcements" of the Company's articles of incorporation, and in accordance with the relevant provisions of the Turkish Commercial Code and with other regulations, communiqués, Capital Markets Board requirements to be published under the said Code, as well as other applicable legislation. The meeting announcement was published in the Turkish Trade Registry Gazette at least three weeks (excluding the dates of the meeting and announcement) in advance. The meeting announcement was also published on the corporate website, and shareholders whose addresses were on record with the Company were sent letters in which they were informed about the meeting date, location, and agenda. Prior to the General Assembly meeting, the meeting date, place and agenda, the information that the Informational Document regarding the agenda is posted on the website, and the profit distribution proposal to be submitted by the Board of Directors to the General Assembly were publicly disclosed in material event disclosures. The Informational Document drawn up for 2013 Ordinary General Assembly Meeting covered detailed descriptions about each general meeting agenda item, as well as all the explanations, information and documents required by the legislation.

The Company's annual report and the informational document for the general assembly meeting were made available for shareholders' review at the Company's headquarters and on its corporate website as of twenty-one days before the General Assembly Meeting date. To facilitate attendance to the General Assembly Meeting, shuttle buses were provided for transportation between downtown and the factory. During the General Assembly Meeting, issues on the agenda were explained impartially and in detail so as to be clear and intelligible. Shareholders were given equal opportunities to express their thoughts and to ask questions, and a healthy climate of debate was created.

Minutes of General Assembly meetings are kept available for shareholders at all times at the Company headquarters. In addition, the minutes of the Company's General Assembly meetings for the past eight years are also accessible in the Investor Relations section of the Company website at [www.pinar.com.tr](http://www.pinar.com.tr).

At the Company's General Assembly meetings, information is presented to the shareholders on the amount and recipients of the donations and grants made during the reporting period. This matter is addressed as a separate agenda item. An upper limit was set for the donations to be made during 2014 at the meeting.

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### 2.4. Voting Rights and Minority Rights:

Article 8 of the Company's articles of incorporation grants the following privilege regarding nominations to the Board of Directors:

"Should the Board of Directors be constituted of five members, three of them shall be elected from among the nominees indicated by Group A shareholders, one member each shall be elected from among the nominees indicated by Group B and Group C shareholders. In case the Board consists of seven members, four of them shall be elected from among the nominees indicated by Group A shareholders, two members shall be elected from among the nominees indicated by Group B shareholders, and one member shall be elected from among the nominees indicated by Group C shareholders. In case the Board consists of nine members, five of them shall be elected from among the nominees indicated by Group A shareholders, three members shall be elected from among the nominees indicated by Group B shareholders, and one member shall be elected from among the nominees indicated by Group C shareholders.

The Board of Directors may, upon its sole discretion, elect managing director(s). However, the Chairperson of the Board of Directors and the managing director(s) shall be elected from among members representing Group A."

The Company's articles of incorporation contain no provisions preventing non-shareholders to vote by proxy as an appointed representative. With respect to the exercise of voting rights, the Company's articles of incorporation contain no provisions preventing non-shareholders to vote by proxy as an appointed representative. Article 23 of the Company's articles of incorporation, which governs the exercise of voting rights, reads as follows:

"Save for the votes to be cast in the Electronic General Meeting System, voting is conducted through open ballot and by raising hands during a General Assembly meeting. However upon demand by those possessing at least one-tenth of the capital which shareholders present at a meeting represent, recourse must be had to secret ballot. CMB rules pertaining to proxy voting are reserved."

There are no other companies in which the Company has a cross-ownership. Minority rights are not represented on the Board of Directors. The articles of incorporation do not set minority rights to be less than one twentieth of the capital.

### 2.5. Entitlement to Dividends:

The Company's profit distribution decisions are based on the provisions of the Turkish Commercial Code, capital market legislation, tax regulations and other applicable legislation, and the profit distribution provision of the Company's articles of incorporation, and a consistent policy observing the balance between the interests of shareholders and of the Company is pursued, in accordance with the CMB's Corporate Governance Principles.

The Company's annually reviewed policy for profit distribution is to pay out cash dividends and/or bonus shares corresponding to minimum 20% of the distributable profit for the period, which is calculated in accordance with the capital market regulations and other applicable legislation, taking into consideration the economic conjuncture, market projections, the Company's long-term strategies and long-term investment and financing policies, the Company's financial position, profitability and cash position, to the extent allowed by relevant regulations and finances.

Unless otherwise decided in the general assembly meeting in which the profit distribution decision is discussed, it is intended to realize the dividend payout by no later than in May in the same year in which the relevant general assembly meeting is held, and the date of profit distribution is decided by the General Assembly of Shareholders. The General Assembly of Shareholders, or the Board of Directors, if authorized, may decide to pay out the dividends in installments in accordance with the capital market regulations and rules.

The Company's articles of incorporation permit distribution of advances on dividends, and the Board of Directors may decide to distribute advances on dividends restricted to the relevant fiscal year, provided that it is authorized by the General Assembly of Shareholders and provided further that capital market regulations and rules are adhered to.

The Company's Dividend Policy for 2013 and thereafter, which was formulated in line with the capital market legislation, has been laid down for approval at the 2013 Annual General Assembly Meeting and publicly disclosed. Our Dividend Policy is publicly disclosed also via our website.

Distribution of the Company's profit for 2013 has been completed on 30 May 2014.

### 2.6. Transfer of shares

Transfer of shares is subject to the relevant provision of the TCC.

## PART III: PUBLIC DISCLOSURES AND TRANSPARENCY

### 3.1. The Corporate Website and its Content:

The Company's corporate website [www.pinar.com.tr] contains all the matters as required by Corporate Governance Principles. The Company's website is available in both Turkish and English. The Company continuously improves and upgrades the services provided by its website, which is actively used.

### 3.2. Annual Report:

The Company's annual reports contain all the information specified in the Corporate Governance Principles; however, declarations of independence by the independent board members and remuneration of the board of directors and senior executives and other benefits provided to them individually are not disclosed. Benefits provided to executives are provided as a cumulative amount.

## PART IV: STAKEHOLDERS

### 4.1. Disclosure to Stakeholders:

Stakeholders are kept informed about all matters concerning the Company other than those which are in the nature of a trade secret through CMB material disclosures within the framework of CMB regulations, Turkish Commercial Code, Competition Law, tax laws, and Turkish Code of Obligations.

Stakeholders are able to convey any transaction they consider to be illegitimate or unethical to the Corporate Governance Committee or the Audit Committee via Yaşar Group Ethics Committee. The Audit Committee reviews the complains received regarding the Company's accounting and internal control system and independent audit, and handles the notifications of company employees in relation to the Company's accounting and independent audit, observing the confidentiality principle.

Furthermore, the communication mechanism is established with the Corporate Governance Committee and the Audit Committee also via the processes that provide stakeholder participation in management as discussed under Article 4.2 hereinbelow.

### 4.2. Stakeholder Participation in Management

In an effort to maximize customer satisfaction, a careful ear is turned to customers through the customer relationship management system, which was established to respond to customer needs and expectations, to strengthen communication with customers, and to enhance customer satisfaction. Customer audits are successfully carried out, as are chain store audits.

Customer requests and complaints received by Pınar Communication Center (in Turkish: PİM) on the phone line 444 76 27 are responded to, and information is provided to consumers on the topics conveyed as soon as possible. The PİM twitter account serves to review the requests and suggestions received via the social media, upon which the team gets back to the consumers. The service level of PİM is regularly measured through the satisfaction questionnaire administered with contacted consumers.

During producer training meetings, information is provided on livestock health, hygiene and correct milking practices, continuance of the herd, ensilaging and important considerations during ensilaging, harmful substances that can be contained in fodders and control thereof.

Visits are paid to, and inspections are performed at, existing and potential suppliers in line with the annual plans, and Class A suppliers are certified.

Technical training programs are offered to Regional Sales Directorates, which address technical properties of the products, and their superior qualities over similar products. Training sessions are organized which provide guidance as to how to satisfy customer needs and expectations in a technical sense. The Company assesses the feedbacks received from these meetings.

Based on its awareness that maintaining a high level of employee motivation and engagement creates a significant advantage in attaining success faster, Pınar Süt collects its employees' feedbacks through the "Employee Opinion Survey" administered since 1998 to this end. In 2014, the Employee Opinion Survey was turned into an online application covering all employees at the Group. These surveys are used as a key tool whereby employees are able to provide feedback to the Company management.

During 2014, Pınar Süt offered 19,632 hours of training in total to its employees, which corresponds to 17.5 training hours per person on average.

### 4.3. Human Resources Policy

The fundamental mission of the Company's human resources policy is to ensure the management of human resources who are innovative, who are committed to the principle of total quality, and who contribute towards the Company's competitive advantage by easily adapting to change and development at the Company.

The Company did not receive any complaints about discrimination as at 2014. The Company's basic human resources policies are set forth clearly in the Company's Personnel Regulations, which are issued to all non-contract employees against their individual signature. In addition to basic policies, these regulations also contain information about working hours, hiring principles and processes, termination, and discipline. Human resources policies and practices pertaining to employees who are covered by collective bargaining agreements are spelled out in such agreements. Job descriptions are devised for all of the Company employees. Performance and rewarding criteria for the white-collar employees are disclosed in the White Collar Employee Regulation, while the rewarding criteria for our blue-collar workers are described in the Collective Bargaining Agreement.

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### Basic human resources policies

- a) Staffing at the Company is determined according to the criteria of business economics. All employees agree that honorable employment is only possible through productive work.
- b) The Company conducts intramural and extramural training programs within the framework of plans that are devised for each level in order to ensure the progression of its employees.
- c) The Company is mindful of equality of opportunity in all promotions and appointments throughout its organization. As a matter of principle, appointments are made from among the Company's own personnel.
- d) By means of a career planning system in which progression plans are implemented, employees who have potential are provided with the broadest possible opportunities for advancement.
- e) Employees' performance is evaluated on the basis of their fulfillment of targets and their competencies.
- f) Job descriptions and performance standards are documented for positions at every level from the highest to the lowest and these serve as the basis for employee evaluations.
- g) Employee Opinion Surveys are conducted once in two years, seeking employees' views about the working environment, development and career, salaries and fringe benefits, job satisfaction, managers, engagement, corporate reputation, corporate structure and management policies. Improvements are made in line with the feedback that is received in this way.
- h) A safe workplace and safe working conditions are a matter to which the Company gives great importance. Under the Company's occupational health and safety regulations, all legally mandated measures are taken to prevent occupational risks, ensure health and safety, and eliminate risk and accident factors. An ongoing effort to make improvements is carried out through regularly conducted safety meetings.
- i) Our management style is "... [to] maintain our existence as a company that acts fully respectful of the laws and ethical rules, and embrace total quality philosophy and participatory management".
- j) An essential principle at the Company is that all employees will be treated equally and without making any discrimination among them with respect to language, race, color, sex, political beliefs or philosophy, creed, religion, sect, or similar reasons. Due measures have been taken to protect this fundamental constitutional right of employees.

There are five workplace representatives at Pınar Süt (three in the Pınarbaşı plant and two in the Eskişehir plant).

At the İzmir Plant: Ali Ünlü, Cheese Packaging Shift Supervisor; Yılmaz Solak, Electrical Maintenance Foreman; Günay Aslan, Dehydrated Milk Production Foreman

At the Eskişehir Plant: Erdoğan Yörüksöy, Tetrapak Operator; Vural Sakarya, Machinery Maintenance Foreman

The duties of these representatives are to:

- a) Hear workers' wishes and resolve their complaints exclusively with respect to matters at the workplace;
- b) Ensure continued labor peace through worker-employer cooperation and labor fairness;
- c) Be mindful of workers' rights and interests; assist in the implementation of the working conditions which are provided for in labor laws and in collective bargaining agreements.

All employees are kept informed about company procedures, organizational changes, changes in rights and benefits, and other practices and decisions that may affect them by means of regulations and announcements prepared within the framework of the Company's prescribed announcement regulations as well as via the Company intranet and bulletin boards.

### 4.4. Rules of Ethics and Social Responsibility:

In order to fulfill its responsibilities related to public health and the nature, Pınar Süt has made it a principle to continually oversee and improve its environmental performance, while integrating with its manufacturers, suppliers and employees in the conduct of its production activities.

The Company seeks to make contributions that are beneficial to employees and to the community in the areas of culture, art, sport, and education through the Pınar Kido art competitions, the Pınar Kido children's theater, its sponsorship of Pınar Karşıyaka basketball team, farmer training programs, its newspaper Pınar, and its magazine Yaşam Pınarım.

The Company supports education by collaborating with organizations such as Yaşar University and Yaşar Education and Culture Foundation.

Carrying out its activities on Yaşar University Campus, Pınar Institute has been established as part of the commitment to corporate social responsibility for the purposes of contributing to healthy development of the society, carrying out researches, supporting researches and training, publishing the outcomes, and taking on activities to this end.

A consumer perception study on milk and dairy products was carried out with the project "Consumer Perception of Milk and Dairy Products: Effects of Misinformation by the Media", co-conducted by Pınar Institute and Yaşar University Faculty of Communication under the TUBITAK 3001: Starting R&D Projects Support Program.

The Company conducts its activities within the framework of values which are adhered to by the Yaşar Group companies and whose approach to the production of goods and services involves compliance with laws and the rules of ethics, concerns itself with national problems without becoming involved in politics, and values the environment and nature. These values are known to all company employees. A summary version of the Yaşar Group Rules of Ethics is posted on the corporate website.

## PART V: BOARD OF DIRECTORS

### 5.1. Structure and Formation of the Board of Directors

Members of the Company's Board of Directors are identified below:

Name	Position	Independent Director or Not	Executive Director or Not	Term of Office
İdil Yiğitbaşı	Chairperson	Non-independent Board Director	Non-executive	1 year
Mustafa Selim Yaşar	Vice Chairperson	Non-independent Board Director	Non-executive	1 year
Emine Feyhan Yaşar	Director	Non-independent Board Director	Non-executive	1 year
Turhan Talu	Director	Independent Board Director	Non-executive	1 year
Ali Yiğit Tavas	Director	Independent Board Director	Non-executive	1 year
Cengiz Erol	Director	Independent Board Director	Non-executive	1 year
Yılmaz Gökoğlu	Director	Non-independent Board Director	Non-executive	1 year

Gürkan Hekimoğlu serves as the Company's General Manager. The engagement of company directors in the activities set forth in Articles 395 and 396 of the Turkish Commercial Code is subject to the approval of the General Assembly of shareholders. With the exception of those activities, there are no other limitations imposed on what Board directors may do and external positions held, if any, are stated in their résumés covered in annual reports. Members of the Board of Directors of our company, which is affiliated to the Yaşar Group, may hold seats on the boards of directors of other Group companies, and there may be various transactions by and between these companies that may be considered under the scope of Article 395/1 of the Turkish Commercial Code. However, the parties to such transactions are Group companies only, and necessary permissions are obtained at the general assembly meeting of each relevant company.

The General Manager's résumé is provided in the Company's annual report, and the résumés of Board of Directors members are given both in the Company's annual report and also on the corporate website. In accordance with the Capital Market legislation, independent Board directors have submitted their declarations of independence to the Corporate Governance Committee that acts as the Nomination Committee.

Three independent director candidates were presented for 2014 to the Corporate Governance Committee that acts as the Nomination Committee. The declarations of independence and résumés of these individuals have been discussed in the Corporate Governance Committee meeting of 3 March 2014 and in the meetings of the Board of Directors, and it has been decided to nominate all of them as independent directors. No situations arose that prejudiced independence as at 2014 operating period. There are two women members on the Board of Directors. Hence, the Company has secured a ratio of not less than 25% with respect to the number of women members on the Board of Directors.

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### 5.2. Operating Principles of the Board of Directors

The operating principles of the Board of Directors are spelled out as follows in Article 10 of the Company's articles of incorporation:

"The Board of Directors shall convene as the Company's affairs and operations may require. However, the Board must meet at least monthly."

Board of Directors meetings are convened with a majority of its full membership and decisions are passed with a majority of those present in the meeting."

The agenda for the Board of Directors meetings are set by the Chairperson of the Board, in consultation with the other Board directors and the General Manager.

The details of the 2014 activities of the Board of Directors are provided below:

During the reporting period, the Board of Directors convened forty-two times. The Board of Directors shall convene upon a summons in the form of a written request made by its chairperson or by any director. All directors are usually present at meetings. There were no unresolved disputes over issues during the 2014 reporting period. The questions raised during the meetings are not entered into record. No board directors have preferential voting or veto rights. An insurance coverage has been obtained for losses that the Company may sustain by reason of the faults committed by the Board of Directors members during the performance of their duties.

### 5.3 Number, Structure and Independence of the Committees Established under the Board of Directors

The Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee have been set up at the Company. The Corporate Governance Committee fulfills the duties of the Nomination Committee and the Remuneration Committee. When performing their activities, the committees under the Board of Directors adhere to the operating principles that are posted also on the Company website.

The Audit Committee is headed by Cengiz Erol and its other member is Turhan Talu. Both members are non-executive and independent Board directors. The Audit Committee meets at least on a quarterly basis and holds at least four meetings in one year. Within the scope of the Committee's activities, information has been obtained on operations and internal control systems from company executives and findings related to the audit from independent auditors. The Committee oversees the operation and efficiency of the Company's bookkeeping system, public disclosure of financial information, independent audit and internal control system. The Audit Committee also supervises the designation of the independent audit firm, drafting of the independent audit agreement, initiation of the independent audit process, and the activities of the independent auditor. The Committee reports on the fairness and accuracy of annual and interim financial statements that will be publicly disclosed to the Board of Directors.

The Corporate Governance Committee is headed by Turhan Talu, a non-executive, independent Board member, and its other members are Cengiz Erol, non-executive, independent Board member, Yılmaz Gökoğlu, non-executive Board member, and Muzaffer Bekar, Finance Director to whom Head of the Investor Relations Department reports. Corporate Governance Committee meets at least four times a year, held at least on a quarterly basis. The Corporate Governance Committee establishes whether the Corporate Governance Principles are implemented at the Company, the grounds for non-implementation, if applicable, and the conflicts of interest arising from failure to fully comply with these principles. The Committee proposes improvement actions to the Board of Directors. Corporate Governance Committee oversees the activities of the Investor Relations Department.

Within the scope of the duties of the Nomination Committee, the Corporate Governance Committee works to create a transparent system to deal with the matters of identifying, evaluating, training, and rewarding candidates suitable for board membership and to establish policies and strategies applicable to that system. In addition, the Committee evaluates the nominations for independent Board membership including the management and shareholders, taking into consideration whether the candidate bears the independence criteria or not, and presents its relevant assessment to the Board of Directors for approval.

Within the scope of the duties of the Remuneration Committee, the Corporate Governance Committee formulates its proposals regarding the principles for compensating the Board directors and senior executives, in view of the long-term goals of the Company.

The Early Detection of Risk Committee is responsible for early detecting the risks that may endanger the existence, development and survival of the Company, taking necessary measures for the identified risks, and managing the risks. The Committee is headed by Ali Yiğit Tavas, a non-executive, independent Board member, and its members are Turhan Talu, non-executive, independent Board member, and Yılmaz Gökoğlu, non-executive Board member.

According to the Corporate Governance Principles, all members of the Audit Committee, and the heads of Early Detection of Risk Committee and Corporate Governance Committee must be independent Board members. The Finance Director, to whom the Head of the Investor Relations Department reports, is appointed as a member of the Corporate Governance Committee by the Board of Directors. Since there are three independent members on the Company's Board of Directors, the same member serves on more than one committee under the Board of Directors.

#### **5.4. Risk Management and Internal Control Mechanism:**

The Board of Directors essentially supervises risk management and internal control activities through the Early Detection of Risk Committee. In its fulfillment of these functions, the Early Detection of Risk Committee makes use of the findings of the bodies performing certification under the Group Audit and Risk Management Coordinator, independent audit and certified accountancy.

#### **5.5. Strategic Goals of the Company:**

The Board of Directors sets the Corporate Strategy and Goals in line with the Company's vision and growth and profitability expectations. The principles that will steer these strategies are determined by the senior management and the extent at which the goals are achieved are assessed in the monthly meetings, along with the activities and past performance.

#### **5.6. Financial Rights:**

The rights provided to the Board directors are decided at the General Assembly meetings and are publicly disclosed through the minutes of the meetings issued. The Remuneration Policy that describes the remuneration system and implementations for the Company's Board members and executives with administrative responsibility is available on the Company website. The Company's annual reports do not present the rights provided to senior executives on an individual basis, but state a cumulative amount.

The Company does not lend money, extend credit, or make available loans under the name personal loans via a third party to any of its directors or executives, nor does it provide guarantee in their favor.