

## **2013 CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

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

Akfen Holding A.Ş. (“the Company”) makes the utmost effort to comply with both the Articles of Association and the Capital Markets Board’s Corporate Governance Principles in accordance with the Communiqué on Corporate Governance Principles, which came into effect on January 03, 2014. The Company continues its efforts to comply with the non-required principles as well. The Company constantly takes the necessary steps to reach the highest standards in the area of corporate governance, and also pursues its activities continuously to enforce various recommended provisions included in the principles. Akfen Holding considers its code of ethics, transparency, equity, responsibility and accountability as key components of the Company’s corporate culture.

Due to the importance of complying with the CMB’s Corporate Governance Principles, the Company revised its Articles of Association and brought them into conformity with the Principles.

The following amendments were made to the Articles of Association:

- A statement on Independent Board Members will be published in the annual activity report of the Board of Directors;
- The regulations towards General Assembly meetings;
- The Board of Directors will be composed of five members at least; the majority of the members will be non-executive; independent members in a sufficient number will be elected pursuant to the Corporate Governance Principles; members will be elected for a three year term at most; Board meetings will be held when required but four times a year at minimum; each member has the right to cast one vote and it will be exercised in person;
- Required committees will be established within the structure of the Board of Directors in accordance with CMB regulations and other applicable laws, rules and regulations;
- Announcements and notifications of the General Assembly meetings will be made at minimum three weeks prior to the meeting date, via all communication means including electronic communication to ensure the widest participation of the shareholders; similarly, notifications to relevant authorities will be made at minimum three weeks prior; shareholders will be able to attend the meetings in an electronic environment in accordance with applicable legislation; the Capital Market Law regulations on corporate governance will be adhered to in critical processes that pertain to the Principles and any kind of related party processes of the Company and processes related to assurance, pledge and mortgage in favor of third parties;
- The Company will adhere to the legally required CMB Principles; Company processes carried out and the Board of Directors decisions made without abiding by the required principles will be invalid and noncompliant with the Articles of Association.

Moreover, in order to ensure compliance with the Turkish Code of Commerce, the Capital Market Law and the relevant legislation that are in force, the amendments to

the Company's Articles of Association specified in the Annex of this report were approved at the Ordinary General Assembly meeting held on the 28<sup>th</sup> of May 2013.

Our Company's "disclosure of information policy" prepared in accordance with the Corporate Governance Principles of the Capital Markets Board, was discussed and approved at the Board of Directors' meeting dated 04.04.2011 and accepted at the General Assembly meeting dated 04.24.2011. The public disclosure policy was put into written form and published on the Company website at [www.akfen.com.tr](http://www.akfen.com.tr).

The processes were started in order to comply with the compulsory principles that must be implemented within the framework and schedule of the Corporate Governance Communiqué.

Investor Relations Unit directly reports to the General Manager and at least once a year presents a report to the Board of Directors regarding the activities that it conducts.

Upon the Board resolution made at the Board meeting on May 17, 2010, in accordance with the Articles of Association, the Company established the Audit Committee and Corporate Governance Committee, completed committee member elections and started committee operations in compliance with the Corporate Governance Principles.

Upon the resolution of the Board of Directors of the Company no. 2012/25 dated June 1, 2012, it was decided that the Audit Committee will be composed of two (2) independent members, Mr. Şaban Erdikler will be appointed Chairman and Mr. Nusret Cömert will be appointed as member; in the Board of Directors Meeting dated August 6, 2012, it was decided that the Corporate Governance Committee, which will also fulfill the duties of the Nomination Committee, Early Risk Detection Committee and Remuneration Committee will be composed of five (5) members, Mr. Nusret Cömert will be appointed Chairman and Ms. Pelin Akın, Mr. Selim Akın, Mr. Şaban Erdikler and Ms. Sıla Cılız İnanç will be appointed as members.

As per the Akfen Holding's Board of Directors' decision dated 03.19.2013: it was decided to assign the tasks of the Early Risk Detection Committee which are carried out by the Corporate Governance Committee, to a separate committee pursuant to the Communiqué Serial: IV, n.63 of the Capital Markets Board which makes amendment to the Communiqué Serial: IV, n. 56 and to appoint Mr. Nusret Cömert as the Chairman, Ms. Pelin Akın and Mr. Selim Akın as the members.

In the activity period ending on December 31, 2013, the Company complied with and applied the Principles except certain provisions specified in Article 18.3.4 ("Use of the Cumulative Voting System in the Election of Board Members") of this Report. It is assumed that, as per the current conditions, this issue will not cause critical conflicts of interest within the scope of the regulations on "critical" processes within the new TCC and CMB legal framework. Although minority rights can be exercised via the two independent members of the Board of Directors.

The "Remuneration Policy" regarding the remuneration principles of the members of the Board of Directors and senior executive managers, was submitted for the

information of the shareholders at the Ordinary General Assembly meeting held on the 28<sup>th</sup> of May 2013.

The Board of Directors provides full support to Senior Management and the employees of Akfen Holding A.Ş. in the implementation of the Corporate Governance Principles across the Company at every level of the organization. Upon the adoption of the Corporate Governance Principles by the Company, the Corporate Governance Principles Compliance Report and the Company's Annual Report Appendix were issued to declare that the Company's operations will be in line with the principles of equity, transparency, accountability and responsibility.

## CHAPTER I - SHAREHOLDERS

### 2. Investor Relations Department

The exercise of shareholder rights at the Company complies with applicable legislation, the Articles of Association and other in-house regulations, and every measure is taken to ensure the exercise of these rights.

In January 2010, the Company established an Investor Relations Department before the public offering of May 2010, in order to manage all relations between the shareholders and the Company, and to ensure proper communication. The Investor Relations Department strives to provide current and prospective investors accurate, timely and consistent information about Akfen Holding; to increase investor awareness and market credibility of the Company; reduce the Company's costs with the implementation of Corporate Governance Principles; and ensure communication between the Board of Directors and capital markets participants. In parallel with these objectives, the Company places utmost importance on communication with shareholders and investors, and runs an active investor relations program. In the organizational chart, the Investor Relations Department reports directly to the General Manager and reports about its activities to the Board.

Investor Relations serves as a connection between the Board of Directors, and the financial community, and carries out the following functions:

- To ensure that shareholder records are maintained in a meticulous, secure and up-to-date fashion,
- To respond to written or verbal information requests by shareholders, prospective investors, stock analysts, public agencies ("CMB", "BİAŞ", "CRA", et al.), and the financial media - except confidential, secret information and/or trade secrets not disclosed to the public - to ensure accurate and simultaneous access to information, and to update current information,
- To issue material event disclosure statements with regards to the shares to the Public Disclosure Platform, to translate these statements into English and share these with investors via the Company's website,
- To review all Company announcements, and to prepare Turkish and English announcements on the Company's financial results,
- To update the Investor Relations section of the website and use all electronic communication means in order to keep shareholders and prospective investors informed,

- To build a database of domestic and international institutional investors, as well as stock and sector analysts,
- To ensure the Company is represented in domestic or overseas investor relations meetings attended by current and prospective investors and analysts,
- To review and analyze reports by analysts, and to monitor critical developments and data pertaining to the Company,
- To take the necessary measures to ensure that General Assembly meetings are held in accordance with applicable legislation, Articles of Association and other in-house regulations,
- To prepare all documents that the shareholders will need in the General Assembly meeting,
- To supervise all public and corporate governance disclosure actions and ensure their compliance with applicable legislation.

Investor Relations strives to use all electronic communication channels and the corporate website in its activities.

Contact information for the Investor Relations Department is found on the website (<http://www.akfen.com.tr>) and in the annual activity reports of the Company. Investor Relations can be contacted at [yatirimci@akfen.com.tr](mailto:yatirimci@akfen.com.tr) for any requests and questions.

Ms. Aylin Çorman, who holds an advanced level capital market activities license and corporate governance rating specialists license, is the officer in charge of Investor Relations and her contact information is as follows:

Aylin Çorman, Investors Relations Manager  
Levent Loft - Büyükdere Cad. No: 201  
K. 11 34394 Levent, Istanbul - TURKEY  
Tel: +90 (212) 319 87 00  
Fax: +90 (212) 319 87 30  
[acorman@akfen.com.tr](mailto:acorman@akfen.com.tr)  
[yatirimci@akfen.com.tr](mailto:yatirimci@akfen.com.tr)

- As of January 24, 2014, 31% of the Company's shares were floated publicly; of which, 52.44% was held by foreign investors. In 2013, the Company participated in 11 domestic and overseas various investment conferences in total to provide information to shareholders and investors and conducted; in addition, the Company held face-to-face meetings with over 160 current and potential investors. Numerous meetings were also held with investors, shareholders and analysts regarding the Company's operational results, performance and other developments.

Furthermore, pursuant to the Capital Market Law, the Company issued 205 material event disclosures and published these disclosures on the corporate website in 2012. The Company also answered queries from investors and analysts by phone and email, and released detailed financial statements in financial reporting periods during the year.

### 3. Exercise of Shareholders' Right to Information

It is essential to treat all shareholders, prospective investors and analysts equally with regards to the right to information and analysis, and to simultaneously provide all

financial statements to the public, with the same content. Under the Company's Public Disclosure Policy, all information concerning shareholders and market players are all disclosed via material event disclosures; submit their email address to the Company; the Turkish and English versions of all past material event disclosures can be accessed via the website.

Investor Relations responds to the numerous written and verbal information requests from shareholders and pursuant to the provisions of the Capital Market Law. In order to expand shareholders' right to information, any current information that might affect the exercise of their rights is submitted to shareholders via the website. The English and Turkish versions of all information disclosures are published on the corporate website to ensure equal treatment among domestic and foreign shareholders.

No request was made to our Company for the assignment of any private auditors.

#### 4. Information on the General Assembly

In 2013, Ordinary General Assembly meeting was held on the 28<sup>th</sup> of May 2013 in the Akfen Meeting Room that is at the Company Headquarters. On the other hand, Extraordinary General Assembly meeting was held on the 24<sup>th</sup> of October 2013 with the purpose of the amendment to the repurchase program of the Company shares.

"The Internal Directive regarding the Working Principles and Procedures of the General Assembly" which was prepared by the Board of Directors in accordance with the 419<sup>th</sup> Article of the Turkish Code of Commerce, was approved by the Ordinary General Assembly on the 28<sup>th</sup> of May 2013.

Notices and announcements in respect of ordinary and extraordinary meetings of the General Assembly are made at minimum three weeks prior to the meeting date, in a manner to ensure the widest participation of the shareholders and in compliance with applicable legislation.

The General Assembly meeting announcements published on the website included the date, time, location and agenda of the meeting, the invitation of the Board of Directors, and the shareholder participation procedure for the General Assembly.

The General Assembly's meeting procedures ensure the widest participation of shareholders. The General Assembly Informational Note is prepared and published on the website two weeks prior to the meeting date.

General Assembly meetings are organized in the least complicated manner to avoid any unequal treatment among shareholders, and to impose the least possible cost to shareholders.

The Company completed efforts to amend the Articles of Association for the electronic General Assembly to be held in accordance with applicable laws, rules and regulations of the TCC and Capital Market Law; also certification of employees for the required infrastructure was also completed. (See Annex 2.) In 2013, both General Assembly meetings were held as Electronic General Assembly Meetings.

The Akfen Conference Hall, where the General Assembly meetings are held, is located at the Company's Headquarters, and can accommodate all shareholders. The General Assembly meetings are open to the public, and are organized under the supervision of the Commissioner of the Ministry of Industry and Commerce.

In the General Assembly meeting agenda, items are detailed in an impartial, detailed, clear and comprehensible manner; the wording does not allow for multiple interpretations; shareholders have an equal chance to express their opinions and pose questions, in order to engage in a healthy debate.

The General Assembly's meeting minutes are accessible on the website ([www.akfen.com.tr](http://www.akfen.com.tr)).

During the General Assembly meeting, shareholders did not exercise their right to ask questions and did not give suggestions for the agenda. At the meeting, shareholders were informed about the amount of the donations and grants made in the period, as a separate agenda item.

## 5. Voting Rights and Minority Rights

### Voting Rights

The Company avoids practices that might make the exercise of voting rights difficult, and it is ensured that each shareholder exercises their voting right in the most practical and convenient manner.

Pursuant to the Articles of Association, Class A shareholders have three votes for one share, while Class B shareholders have one vote for one share. Class A share certificates are registered shares.

At the Company, there is no provision requiring the voting right to be exercised within a certain time limit after it is granted.

The Articles of Association do not provide any provision preventing a non-shareholder to cast a vote as a representative by proxy.

### Minority Rights

The exercise of minority rights at the Company is subject to the Turkish Commercial Code, Capital Market Law, applicable legislation, and communiqués and resolutions of the Capital Markets Board; the Articles of Association do not provide any provisions in this matter.

At the Company, minority rights are thus to be exercised in accordance with the referenced laws, rules and regulations. These rights can also be exercised via two Independent Board Members. The independent members of the Board of Directors enable the minority to be represented in the management.

Although the Articles of Association do not yet include the cumulative voting system, the advantages and disadvantages of the system will be assessed by the Company in accordance with changes in legislation.

### Equal Treatment of Shareholders

At the Company, all shareholders including minority and foreign shareholders receive equal treatment.

#### 6. Right to Dividend Distribution

The Company adopts resolutions related to dividend distribution in accordance with the Turkish Commercial Code, Capital Market Law, tax laws, other relevant legislation, communiqués and resolutions of the Capital Markets Board and the Articles of Association.

Pursuant to the Articles of Association, after the deduction of the Company's general expenses, miscellaneous depreciation, and other such sums to be paid or reserved by the Company, as well as any taxes to be paid by the Company's legal entity from year-end revenue, the dividend is calculated in the following manner, from the remaining net profit on the annual balance sheet, if any, after the subtraction of any loss from the previous periods (for the amendment text of the Articles of Association, see Annex 2).

#### Primary Legal Reserve Fund:

- a. 5% of net profit is set aside as legal reserve.

#### First Dividend:

- b. In compliance with the Turkish Code of Commerce and the Legislation, first dividend is set aside over the amount calculated by adding, if any, the amount of the donations made within the year, on the remaining amount.
- c. After the deductions stated above were made, General Assembly has the right to decide on distributing the dividend to the Members of the Board of Directors together with the employees, janitors and workers, to the charitable institutions established with various purposes and to the entities with similar characteristics.
- d. After the first dividend for shareholders is distributed, 1% of the remaining profit is transferred to the Turkish Human Resources Foundation.

#### Second Dividend:

- e. After the deduction of the abovementioned amounts from the net profit in the a, b, c, d articles, the General Assembly is entitled to allocate the remaining amount partially or completely as the second dividend or as extraordinary reserves in accordance with the article 521 of TCC.

Until the legal reserves are allocated, and the first dividend for shareholders is distributed in cash and/or as shares in line with the Articles of Association, the Company cannot allocate other reserves, transfer profits to the following year, distribute dividends, or give profit shares to Board members, officers or employees of the Company, foundations established for various purposes, or persons/institutions with similar purposes.

The dividend of the accounting period is distributed evenly to all existing shares, regardless of their issue and acquisition dates.

There is no privilege among share groups with respect to dividend distribution.

Profit distribution decision taken by the General Assembly pursuant to the provisions of this Articles of Association cannot be withdrawn.

The distribution method and time of the distributable profit is determined by the General Assembly upon the proposal of the Board of Directors. The provisions of the Capital Market Law are followed.

According to the Board of Directors' resolution dated April 9, 2010, Akfen Holding abides by a dividend distribution policy based on "proposing to the General Assembly the distribution of at least 30% of the distributable profit, from the 2009 accounting year onwards, after taking into consideration the general profitability of the Company."

The distribution of the gross dividend of TL 25,529,166.46 (gross TL 0,087729094 per share) to the shareholders was made in cash on the 30<sup>th</sup> of May 2013 by our Company.

The Company has a dividend distribution policy; it was submitted for the information of shareholders at the General Assembly; the policy is included in the annual report and disclosed to the public on the Company website.

#### 7. Transfer of Shares

The transfer and assignment of the Company's bearer shares are subject to the provisions of the Turkish Commercial Code, Capital Market Law and relevant legislation.

The CMB regulations are applied regarding the transfer of the Company's registered shares traded in the stock market. In case the Company repurchases its own shares and accepts as pledge in an onerous manner, the Legislation and the relevant legislation are complied with and required public disclosure is made on material matters.

Group A shares' transfer outside the stock market is only possible with the approval of the Company's Board of Directors. The Board of Directors of the Company may reject the approval request of the transferor by proposing to purchase his/her shares with their real value at the time of the application on behalf of the Company or other shareholders or third parties. Class A privileged shares are registered shares.

## CHAPTER II - PUBLIC DISCLOSURE AND TRANSPARENCY

#### 8. Public Disclosure Policy

The Company's Public Disclosure Policy, prepared pursuant to the CMB's Corporate Governance Principles, was discussed and approved at the Board of Directors meeting dated April 4, 2011.

The Public Disclosure Policy was prepared in written form, and published on the website ([www.akfen.com.tr](http://www.akfen.com.tr)).



The Board of Directors is responsible for monitoring, reviewing and developing the Public Disclosure Policy. The Corporate Governance Committee gives information and presents proposals to the Board of Directors, Audit Committee and the Investor Relations Department on matters concerning the Company's Public Disclosure Policy. Investor Relations is in charge of monitoring and supervising any matters concerning public disclosure.

The Public Disclosure Policy aims at informing shareholders, investors and capital markets participants about the Company's past performance and future expectations in a complete, accurate, timely, comprehensible and equal fashion, in line with generally accepted accounting principles and the Capital Market Law, and thus to maintain active and transparent communication.

#### Principles and Instruments of the Public Disclosure Policy

Any information to be disclosed to the public is submitted in a timely, accurate, complete, comprehensible, interpretable, cost-effective, accessible and equal fashion to help concerned persons and institutions make investment decisions. Akfen Holding A.Ş. acts in accordance with the Capital Market Law and BIST regulations in its public disclosure practices. The Company's public disclosure principles and tools and other relevant information are given below:

- The Investor Relations Department is in charge of supervising and monitoring all matters pertaining to the Public Disclosure Policy. Investor Relations responds to any queries from outside the Company with the knowledge of the Executive Director, CEO or Assistant General Managers. All communications and meetings with capital markets participants are under the responsibility of Investor Relations.
- In addition to using methods pursuant to legal and regulatory requirements, the Company uses all public disclosure means and methods such as press bulletins, means of electronic data transmission, e-mail messages, meetings with current shareholders and prospective investors, online announcements, and the like in an effective manner.
- Akfen Holding's Code of Ethics outlines all principles and rules that managers and employees have to comply with. The Code of Ethics is published on the Company website.
- In case that any material change occurs or is expected in the near future in the financial condition and/or operations of the Company, the public is informed in line with the provisions of applicable legislation.
- Any changes and developments that arise after the Company's public disclosures are announced to the public through regular updates.
- News reports circulating in the media about the Company are monitored daily by the contracted public relations agency and submitted to the Company. In case that rumors or news reports circulating in the media, market or internet, and which do not originate from the Company are so significant as to affect the value of the Company's shares and in case that these rumors or news have content differing from prior material event disclosures, statements, circulars, announcements approved by the CMB, financial statements and other public disclosure documents, the Company issues a material event disclosure on whether such information is accurate or adequate, even before any warning, notification or request from the CMB or ISE.

#### Periodic Financial Statements and Reports, and Independent Audit in Public Disclosure

The Company's financial statements and their footnotes are prepared on a consolidated basis pursuant to CMB's Communiqué Serial: II, No.: 14.1 and International Financial Reporting Standards ("IFRS"), and these are submitted for independent audit and then disclosed to the public in accordance with International Audit Standards ("IAS").

#### Disclosure of Ultimate Controlling Real Person(s)

With a 68.21% stake, Mr. Hamdi Akın is the ultimate controlling shareholder in the Company.

#### Material Disclosures

Any developments, which might affect the value of the Company's capital market instruments are announced to public without any delay within the time limit prescribed by law.

No sanction was imposed on the Company by the CMB due to any failure in issuing material event disclosures. The Company has received one warning related to material event disclosures.

The Company has not issued any financial instruments on foreign stock exchanges, therefore it has no further public disclosure obligations.

#### Public Disclosure of Insiders

The following key individuals fall in this category according to legal provisions and under employment contracts as of December 31, 2013:

- Mr. Hamdi Akın, Chairman of the Board
- Mr. İrfan Erciyas, Board Member / Executive Director
- Mr. Selim Akın, Vice Chairman of the Board
- Ms. Pelin Akın, Board Member
- Mr. Şaban Erdikler, Independent Board Member
- Mr. Nusret Cömert, Independent Board Member

Senior executives with a role in management: CEO Mr. İbrahim Süha Güçsav, Assistant General Manager Ms. Sıla Cılız İnanç (Legal Affairs) and Assistant General Manager Mr. Hüseyin Kadri Samsunlu (Financial Affairs).

Other senior executives: Fatma Gülbin Uzuner Bekit (Finance Coordinator), Necmiye Meral Altınok (Budget & Reporting and Risk Management Coordinator), Rafet Yüksel (Accounting Coordinator), Burak Kutluğ (Business Development Coordinator), Tuba Şahanoğlu (Business Development Manager), Kürşat Tezkan (Public Relations Coordinator, started work at the Company on March 21, 2012), Nafiz Turgut and Aylin Çorman (Investor Relations Manager, started work at the Company, Sabahattin İlhan (Information Technologies Manager), Serpil Dardağan (Internal Audit Manager), Harun Denek (Financial Reporting Manager), Murat Yazıcıgil (Budget & Reporting and Risk Management Specialist).

Also: Oktay Uğur (Board Consultant), Coşkun Mesut Ruhi (General Manager of Akfen İnşaat), Saffet Atıcı (General Manager of HEPP Group), Vedat Tural (Akfen REIT General Manager) Deniz Bilecik (Assistant General Manager of Akfen REIT),

Hatice Nesrin Tuncer (KPMG Auditor), Yusuf Anıl (Accounting Manager of Akfen REIT), Ebru Burcu Karabacak (Accounting Manager of Akfen İnşaat), Aybeniz Sezgin (Accounting Manager of HEPP Group).

Pursuant to the Corporate Governance Principles, a list of persons with access to insider information is included in the Corporate Governance Compliance Report. Furthermore, any updated versions of the list are published on the corporate website.

As specified in the 7<sup>th</sup> Article of the Communiqué on Material Matters, the Central Office of Record (MKK) is informed about the persons who have regular access to the Inside Information and necessary updates are made within two working days at the latest in case of changes.

#### 9. The Company Website and its Contents

The Company website is used actively in public disclosure as prescribed by the CMB Corporate Governance Principles.

All matters related to Investor Relations are included on the [www.akfen.com.tr](http://www.akfen.com.tr) website.

The English version of the website is intended for the use of foreign investors.

All information disclosed to the public is accessible online on the Company website. The address of the website is clearly indicated on the letterhead of the Company. The following information is included on the [www.akfen.com.tr](http://www.akfen.com.tr) website:

- The history of the Company,
- The most up-to-date management and shareholding structure,
- The summary balance sheet, income statement and cash flow statement,
- Summary operational information,
- The Board of Directors and Board committees,
- Agenda of the General Assembly, informational document for the General Assembly, form for voting by proxy, and meeting minutes,
- The latest version of the Articles of Association,
- Prospectuses and public offering circulars,
- Trade registry details,
- Annual activity reports,
- Periodic financial statements and reports,
- Material event disclosures,
- Corporate Governance Principles Compliance Report,
- Public Disclosure Policy,
- Dividend Distribution Policy,
- Code of Ethics,
- Presentations,
- Information and graphics concerning the share price and performance,
- News updated by a data provider,
- Contact details for Investor Relations,
- Company contact details,
- Frequently Asked Questions,

- Internal Directive of TCC on "Working Principles and Procedures of the General Assembly".

All applicable provisions indicated in the Capital Market Board's Corporate Governance Principles Section II, Article 2.1.1 are published and updated via the Company website.

#### 10. Annual Report

Akfen Holding's annual report is prepared in accordance with the principles stipulated by the applicable legislation and in sufficient detail to ensure that the general public can obtain accurate and complete information on the Company's activities.

### CHAPTER III - STAKEHOLDERS

#### 11. Informing the Stakeholders

The corporate governance practices and Code of Ethics of the Company guarantee the rights of stakeholders as stated by law and in mutual agreements. Stakeholders are regularly provided with information in accordance with the Company's Public Disclosure Policy and pursuant to current legislation.

Furthermore, the Company aims to inform all stakeholders through press bulletins, annual activity reports, the website and the Company's transparent public disclosure practices.

While carrying out their duties, Company employees are expected to hold the Company's interest above the interest of themselves, family and relatives, and to fulfill their professional obligations accordingly. Employees avoid any effort that might generate personal favors for themselves or their families.

Any possible or foreseeable conflicts of interest and various cases defined by the Company management are disclosed to employees, and the Company management takes all the necessary preventative measures.

Stakeholders can convey the Company's operations, which are in violation of law and ethically inappropriate to the Corporate Governance Committee and the Audit Committee through the independent members who are also chairmen of the committees; no other reporting mechanism has been established.

#### 12. Stakeholder Participation in Management

No mechanism or model has been defined for the participation of stakeholders in management. However, independent members of the Board of Directors enable all shareholders and stakeholders to be represented in Senior Management.

Opinions of stakeholders are received in critical decisions that affect the stakeholders.

#### 13. Human Resources Policy

- In recruitment, training and development, remuneration and career planning, as a principle, the Company provides equal opportunities to persons under equal conditions.
- Employment criteria are stated in written form and observed in practice.

- Employees are treated equally in matters of development and promotion; various development policy and plans are devised to enhance the know-how, skills and experience of employees.
- Employee job definitions, and criteria for performance assessment and remuneration are determined by managers and shared with employees.
- Relations with employees are managed by the Human Resources Coordination Department; the Department Manager is Mr. Nafiz Turgut as of January 8, 2013. Employees are not subjected to any kind of discrimination. No complaints have been received from employees with regards to discrimination.

As of December 31, 2013, Akfen Holding, its subsidiaries and joint ventures employ a total of 30,817 personnel.

#### Information on Relations with Customers and Suppliers

Since the Company is a holding company, it is not directly involved in operations. Therefore, it does not have any direct contact with customers and suppliers.

As a holding company, Akfen Holding A.Ş. formulates general policies related to subsidiaries' measures and efforts to ensure customer satisfaction, gives its shareholders the utmost support and, in some cases, meets with third parties on these matters, and constantly supervises efforts to enhance customer satisfaction.

#### 14. Code of Ethics and Social Responsibility

##### Code of Ethics

Akfen Holding disclosed its "Code of Ethics" on the website as the principles and rules that it defined in order to add financial value for stakeholders and elevate the Company's corporate values that must be complied by all executives and employees.

Through these rules, the Company aims to ensure that Akfen executives and employees act with high standards and are aware of the corporate effects of their behaviors and attitudes; corporate employees and stakeholders must always display the most proper conduct and act in the most ethical and professional manner.

##### Social Responsibility

Akfen Holding makes the utmost effort to conduct its operations with awareness of its social responsibilities and supports education, arts, social and other types of corporate social responsibility initiatives.

##### Civil Society Organizations

##### Human Resources, Education and Health Foundation of Turkey

Human Resources, Education and Health Foundation of Turkey (TİKAV), established by Hamdi Akın in 01.15.1999, aims to help university students become socially sensitive, well equipped individuals in social and cultural issues who can take initiatives. In order to support Turkey's young human resources potential to be equipped in the best way, Akfen Holding A.Ş. gives scholarships and carries out various education programs within TİKAV, a civil society organization devoted to Atatürk's principles and reforms.

TİKAV organizes numerous seminars, trainings, interviews, projects, internships, and visits within the scope of the Individual Development Program it carries out. University students continue the Individual Development Program they begin as a first-year, till they graduate and improve their life skills throughout their education. The Program was initially launched in 1999 for Elazığ Fırat University students as four-year pilot study. In 2002, the first students graduated from the program which afterwards began to be implemented with the participation of the students in Van Yüzüncü Yıl University, Middle East Technical University, Hacettepe University, Ankara University and Eskişehir Osmangazi University on a wider scale. Offering the Individual Development Program, since 2007, to young people who were born in and who still live in East and South East Anatolia Regions, TİKAV provides scholarship opportunities for the students in Şanlıurfa Harran University, Kahramanmaraş Sütçü İmam University, Erzurum Atatürk University, Van Yüzüncü Yıl University and Elazığ Fırat University.

Getting support from UNFPA, UNICEF and European Union Youth Program funds in some of the projects it has been carrying out, TİKAV has taken part in the Turkish delegation in several United Nations Conferences.

#### TİKAV's Activities in 2013

With the aim of preparing its scholarship students for professional life, TİKAV coordinated visits to Akfen Holding and other corporations in different sectors and organized interviews with the successful names and directors of the business world. Besides this, cultural, artistic, and social, development of these young people were also supported with individual development trainings and with events like culture tours, exhibition visits, concerts.

With the participation of the employees and directors of Akfen Holding A.Ş., in 2013, TİKAV launched the "Career Workshop Mentee-Mentor Program" for the last-year scholarship students.

#### "International Youth Award Program" Awards

Represented by TİKAV, Akfen Holding supports the Duke of Edinburgh International Youth Award Program that has been implemented in 140 countries across the world for 57 years. The Duke of Edinburgh International Youth Award Program was organized on the 28<sup>th</sup> of May 2013 at the British Consulate General İstanbul. British Consul-General İstanbul, Mr. Leigh Turner, the Chairman of the Board of Directors of Akfen Holding Mr. Hamdi Akın, the Chairman of the Board of Directors of Human Resources, Education and Health Foundation of Turkey (TİKAV) Ms. Sultan Yılmaz, Member of the Board of Directors of Akfen Holding Ms. Pelin Akın and award leaders attended the award ceremony. In the award ceremony, 125 students completing the International Youth Award Program were given their certificates while award participants were given 8 gold, 28 silver and 88 bronze prizes.

Targeting to develop the awareness of voluntary social work in an atmosphere far from competition, the Duke of Edinburgh International Youth Award Program was initialized in 1995 in Turkey. In 2001, TİKAV became an Independent Operator of the International Youth Award Program (International Awards for Young People) with the license to implement the program for young people within its organization. Since then, the Foundation has been conducting the nationalization of the award

program in collaboration with the Turkish-English Friendship Association. As of the 1<sup>st</sup> of June 2013 the Award Program began to be represented by TİKAV under the name of “The Duke of Edinburgh’s International Award-Turkey” and began to be conducted by the National Award Committee.

It has been possible to reach more than 8 million young people within the scope of the International Youth Award Program that has around one million participants across the world. Reaching 6.000 people in Turkey until today within the scope of the program more than 2.000 young people are currently participating in the program.

“We repair you read” Project

In 2013, with the collaboration of TİKAV and Mersin International Port Management (MIP) “We repair you read” project was launched. Within the scope of the project, the idle building of the Dikilitaş Primary School located in Akdeniz District was restored and a kindergarten with two classrooms was constructed. All construction, improvement and maintenance work of these nursery classes were completed and all materials required for the classrooms were provided. The nursery classes of the Dikilitaş Primary School were opened on the 18<sup>th</sup> of September with a ceremony.

“Hand to hand with the Mukhtars in Mersin” Project

In 2013, with the collaboration of TİKAV and Mersin International Port Management (MIP); another project, “Hand to hand with the Mukhtars in Mersin”, was launched with the support of the Mersin Governorship Akdeniz District Education Department. Meetings were organized with the mukhtars of the various districts in Mersin, throughout the year within the scope of the project. Mukhtars were given trainings in professional and individual development issues such as Communication Skills, Leadership, Correspondence Rules and Using Computers.

Sponsorships

Support to TİSVA (Turkish Foundation for Waste Reduction) Microloan Program

In order to contribute to the microloan (microcredit) program of TİSVA, Akfen Holding gives support as a sponsor to the Turkish Foundation for Waste Reduction – established in 1998 with the aim of achieving waste prevention and poverty reduction in our country. Turkey Grameen Microloan Program, organized with the collaboration of the Foundation and Prof. Dr. Muhammad Yunus, 2006 Nobel Prize winner, aims to help poor women get involved in the production and earn income.

Turkey’s first microcredit was launched in 07.18.2003 in Diyarbakır. Microloans are still provided in Diyarbakır, Mardin, Batman, Gaziantep, Kahramanmaraş, Adana, Ankara, Çankırı, Yozgat, Zonguldak, Amasya, Eskişehir, Kayseri, Niğde, Bursa, Aydın, Erzincan, Sivas and Rize. In these cities, micro-greenhouse (cold frame) projects using soilless agriculture technique, were successfully implemented. Akfen Holding funded the microcredit implementation in Kayseri.

For people living in the line of starvation, Turkish Foundation for Waste Reduction also carries out food banking activities besides the microcredit program.

Support to the popularization of Turkish from Akfen Holding

The Turkish Olympics, s deemed as one of the most comprehensive events in the world, was held May 24 - June 14, 2013 in 41 different provinces across the country, most notably in Ankara and Istanbul with the slogan “Through the Global Peace.” Akfen Holding sponsored the Turkish Olympics, held for the 11th time this year, by the International Turkish Association (“ITA”) and in which Turkish speaking children from around the world competed using their Turkish.

**Akfen holds the first place with 40+ Sailing Team**

Akfen Holding sponsors the 40+ Sailing Team composed of sailors over 40 years old. Lady Antioche, the yacht sponsored by Akfen Holding, won the biggest prize, the Turkish Open Sea Race Club (TAYK) Trophy of 2013 season in the IRC4 class. 40+ Sailing Team placing the name of “Akfen” in the first position, will continue to join the races with the Akfen- Lady Antioche yacht that became first among the 23 teams in the 14 race.

**Ancient City Kayseri Publicity Days**

Akfen Holding, sponsored the “Ancient City Kayseri Publicity Days”, organized to publicize Kayseri, between 19 – 22 September 2013 at the ATO Congressium, Ankara.

**Education opportunity for new generations with Gala Modern**

With the aim of facilitating education for the children and young people also in 2014 by supporting education programs, the 5<sup>th</sup> “Gala Modern Night” was organized by İstanbul Modern on the 14<sup>th</sup> of December 2013 at the İstanbul Modern. Akfen Holding was among the supporters of the night where 600 people including the important names of the world of business, art, and media attended.

**Gölbaşı Festival**

Akfen İnşaat (Akfen Construction) sponsored the “Gölbaşı Festival” organized in Ankara Gölbaşı to publicize Gölbaşı.

**European Bank For Reconstruction And Development**

Akfen Holding was among the sponsors of the 22<sup>nd</sup> Meeting of the Board of Governors of the European Bank for Reconstruction and Development (EBRD) held at the İstanbul Congress Center, between 9-11 May 2013. The forum, hosting almost 2000 native/foreign participants, created important opportunities for the world of business.

**Sponsorship to the Turmepa “Association of Clean Sea”**

Undertaking responsibility with its conscious approach in the issue of protecting nature and leaving a habitable world for new generations, Akfen Holding supports the Turmepa “Association of Clean Sea within this scope. Established to prioritize the protection of our country’s shores and seas, Turmepa “Association of Clean Sea” celebrated its 19<sup>th</sup> Anniversary at the Four Seasons Hotel together with its sponsors including Akfen Holding

**Sponsorship to Foreign Economic Relations Board – “Grow with Turkey” Infrastructure Summit**

In the “Grow with Turkey” Conference held by the Foreign Economic Relations Board / Turkish English Business Council between 26 – 27 November 2013, in London, decision makers and opinion leaders in business, politics and academic



platforms of both countries came together. In the conference, the latest developments in the economic and commercial relations between Turkey and England, and steps that can be taken to utilize the potential opportunities and to improve the current collaboration were evaluated.

Akfen Holding sponsored the panel “Turkey - Mega Projects and Infrastructure” (Mega Projects And Infrastructure – Turkey), organized within the scope of the conference.

Edinburgh Turkish - English “Sweet Talk” Forum

The third meeting of the Turkish - English “Sweet Talk” Platform, established 3 years ago to improve the economic relations as well as the political relations between Turkey and England, was held in Scotland at the Palace of Holyroodhouse of Queen Elizabeth II. Only 60 guests of politicians, businessmen, academicians, artists, and media members were invited to the event organized between 1-3 November 2013, hosted by Prince Andrew and President Abdullah Gül. President Abdullah Gül, Minister of Culture and Tourism Ömer Çelik, Vice Minister of Energy and Natural Resources Murat Mercan, AKP Vice President in charge of Foreign Affairs Mevlüt Çavuşoğlu, Prince Andrew from the British Royal Family, businessmen Ali Sabancı, Ali Kibar, Ahmet Çalık, Ersin Özince, former Foreign Secretary Jack Straw, former Minister of Foreign Affairs Yaşar Yakış and the Chairman of the Board of Directors of Akfen Holding Hamdi Akın and Member of the Board of Directors Pelin Akın attended the meeting. In 2013, Akfen Holding coordinated the “Sweet Talk” Platform that was established to enable the representatives of both countries get to know each other better.

Supported Universities

Abdullah Gül University Supporting Foundation

Akfen Holding contributes to the Abdullah Gül University Supporting Foundation that was established to reduce the burden of the state in the field of education. The foundation in which Hamdi Akın serves as the Vice Chairman of the Board of Trustees as of 2011, carries out activities in line with the vision of Abdullah Gül University.

Republic of Turkey Ministry of Foreign Affairs aims to make sure that chairs in Turkish studies are established at the worldwide successful universities within the scope of the publicity policy of Turkey. As a consequence of the efforts made with this motivation, the “Chair in Contemporary Turkish Studies” was established within the London School of Economics which is one of the most prestigious academic institutions of the world.

In addition to publicizing our country’s history and culture on the international platform, the Chair in Contemporary Turkish Studies, provides accurate information about Turkey’s approach towards the latest issues. Akfen Holding is a Permanent Member of the Advisory Board in the Chair that supports this project that publicizes our country. This task is carried out by Pelin Akın on behalf of the Holding.

Ülkü Akın Secondary School named after Ülkü Akın, dearly departed wife of Hamdi Akın, the Chairman of the Board of Directors of Akfen Holding, was opened at the beginning of 1993-1994 school year. Initially carrying out its activities as a primary

school, the school –reflection of Akfen Holding’s aim to support education – was converted into a secondary school at the end of 2011-2012 school year after the “4+4+4” education reform of the Ministry of Education. There are 24 classrooms, two nursery classes, one lab, and one multipurpose hall and a library within the school. Currently, Ülkü Akın Secondary School has 330 students.

#### Hikmet Akın Secondary School

Opened in Hamidiye District of Düzce at the beginning of 2004-2005 school year Hikmet Akın Secondary School was named after the dearly departed mother of Hamdi Akın, the Chairman of the Board of Directors of Akfen Holding. Carrying out its activities as Hikmet Akın Primary School until 2012 school year, was converted into a secondary school at the end of 2011-2012 school year after the “4+4+4” education reform of the Ministry of Education. The school has 335 students in total. Constructed as a prefabricated building in 2004, the secondary school will be reconstructed in ferro-concrete with the protocol signed between Düzce Governorship and Akfen Holding.

#### Official sponsor of BSEC 20th Establishment Anniversary Summit

On the occasion of the 20th anniversary of the founding of the Black Sea Economic Cooperation Organization (“BSEC”), Akfen Holding was the official sponsor of the BSEC Combined Art exhibition held at Dolmabahçe Palace Medhal Hall on June 26, 2012. The exhibition was part of the BSEC Heads of State and Government Summit hosted in Istanbul and under the care of our President Mr. Abdullah Gül.

#### Bab-1 Âli (Sublime Porte) Meetings that enrich the intellectual substance of Turkey

Bab-1 Âli Meetings are, an “intellectual hub aiming to prepare the intellectual infrastructure of new projects for Turkey’s future on a global scale” that bring together renowned and esteemed figures from across the world. Considered one of the top intellectual hubs in Turkey since its inception in 1990, Bab-1 Âli Meetings were held for the 103rd time on

April 4, 2011 under the sponsorship of Akfen Holding. The honorary spokesperson for the event was Dr. Kadir Topbaş, the mayor of the Istanbul Metropolitan Municipality. The 104th meeting is scheduled for February 5, 2013.

Bab-1 Âli Meetings is in the process of developing and setting up a more efficient, visionary, inclusive and multi-dimensional intellectual platform where participants can receive crucial information first-hand from Presidents, Parliamentary Leaders Prime Ministers, Opposition Leaders, Ministers, Mayors and leading specialists.

#### Micro-loan program increases production in poor regions

The Turkish Foundation to Reduce Waste was established in 1998 in Ankara to prevent waste and reduce poverty in the country. In addition to operating food banks for those at the hunger threshold, the Foundation works in cooperation with Muhammed Yunus, the 2006 Nobel Prize winner and the Grameen Micro-Loans Program to ensure that poor women engage in production and generate income. Akfen sponsored the micro-loan project to contribute to its promotion.

The Micro-Loans Program, which was initiated for the first time in Diyarbakır on July 18, 2003, continues to be successfully implemented in the provinces of Diyarbakır, Mardin, Batman, Gaziantep, Kahramanmaraş, Adana, Ankara, Çankırı, Yozgat,

Zonguldak, Amasya, Eskişehir, Kayseri, Niğde, Bursa, Aydın, Erzincan, Sivas and Rize. The micro-greenhouse projects that use hydroponic techniques were launched in these provinces for the poor. Akfen has provided financing for the micro-loan project in Kayseri.

#### Service to society with Akyurt Foundation

Akyurt Foundation was established in 1999 to meet the physical, psychological, social and cultural needs of senior citizens, who cannot look after themselves. Hamdi Akın is a Member of the Board of Trustees of Akyurt Foundation.

#### Gold Medal from Turkish Red Crescent

Akfen Holding, one of the 170 donors that successfully supported domestic and foreign humanitarian aid operations through donations, received a gold medal from the Turkish Red Crescent thanks to the assistance it provided to Van earthquake victims. The Chairman of the Board of Directors of Akfen Holding Mr. Hamdi Akın received his gold medal from the Turkey's Prime Minister Mr. Recep Tayip Erdoğan.

#### Akfen Holding ranks among friends of AKUT (Search and Rescue Team)

Through a donation to the Friends of AKUT program, Akfen Holding contributed to the first and leading search and rescue team in the country. AKUT has saved 1,428 lives in 1,055 operations it has carried out during earthquakes, floods and landslides, in the mountains, at sea, in traffic accidents and other natural disasters not only in Turkey but also overseas. AKUT goes where it can help people in need and performs operations within the bounds of possibility following the gratis philanthropy principle.

#### Supported Universities

##### Abdullah Gül University Support Foundation

Since 2011, Akfen Holding contributed to the Abdullah Gül University Support Foundation. The Holding is committed to helping Abdullah Gül University achieve its stated vision in a short period of time, and thereby relieving the public sector of its heavy burden in the field of education. The Foundation not only supports and awards bright students, but also meets the economic, social and cultural needs of the academic and administrative personnel. Furthermore, the Holding strives to support the university's physical and technological infrastructure to enhance its educational, research and application capabilities.

##### London School of Economics

The establishment of Turkish Studies chairs at leading universities around the world is an essential element of Turkey's promotional activities abroad. Such professorial chairs, which promote Turkish history and culture overseas, are able to provide a platform to express the country's point of view and opinions on current events.

Thanks to the efforts of the Turkish Ministry of Foreign Affairs, the "Chair for Contemporary Turkish Studies" was established at the London School of Economics, one of the most prestigious academic institutions in the world. Akfen, which supports such an important project to promote Turkey, holds a permanent membership on the Advisory Board. This function is fulfilled by Ms. Pelin Akın on behalf of Akfen Holding.

#### Our Schools

### Ülkü Akın Secondary School

Ülkü Akın Secondary School was put into service of students at the beginning of the academic year 1993-1994 by Akfen Holding, which, as an indication of its socially aware approach, acts in line with its mission to contribute to the education and development of the country's youth. The school takes its name from the late Mrs. Ülkü Akın, the wife of the Chairman of the Board of Directors of Akfen Holding Mr. Hamdi Akın, who lost her life due to a sudden illness.

Having started out as an elementary school, it was transformed into a secondary school at the end of 2011-2012 academic years as a result of 4+4+4 educational reform initiative of the Ministry of National Education. The institution now operates as Ülkü Akın Secondary School. The school includes 24 classrooms, two kindergartens, a laboratory, one multi-purpose hall and a library, where 330 students receive educational training currently.

### Hikmet Akın Secondary School

Hikmet Akın Secondary School opened its doors at the beginning of 2004-2005 academic years in the Hamidiye Neighborhood of Düzce. The Chairman of the Board of Directors of Akfen Holding Mr. Hamdi Akın commissioned the construction of Hikmet Akın Secondary School in the memory of his mother, the late Mrs. Hikmet Akın. The school provided educational training to first through the eighth graders under the name Hikmet Akın Elementary School, until the end of the 2012 academic year when it was transformed into a secondary school following 4+4+4 educational reform of the Ministry of National Education. A total of 355 students attend the school.

### United Nations Global Compact

Akfen Holding takes pride as the first company in Turkey to sign the UN Global Compact, a voluntary initiative that encourages a sustainable and socially responsible approach to business.

The United Nations Global Compact is a voluntary initiative established in to form a common platform in the business world based on universally accepted principles. This platform is also an information network that facilitates communication between organizations and other stakeholders so they may learn from each other and share experiences. Akfen Holding, which supports sustainable development and good corporate citizenship practices in the activities carried out by the whole company and its subsidiaries, signed the UN Global Compact in on July 2, 2002. As a result, Akfen Holding was the first company signatory to the Global Compact in Turkey.

The Global Compact requires participating companies to work in close cooperation with the United Nations by adopting 10 principles related to the issues of human rights, labor standards, the environment and anti-corruption. These 10 principles are as follows:

#### Human Rights

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses make sure that they are not complicit in human rights abuses.

#### Labor Standards

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4. Businesses should eliminate all forms of forced and compulsory labor.

Principle 5. Businesses should abolish child labor.

Principle 6. Businesses should eliminate discrimination in respect of employment and occupation.

Environment

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10. Businesses should work against corruption in all of its forms, including extortion and bribery.

## SECTION IV – BOARD OF DIRECTORS

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

The formation and election of the Board of Directors is carried out in accordance with the Corporate Governance Principles and relevant provisions are stated in the Company's Articles of Association. Accordingly:

Pursuant to the provisions of the Turkish Commercial Code, the management of the Company, representation and binding thereof to third parties belongs to a Board of Directors comprising six (6) members, the majority of which is non-executive, elected by the General Assembly and who fulfill the requirement criteria stated in the Turkish Commercial Code and Capital Market Law.

If a juridical person is elected as a member of the board of directors, together with the juridical person, only one natural person determined by the juridical person, is registered and announced on behalf of the juridical person; and moreover, the registration and announcement is immediately put on the Company's website. Only this registered person can attend the meetings and cast vote on behalf of the juridical person. Members of the board of directors and the natural person registered on behalf of the juridical person must be fully competent. Reasons that terminate the membership also prevent being elected.

The Board of Directors elects from among its members a Chairman and a Vice Chairman to preside over the Board in the Chairman's absence. The deputy chairman of the board of directors is also authorized in terms of the powers stipulated in the Turkish Code of Commerce for the chairman of the board of directors regarding the call for a meeting and information requests made by the members of the board of directors. A sufficient number of independent Board members is elected by the General Assembly within the framework of principles pertaining to the independence of Board members as stipulated in the Capital Markets Board's Corporate Governance Principles. The presence of independent Board members is stated in the annual activity report of the Board of Directors.

Names, surnames and the classification of members as executive, non-executive and independent are given below. The Board members and resumes of Senior Management and their term of office are stated in Annex 1.

Mr. Hamdi Akın, Chairman of the Board of Directors, Non-Executive Member  
Mr. İrfan Erciyas, Board Member/ Executive Director, Executive Member  
Ms. Pelin Akın, Board Member, Non-Executive Member  
Mr. Selim Akın, Board Member, Non-Executive Member  
Mr. Şaban Erdikler, Independent Board Member, Independent Member  
Mr. Nusret Cömert, Independent Board Member, Independent Member

Five out of the six members of the Board of Directors (more than half) are non-executive members, and one member is an executive member. The Chairman of the Board and the Chairman of the Executive Committee are different individuals. There is no Board member authorized to represent and bind the Company individually.

Board Members Mr. Şaban Erdikler and Mr. Nusret Cömert have independent member status in accordance with Independence Criteria of CMB's Corporate Governance Principles. During the activity period of the Board members, no circumstance which might annul their independence has occurred.

Independent Board members have to present the Board with an independence statement and to immediately inform the Board in case their independence is annulled. Any person who has served as a Board member for a total of seven years cannot be appointed as an independent Board member.

The Company does not impose any rules or restrictions on Board members for assuming an additional duty or duties outside of the Company. The duties of Board members outside the Company are described in their resumes in Annex 1.

With the resolution adopted at the Company's General Assembly held on May 31, 2012, the article stating that the Board of Directors consist of seven (7) members selected by the General Assembly has been amended as a Board of Directors consisting of at least six (6) members, the majority of whom are non-executive. In addition, the article stating the presence of two independent members in the Board of Directors has been amended as sufficient number of independent Board members is designated by the General Assembly in accordance with CMB's Corporate Governance Principles.

#### Qualification Criteria of the Board Members

All individuals nominated and elected to the Board of Directors possess the required qualifications listed in CMB's Corporate Governance Principles.

The Board of Directors is structured to ensure maximum impact and efficiency. The relevant provisions are outlined in Article 9 of the Articles of Association. Board members must be elected among persons who have knowledge of all legal principles that regulate the operations and procedures in the field of activity of the Company, trained and experienced in corporate management, capable of reviewing financial statements and reports, and preferably holding a higher education diploma.

## 16. Operating Principles of the Board of Directors

It is ensured that Board members access all necessary information in a timely fashion to fulfill their duties.

A Secretariat was established under the Board of Directors to serve all Board members and to keep regular records of Board meetings.

Since the Company's Board meetings are planned and held in an effective and efficient manner, the Board convenes whenever necessitated by the Company's operations and transactions. However, the Board has to convene at least four times a year.

- The Board of Directors may be called by the Chairman, Vice Chairman or any Board member in accordance with the provisions of the TCC and Capital Market Law. All such meeting invitations are delivered by fax, provided that a copy must also be either delivered by courier or registered mail and a written receipt must be obtained.
- The agenda of Board meetings is set by the Chairman of the Board; amendments may be made to the agenda through resolution of the Board.
- The Board of Directors can adopt a resolution without convening, according to Article 330/2 or any other equivalent article of the Turkish Commercial Code.
- Board members receive a reasonable monthly or annual salary, or a payment for each meeting, as determined by the General Assembly.
- The Board of Directors convenes with at least more than half of the total number of members.
- The Board of Directors makes its resolutions with the majority of attending members.
- Each member has one vote at the meetings, and voting is exercised in person. Unless one of the members demands a meeting, a resolution related to a proposal by one member can also be made through other members if they disclose their consent in writing.
- Reasonable and detailed vote rationale related to questions asked by Board members and subjects to which a different opinion was voiced are included in the resolution record.
- The number of Board meetings held within the period totaled 34.

### Restriction on Doing Business or Competing with the Company

The authorization of the Board's Chairman and members to take actions as stipulated in Articles 395 and 396 of the Turkish Commercial Code on doing business or competing with the Company, was approved by the shareholders at the General Assembly held on May 28, 2013.

### Authorities and Duties of the Board Members and Managers

Authorities and duties of the Board are defined in a consistent and concrete fashion, clearly distinct and separate from those of the General Assembly. Board members exercise their authorities in reference to the circular of signature.

Each shareholder is under the obligation to safeguard any trade secret of the Company that he/she has learned through any capacity, even after the shareholding right is terminated. In case of any possible damages incurred due to failure in fulfilling this

obligation, the concerned shareholder is held accountable to the Company for damages. However, the provisions of this article do not cover information obligatorily disclosed as stipulated under the Capital Market Law.

#### 17. The Number, Structure and Independence of Board Committees

The Board of Directors establishes committees as required for the sound performance of its duties and responsibilities and they operate under the Board of Directors, in line with the Capital Market Board regulations and applicable legislation. The field of duty, operating principles and membership composition are defined and disclosed to the public by the Board of Directors.

The Board of Directors may establish committees or commissions as it deems necessary among its members related to various areas such as to monitor the operation of the business, to prepare for issues which have been submitted to itself, to decide upon the preparation of the balance sheet for all material events and to oversee implementation of the resolutions that have been made.

Committees are convened at the frequency as stipulated by legal requirements and the prevailing circumstances.

#### Corporate Governance Committee

The Corporate Governance Committee reports directly to the Board of Directors and helps the Board devise and develop any necessary mechanisms and practices for the Company's management, and coordinate the remuneration, development and career plans of senior executives in accordance with internationally accepted Corporate Governance Principles.

The Corporate Governance Committee supports the Board of Directors in ensuring the Holding's compliance with Corporate Governance Principles, identifying Board members and senior executives, assessing remuneration, awards and performance, conducting career planning, investor relations and public disclosure practices through its studies. The Corporate Governance Committee consists of five members appointed from among the Board membership. The Chairman of the Corporate Governance Committee is appointed by the Board of Directors.

The Corporate Governance Committee is responsible for the Company's adoption of the Corporate Governance Principles, and the following activities:

- Investigating the extent to which the Corporate Governance Principles are implemented at the Company, and in case of failure to comply with the principles, determining the reasons and any negative results, and proposing corrective measures,
- Determining methods to ensure transparency in the identification of candidates to the Board of Directors,
- Conducting studies on the optimal number of Board members and managers, and formulating proposals,
- Developing recommendations on the principles and procedures for the performance assessment and remuneration of the Board members and managers and monitoring the implementations.
- To supervise the activities of the Investor Relations Department.



The Chairman of Corporate Governance Committee is Independent Board Member Nusret Cömert and the members are as follows:

Chairman of Corporate Governance Committee:

Mr. Nusret Cömert, Independent Board Member - Akfen Holding A.Ş., Independent Committee Member

Corporate Governance Committee Members:

Ms. Pelin Akın, Board Member - Akfen Holding A.Ş., Non-Executive Committee Member

Mr. Selim Akın, Board Member - Akfen Holding A.Ş., Non-Executive Committee Member

Mr. Şaban Erdikler, Independent Board Member - Akfen Holding A.Ş., Independent Committee Member

Ms. Sıla Cılız İnanç, Assistant General Manager - Akfen Holding A.Ş., Executive Committee Member

Corporate Governance Committee also carries out duties of the Nomination Committee and Remuneration Committee within the framework of the Corporate Governance Principles and the Company's Articles of Association.

Early Determination of Risk Committee

With the resolution of the Board of Directors dated March 19, 2013, the Company has decided to carry out the duties of the Early Determination of Risk Committee, that had previously been performed by the Corporate Governance Committee, by forming a separate committee pursuant to Communiqué Serial: IV No: 63 of the Capital Markets Board which amended the Communiqué Serial: IV No: 56 and to appoint Mr. Nusret Cömert as Chairman, and Ms. Pelin Akın and Mr. Selim Akın as members of the Early Determination of Risk Committee.

Early Risk Detection Committee is responsible for the early diagnosis of the risks that can endanger the existence, development and continuity of the company, for taking necessary measures against the detected risks and is responsible for risk management; and reviews the risk management systems at least once a year risk.

Audit Committee

The Audit Committee supports the Board of Directors in ensuring and supervising the audit of the accounting system, the public disclosure of financial statements, and the functionality and effectiveness of the internal control system of the Holding. The Audit Committee consists of two members appointed from among the Board members. One member of the Audit Committee is an independent Board member, who also chairs the Audit Committee.

Members of the Audit Committee and Corporate Governance Committee are appointed by the Board of Directors in accordance with the Articles of Association; their duties and authorities are determined by the Board of Directors.

The Audit Committee is responsible for taking any necessary measures and fulfilling any duty as stipulated by the Capital Market Law in order to ensure the adequacy and transparency of any internal or independent external audit.

Members of the Audit Committee are listed below:

Chairman of the Audit Committee:

Mr. Şaban Erdikler, Independent Board Member - Akfen Holding A.Ş.

Audit Committee Members:

Mr. Nusret Cömert, Independent Board Member - Akfen Holding A.Ş.

Both independent members of the Board of Directors are included in both the Corporate Governance Committee and Audit Committee in order to ensure participation of minority rights holders and stakeholders.

## 18. Risk Management and Internal Control Mechanism

### Risk Management

In December 2012, implementation of the Risk Management Guide Book, finalized as a result of the efforts of the Corporate Governance Committee, which also carries out the duties of the Nomination Committee, Early Determination of Risk Committee and Remuneration Committee, within the framework of Early Determination of Risk was approved by the Board of Directors of the Company.

Risk Management activities are performed by the Budget, Planning and Risk Management Coordinatorship, an affiliate of the Financial Affairs Assistant General Management Department.

In 2012, in order to make corporate risk management activities systematic and to establish a risk management culture within the Group, the Holding purchased risk management consultancy services.

The Company formed risk inventories within the Holding and its subsidiaries. In addition, the Company defined risk maps to comprise all processes in the Holding and its subsidiaries Akfen Construction, Akfen Energy, Akfen HEPP and Akfen REIT companies and control activities related to the processes as well as the actions required to be taken. Implementation of such actions has been initiated and this process is ongoing.

### Internal Control Mechanism

With the formation of the Audit Committee, the Internal Control Mechanism performs duties delegated to it by the Board efficiently, under the umbrella of the Audit Committee. The Independent Board Member Mr. Şaban Erdikler serves as Chairman of the Audit Committee.

## 19. Strategic Goals of the Company

### Goal

To be in a sector leading position by undertaking large-scale and profitable projects in all areas that it operates at home and overseas.

### Strategic Outlook

With a successful history of obtaining and managing concessions in Turkey, Akfen Holding will continue in its main fields of operation by building additional strategic partnerships. The main focus of Akfen Holding's investments is on concessions and sectors with high growth potential, monopolistic market structures and long-term

minimum income guarantee agreements. Thanks to its strength in entering new sectors and generating, structuring and implementing projects Akfen has positioned itself as a business development company. Akfen Holding acts as an “investment platform” thanks to its success in forming strategic partnerships and its focus on shareholder value and effective exit strategies.

#### Corporate Policy

To take advantage of the know-how, managerial expertise and technology acquired since our inception using the driving force created by highly qualified human resources and specialized teamwork.

#### Our Principles

To work with well-trained and experienced personnel, to prioritize quality in production, execution and business management, to complete contracted work on time and with premium quality.

The Board of Directors determines the strategic goals for relevant periods by through discussions with the Executive Director and Senior Management. The Board of Directors also reviews the extent to which the Company achieves its goals, activities and the past performance of the Company under the end of year performance evaluation process.

#### 20. Financial Rights

The attendance fee provided to Board members is decided at the General Assembly and disclosed to the public through minutes of the meeting. The payments made to senior managers are released to the public in the notes to the financial statement.

Transactions such as extending loans, supplying credit or providing monetary assurance to Board members or managers by the Company are strictly forbidden.

#### ANNEX 1: Board Members and Senior Management Resumes

##### Hamdi Akın – Chairman of the Board of Directors

Hamdi Akın graduated from Gazi University, Department of Mechanical Engineering and founded Akfen Holding, active in the construction, tourism, trade and service sectors, in 1976. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, in 2005, he also became Chairman of TAV Airports Holding of which he is a founder and a shareholder. Mr. Akın also took his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-(Turkish Young Businessmen's Association) (1998-2000), on the Board of Directors of TİSK-(Turkish Confederation of Employers' Associations) (1995-2001), the Board of Directors of TÜSİAD-(Turkish Industrialists' and Businessmen's Association) and has also served as the President of the Information Society and New Technologies Commission (2008-2009).

Mr. Akın, together with Akfen Holding, is a founder of the Contemporary Turkish Studies Chair at the London School of Economics. He is also the Founding Member

and Honorary President of the Turkey Human Resources Foundation (“TİKAV”), founded in 1999 to provide Turkey with well-trained human resources. He is also the Vice Chairman of the Board of Trustees at Abdullah Gül University Support Foundation. He has served on the Board of Directors of the Turkish Marine Environment Protection Association (TURMEPA) since 2011.

İrfan Erciyas – Board Member/Executive Director

İrfan Erciyas graduated from Gazi University, Department of Economics and Public Finance in 1977 and began his professional career at Türkiye Vakıflar Bankası (Vakıfbank). After serving as Auditor and Branch Manager, he was appointed Assistant General Manager in 1996 and General Manager in 2002-2003. Mr. Erciyas, who joined Akfen Holding in 2003 as Vice Chairman of the Board of Directors, undertook significant duties in areas that included the privatization of Vehicle Inspection Stations, Mersin International Port and İDO in particular, founding and investment processes of Akfen REIT and Akfen Energy, public offering of Akfen Holding and Akfen REIT, sale of shares from subsidiaries and long-term financing. Since March 2010, he has served as Executive Director at Akfen Holding and as Chairman of the Board of Directors, Vice Chairman of the Board of Directors and Board Member in many affiliated companies and subsidiaries of Akfen Holding.

Selim Akın Board Member/Vice Chairman of the Board of Directors

Selim Akın graduated from Surrey University, Business Administration Department in the United Kingdom and served as Turkish Association President during his years in university; he later became a Member of the Turkish Young Businessmen’s Association when he returned to Turkey. He is also a Member of Execution Board of DEİK Turkish-Russian Business Council and DEİK Turkish-Iraqi Business Council. Mr. Akın started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments. The main projects in which he participated are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding’s public offering and bond issue. Mr. Akın currently serves as Vice Chairman of the Board of Directors at Akfen Holding and Board member at subsidiaries of Akfen Holding.

Pelin Akın

Board Member

Pelin Akın graduated from Surrey University, Department of Business Administration in Spanish, in the United Kingdom in 2010 and started her professional career in the Strategy Division of the Finance Department at Deutsche Bank Madrid. After returning to Turkey, she was employed by TAV Airports and joined the Management Trainee (MT) program there.

Ms. Akın worked as an event organizer at the Spanish Business Council of DEİK and had various other responsibilities in different working groups within the DEİK British Business Council. She is also responsible for organizing the Sweet Talk Conference which was established to improve Turkish-British relations. Ms. Akın actively serves as a member of the Board of Trustees and a member of the Board of Directors at the Human Resource Education and Health Foundation of Turkey (TİKAV). In addition, she is the Vice President of the Duke of Edinburgh International Awards - Turkey Program which is supported by Akfen Holding as the main sponsor. Since 2010, Ms.

Akın has served as the President of the Advisory Committee at the Chair for Research in Turkish Studies at the London School of Economics. She is a member of TÜSİAD, GYİAD (2011-2012) and the Young Presidents Organization (YPO) as well as a member of the Corporate Governance Committee at TAV Airports Holding, a member of the Board of Directors and Corporate Governance Committee at Akfen Holding and a member of the Early Risk Detection Committee at Akfen REIT.

Şaban Erdikler – Independent Board Member

After graduating from Ankara University, Department of Political Science, Şaban Erdikler served in the public sector for six years as a Public Finance Ministry Inspector and later joined Arthur Andersen as a Tax Manager. In 1992, he became the Chairman of the Board of Directors and General Manager at Arthur Andersen Turkey; in 1994, he assumed responsibility over the Balkan countries. Mr. Erdikler, who organized the Turkish section of Andersen Organization, which expanded overseas. In 2001, under the umbrella of

Ernst & Young, he chaired the Board of Directors at Ernst & Young Turkey for approximately two years. Mr. Erdikler left this position in January 2004 and founded Erdikler Yeminli Mali Müşavirlik Limited Şirketi (Erdikler Public Accountancy). Mr. Erdikler has been an Independent Board Member of Akfen Holding since 2010.

Nusret Cömert – Independent Board Member

Mr. Cömert graduated from the Mechanical Engineering Department of Çukurova University in 1982 and received his MA in Business Administration from Istanbul University in 1983. In 1984, he started his professional career at Samsun Regional Directorate of Shell Company of Turkey Ltd.; he continued to serve as Mersin Regional Manager in 1986, Planning and Economy Assistant and Planning and Economy Manager and Fuels Manager in 1989, Aegean and Mediterranean Region Manager in 1994, Sales Manager in 1995 and in 1996 became London Business Development Manager in Shell International Gas and Power Ltd. In 1998, he started to work as Shell EP and Gas Turkey BV General Manager while being responsible to abroad, in 2002 he was appointed the Executive Director of the same company and is still serving as the Chairman of Board of Directors of Shell Enerji A.Ş. that he founded after his previous position. In addition to his work in Turkey, he carried out duties related to oil and natural gas exploration in the Middle East and Central Asia and production business development activities as well as supply of additional natural gas to Europe. He was also responsible for the Central and Eastern Europe region for a period of time. He enabled Royal Dutch Shell to begin deep sea exploration in the Mediterranean Sea and oil and natural gas exploration in Southeast Anatolia in Turkey by paving the way for the signing of mutual exploration agreements with TPAO in November 2011, led the liberalization process of the natural gas sector in Turkey and founded the first private natural gas import and wholesale company in Turkey and started its operations at the end of 2007. Mr. Cömert, who received leadership training at Lausanne IMD Business School in 2006, has served as an Advance Leadership Academy Member at Harvard University in Boston since the beginning of 2012.

İbrahim Süha Güçsav - General Manager

İbrahim Süha Güçsav graduated from Istanbul University, Department of Economics in 1992 and later received his MA from Gazi University, Institute of Social Sciences, Department of Business Administration. Beginning his professional career in 1992 at

Alexander & Alexander Insurance Brokerage Co., Mr. Güçsav joined Akfen Holding in 1994 where he served as Financial Group President and CEO. He undertook significant duties in areas such as the privatization of Vehicle Inspection Stations, Mersin International Port and İDO in particular, founding and investment processes of Akfen REIT and Akfen Energy, public offering of Akfen Holding and Akfen REIT, sale of shares from subsidiaries and long-term financing. From 2003 to 2010, he served as the Vice Chairman of the Board of Directors at Akfen Holding. Mr. Güçsav, who was a Board Member of Akfen Holding from March 2010 to May 2012, he has been Akfen Holding CEO since March 2010.

Sıla Cılız İnanç – Assistant General  
Manager – Legal Coordinator

Sıla Cılız İnanç graduated from Marmara University, Faculty of Law in 1995. After completing her internship, she joined Akfen Holding in 1997. She has worked in the area of Public-Private Sector Partnerships in Turkey as well as in antitrust law processes in terms of joint ventures and transfer of shares and in processes related to Public Procurement Law and secondary public procurement legislation. Ms. İnanç has actively participated in every aspect of build-operate-transfer, transfer of rights/privileges and privatization projects, from tender offer to transfer; she also was active in the establishment of the project financing structure and loan agreements and IPO processes of Akfen Holding A.Ş. and Akfen REIT. Currently, Sıla Cılız İnanç is serving as the Vice President of Akfen Holding A.Ş. and as member of the Board of Directors at various Akfen Holding subsidiaries.

Hüseyin Kadri Samsunlu - Assistant General Manager – Financial Affairs

Mr. Samsunlu graduated from Boğaziçi University, Department of Economics in 1991 and went on to complete his MBA at the University of Missouri in the USA in 1993. He became a Certified Public Accountant registered in the state of Missouri the same year. Mr. Samsunlu began his professional career as a Financial Analyst at Türkiye Sınai Kalkınma Bankası (Turkish Industrial Development Bank) and served in various positions between 1995 and 2006 as General Manager and a Board Member at Global Holding and its subsidiaries. Before joining Akfen Holding at the beginning of 2009, he spent three years in Romania and Turkey as an investment and corporate finance advisor. Mr. Samsunlu serves as Assistant General Manager at Akfen Holding and Board Member at various subsidiaries.

ANNEX 2: Internal Directive

THE INTERNAL DIRECTIVE ABOUT THE WORKING PROCEDURES AND PRINCIPLES OF THE GENERAL ASSEMBLY OF AKFEN HOLDİNG ANONİM ŞİRKETİ

PART ONE

Purpose, Scope, Basis and Definitions

Purpose and Scope

ARTICLE 1- (1) The purpose of this Internal Directive is to specify the working procedures and principles of the general assembly of Akfen Holding Anonim Şirketi, within the framework of the provisions of the Law, relevant legislation and the

Articles of Association. This Internal Directive covers all ordinary and extraordinary General Assembly meeting of Akfen Holding Anonim Şirketi.

#### Basis

ARTICLE 2- (1) This Internal Directive was prepared by the Board of Directors in conformity with the provisions of the Regulation on Procedures and Principles of the General Assembly Meetings of Incorporated Companies and Representatives of the Ministry of Customs and Trade To Attend These Meetings.

#### Definitions

ARTICLE 3- (1) The definitions given herebelow within the scope of this Internal Directive are;

- a) Session: One day meeting of the General Assembly,
- b) Law: Turkish Code of Commerce n.6102 dated 01/13/2011,
- c) Hearing/Sitting: Part of each session, interrupted for rest, lunch breaks and similar reasons,
- ç) Meeting: Ordinary and extraordinary General Assembly meetings,
- d) Meeting Chairmanship: Board composed of the chairman of the meeting, elected in conformity with the 1<sup>st</sup> Clause of the 419<sup>th</sup> Article of the Law by the General Assembly to conduct the meeting, and the vice chairman elected by the General Assembly (if necessary), and the clerk (who will write up the minutes) appointed by the chairman of the meeting, and vote collector appointed by the chairman of the meeting (if necessary).

## PART TWO

### Working Procedures and Principles of the General Assembly

#### Provisions to abide by

ARTICLE 4 – (1) Meeting is held in conformity with the provisions of the Law, relevant legislation and the Articles of Association regarding the General Assembly.

#### Entry to the meeting place and preparations

ARTICLE 5 – (1) Shareholders and their representatives registered in the attendance list prepared by the Board of Directors, members of the Board of Directors, the auditor (if present), representative of the Ministry (if authorized), and persons authorized or appointed by the meeting chairmanship are entitled to enter the meeting place. Moreover, Company's General Manager, Assistant General Manager, Accounting Manager, sound specialists using the Electronic General Assembly system, technicians/Company employees who will record audio/video, are also among the persons who are entitled to be present in the meeting room. Moreover, press members can attend the General Assembly as observers provided that they give their ID information and get a written permission from the Board of Directors prior to the General Assembly.

(2) Entering the meeting place; natural person shareholders and representatives appointed on the electronic General Assembly system established in accordance with the 1527<sup>th</sup> Article of the Law, must show identification, representatives of the real person shareholders must show their proxies and their IDs, also the representatives of juridical person shareholders must show their proxies and sign the appropriate section specified for them. These will be checked by the Board of Directors, or one or more Members of the Board of Directors, or by the person/persons appointed by the Board of Directors.

(3) The Board of Directors carries out the tasks regarding the preparation of the meeting place that will have sufficient space for all shareholders, and preparation of all stationery materials, documents, and equipments that will be necessary during the meeting. The Board of Directors also makes sure that electronic General Assembly is recorded audio-visually.

#### Opening the Meeting

ARTICLE 6 – (1) The Meeting starts; at the location of the Company Headquarters or in another district the Board of Directors will choose for the meeting within the city limits of Ankara or Istanbul, at the previously scheduled time (provisions of the “Meeting without a call” as stipulated in the 416<sup>th</sup> Article of the Law are reserved), after the Chairman or the Vice Chairman of the Board of Directors or one of the Members of the Board of Directors determines and makes a record of the quorums that are present as stipulated in the 418<sup>th</sup> and 421<sup>st</sup> Articles of the Law.

#### Formation of the Meeting Council

ARTICLE 7- (1) As per the 6<sup>th</sup> Article of the this Internal Directive, under the conduct of the person opening the meeting, a chairman and if necessary a vice chairman who does not have to be a shareholder and who will be conducting the General Assembly is elected primarily among the nominated candidates.

(2) At least one clerk (who will write up the minutes) and if necessary sufficient number of vote collectors are appointed by the chairman of the meeting. Moreover, staff of specialists to conduct the electronic General Assembly system and sufficient number of technicians to carry out technical procedures during the meeting are appointed by the chairman of the meeting.

(3) The Meeting Council is entitled to sign the minutes to the meeting and other documents that constitute a basis for the minutes.

(4) Meeting chairman complies with the Law, the Articles of Association and the provisions of this Internal Directive while conducting the General Assembly meeting.

#### Duties and Powers of the Meeting Council

ARTICLE 8 – (1) The Meeting Council carries out the following tasks under the conduct of the chairman:

a) Examines whether or not the meeting is held at the address indicated in the announcement and whether or not the meeting place is appropriate if specified in the Articles of Association.



- b) Examines and reports – in the minutes to the meeting – whether or not;
- the General Assembly is called for a meeting as specified in the Articles of Association, via announcement made on the website (corporate internet site of the companies that are obligated to open a website) and on the Turkish Trade Registry Gazette,
  - this call is made at least two weeks in prior to the meeting date (announcement and meeting days excluded),
  - the newspapers that published/will publish the meeting date, agenda and announcement are sent via certified mail with return receipt to the shareholders registered in the share ledger and to the shareholders who previously submitted their addresses to the Company by presenting the documents proving their status as a shareholder.

c) Controls whether or not unauthorized persons enter the meeting and whether or not the tasks specified in the second paragraph of the 5th article of this Internal Directive regarding the “entry to the meeting place” are fulfilled by the Board of Directors.

d) Examines whether or not all shareholders or their representatives are present in case the General Assembly convenes without a call in conformity with the 416<sup>th</sup> Article of the Law, and whether or not there is objection against making the meeting in this manner and whether or not the meeting quorum is preserved until the end of the meeting.

- e) Examines and reports – in the minutes to the meeting – whether or not;
- the Articles of Association and its amended version (if there are any amendments made to the Articles of Association),
  - the share ledger, Annual Activity Report of the Board of Directors, auditors’ reports, financial statements,
  - the agenda and the draft amendment prepared by the Board of Directors (if there is amendment to the Articles of Association on the agenda),
  - the written permission (and its annex that includes the draft amendment) taken from the Ministry if the amendment to the Articles of Association is subject to the approval of the Ministry of Customs and Trade,
  - the attendance list prepared by the Board of Directors,
  - the minutes including the postponement of the previous meeting if the General Assembly is called for a meeting upon postponement
  - other necessary documents for the meeting

are precisely present at the meeting place.

f) Upon objection or necessity, controls the IDs of those attending the General Assembly in person or by proxy after signing the attendance list and checks the authenticity of the proxies.

g) Checks and reports – in the minutes to the meeting – whether or not; executive members and at least one Member of the Board of Directors and auditors (in companies subject to audit) are present in the meeting.

h) Conducts the General Assembly within the framework of the agenda, and makes sure that the participants do not digress from the agenda other than the exceptions stipulated in the Law, and maintains order in the meeting and thus takes necessary measures.

i) Opens, closes sessions and hearings/sittings and closes the meeting.

j) Reads or makes someone read to the General Assembly the decisions, drafts, minutes, reports, proposals and similar documents regarding the issues discussed and gives those who want talk about these issues chance to speak.

k) Makes sure that voting is made regarding the decisions to be taken by the General Assembly and then announces the results.

i) Controls whether or not the minimum meeting quorum is maintained in the beginning, during and at the end of the meeting, and checks whether or not the decisions are taken in conformity with the quorums stipulated in the Law and the Articles of Association.

j) Announces the notifications made by the representatives stipulated in the 428<sup>th</sup> Article of the Law, to the General Assembly.

k) Makes sure that persons who do not have a right to vote as stipulated in the 436<sup>th</sup> Article of the Law, do not cast votes in decisions stipulated in the abovementioned Article, and oversees all types of limitations stipulated in the Law and the Articles of Association on the right to vote and privileged votes.

l) Upon the request of the shareholders in possession of one twentieth of the capital, postpones the discussion of the financial statements and relevant issues to the meeting that will be held a month later – without any need for the General Assembly to take a decision on this issue.

m) Makes sure that the minutes to the General Assembly are prepared and objections are included in the minutes; and signs the decisions and minutes; and includes – in a manner that will not lead to any doubts – the affirmative/negative votes casted regarding the decisions taken in the meeting.

n) Submits the minutes of the meeting, Annual Activity Report of the Board of Directors, auditors' reports (in companies subject to audit), financial statements, attendance list, agenda, proposals, ballots (if any) and minutes of the elections and all documents related to the meeting to one of the present members of the Board of Directors at the end of the meeting by filing a report.

Procedures to be followed prior to the discussion of the agenda

ARTICLE 9 – (1) Meeting chairman reads or makes someone read the meeting agenda to the General Assembly. The chairman asks whether or not there is any proposal to change the order of discussing the agenda items, and if there is a proposal, it is presented for the approval of the General Assembly. The order of discussing the agenda items can be changed with a decision taken by the majority of the votes present in the meeting.

The agenda and discussing the agenda items

ARTICLE 10 – (1) The following issues must be included in the agenda of the Ordinary General Assembly:

- a) Opening and meeting formation of the meeting council.
- b) Discussing the Annual Activity Report of the Board of Directors, auditors' reports (in companies subject to audit), and financial statements.
- c) Acquittance of the members of the Board of Directors and auditors (if any).
- d) Electing the members of the Board of Directors – whose term of office ended – and auditors (in companies subject to audit).
- e) Determining the remuneration, per diem of the members of the Board of Directors, and their rights such as bonuses and premiums.
- e) Determining the method of using and distributing the profit, and dividend shares.
- f) Discussing the amendments (if any) to the Articles of Association.
- g) Other issues deemed necessary.

(2) The agenda of the Extraordinary General Assembly Meeting is composed of the reasons that necessitate the meeting.

(3) Other than the following exceptions, items not included in the agenda of the meeting cannot be discussed and resolved:

- a) Items can be added on the agenda with a unanimous decision if all shareholders are present.
- b) As per the 438<sup>th</sup> Article of the Law, the private audit request of any shareholder is resolved by the General Assembly regardless of whether it is included on the agenda or not.
- c) The issues of dismissal of the members Board of Directors and election of the new members instead are considered to be related with the Article specifying the discussions on the year-end financial statements and upon request these issues are discussed and resolved directly, regardless of whether a relevant item is included on the agenda or not.

d) Even though there isn't any agenda item; in the presence of valid grounds such as corruption, insufficiency, breach of loyalty, difficulty in performing the duties due to memberships in numerous companies, disagreement, misuse of power, the issues of dismissal of the members of the Board of Directors and election of the new members instead are added on the agenda with the decision taken with the majority of those who are present in the General Assembly.

(4) The agenda item discussed and resolved in the General Assembly, cannot be re-discussed and resolved unless there is a decision taken unanimously by those who are present in the General Assembly.

(5) Issues requested by the Ministry as a consequence of the audit or for any other reasons, to be discussed in the General Assembly are added on the agenda.

(6) The agenda is determined by the person who makes a call for the meeting of the General Assembly.

#### Right to Speak in the Meeting

ARTICLE 11 – (1) Shareholders or other relevant persons wishing to speak on the agenda item under discussion inform the meeting council. Then the meeting council announces the persons to the General Assembly and grants these persons right to speak in order of application. If the person to speak is not present at the meeting place, he/she loses his/her turn. The speeches are given addressing the General Assembly from the spot arranged for this purpose. Persons may exchange turns with each other. In case the speaking time is limited, the speaker speaking in his/her turn can continue speaking only if the next person to speak gives his/her turn to the speaker provided that the speaker completes his/her speech within the speaking time of that person. In other words, the speaking time cannot be extended.

(2) Without having to follow the order, the chairman of the Meeting can grant the right to speak to the members of the Board of Directors and the auditors who wish to make an explanation on the issues being discussed.

(3) Speaking time is decided by the General Assembly upon the proposal made by the chairman or the shareholders, depending on the magnitude of the agenda, and the amount and importance of the issues that must be discussed, besides the number of persons who wish to speak. In such cases, the General Assembly first decides whether the speaking time will be limited or not and then decides what the speaking time will be.

(4) As per the 1527<sup>th</sup> Article of the Law; the procedures and principles specified in the Article “Attending the meeting on electronic platform” are applicable regarding the shareholders or their representatives who present their opinions and proposals at the General Assembly held in an electronic platform.

#### Voting and voting procedures

ARTICLE 12 – (1) Before starting the voting process, the chairman of the meeting announces the issue that will be discussed, to the General Assembly. If a draft decision is to be voted, then it is stated in writing and read out, and then the voting process starts. The shareholders may ask to speak about the procedure only after the

announcement for the start of the voting process is made. If there is a shareholder, in the meanwhile, not given the chance to speak although he/she asked for, he/she may use his/her right to speak after reminding and getting permission from the Chairman. Shareholders will not be given the chance to speak after the voting process starts.

(2) Votes regarding the issues discussed in the meeting, are cast by show of hands method or by standing up or by saying I accept/I decline (yea or nay). These votes are counted by the meeting council. If necessary, the meeting council may appoint sufficient number of people for counting the votes. Persons who did not show (raise) hands, stand up or say “yea or nay” somehow, will be considered to have given “negative” vote and during the evaluation these votes will be accepted as if they were given against the relevant decision.

(3) As per the 1527<sup>th</sup> Article of the Law; the procedures and principles specified in the Article “Attending the meeting on electronic platform” are applicable regarding the shareholders or their representatives who cast votes at the General Assembly held in an electronic platform.

#### Preparation of the Minutes to the Meeting

ARTICLE 13 – (1) The meeting chairman signs the attendance list indicating the shareholders or their representatives, the shares in their possession – groups, numbers and nominal values of these shares – and makes sure that the minutes to the meeting are prepared in compliance with the principles stipulated in the Law and relevant regulation, provided that the questions asked and answers given at the General Assembly are summarized, and the decisions taken and the number of affirmative and negative votes for each decision are clearly indicated in the minutes.

(2) Minutes to the General Assembly meeting, are prepared at the meeting place during the meeting by a typewriter, by a computer or clearly (legibly) in handwriting by pen. To write the minutes in a computer, there must be a printer at the meeting place to get the print outs.

(3) The minutes to the meeting are prepared and issued at least in two copies and all pages of the minutes are signed by the meeting council and by the representative of the Ministry in case he/she attends the meeting.

(4) The minutes must include; the trade name of the company, the meeting date and place, the total nominal value of the company shares and the number of shares, the total number of shares represented in the meeting in person and by proxy, the name and surname of the representative of the Ministry if he/she is present at the meeting and the date and number of his/her assignment letter, and the method of making the call if the meeting is made with an announcement (if the meeting is made without an announcement, this must be stated).

(5) The amount of votes regarding the decisions taken in meeting, are written in the minutes in numbers and letters – in a manner that will not lead to any doubts.

(6) Names, surnames, and reasons for objection of the persons who vote against the decisions taken in the meeting and who would like to have their objections included in the minutes, are written in the minutes.

(7) In case the reasons for objection are submitted in writing, this note is added to the minutes. In the minutes, the name and surname of the objecting partner or his/her representative are written and it is stated that the objection note is added. The objection note added to the minutes is signed by the meeting council and by the representative of the Ministry in case he/she attends the meeting.

Procedures to be followed at the end of the meeting

ARTICLE 14- (1) At the end of the meeting, the chairman of meeting submits a copy of the minutes and all other documents related to the General Assembly to one of the present members of the Board of Directors. Filing a separate report, this situation is stated.

(2) Within fifteen days at the latest after the meeting date, The Board of Directors is obligated, to submit the notarized copy of the minutes to the Trade Registry Office and to register and announce the issues – that must be registered and announced – included in the minutes.

(3) Within fifteen days at the latest after the meeting date, the minutes are put also on the Company's website (corporate internet site of the companies that are obligated to open a website).

(4) The chairman of the meeting, also submits a copy of the attendance list, the agenda and the minutes to the General Assembly meeting to the representative of the Ministry in case he/she attends the meeting.

Attending the Meeting on electronic platform

ARTICLE 15- (1) In case it is possible to attend the General Assembly meeting on electronic platform in conformity with the 1527<sup>th</sup> Article of the Law, the procedures to be carried out by the Board of Directors and the meeting council are performed by taking into consideration the 1527<sup>th</sup> Article of the Law and the relevant legislation.

## PART THREE

### Miscellaneous Provisions

The attendance of the representative of the Ministry and the documents regarding the General Assembly meeting

ARTICLE 16 – (1) The provisions of the “Regulation on the Procedures and Principles of the General Assembly Meetings of the Joint Stock Companies, and the Representatives of the Ministry of Customs and Trade to Attend These Meetings” – regarding the issue of requesting a representative from the Ministry for the meetings that the representative of the Ministry must attend, and the duties and powers of this representative – are reserved.

(2) The provisions stipulated in the first paragraph of the Regulation are obligatory for the preparation of;

- the list of the persons who can attend the General Assembly
- the attendance list,

- the proxy documents to be used in the General Assembly
- the minutes to the meeting.

#### Circumstances not anticipated in the Internal Directive

ARTICLE 17 – (1) In the meetings, in case there are circumstances which are not anticipated in this Internal Directive, then action will be taken in line with the decision that will be given by the General Assembly.

#### Approval of the Internal Directive

ARTICLE 18 – (1) This Internal Directive, is brought into force, registered and announced by the Board of Directors with the approval of the General Assembly of Akfen Holding Anonim Şirketi. Also the amendments to be made on the Internal Directive are subject to the same procedures.

#### Validity of the Internal Directive

ARTICLE 19 – (1) This Internal Directive, enters into force on the date it is announced at the Turkish Trade Registry Gazette upon the approval of the General Assembly in the 2012 ordinary meeting of the General Assembly of Akfen Holding Anonim Şirketi.