



## ***Corporate Governance Compliance Rating Report***



***Turcas Petrol A.Ş.***

03 March 2014

Validity Period : 03.03.2014-03.03.2015

## LIMITATIONS

This Corporate Governance Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc (herein after called "KOBIRATE") for **Turcas Petrol A.Ş.** (herein after called "Company") is compiled in accordance with the Corporate Governance Principles Compliance Rating Methodology prepared by Kobirate on the basis of the Corporate Governance Principles Comminique issued by the CMB on 3 Jan 2014 No: II-17.1.

The Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc is based on 32 copies of documents, data, files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Firms, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website ([www.kobirate.com.tr](http://www.kobirate.com.tr))

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate formed accordingly to the methodology disclosed.

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## TURCAS PETROL A.Ş.

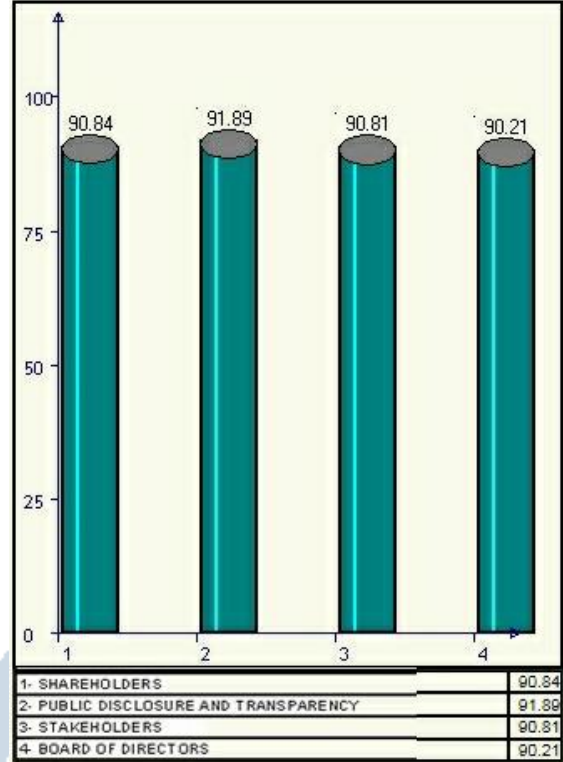
### CMB CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE GRADE

**9.09**

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## 1. SUMMARY OF RATING PROCESS

At the end of on site examinations of the documents, interviews held with executives and persons involved, and of other reviews, the process of rating of compliance of **TURCAS PETROL A.Ş.** with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Principles Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş. according to the Corporate Governance Principles issued and approved by the Capital Market Board of Turkey. Examinations were based on the last modifications made on the Capital Market Board's Corporate Governance Principles by the Communiqué on 3 Jan 2014 No:II-17.1

At the end of examination of 281 criteria under the headings of Shareholders, Public Disclosure and Transparency, the

Stakeholders and the Board of Directors as specified in the CMB's Corporate Governance Principles and the methodology of Kobirate A.Ş., developed for "Third Group Companies of the BIST" the Corporate Governance Compliance Rating Grade of **TURCAS PETROL A.Ş.** is determined as **9,09**. This result signifies that the company has achieved a high scale compliance with the CMB's Corporate Governance Principles and it expresses that the company has formed a working internal control system, identified all risks that may occur and control actively and fairly protect shareholders' rights including giving a high level importance to public disclosure and transparency activities. Board of Directors structure and working conditions are compatible with Corporate Governance Principles. The company deserves to be situated in the BIST

Corporate Governance Index at the highest level with this grade.

The biggest factor in achieving the revised grade is both the Board of Directors' and Top Management's willing and determined approach to find solutions to areas that require improvement by internalizing Corporate Governance Principles.

Right after publication of Corporate Governance Communique No: II-17.1 on the official gazette on 03.01.2014, No: 28871, a **CMB Legislation Working Group** headed by Finance Director / CFO Erkan İLHANTEKİN with an Ass. Manager and a specialist from Investor Relations Unit, Internal Audit Manager, two legal advisors from Legal Department has been formed. Necessary actions have been taken within the framework of these studies and a high level compliance has been achieved with Corporate Governance Communique No: II-17.1

In view of rating process under main headings in brief;

It is observed that **TURCAS** has obtained a grade of **90,84** in respect of Shareholders' Section.

In this section, it is confirmed that the company in general has achieved quite a good level of compliance with the CMB Corporate Governance Principles. The salient positive achievements are; the existence of Shareholders Relation Department, properly held general assemblies including its invitation, preparation of a detailed disclosure for the shareholders' in order to ensure access to sufficient information on agenda items and income appropriation policy being submitted to the approval of general assembly and disclosed to public via corporate website. It has been observed that compulsory items required to be complied with the CMB Corporate Governance Communique on 3 Jan 2014 No. II-17.1 56 have been made.

The company gained **91,89** from Public Disclosure and Transparency section, and makes public disclosures and instructions according to their disclosure policy published in the corporate website. It's appreciated that internet website have access to several current data specified in the principles that might be needed by the investors. The company's corporate website and annual reports largely meets the corporate governance principles.

It's observed that the company reached the grade of **90,81** for the Stakeholders' Section.

The Company has achieved considerable compliance with the CMB's Corporate Governance Principles in respect to this section. Management consultancy service received has been completed and all internal procedures regarding stakeholders especially employees have been updated. An extremely comprehensive Human resources policy has been developed, recruitment, performance appraisal, promotion, awarding, leave and social benefits has been set forth by means of internal arrangements and disclosed to the employees. A new management organization chart has been created; directives and internal company regulations are prepared in accordance with this structure. With the new restructuring, tasks and job descriptions of the existing and newly created units were identified and processes are developed.

The compensation policy for the employees has been prepared, approved by the board of directors and published on the corporate website.

Necessary information has been given on a detailed Ethical Code to all the employees to obey with and behave accordingly.

The company has set forth corporate social responsibility policies and disclosed to public.

As for the Board of Directors Section, it is found that the Company's grade

amounts to **90,21**, representing a quite good compliance with the CMB's Corporate Governance Principles.

It is confirmed that the Board has set company's strategic targets, audited the performance of the company management, attention is paid to the company affairs to be in compliance with the legislation, the Articles and internal regulations.

The posts of Chairman of the Board and Chief Executive Officer are held by separate individuals.

It has been observed that the Audit, Corporate Governance and Early Detection of Risk Committees referred to in the Principles have been formed, whose working principles appear in written documents.

On the other hand, having 2 independent and 3 female members in totally 7 membered board of directors raises compliance with the principles to the top level, it appears as important indications of compliance with the Principles such as the Board comprises independent members, guidelines for remuneration of Board Members and top executives are set forth and have been presented to the attention of the shareholders at the general assembly as a separate item.

## 2. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

In 1999, the Economic Cooperation and Development Organization (OECD) approved at the Meeting of Ministers and published the Corporate Governance Principles. Since then, these principles have been regarded as international references for the decision - makers, investors, shareholders and companies throughout the world. In 2002, these principles were revised and accommodated to the present situation.

As for Turkey, the Capital Market Board (CMB) has undertaken the duties for the Corporate Governance. The CMB established the Corporate Governance Principles first in 2003, later in 2005 revised and published the principles. And finally, CMB has prepared Corporate Governance Communique and its attachment Corporate Governance Principles on 3 Jan 2014. The principles are grouped under four main headings namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

Besides the CMB, by the Directive on Bank's Corporate Governance Principles, promulgated in Official Gazette of 01.11.2006, No: 26333, the BRSA introduced the rules required to be complied with by Banks.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (Kobirate A.Ş.) achieves the Corporate Governance Compliance Rating by a system identically based on the Corporate Governance Principles of the Capital Market Board (SPKKYI -

CGPCMB). Through this system, the firms are analyzed under four main headings of the Public Disclosure and Transparency, Shareholders, Stakeholders and the Board of Directors in accordance with the CGPCMB).

In this analysis, the full compliance of work flow and analysis technique with Kobirate Inc's Ethical Rules is considered.

In this analysis, 281 different criteria are considered to measure the compliance of firms whose shares are traded on BIST with the corporate governance principles. Such criteria are translated into the Kobirate A.S.'s unique Corporate Governance Rating Questionnaire and the firms' and banks' responses to which are received electronically. The responses are analyzed and reexamined by the rating experts and analysts, reexamined and turned into a reported with results which is submitted to Kobirate Corporate Governance Rating Committee for final decision.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is unsatisfactory compliance with CMB's Corporate Governance Principles in the existing structure.

On this context, in order to reach the total grade, the following rates as adopted from the Capital Market Board's meeting held on 01.02.2013 No: 4/105 are applied;

- Shareholders 25%
- Public Disclosure and Transparency 25%
- Stakeholders 15%
- Board of Directors 35%.

In this report the following legends have the following meanings:

✓ Due / Correct Application of CMB's Corporate Governance Principles

✗ Improper / Erroneous Application of CMB's Corporate Governance principles

✓/✗ Practices required to improve to be in compliance with CMB's Corporate Governance Principles.





### 3. COMPANY PROFILE



<b>Company Title</b>	: Turcas Petrol Anonim Şirketi
<b>Company Address</b>	: Ahi Evran Caddesi No: 6 Aksoy Plaza Kat:7 34398 Maslak-Şişli / İstanbul
<b>Company Phone</b>	: (0212) 2590000 / 17 Hat
<b>Company Facsimile</b>	: (0212) 2590018-19
<b>Company Website</b>	: <a href="http://www.turcas.com.tr">www.turcas.com.tr</a>
<b>Company E-Mail Address</b>	: <a href="mailto:info@turcas.com.tr">info@turcas.com.tr</a>
<b>Date of Incorporation</b>	: 07/03/1980
<b>Registered Number</b>	: 171118
<b>Paid -in Capital</b>	: 225.000.000.-TL
<b>Line of Business</b>	: Exploration, production, transport, distribution, storage, import, export of and local and international dealing in energy sector and its sub-sectors such as oil, petrochemicals, fuel, electricity and naturel gas, investments
<b>Sector</b>	: Energy

#### **Company's Representantive in Charge of Rating:**

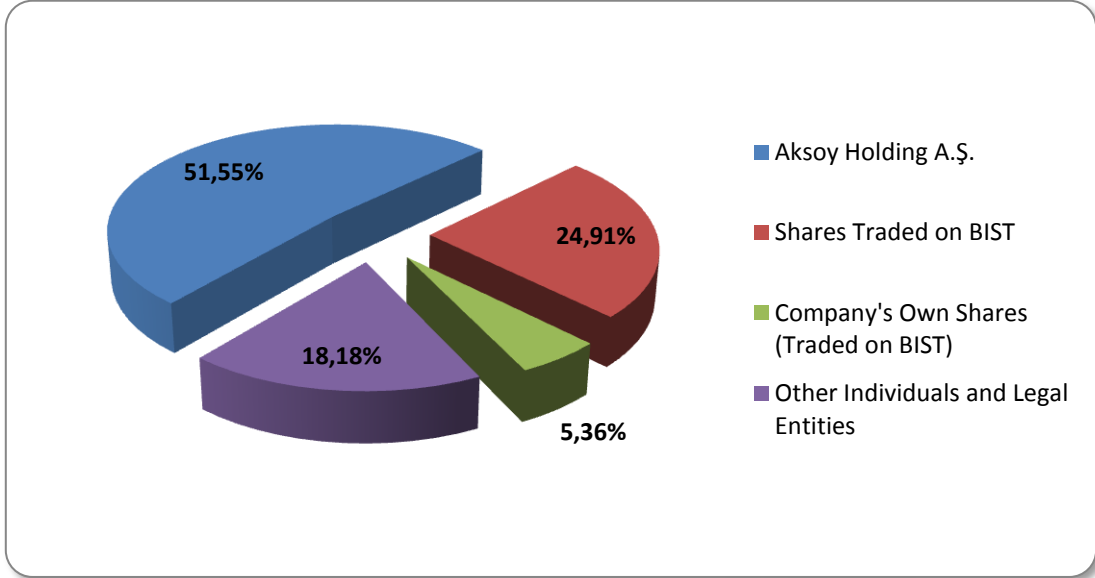
Erkan İlhanterkin

Finance Director/CFO

[erkan.ilhanterkin@turcas.com.tr](mailto:erkan.ilhanterkin@turcas.com.tr)

0212 259 0000/1282

**Shareholders' Structure (as of report date)**



Shareholder	Share (TL)	(%)
Aksoy Holding A.Ş.	115.979.909,79	51,55
Shares Traded on BIST	56.048.763,25	24,91
Company's Own Shares (Traded on BIST)	12.059.447,00	5,36
Other Individuals and Legal Entities	40.911.879,96	18,18
<b>Total</b>	<b>225.000.000,00</b>	<b>100</b>

Source: www.kap.gov.tr

**Turcas Petrol A.Ş.'s Ultimate Controlling Shareholders**

Shareholder	Share (TL)	(%)
Erdal Aksoy	68.219.144,25	30,32
Saffet Batu Aksoy	23.388.656,33	10,40
Banu Aksoy Tarakçioğlu	23.388.660,61	10,40
<b>TOTAL</b>		<b>51,12</b>

Source : www.kap.gov.tr

### Company's Board of Directors

<b>Name/Surname</b>	<b>Title</b>
<b>Erdal Aksoy</b>	Chairman of the Board
<b>Yılmaz Tecmen</b>	Deputy Chairman of the Board
<b>S.Batu Aksoy</b>	Board Member & CEO
<b>Banu Aksoy Tarakçıođlu</b>	Board Member
<b>Ayşe Botan Berker</b>	Independent Board Member
<b>Neslihan Tonbul</b>	Independent Board Member
<b>Matthew J. Bryza</b>	Board Member

Source:www.turcas.com.tr

### Company's Executive Committee

<b>Name/Surname</b>	<b>Title</b>
<b>Erdal Aksoy</b>	Chairman of the Board
<b>S.Batu Aksoy</b>	Board Member and CEO
<b>Banu Aksoy Tarakçıođlu</b>	Board Member
<b>Cabbar Yılmaz</b>	Coordination and Regulatory Affairs Director
<b>Arkın Akbay</b>	Electricity and Gas Group Director
<b>Erkan İlhanterkin</b>	Finance Director / CFO
<b>Altan Kolbay</b>	Corporate Communications and Public Relations Manager
<b>Özgür Altıntaş</b>	Legal Counsel

Source:www.turcas.com.tr

### Strategy Committee

<b>Name/Surname</b>	<b>Title</b>
<b>Yılmaz Tecmen</b>	Deputy Chairman of Board/Committee Head
<b>Erdal Aksoy</b>	Chairman of Board
<b>S.Batu Aksoy</b>	Board Member /CEO
<b>Matthew J. Bryza</b>	Board Member

Kaynak:www.turcas.com.tr

### Company's Executives

<b>Ad/ Soyadı</b>	<b>Unvanı</b>
<b>Cabbar Yılmaz</b>	Coordination and Regulatory Affairs Director
<b>Arkın Akbay</b>	Electricity and Gas Group Director
<b>Erkan İlhanterkin</b>	Finance Director / CFO
<b>C.Yusuf Ata</b>	Internal Audit Manager

**UFRS Consolidated Balance Sheet Comparison of Company's Selected Items as of 3<sup>rd</sup> Quarters of the Last 2 Years**

	2012/9	2013/9	Change %
Current Assets	201.654.950	149.339.666	-25,94
Fixed Assets	772.192.933	992.657.465	28,55
Total Assets	973.847.883	1.141.997.131	17,27
Short Term Liabilities	16.902.371	53.884.273	218,80
Long Term Liabilities	271.231.950	361.411.961	33,25
Equity	685.713.562	726.700.897	5,98

Source : www.kap.gov.tr

**UFRS Consolidate Income Statement Comparison of Company's Selected Items as of 3<sup>rd</sup> Quarters of the Last 2 Years**

	2012/09	2013/09	Change %
Sales	15.233.835	32.924.611	116,13
Cost of Goods Sold (-)	(14.969.264)	(30.434.901)	103,32
Operating Profit/Loss	10.304.978	11.350.778	10,15
Pre-Tax Profit/Loss	65.534.789	44.968.666	-31,38
Net Profit/Loss of the period	63.528.569	40.979.303	-35,49

Source : www.kap.gov.tr

**The Peak and Bottom Closing Values of Company's Shares Traded on BIST During the Last Year**

Bottom Value (TL)	Peak Value(TL)
2.27 (29.Jan.2014)	3.96 (24.May.2013)

Source : Turcas Petrol A.Ş.

**Company's Brief History and Information on Company's Activities**

Being established in limited liability status in 1931, Türkpetrol ve Madeni Yağlar T.A.Ş. which was the first private gas distribution company, became a joint stock company in 1936. They established "Turcas Petrolcülük A.Ş." in partnership with Burmah Castrol Company of England in 1988. Brand name "Turcas" comes from the first three letters of joint venture companies Türkpetrol and Castrol. After opening to public in 1992, the majority of stakes was bought by Tabaş Petrolcülük A.Ş. in 1996. After the merger of Tabaş Petrolcülük A.Ş. and Turcas Petrolcülük A.Ş. in 1999 the company title has changed as "Turcas Petrol A.Ş."

Turcas with 81 years history is a holding company which has many investment affiliates operates on fuel distribution, oil refining, electricity generation and trading, imports and wholesales of natural gas in energy markets.

Turcas established a new company with the title of "Shell & Turcas Petrol A.Ş. (STAŞ)" in 2005 as a result of joint venture company agreement with "The Shell Company of Turkey Ltd" pursuant to partial division communiqué in retail and commercial sales, marketing and distribution fields. STAŞ, whose % 30 shares belong to Turcas, has started its activities as of July 1, 2006 after getting the required licenses from RT Energy Market Regulatory Authority. The large part of current net assets value of Turcas comes from STAŞ's capital shares owned. The company carries all activities on fuel distribution, commercial - industrial sales and lubricant markets through STAŞ since 2<sup>nd</sup> half of 2006. At the beginning of 2011, in order to consolidate LPG operations in Turkey, STAŞ has acquired entire Shell Gaz Ticaret ve San. A.Ş. shares from Shell Gas Holdings BV to empower its position on Auto-LPG markets. STAŞ continues serving with Shell branded 1050 service station all over Turkey.

Turcas Petrol A.Ş.'s 99,6% subsidiary Turcas Rafineri Yatırımları A.Ş.'s 18,5% shareholding on STAR Refinery Project owned by STAR Rafineri A.Ş.'s remaining 81,5% shares are transferred to SOCAR Turkey Yatırım A.Ş. (STYAŞ) on 26.07.2013 and STYAŞ's shares are shared between SOCAR Turkey Enerji A.Ş. (60%) and Ministry of Economic Development of the Republic of Azerbaijan (40%). EIA Positive Certificate is issued to STAR by the related Ministry on 8 Dec. 2009 and after taking the refinery license in 2010, STAR made an agreement with a project consultant company. The facility is expected to start production by the end of 2017.

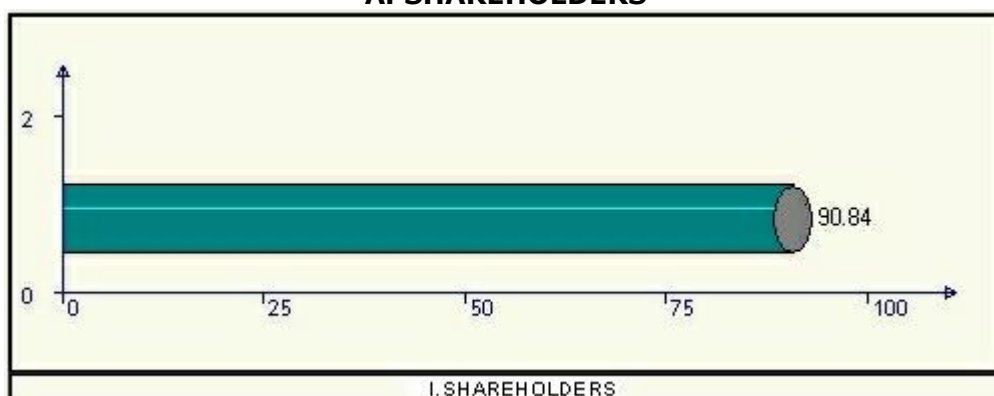
Turcas is also 5% shareholder of the first private oil refinery company ATAŞ Anadolu Tasfiyehanesi A.Ş. (ATAŞ) which began operations in 1962.

Turcas collected all its energy sector subsidiaries under Turcas Enerji Holding A.Ş. which is 100% owned by Turcas. Turcas Enerji Holding currently owns majority shares of Turcas Elektrik Üretim A.Ş., Turcas Yenilenebilir Enerji Üretim A.Ş. and Turcas Elektrik Toptan Satış A.Ş. and 30% shares of RWE & Turcas Güney Elektrik Üretim A.Ş.

On 23 Sept. 2013, a joint venture company to operate on geothermal energy area was established among Turcas Enerji Holding A.Ş., BM Mühendislik ve İnşaat A.Ş. and ALTE Enerji A.Ş. to determine common heat source on the areas that the companies have operating license by creating synergy to increase scale of investment productivity in Aydın province, Kuyucak district, Pamukören town. As a result "Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş." joint venture company is established by 46% Turcas Enerji Holding A.Ş. , 46% BM Mühendislik ve İnşaat A.Ş. and 8% Alte Enerji A.Ş. shareholding.

In order to establish a large scale power plant to generate electricity based on natural gas, a joint venture company, "RWE & Turcas Güney Elektrik Üretim A.Ş." was established by Turcas Elektrik Üretim A.Ş. (TEÜAŞ) under 30% Turcas affiliates' and 70% RWE affiliates' shareholding. The construction of 775 MW RWE & Turcas Natural Gas Combined Cycle Power Plant was completed on 24.06.2013 and started to operate.

#### 4. SECTIONS OF RATING PROCESS A. SHAREHOLDERS



##### Overview

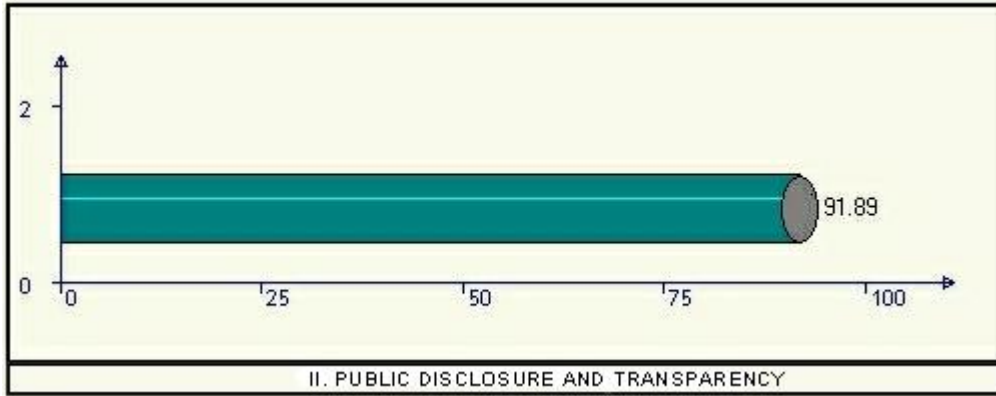
- ✓ Investors' Relations Unit has been formed and fulfils all duties related with shareholders.
- ✓ Manager of Investors' Relations Unit is assigned as a member in Corporate Governance Committee.
- ✓ There are no regulations to complicate special audit.
- ✓ General assemblies are held in time and in accordance with laws and regulations.
- ✓ General assembly invitations include information that the meeting will be open to public and these issues are also arranged in the main contract.
- ✓ There are no regulations to complicate voting rights and no upper limit on vote number.
- ✓ Donations and grants policies have been created, submitted to the approval of general assembly and shared with public.
- ✓ Dividend advance is set forth in the main contract.
- ✓ Compulsory articles of the principles on shareholders' rights section has been complied with.

✗ There are voting privileges.

✗ There are restrictions on transfer of B and C Group registered shares.

The Company has been assessed by **80** different criteria for which it has been assigned the grade of **90,84** under the headings of the facilitation of easy exercise of Shareholders' rights, shareholders' right to obtain and review information, members' right to attend the general meetings, members' voting rights, minority members' rights, members' right to receive dividend and members' right to transfer their shares to individuals of their choice whenever they so wish as indicated in the Capital Market Board's Corporate Governance Principles.

## B. PUBLIC DISCLOSURE AND TRANSPARENCY

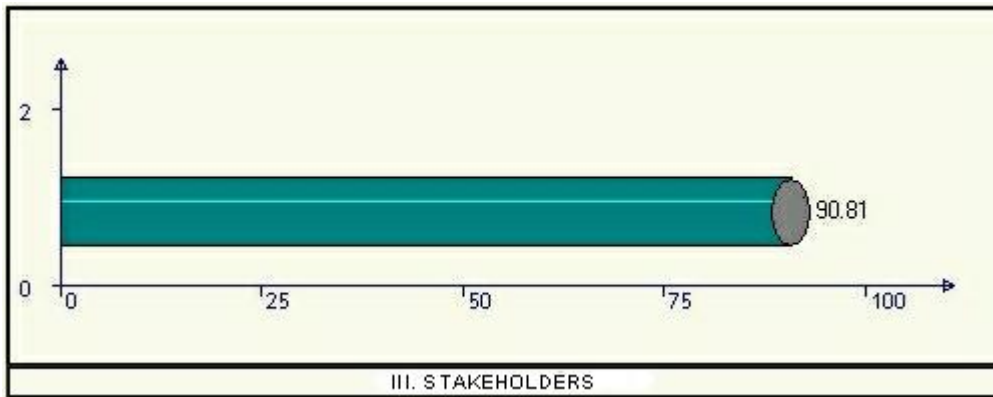


### Overview

- ✓ Disclosure activities are carried out in the framework of Disclosure Policy established.
- ✓ Internet website contains information/documents referred in the principles and is up to date.
- ✓ Information and documents mentioned in the principles are placed on website for the last 5 years.
- ✓ Information in website has also been prepared in English.
- ✓ Financial statement notifications are described both in Turkish and in English in PDP.
- ✓ Ultimate controlling shareholders chart is published via internet.
- ✓ Content of annual report is in compliance with principles and other legal regulations.

As for this section, the Company has been assessed by **37** different criteria under the headings of Internet Website and Annual Report as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **91,89**.

## C. STAKEHOLDERS



### Overview

- ✓ **Ethical Principles and Rules have been submitted to the approval of general assembly and disclosed in electronic means.**
- ✓ **There are no regulations to complicate the use of stakeholders' rights.**
- ✓ **Employees are provided with a safe and pleasant working environment.**
- ✓ **There is no discrimination or inequity complain by the employees.**
- ✓ **A comprehensive human resources and education policies have been created.**
- ✓ **Recruitment, promotion, rewards and disciplinary regulations have been established and treated accordingly in practice.**
- ✓ **Social Responsibility projects are established and disclosed to public.**
- ✓ **In trade secret framework, confidentiality of information about customers and suppliers are exercised.**

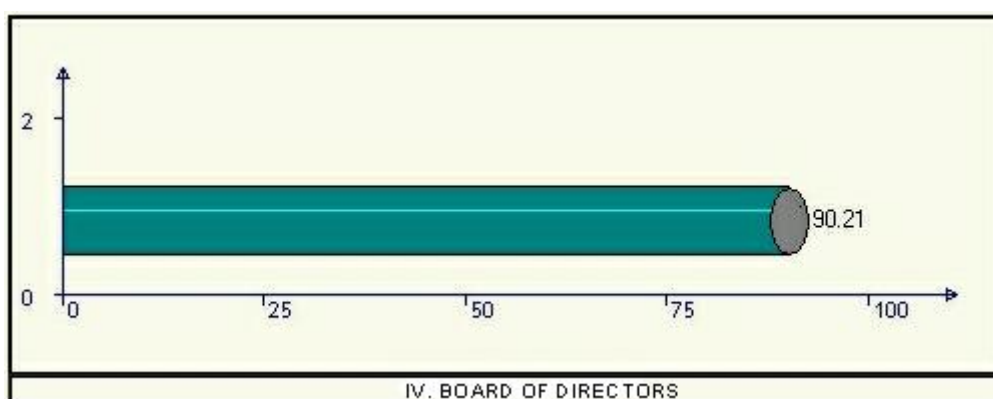
**employees to participate company management with internal regulations but there hasn't been any adjusting in the Articles.**

In this section, the Company has been assessed by **42** distinct criteria under the headings of the company policy towards the Stakeholders, encouraging stakeholders participation in company management, human resource policy, the relations with the customers and suppliers, Ethical Rules and social responsibility as laid down in the Capital Market Board's Corporate Governance Principles, for which **TURCAS** has deserved the rating of **90,81**.

- ✓/x **Mechanisms and models have been created to encourage**



## D. THE BOARD OF DIRECTORS



### Overview

- ✓ Company's strategic targets, human and financial sources required are determined by the Board of Directors.
- ✓ The number of Board members is enough to make productive and constructive work.
- ✓ Majority of Board Members are non-executives.
- ✓ 2 of non-executive Board Members are independent members.
- ✓ There are 3 female members in the 7 member Board of Directors.
- ✓ Every member has one voting right in the Board.
- ✓ There isn't any loan/credit involvement between Board Members and company.
- ✓ Corporate Governance, Audit and Early Detection of Risk Committees and other committees are working effectively.
- ✓ Evaluation criteria on conducting self image and performance for Board of Directors have been determined.
- ✓ Manager Liability Insurance amounting to 25% of the capital against defects of Board Members duties have been made and announced in PDP.
- ✓ Internal Audit Unit operates effectively and reports to Audit Committee periodically.
- ✗ Board Members nominated by "C" group shareholders have positive/negative veto rights in some important issues.

In this section, the Company has been assessed by **122** distinct criteria in respect of the Function of the Board, Operating principles of the Board, Structure of the Board, Mode of Board meetings, Committees formed with the Board and financial benefits provided to the Directors and executives as laid down by the Capital Market Board's Corporate Governance Principles, for which the Company has gained the grade of **90,21**.

**5. KOBİRATE ULUSLARARASI KREDİ DERCELENDİRME VE  
KURUMSAL YÖNETİM HİZMETLERİ A. Ş. CORPORATE GOVERNANCE  
RATING GRADES AND DESCRIPTIONS**

<b>GRADE</b>	<b>DEFINITIONS</b>
<b>9-10</b>	The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognised and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.
<b>7-8,9</b>	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is obviously eligible for inclusion in the BIST Corporate Governance Index.
<b>6-6,9</b>	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established, and operate, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interest of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the BIST Corporate Governance Index.

GRADE	DEFINITIONS
<b>4-5,9</b>	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not true and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and the stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
<b>&lt; 4</b>	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, Structure and working conditions of the Board appears to be at a level that might cause the investor to incur material losses.</p>