

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Our Corporate Governance Rating Score - initially 7.91 on the

8th of October 2007 - were upgraded for the

7th time and rose to 9.34 in parallel to

the achieved improvements.

Türkiye Petrol Rafinerileri A.Ş.
Corporate Governance Committee

Meeting Date : 02.14.2014
Resolution No : 2014/02
Agenda : Corporate Governance Principles Compliance Report

Owing to the intensification of competition in parallel with rampant globalization in our age, investors attach as much importance to companies' corporate governance practices as to their financial performance. As the incompetence of both the public and private sector as regards corporate governance principles is seen as one factor underlying the current financial crisis and corporate bankruptcies, corporate governance practices have further gained in importance. Corporate governance enables companies to sustain their corporate presence and countries to maintain sustainable economic development.

Tüpraş exercises maximum care to comply with Capital Market Board Corporate Governance Principles first issued by the Capital Market Board in July 2003 and then reissued with revisions and additions in February 2005.

The Corporate Governance Ranking Report, which features four main sections; shareholders, public disclosure and transparency, stakeholders and the Board of Directors as per CMB's Corporate Governance Principles, upgraded Tüpraş's Corporate Governance Ranking determined on October 8, 2007 as 7.91 to 8.20 on October 6, 2008, to 8.34 on October 6, 2009, 8.56 on October 5, 2010, to 8.61 on October 5, 2011 and finally to 9.1 on October 5, 2012. The assessment was carried out by the SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., licensed by the CMB to undertake corporate governance rating activities in Turkey. The application of these principles is one of the Company's main objectives and all activities are undertaken by keeping these responsibilities in mind.

Below are the outcomes of assessments weighted according to the main categories of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors as per CMB's Corporate Governance Principles:

MAIN TOPICS	WEIGHT	2012 RATING	2013 RATING
Shareholders	0.25	8.77	8.86
Public Disclosure and Transparency	0.25	9.22	9.25
Stakeholders	0.15	9.72	9.26
Board of Directors	0.35	8.89	9.78
Total	1	9.10	9.34

With this rating, Tüpraş confirmed that it complies, to a large extent, with the Capital Markets Board's Corporate Governance Principles, that it applies most of the necessary policies and measures and that it attaches great importance to the public and its shareholders. The Corporate Governance Rating Reports are accessible at www.tupras.com.tr.

Corporate Governance Principles as of yet Unapplied

The fact that Tüpraş has figured in the top ranks of the BIST Corporate Governance Index since its inception is an indicator of the importance that the Company attaches to Corporate Governance Principles. Within the scope of the Communiqués, in force as of 2013, Serial: IV N.56 regarding the Determination and Implementation of the Corporate Governance Principles, the Company is strictly complying with the compulsory principles and also majority of the noncompulsory principles. Even though the aim is full compliance with the noncompulsory corporate governance principles, due to the facts that such as; facing with difficulties in the implementation of some of the principles, ongoing negotiations in our country and in the international platforms, incoherence of the some of the principles with the existing structure of the market and the Company, full compliance with the principles was not be achieved yet.

For the issues -other than the difficulties and the issues mentioned above- which necessitate enhancement, relevant remedial efforts are carried out; In a manner that will contribute to the effective management of our Company, the plan is to start the implementation processes upon the completion of the administrative, legal and technical infrastructure tasks.

Comprehensive efforts carried out at our Company within the frame of the Corporate Governance Principles and the principles with which there is no compliance are stated in the related sections below.

Tasks Carried Out Within the Period For Complying With The Principles

One of the primary corporate governance tasks carried out in 2013 by Tüpraş, was about the compliance with the Capital Markets Law stipulating the Capital Markets Board's new Regulations regarding the Corporate Governance Principles, and the other task was about the compliance with the new Turkish Code of Commerce. In the Ordinary General Assembly held in 2013, all the amendments stipulated by the regulations, were made in the Company's Articles of Association.

Furthermore, the processes for the determination and public disclosure of the independent member nominees were finalized and the elections were completed in accordance with the regulations. Established Board of Directors committees continue to carry out their activities effectively. Remuneration (executive compensation) policy for the Board of Directors and executive managers was determined and submitted for the information of the shareholders in the General Assembly. With the prepared General Assembly disclosure document, the issues which must be specified in the principles such as; privileged shares, voting rights, résumés of the Board of Directors' member nominees, Remuneration (executive compensation) policy for the Board of Directors and executive managers, necessary reports that must be prepared for the related party transactions, and other information that must be disclosed, were submitted for the information of the investors 3 weeks prior to the General Assembly.

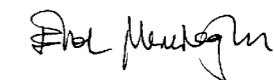
Besides, by reassessing the corporate website and the Annual Report format, necessary revisions were made with regards to the full compliance with the principles.

In the current situation, 3 out of 12 members of the Board of Directors' members carry the independence criterion specified in the principles. In addition to this; Although the member who is the representative of the Privatization Administration does not meet the following criteria; 1) "a person who has been a member of the Board of Directors more than 6 (six) years in the last decade, cannot be appointed as an independent member of the Board of Directors", and 2) a person shall not work full time in the public institutions and foundations after being elected as a member, he was attributed as an independent member with the approval of the Capital Markets Board. Related committee resolution and the résumés of the members are found in the committee reports which are included on the Company website.

The Corporate Governance Principles Compliance Report concerning the 2013 activity period is presented below, divided in sections; Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors and the applied and as of yet unapplied aspects of the principles have been indicated.



Kutsan Çelebican



Erol Memioğlu

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I: SHAREHOLDERS

1. Shareholders Relations Unit

At our Company, Investor Relations and Strategic Planning Department ("IRSP") carry out the relations with the shareholders, domestic and foreign corporate investors, in accordance with the principles specified below.

Considering the principle of equality, Investor Relations and Strategic Planning Department is also responsible for the management of the two-way communication between the shareholders and the management while regularly informing its shareholders and potential investors about the activities, financial situation and strategies of the Company, excluding the information having the characteristics of a trade secret.

The main activities of the IRSP and Financial Affairs Department's Capital Movements Unit are:

- Promoting the Company vis-à-vis domestic and foreign individual and corporate investors,
- Providing information about the Company to existing and potential investment companies and financial intermediaries, supplying the analysts and researchers working for these companies with the information that they demand,
- Issuing press releases to disclose financial reports and organizing teleconferences and/or press conferences to provide assessments about the results of these reports

- Answering queries and demands from shareholders,
- Participating in conferences and investor meetings in a proactive and regular manner in order to keep shareholders and potential investors up-to-date about the Company,
- Analyzing the share performance of the Company and of similar companies and determining communication strategies,
- Answering queries from domestic or foreign corporate investors, with the exception of confidential and commercial secrets about the Company not disclosed to the public,
- Ensuring that the General Meeting is held in accordance with applicable legislation, Articles of Association and other Company regulations,
- Filing documents to be submitted to the shareholders at the meetings of the General Meeting and presenting these documents to the investors three weeks prior to the General Meeting via the Company website,
- Ensuring that the General Meeting minutes including voting results are duly kept and providing shareholders with reports on the results of voting,
- Carrying out all duties of public disclosure required by legislation, such as financial reporting or disclosures of material events,
- Ensuring mutual information flow between the shareholders on the one hand and senior management and Board of Directors on the other and
- Providing information to the general public and shareholders via the frequently updated Tüpraş corporate website.

The Investor Relations and Strategic Planning Department endeavors to employ electronic communication means and the corporate website of the Company in all their transactions. Maximum diligence is exercised for compliance with relevant legislation and Articles of Association in responding to the demands of the shareholders. The Company's website features information and explanations that enables shareholders to exercise their rights in the best manner.

Number of Investor Conferences attended in&outside the Country	13
Number of investor Meetings	445
Number of teleconferences held related with the disclosed financials at the end of 2012 and within 2013 (quarterly)	4

Employees who are responsible from stakeholder relations are listed below:

NAME/SURNAME	TITLE	E-MAIL ADDRESS	PHONE NUMBER
İbrahim Yelmenoğlu	CFO	ibrahim.yelmenoglu@tupras.com.tr	(262) 316 31 09
Tuncay Önbilgin	Manager	tuncay.onbilgin@tupras.com.tr	(262) 316 30 85
Jonathan David Lamb	Coordinator	jonathan.lamb@tupras.com.tr	(262) 316 32 75
Harun Bulgan	Coordinator	harun.bulgan@tupras.com.tr	(262) 316 32 70
Fettane Sayın	Coordinator	fettane.sayin@tupras.com.tr	(262) 316 32 72
Mehmet Eder	Chief	mehmet.eder@tupras.com.tr	(262) 316 32 73
Didem Güner	Chief	didem.guner@tupras.com.tr	(262) 316 32 50
Çetin Karaca	Chief	cetin.karaca@tupras.com.tr	(262) 316 32 74
Filiz Derman	Chief	filiz.derman@tupras.com.tr	(262) 316 32 69
			Fax: (262) 316 30 10

2. Shareholders' Right to Information

No distinction is made between shareholders as regards the exercise of their right to information, inspection and all information, except those involving commercial secrets, are shared with shareholders.

Written and oral inquiries received from the shareholders during the relevant term were answered both orally and in writing, as per Capital Market Legislation, without any discrimination between the partners. Documents and guidelines were prepared to answer frequently asked questions. These have been uploaded in the Investor Relations section of the Tüpraş website.

In accordance with the communiqué of the Capital Markets Board, the Disclosures of Material Events (DME) made to the Borsa İstanbul (BIST) and the London Stock Exchange (LSE), financial statements and other information about the Company are conveyed in electronic medium, with electronic signatures. All these transactions are available for public scrutiny on the Company website.

Furthermore, shareholders can access comprehensive current and past information

and statistics in both English and Turkish, in the Investor Relations section of the Tüpraş website.

The Company's Articles of Associations does not provide for the appointment of a special auditor as an individual right. The shareholders raised no requests regarding the appointment of a special auditor. Apart from internal audits, Company activities are periodically controlled by the independent external audit company, Güney Independent Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member of Ernst & Young Global Limited) and the Auditors elected during the General Meeting.

3. General Meetings

General Meetings are organized to provide sufficient information to shareholders and ensure their attendance, as per Turkish Commercial Code, Capital Markets Law and Corporate Governance Principles.

The Ordinary General Meetings are held at the end of every fiscal period, as soon as possible, with a maximum delay of three months. The Company held its 53rd Ordinary General Meeting on April 1, 2013. Shareholders

representing 76,92% of all shares attended the meeting. During the General Meeting, the shareholders used their right to pose questions; apart from the items on the agenda, no other proposals were made.

According to the Articles of Association, General Meeting sessions are also open to stakeholders and the public; however, they do not have the right to speak. General Meetings are supervised by a Government Inspector authorized by the Ministry of Customs and Trade.

Invitations to the General Meeting are issued by the Board of Directors, according to the Turkish Commercial Code, Capital Markets Law and Articles of Association. As soon as the Board of Directors decides to hold the General Meeting, the public is notified via disclosures of material events made to the POP and the EGAS.

As per an amendment to the Articles of Association, the notice for the General Meeting assembly is made with a minimum advance of three weeks via the website www.tupras.com.tr in addition to the methods required by legislation, so as to reach the largest number of shareholders. The notice is also published

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in the Turkish Trade Registry Gazette and in an all-Turkey edition of a newspaper with high circulation.

Before the General Meeting, an information sheet is prepared listing all the items on the agenda; it is issued to the public complying with legal processes and legislation. In line with agenda items for the General Meeting, financial statements and reports including the annual report with the audited figures, corporate governance compliance report, profit distribution proposal, independent external auditing reports and auditor's report, information sheet for the General Meeting agenda items and other documents providing the basis for the agenda, the final version of Articles of Association and any amendments to the Articles of Association are made available to shareholders at the Head Office and branches and via the corporate website, after the publication of the notice for the General Meeting. The voting procedure for the meeting is announced to the shareholders via the website and newspaper notices. In General Meeting sessions, items on the agenda are voted on in an open manner, by raising hands.

For all those who want to be represented by attorneys, the attorney's credentials are announced and made available to the shareholders via the website, prior to the General Meeting assembly.

All shares making up the Company's capital are registered shares. For those shareholders whose shares are kept in the Central Registry Agency in investors' accounts controlled by financial intermediaries and who want to attend the General Meeting assembly, the records in the General Meeting Blockage List are taken into consideration, in line with Central Registry Agency's decisions on General Meeting Blockage transactions. According to law, those shareholders who have not registered themselves on the Blockage List via Central Registry Agency cannot attend the

meeting. The Central Registry Agency General Meeting Blockage List is prepared the evening before the meeting.

The location of the General Meeting is chosen so as to enable the participation of all shareholders. The agenda items of the General Meeting are written in a clear and unequivocal way and allows for the discussion of each proposal under a separate section. At the latest General Meeting, shareholders made no demands concerning the agenda. During the General Meeting, the agenda items are conveyed to shareholders in an impartial, detailed, clear and comprehensible fashion, shareholders are given the chance to express their opinions and pose questions under equal terms and thus a healthy debate is organized. During the General Meeting, shareholders, audience and members of the press ask questions which are duly replied by the Board Members and senior executives.

In the General Meeting, at least one Board member, one auditor, one of the officers responsible for the preparation of the financial statements, as well as one officer informed about the agenda items ready to make explanations was present. In case of the absence of any one of these people, their excuse for absence is presented to the General Meeting.

After the General Assembly meeting, minutes to the meeting are kept in the Company's minute book and after being translated into English, are uploaded on the Company's website. Minutes to the meeting can be found in the Public Disclosure Platform, and in the Electronic General Assembly System and on the Tüpraş website. Minutes to the General Assembly, attendance list, agenda and ads are simultaneously submitted to the evaluation of the domestic and foreign investors.

In the Ordinary General Assembly meeting held in 2013, with a separate agenda item,

information about the donations and charity made in 2012 was given in the General Assembly the total limit for the donations that will be made in 2013 in line with the donation policy was determined as TL 16 million.

The 54th Ordinary General Meeting for 2013 will be held on March 31, 2014, at the Company's Head Office.

4. Voting Rights and Minority Rights

The voting procedure is announced to the shareholders at the beginning of the General Meeting. The Company avoids practices that make it difficult to exercise voting rights. No upper limits have been introduced for the voting rights of any shareholders and each shareholder is given the opportunity to exercise his/her voting right in the easiest and most convenient manner. The shareholders who are entitled to vote can vote in person, or exercise their voting right via a third party who may or may not be a shareholder.

As stipulated in the Articles of Association, material decisions concerning spin-offs or sales, acquisitions or lease of assets with significant value can only be taken with the positive vote of Group C (preferential) shares, represented by the Privatization Administration. In this context, at the General Meeting for deciding on issues that might restrict or hinder the supply of petroleum to the Turkish Armed Forces, such as closure or sale of one of the refineries, limitation of activities through establishment of restraint or any reduction corresponding to more than 10% of the capacity, or spin-off or merger and/or liquidation of the Company. In matters other than those mentioned above, decisions are made by bringing issues debated by the Board of Directors to the General Meeting for discussion and resolution.

Class C shares do not hold any other privileges concerning voting rights, apart from those indicated above.

As per the Turkish Commercial Code and CMB regulations, the Company shows maximum care to ensure the exercise of minority rights. In 2013, the Company received no complaints or criticisms in this regard. Shareholders representing minority rights constitute the Management with the majority shareholders, through their attendance at the General Meeting.

All shareholders including minority or foreign shareholders are treated equally. Board Members, managers, ultimate controlling shareholders and individuals with access to insider information disclose to the public, on their own behalf, the work they carry out within the scope of the field of activity of the Company.

5. Dividend Rights

Our Company distributes dividends in compliance with the Provisions of Turkish Commercial Code, the Capital Markets Regulations, the Tax Regulations and other related regulations and the related provisions of our Company's Articles of Association regarding dividend distribution. In the dividend distribution, in compliance with the Corporate Governance Principles, a balanced and consistent policy is pursued between the shareholders and the Company benefits.

In principle; as far as the related regulations, investment needs and financial situation allow, the entire amount of the "net distributable profit for the period", calculated within the frame of the Capital Markets Regulations, is distributed in cash - taking into consideration the market expectations, long term company strategies, investment and financing policies, profitability and cash position - as long as it is covered from the existing resources in our legal records. The General Assembly or the Board of Directors, if authorized, may decide to distribute dividends with installments in compliance with the regulations of the Capital Markets.

There is no privilege in the Articles of Association regarding the participation to dividend distribution.

The aim is to make the dividend distribution within one month at the latest after the General Assembly meeting. Dividend distribution date is decided by the General Assembly.

As per the Company Articles of Association; in compliance with the Regulations of the Capital Markets, the Board of Directors may distribute advance dividend provided that the authorization is granted by the General Assembly.

Profit distribution policy and the annual profit distribution proposal are included to the Annual Report and submitted to the approval of the shareholders at the General Assembly.

6. Transfer of Shares

The Articles of Association includes no provisions which would impede or limit shareholders who hold publicly traded A Class shares from transferring their rights.

In accordance with the mandate vested in the Turkish Prime Ministry Privatization Authority with Law 4046, Class C registered shares can be transferred to another Turkish Public Enterprise enjoying essentially the same level of powers and this transfer is not subject to the approval of the Board of Directors.

CHAPTER II: PUBLIC DISCLOSURE AND TRANSPARENCY

7. Disclosures Policy

The Company's Disclosures Policy is executed with reference to legal regulations, capital markets legislation and rules set out by the communiqués issued. The Company has drawn up a written document regarding public disclosures and information and has announced this to its shareholders and the public on its website following the approval of the Board of Directors and the General Meeting.

The Board of Directors is responsible for the monitoring, revision and amelioration of the disclosures policy. The aim of the Disclosures Policy is to share information concerning the Company's past performance, prospects, strategies, targets and vision - except information constituting commercial secrets - with the public, relevant authorities, existing and potential investors and shareholders in an equitable manner and thus providing a permanent, effective and transparent communication platform via the Investor Relations and Strategic Planning Department and Corporate Communication Units within the framework of provisions of the Capital Markets Board.

At Tüpraş, disclosure of material events is under the responsibility of the Investor Relations and Strategic Planning Department, which acts in coordination with the Financial Affairs Department and Financial Reporting Department. In principle, disclosures of material events are signed by the General Manager and CFO, sent to the ISE and published in English and Turkish on the Company website. In 2013, the Company released 16 such material disclosures in accordance with CMB's Communiqué Series: VIII, No. 54. The CMB and BIST have not demanded any further explanations as regards these disclosures.

The Company fulfills its obligation of material disclosure as regards the GDR shares traded at the London Stock Exchange since April 2000 in coordination with BIST. There are no material disclosures sent to the London bourse but not published domestically. Within the limits of its obligations, the Company does its utmost to release material disclosures to both stock exchanges simultaneously. The CMB has not imposed any sanctions on the Company for failing to issue the said material disclosures in a timely fashion.

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Queries coming from outside the Company are answered by the General Manager, Corporate Communications Department and Investor Relations and Strategic Planning Department. The Corporate Communications Department provides written and visual media with a controlled news flow throughout the year as various events arise and thus, informs the public in a detailed manner.

Methods and Means of Public Disclosure

- In line with the CMB and ISE regulations and provisions of the Turkish Commercial Code, Tüpraş uses the following methods and means when determining its public disclosure and information policy:
- Disclosure of Material Events via BIST-KAP (PDP) (the English translations of such disclosures are distributed simultaneously in electronic medium to investors abroad and are published on the Company website in both Turkish and English)
- The financial statements and footnotes announced regularly at the end of each quarter via BIST-KAP (PDP), the independent audit reports and statements (published in such a way as to ensure access on demand via the Company website.)
- Annual and interim activity reports (presented for review by relevant parties both as hard copies and in electronic medium via the Company website)
- Corporate website (www.tupras.com.tr)
- Face-to-face or teleconference meetings held with investors and analysts
- Information and promotion documents prepared for investors
- Prospectuses, circulars, announcement texts and other documents issued as per Capital Market regulations
- Announcements and notices made through the Turkish Commercial Registration Gazette and national and local papers with high circulation, when required
- Press releases made within the year through written and visual media in line with significant developments

8. The Company's Website and Content

The Company website can be accessed at www.tupras.com.tr. Both past and current information concerning the following are available in Turkish and English.

- Detailed information about the corporate identity
- Vision, mission and main strategies
- Information about the members of the Board of Directors and the senior management of the Company
- Organization and partnership structure of the Company
- Articles of Association of the Company
- Commercial registry data
- Periodical financial statements, financial data, indicators and analysis reports
- Press Releases
- Disclosures of Material Events to PDP
- Data and charts about the share performance, rating grades
- Presentation to investors and analysts
- Information on analysts evaluating the Company and their reports
- Date for convention of the General Meeting, items of agenda, explanations about issues on the agenda
- The minutes and list of participants of the General Meeting
- A sample letter of attorney
- Corporate Governance Practices and Compliance Report
- Corporate Social Responsibility Report
- Dividends policy and profit yields per share
- Disclosure policy
- Information on social responsibility projects
- Ethic Rules
- Beneficial information about the Company

9. Annual Report

The contents of the Tüpraş annual report are prepared in line Regulations and CMB Corporate Governance Principles in such a way as to provide full, accurate and detailed information to the public about the Company.

The Annual Report is submitted to the approval of the Board of Directors and disclosed to

the public both in Turkish and English via the Company's website and e-mail. In addition, the hard copies can be obtained from the Investor Relations and Strategic Planning Directorate of Tüpraş.

CHAPTER III: STAKEHOLDERS

10. Informing Stakeholders

The stakeholders of the Company are notified about General Meetings via invitations sent to them, notices in newspapers and statements sent to the BIST. Information offered on the Company website is as comprehensive as possible, including conference statements and interviews given to the press and media and presentations, bearing in mind that stakeholders must be informed. Arranging meetings at the highest possible levels, the Company endeavors to respond to the requests for meetings by the shareholders.

Company personnel are given access to circulars and announcements via the intra-net portal and important announcements are communicated to all employees via electronic mail. The Company journal, Rafine, is issued with the aim of reinforcing corporate communication between employees at different geographical locations. Employees and senior management executives at Tüpraş come together once a year to evaluate the goals and progress achieved in the course of the year and to exchange ideas.

Any stakeholder actions that go against the legislation are presented to the Audit Group for submission to the Audit Committee and the Ethics Committee is notified of any unethical transactions. Via the corporate website, stakeholders can access the recently established Stakeholder Management System and submit their queries, propositions and complaints through this medium. A joint working group was created among various officers to respond to queries made through this system.

11. Stakeholders' Participation in Management

To encourage the participation of stakeholders in the Company's management, the Tüpraş Recognition, Appreciation and Award scheme was devised to reward personnel efforts to support the values and goals of the organization, while the Refined Suggestions initiative was launched to promote and encourage individual and original suggestions concerning process improvement, energy saving, resource efficiency, productivity, protection of environment and work safety.

Tüpraş organizes meetings throughout the year to communicate and exchange ideas with its clients. The Company monitors customer perception of its capability to meet customer demand; it has determined methods to obtain such information and integrate it into its objectives. For this purpose, Tüpraş conducts periodic customer surveys.

Targets concerning the improvement of customer satisfaction and employee satisfaction are integrated into the Company's overall objectives.

12. Human Resources Policy

As is the case with other Companies within the Koç Group, the essence of the human resources policy at Türkiye Petrol Rafinerileri A.Ş. is embodied in the maxim "the most precious asset are our human resources."

The principles of the human resources policy adopted by the Company are:

- Job descriptions, their delegation and applied performance criteria are defined and communicated to the employees by the Company.
- Recruitment criteria are laid out and communicated in writing; these criteria are utilized at recruitment.
- Decisions for training, appointments and promotions are taken diligently by consulting objective data and considering corporate interests.

- There is great emphasis on providing training to develop professional knowledge, capabilities and personal talents of our staff.
- A safe working environment along with correct working conditions are provided for our staff and efforts are constantly made to improve them.
- Events relating to or decisions concerning our employees are communicated to our employees.
- Rewards are presented to employees upon completion of five years of service thus encouraging qualified, trained and experienced staff for continued service.
- There is no discrimination between the employees of our Company. There have been no complaints brought by Tüpraş employees to senior management concerning discrimination.
- There is no practice of assigning representatives for liaising with our employees.

13. Code of Ethics and Social Responsibility

The Code of Ethical Business involves the fundamental principles of conduct. Tüpraş has renewed its Code of Ethical Business that was approved by the General Assembly on April 2011, toward compliance with the Global Compact signed by Koç Holding, in addition to the changes in legal, social and economic circumstances.

Employees of the Company are expected to comply with the Business Ethics Principles and Common Values of the Koç Group when performing their jobs. In recognition that business procedures, standards, laws and regulations cannot provide guidance for all conduct and actions, we utilize the Code of Ethics built on corporate values and the Ethics Committee.

The Code of Ethics adopted by the Board of Directors has been approved during the General Meeting and signed statements of compliance from all employees have been obtained.

With its accumulated knowledge in the refining sector, Tüpraş is oriented toward social rather than individual interests. Thanks to its institutionalized structure and socially responsible employees, Tüpraş initiates and supports various projects in cities where its refineries are located so as to contribute to the cultural and social development of our nation.

Tüpraş regards the Global Compact, signed by Koç Holding's Chairman of the Board of Directors Mustafa V. Koç and Secretary General of the United Nations. Kofi Annan in New York on March 30, 2006, as the point of reference in fulfilling its requirements of Corporate Social Responsibility.

Tüpraş has further developed its corporate and ethical management philosophy and standards by issuing its first Corporate Social Responsibility Report in 2008 and the second report was completed in 2010. In its Corporate Social Responsibility Report, Tüpraş adopted the Global Reporting Initiative's (GRI) G3 Reporting Principles.

As the largest industrial enterprise in Turkey, Tüpraş places human health, workplace safety, environmental protection and public interest at the forefront of its activities in pursuit of its goals. Apart from continuously developing products and services that protect people and the environment, Tüpraş complies with environmental standards concerning the fuel used in all its refineries -including the Batman Refinery- for production purposes, regardless of regional differences. Operating on world standards concerning environmental protection, Tüpraş recognizes the importance of improving the natural habitat as well as preserving it and works toward the creation of new natural conservation areas.

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In 2012, Tüpraş realized numerous events as part of its Corporate Social Responsibility activities, in areas such as education, culture and arts, health, sports, environmentally friendly actions and employee rights; the details of which are presented under the heading Corporate Social Responsibility.

CHAPTER IV: BOARD OF DIRECTORS

14. Structure and Formation of the Board of Directors

The qualifications that the Company seeks for Board members are in compliance with those outlined in the CMB's Corporate Governance Principles. The duties of the Chairman of the Board of Directors and the General Manager are performed by different persons. Special attention is paid on the issue that the members of the Board of Directors spare plenty of time for the Company tasks. Moreover, there is no restriction about having other duty/duties outside the Company. Especially, due to the significant contribution of the professional and sectoral experiences of the independent members to the Board of Directors such a restriction is not required. Before the General Assembly, together with the résumé of the member, duties assumed outside the Company are submitted for the information of the shareholders.

At our Company, the duties of the "Nomination Committee" are performed by the "Corporate Governance Committee".

In 2013, the number of the independent member nominees submitted to the Corporate Governance Committee was five (5). The nomination declarations and résumés of these persons were evaluated in the meeting of the Corporate Governance Committee dated January 9, 2013 and in the meeting of the Board of Directors dated January 11, 2013. Accordingly it was decided to determine 4

members as independent member nominees. All the independent members of the Board of Directors submitted their independence declarations to the Corporate Governance Committee. The approval was received from the Capital Markets Board on the 15th of January 2013, with limited validity for one year, for Ahmet Aksu who is the representative of the Privatization Administration, to be an independent member of the Board of Directors. Ahmet Aksu was not completely meeting the independence criteria for two reasons; 1) "a person who has been a member of the Board of Directors more than 6 (six) years in the last decade, cannot be appointed as an independent member of the Board of Directors" and 2) "a person shall not work full time in the public institutions and foundations after being elected as a member, excluding the university faculty members on condition that it is in compliance with the legislation that they are subject to".

As of 2013 activity period, there was no condition eliminating the independence.

In the current situation, 3 among the 12 members of the Board of Directors meet the independence criteria specified in the principles. In addition to this, Privatization Administration representative who is the member of the Board of Directors was attributed as an independent member with the approval of the Capital Markets Board. Related committee resolution and the résumés of the members are found in the committee reports which are included on the Company website.

All the current members of the Board of Directors who are non-executive and elected to serve until the Company's General Assembly which will be held on April 1, 2013 where activities of 2013 will be discussed, the resumes of them is shown on the table below, on the website and in the Annual Report.

The Board of Directors consists of at least five members, elected at the General Meeting. In the selection of the Board of Directors, one member has to be appointed by the Class C shareholders. The Class A shareholders, in order to determine their representatives, votes among themselves in the General Meeting. Those receiving the highest number of votes become members of the Board. The number and qualifications of the independent members who will join the Board of Directors are determined as per the CMB's regulations on corporate governance.

The Board of Directors is authorized in determining the number of its members and election of the members. Without prejudice to the stipulations provided under the regulations of the Capital Market Board concerning the Corporate Governance Principles, the members of the Board of Directors may always be replaced by the General Assembly if deemed necessary under the article 364 of the Turkish Commercial Codetaking the provisions of this Articles of Association in to account

In case of any vacancy in the Board of Directors for any reason or if the Independent Board Member loses its independency, or resigns or becomes incapable of executing its duties, the Board of Directors elects the nominee nominated by the group of shareholders, which had nominated the previous member of the Board temporarily in conformity with the procedures set out in the provisions of the Turkish Commercial Code and Capital Market Board regulations and submits to the approval of the General Assembly in the next meeting.

MEMBERS OF THE BOARD OF DIRECTORS

BOARD MEMBER'S NAME SURNAME	EXECUTIVE/ NON-EXECUTIVE	INDEPENDENT/ NON-INDEPENDENT	DATE OF APPOINTMENT	TERM OF OFFICE	DUTIES IN THE BOARD AND OTHER COMMITTEES	DUTIES OUTSIDE THE COMPANY
Ömer M. Koç	Non-Executive	Dependent	1/4/13	1 year	Chairman of the Board of Directors; Member of the Steering Committee;	Member of the Board of Directors of Koç Holding Companies
Mustafa V. Koç	Non-Executive	Dependent	1/4/13	1 year	Deputy Chairman of the Board of Directors; Member of the Steering Committee;	Member of the Board of Directors of Koç Holding Companies
Rahmi M. Koç	Non-Executive	Dependent	1/4/13	1 year	Member of the Board of Directors; Member of the Steering Committee;	Member of the Board of Directors of Koç Holding Companies
Semahat S. Arsel	Non-Executive	Dependent	1/4/13	1 year	Member of the Board of Directors; Member of the Steering Committee;	Member of the Board of Directors of Koç Holding Companies
Ali Y. Koç	Non-Executive	Dependent	1/4/13	1 year	Member of the Board of Directors; Member of the Steering Committee;	Member of the Board of Directors of Koç Holding Companies
O. Turgay Durak	Non-Executive	Dependent	1/4/13	1 year	Member of the Board of Directors; Member of the Steering Committee;	Member of the Board of Directors of Koç Holding Companies; Koç Holding CEO
Temel Kamil Atay	Non-Executive	Dependent	1/4/13	1 year	Member of the Board of Directors; Member of the Steering Committee; Member of the Risk Management Committee;	Member of the Board of Directors of Koç Holding Companies
Erol Memioğlu	Non-Executive	Dependent	1/4/13	1 year	Member of the Board of Directors; Member of the Corporate Governance Committee;	Member of the Board of Directors of Koç Holding Companies; President of Energy Group
Ahmet Aksu	Non-Executive	Independent	1/4/13	1 year	Independent Member of the Board of Directors (PA Representative)	Deputy President of the Privatization Administration
Gökçe Bayındır	Non-Executive	Independent	1/4/13	1 year	Independent Member of the Board of Directors; Member of the Risk Management Committee;	Independent Member of the Board of Directors of Koç Holding Companies;
Kutsan Çelebican	Non-Executive	Independent	1/4/13	1 year	Independent Member of the Board of Directors; Member of the Corporate Governance Committee; Member of the Audit Committee;	Independent Member of the Board of Directors of Koç Holding Companies;
Osman Mete Altan	Non-Executive	Independent	1/4/13	1 year	Independent Member of the Board of Directors; Member of the Audit Committee;	Independent Member of the Board of Directors of Koç Holding Companies;

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

15. The Operating Principles of the Board of Directors

Tüpraş's Board of Directors operates in a transparent, accountable, equitable and responsible manner. The duties and responsibilities of the Board of Directors are outlined in the Articles of Association.

The Board of Directors convenes whenever the business of the Company so requires; however, it is obligatory to have at least four meetings annually. The Board of Directors must convene when demanded by the Chairman or two of its members. The meetings can be held in the Company's headquarters or any other location as determined by a majority of the Board members. In addition to its regular meetings, the Board of Directors can be convened by an absolute majority of its members to reach decisions on special issues deemed important or can take decisions without actually convening, as per Article 390/4 of Turkish Commercial Code.

According to the Article 367 of the Turkish Commercial Code, the Board of Directors can delegate some or all of its administrative and representative authorities to one or more of its members, to a Board Member and non-members such as the General Manager or one or more directors and it can also form executive committees from among members or non-members to exercise these duties and authorities.

The Board of Directors' meeting procedure, meeting quorum, decision quorum, voting methodology, duties and authorities are determined in line with the Turkish Commercial Code and Capital Markets Board regulations.

At Board of Directors meetings, all affirmative/negative votes on the issues at hand, votes and meeting minutes are kept in the official records. The agenda of the regular meetings is prepared by the secretariat of the Board of Directors in consultation with the members, by

taking into consideration decisions previously taken or the issues that need to be settled. The agenda of other meetings consist of issues that need to be settled according to legal obligations. The CFO is in charge of the secretariat of the Board of Directors. During the year, none of the related party transactions or significant transactions brought to the attention of the independent Board members were disapproved or submitted for approval to the General Meeting.

The Articles of Association does not provide a privileged vote or veto right to Board members.

The General Meeting may grant Board members business leave for the cases outlined in the Articles 395 and 396 of the Turkish Commercial Code.

The location for meetings is the Company headquarters. Meetings may be held at another venue with the decision of the Board of Directors. Matters to be discussed at Board Meetings must be pre-determined on an agenda that is communicated to the Board before the date of the meeting. Invitations to these meetings must be made at least three days before the actual date of meeting.

The Company has an insurance coverage up to EUR 50 million regarding the compensation for the damages in parallel with the liabilities for which the directors and the members of the Board of Directors can individually be held responsible within the scope of their duties.

16. Number, Organization and Independence of Board Committees

The Company has established a number of committees to ensure that the Board performs its duties and responsibilities correctly; these committees perform their activities in accordance with certain procedures. The committees' operating procedures, meeting frequency and reports on their current activities are available at the Company's website. The Corporate Governance Committee, Risk Management, Audit, Executive and Ethics Committees operate in accordance with the following principles:

Board of Directors monitors financial control and audit activities via the Audit Committee. While fulfilling this function, the Audit Committee analyzes and assesses the reports from the Financial Audit Department established to evaluate, audit and report on the efficiency of Company processes from a financial perspective. The Audit Committee then gives the necessary instructions to the Company management and when deemed necessary, submits these to the attention or approval of the Board of Directors. In this regard, the Board of Directors is coordinated in its actions by the Audit Committee.

The Financial Audit Department assesses the Company's entire business process from a financial perspective, tests the adequacy, efficiency and implementation of the relevant audit mechanisms and determines in coordination with the operational units the measures to be taken to mend any deficiencies and reports the results of its activities to the Audit Committee.

CORPORATE GOVERNANCE COMMITTEE

COMMITTEE MEMBER'S NAME SURNAME	RELATION WITH THE COMPANY	INDEPENDENT/NON-INDEPENDENT
Kutsan Çelebican	Member of the Board of Directors (Non-Executive)	Independent
Erol Memioğlu	Member of the Board of Directors (Non-Executive)	Dependent

RISK MANAGEMENT COMMITTEE

COMMITTEE MEMBER'S NAME SURNAME	RELATION WITH THE COMPANY	INDEPENDENT/NON-INDEPENDENT	DUTIES IN OTHER COMMITTEES
Gökçe Bayındır	Member of the Board of Directors (Non-Executive)	Independent	No
Temel Kamil Atay	Member of the Board of Directors (Non-Executive)	Dependent	Yes

AUDIT COMMITTEE

COMMITTEE MEMBER'S NAME SURNAME	RELATION WITH THE COMPANY	INDEPENDENT/NON-INDEPENDENT	DUTIES IN OTHER COMMITTEES
Kutsan Çelebican	Member of the Board of Directors (Non-Executive)	Independent	Yes
Osman Mete Altan	Member of the Board of Directors (Non-Executive)	Independent	No

Corporate Governance Committee

The Corporate Governance Committee was established with the Board of Directors decision dated 20.11.2007; to monitor the Company's compliance with the corporate governance principles, and to assess the reasons of not being implemented regarding the principles which have not been implemented yet, and to give remedial advice to the Board of Directors. In the current situation there are two members one of which is the chairman. In 2013, the Committee convened six times.

The duties of the Nomination Committee and Remuneration Committee outlined in the CMB's Corporate Governance Principles are currently performed by the Corporate Governance Committee.

Risk Management Committee

The Risk Management Committee was established with the Board of Directors decision dated 28.07.2007. The aim of the committee is to counsel the Board of Directors about the following issues; early detection and assessment of all kinds of strategic, operational, financial, legal and other risks that may endanger the Company's existence, development and continuation, estimating the impacts and probabilities of these risks, managing and reporting these risks in accordance with the Company's corporate

risk taking profile, carrying out the necessary measures regarding the detected risks, taking these risks into consideration in decision mechanisms and establishing and integrating internal control systems in this aspect. The Committee convened six times in 2013. The experience of the member of the Board of Directors required him to assume duties in more than one committees.

Audit Committee

Established with the Board of Directors decision dated 26.12.2003, the Committee is responsible for the Audit process in order to oversee the following issues:

- compliance of the accounting and reporting systems with the relevant laws and regulations
- public disclosure of the financial information
- performance and effectiveness of the independent audit and internal control system

The Committee convened six times in 2013.

The Audit Committee collects the opinions of executives and independent auditors on the annual and interim financial statements to be disclosed to the public, as regards their truthfulness, accuracy and compliance with the Company's accounting principles and presents these to the Board of Directors in written form together with its own assessments. The

Audit Committee convenes at least four times every year and more frequently when deemed necessary. The Chairman and members of the Committee are elected among the independent members of the Board of Directors. The financial experience of the independent member of the Board of Directors required him to assume duties in more than one committee.

Steering Committee

The Steering Committee was established on 4 May 2012 in order to counsel the Board of Directors with the aim of;

- increasing the effectiveness of the Board of Directors by ensuring the coordination between the Board of Directors and the administrative structure,
- ensuring the enhancement of investment and business development in areas that comply with its strategic targets.

The Steering Committee ensures that the analysis and assessment of the matters such as;

- impacts on the activities,
- financial aspects,
- legal situation,
- compliance with the strategic priorities regarding the important issues which will be resolved by the Board of Directors is completed by the Board of Directors.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT STEERING COMMITTEE

COMMITTEE MEMBER'S NAME SURNAME	RELATION WITH THE COMPANY	INDEPENDENT/ NON-INDEPENDENT	DUTIES IN OTHER COMMITTEES
M. Ömer Koç	Board of Directors Chairman (Non-Executive)	Dependent	No
Mustafa V. Koç	Board of Directors Deputy Chairman (Non-Executive)	Dependent	No
Rahmi M. Koç	Board of Directors Member (Non-Executive)	Dependent	No
Semahat S. Arsel	Board of Directors Member (Non-Executive)	Dependent	No
Ali Y. Koç	Board of Directors Member (Non-Executive)	Dependent	No
Temel Kamil Atay	Board of Directors Member (Non-Executive)	Dependent	Yes
O. Turgay Durak	Board of Directors Member (Non-Executive)	Dependent	No

The Steering Committee aims to set the strategies that will increase the competitive power of the Company by monitoring and analyzing the impacts of the developments in the economic, social and political environment of the sector in which the Company has been carrying out its activities. The committee aims to make sure that the opportunities are uncovered through monitoring the sector dynamics in accordance with the determined strategies. With this objective, the Steering Committee carries out the following tasks and counsels the Company Management and the Board of Directors.

- Follows the developments in the sector in order to create the appropriate strategies for the Company and to ensure the effectiveness of the activities; and gives advice.
- Benchmarks the Company's strengths and weaknesses through analysis made within the country, and opportunities and threats

through analysis made comparatively with the international companies that it has selected in the same industry; and ensures that necessary measures are taken.

- Audits the compliance of the Strategic Work Plan - prepared annually by the Company Management in such way that it covers at least five years - with the results of the analyses, forecasts made, and with the political and economic expectations; and makes sure that the necessary revisions are made.
- Audits the compliance of the annual work plans (budget) prepared by the Company Management with the Strategic Work Plan; and analyzes the significant differences (if any) and makes sure that they are fully reflected into the budget.
- Ensures that necessary tasks are performed in order to carry out the activities in compliance with the annual work plans and the decisions of the Board of Directors; and makes necessary supervision after the

monthly, quarterly, semi- annually made analyses for the differences.

- Monitors the functionality of the systems in which the Company work plans are prepared and necessary revisions are made according to the international developments and used as the performance criteria.
- Ensures that the analyses and assessment of the matters such as;
- the impacts on the activities, the financial aspect, the legal situation, and compliance with the strategic priorities regarding the important issues which will be resolved by the Board of Directors is completed by the Board of Directors.
- During the preparation and control phase of the short and long term work plans of the Company, the Steering Committee makes sure that sub work/advisory groups are composed of persons from among its members and when necessary composed of persons with sufficient experience and knowhow from outside the Company.

ETHICS COMMITTEE

COMMITTEE MEMBER'S NAME SURNAME	RELATION WITH THE COMPANY	INDEPENDENT/ NON-INDEPENDENT	DUTIES IN OTHER COMMITTEES
Yavuz Erkut	General Manger (Executive)	Dependent	No
Yılmaz Bayraktar	Assistant General Manger (Executive)	Dependent	No
Seyran Aslan	Legal Lead Advisor (Executive)	Dependent	No

The Executive Committee consists of a Chairman and members, who number no less than one third of the Board of Directors. The Steering Committee made 12 meetings during the year.

Ethic Committee The Code of Ethical Business involves the fundamental principles of conduct of the Company. Tüpraş has renewed its Code of Ethical Business toward compliance with the Global Compact signed by Koç Holding, in addition to the changes in legal, social and economic circumstances.

Employees of the Company are expected to comply with the Business Ethics Principles and Common Values of the Koç Group when performing their jobs. In recognition that business procedures, standards, laws and regulations cannot provide guidance for all conduct and actions, the Company has published its Code of Ethics and established the Ethics Committee.

17. Risk Management and Internal Control Mechanism

Risk Management Committee was founded on July 28, 2010 in Tüpraş pursuant to Corporate Governance Principles announced by Capital Markets Board. Tüpraş Risk Management Committee functions; in order to ensure risks that may threaten existence, development and continuity of the company, are diagnosed, measures are implemented on time and risks are efficiently managed; so that compliance with Article 378 of Turkish Commercial Code No.6102, which has entered force on July 1, 2012 can be maintained. The committee conducted six meetings in 2013, where Tüpraş Risk Management System was evaluated and risk reporting principles were determined. Reports and committee evaluations are periodically submitted to Board of Directors in accordance with the principles determined.

Audits in Tüpraş are conducted by the specialized team of the Tüpraş Risk Management and Audit Unit, using a proactive methodology based on

the International Internal Audit Standards and Tüpraş Code of Ethics, in terms of the headings: financial, operational, risk, process, legal compliance, business ethics, and misconduct.

Basic financial and process audits throughout the activity units of Tüpraş are performed twice a year, while thematic audits for a certain working period is conducted at least once a year.

Any facts founds during internal audits regularly conducted for ensuring effective, reliable and permanent operation of Tüpraş activities and for completeness, consistency, reliability, timely availability, and safety of information received from the accounting and financial reporting system of Tüpraş, shall be shared with the Company's management to accompany it in improving the processes.

In 2013 the refineries were visited by the Risk Management and Audit Office 25 times, involving a total of 157 person-day.

The determined audit items are shared with the Company's relevant units at the beginning of every year to develop the annual risk-based audit plans. The audit findings are published within the Company without delay, and the required corrective actions are taken. These findings are reviewed on a regular basis to follow up the improvements in activities.

18. Strategic Targets

The Board of Directors manages and maintains the risk-return trade-off of Tüpraş, safeguarding its sustainable profitability and long-term interests to proceed towards strategic targets. It ensures that the Company's strategic targets are set with the support of the Executive Committee and other sub-working groups. The Board of Directors, which is responsible for setting, implementing and supervising the Company's strategic targets, shall carry out the following activities:

19. Remuneration of Board Members

Remuneration principles for the members of the Board of Directors and senior executive

managers were put in writing and were submitted for the information of the partners as a separate item in the General Assembly while shareholders were given the opportunity to present their opinions on the issue. The remuneration policy prepared with this purpose can be found on the Company's website. Furthermore, remunerations to senior executives are disclosed to the public via the notes to the financial statements.

A separate "Remuneration Committee" was not established among the Committees of the Board of Directors, whereas the tasks of the Remuneration Committee determined within the scope of the Corporate Governance Principles of the Capital Markets Board are performed by the Corporate Governance Committee in compliance with the principles of the Capital Markets Board.

Taking their contributions, their participations in the meetings, and their functions into consideration; a bonus payment determined by the Board of Directors within the framework of the Corporate Governance Committee's opinion can be made at the yearends to the members of the Board of Directors who will be assigned in the committees that will be created by the Company's Board of Directors. In the remuneration of the independent members of the Board of Directors, stock options or payment plans depending on the Company's performance are not used.

The Chairman or the members of the Board of Directors are not given any direct or indirect debt, extended any loans and not granted collaterals, so as to avoid any conflicts of interest.

Every year in the Ordinary General Assembly meeting, fixed wage is determined which will be valid for all the members of the Board of Directors. In the 2012 Ordinary General Assembly meeting; a unanimous decision was taken to pay a gross amount of TL 11.000 monthly to the members and the Chairman of the Board of Directors.