

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CHAPTER I: SHAREHOLDERS

1. Shareholder Relations Unit

At Tüpraş, the Investor Relations and Strategic Planning Department (IRSP) and the Capital Movements Unit under the Financial Affairs Department work in coordination with individual shareholders and domestic and foreign corporate investors, in line with the following principles.

The Investor Relations and Strategic Planning Department, on a regular basis, provides information to shareholders and potential investors about the Company's operations, financial position and strategies, without disclosing commercial secrets. It carries out this activity in line with the principle of equality as it ensures mutual communication between shareholders and management.

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,
- Ensuring that shareholder records are kept in an efficient, reliable and up-to-date manner, with reference to Central Registry Agency (MKK) records,
- 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. To the extent of our knowledge, there were no written/oral complaints submitted to the Company, nor any administrative/legal action taken against the Company concerning the exercise of shareholders' rights in 2012.

In 2012, the Investor Relations and Strategic Planning Department participated in a total of 15 domestic and overseas conferences and roadshows and held one-to-one meetings with over 400 current and potential investors as well as analysts, to keep shareholders informed about recent developments. During the year, the Company organized quarterly meetings on the days when its financial results were announced; presentations were published on the website to ensure that investors can analyze the latest information the day they were issued. The Company's website features information and explanations that enables shareholders to exercise their rights in the best manner.

2. Shareholders' Right to Information and Inspection

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,

INVESTOR RELATIONS OFFICERS:

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İbrahim Yelmenoğlu	CFO	ibrahim.yelmenoglu@tupras.com.tr	[262] 316 31 09
Tuncay Önbilgin	Director	tuncay.onbilgin@tupras.com.tr	[262] 316 30 85
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Fettane Sayın	Coordinator	fettane.sayin@tupras.com.tr	[262] 316 32 72
Mehmet Eder	Supervisor	mehmet.eder@tupras.com.tr	[262] 316 32 73
Didem Güner	Supervisor	didem.guner@tupras.com.tr	[262] 316 32 50
Çetin Karaca	Supervisor	cetin.karaca@tupras.com.tr	[262] 316 32 74
Filiz Derman	Supervisor	filiz.derman@tupras.com.tr	[262] 316 32 69

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 2012, in response to requests for new dividend coupons, dividend coupon transactions, share exchanges and dematerialization transactions received from shareholders, 412 dividend coupon transactions, 130 new dividend coupon issues, 71 share exchanges and 76 dematerialization transactions were made, bringing the total number of transactions to 689. The rights of the shareholders have been fully delivered.

In accordance with the communiqué of the Capital Markets Board, the Disclosures of Material Events (DME) made to the Istanbul Stock Exchange (ISE) 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 52nd Ordinary General Meeting on April 4, 2012. Shareholders representing 59.53% 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 Science, Industry and Technology.

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 ISE and the CMB.

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 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 of 2011, 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 Meeting, the minutes of the assembly are translated to English and kept in the Company's minute book. On the Tüpraş website, minutes and a list of participants of the General Meeting, agenda items and notices are simultaneously made available for the scrutiny of all domestic and foreign investors.

At the General Meeting, a separate agenda item is devoted to informing shareholders about any donations and aids made during the year.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The important decisions indicated in the Turkish Commercial Code are presented for the approval of the shareholders at the General Meeting. The 53rd Ordinary General Meeting for 2012 will be held on April 1, 2013, 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 affirmative vote of Group C (preferential) shares, represented by the Privatization Administration. In this context, approval of Group C shares represented by the Privatization Administration is sought 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 2012, 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

The dividends policy of the Company is determined within the framework of the Capital Markets Law and Articles of Association. In accordance with the Corporate Governance Principles, a balanced and consistent policy toward shareholders and Company interests is pursued for the distribution of dividends.

As long as the relevant legislation, investment requirements and financial means permit, it is the Company's policy to have the Board of Directors distribute the entire distributable profit of the Company, subject to the approval of General Meeting following the proposal of the Board of Directors.

The distribution of profit is done within the legal timeframe and in line with Turkish Commercial Code and CMB regulations. The Articles of Association do not provide for any privileges in participation to dividend distribution.

The distribution of profit is done following the General Meeting as soon as possible and within the legally indicated period. As per the Company Articles of Associations, the Board of Directors may distribute profit share advances provided that authorization is granted by the General Meeting and that the CMB Law and relevant regulations are met. The power granted by the General Meeting to the Board of Directors to distribute profit shares is limited to the year such power has been granted.

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 2012, the Company released 23 such material disclosures in accordance with CMB's Communiqué Series: VIII, No. 54. The CMB and ISE 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 ISE. 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.

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 (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, 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 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
- 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
- Kâr dağıtım politikası ve hisse başına kâr payları
- Bilgilendirme politikası
- Sosyal sorumluluğa ilişkin projelerle ilgili bilgiler

9. Annual Report

The contents of the Tüpraş annual report are prepared in line with the applicable legislation in such a way as to provide full, accurate and detailed information to the public about the Company.

The Annual Report includes information on the trade name of the Company, the resumes of individuals who served in the Board of Directors and Audit Committee during the

period concerned, factors affecting Company performance, the Company's financial resources and risk management policies, other information not featured in financial statements but of value to readers, Corporate Governance Principles Compliance Report, research and development activities, amendments to the Articles of Association and their reasons, information about the Company's industry and its position in this industry, new and ongoing investments, incentives obtained by the Company, the characteristics of the Company's production units, capacity utilization rates, financial position, basic ratios of profitability and debt repayments and dividend distribution proposal.

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 ISE. 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 intranet 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.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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 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.

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. All Board members are non-executive members who do not take part in the administrative structure and do not intervene in the Company's daily business routine and ordinary operations.

At the present, three of the 12 Board members possess the criteria of independence required by the Corporate Governance Principles. The member who represents the Privatization Administration was designated an independent member with the approval of the Capital Markets Board, although he does not fulfill the criteria "should not work full time at a public agency or institution after being designated Board Member." Independent Board member candidates approved by CMB's decision dated March 12, 2012 and numbered 2936 were submitted to the approval of the Board of Directors with the Corporate Governance Committee's resolution dated March 14, 2012 and numbered 2012/02. The resolution of the relevant committees and the resumes of the candidates are accessible via the section entitled Committee Reports in the corporate website.

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.

In the event of a Board seat becoming vacant, an election is held by the Board of Directors to fulfill this position, in accordance with the relevant article of the Turkish Commercial Code and CMB regulations. If the vacancy is among members representing Class A shares, the Board of Directors fills the vacant position by electing one among the candidates nominated by the Class A shareholders on the Board. In case the seat appointed by Class C shares becomes vacant due to the abovementioned reasons, the Board of Directors fills the vacant position by making a choice among the candidates nominated by Class C shareholders.

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 Company's Board Members for the year 2012 were as follows:

BOARD MEMBERS

Ömer M. Koç	Chairman	Non-executive
Mustafa V. Koç	Vice Chairman	Non-executive
Rahmi M. Koç	Member	Non-executive
Semahat S. Arsel	Member	Non-executive
Ali Y. Koç	Member	Non-executive
Ö. Turgay Durak	Member	Non-executive
Temel Kamil Atay	Member	Non-executive
Erol Memioğlu	Member	Non-executive
Ahmet Aksu	Independent Member (PA Representative)	Non-executive
Gökçe Bayındır	Independent Member	Non-executive
Kutsan Çelebicin	Independent Member	Non-executive
Osman Mete Altan	Independent Member	Non-executive

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.

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

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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

The Corporate Governance Committee was established to monitor the harmonization of the Company with Corporate Governance Principles and assess justification for non-compliance with principles not yet implemented and advise the Board of Directors with proposals for improvement of practices. At the present the Committee has two members, including the chairman of the Committee. The Committee convenes as frequently as required by its duties.

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 to make recommendations and

suggestions to the Board of Directors with regards to issues such as the early detection and assessment of strategic, operational, financial, legal etc. risk that could jeopardize the existence, development and continuity of the Company, the calculation of the impact and probability of the said risk, the management and reporting of the risk in line with the Company's corporate risk profile, the implementation of necessary measures to counter the risk identified, the submission of these risks to the attention of decision making mechanisms and the establishment and integration of efficient internal control systems for this purpose.

Audit Committee

The Company has established the Audit Committee to monitor and assess the efficiency of the accounting and reporting system in line with applicable laws and regulations, the disclosure of financial data, the functioning of the independent audit and internal control systems.

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.

Executive Committee

The Executive Committee makes suggestions and recommendations to the Board of Directors, as regards the creation of an efficient coordination mechanism between the Board and the administrative structure to increase

the effectiveness of the former and to ensure the efficiency of investment and business development processes in line with the strategic targets of the Company.

Prior to the submission of significant issues to the vote of the Board of Directors, the Executive Committee makes sure that all preparation, analysis and assessments concerning the possible operational, strategic, financial and legal impacts of these issues are completed in a comprehensive fashion. The Committee monitors sector-specific, economic, social and political developments and creates strategies to boost the Company's competitive edge. The Executive Committee also ensures that sector-wide dynamics are closely observed and any possible opportunities are identified, in line with the Company strategies.

The Executive Committee consists of a Chairman and members, who number no less than one third of the Board of Directors.

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.

CORPORATE GOVERNANCE COMMITTEE

Full Name	Relation with Company	Independence Status	Duties in Other Committees
Kutsan Çelebican	Board Member (Non-Executive)	Independent	Yes
Erol Memioğlu	Board Member (Non-Executive)	Dependent	No

17. Risk Management and Internal Control Mechanism

The objectives of the Risk Management and Internal Control Mechanism are the preservation of the value of Company assets, operational security and sustainability. In risk management, the Company utilizes proactive methods to foresee, manage and monitor risks in various areas and to prepare the required action plans in advance.

The main risks to which Tüpraş is exposed are monitored under the five main categories of safety, financial, commercial, operational and strategic risks. Detailed information about the management of operational and financial risks is presented in the relevant sections of the Annual Report.

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:

- To follow-up the sectoral developments and make suggestions for the purpose of setting appropriate strategies and ensuring effective activity for the Company;
- To conduct monitoring of strengths and weaknesses of the Company through internal audits, and of opportunities and threats through external analyses, by comparing same with specific international corporations in the same sector, and to ensure that the required actions are taken;
- To check compliance of the Strategic Working Plan, which is prepared by the Company's management on a yearly basis to cover at least 5-year period, with the results of analysis, assumptions used as well as both political and economic expectations, and to ensure that the required revisions are made;
- To check for compliance of the annual business plans (budget) prepared by the Company's management with the Strategic Working Plan, and to analyze significant variances, if any, to ensure that they are completely reflected on the budget;
- To make any necessary arrangements for ensuring that the activities are carried out in accordance with the annual business plans and the decisions of the Board of Directors;

RISK MANAGEMENT COMMITTEE

Full Name	Relation with Company	Independence Status	Duties in Other Committees
Gökçe Bayındır	Board Member (Non-Executive)	Independent	No
Temel Kamil Atay	Board Member (Non-Executive)	Dependent	Yes

AUDIT COMMITTEE

Full Name	Relation with Company	Independence Status	Duties in Other Committees
Kutsan Çelebician	Board Member (Non-Executive)	Independent	Yes
Osman Mete Altan	Board Member (Non-Executive)	Independent	No

EXECUTIVE COMMITTEE

Full Name	Relation with Company	Independence Status	Duties in Other Committees
M. Ömer Koç	Chairman (Non-Executive)	Dependent	No
Mustafa V. Koç	Vice Chairman (Non-Executive)	Dependent	No
Rahmi M. Koç	Board Member (Non-Executive)	Dependent	No
Semahat S. Arsel	Board Member (Non-Executive)	Dependent	No
Ali Y. Koç	Board Member (Non-Executive)	Dependent	No
Temel Kamil Atay	Board Member (Non-Executive)	Dependent	Yes
O. Turgay Durak	Board Member (Non-Executive)	Dependent	No

ETHIC COMMITTEE

Full Name	Relation with Company	Independence Status	Duties in Other Committees
Yavuz Erkut	General Manager (Company Executive)	Dependent	No
Yılmaz Bayraktar	Assistant General Manager (Company Executive)	Dependent	No
Seyran Aslan	Chief Legal Consultant (Company Executive)	Dependent	No

to provide guidance upon monthly, quarterly and semiannually analyses of variances;

- To develop the Company's business plans, to make the required revisions according to the external developments, and to monitor functionality of the system to use them as annual performance criteria;
- To ensure that the required preparations, analyses and assessments in relation to important matters that would be decided upon by the Board of Directors, such as the conformity with financial dimension, legal status, strategic priorities, etc., have been completed;
- To ensure that the sub-working groups, which are composed of individuals with sufficient experience and knowledge, from among the Company's partners or, where required, from outside the Company, are formed to proceed with the development and inspection of the Company's short- and long-term business plans.

19. Remuneration of Board Members

All rights, benefits and remuneration to which Board members shall be entitled are determined at the General Meeting. Furthermore, remunerations to senior executives are disclosed to the public via the notes to the financial statements.

The Chairman or 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.

The remuneration of the independent members of the Board of Directors is independent of payment plans based on share options or the Company performance.

At the Ordinary General Meeting concerning activities of 2011, it was voted unanimously to pay the gross monthly salary of TRY 10,000 to the Chairman and Members of the Board of Directors and TRY 1,550 to the Members of the Audit Board.