



Corporate Governance Compliance Rating Report



İzocam Ticaret ve Sanayi A.Ş.

30 December 2014

Validity Period : 30.12.2014-30.12.2015

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate International Credit Rating and Corporate Governance Services Inc for İzocam Ticaret ve Sanayi A.Ş. is compiled;

in accordance with the criteria stated in CMB's Corporate Governance Directive, no II-17.1, printed on Official Gazette dated January 3rd 2014, numbered 28871; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

The Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc. is based on 67 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate International Credit Rating and Corporate Governance Services Inc. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website (www.kobirate.com.tr).

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate International Credit Rating and Corporate Governance Services Inc. formed accordingly to the methodology disclosed.

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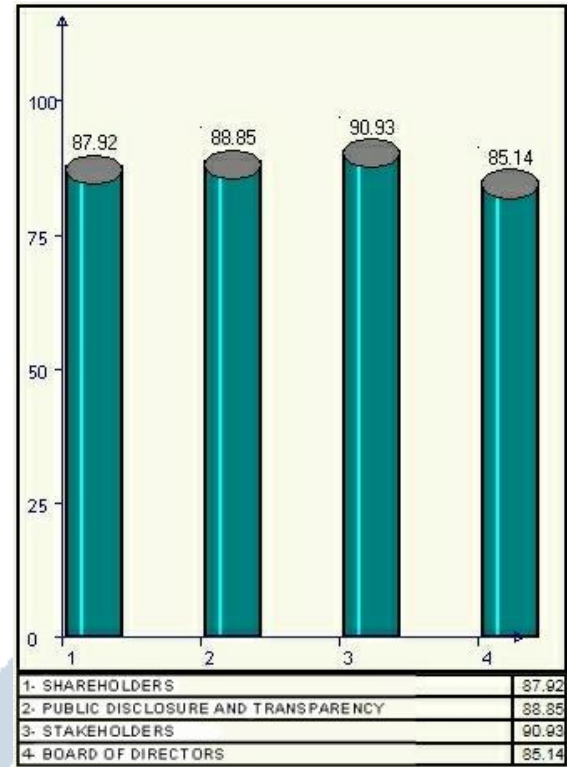
İZOCAM SANAYİ VE TİCARET A.Ş.

**CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE**

8.76

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1. RATING RESULT AND SUMMARY OF RATING PROCESS

The process of rating of compliance of **İZOCAM SANAYİ VE TİCARET A.Ş.** with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş., through onsite examinations of the documents, interviews held with executives and persons involved, and of other reviews, according to the CMB's Corporate Governance Principles directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

At the end of examination of 399 criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors as specified in the CMB's Corporate Governance Principles and the methodology of Kobirate A.Ş., developed for "Third Group Companies of the BIST, the Corporate Governance

Compliance Rating Grade of **İZOCAM SANAYİ VE TİCARET A.Ş. (İZOCAM)** is determined as **8.76**. This result signifies that the company has achieved a considerable compliance with the CMB's Corporate Governance Principles; the result also expresses a need for some improvements corporate governance practices while it doesn't pose major risks. The company deserves to be included in the BIST Corporate Governance Index.

The fact that Board of Directors and the Top Management believe in the importance of corporate governance and compliance to principles and consequently the pace and effectiveness of actions taken for corporate governance has played a major role in the grade that İzocam achieved. It is certain that this approach will carry İzocam to higher levels in compliance to principles in the future.

In view of rating process under main headings in brief;

It is observed that **izocam** has obtained a grade of **87.92** in respect to Shareholders' Section.

It is confirmed that the company has achieved a general compliance with the CMB Corporate Governance Principles in this section. The existence of Investors Relation Department that keeps healthy relations with shareholders, timely and duly convention of general assemblies and their proper invitations, non – existence of privileges in voting rights, establishment of a dividend policy and its disclosure to public, non existence of restrictions on transfer of shares are salient positive achievements. In accordance with CMB Directive no II.17-1, the Manager of Investors Relation Department is appointed as Corporate Governance Committee member.

It has been appreciated that the company who gained **88.85** for Public Disclosure and Transparency has developed its disclosure policy and shared it with public and provided access to several current data on the corporate internet website, which are specified in the principles and might be needed by the investors.

Despite the fact that it misses certain elements in terms of compliance with the principles, it has been found that the annual report provides comprehensive information for stakeholders on company's operations.

It is observed that the company reached the grade of **90.93** for the Stakeholders' Section.

A human resources policy is established; regulations are made and disclosed to the employees including recruitment, job descriptions, performance appraisal, promotion, awarding, leave and social benefits.

The company has prepared compensation policies for employees based on current labor laws and disclosed them to public on its corporate internet website.

Ethical Business Rules are set forth and introduced to employees to act pursuant to such rules.

As for the Board of Directors Section, the Company's grade is **85.14**.

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

It has been observed that the Audit and Corporate Governance and Early Detection of Risk Committees have been established as referred to in the Principles and their working principles have been formed.

There are also other important indications of compliance with the Principles such as the fact that Board comprises adequate amount of non-executive members and two (2) independent members, and that guidelines for remuneration of top executives are set forth and presented to the shareholders at the general assembly meeting as a separate item of agenda.

The posts of Chairman of the Board and Chief Executive Officer are held by separate individuals and nobody in the company has unlimited authority to make decisions alone.

Manager Liability Insurance amounting to over 25% of the capital against defects of Board Members duties have been made.

2. RATING METHODOLOGY

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

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and stakeholders throughout the world.

Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

There are four basic principles of corporate governance in OECD Corporate Governance Principles. These are: fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group, established within TUSIAD in 2001, prepared the guide,

titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014, according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "implement or disclose", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non – quoted companies.

The methodology takes into consideration the criteria stated in CMB's Corporate Governance Directive, no II-17.1, dated January 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

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

In the process of rating, **399** different criteria are considered to measure the compliance of BIST third group firms with the corporate governance principles.

Such criteria are translated into the Kobirate A.Ş.'s unique Corporate Governance Rating Questionnaire.

According to CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, the following rates are

applied in the new Corporate Governance Compliance Rating:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB has sent its notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452, on CMB decision dated 01.02.2013 and numbered 4/105 to our company, which required adding new questions into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements of CMB issued good corporate governance principles – bringing 85 % of full points at most – will be included in the rating grade.

The 2014/2 revised corporate governance compliance rating methodology, created by our company, is restricted if the minimum conditions of corporate governance principles – declared in CMB notification of Corporate Governance dated 03.01.2014 – are met and all criteria is evaluated within same category. In this case all criteria are restricted to 85 % of the full points that the related criterion would get in that subsection. As the company applies and internalize the criteria stated in corporate governance principles and our company finds out other good corporate governance criteria complied and practiced by the company; our rating system completes the section ratings to 100.

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

In this report the following legends have the following meanings:

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

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

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

3. COMPANY PROFILE



Company Name	: İzocam Sanayi ve Ticaret Anonim Şirketi
Company Address	: Altayçeşme Mahallesi Öz Sokak No:19 Kat:3,5,6 34843 Maltepe / İSTANBUL
Company Phone	: (0216) 4404050
Company Facsimile	: (0216) 4404075
Company Website	: www.izocam.com.tr
Date of Incorporation	: 06/11/1965
Registered Number	: İstanbul 90639
Paid in Capital	: 24.534.143.-TL
Line of Business	: Production of insulation material such as Glass Wool, Stone Wool, Elastomeric Rubber, Polyethylene
Company's Sector	: Insulation Sector

Company's Representative in Charge of Rating:

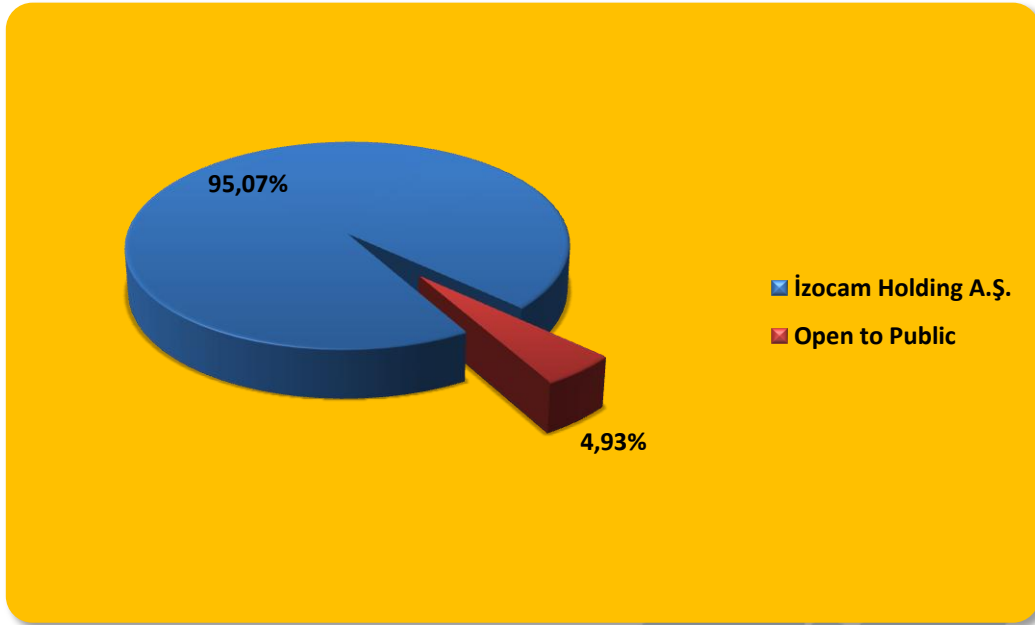
Doruk ÖZCAN

Company Accounting Manager

ozcan@izocam.com.tr

(0216) 4404050

Shareholders Structure (As of reporting date)



Source : www.kap.gov.tr

Shareholder Name	Share (TL)	%
İzocam Holding A.Ş.	23.324.476	95,07
Open to Public	1.209.667	4,93
Total	24.534.143	100,00

Source: www.kap.gov.tr

Real and Corporate Entities that Indirectly Own Capital

Shareholder Name	Share (TL)	%
Alghanim İzolasyon Yatırım A.Ş.	11.662.238,42	47,53
Saint Gobain Weber Yapı Kim. Sanayi ve Ticaret A.Ş.	11.662.238,42	47,53
Total	23.324.476,84	95,07

Source: www.kap.gov.tr

Company Board of Directors

Name/ Surname	Title	Executive/ Non Executive
Samir KASEM	Chairman	NON - EXECUTIVE
Gianni SCOTTI	Deputy Chairman	NON - EXECUTIVE
Arnaud J. G. MOISSET	Member	NON - EXECUTIVE
Robert Theodoor Gjisbert ETMAN	Member	NON - EXECUTIVE
A. Nuri BULUT	Member /General Manager	EXECUTIVE
Gülsüm AZERİ	Member - Independent	NON - EXECUTIVE
Pol ZAZADZE	Member - Independent	NON - EXECUTIVE

Top Management

Name/ Surname	Title
A. Nuri BULUT	General Manager
H. Basri ERÖKTEM	Assistant General Manager Financial – Admin.
Fatih ÖKTEM	Assistant General Manager Marketing
Nabi AKPINAROĞLU	Assistant General Manager Technical

COMMITTEES FORMED WITHIN THE BOARD

AUDIT COMMITTEE

Member Name/ Surname	Title
Pol ZAZADZE	Chairman / Independent Board Member
Gülsüm AZERİ	Member / Independent Board Member

CORPORATE GOVERNANCE COMMITTEE

Member Name/ Surname	Title
Pol ZAZADZE	Chairman / Independent Board Member
Arnaud J.G.MOISSET	Member / Board Member
Robert Theodoor Gjisbert ETMAN	Member / Board Member
Doruk ÖZCAN	Member /Company Accounting Manager- IRU Manager

EARLY RISK DETECTION COMMITTEE

Member Name/ Surname	Title
Pol ZAZADZE	Chairman / Independent Board Member
Arnaud J.G.MOISSET	Member / Board Member
Robert Theodoor Gjisbert ETMAN	Member / Board Member

Balance-Sheet Comparison of Company's Certain Selected Items of 3rd Q of last two years

	2013/09(000)	2014/09(000)	Change %
Total Assets	234.932	242.230	3,11
Short Term Liabilities	86.289	54.905	-36,37
Long Term Liabilities	9.110	9.536	4,68
Paid in Capital	24.534	24.534	-
Equity	139.534	177.788	27,42

Source: www.kap.gov.tr

Comparison of Profit / Loss Table of Company's Certain Selected Items of 3rd Q of last two years

	2013/09(000)	2014/09(000)	Change %
Sales	248.167	268.098	8,03
Gross Profit/Loss	59.759	66.459	11,21
Basic Operational Profit/Loss	26.297	32.059	21,91
Finance Spending	(2.818)	(1.796)	-36,27
Period Profit/Loss	18.761	59.314	216,16

Source: www.kap.gov.tr

The Bottom and Peak Closing Values of Company's Shares traded on the BIST during last Year

<i>Bottom</i>	<i>Peak</i>
25,50- TL (02.01.2014)	36,40- TL (05.12.2014)

Source : İzocam San.Tic. A.Ş. Investor Relations Unit

Brief History of the Company

Established in 1965, İzocam A.Ş. opened its first factory in Gebze in 1967, producing glass wool. The company opened its second glass wool plant in Tarsus, Mersin with an annual capacity of 10,000 tons. In 1992 the annual capacity of this plant was doubled and reached 20,000 tons. As a result of the capacity increase in Tarsus plant, Gebze plant turned to production of stone wool in 1993. Its annual capacity of 10,000 tons became 15,000 tons in 1997.

With its facilities established in Gebze in 1982, İzocam started the production of Extruded Polystyrene (EPS). Gebze facilities also started the production of Expanded Polystyrene (XPS) in 1995.

Izocam started production of Elastomeric Rubber, with the brand of İzocamflex, in April 2000 at its facility in Eskişehir. Its annual production capacity was 500 tons.

Tekiz Facilities, established in 1966 by Koç Group, were acquired by İzocam in 2005. In Tekiz Facilities Stone Wool and Polyurethane Roof – Roof Panels, Trapez and Cold Store Panel are produced under the brand of İzocam Tekiz.

In order to create synergy the company merged all its plastics productions and moved them to its campus in Gebze Organized Chemical Industry Zone (GEBKİM) in 2012. The campus has 20 decares closed and 86 decares open area.

Information on Operations

Currently İzocam has an annual production capacity of 55,000 tons in glass wool and 75,000 tons in stone wool. İzocam is the strong market leader with its Mineral Wool Production capacity. İzocam produces glass wool products under the license of Isover Saint-Gobain and stone wool products under Isover Saint-Gobain G+H.

Eskişehir facility has been producing Elastomeric Rubber products since April 2000 with İzocamflex brand. Its current annual production capacity is 3,500 tons. The same facility has been producing Polyethylene products since the beginning of 2006 with İzocam PEFlex brand. Its annual production capacity is 700 tons.

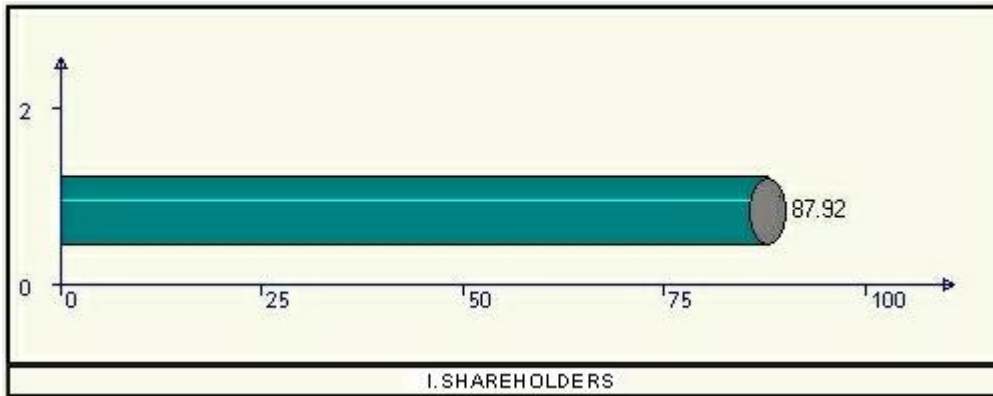
İzocam exports its products of advanced technology and high standards to many countries, including Israel, Egypt, Syria, Jordan, Lebanon, Iraq, Greece, Bulgaria, Romania, Macedonia, Russia, Turkmenistan, Kazakhstan, Ukraine, Georgia, Kyrgyzstan, Tajikistan, Uzbekistan, Azerbaijan, Sudan, Ivory Coast, Cameroon, Ghana, Guinea, Ethiopia, Libya, Pakistan, Afghanistan and Cyprus

Thanks to its wide portfolio of products that provide protection against heat, cold, sound, fire and water and its technical consultancy services, İzocam is the leader of Turkish insulation sector. İzocam meets customers' demands and expectations in time and in accordance with global standards, with an environmentally sensitive approach. The company applies standards of ISO 9001 Quality Assurance System, ISO 14001 Environment Management System and OHSAS 18001 Work Health and Safety System at its facilities.

İzocam products that are used in the buildings are being provided with the "CE" sign. According to the 6th article of Building Materials Directive - which is an international directive - this sign means that "material that enable the product to meet basic requirements of the directive". The mineral wool products, stone wool and glass wool also have EUCEB certificate, which is given solely to bio product category. All İzocam products are produced in accordance with TSE standards.

4. RATING SECTIONS

A. SHAREHOLDERS



Overview

- ✓ A unit has been established to continue relations with shareholders on a healthy basis.
- ✓ General Assemblies are held in accordance with regulations and main contract.
- ✓ General Assemblies are open to public and this information is given in invitations.
- ✓ Donations and Aid policies of the company are prepared, presented for the approval of the General Assembly and disclosed to public.
- ✓ Shareholders have been briefed on donations and aids given in the period at the general assembly meeting.
- ✓ There is no privilege in voting right.
- ✓ There are no regulations that make the use of voting rights difficult.
- ✓ Dividend policy is established, presented for the approval of the General Assembly and disclosed to public.
- ✓ There is a regulation in the Main Articles allowing for dividend advance.
- ✓ There is no restriction on transfer of shares.
- ✓/* Adding an item on the Main Articles, saying that general assembly meetings will be open to public will be appropriate.

- ✓/* It would be appropriate to make a regulation in Main Articles to widen minority rights and extend these rights to those who have less than 1 / 20 of the capital.

In this section, as stated CMB's Corporate Governance Principles, the company was evaluated on **115** different criteria, including **Facilitation of Shareholders' Rights**, shareholders' right to **Obtain and Review Information**, shareholders' right to **Attend the General Assembly**, shareholders' **Right to Vote**, **Rights of Minority Shareholders**, shareholders' **Right for Dividend** and shareholders' right to **Transfer Their Shares** to whomever they want, whenever they want. The company's grade for this section is **87.92** points.

a. Facilitation of Shareholders' Rights

Operations involving Relations with the Shareholders are performed by the Investors Relations Unit, reporting to Assistant General Manager for Financial and Administrative Affairs. The unit is under the management of Doruk Özcan, Accounting Manager and Investor Relations Unit Manager (Financial and Administrative Assistant General Manager as of 31.12.2014). Actions are taken by Dilek Pehlevan and İpek Gürbey. It has been learned that Doruk Özcan has CMB Advanced Level and Corporate Rating

Expertise Licenses. Dilek Pehlevan has also taken the required examinations and earned the right for CMB Corporate Governance Rating License.

In order to achieve compliance to the "Investor Relations Department" section of CMB's Corporate Governance Directive, numbered II-17.1, the company made some changes in its Investor Relations Unit and informed Public Disclosure Platform with statements dated 14.04.2014 and 25.12.2014.

It has been found that the employees working in the Investor Relations Unit have adequate qualifications in terms of knowledge and experience required for the task, that they play an effective role in protection and facilitation of shareholders' rights, starting with the right to obtain and review information.

Any data that might affect the exercise of shareholders' rights are currently at disposal of shareholders on the corporate Internet website.

If the Investor Relations Unit develops the habit of reporting at least once a year to the Board of Directors, it will strengthen the company's compliance with corporate governance principles.

İzocam practices in this subsection are in compliance with the principles.

b. Right to Obtain and Review Information

The information required for the proper exercise of shareholders' rights are presented to the shareholders and the company's web site (www.izocam.com.tr) is used efficiently to this end.

Although there are not many inquiries due to the small size of shares open to public, it has been seen that the company is knowledgeable and capable enough to respond inquiries of shareholders - through phone and / or other means of

communications in the shortest time. It is also our impression that sufficient care is given to enable shareholders to use their right to obtain and review information. It is learned that no inquiries were made by shareholders in 2012, 2013 and 2014.

The "Disclosure Policies", approved by the board, appear on the website, explaining in detail the shareholders' right to get and review information under the aforementioned policies.

There is no regulation and practice at shareholders' right to obtain and review information to be cancelled or constrained by the Articles and/or a decision by any corporate organ.

Although there are no regulations and practices to make difficult for shareholders' to use their right to demand appointment of a special auditor in the general assembly; there is no regulation in the main contract on the use of this right.

c. Right to attend the General Assembly

Due to the practices in the general assembly, İzocam has achieved compliance with many principles hereunder.

The general assembly meeting to discuss the operations of 2013 took place on 21.03.2014. It has been seen that the announcement for the meeting was made through Turkish Trade Registry Gazette dated 20.02.2014 and numbered 8512, four weeks before the meeting; through Public Disclosure Platform statement dated 18.02.2014 and through the corporate internet website of the company.

It has been also found that financial tables, annual report, audit reports and Board's dividend proposal, all of which should be ready for the review of shareholder according to article 437 of Turkish Commercial Law no 6102 and other announcements that partnership should make in accordance with regulations and Corporate Governance Principles have been shared with

shareholders four weeks before the General Assembly.

General assemblies are held at company's head office, avoiding inequalities among shareholders and enabling them to participate with minimum costs.

It has been determined that during the preparation of agenda, headings were expressed clearly in order to avoid different interpretations and care has been given not to use words such as "other" or "various".

It has been seen that the information document about general assembly included details on the partnership structure of the company, demands to add items on the agenda and many information that would be useful for shareholders, alongside explanations about the agenda.

Upon the examination of meeting minutes and attendance records, it has been determined that 2 board members (one of them independent), assistant general managers, Investor Relations Unit Manager and one employee of this unit, internal audit expert and officers responsible for preparing financial tables were available at the meeting. It was also found out that the items on the agenda were separately voted and the results were shared with shareholders before the closure of the meeting. It was also noted that the chairman of the meeting has taken great care to have the issues of the agenda expressed objectively, comprehensively, clearly and simply. Shareholders were able to express their opinions and ask questions under equal conditions.

It was seen that the chairman of the meeting let all the questions of shareholders to be answered, except those that are accepted as commercial secret.

In accordance with CMB's directive numbered II-17.1, the shareholders are informed about company's widespread and continued asset, service and responsibility

transfer transactions in the information document.

With its practices in this subsection, İzocam has achieved a general compliance with principles. However, adding regulation to the Main Contract that allows general assembly meetings to be open to public including stakeholders and media, without right to address the meeting will bring the compliance with principles to a good level.

d. Voting Right

Neither the Main Contract nor the internal procedures contain any difficulties to exercise the voting right and opportunity to exercise the voting right in the easiest and most convenient manner is given to each shareholder.

It is possible for the shareholders' to exercise their voting right in person or by proxies, whether member or not at the general assemblies; the members are submitted with the specimen proxies to be used for this purpose at firm's headquarters and on corporate internet website.

Each share provides one voting right. There are no privileged groups among shareholders. Information on the distribution of company shares and on the fact that there is no privilege in voting right is given in company's general assembly information document. The company doesn't have a subsidiary with mutual relationship which brings sovereignty.

In this subsection İzocam has achieved a good level of compliance with the principles.

e. Minority Rights

There has not been any violation of exercise on minority shareholders' rights as attendance to the general assembly, representation by proxy, imposition of no upper limit for voting rights. In this manner it is found that care is given to the exercise of minority rights.

However, there is no regulation to widen the scope of minority rights in the articles and to include arrangements to give the same rights to shareholders with less than one twentieth of the capital.

f. Dividend Right

Pursuant to the criteria laid down by CMB directives and by the Turkish Commercial Law, the Company has prepared its Dividend Policy and disclosed it to public in the electronic environment. The policy accepts as a principle to distribute dividend for shareholders – not less than distributable dividend calculated in accordance with CMB directives - , taking into consideration its mid and long term strategies, investment and finance plans and profitability. It was presented to the approval of shareholders at the general assembly meeting on 21.03.2014. Dividend policy contains the minimum data enabling the investors to foresee the procedure and guidelines for distribution of profit to be generated by the company in future periods.

There are no privileges in the distribution of dividend. 30th Article of the Main Contract states: “Existing shares will get dividends equally without the principle of per diem deduction”. The fact that the subject of paying “dividend advance” has already been regulated in the same item of Main Articles is a positive point.

In accordance with CMB directive numbered II-14.1, the company has announced a profit of TL 33.986.900 in its consolidated financial tables for 2013. At the general assembly meeting, where the operations of 2013 were discussed, it was decided to distribute TL 30.211.025,07 cash dividend and to pay TL 6.412.199,84 of it from extraordinary substitutes. In accordance with this decision, the distribution took place on 27.03.2014.

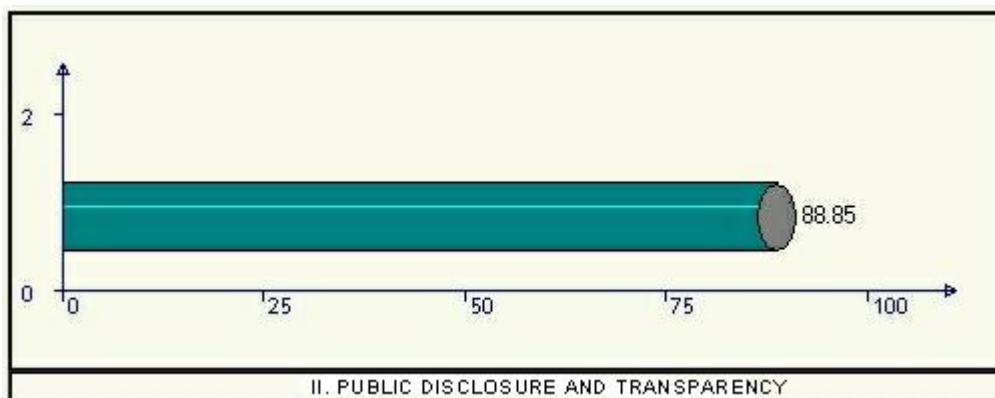
In this subsection İzocam has achieved compliance with the principles.

g. Transfer of Shares

There are no regulations in the Main Articles that restrict transfer of shares.

In this subsection, the company is fully compliant with the principles.

B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ Disclosure policies have been prepared in detail, presented to the general assembly and announced to the public in electronic environment.
- ✓ The corporate internet website is being used effectively as a tool to update and enlighten the public within the context of the principles.
- ✓ The information and documents that are required to be on the website by principles are published on the basis of last 5 years.
- ✓ Information in the website has also been prepared in English.
- ✓ Important board decisions are announced in the website.

✗ There is no information in the annual report on Board members' transactions with the company – with the permission of general assembly – on his / her behalf or on behalf of someone else and their activities within the scope of competition ban.

- ✓/✗ It will be appropriate to have responsibility declarations of board members who are responsible for financial reporting in the annual report.

As for this section, the Company has been assessed by 88 different criteria under the headings of **Internet Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **88.85**.

izocam fulfills its public announcements under its Public Disclosures Policies developed by the board and shared with public.

The public disclosure policy contains what to be disclosed to public in addition to those required by the legislation, how, in what frequency and by which channels such data will be disclosed to public, the method to be used to respond to questions directed to the company.

Principles about the disclosure of information intended for future is in the disclosure policy. In a case of disclosure to public, it has been observed that assumptions and hypothetical data are also disclosed, and information doesn't contain exaggerated predictions. Furthermore, it's in line with company's financial situation and results.

The authority and responsibility to monitor, supervise and develop public disclosure policy belongs to the Board of Directors.

a. Internet Website

The corporate internet website (www.izocam.com.tr) serves as an active and effective platform for public disclosure and its coverage is updated continuously. The information on the corporate internet website is consistent with announcements made pursuant to the relevant regulation and doesn't contain conflicting and missing information.

The corporate internet website covers commercial registry details, latest shareholding and management structure, dates and numbers of commercial registry newspapers where changes were published along with the final text of company's Articles of Association, final text of company's Articles of Association, material disclosures, financial reports, annual reports, agenda of the general assemblies, lists of attendees, proceedings of the assemblies, the specimen Proxy, internal directive, dividend policy, disclosure policy, remuneration and compensation policy, donations and grants policy, Ethical Rules developed by the Company and information requests, questions and notifications and answers given under frequently-asked questions title in addition to the coverage of mandatory disclosure pursuant to the legislation.

The information on the website is also being published in English for international investors and partners to utilize.

In accordance with the capital market regulations financial chart notifications were disclosed on Public Disclosure Platform in Turkish and English simultaneously. In order to help people to make decisions, English text is summarized in a brief, correct, complete, direct, comprehensible and sufficient manner and in consistency with the Turkish text.

In this subsection İzocam has achieved compliance with the principles.

b. Annual Report

It is clear that board of directors has prepared the annual report in such a detail that it gives public access to sufficient information about company's activities. Annual reports of the last five years are being shared with the shareholders and the public in electronic environment.

The content of annual reports comprises;

- Résumés and tenures of board members and senior managers,
- Information about the sector that company operates in and about its position within the sector,
- Information about the company's financial resources, qualifications and amounts of its issued capital market tools,
- Changes made on the articles of association during the period and their reasons, Changes made on the articles of association during the period and their reasons,
- Report on compliance to corporate governance principles,
- Report of independent auditor on the annual report.

In addition to topics quoted in regulations and other parts of corporate governance principles, annual reports include information on;

- Board members' and managers' ongoing jobs outside the company,
- Members of subcommittees within the board of directors and meeting frequencies of these subcommittees,
- Important law suits against the company and their possible conclusions.

However, having;

- information on Board members' transactions with the company – with the permission of general assembly – on his / her behalf or on behalf of someone else and their

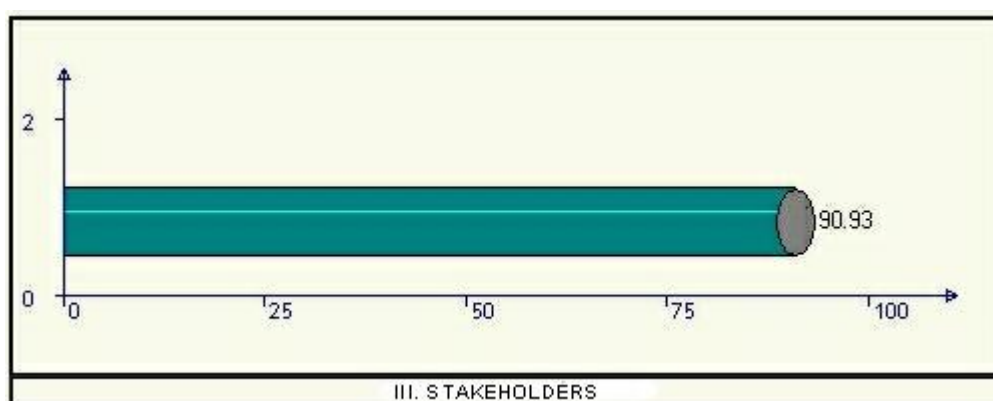
activities within the scope of competition ban,

- responsibility declarations of board members who are responsible for financial reporting in the annual report,
- information on the social rights of employees, professional trainings and other activities that lead to social and environmental consequences, including corporate social responsibility activities

will raise the compliance with corporate governance principles to a higher level.



C. STAKEHOLDERS



Overview

- ✓ **Ethical Rules have been formed and disclosed through electronic means.**
- ✓ **Compensation Policy has been formed and disclosed to public via corporate website.**
- ✓ **A detailed human resources regulation exists.**
- ✓ **Employees are provided with a safe and pleasant working environment.**
- ✓ **There has been no complaint by employees about discrimination and using rights.**
- ✓ **The company develops social responsibility projects or supports ongoing ones.**
- ✓ **Care is given to confidentiality of information about customers and suppliers on trade secret basis.**
- ✓/* **There are no mechanisms or models in the Articles of Association supporting participation of employees and stakeholders to management.**

As for this section, the Company has been assessed by 57 different criteria under the headings of **Company Policy In Relation to Stakeholders, Supporting Stakeholders' Participation in Company Management, Company Policy on Human Resources, Relations with the Customers and Suppliers, Ethical Rules and Social Responsibility** as laid down in the Corporate Governance Principles

of the Capital Market Board, for which the Company has deserved the grade of **90.93**.

a. Company Policy In Relation to Stakeholders

The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations. It is concluded that **izocam** protects the stakeholders' rights specified in regulations and mutual agreements.

It is concluded that the company respects the stakeholders' rights, specified in regulations and mutual agreements. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and company's reputation. It is observed that many internal regulations were prepared to this end.

Compensation Policy towards employees has been prepared, presented to the shareholders at the general assembly and disclosed to public via corporate website.

It is understood that the stakeholders are adequately informed on company policies and procedures to protect their rights.

Communication and Audit Procedure are formed for stakeholders to convey operations contrary to company's legislations and ethically improper to Corporate Governance, Early Detection of Risk or Audit Committees.

In this subsection İzocam has achieved compliance with the principles.

b. Supporting Stakeholders' Participation in Company Management

Intranet system has been established in order to have internal communication with the employees.

There are no models to support stakeholders' participation in company management in the Articles. However many models to support employees' participation in management, as well as entrepreneurship and innovation and to minimize the risks on safety have been developed and added to internal regulations. Methods have been developed in order to get feedback from employees, customers and suppliers in subjects concerning them and related employees are briefed on these methods.

The Communication Plan was revised in 2014 and practices of internal communication were made procedures in order to ensure efficient information flow between the employees and the company. The procedure details the methods below, which ensure communication between the company management and the employees;

- Suggestion system assessment meeting
- Open door meetings
- Announcements and directives
- Communication Boards
- Intranet

The suggestions put forward by the employees on subjects like efficiency, savings, quality, work safety, employee satisfaction and other important issues are evaluated by a committee. Those suggestions that found

viable are put into implementation and best liked suggestion among them is awarded.

Open door meetings take place separately at each factory / unit. General manager, assistant general managers and facility managers participate these meetings and blue collar employees are informed about company's operations and on other subjects relevant to their jobs. An important part of these meetings is allocated for Q&A session, where the employees can ask questions to managers on subjects they want to know or are interested in and share their opinions. In 2014, Open Door Meetings took place in every facility and program as completed. The last meeting of 2014 took place on 29.12.2014. It is learned that planning for these meetings in 2015 for all facilities, sales offices and headquarters staff has already begun.

Apart from these methods, SMAT (Safety Management Audit Tool) has been developed in order to support employees' participation to management and to determine possible risks in work safety by using a different perspective. SMAT is based on inspection of production units by people who don't work there and on average it is implemented 1,000 times a year. The findings are conveyed to people or units that are responsible and the risk gets eliminated before it happens.

In this subsection İzocam has achieved corporate governance principles.

c. Company Policy on Human Resources

Policies prepared by the Board for employees are implemented by the Management of Human Resources and Industrial Relations. Human Resources regulation of the company, which was prepared in 2002, was most recently updated in 2014.

Procedures on recruitment, working conditions, register files, disciplinary practices, power and commitment of employees, remuneration, health rights, leave rights, promotion, task alteration and

dismissal, death, resignation, retirement and education has been developed and our impression is that the company sticks to these policies in practice.

Recruitment and career planning procedures have been developed and tradition to comply with these procedures has been developed.

Performance and reward criteria have been established and disclosed to employees, in determination of benefits provided to employees the mentioned criteria is followed.

It has been seen that the company develops education policies to increase knowledge, capability and experience of the employees and implements programs in accordance with these policies. The Board gives targets to the general manager on the education of both white collar and blue collar employees. The performance is put into the target card of general manager. This approach is seen as an indicator of sensitivity of Izocam in the subject of education.

3259 hours of external trainings, 7757 hours of internal trainings, 349 hours of e – trainings took place during the 9 months period of 2014. Total hours of education were 11,365, with 26.25 hours per person (end of September 2014 – average 433 people). At the end of December average education per person was 41 hours.

The company's organization chart has been formed according to working conditions and units and number and qualification of employees for these units have been developed with written internal regulations. It is learned that succession plans have been prepared for those people working at critical posts and employees who are included in this planning were received training, paid by the company.

As of the end of November 2014, 205 white collar and 233 blue collar employees are

employed, bringing the total number of employees to 438.

Some of the employees are members of union, but the union hasn't yet received full authorization to do any transactions. Freedom to found an association or to become member of one is not restricted. The company supports membership for professional associations and platforms, paying membership fees for some employees.

Upon examination of files in the company and interviews with employees, It has been learned that that the employees are provided a safe working environment and conditions and that there exists no discrimination among employees in terms of race, religion, language and gender.

The officials told us that regulations for employees were regularly updated and related employees were informed.

Employee stock-options schemes are not developed.

In this subsection Izocam has achieved a rather good level of compliance to corporate governance principles.

d. Relations with Customers and Suppliers

Dealers are the customers of the company. An online "Dealer Satisfaction Poll" is conducted at the end of every year. A research company monitors the process and answered forms are reported in detail for dealer groups based on regions and turnover. The data is assessed by regional managers in marketing meeting and with the sales group in the extended marketing meeting. It is shared with dealers at mini and international dealer meetings. Same polls were conducted this year for exporting dealers.

It has been seen that the company upholds quality standards at its products and services. On the issue of management and

environmental standards, the company has ISO 9001-2008 (International Quality Management Standard), ISO 14001 (International Environment Management System Standard) and OHSAS 18001 (International Occupational Health and Safety Management System Standard) documents.

İzocam has suppliers both in country and abroad.

Processes for dealers, suppliers and outsourced services are defined and standards are determined.

Information and documents obtained from customers and suppliers during the activities are kept confidential within the scope of trade secret security not to be reached by unrelated individuals.

In this subsection the company has achieved compliance with corporate governance principles.

e. Ethical Rules and Social Responsibility

Necessary preparations and regulations to ensure that business ethic rules are complied by all employees and those who work on behalf of the company, as well as to ensure that they are implemented, are laid down. On this subject, the company complies with regulations and generally accepted ethical rules. Within the scope of compliance with Corporate Governance Principles, "Working and Behavioral Principles that Form İzocam Ethical Values" was prepared in writing, put on to the website and disclosed to public as of 14.2.2012. Top management gave education to employees on ethical principles and through e – learning method, online education has been provided for employees. The education sessions were recorded. An Ethics committee has also been established in order to protect and apply these values within the company.

Our examination showed that there has been no lawsuit against the partnership on the issue

corporate governance practices. Our finding has also been confirmed by company lawyers.

The company is involved in many social responsibility projects. Some of them are listed below:

- **Insulation Master Trainings**

İzocam's training team, which consists of architects, engineers and technicians give training once a month at İzocam workshops, monitored by the experts of Ministry of National Education. The trainings are under the headings of Plastered Façade Insulation Systems (jacketing), Insulation for Industrial Buildings and Roofs, Insulated Plaster Plate Wall and Insulation for Hanging Systems (Internal Insulation). 1.435 masters who successfully completed their training received certificates (approved by the Ministry of National Education) since 2004. 172 masters received certificates in the first 9 months of 2014.

- **İzodemi Trainings**

Every year İzocam provides training for dealers and their customers with different themes. In 2013, 204 people attended trainings on Institutionalization, Benefits of Institutionalization, Branding, Brand Architecture and Brand Cycle. Training sessions took place in Istanbul, Trabzon, Erzurum, Ankara, Adana, Antalya, Samsun, Izmir, Diyarbakır and Bursa.

- **Insulation Competition**

İzocam has been organizing "University Students Insulation Competition" every year since 1999. The aim is to support the awareness of insulation among university students, as well as encouraging inter disciplinary work and talent development. For the last 5 years it joined International Insulation Competition organized by Isover, thus carrying the competition to international level. Among students, who apply with projects compatible with that year's theme, first three represent Turkey in the international competition.

IYEM

İzocam Insulation Training Center (IYEM) aims to extend the consciousness of insulation, to apply heat, sound, fire and water insulation correctly and to share latest knowledge and practices in the insulation industry. IYEM provides services for anyone who is interested in insulation. It has been providing services for insulation industry since November 1998. In the 15 years it has provided 41,356 days of training for 18,219 people. It has been learned that IYEM's training sessions continue throughout the year and 41 experts are involved in these education programs. The training is free and those who complete all IYEM training programs with success receive "Insulation Expert Certificate". 440 people received this certificate in the first 9 months of 2014.

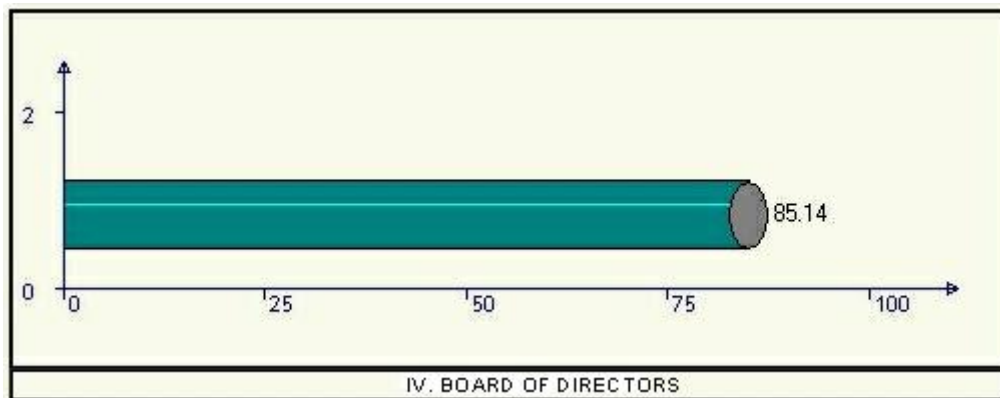
- OZI

As global warming poses an increasing threat today, İzocam conducts "The Importance of Energy Efficiency and Insulation" project. The project aims to raise environmental consciousness of children. Through OZI Social Responsibility Project, conducted in elementary schools, the children gain awareness on issues of energy efficiency, global warming and environment. It is aimed to turn children into questioning and searching adults for the society. Through the project, which was launched in 2010, 70,000 children have been reached so far.

- Enerjic Look

The project aimed to attract society's attention on the issue of energy efficiency. It is thought that best way to do this was to interpret it with art. Therefore support was taken from artists. About 300 people from different professional groups joined the project. Firstly an album was prepared with 120 photographs and 120 texts. Then it is extended with 1 short film, 2 compositions and 1 animation. The album and a DVD were exhibited in many cities. The exhibition, called, "Enerjic Look" has been visited by 4,000 people so far.

D. BOARD OF DIRECTORS



Overview

- ✓ Company's strategic targets, human and financial sources it requires are determined by the Board of Directors.
- ✓ Majority of Board Members are non-executives.
- ✓ 2 of non-executive Board Members are independent members.
- ✓ There isn't any loan/credit involvement between Board Members and company.
- ✓ Corporate Governance, Audit and Early Detection of Risk Committees are established and their working principles are determined.
- ✓ Manager Liability Insurance amounting to over 25% of the capital against defects of Board Members duties have been made.

- ✗ No targeted ratio and policy have been prepared for women members of the board, for a ratio no less than 25 %.
- ✗ There is no practice of self-criticism and performance evaluation for the Board and there is no practice of rewarding or sacking members in the light of these assessments.

- ✓/✗ It would be appropriate to disclose the remuneration and other interests provided for managers with

administrative responsibilities on personal basis in the annual report.

In this section, the Company has been assessed by **139** different criteria under the headings of **Function of the Board, Operating Principles of the Board, Structure of the Board, Mode of Board Meetings, Committees formed within the Board and Financial Benefits Provided to the Directors and the Top Executives** as laid down by the Capital Market Board's Corporate Governance Principles, for which the Company has gained the grade of **85.14**.

a. Function of the Board

By the strategic decisions it will take, the Board manages and represents the company keeping the risk, growth and return balance while paying attention to company's long term interest in particular under a reasonable and prudent risk management approach. In this sense, the Board has described the corporate strategic objectives, and determined the required human and financial resources.

Izocam's Board of Directors monitors company activities to be compatible with regulations, main articles, internal procedures and established policies and audits management performance.

The Board is authorized to make decisions, to determine the strategy and represent the company at the highest level.

In this subsection, the Company has achieved compliance with the principles.

b. Operating Principles of the Board

Board of Directors conducts its activities in an open, accountable, fair and responsible fashion.

The distribution of responsibilities among board members, as well as duties and powers of members are disclosed to public in the annual report.

The Board has developed internal control systems including risk management and IT systems to minimize effects of risk and processes on shareholders and stakeholders. It is found that the Board reviews at least once a year the effectiveness of risk management and internal control systems.

None of company's staff has the authority to decide solely and unrestricted. Posts of Chairman of the Board and CEO are held by different individuals.

Our impression is that the Board plays a leading role in the maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders. To this end, the Board is in close cooperation with the Corporate Governance Committee and Investors' Relations Department.

It's observed that the Board is in continuous and effective cooperation with managers while performing its duties and responsibilities and it is learned that top managers attend Board meetings whenever necessary.

Manager Liability Insurance amounting to over 25% of the capital against defects of Board Members duties has been made.

In this subsection, the company has achieved compliance with the principles.

c. Structure of the Board

Company's Board is formed with seven (7) members one being the Chairman. The requirement of at least 5 members to form the Board has been met and the number of Board Members found sufficient to serve effectively and constructively and to form and arrange organization of committees.

The Board comprises executive and non-executive directors, and the principle that majority of Directors should be non-executive members is respected. One (1) of the Directors is executive and six (6) of them are non-executives. On the other hand two (2) of non-executive directors are independent, satisfying the independence criteria laid down by Principles. The independent Directors have presented their written representations that they are independent under the legislation, the Articles and the criteria laid down by the Principles to the Candidate Nomination Committee (Corporate Governance Committee). Candidate Nomination Committee (Corporate Governance Committee) reported candidate proposals for membership together with its assessment on whether the candidates met the criteria for independence or not to the Board for approval. The Company disclosed the finalized list of independent member candidates to public together with the announcement for general assembly meeting.

There is none woman director in the Board. It will be appropriate for the company to determine a target ratio – no less than 25 % - , a deadline and policies to reach these targets and for the Board to monitor annually the progress on these targets.

In this subsection, the Company has achieved compliance with the principles.

d. Mode of Board Meetings

According to the 14th item in the articles of association, the Board of Directors convene whenever company affairs and operations need. The Board convened 3 times in 2014 and took 16 decisions. These meeting were attended by all members.

Each member has one voting right at the board. There are no weighted voting rights.

Board meetings take place in accordance with the arrangements done on Board meetings in internal regulations and the Main Articles.

Functions of Board and committees secretariat is undertaken by Internal Audit Manager Umut Ayhan and Assistant General Manager for Financial and Administrative Affairs.

e. Committees formed within the Board

In order for the Board to fulfill its duties and responsibilities soundly, Auditing Committee, Corporate Governance Committee and Early Detection of Risk Committees are formed. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by Corporate Governance Committee. Working rules for all three committees have been determined and disclosed to public in the company's annual report and its corporate website.

All members of the Audit Committee and minimum the Chairman of other committees are appointed from independent members. The General Manager has no assignment in any committee.

All sources and support are provided by the Board to ensure the committees perform their obligations.

All discussions in committees are recorded in writing. It can be seen in the meeting minutes that Committees invite appropriate

executives to their meetings to benefit from their opinions.

Corporate Governance Committee; establishes whether the corporate governance principles are implemented in the Company, as well as the grounds for non-implementation, if applicable; conflicts of interest, if any, arising from failure to fully comply with these principles, and discloses to public through Corporate Governance Compliance Report.

Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by Corporate Governance Committee.

The Committee consists of four (4) members. Committee Chairman is an independent member of the Board, while two (2) are non – executive Board members. One member is appointed as Investor Relations Unit Manager and he is also appointed as a member of Corporate Governance Committee In accordance with CMB Corporate Governance Notification number II.17-1. The change in the Committee was disclosed to public with special case statements dated 14.04.2014 and 25.12.2014

Its structure complies with the principle which requires that all of the members – if there are only two – or majority of members – if there are more than two – should consist of non-executive Board Directors.

Committee convened three (3) times in 2013 and 5 times in 2014.

The Audit Committee consists of two (2) independent members. It monitors performance and effectiveness of company's accounting system, public disclosure of financial information, independent audit and working and efficiency of the internal control system. The selection of independent audit company and supervision of its work at every stage is implemented by the audit committee.

Reporting to the general manager, Audit and Control Department is always in contact with the Audit Committee and Early Detection of Risk Committee. Audit and Control Department makes a presentation and reports for the Audit Committee once in every three months. It has been determined 7 audits and reporting took place in 2013 and 4 in 2014. The internal control system of İzocam is designed to ensure and provide reasonable assurance for the efficiency of operations, credibility of financial reporting and compliance with legal regulations. The efficiency of the system is monitored by the Audit and Control Department and the results are shared with top management and related committee. Internal Control System is designed on the basis of unit and process. İzocam Corporate Governance System, which aims to assess the risks in the work processes and the solutions designed to meet these risks was shared at the meetings of the Early Detection of Risk Committee in 2014 and finalized by the end of the year.

Audit Committee convened eight (8) times in 2013 and 2014.

Early Detection of Risk Committee consists of three (3) members. Its chairman is independent. Other two members are non – executive Board Members.

The Committee convened three (3) times in 2013 and five (5) times in 2014.

The committees comprises following members:

Audit Committee

Name Surname	
Pol Zazadze	Chairman (Independent)
Gülsüm Azeri	Member (Independent)

Corporate Governance Committee

Name Surname	
Pol Zazadze	Chairman (Independent)
Arnaud J.G. Moisset	Member
Robert T.G. Etman	Member
Doruk Özcan	Member

Riskin Erken Tespiti Komitesi

Name Surname	
Pol Zazadze	Chairman (Independent)
Arnaud J.G. Moisset	Member
Robert T.G. Etman	Member

The fact that Pol Zazadze is in three committees is in conflict with the principle of not appointing a Board Member to more than one committee.

It is our opinion that the company has achieved compliance with corporate governance principles.

f. Financial Benefits Provided to the Directors and the Top Executives

Guidelines on compensation of the Directors and top executives have been presented for the approval of the general assembly and disclosed to public in the electronic environment.

Stock-options or payment plans based on the corporate performance are not used for remuneration of the independent directors. The emoluments of independent directors are sufficient to keep their independency.

It is found that the Company has not lent and extended loan to any Director or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favour of them.

Legal Department has notified us in writing that within the last year there have been no law suits against board members or top

executives that require administrative or punitive action.

As the board is responsible for the achievement of publicly declared operational and financial performance targets of the company, it would be beneficial to have clear explanation about realization of expectations and the reasons in case they have not been achieved, in the annual report.

The board doesn't evaluate its performance or self criticize itself on personal basis or as a whole. The practice of awarding or dismissing board members on the basis of the evaluation of their performance doesn't exist. It would be the right attitude, in terms of compliance to principles, for the Board to determine the method in this subject and to measure performance by using this method.

On the other hand, it would be appropriate to explain remuneration and other benefits that are provided for board members and top executives in the annual report on individual basis as required.



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

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

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