

İZOCAM TİCARET VE SANAYİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

SECTION I – CORPORATE GOVERNANCE PRINCIPLES CONFORMANCE STATEMENT

In the fiscal year ended on 31 December 2015, our company adopted the principles of equality, transparency, accountability and liability in accordance with the Corporate Governance Principles (The Principles) No: II-17.1 issued by the Capital Markets Board of Turkey on 3 January 2014 and published in the Official Gazette No: 28871. According to the statement of the Capital Markets Board of Turkey in its bulletin no. 2014/1, dated 14 January 2014, the Company is among the BIST 3rd Group Companies. Following an evaluation of 399 criteria defined in the methodology prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş., it has been determined that our Company complied with the Principles to a large extent.

The Corporate Governance Rating, which was 8,76 on 30 December 2014, increased to 9,16 points (on a scale of 10) on 29 December 2015 as a result of the continued improvement efforts of the Company. As a result: Izocam received “The Company Raised its Rate the Most in Corporate Governance Index the within 2015” Award in the Corporate Governance Awards Ceremony which is held each year by Turkey Corporate Governance Association.

Our Company is taking place in Corporate Governance Index since 31.12.2014.

TITLES	WEIGHT	2015 SCORE (over 100)
Share Holders	25%	91,79
Public Disclosure and Transparency	25%	93,18
Stakeholders	15%	91,93
Board of Directors	35%	90,20

This result indicates that; risks that may arise for the Company are identified at a significant extent and, these risks were brought under control, and the rights of shareholders and stakeholders were protected in a fair manner. Moreover, a high level of performance has been attained in terms of public disclosure and transparency. In this regards, the structure and working conditions of our Board of Directors comply with Corporate Governance Principles.

As soon as possible, our company is determined to carry out the improvements required in the category of Board of Directors in which we received the lowest score although the maximum progress was displayed.

It is possible to access the Corporate Governance Rating Reports through the Company’s corporate internet site on www.izocam.com.tr and www.kap.gov.tr

There is no conflict of interest between Izocam and the institutions which Izocam receive services concerning the issues like investment consultancy and rating. Related with these issues, our company acts within the framework of criteria stated in ethical principles and internal regulations, and shows the utmost care to prevent any conflict.

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In general, the Company not only fully complies with all mandatory principles, but also in compliance with most of the non-mandatory principles and continues to further improve its Corporate Governance efforts. No conflicts of interest have arisen from points summarized below that are not yet implemented and remain outside the scope of principles currently implemented.

Currently, there is only one (1) woman member on the Company's Board of Directors. At the extraordinary general meeting conducted on June 16, 2015, compliance with the article of woman board members, which is recommended in the principles, has been ensured by amending the article 14-1 of our Master Agreement. According to the aforementioned amended article; "In accordance with the Principles of Corporate Governance, attention is going to be paid to increase the number of woman members, with sufficient knowledge and experience, to be nominated at the General Assembly as candidates for the Board of Directors. Besides, in addition to the said arrangement, the necessary policies, to determine a target time and a target ratio no less than 25% for woman members are in the process of development.

In accordance with Article 4.6.5 of Corporate Governance Principles, all remunerations as well as all benefits provided to members of the Board of Directors and managers with administrative liability are disclosed to public as an aggregate sum in the annual report

In the coming period, as it was in 2015, our ambitious and determined approach to creating solutions for the areas requiring further improvement and compliance will continue, as the Corporate Governance Principles are internalized and regulatory requirements and enhancements are considered.

CORPORATE GOVERNANCE COMMITTEE

Pol ZAZADZE
Chairman

Arnaud MOISSET
Member

Robert ETMAN
Member

Doruk ÖZCAN
Member

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SECTION II – SHARE HOLDERS

2.1. Investor Relations Unit

Investor Relations are been performed by a department that is reporting to AGM of Finance and Administration in İzocam Ticaret ve Sanayi A.Ş. The activities conducted by the unit are as below:

On the date of May 25, 2015, Operating Principles of Investor Relations Unit has been prepared and issued in the company procedures by the senior management responsible for the Investor Relations Unit .

Investor Relations Unit has prepared two reports; covering its semi-annual and annual activities of 2015 where the report submitted it to the Board of Directors and Corporate Governance Committee of the Company.

- Correspondences between the investors and partnership also keeping records related with other documents and data has been kept in a confidential, secure and updated manner.
- There were no written questions submitted to our unit from shareholders within this period.
- All relevant documentation has been prepared and submitted for the information and review of shareholders concerning the General Assembly meeting. Conducting the ordinary and extraordinary general assembly meetings in accordance with the relevant legislation, prime contract of the Company and other intra partnership regulations has been ensured.
- Obligations arising from Capital Market Legislation has been followed and fulfilled, including all the issues related with corporate governance and public disclosure.
- Within the scope of information policy, relations with shareholders have been maintained regularly; trustable and regular information access related with the company has been provided. It was ensured to inform the shareholders by quickly and completely updating the information like activity report, profit announcements on company's internet site.
- Internet site that is obligatory within the scope of TCC has been created on e-company portal and put into service.
- 20 Necessary Material Disclosures in 2015 have been announced through Public Disclosure Platform taking into consideration the communiques and laws of Capital Markets.
- Changes in Capital Markets Law and relevant legislation has been followed and presented to the attention of relevant units of the company.
- Information requests of undergraduates, postgraduates and faculty members making research about our company and the sector have been satisfied.

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Manager of Investor Relations Unit, Doruk Özcan, continues his full time duty as Assistant General Manager Finance and Administrative Affairs. Doruk Özcan is the holder of Capital Market Activities Advanced Level License and Corporate Governance Rating Certificate License.

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There were no written applications to our unit from shareholders within this period.

2.2 Exercising the Right to Inform by Shareholders

In İzocam Ticaret ve Sanayi A.Ş., besides the partnership organs, the Investor Relations Unit plays an effective role in facilitating the use of share ownership rights, particularly the rights to demand and review information.

With the aim of expanding “the right to inform” of shareholders, all kinds of information and statements that might affect the use of shareholders’ rights have been submitted to the usage of investors on the corporate internet site of the Company (www.izocam.com.tr).

Although there is no regulation related with the demand of assigning a special auditor in Articles of Association, the company management avoids from actions that makes special audits difficult. Nevertheless, pursuant to article 438-439 of Turkish Commercial Code, even if it is not on the agenda, every share holder might ask from general assembly to elucidate special events by a special audit if it is necessary to use his/her share ownership rights and if he/she didn’t use his/her right to demand and review previously. Up until now, the shareholders did not express a demand in this direction. Besides, the activities of the company are periodically audited by an independent auditor elected in General Assembly.

During the reporting period, the activities of the company have been periodically audited by Independent External Auditor (Güney Bağımsız Denetim ve Serbest Muhasebe Mali Müşavirlik A.Ş. – Ernst Young) which is assigned by General Assembly and the comments related with this issues are displayed on the internet site of the company.

2.3 General Assembly Meetings

In 2015, General Assemblies of the company have convened for once in Istanbul on March 23, 2015 as Ordinary Meeting and once on 16 June 2015 as Extra Ordinary Meeting and quorum of decisions have been constituted. Besides every right owner and beneficiary, media (media organs) have been invited to our general assembly meetings.

Decisions taken in Ordinary General Assembly of 2014 has been registered on 27.03.2015 by Istanbul Trade Registry Office and announced on Turkish Trade Registry Gazette dated April 2, 2015 (pages 695-696).

The Extra Ordinary General Assembly Convened On 16th June 2015 and unanimously resolved as follows: “Article 11: Structure and Duties of The Board of Directors and Representation of The Company; Article 13: Provisions Related with the Board of Directors; Article 14: Qualifications Of The Members Of Board Of Directors And The Way Of Holding The Meetings; Article 15: Management and Representation of the Company; Article 16: Auditors; Article 18: General Assembly Meetings” in The Articles Of Association

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was Amended. These amendments were registered in Istanbul Trade Registry Office on 26.06.2015 and announced in Turkish Trade Registry Gazette on 02 July 2015 (Pages 297-300).

General Assembly meeting convokes have been made by the Board of Directors in accordance with the provisions of Turkish Commercial Code (TTK), Capital Markets Law and Articles of Association. At the moment when the Board of Directors Decision is taken to hold the General Assembly, all necessary invitations and notifications are announced via PDP (KAP) and since 2013 all invitations and notifications, participations and voting belonging to general assemblies are being made by using the Electronic General Assembly System (EGAS) included in the body of Central Registry Agency. Pursuant to Capital Markets Communiques, meeting notices are issued on Turkish Trade Registry Gazette, PDP, EGAS and internet site of our company. The address where the independently audited financial statements pertaining to the relevant period are open for inspection is stated in these announcements.

Besides the “information about total number of shares and right to vote which reflect structure of the partnership, management and activity revisions which realized in previous fiscal periods or planned may affect significantly the partnership activities as of the explanation date and reasons of these changes; about information if there is any dismissal, change or election of the board of directors on the agenda of the general assembly meeting, reasons of the dismissal and change, CVs of the candidates informed to the partnership, tasks executed in recent ten years by them and their dismissal reasons, the relation qualification between partnership and related parties of the partnership and its importance level, whether they are independent or not and in case of such persons being elected as Board Members, information about similar matters may affect the partnership activities; demands of the shareholders of the partnership forwarded in written to the Investor Relations Department for putting an item to the agenda, if the Board of Directors does not accept the shareholders’ suggestions about the agenda, the not accepted suggestions and refusal reasons, in case there is any amendment of the articles of association on the agenda, former and new texts of amendments of the articles of association with the related board of directors resolution” the documents to be kept available to examination of the shareholders within the framework of article 437 of the Turkish Commercial Code and, obligatory notifications and statements that has to be done pursuant to relevant legislation is announced to the investors arrestingly on the website www.izocam.com.tr and the Public Disclosure Platform three weeks in advance and together with the General Assembly Meeting Announcement.

Each shareholder who wishes to speak at the General Assembly meetings can rise opinion about the company activities and ask questions to the company management and request information. The required answers and explanations are given to them during the meeting.

The three of Board Members and Assistance of General Manager Finance and Administration, Corporate Account Manager, Finance Manager, and Auditor who are responsible for preparing of financial statements attended to the meetings.

The General Assembly minutes are published on our website. Additionally, these minutes are open to examination of our shareholders in the head office and a copy of these are provided upon the request of our shareholders

On choice of meeting venue of the General Assembly, it is taken note to organize a place where the shareholders can reach easily and with low-cost.

The dividend policy, Share Buyback Policy and Donation and Aid policy has been submitted for the information and approval of the shareholders.

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The Company informs the shareholders by means of a separate meeting item for these about donation and aids at ordinary general assembly meetings.

Attendants are informed that; the Shareholders with a management control, Board Members, Senior Managers and their spouses, relatives up to second degree and relatives by marriage, did not perform any transactions that may create conflict of interest with the Company or its affiliated companies.

2.4 Rights to Vote and Minority Rights

All practices complicating the right to vote are avoided in our Company. There is no any privilege about this subject in the Articles of Association. The legal entities which are our affiliates and reciprocal shareholding companies do not taken part among our shareholders.

There is not any member representing the minority at the management of the Company.

2.5 Rights to Profit Share

The Company submits the profit distribution policy at the Ordinary General Assembly meeting with a separate agenda item for the Shareholders' information and announces this in its activity report in company website.

Our Company's dividend policy that was approved at the Ordinary General Assembly held on March 23, 2015 is as below.

The profit distribution policy of our company;

Our Company distributes dividend to the shareholders provided that it is not less than the calculated distributable profit according to communiqués of the Capital Market Law in consideration of its long-term strategies, investment and finance plans and profitability the business. The dividend payment can be distributed in cash or bonus share (by supplying from the Company resources) as well it may be partly in cash and partly bonus share.

The dividend distribution date to the shareholders shall be determined by the General Assembly upon proposal of the Board of Directors.

The profit distribution is realized within the legal terms in accordance with the Turkish Commercial Code and the Capital Market Law. The Company submits the profit distribution policy at the Ordinary General Assembly meeting with a separate agenda for the Shareholders' information and announces to the stakeholders with the activity report and in its website. If the profit distribution is not done, the Board of Directors shall give information to the General Assembly about why it is not distributed and where it is used.

According to the Main Agreement; there is no privilege about involvement to profit of the company. Dividends are distributed equally to all current shares regardless of their issuance and acquisition dates.

The Company may distribute dividend advance to its shareholders in frame of regulation in the Capital Market Law.

“The Profit Distribution Policy” is determined below as stated by the Capital Market Law, the Turkish Commercial Code, tax laws and related legislation provisions and the Main Agreement of the Company.

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Net profit of the Company reported in the balance sheet to remain after deduction of general expenses and depreciation which should be paid and set aside by the company as well as all taxes payable by the company as a legal entity and losses to previous years (if any) from the income amount calculated at the end of the accounting period is distributed in the following order.

- a. **Primary Legal Reserve;** 5% (Five Percent) of the Annual Profit shall be allocated as legal reserve until reaching 20% (Twenty Percent) of the Paid Capital.
- b. **First Dividend;** First dividend shall be reserved from the rate and amount determined from the remaining amount by the Capital Market Board.
- c. **Second Dividend;** The amount of net profit to remain after deduction of the amounts mentioned above may be distributed partially or wholly as second dividend or set aside as extraordinary reserve with the decision of General Assembly.
- d. **Secondary Legal Reserve;** 10% (Ten Percent) of the amount calculated after deducting the profit share at a rate of 5% out of the paid capital from the amount decided to be distributed to shareholders and other persons participating in the profit shall be allocated as secondary legal reserve according to the Turkish Commercial Code. Secondary legal reserve shall not be allocated in the event that the profit share and excess reserves are distributed as share certificates by increasing the capital.
- e. No decision can be made to set aside any other reserve, to carry over profits to the next year or to distribute profit share to preferred stock holders or owners of participation, founder or common dividend shares or board members an official workers and servers of the Company unless the reserves set forth in applicable legislation are set aside and first dividend is distributed to the shareholders as mentioned in the Main Agreement in cash and/or in the form of share certificates.

The date and method distribution of profit including the first dividend is determined by the General Assembly upon proposal of the Board of Directors in accordance with the communiqués of the Capital Market Board.

2.6 Transfer of Shares

Provisions restricting the transfer of shares or practices complicating the free transfer of shares do not exist in our Articles of Association

SECTION III – PUBLIC DISCLOSURE AND TRANSPERANCY

3.1. Corporate Internet Site and its Content

On the purpose of maintaining the investor relations efficiently and quickly thereby communicating with the shareholders continuously, our Company publishes the financial statements submitted to the Capital Market Board and explanations are made both through the Public Disclosure Platform and on its official website www.izocam.com.tr in English and Turkish.

The following issues stated in Corporate Governance Principles are displayed in the Company website both in English and Turkish.

“Information Society Services, Trade Registry information, partnership and management structure of the Company, the Articles of Association of the Company as well as numbers and dates of Turkish Trade Registry Gazette where the amendments are published, Material Disclosures, financial reports, activity reports, all other public disclosure documents, invitations for the General Assembly meetings, their agenda, form of voting by proxy, explanations about the agenda, list of attendants, meeting minutes, the Corporate Management applications and compliance report, Corporate Governance

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Rating Reports, periodical financial statements and independent audit reports, the information policy, the profit distribution policy, the code of conducts, share buyback policy of the company, donation and aids policy, pricing and indemnity policy, corporate social responsibility policy, human resources policy, senior managers wage policy, frequently asked questions, information about members of the Audit Committee, the Corporate Management Committee and the Early Determination of Risk Committee and working principles of these Committees, information about the board members and the top executives, organization structure”.

The information to be disclosed to public is submitted to usage of the public through “the Public Disclosure Platform” (www.kap.gov.tr) and on the website (www.izocam.com.tr) of our Company in a way that ensures on time, accurate, completely, understandable, interpretable and low-cost access, in order to help the decision making of persons and corporations which will benefit from these explanations.

The General Management and Deputy General Management in charge of Financial and Administrative Affairs are the responsible departments for the public disclosure. announcements and information that are announced to the public via all kind of communication instruments including e-communication as well as methods prescribed in the legislation with required frequencies in order to provide accessing to as much as possible shareholders in consideration of minimum periods determined in provisions of Turkish Commercial Code, the Capital Market Law and other relevant legislation.

On the purpose of maintaining the investor relations efficiently and quickly and communicating with the shareholders continuously, our Company publishes the financial statements submitted to the Capital Market Board and explanations made through the Public Disclosure Platform on its official website www.izocam.com.tr both in English and Turkish.

3.2. Activity Report

The Board of Directors has prepared activity report in detail for ensuring easy access of the public to full and correct information about activities of the Company The activity report is prepared in accordance with the corporate management principles.

SECTION IV – STAKEHOLDERS

4.1. Informing the Stakeholders:

In case the interest of stakeholders are not protected by relevant legislation and mutual contracts against operations and activities, interests of the stakeholders are protected by the company within the framework of good faith rules and within the bounds of possibility.

Customers, shareholders, employees, suppliers, state and social circle which that are the stakeholders of Izocam, are being informed about the issues concerning them. Information about the material disclosures on PDC, minutes of General Assembly Meetings, independent auditor reports and financial statements, presentations made for individual and institutional investors and reports about the company prepared by the third parties is communicated through publication on the printed and visual media channels and on our internet site

Company’s entire financial statements and information that are open to public are being shared with the public in an accurate, complete, fair, valid and intelligible way by Izocam Investor Relations Unit.

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The Company has announced its indemnity policy for the employees on www.izocam.com.tr. The stakeholders related with the Company are informed by inviting to meetings or using telecommunication instruments on matters related to them, if necessary.

4.2. Codetermination of the Stakeholders

Our prior and indispensable target is generating the customer satisfaction in marketing and sales of all goods and services. The customer satisfaction is reported and followed regularly and policies are changed when necessary.

Shareholders: Codetermination of the shareholders and protection of their rights is provided by considering relevant laws and legislation.

Employees: Platforms are created where employees can share their demands, suggestions and views on the intranet environment, besides being included into the decision-making procedures within the framework of their powers and responsibilities. In line with the System of Suggestions and Awards, the views of our participant employees are evaluated and awarded by the competent bodies.

Vendors and Customers: Our Company has 117 vendors at home and 19 abroad. An independent company is regularly conducting vendor satisfaction surveys and the results are presented to the managers through contract meetings. Necessary updates are performed after the views of the vendors and customers obtained through the surveys are evaluated by the authorized departments.

In addition, the vendors are informed about the strategies and plans of the Company at the events arranged within the year. In parallel with a more efficient, productive and higher quality service concept, conducting meetings with stakeholders, which plays an active role in the formation of Company policies and decisions, and taking action by assessing the results is an important part of the accession period. Our partners other than the controlling shareholders participating in the management directly are participating in the management through the General Assemblies conducted.

As of March 17, 2010, our Company has started to use DBS that offers a different and new collateralization for collecting the debts. The banks contracted under this system determine credit limit for the vendors of the Company instead of the Company itself, make the collection and keep the collected amounts in the blocked account for one day before transferring into the corporate account. All of the domestic vendors have preferred collecting through DBS as of 31.12.2015

The orders are received and followed up through the "İzocam24 Portal" link specially designed for the vendors on the internet. 109 domestic vendors and some customers are executing their orders through "İzocam24 Portal".

Process Monitoring Unit created under the marketing department follows-up the processes by providing the necessary guidance for the design of the processes needed and also the analyses related with the requirements of the company, and performs studies to set up a substructure necessary for the reorganization of the fields in need of improvement.

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4.3. Human Resources Policy

Company's Human Resources Policy is approved by Board of Directors Resolution on 17th February 2015 as below.

The goal of our Human Resources policy is to plan, recruit, assign in service units, develop the human resource that will ensure the performance of the work in an effective and productive way; to make, implement plans for meeting the training needs after determining them, to specify competences, to carry out the performance management, career planning studies in accordance with scientific methods.

Within the scope of this policy, criteria related with recruitment and promotion of staff and relevant mechanisms are specified in written format where our goal in Human Resources is to develop the competency of our human power continuously and maintain our lasting superiority in global competition environment by remaining royal to;

- Right man for right job
- Equal pay for equal work
- Merit based on success
- Equal opportunity for everybody

The operation of human resources systems determined with this purpose in view is defined by procedures and announced to all personnel.

Both job definition and allocation of responsibility along with the performance and awarding criteria are all disclosed to all employees. Productivity is taken into consideration for determining the wages and other benefits of workers. Language, religion, gender, race etc. discrimination during recruitment and between employees is exactly disallowed. The rights of employee are granted justly

Financial results of the company together with the subjects related with career, wage, training, health are all informed to employees through informative meetings. On the purpose of ensuring the participation of workers in management, benefiting from their views and reinforcing healthy communication methods like;

- Suggestion system assessment meeting,
- Open door meetings,
- Announcements and circulars,
- Communication boards,
- Intranet

Training policies are created to improve the information, skill and convenances of workers. Training programs are determined and implemented annually.

With reference to one of the most important principles our company has adopted namely, "value attached to worker", we are encouraging putting into effect planned and systematic studies within the scope of Occupational Health and Safety TS 18001 by creating coherence between the legal regulations and business processes.

Indemnity policies for the Company employees have been established and announced to the public on corporate internet site.

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Training and Development of the Employees

For realizing the targets and expectations of employees and the company, we do educational planning every year;

During 2015;

Outdoor Trainings: 5.616 hours,

Indoor Trainings: 12.894 hours

E-Training: 1.238 hours

Total Training Hours: 19.748 hours

Training hours per capita: 44 hours (by the end of December 2015 - average person 448)

Intercommunication and Social Activities

“Communication Plan and Procedure” that was prepared in the previous year with the aim of providing effective information flow between the employees and the company has been implemented in 2015, and various communication activities are carried out within the year.

- General Director –New Year Informative Speech (to the employees).
- General Director – Seminar on Behavior and Working Principles (to the employees).
- General Director – Social Sex Discrimination (to the employees and vendors).
- 50th Year Premiere Night For the Employees (paired participation – In Istanbul and Mersin).
- Visual application of Honor Wall, which bears the names of all the employees, served for Izocam since 1965.
- Celebrations have been made via social media and intracompany e-mail notifications on feasts and special occasions.
- Intercommunication activities, like the design and standardization of the notification e-mail templates, have been carried out.

With the aim of intensifying the motivation and deepening the commitment of the employees:

- Individual Pension
- Private Health Insurance
- Self-improvement Trainings
- Theatre, Movie, Exhibition and Travel Activities
- Employees Night Celebrations
- 50th Year in 2015 Premiere Night
- Circumcision Feast for the Children of the Employees
- Merry Holiday and New Year Celebrations
- Celebrations on Birthdays

4.4 Relations With Other Stakeholders (Sector representatives, professionals and students)

4.4.1 Insulation Foremen Trainings

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Since 2004 İzocam training team composed of architectures, engineers and technicians that are expert in their fields, arranges monthly trainings in İzocam Ateliers within the Turkey Training Site under the supervision of expert teaching assistants assigned by Ministry of National Education

İzocam continues to offer free of charge trainings for delivering the “Professional Competence Certificate” (MYB) that became obligatory as of 2015 by a new legal regulation for foremen to work in construction and installment business. MYB Foreman Training Professional Competency of Thermal Insulation” trainings are planning to be hold on the dates 18-22 January, 15-19 February, 14-18 March, 11-15 April, 24-28 October, 21-25 November and 19-23 December in 2016.

Trainings are carried out by İzocam training team composed of architectures, engineers and technicians that are expert in their fields and under the supervision of expert teaching assistants assigned by Ministry of National Education.

The “Foreman Training Professional Competency of Thermal Insulation” trainings, which are carried out to deliver “Professional Competence Certificate” in accordance with the legislation of Professional Competence Board (MYK) in order to develop the occupational competency of foremen working in insulation business in construction areas, includes the units of Work Organization in Thermal Insulation, Occupational Health and Safety, Thermal Insulation for Foundation, Facade and Ceiling, Thermal Insulation for Walls (External Thermal Insulation Composite System) and Thermal Insulation for Roofs.

In Thermal Insulation Foremen Training carried out in two phases first as theoretical and then hands-on at İzocam Turkey Training Site, together with material cognizance, proper detail and proper applications are shown to the foremen, they are taught how to correct the wrong applications and detail information known as right. Besides, information is given to attendants for reading the projects, performing quantity takeoff, making material analysis and providing assistance to develop themselves.

Following the trainings a test is held for certification by İntes MYM which is an Accredited Certification Center. With the assessment and evaluation test consisting two phases as theoretical and weighted application, the competence of foremen to receive Professional Competence Certificate has been evaluated.

MYK Thermal Insulation Professional Competency Certificates are delivered to the masters that were successful in the assessment and evaluation test held by accredited test center following the Thermal Insulation Professional Competency Training. MYK Professional Competency Certificate is an accredited document having both international and national validity.

People who want to benefit from **MYK Professional Competency Test** that will substitute **Master Competency Certificate** within the framework of National Profession Standards can apply to İzocam.

MYK Professional Competency Test can be taken by attending to the trainings or the foremen can directly apply to accredited institutions like İntes MYM, Tebar or Belgetürk and take the test related with the issues they believe they are competent. Taking the test after attending the trainings is important in terms of being successful at them and benefiting from the trainings.

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Within the framework of MYK Training for Insulated Gypsum Board Walls and Suspended Ceiling Systems-Interior Isolation that includes “Gypsum Board Applicator” occupation according to MYK legislations, was given together with S&G Rigips between 5-8 January 2015 and 12-15 January 2015 besides the “Thermal Insulation” trainings. The attendants subjected to Professional Competency test at the end of these trainings lasted 4 days.

At the completion of our master trainings related with Plastered Exterior Insulation Systems (ETICS), Insulation of Industrial Buildings and Roofs, Insulation of Gypsum Board Partition Walls and Suspended Ceiling Systems (Interior Insulation); Ministry of Education (MEB) approved certificates are delivered to 1700 successful masters as of the end of December 2015.

In all of our trainings our goal is to improve the quality of employees working in the field of insulation and to provide them the information, ability and conduct necessitated by the occupation for the new labor force needed; to ensure the development of the economy of our country and protect the consumer by putting an end to wrong or unnecessary material selection and application. Besides, information on raising the awareness of insulation and energy saving, making the most of insulation comfort and protecting the environment through insulation is relayed to the attendants in all our trainings.

4.4.2 İzodemi Trainings

İzocam organizes İzodemi trainings for its vendors and vendor’s customers every year since 2012. Trainings are performed every year with a different theme.

We organized “Effective Sale Trainings” in 2015. Training Programme included headings like “what is sale?”, “phases of sale”, “methods for persuasion”, “what is a classic sale?”, “what is a big sale?”, “clever questions during sale” as well as the case studies and useful information on closing the sale.

More than 260 professional from the industry participated in trainings held on 7 October in Samsun, 14 October in Bursa, 20 October in Antalya, 21 October in İzmir, 22 October in Ankara, 11 November in Istanbul, 17 November in Erzurum, 19 November in Trabzon, 24 November in Adana and 26 November 2015 in Elazığ. Within the scope of İzodemi trainings that is one of the trainings Izocam organizes for its vendors and vendor customers, nearly 128 trainings have been given to some 2.800 people until today.

4.4.3 İzocam Insulation Training Center (İYEM)

İYEM that was founded with the purpose of extending the insulation awareness and providing trainings about good insulation in our country maintains the activities, which it carried out with an understanding of social responsibility since 18 years.

İzocam Insulation Education Center - İYEM whose purpose is to spread the insulation consciousness, to ensure the adequate application of heat, sound, fire and water insulation and to convey the latest information and practices of the sector, gives services to all segments interested in insulation.

İYEM that undertakes a very important mission in our country’s construction, instalment and insulation sector prioritizes the requirement of education of sector workers related with the practices of heat, sound, fire and water insulation and relevant regulations on every occasion.

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A misapplication during the insulation causes enormous energy dissipations in buildings. To raise the awareness of public opinion about insulation is one of the main subjects that İYEM places too much stress. Especially, the heat insulation becomes prominent because of its contribution to both domestic and country economies and its eco-friendly features. Research conducted so far shows that, the insulation applications performed according to the standards provide savings up to %30-80, when compared with the buildings uninsulated or wrongly insulated buildings. Correct heat insulation creates an evenly decrease in energy bill. Besides, sound insulation and fire safety is provided. Correct insulation practices that will be ensured by increasing the number of qualified technical personnel within sector would minimize the dissipation of energy.

43 thousand days of education is provided to 20 thousand people within the context of trainings offered by İYEM for 18 years from November 1998 to 31 December 2015. (18.930 days, 42.548 people as of 31 December 2014). Trainings given at İYEM by 43 experts and academicians continues year around as two periods. "Insulation Specialist Certificate" is awarded to trainees that accomplish all the free of charge trainings of İYEM.

4.5. Corporate Social Responsibility Policy

İzocam regards as its corporate social responsibility to use its reasonable efforts on any issue regarding its shareholders.

As stated in Corporate Management Compliance Reports" of İzocam, we approach every "shareholder" within the scope of corporate social responsibility. On the purpose of evaluating the corporate management practices within the framework of especially the "shareholders", "public disclosure and transparency", "beneficiaries" and "Board of Directors", in a way including the activities of our company in this direction, the Company procures "Corporate Management Rating" and issues the report containing also the Corporate Management Rating Note in question on Public Disclosure Platform and on our website.

Our company that is quoted to BIST (ISE) Corporate Management Index continues its regular revisions to maximize its trustworthiness in the eye of its shareholders, to ensure compliance with legislation and to further strengthen its structure.

Izocam works with the desire to be a friendly brand for its customer and develops projects for the requirements of society

İzocam runs corporate social responsibility projects in the field of education, health, environment, culture and art and acts according to the principle of sustainability and real effectuality of the projects.

4.5.1. Social Responsibility Projects

ozi

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With a project called “Energy Efficiency and the Importance of Insulation”, İzocam aims raising the awareness of children about the things that must be done in order to save the environment in a world where global warming is a great risk. İzocam believes that the children whose awareness about “Energy Efficiency, Global Warming and Environment” is raised by “OZİ Social Responsibility Project” during the primary education age will grow up as individuals that search and interrogate.

With the OZI Project, which started in 2010 for primary school students and ended in June 2015, explaining the “Energy Saving and the Importance of Insulation” to children, we reached to 100 thousand children and therefore 100 thousand families in a total of 350 schools in İstanbul, Ankara, Kocaeli and Eskişehir.

By medium and long term planning, İzocam is planning to continue its projects that are focused on raising the awareness of next generations. One of the targets of the next phases of our project is to reach the primary schools and students settled in other cities.

İzocam Contest For Students

In an effort to ensure the expansion of insulation consciousness among the university students, the interoperability between disciplines and the improvement of skill, İzocam organizes “The Insulation Contest for University Students” since 1999. İzocam also takes a step further to carry the contest to international arena by participating International Insulation Contest held by Isover since 2009.

Every year, top three winners among the students who applied to the contest with their projects within the framework of the theme stated, represent our country in abroad by competing with the students from other countries. Due to this contest, they find the opportunity of both being acquainted with other students and instructors of other countries and also seeing the architectural structure, geography and historical artifacts of the country, they visited.

At the international stage of the contest held for the 15th time in 2015, the finalists of İzocam Insulation Contest for Students appeared before the jury in Astana/ Kazakhstan, and brought the Jury’s Special Award to our country.

The name of the insulation contest has been changed to “İzocam Student Contest” at the end of 2015. This year’s subject of the contest, which is open to the participation of undergraduate and postgraduate students attending to university education already, is “Sustainable and Reproducible Settlement in Social and Climatic Terms”. National leg of the contest that is announced as “One Scenario/ One Project” has been rendered two-phased. Students will present the sustainable life scenarios they prepared for the first phrase to jury members on March 17, 2016. The teams considered as successful will move to the second phase and design the housings that are the basic unit of the living quarters. The first three projects appreciated by the jury will be entitled the right to participate in international contest to be held in Minsk besides the monetary award. Entire process of the contest is being carried out through www.izocamogrenciyarismasi.com website.

New Generation Glass Wool

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New generation glass wool is developed as a new product, which is far more sensitive to environment and health. New Generation Glass Wool that saves 100 times more energy than the energy used for its production shows its difference with its low carbon footprint and high eco-friendly features. New generation glass wool products offer a perfect comfort with their improved sound insulation performance while providing high efficiency heat insulation. New generation glass wool is an environment-friendly product in every respect from production phase to implementation and usage processes. New generation glass wool that is produced with natural minerals and reversible raw material, has received the EUCED certificate, which is given only to the bio-product category by the European Certification Board for Mineral Glass Products. It is proved that the products holding of this certificate are not harmful to health and not classified as hazardous in terms of packaging, labeling and classification of chemical substances and mixtures pursuant to European Union Regulation.

4.5.2 Social Media Campaigns

Love Thermometer Micro Site Application and Activity

A micro site application has been started on www.asktermometresi.com web site on February 9, 2015 and it has been announced on February 10, via 100 news portal and blogs with an advertisement campaign targeting the ones that may be interested with the theme of love. The aim was to measure their harmony by asking the couples to enter the data related with their names, cities, date of birth and age into the system and to ensure that they share the result on their Facebook accounts. The application involved pretty funny and amusing results for the single ones and the ones wanting to measure their love with the celebrities. A witty analogy has been made between the heat of love and preservation of ambient temperature by the Izocam through insulation.

Despite the very-low advertising budget, the micro site has been reached to more than 10 thousand users during the February 9-14 period since February 14 is a period where the lovers' perception of love is clear.

Another aim of the campaign was to provide the potential customers to touch the product during the activity conducted at shopping centers by cutting the Insulating Foamboard, produced in pink color, in the shape of a heart. Our slogan for the campaign was "As Love thermometer measures the heat of love, Izocam preserves the heat of love through the hearts manufactured from Insulating Foamboards". Within 6 hours, more than 1000 photographs have been taken before the heart models made of foamboard and activity has reached to more than 84 thousand views on Instagram.

On the day of activity, Love Thermometer stands and online mechanism for the application have been installed in the most popular shopping centers Brandium, Kanyon and Capacity located in three different regions of Istanbul. Heart shaped Foamboards have been placed to stands visibly and presented to the visitors in the hands of hostesses. Seeing the Foamboards, visitors filled the stands and took photos with their beloved ones with the Foamboard heart in their hands. The photographs have been shared on Instagram with a special hashtag (#asktermometresi) and issued on the Facebook, Twitter, and Instagram accounts of Izocam. We reached to 33.888 person through the posts shared. Simultaneously, printouts of the photos with Izocam logo and special design frame have been taken through the Presstagram device and presented to the visitors. In that way, the participants have preserved the warmth of that moment forever. Thus, it became possible for the visitors to both touch the product and become familiar with the brand.

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On the other side, the campaign was also announced to the Izocam employees and they were invited to the activity area. Izocam employees supported the campaign by visiting the activity areas together with their families and beloved ones and informing their friends. Thus, they take the opportunity to act as an ambassador of the brand they work for.

Besides, we ran the Love Thermometer application on Facebook for the visitors via the laptop and led screen plasma installed on the stands and directed them to the micro site prepared.

Twitter Wall Campaigns

Twitter Wall Campaign on January 2015

Our first campaign over the <https://twitter.com/izocamofficial> account was on 19-22 January 2015. Questions on the issue of Practical Information Related with Insulation were asked everyday between the hours of 10:30 – 11:30 and 4 alternatives were provided for the answer. According to the format, the followers were asked to answer the questions under the hashtag of #hangisidogru. 43 followers joined to the contest under this hashtag and 34 of them answered correctly.

1., 5., 10., 15., 20., 25., 30., 35., 40. and 50th followers who give the correct answer to the easy, informative and entertaining questions are presented with an 8 GB USB in the shape of a credit card, bearing the 50th year logo of Izocam.

The number of our followers increased by 2.5 times and reached to 3,450 from 1,339 with the impact of the campaign.

Twitter Wall Campaign on June 2015

The campaign took place between the dates of June 30 and July 3 under <https://twitter.com/izocamofficial> account. In the contest titled Rational Solutions Related with Insulation, questions were asked everyday between the hours of 10:30 – 11:30 related with practical information, and four alternatives were provided to answer. 823 followers joined to the contest during these four days and 769 of them answered correctly.

1., 5., 10., 15., 20., 25., 30., 35., 40. and the 50th followers who gave the correct answer to the easy, informative and entertaining questions are presented with a 8 GB USB in the shape of a credit card, bearing the 50th year logo of Izocam.

In consequence of this campaign, the visibility of our tweets has increased by 6 times and reached to 3,461 from 525. The number of our followers which was 6,025 before the campaign reached to 6,691 displaying 11.05% increase.

4.6 Codes of Conduct

Our Company makes the required operations and regulations for ensuring the compliance of employees and representatives with codes of conduct on their activities and implementation of these codes of conducts. It is complied with generally accepted rules of conduct in the light of the legislation and regulation for this matter. Besides, within scope of the Corporate Management Principles, "The Working and Conduct Principles Constituting The Ethic Values of Izocam" has been put in writing as of 14 February 2012 and published on the website and disclosed to public. Training was given to the personnel by the top management about our principles and also training of employees about the subject on internet via "e-learning" method has been provided and the trainings were recorded. Within this scope, an Ethic Committee has been established within the Company for implementing and protecting these values.

The Company complies with rules related to environment, consumers, and public health. It takes all kind of measures to increase customer satisfaction related with marketing and

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sale of the goods and services, meets the demands of customers as soon as possible. Our products have ISO 9001- 2008 quality certificate and it is taken care to protect this quality standards. The Company organizes pools which measures the vendor satisfaction.

The company is attentive to the confidentiality of the information about the customers and suppliers that is considered as secret.

SECTION V- BOARD OF DIRECTORS

5.1. Structure and Formation of Board of Directors

The Board of Directors of our Company is structured in accordance with provisions of article 11 of our Articles of Association. Mr. Arif Nuri Bulut, General Manager works as a executive member at the Board of Directors. The Board of Directors of our Company consists of 7 Board Members including 2 independent members. Following the General Assembly meetings where Board Members were elected, by means of resolution for task distribution, the Chairman and the Vice-Chairman were determined and the Committee in charge of Audit, the Corporate Management Committee and The Early Risk Detection Committee were appointed. In case of termination of Board Membership in the period, provisions of article 363 of the Turkish Commercial Code are applied.

Curriculum Vitae of the Board Members selected at the General Assembly meeting dated 23 March 2015 and continuing to their tasks within the period is submitted below:

MR. GIANNI SCOTTI

Graduated from the Industrial Chemistry Department of Milan University, Gianni Scotti has been working since 1982 in various departments of Saint Gobain companies. The responsibility area of Scotti, who serves as Saint Gobain's Mediterranean Region Representative and General Director of Mediterranean Region consisting of Italy, Egypt, Turkey and Greece, has been extended to cover Spain, Italy, Portuguese, Greece, Morocco, Algeria, Tunisia and Libya as of January 2016. Gianni Scotti continues to serve as the managing Director of Italy, Greece and Switzerland units of Saint Gobain.

He has been a Board member of İzocam Tic. ve San. A.Ş. since 2008.

Gianni Scotti has not a performance task, is Board Member of Izocam Holding A.Ş. which is a Saint Gobain/Alghanim Partnership and he is not an independent member and currently Chairman of our Company.

MR. SAMİR KASEM

Samir Kasem has an MBA from the Ivey School of Business, University of Western Ontario, Canada and a Bachelor's degree in Electrical Engineering from the GMI Engineering & Management Institute, Kettering University, Michigan, USA. He is also a graduate of the Advanced Management Program (AMP), Harvard Business School.

Samir Kasem has been working since 2008 as President, Commercial & Industrial with Alghanim Industries. He has been a Board member of İzocam Tic. ve San. A.Ş. since 2010.

Prior to joining Alghanim Industries, Samir Kasem was with General Motors of Canada Limited, where he served in several management and technical positions related to design engineering, sales engineering, manufacturing and quality control. His career with Alghanim spans over 10 years, where he managed multiple and diverse groups within the organization including Automotive, Engineering, Retail and FMCG.

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Samir Kasem has no executive duty. He is a Board Member of İzocam Holding A.Ş., which is a Saint Gobain/Alghanim partnership. Samir Kasem is not an independent member and still works as our company's Vice Chairman.

MR. ARNAUD MOISSET

Holding an MBA (Ecole Supérieure des Sciences Economiques et Sociales) degree is working over 10 years in various departments of Saint Gobain Group, Mr. Moisset served in Saint - Gobain Companies as an Corporate Management Controlling Director between 2005 and 2012. He managed company's controlling methods and provided relevant trainings.

Arnaud Moisset has been working since 2012 as the CFO Saint-Gobain Delegation for Italy-Egypt-Greece and Turkey and CFO for Saint-Gobain Construction Products Italy. He has been a Board Member of İzocam Tic. ve San. A.Ş. since 2012. Mr. Moisset knows French, English and Italian.

Arnaud Moisset has no executive duty. He is a Board Member of İzocam Holding A.Ş., which is a Saint Gobain/Alghanim partnership. Arnaud Moisset is not an independent member; he is still one of our company's Board Members.

MR. ROBERT ETMAN

Robert Etman was graduated from Technical University, Delft, Netherlands– Physical and Computer Science Department. He has England Chartered Institute of Management Accountants – Public Accountant Certificate.

He is responsible for Interior Audit, Treasury, Financial Planning and Analysis, Corporate Management, Capital Planning, Company Merger and Purchasing and Investor Relations activities as CFO of Alghanim Industries Kuwait which has miscellaneous industry investments in Middle East, India and Southeast Asia and he is in the Board of Directors of İzocam Tic. ve San. A.Ş.

He worked for Univer PLC over 20 years in miscellaneous management levels before joining Alghanim.

Robert Etman has extensive experience about financial control and management and purchasing and merging operations, business models based on tax and business systems development, strategy development and treasury, He speaks English and Dutch.

Robert Etman has not a performance task, is Board Member of İzocam Holding A.Ş. which is a Saint Gobain/Alghanim Partnership and he is not an independent member and currently is continuing his task as a Board Member of our Company.

MR. ARİF NURİ BULUT

A. Nuri Bulut who is currently the General Manager of İzocam was born in Ankara in 1953. He is married and is the father of one son, where he is fluent in both French and English.

A. Nuri Bulut completed his graduate education in Saint Joseph French High School. His undergraduate degree is from Istanbul Technical University in 1979, where he holds M.Sc. degree in Mechanical Engineering. He also holds an executive MBA degree from Koç University gained in the period 1994 to 1995.

He began his career by working as Production Chief in Gebze Plant of İzocam in 1981. He has gained Production Manager title in 1984 and fulfilled this position in the company

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between the years 1984 to 1986. Later on, within the years 1986 to 1994, he worked as Project Manager in Head Office and as Engineering Manager during 1994-1996. He became Technical Assistant General Director in 1996 and worked in this position until 2002, finally becoming the General Manager of the company in 01.04.2002.

According to CMB's Corporate Governance Principles, A. Nuri Bulut has an executive duty. He is not an independent member. Duties he has assumed in recent years are listed above. He is still an independent Board Member of Tat Konserve A.Ş.

MRS. GÜLSÜM AZERİ

Gülsüm Azeri is a graduate of Boğaziçi University, Department of Chemical Engineering with an MS Degree in Industrial Engineering also from the same university. She speaks German and English fluently due to her education at Austrian High School and Robert College High School. Azeri is married and mother of two sons.

During an important part of her career, Gülsüm Azeri has been one of the top executives of Şişecam. She was Şişecam Chemicals Group President between 1994-1998, Şişecam Glassware Group President between 1999-2007 and Şişecam Flat Glass Group President between 2007-2011. She held the position of Executive Committee membership of Şişecam between 1994 and 2011. Presently Mrs. Gülsüm Azeri is CEO and Board Member of OMV Petrol Ofisi A.Ş. and OMV GazveEnerji Holding A.Ş, as well as chairperson of OMV Petrol Ofisi Holding A.Ş.

Between 2004-2008, she was the Chairperson of the "European Glass Federation Glassware Committee", and between 2009-2011 was a member of the Board of Directors of "Glass for Europe" which is the European Flat Glass Manufacturers' Association.

Gülsüm Azeri has been a member of the Board of Directors at "Istanbul Chamber of Industry" (ISO), Executive Committee Member of "Turkish Exporters Assembly" (TIM), a member of the Board of Directors and Board of Director of "Foreign Economic Relations Board of The Union of Chambers and Commodity Exchanges of Turkey" (DEİK). Between the years 2005-2011, she also represented the private sector in the Board of Ethic Council of the Prime Ministry of Turkey. Gülsüm Azeri has been working in İzocam Tic. ve San. A.Ş. as an Independent Board Member since 2012.

Azeri has no executive duty. She is an independent member according to CMB's Corporate Governance Principles. Basic duties assumed by Azeri during the last decade are listed above. During the last five-year period, she had no relations with İzocam Tic. ve San. A.Ş. or its related parties.

MR. POL ZAZADZE

Born in 1970 in Istanbul, Pol Zazadze works as the General Manager of Personna Tıraş Ürünleri ve Kozmetik San. Tic. Ltd. Şti. He completed his high school education at Robert College (1987), went to The American University of Washington DC for higher education (1991) and completed his MBA degree at Harvard Business School (1998). He was honored by Georgia's Akaki Tsereteli University with the title of honorary PhD (2007).

Beginning his career as a Marketing Officer in Zaza Companies Group in 1991, Zazadze worked at various levels. Leaving USA-based Colgate Palmolive company at his own choice after working there as a Brand Manager between the years 1997 and 1999, Zazadze has been serving since 2000 as a Board Member in various companies of Zaza Companies

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Group. He has been also working since 2009 as the General Manager of Personna Tıraş Ürünleri ve Kozmetik San. Tic. Şti.

He left Paladin Gayrimenkul Geliştirme İnşaat Ltd. Şti. where he had worked between 2007 and 2009 as the company was closed down. Zazadze has been serving in İzocam Tic. ve San. A.Ş. as an independent Board Member since 2012.

Pol Zazadze has no executive duty. He is an independent member according to CMB's Corporate Governance Principles. Basic duties assumed by Zazadze during the last decade are listed above. During the last five-year period, he had no relations with İzocam Tic. ve San. A.Ş. or its related parties.

INDEPENDENCY STATEMENTS OF INDEPENDENT BOARD MEMBER CANDIDATES;

Mrs. Gülsüm Azeri and Mr. Pol Zazadze have signed the following statements and submitted to our Company.

I am a candidate for functioning as “the independent member” at the Board of Directors of İzocam Ticaretve San. A.Ş. (the Company) under criteria determined by the legislation, the Articles of Association and the Capital Market Board and within this scope, I declare that;

- a) There is no employment relation in management position that requires taking on important responsibilities and tasks between the Company, partnerships that the Company have management control or important effect on, partners that have management control or important effect on the Company and legal persons on which the partners have management control on and me, my spouse, my relatives up to second degree and relatives by marriage during last 5 years; I do not own more than 5 % of the capital or vote rights or privileged shares alone or jointly; or I didn't enter into critical commercial relation,
- b) During the last five years, I did not worked in management position that requires taking on important responsibilities and tasks, did not served as Board of Directors member, I am not a partner (more than %5) in companies which audited, (including tax audit, legal audit, internal audit) rated and consulted to the Company and also companies that the Company sell products or buy products from in a considerable extend within the framework of agreements, during the periods when products and services are sold and buy,
- c) As seen from my background enclosed, I have professional education, knowledge and experience to perform my duties due to the independent Board Membership,
- d) I do not work as full-time at public institutions and corporations as of the current situation,
- e) I am deemed a resident in Turkey according the Income Tax Law,
- f) I can contribute positively to the Company activities, will keep my objectivity for conflict of interest between the shareholders, I have the strong ethic standards, occupational reputation and experience to decide freely in consideration of rights of the stakeholders.
- g) I will spare time for the Company that is needed to follow the company activities, and to fulfill the requirements of the position I have taken.
- h) During the past ten years, I did not serve as a member of the board of directors of the company more than six years.

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- i) I do not serve as independent board of member in more than three of the companies that the Company or the partners having management control of the Company has management control on and in more than five of the publicly traded companies
- j) I am not registered and announced in the name of İzocam Ticaret ve Sanayi Anonim Şirketi legal entity.

Pursuant to articles 395 and 396 of Turkish Commercial Code, approval is obtained from the General Assembly in order that the Chairman and Board Members can perform the activities entering to subjects of the Company personally or on behalf of other persons and become partners to the companies performing such activities.

5.2. Activity Principles of the Board of Directors

Authorities and responsibilities of the Board Members are specified clearly in the Articles of Association. The authorities are specified in detail in specimen signature of the Company and all kind of decisions are valid with minimum two authorized signatories.

The Chairman and General Director are not same persons.

Agenda of the Board of Directors meetings are determined based on the information transmitted to the Company senior management and Board of Directors members by the relevant units about the matters that the Articles of Association commands to be resolved by the Board of Directors. Apart from this, the meeting agenda is determined also upon the information transmitted to Company senior management by any of the Board members about a specific subject to be resolved.

The subjects demanded to be discussed in the Board of Directors meetings are gathered at department of Vice General Directorate of Financial and Administrative Affairs and the agenda is set after consolidating them.

The Vice Director of Financial and Administrative Affairs is appointed to determine the agenda of Board of Directors meetings of İzocam Ticaret ve Sanayi A.Ş., to prepare decision of the Board of Directors taken in accordance with provision of article of 390/4 of the Turkish Commercial Code, to inform the Board Members and to provide the communication.

The Board of Directors convenes when needed and decides by majority of attended Board Members, provisions of article 390/ 4 of the Turkish Commercial Code are reserved. Validity of Board of Directors decisions are subject to being written and signed.

Different opinions and negative vote reasons explained during the Board of Directors meetings are recorded to the resolution minutes. However, since such opposition or different opinion was not declared in recent times any explanation to the public has not been made.

The financial losses that might incur by the faults of Board Members during their duties are insured for a sum exceeding 25% of the company's capital.

The Board of Directors convened three times within the year, all Board Members attended to the said meetings.

5.3. Number, Structure and Independency of Committees created within the Board of Directors

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Within the framework of Corporate Governance Principles of Capital Market and Company Board of Directors' Working Principles, current Board of Directors' comprises of the Corporate Governance Committee, Early Detection of Risk Committee and Audit Committee. Independent Board of Directors members preside at the committees in question and as required by legal regulation, all the members of the Audit Committee are Independent members. Presidents and members of the committees are stated below.

Corporate Governance Committee	
President	Member
Pol Zazadze	Arnaud Moisset
	Robert Etman
	Doruk Özcan
Early Detection of Risk Committee	
President	Member
Pol Zazadze	Arnaud Moisset
	Robert Etman
Audit Committee	
President	Member
Pol Zazadze	Gülsüm Azeri

Board of Directors Members elected at the General Assembly Meeting held in 23 March 2015 convened in 22 April 2015 and shared the tasks. There were no changes in elected Board of Directors and Committee membership within the year.

In consideration of current structure of the Board of Directors, it is decided that the tasks of the Nomination Committee and the Wage Committee should be performed by the Corporate Governance Committee.

There is onewoman member in the Board of Directors and she constitutes 14 percent of the total members of the Board.

The Committee in charge of Audit convened seven times within the year and submitted the financial reports and other assessments under the working principles to the Board of Directors. The Corporate Governance Committee convened six times within the year and submitted the suggestions and minutes to the Board of Directors. The Early Risk Detection Committee convened five times and submitted the company assessment report to the Board of Directors

5.4. Risk Management and Interior Control Mechanism

In order to keep the efficiency of internal control systems in a way to involve operational activities and information systems processes, the Board of Directors has formed an Early

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Risk Detection Committee on the purpose of minimizing the risks that might affect the stakeholders.

Early Detection of Risk Committee has claimed to follow a systematic process for mapping the operational activities, determining the risks of process and specifying the control activities in order to provide integration of the risk management and interior control systems with the corporate structure of the company and to manage possible risks effectively. Upon the request of the Committee, being in the first place the basic processes, the processes affected the company operations are determined; risk-control matrixes belonging to these processes are created and integrated with the internal control system. The completed processes were shared with the Early Risk Detection Committee, and the criteria about detection and management of the risks was submitted to opinion of the committee members.

Purpose of Izocam risk management model is to foresee possible problems that may arise if the risks are realized, to assess the current controls and to ensure management of risks effectively by means of additional controls, if necessary. The Company has formed the Risk Management Table in order to follow the risks. The analysis for critical processes was completed. In addition to that, with the aim of enhancing the awareness within the Company and guiding the users, Reference Book of Izocam Interior Control System, which also contains the interior control activities providing the efficiency of risk management process, has been prepared.

Efficiency of the interior control system is tested through the inter-corporate controls also. Directorate of interior control works under the General Manager and it is in direct contact with the Audit Committee and the Early Risk Detection Committee. Besides, a Working Group for Early Detection of Risk is formed within the company structure. This group holds regular meetings and makes plans to take the necessary actions by revising the existing and possible risks. The notes of the meetings are shared with the members of the Early Risk Detection Committee and recorded by separate meeting minutes.

Board of Directors' committees has continued their activities in compliance with regulations also in 2015. The Early Risk Detection Committee convened five times within the year and submitted their reports to the Board of Directors after evaluating the potential risks that the company may experience. Improvement activities belonging to the established potential risks are monitored in close connection with the senior management.

The Audit Committee of the Company convened seven times within the year. The financial reports are examined, interviews are made with independent auditing and tax firms, and the internal control system of the company is revised continuously by sharing the results of the audit.

Committees records the notes of the meetings by arranging separate meeting minutes with the signatures of the members and submits them to the opinion of the Board of Directors.

5.5. Strategic Targets of the Company

The Board of Directors of the Company determines the Company strategies by making long and short-term plans. In these plans, the markets assessment is performed necessary investments and other requirements within this scope are determined and the decisions are taken by discussion about resources to be allocated for realizing them.

The long-term plans of the Company are prepared within first six-months of each year in a way to involve three-year periods so as to include previous three-year trends.

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The short-term plans are made for the year (budget), monitored monthly and revised four times within the year.

Budget targets of the Company serve an important role in determination of Company performance.

5.6. Financial Rights

It was submitted “**Pricing Codes Related With The Board Of Directors Members And Senior Executives**” consisting of all kind of rights, interest and wages provided to Board Members and top executives and criteria used to determine them and wage system principles to our shareholders on our website via “the Information Document” published before three weeks from the Ordinary General Assembly meeting dated 23.03.2015 and it was started to apply following the General Assembly meeting.

Total payments made in frame of the Wage Policy for the Board Members and the Top Executives are assessed every year by the Corporate Management Committee and Board of Directors. In our financial statements, the payments made to the Board Members and the Top Executives are disclosed to public in parallel with the general applications. There are no any operations causing to conflict of interest such as lending, making loan available, giving a guarantee in favor of the Board Members or managers by the Company,

“Expenses of the Board Members due to contributions to the Company (expenses such as transport, telephone, insurance, etc.) can be covered by the Company.

Pricing Codes Related With The Board of Directors Members and Senior Executives

Goal and Scope

Pricing codes involves the members of the Board of Directors and senior executives. Its scope is to ensure the planning, execution and management of practices related with pricing, in compliance with the relevant legislation and the scope and structure, strategies, long-term goals and risk management structures of company activities.

Principles and Code of Practice

- Salaries of Board of Directors Members are determined by the general assembly upon the proposal of shareholders.
- The Board of Directors in accordance with this policy determines salaries of Senior Executives.
- It is observed to ensure that the salaries of independent board of directors' members shall be suitable to maintain the independency. Besides, plans based on the performance of the company, share of profit and share options are not used.
- “Pricing Codes Related with the Board of Directors Members and Senior Executives” is submitted for the information of the shareholders as a separate item in general

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assembly. Besides, it is kept on the website of the company. In case of there being a change in this regulation, same method is repeated.

- Company cannot advance money to any board of directors' member or senior executive, provide credit facilities, provide credit under the name of personal credit through the agency of a third party or cannot provide securities like bail in favor of.
- The salaries paid to the board of directors' members and senior executives and all other advantages offered to them are declared to the public through the annual activity report.

Authorized Committee

- Company corporate governance committee prepares a proposal related with pricing based on the performance of senior executives, by taking into consideration the long-term goals of the company and submits this proposal to the board of directors. While the Board of Directors determines the salaries of senior executives, the Pricing Codes of Board of Directors' Members is decided at the General Assembly as an agenda item. Execution of these processes by the corporate governance committee do not annihilates the responsibility of the board of directors or the auditor.
- Equal pay for equal performance principle is adopted. The salaries are balanced by taking into consideration the features like the importance, complexity and responsibility, risk of the task.
- When discharging its responsibility and fulfilling its task, committee examines all kinds of documents it needs related with the pricing.
- Besides the legislation, committee also takes into consideration the current financial position of the company, its targets and future revenues when deciding.

Pricing

Fixed Fee Payments: It is the cash payment rendered regularly in fixed amounts every month independent of performance. Fixed Fee is determined by taking into consideration the experience and specifications required for each position, according to the extent of duties and responsibilities.

Salary Rises: General salary rises are given in a ratio determined by the Board of Directors by taking into consideration also the company performance and market conditions once a year in January. Based on the position changes/promotion and other grounds, changes in salary can be made apart from annual general salary rise by the decision of company management.

The amounts determined according to the above-mentioned principles and paid to the Board Members and the Top Executives within the year are reported in the activity report.

No debt was given to any Board Member within the year and no loan was extended on behalf of him/her or on behalf of a third person. There are not also any such transactions in the former years.

CORPORATE GOVERNANCE COMMITTEE

Poł ZAZADZE

Arnaud MOISSET

Robert ETMAN

Doruk ÖZCAN

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