

EGE PROFİL TİCARET VE SANAYİ A.Ş.

CORPORATE GOVERNANCE PRINCIPLES OBSERVANCE REPORT (Period : 01<sup>st</sup> January – 31<sup>st</sup> December 2012)

## **31.12.2012 CORPORATE GOVERNANCE PRINCIPLES OBSERVANCE REPORT**

### **CORPORATE GOVERNANCE PRINCIPLES OBSERVANCE STATEMENT**

In 2012 fiscal year our company obeyed to the Corporate Governance Principles published by Capital Markets Board and has been applying those principles.

Because it is included in the arrangements of the Capital Markets Board our company has been satisfying its legal responsibilities in the matters of transparency and public disclosure, it has been disclosing its periodical financial tables, footnotes and Independent Audit Reports. Besides that if an extraordinary circumstance is the case it has been making regulatory disclosures in İstanbul Stock Exchange.

Our company which has been occupying an important position in the plastic door and window sector keeps the customer satisfaction in the forefront.

In order to offer proper solutions and meet the demands and expectations of the customers rapidly the Customer Relations Department has been established. Being based on the periodic questionnaires and interviews with our dealers the demands are being appraised and decisions are being made.

### **CHAPTER 1 - SHAREHOLDERS**

#### **1.1. UNIT FOR RELATIONS WITH THE SHAREHOLDERS**

Our company did not establish a special unit for relations with the shareholders, those relations are being managed by Banu Özberber, Gözde Bayılmaz and Ayşe Kara who are appointed by Financial Management Office.

<b>NAME LAST NAME</b>	<b>TELEPHONE NO.</b>	<b>e-mail address</b>
BANU ÖZBERBER	+90 (232) 398 97 51	<a href="mailto:banu.ozberber@deceuninck.com">banu.ozberber@deceuninck.com</a>
GÖZDE BAYILMAZ	+90 (232) 398 97 58	<a href="mailto:gozde.bayilmaz@deceuninck.com">gozde.bayilmaz@deceuninck.com</a>
AYŞE KARA	+90 (232) 398 97 60	<a href="mailto:ayse.kara@deceuninck.com">ayse.kara@deceuninck.com</a>

Because the investors did not direct intensive questions or information demands to our company, a special unit for relations with the shareholders is not considered necessary to be established.

#### **1.2. UTILISATION OF THE SHAREHOLDERS' RIGHT TO INFORMATION**

Our employees appointed by Financial Management Office have been giving answers to the questions of the shareholders and have been informing them about general meetings, share certificates, profit distribution proposals etc.

In the period 1 written information demand was submitted by our shareholders and the answer was given.

All the questions of our shareholders transmitted by telephone were answered and necessary explanations were made in the period.

Almost all the questions directed by our shareholders are related with : movement of the market prices of our share certificates, sales turnover, profit of the period, dividend distribution. If it is not disclosed to public the question is not answered, if it is disclosed an easy and appropriate way to reach such information is provided to the shareholders. General Illuminations and Regulatory Disclosures are being announced to public by the mediation of İstanbul Stock Exchange and KAP (Public Disclosure Platform).

In the charter of our company “special auditor appointment request” has not been settled as an individual right, therefore the relevant articles of Turkish Commercial Code are being applied in the case, as it is done when no provision is included in the charter. No “special auditor appointment request” was submitted to our company in 2011.

### **1.3 INFORMATION ABOUT GENERAL MEETINGS**

Our company held its Ordinary General Meeting about the fiscal year 2011 at its company head office located at the address Atatürk Organize Sanayi Bölgesi 10003 Sok. No:5 Çiğli- İZMİR on 19<sup>th</sup> June 2012.

In the General Assembly Meeting 5,810,052,200 shares were represented by proxy and 200,000 shares were represented by principals which make a total of 5,956,690,000 shares against the company’s capital 59,566,900.00 TL, thus the meeting was held by attendance of a majority representing 97.54 % of the shares

The charter of the company prescribed that at least 75 % of the shares should be represented in the General Assembly Meetings. Invitations to the meetings are made by announcements on 230-232<sup>nd</sup> pages of the Trade Registry Journal dated 25.05.2012 numbered 8076 and on 15<sup>th</sup> and 16<sup>th</sup> pages of the Newspaper Yenigün dated 24.05.2012 numbered 2634. In those announcements; information about the place, date and time of the general meeting, proxy samples for attorneys, deadline for submission of the related share numbers required for attending the meeting, the place where financial tables of the fiscal year 2011, reports of the board of directors, independent auditors and comptrollers can be examined by shareholders were included.

In the General Meeting the shareholders did not use their right of questioning and did not make any suggestion.

Making a decision in the following matters is possible only by a resolution of the General Assembly Meeting :

- i) Modifications of the Charter,
- ii) Appointment, acquittal or dismissal of the members of the Board of Directors (where temporary member appointment by Board of Directors in Conformity with 10<sup>th</sup> article of the Charter is excluded) ,
- iii) Approval of the annual balance sheet and loss and profit account of the company, and profit distribution
- iv) Issues of bonds or other securities by company where the provisions of Additional 32<sup>nd</sup> Article are reserved
- vi) Liquidation or merger of the company,

The Raised Quorum defined in the 20<sup>th</sup> article of the charter of the company is applied to the resolutions of: the key importance which are described by the first paragraph of the 23<sup>rd</sup> article of

the Securities Exchange Act, limitation of acquisition of new shares, authorization of the board of directors for limitation of acquisition of new shares in the recorded capital system, decrease of the capital.

The minutes of the General Meetings are available for the examinations of the shareholders at the head office of the company.

### **Electronical Participation to the General Meetings**

The holder of the right of participation to the general meeting can participate to those meetings by way of electronical connections which is allowed by 1527<sup>th</sup> article of Turkish Commercial Code. In order to enable the holders of the participation right: to participate to the general meetings electronically, to explain their views, to make suggestions and to vote by help of electronic means the company may either establish the electronical general meeting system or may purchase the related services from the established systems. According to that provision of the charter all the holders of the right and their representatives are to be enabled to utilize their rights described in the said regulations by help of the described system.

### **Donations and Aid Policy,**

Our company can give donations to the charitable foundations, associations, educational or training institutions, state institutions or organizations dealing with social, cultural, educational, sporting activities etc by approval of the board of directors within the context of the principles defined in Security Exchange Act and Turkish Commercial Codeç

In case of giving donations the relevant arrangements of the Ministry of Finance is to be considered and attention is to be paid for choosing preferably the institutions benefiting from the tax exemptions.

In determination of the type and amount of the donation, institution or non-governmental organization, conformity to the social responsibilities criteria is observed. Besides that, donations or aid can be offered to the foundations, associations or similar organizations which are established for performing activities related with the field of activity of the company. In the General Meetings the detailed information is given to the shareholders about the donations and aid included in the related fiscal year.

### **1.4&5 VOTING RIGHT AND MINORITY RIGHTS**

According to the charter of our company each share has got one vote to cast in Ordinary or Extra Ordinary General Meetings , there is no preference share in voting.

In General meetings open voting is performed by raising hands. But if shareholders or the representatives representing at least 5 % of the capital demand in that way, secret voting becomes compulsory.

In general meetings of our company cumulative voting method is not employed. Quorum of the general meetings consists of 3/4<sup>th</sup> of the present votes regardless how many times the meeting is held.

### **1.6. PROFIT DISTRIBUTION POLICY AND PROFIT DISTRIBUTION TIME**

According to the charter of our company, the amounts to be necessarily paid by company such as general expenses and miscellaneous amortizations, taxes to be paid by legal personality of the

company are subtracted from the incomes determined at the end of the fiscal year, from the remaining net profit, which is shown on the balance sheet, the losses of the previous year is subtracted if there is any, then the remaining amount is distributed in the following order.

#### **PRIMARY LEGAL RESERVE FUND**

a) 5 % is taken apart as legal reserve fund.

#### **First Dividend**

b) First dividend is taken from the remaining amount at the ratio and amount determined by Capital Markets Board.

c) 10 % of the remaining amount is distributed among the holders of the founders usufructuary shares .

#### **Second Dividend**

d) After the amounts defined in the above paragraphs a,b and c are subtracted from the net profit the general board is authorized to distribute the whole or some part of the remaining amount as second dividend or to allocate it as extra ordinary reserve fund.

#### **SECONDARY LEGAL RESERVE FUND**

e) After subtracting 5 % of the capital from the amount to be distributed among the shareholders and other beneficiaries, 1/10<sup>th</sup> (One tenth) of the remaining amount is allocated as secondary reserve fund according to 3<sup>rd</sup> line of the 2<sup>nd</sup> paragraph of the 519<sup>th</sup> article of Turkish Commercial Code.

f) Unless the reserve funds, which are required by law, are allocated and first dividend defined by charter is taken apart it is not possible to make decisions about: profit distribution among the members of the board of directors, employees, officials or workers, allocation of other reserve funds or transfer of profit to the next year.

The amount of our company's profit to be distributed is determined under the consideration of : regulatory provisions, profit distribution proposals presented to the approbation of the General Meeting by the board of directors, distribution policy paying attention to expectations of the shareholders and expansion strategy of our company.

General meetings are held within 3 months following the end of each fiscal year, and profit distribution is made within the time frame defined by the resolution of the general meeting. Profit distribution proposal of the board of directors and profit ratio per share is included in the activity report.

#### **1.7. TRANSFER OF SHARES**

There is no provision restricting the transfer of the shares in the charter of the company.

## **CHAPTER 2- PUBLIC DISCLOSURE AND TRANSPARENCY**

### **2.1. DISCLOSURE POLICY OF THE COMPANY**

Disclosure policy of our company aims to present the past performances and forward looking expectations of our company within the possibilities of the sector in which the activities are being performed, its vision excluding the information in quality of commercial secrets to the shareholders, capital markets participants and public within the generally accepted accountancy principles and Capital Markets Provisions.

In matter of Public Disclosures the company observes Turkish Commercial Code (TTK), Capital Markets Regulations and the arrangements of Capital Markets Board (SPK) and İstanbul Stock Exchange (İMKB); It tries meticulously to apply the principles of the Corporate Governance Principles of SPK to the possible extent of the sector. That policy regulates the written and verbal communication of the company with shareholders, beneficiaries and capital markets participants.

The Board of Directors is responsible for establishing, observing, revisioning and improving the Disclosure Policy of the company.

#### **Public Disclosure Method and Means**

Keeping the provisions of Capital Markets Regulations and TTK reserved, public disclosure methods and means employed by the company are as follows :

- a) Regulatory disclosures transmitted to İMKB by mediation of Public Disclosures Platform (KAP),
- b) Central Registry Agency (MKK) : “ e-YÖNET : Corporate Governance and Investors Relations Portal
- c) Financial tables, footnotes, independent audit reports and statements periodically transmitted to İMKB by mediation of KAP.
- d) Annual activity reports,
- e) Corporate website : { [www.egeprofil.com.tr](http://www.egeprofil.com.tr) }
- f) Announcements and notices made by Turkish Trade Registry Journal and other daily newspapers
- g) Press releases by printed or visual medias
- h) Face to face disclosure meetings and interviews with Capital Markets Participants and teleconferences,
- i) Communication methods and means such as telephone, e-mail, telefax etc.

#### **Authorised Persons for making Public Disclosures**

Out of the above defined written disclosures, authorized persons for making disclosures are determined according to the level of the demanded information. Any kind of questions related with the company can be answered by authorized persons appointed by the President or members of the board of directors, members of the Board of Audit, General Manager, General Management Office within the limits of their authorizations, those persons can also make explanations about the above defined matters.

Persons other than those authorized employees are not authorized to answer written and/or verbal questions of the capital markets participants.

#### **Public Disclosure of Special Cases**

Public Disclosure of special cases are prepared by employees appointed by General Management Office, then it is transmitted to İMKB by mediation of KAP and it is disclosed to public by website of the company.

In order to help the interested persons and institutions in making their decisions Special Case Disclosures will be prepared in a clear, easily understandable manner and will not include misleading expressions.

If the employees of the company find that some undisclosed important or special information is disclosed to public inadvertently, they will inform the authorized persons appointed by General Management Office about the matter. In such a case, a special case disclosure is prepared and transmitted to İMKB by mediation of KAP.

*Our company made 19 special case disclosures in 2012. Within the Public Disclosure Principles all the special case disclosures are made on time and in conformity with the legal provisions. In 2012 no correction or additional explanation is made by İstanbul Stock Exchange or Capital Markets Board.*

### **Public Disclosure of Financial Tables**

Interim periodical or Annual Financial Tables of the company are prepared within the frame of the provisions defined by Capital Markets Board and in conformity with International Financial Reporting Standards. They are subjected to independent audit for the periods required by regulations, after approbation of the Responsible Committee of Audit within the regulations of the Capital Markets Regulations and approval of the board of directors they are transmitted to the İMKB by mediation of KAP together with the statement of responsibility attesting its accuracy prepared by the authorized persons.

Interim periodical or annual financial tables of the past can be reached by website of the company.

### **Corporate website**

Our company's website is [www.egeprofil.com.tr](http://www.egeprofil.com.tr) . Automatic pass to the websites [www.egepen.com.tr](http://www.egepen.com.tr) and [www.winsa.com.tr](http://www.winsa.com.tr) is possible when you enter our website. In the websites there is information about: our marks Egepen Deceuninck and Winsa, products, our dealers and services. You can have information about our parent company Group Deceuninck by using the link [www.deceuninck.com](http://www.deceuninck.com)

In the corporate website information determined by TTK and Capital Markets Board Corporate Governance Principles takes place and updates are being made.

In the website of the company; announcement and agenda of general meetings, information about the items of the agenda, other related information, documents and reports, and participation methods to the general meetings are prominently presented

Disclosures included in the corporate website do not substitute the disclosures or special case disclosures required by provisions of Capital Markets Refulations.

All kinds of measures related with the security of the corporate website are taken and improvement works are being continued.

In the corporate website an easy access to the disclosed and actual information is provided. Public disclosures are published in Turkish and/or English.

### **General Meetings**

Financial tables and reports including annual activity report, profit distribution proposal, choice of independent audit firm, policies to be established according to SPK, other documents constituting the basis of agenda items of the general meetings and the latest form of the charter and the text of amendment if there is any are presented to the easy reach of the shareholders in the head office of the company and in the corporate website. Agenda titles of general meetings are expressed in an obvious and not misleading manner.

**Activity Report**

Content of the activity report conforms to TTK, Capital Markets Regulations and SPK Corporate Governance Principles. After the approval of the board of directors the activity report is presented to the shareholders in general meetings and is published in the website.

**Announcements and Notices by Turkish Trade Registry Journal and Daily Newspapers**

Because of the Securities Exchange Act, TTK and Charter of the company, announcements of General Meetings, modifications of the charter, capital increase and profit distribution are made by Turkish Trade Registry Journal and Daily Newspapers.

**Explanations to the Media**

Press conference and/or Press Release on any matter can be done by instruction of the General Manager. In important cases approval of the board of directors is received. Authorized Press conference and/or Press Release are announced to the media by Corporate Press Release Communication Department.

**Determination of the persons bearing administrative responsibilities and preparation of the list of the persons with access to the internal information**

The persons bearing administrative responsibilities include; the members of the board of directors or auditors and the persons with access to the internal information while they are not the members of those boards and the persons in close relations with them.

The list of the persons with access to the internal information is electronically sent to the organization which is our authorized attorney to perform our processes within the Central Registry Agency, and those lists are kept in the company in the electronical form.

**Postponement of Public Disclosure of Internal Information**

Information defined as internal information is the information not disclosed yet to public which can affect the values of the issued securities for public offering and the investment decisions of the investors holding or acquiring those securities.

In order to avoid the probable losses of the legal rights and interests the Board of Directors and/or the General Manager are/is authorized to postpone the Public Disclosure of Internal Information. In the postponement period keeping that information secret is the responsibility of the persons with access to the information, the related measures are taken by General Management and after the reason for postponement is removed the necessary disclosure is immediately made.

**Measures for keeping the internal information secret until the public disclosure**

Observance of the employees of the companies to the rules of utilization of the internal information is respected. The employees of the companies keep the information in quality of trade secrets confidential during and after their employments, and they do not make use of such information.

**Communication with Capital Markets Participants**

The company did not establish a special unit for relations with the shareholders. Its relations with the shareholders are managed by the employees appointed by Financial Affairs Office. Because the shareholders do not direct intensive questions or demands a special unit for relations with the shareholders is not established.

### **Procedure to be Followed about the news published in media organs and Follow up Mechanism**

Internet, printed and visual media are daily followed by mediation of the media observation agency. Besides that news published in the subscribed data publishing channels is being followed. The content of the news related with the company is commented by General Management if it is needed a special case disclosure is made.

### **Incorrect News Circulating in the Markets**

As a principle the company does not make any explanation about the rumours or speculations circulating in the markets. However if a confirmation is requested by SPK and /or İMKB within the provisions of Capital Markets Regulations or the Management of the Company considers that an explanation is inevitable an explanation about the rumour(s) is made.

### **Explanations about Future**

In case of need forward looking expectations can be made by authorized persons after the approval of the board of directors and/or General Manager within the frame of Disclosure Policy of the company.

### **to Be in Force**

This disclosure policy has come into force by presenting it to the General Meeting. In case where some modification is needed in the disclosure policy, that modification is presented to General Meeting and disclosed to public after approval of the board of directors of the company.

## **2.2 CORPORATE WEBSITE AND ITS CONTENT**

Our company's website is [www.egeprofil.com.tr](http://www.egeprofil.com.tr) . Automatic pass to the websites [www.egepen.com.tr](http://www.egepen.com.tr) and [www.winsa.com.tr](http://www.winsa.com.tr) is possible when you enter our website. In the websites there is information about: our marks Egepen Deceuninck and Winsa, products, our dealers and services. You can have information about our parent company Group Deceuninck by using the link [www.deceuninck.com](http://www.deceuninck.com)

In the corporate website information determined by TTK and Capital Markets Board Corporate Governance Principles takes place and updates are being made.

In the website of the company; announcement and agenda of general meetings, information about the items of the agenda, other related information, documents and reports, and participation methods to the general meetings are prominently presented

Disclosures included in the corporate website do not substitute the disclosures or special case disclosures required by provisions of Capital Markets Refulations.

All kinds of measures related with the security of the corporate website are taken and improvement works are being continued.



## **Disclosure of the Real Person who is/are the Ultimate Controlling Shareholder/Shareholders**

There is no real person who is the Ultimate Controlling Shareholder in our company. The current shareholding structure of our company is as follows :

	31 <sup>st</sup> December 2012	
	Amount (TL)	Share (%)
Deceuninck NV	58,100,520	97.54
Public Offering	1,466,380	2.46
Total	59,566,900	100.00

An easy access to disclosed information and actual information is available on the website of the company. Public disclosures are published in Turkish and/or English.

## **2.3 ACTIVITY REPORT**

Content of the activity report conforms to TTK, Capital Markets Regulations and SPK Corporate Governance Principles.

After the approval of the board of directors the activity report is presented to the shareholders in general meetings and is published in the website.

### **Public disclosure of the persons with access to the internal information**

Besides that the department managers related with the company's activities, General Manager, and the lists of the members of the Board of Directors and members of the Board of Audit are included in the activity report of our company.

## **CHAPTER 3 – BENEFICIARIES**

### **3.1. INFORMING THE BENEFICIARIES**

The beneficiaries are being informed about the activities of our company by general meetings and regulatory disclosures made within the framework of public disclosure principles. Those disclosures are made by activity reports and mediation of İstanbul Stock Exchange and KAP (Public Disclosures Platform).

Besides that the company's indemnity policy is explained within the Human Resources Policy.

### **3.2 BENEFICIARIES PARTICIPATION IN MANAGEMENT**

In order to provide the participations of the personnel of the different levels in management the meetings are regularly held every 3 months with the participations of the managers of departments and high level managers in which the annual targets are controlled and ideas are exchanged. The decisions made in those meetings are applied by the related departments and the necessary improvement work is performed.

### **3.3 HUMAN RESOURCES POLICY**

Human Resources Department, which is aware that human beings are the most effective factor in realization of the targets of our company, performs contemporary and strategical human resources applications on the success basis in collaboration with the other departments in accordance with mission, vision and core values of our company.

Purpose of the human resources policy is;

To carry our company to the future by our highly motivated employees adopting the core values of our company, with high performances and to realize its long term objectives.

Being within that context our main principles are as follows :

- to organize training plans aiming to improve knowledges and skills and personal developments of our employees and to create suitable circumstances for their professional developments
- to appraise the performance by measuring with objective criteria
- to reward high performances, to supply support to the inadequate performance to get improved
- To create and maintain safe, healthy and peaceful working conditions from the occupational safety and health viewpoint.
- To organize social activities for increasing the motivations and boosting the morales of the employees. To build solidarity, unity and team spirit by help of social activities.
- To take measures for increasing productivity and improving the working conditions.

#### **Employment Policy**

The most important source contributing to our success is our employees. Therefore our main purpose in the selection and employment process is to fill the vacant positions by persons bearing suitable qualities and abilities conforming to the policies of our company.

Our Human Resources Department gives equal opportunities to all the candidates, it acts according to the principle of not regarding the race, religion, language or sexual differences.

The whole selection and employment process is managed within the frame of the rules defined in "Personnel Demand and Employment Procedure".

Conformity of the candidate to the related position is appreciated as directly proportional to his/her conformity to the existing duty definition.

Human resources and the related manager make two different interviews with the probable candidates. Personality inventory analysis, foreign language test and other tests are applied to the candidates who are successful in the interviews.

#### **Education Policy**

Our company, which believes that one of the most important capital is human beings, acts continuously according to the principle of making investments to human beings. Within that context all our employees have various trainings for completin their professional or individual improvements. Education plans are prepared according to the annual performance evaluations and requirements of the positions and are applied.

Our company which pays special attention to health and safety of its employees organizes training programs for them about Occupational Safety and First Aid during the year.

#### **Compensation Policy**

When our company was setting the compensation policy for its employees, it took the Labor Law no. 4857 as a reference.

Within this framework;

Severance Pay is paid to the personnel whose labor contract ends through one of the ways prescribed in the Labor Law no. 4857 and who has a seniority of a particular period (or to the inheritors of the personnel in case of the death of the personnel) based on the working duration and salary of such personnel pursuant to the articles 14, 24, and 25 of the law.

Notice pay is paid to the employee in cash pursuant to the article 17 of the law no. 4857, or the employee may be made to enjoy it by allowing him/her to look for a job after noticing him/her, within the periods determined based on the seniority of the employee, that his/her labor contract is going to be terminated.

### **3.4. INFORMATION ABOUT THE RELATIONS WITH CUSTOMERS AND SUPPLIERS**

Our company tries to fulfill the demands and expectations of its customers and suppliers through multidirectional communication for increasing their satisfaction with us. To this end, customer and supplier visits are arranged and customer surveys are conducted in order to learn demands and expectations at first hand and seek solutions accordingly. A department has been formed within the body of our company so that final user complaints about the products manufactured by our company can be received. This department is easy to access through all means of communication. Those quality-related deficiencies which are detected, based on the examinations, to be resulting from production are compensated immediately.

### **3.5. CODES OF CONDUCT & SOCIAL RESPONSIBILITY**

#### **CODES OF CONDUCT**

Our partner Deceuninck N announced Corporate Codes of Conduct, which it has established in all companies to which it is a partner, to its employees in our company in 2004. Those who start working in our company are obliged to undersign these codes of conduct. The purpose of Corporate Codes of Conduct is to reveal our commitment to high ethical standards and to reinforce urgent and consistent actions aimed at the maintenance of these standards. All employees undertake to comply with high ethical and social behavior standards in terms of the content of the document.

#### **OUR MUTUAL RESPONSIBILITY**

You and your ideas create value and success for the company. We should respect and attach value on the unique characteristic and contribution of each employee.

#### **Diversity**

We encourage diversity among our employees. The diversity of individuals and ideas is a commercial advantage for our company.

#### **Equality of Opportunities**

No discrimination is allowed against any employee or any person with whom we cooperate due to age, race, color, religion, gender, physical handicap, nationality, sexual orientation, being veteran, or any other characteristic protected by laws.

## **Harassment and Violence in the Workplace**

Harassment and violence are strictly prohibited in the workplace. There is no tolerance for such acts. Undesired intimacy or sexual demands, inappropriate words or jokes, intimidation, unwelcome or annoying acts such as extortion or physical contact, or behaviors causing the emergence of a hostile working environment are among the forms of harassment in the workplace.

## **Safety and Health**

We undertake to create a safe and healthy workplace and to be attentive to each other, our company, and our environment. Everyone is obliged to abide by the health and safety rules applicable in our workplace. All of us are responsible for taking necessary measures for protecting ourselves and our colleagues against accidents, injuries, and unsafe situations. In addition, we are required to report, immediately, the situations threatening health and safety, and to take necessary steps in order to eliminate these kinds of adversities.

## **Use of Alcohol/Substance**

We undertake to create a workplace where no substance is used. If we work under the effect of alcohol or substance, that means endangering ourselves and others. It is prohibited to use, make available, and distribute unpermitted drugs and alcohol within the working hours or facilities of the company. The management may exceptionally allow the use of alcohol in special cases. Employees are encouraged for undergoing a treatment for alcohol and/or drug addiction.

## **Salary**

Ege Profil A.Ş. does not pay to its employees a salary below the legal or sector-wide minimum wages.

## **Human Rights**

Ege Profil A.Ş. undertakes to protect human rights throughout the world. In this respect, our company applies the following standards:

- Employees at all levels are provided with equal opportunities irrespective of their age, race, color, religion, gender, physical handicap, nationality, sexual orientation, being veteran, or any other characteristic protected by laws.
- Our company provides a safe and healthy workplace where human health and environment are protected.
- No salary below the legal or sector-wide minimum wages is paid to employees. Our employees are provided with opportunities to improve their skills and competences.
- Our company does not employ children, and does not support the employment of children. Child workers are defined as people below the allowed minimum age in accordance with the law legislated by relevant authorities. Ege Profil A.Ş. does not intentionally employ those who are below the age of 16 by any means.
- Our company signs contracts with its employees on an absolutely voluntary basis. Our company does not force anyone, directly or indirectly, to work for it, and does not support forced labor.

## **Information Technology Resources**

We, Ege Profil A.Ş., should use information technology resources ethically and responsibly. It is prohibited to access unethical information (through the websites containing pornography, violence, racism, etc.).

## **RESPONSIBILITY TOWARDS THE COMPANY**

### **Conflicts of Interest**

The decisions and actions taken on behalf of the company must never be affected by personal opinions or relations. The property, information, or positions in the company must not be used for gaining personal or familial interests. A conflict of interest may occur if we enter into business relations with our family members or close friends inside or outside the company or when we or any member of our family has a direct or indirect personal or financial interest due to any such business. Such problem may be experienced when external interests affect our capacity to perform our tasks as expected by the company, too. We should never make an attempt to get involved in a business that may compete against our company or to acquire a property or similar assets that may be reasonably expected to bring benefits to our company, before giving such opportunity to the company firstly.

## **RESPONSIBILITY TOWARDS THE PUBLIC**

### **Environment**

Protecting the environment is a proper choice and part of our corporate strategy. We undertake to be attentive to each other, our company, and our environment. During all of our activities, we try to reduce wastes, emissions, and substances left in the environment. We use, process, transport, and dispose of all raw materials, products, and wastes in a safe manner. In addition, we help others who use our products to understand the environmental responsibility they bear. We make an effort to improve our environmental practices permanently through cooperation with state institutions, contractors, and communities. Our commitment for the environment is a responsibility shared by everyone. No one can argue that this is the responsibility of others.

## **RESPONSIBILITY TOWARDS OUR BUSINESS PARTNERS**

### **External Business Operations**

We should be honest towards our suppliers and contractors. We trust in doing business with people who adopt and display high standards in their business operations. We do not welcome suppliers who violated laws including environmental, labor, and safety laws in the past.

## **RESPONSIBILITY TOWARDS LAWS**

Legal behavior standards are minimum acceptable behavior levels for us. We should abide by laws obviously, but we aim at a higher standard. The spirit of our corporate codes of conduct helps us in the face of exceptional situations.

Therefore, we should comprehend the purpose and spirit of our codes of conduct, and should seek advice of relevant people when we are hesitant about our action preferences.

## **SOCIAL RESPONSIBILITY**

Our production facilities have been certified by TS EN ISO 14001 Environmental Management System and TS 18001 Occupational Health and Safety Systems Standards (Izmir production facilities since 2007; Kocaeli-Sarimeşe production facilities since 2008).

Our company has not faced any accusation or sanction about environmental protection so far. It led its sector on a new subject in 2007 when it adopted the use of eco-friendly calcium zinc stabilizer instead of lead stabilizer. It recycles waste emerging at the production stage by 90% by using for its own production. Our company is not subject to emission permit. In our production facilities, an important step has been taken for preventing air pollution by turning our heating system to natural gas. Our recyclable wastes are separated, collected, and given to licensed establishments whereby they are reused. Our hazardous wastes are given to licensed establishments, too so that they can be disposed of without harming the environment.

Our factories are not subject noise permit. The level of noise is measured in the production site and its surrounding day and night. By this means, an attempt is made to keep the level of noise within legal limits.

No law suit has been opened against our company about the harms caused in the environment so far.

## **SECTION 4 –THE BOARD OF DIRECTORS**

### **4.1 THE FUNCTION OF THE BOARD OF DIRECTORS**

The Board of Directors manages and represents the company by especially paying regard to the long-term interests of the company through strategic decisions it takes with a rational and prudent risk management approach so that the risk, growth, and return balance of the company can be kept at the most appropriate level.

It defines the strategic goals of the company, and determines the human and financial resources to be needed by the company.

It supervises the compliance of corporate activities with legislation, articles of association, internal regulations, and the policies formed.

The task scopes, working principles, and the members of the committees to be constituted within the body of the Board of Directors are determined and announced to the public by the Board of Directors in accordance with the provisions of the Turkish Labor Law and the Capital Market Legislation.

Corporate policies and rules, which are required to be prepared pursuant to the Capital Market Legislation, are prepared by the Board of Directors. Such policies and rules are submitted for the information or approval of the General Assembly, and then they are announced.

### **4.2. THE ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS**

According to the articles of association of the company, the meetings of the Board of Directors may be held whenever required. In addition, the Board of Directors is obliged to meet minimum four times a year at the intervals of maximum three months.

Members are convoked for meetings in written by the secretariat of Head Office. Meeting agenda is set through the negotiations to be performed by the Chairman of the Board of Directors with members. The articles of association contain provisions concerning the validity of the decisions made

by the Board of Directors. According to these provisions, minimum 4 members must cast an affirmative vote in order for the decisions taken by the Board of Directors consisting of 5 members to be valid.

The Members of the Board of Directors are always entitled to cast a negative vote and lodge a statement of opposition. The veto rights of the Members of the Board of Directors have not been regulated by the articles of association of the company.

#### ***Prohibition of Competition and Operation with the Company for the Board of Directors***

The articles of association of our company do not contain provisions about the prohibition of competition and operation with the company for the chairman and the members of the Board of Directors within their periods of office. Without prior consent of the general assembly, they cannot perform any operation, personally or indirectly, with the company on behalf of or on account of themselves or others. Related provisions of the Turkish Commercial Code are applied when any such operation is detected.

The authorities set forth in the articles 395 and 396 of the Turkish Commercial Code have been granted to the Members of the Board of Directors at the end of proposals submitted in the General Assembly of our company.

Within the activity year 2012, the members of the board of directors have not performed any operation of the above-mentioned nature in connection with the company, and have not been engaged in attempts that may compete against the company in its areas of activity.

A total of 19 Board meetings were held in 2012.

#### **4.3. THE STRUCTURE OF THE BOARD OF DIRECTORS**

The Board of Directors consists of minimum 5 (five) members to be elected by the general assembly among shareholders or externally within the limits of the provisions of the Turkish Commercial Code.

The Board of Directors is designated in such a way that members can perform efficient and constructive activities, they can make rapid and rational decisions, and relevant committees can be constituted, and organize their works effectively. The numbers, qualifications, and appointment procedures of non-executive and independent members of the Board of Directors are determined in accordance with the relevant legislation provisions of the Capital Market and the regulations of the Capital Market Board regarding corporate management. The Members of the Board of Directors are elected by the general assembly of the company pursuant to the provisions of the Capital Market Legislation, the Turkish Commercial Code, and the Articles of Association of the Company. Any member whose term of office has ended may be re-elected provided that the Capital Market Legislations are abided by for independent members.

The company is managed and represented by the Board of Directors.

The Members of the Board of Directors are elected for maximum three years. Those members whose terms of office have ended may be re-elected. In the event that a membership becomes vacant for whatever reason, the board of directors elects someone who fulfills relevant legal requirements as a temporary board member.

Any temporary member who has been appointed in this way continues to fulfill his tasks until the first general meeting. If the general assembly approves it, the temporary member may continue to serve as a board member until the end of the term of office of the member whom he has replaced.

In the event that a legal person is elected as a member to the Board of Directors, a natural person, who has been determined by the legal person, is registered and announced on behalf of the legal person during the registration and announcement of the legal person. It is immediately published through the website of the company that relevant registration and announcement have been conducted. Only the natural person who has been registered as described above may participate and vote in meetings on behalf of the legal person. It is obligatory that the Members of the Board of Directors and the natural person to be registered on behalf of the legal person are absolutely capable.

Board members share tasks among themselves after they are elected. The Board of Directors is authorized to transfer management, partly or wholly, to one or several board members or to a third person through an internal directive to be issued by it.

#### **4.4. THE FORM OF THE MEETINGS OF THE BOARD OF DIRECTORS**

The Board of Directors may be convoked for a meeting by the chairman of the Board of Directors in his own capacity or when such meeting is demanded by any member of the Board of Directors. The Board of Directors meets minimum 4 (four) times a year at the intervals of maximum three months. The Board of Directors meets with the majority of the number of members. Decisions can be made by the majority of the members attending the meeting

The dates of the meetings of the Board of Directors are reported in written to the members of the Board of Directors within minimum 10 (ten) business days beforehand. A reasonable summary of the issues requested to be negotiated in the meeting and reports and other documents about these issues (if any) are attached to such written notification.

Board meetings are conducted in a place inside or outside the country to be determined by the Board of Directors. The language of meetings is English. However, the minutes and decisions of the board meetings are issued in Turkish. The English translations of the decisions taken are attached to the decisions, too.

As per the article 1527 of the Turkish Commercial Code, those who are entitled to attend a meeting of the board of directors/managers may attend such meetings electronically, too. The Company may establish an Electronic Meeting System to enable right holders to participate and vote in meetings electronically in accordance with the provisions of the Communiqué on Meetings Except for General Meetings of Joint-Stock Trading Companies to Be Held Electronically, or purchase service from the systems established for this purpose.

#### **4.5. THE NUMBERS, STRUCTURES, AND THE INDEPENDENCY OF THE COMMITTEES ESTABLISHED WITHIN THE BODY OF THE BOARD OF DIRECTORS**

***The committees required to be established within the scope of Company Board of Directors and Corporate Management Principles consist of the names indicated below.***

***The Board of Directors***



Clement Edmont De Meersman	Chairman of the Board of Directors
Tom A. Debusschere	Member of the Board of Directors
Ergün Çiçekçi	Member of the Board of Directors
Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Fatma Çağlayan Orhaner Dünder	Member of the Board of Directors (Independent Member)

#### ***Committee Responsible for Auditing***

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Fatma Çağlayan Orhaner Dünder	Member of the Board of Directors (Independent Member)

Audit Committee meets once every three months. It consists of two members. The Audit Committee conducts its activities based on the generally accepted principles. There is no other written regulation indicating the procedures to be followed by it.

The members of the Audit Committee are elected among non-executive members who are competent in the subjects.

#### ***Committee for Early Detection of Risk***

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Koen Kurt Vergote	Financial Analysis and Budget Director

#### ***Corporate Management Committee***

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Tom A. Debusschere	Member of the Board of Directors

The Committee for Early Detection of Risk and the Corporate Management Committee conduct their activities based on the generally accepted principles. There is no other written regulation indicating the procedures to be followed by them.

#### ***Risk Management and Internal Control Mechanism***

Our Company is subjected to audits by the Audit Committee, Auditors, and the internal auditing team of Deceuninck Group, our partner, in order to ensure the compliance of the actions and transactions performed with both legal legislation and the company policies.

In addition, whether the requirements of ISO 9001 Quality Management System are fulfilled in our company is checked through internal inspections conducted periodically. Improvement works are launched when they are deemed necessary.

#### **4.6. THE FINANCIAL RIGHTS PROVIDED TO THE BOARD OF DIRECTORS**

The monthly wages or attendance fees to be paid to the chairman and the members of the Board of Directors are determined by the general assembly.

Share certificate options or payment plans based on the performance of the Company are not used in determining the salaries of Independent Members of the Board of Directors.

The sum of salaries and similar benefits provided to the Chairman and the Members of the Board of Directors, and top executives such as general directors, general coordinators, and vice general directors in the periods ending on the 31<sup>st</sup> of December 2012 and 2011 is TL 3,903,158 (31 December 2011 – TL 3,429,983).