

31.12.2013 CORPORATE GOVERNANCE PRINCIPLES

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our company complies with and applies Corporate Governance Principles, issued by Capital Market Board in 2013 activity year.

Our company, as being subject to regulations of Capital Market Board with respect to public disclosure and transparency issues, fulfils its legal obligations in full; and periodically discloses its financial tables, footnotes and Independent Audit Reports to the public. Moreover, when extraordinary conditions are in question, it makes material disclosures at Borsa İstanbul Inc.

Our company, occupying an important position in plastic door and window sector, prioritise customer satisfaction.

In order to meet and settle demands and expectations of customers in the quickest way, Department of Customer Relations has been established. By means of questionnaires conducted periodically and mutual negotiations held with our dealers, the demands are evaluated and decisions are taken accordingly.

SECTION 1 - SHAREHOLDERS

1.1. SHAREHOLDER RELATIONS UNIT

Our company has not established a separate unit for relations with shareholders; the relations with shareholders are managed by Banu Özberber and Ayşe Kara who have been assigned by Directorate for Financial Affairs.

Primary duties of the unit include the followings:

- Responding to information requests of shareholders,
- Ensuring proper organisation of General Assembly meetings,
- Preparing documents for shareholders with respect to General Assembly meetings,
- Ensuring that the results of voting are recorded and that the reports related to such results are notified to the shareholders
- Observing and monitoring every kind of issue with relation to public disclosure.

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1.2. EXERCISE OF SHAREHOLDERS' RIGHTS TO INFORMATION

Information requests of shareholders are met and shareholders are informed about issues such as general assemblies, stocks, profit distribution suggestions, etc. by our personnel assigned by Directorate for Financial Affairs.

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During the period, 2 written information requests were made by our shareholders and such requests were responded.

All of information requests made and questions asked by our shareholders via telephone during the period have been responded.

Nearly all of questions asked by shareholders to our company are related to course of market prices of our stocks, sales turnover, periodical profit and payment of dividend. Such kind of questions are not answered in accordance with the Legislation of Capital Market Board if such information has not been disclosed to the public yet; if such information has already been disclosed to the public, the shareholders are made to obtain such information easily and accurately. General Briefings and Material Disclosures are made by means of Borsa İstanbul Inc. and PDP (Public Disclosure Platform).

In articles of association of our company, “request for assignment of private inspector” has not been regulated as an individual right; in such cases in which there is no provision in the articles of association, related articles of Turkish Code of Commerce are taken into consideration.

1.3. INFORMATION ABOUT GENERAL ASSEMBLY

Our company has held its Ordinary General Assembly meeting, related to the activities of 2012, on June 5, 2013 in the company headquarters located at Atatürk Organize Sanayi Bölgesi 10003 Sok. No:5 Çiğli- İZMİR

In the General Assembly the meeting has been held by a majority of 97,54%: out of 5.956.690.000 stocks, equal to 59.566.900,00 TL total capital of company, 5.810.052.200 of the stocks have been represented by proxy and 200.000 of the stocks have been represented personally.

In the articles of association of our company, it has been stated that shareholders representing at least 75% of company’s capital should attend General Assembly meetings. Calls for such meetings have been made by means of notice published in 445-448 pages of Trade Registry Gazette dated 07.05.2013 and no. 8314. In such notice of meetings, the followings have been included: place, date and time of general assembly, text of amendment to the articles of association, sample of letter of attorney for attorneys to attend the general assembly meeting, the deadline for submitting the documents showing the amount of shares for attending the meeting, and date and place for submitting financial tables, board of directors, independent inspector and auditor reports of 2012 to the examination of shareholders.

In the General Assembly, the shareholders have not exercised their rights to ask questions and they have not made any suggestion.

Taking a decision with respect to below mentioned issues is possible only by Resolution of General Assembly:

- i) Amendments in the articles of association,

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- ii) Appointment, discharge and revocation of members of Board of Directors (except for assignment of provisional member by the board of directors according to article 10 of articles of association),
- iii) Approval of profit and loss account, annual balance sheet of company and distribution of profit,
Issuance of bonds or other securities by company, save for provisions of additional clause 32,
- vi) Liquidation and merger of company.

Unless a larger quorum is stipulated under legislation with respect to resolutions related to substantial transactions determined in accordance with the first clause of article 23 of Capital Market Law and with respect to resolutions related to limitation of rights to acquire new shares, authorisation of board of directors to limit the rights to acquire new shares in registered capital system and capital decrease, massive quorums included in article 20 of company's articles of association are applied.

Minutes of General Assembly Meetings are submitted for consideration of shareholders in company headquarters.

Attending General Assembly Meetings via Electronic General Assembly

Beneficiaries, holding the right to attend general assembly meetings of the company, may attend such meetings electronically under article 1527 of Turkish Code of Commerce. The company, under provisions of Regulations on General Assemblies held Electronically in Companies, may either establish a electronic general assembly system which enables beneficiaries to attend general assembly meetings electronically, to submit their opinions, to make suggestions and to vote, or buy service from systems established to this end.

However; considering that there is no obligation for companies traded in Second National Market of İstanbul Stock Exchange to hold electronic general assembly and such companies may voluntarily hold electronic general assembly, no stipulation has been included in company's articles of association with respect to holding electronic general assemblies, and the assembly has been held in physical media.

Donation and Grant Policy

Our company can make donations and grants to foundations, organisations, education and training institutions, public institutions and organisations by approval of the Management and within the framework of principles stated in Capital Market Board and Turkish Code of Commerce.

During such donations and grants, related regulations of Ministry of Finance are taken into consideration and organisations which are subject to tax exemption are given priority. With respect to the type, amount of donation and selection of the addressee institution, organisation or non-governmental organisation of the donation, compliance with social responsibility criteria is regarded. Besides these, donations and grants can be made to foundations, organisations, etc. which have been established in order to operate in the same activity field with the company.

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Detailed information is given in Ordinary General Assembly Meeting of the related year with relation to all donations and grants made within the period. As a matter of fact, in General Assembly of our company, the shareholders have been informed about the donations and grants made within the period.

1.4&5. VOTING RIGHT AND DISSENTERS' RIGHTS

According to our company's articles of association, each share has one voting right in Ordinary and Extraordinary General Assembly meetings, and there is no privileged share in voting.

In General Assembly meetings, votes are casted openly and by raising hands. However; upon request of shareholders representing 5% of the capital or representatives of such shareholders, it is obliged to conduct secret voting.

In general assembly meetings of our company, cumulative voting method is not used. Quorum in general assembly is composed of affirmative votes of ¾ of available votes, regardless of which meeting is being held.

1.6. PROFIT DISTRIBUTION POLICY AND PROFIT DISTRIBUTION TIME

According to our company's articles of association, after obligatory amounts, which are required to be paid and appropriated by the company such as general expenses and various depreciation, and taxes that are required to be paid by company's legal entity are deducted from the incomes determined at the end of account year, the remaining net profit included in annual balance sheet is distributed as shown below, after deduction of loss from previous year (if available).

PRIMARY RESERVE

a) 5% of such amount is appropriated as legal reserve.

First Dividend

b) First dividend is appropriated from the remainder at the rate and amount determined by Capital Market Board.

c) 10% of the remainder is distributed to the holders of dividend shares.

Second Dividend

d) After deduction of amounts stated in sub-clauses a, b and c from the net profit, the general assembly is authorised to distribute the remaining part as second dividend share partly or completely or to appropriate as reserves.

SECONDARY RESERVE

e) After the deduction of 5% profit rate of paid-in capital from the part negotiated to be distributed to shareholders and other parties participating in profit, 1/10 (one tenth) of remaining amount is appropriated as secondary reserve under 3rd sub-clause of 2nd clause of article 519 of Turkish Code of Commerce.

f) Unless reserves required to be appropriated and first dividends determined for share in articles of association are appropriated, no resolution can be made towards appropriation of other reserves, transfer of profit to the next year; and unless first dividend is not distributed,

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no resolution can be made towards distribution of profit to members of board of directors, officers, personnel and workers.

The profit of our company to be distributed for the related year is prepared by considering legislative provisions and by means of a distribution policy which takes profit distribution suggestions submitted by our board of directors to the General Assembly, profitability of our company, expectations of shareholders and growth strategies of our company into consideration.

General Assemblies are held within 3 months following the end of account period each year; and profit distribution is made within due period in line with the decision taken by general assembly for the date of profit distribution. Profit distribution offer of Board of Directors and profit rate per share are included in activity report.

1.7. TRANSFER OF SHARES

There is no restrictive provision in company's articles of association with respect to the transfer of shares.

SECTION 2 - PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. INFORMATION POLICY OF THE COMPANY

Information policy of our company aims to present information related to former performances, future expectations and vision of our company, except for confidential trade secrets, to shareholders, capital market participants and public in a complete, fair, accurate, timely, comprehensible and equal manner within the framework of generally accepted accounting principles and Provisions of Capital Market and within the characteristic of the sector in which the activities are carried out.

The company complies with Turkish Code of Commerce (TCC), Legislation of Capital Market, regulations of Capital Market Board (CMB) and Borsa İstanbul Inc. (ISE) with respect to public disclosure; it attaches great attention to fulfil principles included in CMB Corporate Governance Principles within the framework of characteristic of the sector in which the activities are carried out. This policy regulates the written and oral communication between shareholders and beneficiaries of the company, and capital market participants.

Board of Directors is responsible for establishment, follow-up, review and improvement of Information Policy of the Company.

Public Disclosure Methods and Instruments

Save for Legislation of Capital Market Board and provisions of TCC; methods and instruments used by company with relation to public disclosure and information are as follows;

- a) Material disclosures delivered to ISE via Public Disclosure Platform (PDP),
- b) Central Registry Agency (CRA) "e-GOVERN: Corporate Governance and Investor Relations Portal",
- c) Financial tables and footnotes, independent audit reports and statements delivered periodically to ISE via PDP,
- d) Annual activity reports,
- e) Corporate website { www.egeprofil.com.tr }

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- f) Announcements and declarations made by means of Turkish Trade Registry Gazette and daily newspapers,
- g) Press releases made by means of printed and visual media,
- h) Briefing and meetings held with Capital Market Participants face-to-face or by means of tele-conference,
- i) Communication methods and means such as telephone, electronic mail, tele-fax, etc.

Persons Authorised to Make Public Disclosure

Except for above mentioned notifications, authority limits of persons authorised to make disclosure with relation to the requested information have been determined in accordance with the level of such information.

Every kind of question and explanation submitted to the company may be answered in written or orally by Chairman and Members of Board of Directors, Members of Supervisory Committee, Director General and people assigned by Directorate for Financial Affairs within the limits of such authority.

Personnel other than such people are not authorised to respond to written and/or oral information requests made by capital market participants.

Material Public Disclosures

Material disclosures are prepared by the person assigned by Directorate for Financial Affairs and delivered to ISE by means of PDP after signed electronically by two authorised persons, and disclosed to public on website of the company.

Material disclosures are prepared in a timely, accurate, not-misleading and comprehensible manner in order to help people and entities to benefit from such disclosure take decision.

In the event that company personnel notices that material and important information, which was disclosed to public, has been disclosed unintentionally, he/she informs the officers of Directorate for Financial Affairs about such situation. In such a case, a material disclosure is prepared in line with provisions of Capital Market Legislation and delivered to ISE by means of PDP.

Our company has made 21 material disclosures in 2013. All of such disclosures have been made within the framework of Public Disclosure Principles and in accordance with the legislation. No amendment or additional disclosure has been made by Borsa İstanbul Inc. or Capital Market Board with respect to the material disclosures of 2013.

Disclosure of Financial Tables to the Public

Interim and annual financial tables of the company are prepared within the framework of provisions determined by Capital Market Board and in line with International Financial Reporting Standard. Such tables are subjected to independent audit for periods stipulated by the legislation, and after the assent of Supervisory Committee and approval of Board of Directors, delivered to ISE via PDP together with the state of responsibility and afterwards disclosed to the public within the framework of Capital Market legislation.

Interim and annual financial tables related to former periods can be found in the website of the company.

Corporate Website

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Website of our company is www.egeprofil.com.tr. Upon entering our site, automatic transition is made to www.egepen.com.tr and www.winsa.com.tr. The site includes information about our Egepen Deceuninck and Winsa products, which are our brands, our dealers and services. By means of www.deceuninck.com link included in the site, information about Deceuninck Group can be obtained.

In the website of company, information determined by TCC and Capital Market Board Corporate Governance Principles are provided and such information is updated in accordance with the amendments.

Notices for General Assembly meetings, agenda items, documents related to agenda items and other information, documents and reports related to agenda items and information about participation into General Assembly are included in the site remarkably.

Disclosures made in the website of company do not replace notices and material disclosures required to be made under provisions of Capital Market Legislation.

Every kind of measure is taken with relation to safety of website of the company and activities towards improving such website are carried out continuously.

Website of company provides easy access to former and current information disclosed to the public. Public disclosures are published in Turkish and/or in English.

General Assembly Meetings

Financial tables and reports, including the annual activity report, profit distribution suggestions, assignment of independent audit company, policies required to be established according to CMB, other documents constituting a basis for agenda items of General Assembly and current version of Articles of Association and text of amendment, if changes will be made in the Articles of Association, are kept open to the examination of shareholders in company headquarters and website, at accessible points. Agenda topics of General Assembly are stated clearly and non-deceptively.

Activity Report

Content of activity report is prepared in accordance with TCC, Capital Market legislation and CMB Corporate Governance Principles. The Activity Report is submitted to the approval of Board of Directors, presented to shareholders in General Assembly meeting and published in the website.

Announcements and Declarations made by means of Turkish Trade Registry Gazete and Daily Newspapers

Under Capital Market Law, TCC and the Articles of Association, declarations related to amendments in articles of association, capital increase and profit distribution are made by means of Turkish Trade Registry Gazete and Daily Newspapers.

Media Disclosures

Organisation of Press Conference in any subject and/or disclosure by means of Pres Release is made by the instruction of Director General. In important cases, approval of Board of Directors is obtained.

Such Press Conference and/or Press Release are notified to press agencies of Corporate Communication Department.

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Determination of parties with administrative responsibility and formation of list related to parties having access to internal data

People with administrative responsibility are not the members of management and supervision organs of the company; they are the ones who have direct or indirect access to internal data related to the company or the ones who have close association with such people.

List of people having access to internal data is sent electronically to the related organisation which represents us in Central Registry Agency to carry out our transactions, and printed lists are saved electronically in the company.

Deferral of disclosure of internal data to the public

Information defined as internal data includes the information which has not been disclosed to the public yet and which can affect the value of issued public securities and decision of investors holding or acquiring such securities towards investment.

In order to prevent damage of legal rights and benefits, postponing the disclosure of internal data is subject to the authorisation of Board of Directors and/or Director General. Maintenance of the confidentiality of such information during deferral period is under the responsibility of personnel having access to such information, and measures required for maintenance of confidentiality are taken by Directorate General and disclosure is made after the elimination of reasons causing deferral.

Measures for maintenance of confidentiality of internal data until being disclosed to the public

It is attached importance to ensure that company personnel comply with the rules related to the usage of internal data.

Company personnel protect the information which they have learned and which is considered as trade secret while working and afterwards; they do not use such information directly or indirectly.

Communication with Capital Market Participants

The company has not been established a separate unit for relations with shareholders; and relations with shareholders are carried out by people assigned by Directorate for Financial Affairs.

Procedures and Follow-up Mechanism to be used with respect to News published by Press-Media Organs

By means of media follow-up agency, printed and visual media is followed on a daily basis. Moreover, news published with relation to the company in other subscribed data broadcasting channels is followed. Content of news related to the company are evaluated by the Directorate General and Material Disclosure is made when required.

Baseless News Afloating in the Market

The company, as a principle, does not render opinion about the market rumours and speculations related to itself. Disclosures are made with respect to such market rumours when verification request is made by CBM and/or ISE within the provisions of Capital Market Legislation or when Company management considers it necessary and appropriate.

Declarations towards the Future

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Declarations related to the expectations of company towards future are made only by people authorised to make public disclosure by the approval of Board of Directors and/or Director General within the framework of Information Policy of the Company.

Enforcement

This Information Policy has entered into force by submission to the information of Company's General Assembly. In case of a need for amendment in the information policy, such amendment is submitted to the information of General Assembly after the approval of Board of Directors and disclosed to the public accordingly.

2.2. CORPORATE WEBSITE AND CONTENT

Website of our company is www.egeprofil.com.tr. Upon entering our site, automatic transition is made to www.egepen.com.tr and www.winsa.com.tr. The site includes information about our Egepen Deceuninck and Winsa products, which are our brands, our dealers and services. By means of www.deceuninck.com link included in the site, information about Deceuninck Group can be obtained.

In the website of company, information determined by TCC and Capital Market Board Corporate Governance Principles are provided and such information is updated in accordance with the amendments.

Notices for General Assembly meetings, agenda items, documents related to agenda items and other information, documents and reports related to agenda items and information about participation into General Assembly are included in the site remarkably.

Disclosures made in the website of company do not replace notices and material disclosures required to be made under provisions of Capital Market Legislation.

Every kind of measure is taken with relation to safety of website of the company and activities towards improving such website are carried out continuously.

Declaration of Natural Person Ultimate Controlling Shareholder/Shareholders

Our company has no natural person ultimate controlling shareholder. Current partnership structure of our company is as follows:

	December 31, 2013	
	Amount	Share
	(TL)	(%)
Deceuninck NV	58.100.520	97,54
Public offering	1.466.380	2,46
Total	59.566.900	100,00

Website of company provides easy access to former and current information disclosed to the public. Public disclosures are published in Turkish and/or in English.

2.3 ACTIVITY REPORT

Content of activity report is prepared in accordance with TCC, Capital Market legislation and CMB Corporate Governance Principles.

The Activity Report is submitted to the approval of Board of Directors, presented to shareholders in General Assembly meeting and published in the website.

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Disclosure of people who can learn internally to the public

Moreover, in the activity report of our company, list of department managers, Director General, members of Board of Directors and Supervisory Committee is included.

SECTION 3 - BENEFICIARIES

3.1. INFORMING BENEFICIARIES

The beneficiaries are informed by means of material disclosures with relation to the activities of our company within the framework of general assemblies and public disclosure principles. Such informing activity is carried out by means of activity reports, Borsa İstanbul Inc. and PDP (Public Disclosure Platform).

Moreover, compensation policy towards the company personnel has been declared within human resources policy.

3.2 PARTICIPATION OF BENEFICIARIES INTO MANAGEMENT

Our company regularly and quarterly holds meetings with department managers and directors and high level managers in order to ensure participation of personnel at various levels into management; during such meetings annual goals are controlled, representation is made on the basis of departments, and opinions are exchanged with relation to the agenda of the meeting. The decisions taken in such meetings are applied by the departments and necessary improvement activities are carried out.

3.3. HUMAN RESOURCES POLICY

The Human Resources Department carries out successful, contemporary and strategic human resources practices, in cooperation with other departments and on the basis of compliance with mission, vision and basic values of our company and being aware of the fact that human is the most effective resource in achieving the goals. The objective of our human resources policy is as follows:

To carry our company to the future with our personnel who adopts the company soul and who has high motivation, professional satisfaction and performance, and to ensure our company to realise long-term goals.

In this context, our basic principles are as follows;

- Creating a working environment for our personnel, in which they can improve themselves personally and professionally, organising education programmes towards increasing knowledge, skills and personal development of them.
- Measuring and evaluating the performance by means of objective criteria,
- Awarding high performance, and providing support for improvement of low performance,
- Creating a healthy and peaceful working environment in terms of occupational safety and occupation health,
- Organising social events to increase spirit and motivation of the personnel. Ensuring sense of belonging, unity and solidarity,

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- Taking measures to increase productivity and enhance working conditions.

Recruitment Policy

The most important resource of our success consists of our personnel. Therefore, our basic aim during selection and recruitment process is to fill open positions with people who have qualities and competencies that comply with policies of our company.

Our Human Resources department offers equal opportunities to all candidates and makes no discrimination related to age, race, colour, religion, gender, physical disability, nationality, sexual orientation, being veteran or legal protection.

Our entire recruitment process is fulfilled within the framework of rules defined in our “Personnel Demand and Recruitment Procedure”.

Suitability of the personnel to be recruited for the related position is evaluated in line with his/her suitability for current terms of reference.

Human resources department and related manager make two interviews with the suitable candidates. The candidates being successful in such interviews are subjected to personality inventory analysis, foreign language test and other tests.

Education Policy

Our company, believing that human is one of the most important capitals of the company, acts by the principle of constant investment in human. In this context, all our employees undergo several education programmes in order to fulfil their professional and personal development. In line with performance evaluations made throughout the year and requirements of the position, training plans are prepared and applied within the year.

Our company, showing great sensitivity to the health and safety of the personnel, organises various Occupational Safety and First Aid training programmes for all employees throughout the year.

Compensation Policy

Our company has taken Labour Law no. 4857 as a reference while establishing its compensation policy for the personnel.

Within this framework;

Severance pay is paid, on the basis of working period and fee of the related personnel, to the personnel whose employment contract terminates as a result of cases stipulated in law no. 4857, or to the heir of such personnel, pursuant to articles 14, 24 and 25 of the respective law.

Notice pay is paid to the worker in cash or used as permission for job seeking given to the worker by notifying that his/her employment contract will be terminated, pursuant to article 17 of law no. 4857.

3.4. INFORMATION ABOUT RELATIONS WITH CUSTOMERS AND SUPPLIERS

Our company tries to meet demands and expectations of both the customers and suppliers by means of multilateral communication in order to increase satisfaction.

To this end, visits are made with relation to customers and suppliers and demands and expectations are learned at first-hand by means of customer questionnaires and solutions are searched. A department has been established in order to receive complaints of final customers with respect to the products manufactured by our company. Easy access has been facilitated to

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this department by means of every kind of communication means. Quality deficiencies, resulting from manufacturing, are immediately eliminated after several examinations.

3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY

ETHICAL RULES

Our partner Deceuninck NV has declared its Corporate Codes of Conduct, which it established in all its participation companies, to the personnel of our company in 2004; and during current recruitments, such codes are signed. The objective of Corporate Codes of Conduct includes presenting our commitment to high ethical standards and reinforcing immediate and consistent actions towards preservation of such standards. All employees undertake to comply with high ethical and social codes of conduct in terms of content and essence of the document.

MUTUAL RESPONSIBILITY

You and your ideas create value and success for the company. We have to value and respect for special character and contribution of each employee.

Diversity

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

Equal Opportunity

No discrimination is allowed against an employee or a partner due to age, race, colour, religion, gender, physical disability, nationality, sexual orientation, being veteran or legal protection.

Harassment and Violence in the Workplace

Harassment and violence are severely prohibited in the workplace and such actions are not tolerated. Behaviours resulting in an unwelcomed or irritating ambience or an unfriendly working environment, such as undesired intimacy or sexual demands, inappropriate words, jokes, intimidation or physical contact, are types of harassment in the workplace.

Safety and Health

We guarantee to create a safe and healthy workplace and to care for ourselves, company and environment. Each of us is liable to abide by health and safety rules which are in force in the workplace.

We are all responsible for protecting ourselves and colleagues against accidents, injuries and unsafe events. Moreover, cases threatening the health and safety should be reported immediately and we have to take steps required for eliminating such cases.

Use of Alcohol/Substance

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We guarantee to create a workplace without substance use. Working under the effect of alcohol or substance endangers us and the others. Using, keeping and distributing drugs and alcohol, which are not allowed, during working hours or at company facilities are prohibited. In special occasions, alcohol use can be allowed exceptionally by the management. Employees are encouraged to undergo treatment for alcohol and substance addiction.

Wage

Personnel of Ege Profil Inc. is not paid wages below than the minimum legal wages or the wages in the sector.

Human Rights

Ege Profil Inc. guarantees to protect rights of people throughout the world. To this end, our company supports the following standards:

- Presenting equal opportunities for employees at every level, regardless of age, race, colour, religion, gender, physical disability, nationality, sexual orientation, being veteran or legal protection.
- Providing a safe and healthy workplace in which human health and environment are protected.
- Personnel is not paid wages below than the minimum legal wages or the wages in the sector. Opportunities to improve their skills and competencies are offered.
- Our company does not employ children and does not support employment of children. Child workers are defined as people below the minimum age allowed by the law. Ege Profil Inc. does not employ people below the age of 16.
- Our company makes contracts with its employees on voluntary basis. The company does not force anybody to work for itself directly or indirectly, and does not support involuntary workforce.

Information Technology Resources

As Ege Profil Inc., we have to use information technology resources in a responsible manner and by means of ethical methods complying with the related rules. Access to unethical information (over websites with porn, violence or racist, etc. contents) is prohibited.

RESPONSIBILITY TOWARDS THE COMPANY

Conflict of Interest

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Commercial resolutions and activities made on behalf of company should never be affected from personal views or relations. We should not use company assets, information and position for personal or family-related interests. When we establish business relation with family members of close friends in or out of the company, or when a family member has a direct or indirect financial interest with relation to any business, conflict of interest may arise. In case that external interest affect our capacity to carry out our work in the manner stipulated by the company, the same situation can occur. We should not make an attempt to include in a business that competes with the company or to acquire a property or similar assets, from which the company may gain advantage, before offering such opportunity to the company first.

RESPONSIBILITY TOWARDS PUBLIC OPINION

Environment

Protection of environment is a right choice and a part of our corporate strategy. We make commitment towards each other for protection of company and the environment. In all our activities, we try to reduce wastes, emissions and substances left in the environment. We use, process, carry and dispose all raw materials, products and wastes in a safe manner. Moreover, we help others comprehend environmental responsibility they have while using our products. We make effort to carry our environmental practices to the future together with public institutions, contractors and communities. The commitment that we make for the environment is a shared responsibility. Nobody can assert the contrary.

RESPONSIBILITY TOWARDS OUR BUSINESS PARTNERS

External Commercial Activities

We have to be honest towards our suppliers and contractors. We believe in carrying out business with people who adopt and display high standards in their commercial activities. We do not lean towards suppliers who have breached the laws including environmental, professional and safety laws.

RESPONSIBILITY TOWARDS THE LAW

Legal conduct standards constitute the minimum acceptable conduct level for us. We have to abide by the law; but we also aim a higher level of standard. Spirit of our corporate codes of conduct helps us in all material cases.

Accordingly, we have to comprehend the aim and spirit of our corporate codes of conduct and we have to consult to the related parties when we feel undecided about our preferences related to our acts.

SOCIAL RESPONSIBILITY

İzmir manufacture plant of our company has been certified since 2007 and Kocaeli Sarımeşe manufacture plant has been certified since 2008 with TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environment Management System and TS 18001 Occupational Health and Safety Management Systems standards.

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Our company has not been encountered with any blame or sanction with respect to environmental protection. In 2007, it ended using lead stabilizer and started using calcium-zinc stabilizer, and accordingly led the sector in another field. By using 90% of wastes produced during manufacture stage, it carries out a recycling process. In manufacture plants of our company, which is not subject to emission permit, an important step has been taken towards the prevention of air pollution by converting the heating system into natural gas. Reversible wastes are separated and collected and given to licensed institutions for recycling. Hazardous wastes are also given to licensed institutions and disposed without damaging the environment.

In our factories, which are not subject to noise permit, noise level is measured day and night in the manufacturing plants and around, and the level is tried to be kept within the legal limits.

There is not claim filed against our company due to any damage given to the environment.

SECTION 4 – BOARD OF DIRECTORS

4.1 FUNCTION OF BOARD OF DIRECTORS

The Board of Directors manages and represents the company by keeping risk, growth and return balance of company at the optimal level by means of its strategic decisions and looking after primarily the long-term interests of the company with a rational and precautionary risk management approach.

It defines strategic goals of the company, and determined human sources and financial resources to be required by the company.

It monitors compliance of company activities with the articles of association, legislation, internal directives and policies.

Task fields, working principles and members of committees to be established within the Board of Directors are determined by the Board of Directors in accordance with provisions of TCC and Capital Market legislation and disclosed to the public.

Company rules and policies, required to be established under Capital Market Legislation, are prepared by the Board of Directors, and submitted to the information or approval of General Assembly when required, and declared.

4.2. ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS

According to company's articles of association, the Board of Directors meetings can be held at all times when considered necessary; however, the board of directors has to convene at least four (4) times in a year, within three months at the latest as of the previous meeting of board of directors.

Members are invited to the meetings in written by secretary of Directorate General. The agenda of the meeting is determined by means of negotiations made by Chairman of Board of Directors with the members. The validity of decisions of Board of Directors has been regulated in the

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articles of association; the Board of Directors meets by majority of total number of members and takes decision by majority of members attending the meeting.

The members of Board of Directors reserve their rights to reject against the decision and report a minute of dissent. According to company's articles of association, veto power against decisions of Members of Board of Directors has not been regulated.

Prohibition of Doing Business and Competition with Company with respect to Members of Board of Directors

In our company's articles of association, there is no regulation related to the prohibition of doing business and competition with the company within the period with respect to Chairman and members of Board of Directors; however, they cannot make any transaction in the company personally or indirectly on their own behalf or on behalf or account of others without obtaining consent of general assembly. In case of detection of any transaction, related provisions of Turkish Code of Commerce are applied.

In General Assembly of our company, the members of Board of Directors have been granted with the powers listed in articles 395 and 396 of TCC.

In activity year of 2013, the members of board of directors have not carry out any transactions related to the company and they have not engaged in initiatives which would compete in terms of activity fields.

In 2013, **20** Board of Directors meetings were held **in total**.

4.3. STRUCTURE OF BOARD OF DIRECTORS

The Board of Directors is composed of at least 5 (five) members selected by general assembly among shareholders or externally within the framework of provisions of TCC.

The Board of Directors is organised in a manner enabling its members to carry out productive and constructive activities, to take quick and rational decisions, to establish committees and to regulate their works in an efficient way. The number of members to take charge in the board of directors but not engage in executive works, and the number of independent members, their qualities and appointment procedures are determined in accordance with related legislative provisions of Capital Market and regulations of Capital Market Board with relation to corporate governance. Members of Board of Directors are selected by general assembly in accordance with provisions of Capital Market Legislation, Turkish Code of Commerce and Company's Articles of Association. With respect to independent members, the members whose term of office ends may be re-selected, provided that provisions of capital market legislation should be applied.

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

Members of Board of Directors are assigned for a period of maximum three years. The members whose terms of office end may be re-assigned. In case of vacancy in membership for any reason, the board of directors temporarily selects a person bearing legal conditions as member of board of directors.

Such selected temporary member maintains his/her duty until the first general assembly meeting, and upon the approval of general assembly he/she completes the term of office of former member.

In case of selection of a legal entity as the member of board of directors, only one natural person, determined by such legal entity, is registered and announced on behalf of the legal

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entity; moreover, such registration and announcement is declared on the website of company. Only such natural person can attend the meetings and vote on behalf of the related legal entity. Members of board of directors and the natural person representing a legal entity should be fully competent.

The members of board of directors share tasks among them after being selected. The Board of Directors, pursuant to an internal directive, is authorised to transfer management partly or completely to one or more members of board of directors or to a third party.

4.4. TYPE OF MEETINGS OF BOARD OF DIRECTORS

The Board of Directors can be called for meeting at any time upon request of one of its members or ex-officio by the chairman of board of directors. However, the board of directors has to convene at least four (4) times in a year, within three months at the latest as of the previous meeting of board of directors. The Board of Directors meets by majority of total number of members and takes decision by majority of members attending the meeting.

The members of the board of directors are notified about the date of meetings within 10 (ten) business days beforehand at the latest. Such notification is sent together with a reasonable summary of issues to be negotiated in the meeting and related reports and documents if available. Meetings of board of directors are held at home and abroad, at a venue to be decided by the board of directors and in English. However, minutes and decisions of the meetings of board of directors are prepared in Turkish. English translation of decisions is attached to the decisions.

Parties, holding the right to attend board of directors meetings of the company, may attend such meetings electronically under article 1527 of Turkish Code of Commerce. The company, under provisions of Communiqué on Boards, except for Incorporation General Assemblies, held Electronically in Trading Companies, may either establish a electronic meeting system which enables beneficiaries to attend meetings electronically and to vote, or buy service from systems established to this end.

4.5. NUMBER, STRUCTURE AND INDEPENDENCY OF COMMITTEES ESTABLISHED IN BOARD OF DIRECTORS

The Board of Directors of the company and committees required to be established within the scope of Corporate Governance Principles include the followings.

Board of Directors

Clement Edmont De Meersman	Chairman of Board of Directors
Tom A. Debusschere	Member of Board of Directors
Ergün Çiçekçi	Member of Board of Directors
Marcel Klepfisch	Member of Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of Board of Directors (Independent Member)

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Member)

Supervisory Committee

Marcel Klepfisch

Member of Board of Directors (Independent Member)

Yasemin Ünlü Romano

Member of Board of Directors (Independent Member)

Supervisory Committee meets quarterly and consists of 2 members. Supervisory Committee carries out its activities within the framework of generally accepted accounting principles; there is no other written regulation which includes procedures required to be followed by the Committee.

Members of Supervisory Committee are not executives and selected among competent members.

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Committee for Early Detection of Risks

Clement Edmont De Meersman	Chairman of Board of Directors
Marcel Klepfisch	Member of Board of Directors (Independent Member)
Koen Kurt Vergote	Director for Financial Analysis and Budget
Nurcan Güngör	Director for Financial Affairs

Committee for Early Detection of Risks and Corporate Governance carries out its activities within the framework of generally accepted accounting principles; there is no other written regulation which includes procedures required to be followed by the Committee.

Corporate Governance Committee

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

Risk Management and Internal Control Mechanism

Inspections are carried out by Supervisory Committee and Controllers of our Company and internal audit team of our partner Deceuninck Group, with relation to compliance of activities and transactions with the legislation and company policies.

Internal audit unit delivered its findings and determined development fields during the audit carried out in June 2013. Actions related to such development fields have been taken immediately items related to the follow-up of findings have been added to the next year's audit plans.

Furthermore; fulfilment of TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environment Management System and TS 18001 Occupational Health and Safety Management Systems is controlled by means of periodic internal inspections and improvement works are initiated when required.

Besides, our company, aiming to improve constantly by using lean production and 6 sigma techniques, measures in-factory order and organisation level by means of 5S inspections conducted monthly by a team.

With respect to occupational health and safety, site inspections are held together with our occupational safety experts, risky cases are detected and necessary measures are taken.

4.6. FINANCIAL RIGHTS GRANTED TO BOARD OF DIRECTORS

Monthly wages or attendance fees to be paid for chairman and members of board of directors are determined by the general assembly.

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With respect to the wages of Independent Members of Board of Directors, share certificate option or payment plans based on company performance are not used.

In periods ended on 31 December 2013 and 2012, total of wages and similar benefits provided within the current period for high level managers such as chairman and members of Board of Directors, director general, general coordinator, vice director general is 4.005.906 TL. (December 31, 2012 - 3.903.158 TL)