

REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

This policy document defines the compensation system and practices for the members of the Board of Directors and senior executives under the rules and regulations of the Capital Markets Board of Turkey (CMB).

The fixed salaries to be paid to the members of the Board of Directors and the dividends to be distributed as per the principles set forth in the Articles of Association shall be resolved during the ordinary general shareholder's assembly each year, taking into account shareholder recommendations.

The board members with executive functions are remunerated based on the below-detailed compensation policy valid for the senior executives. If, pursuant to Article 33 of the Articles of Association, the General Assembly resolves that dividends be distributed to the members of the Board of Directors, executive board members shall not be distributed any dividends. On the other hand, non-executive board member(s) shall be paid dividends. ¹

No dividend/share bonus, stock options or payment plans based on the performance of the company shall be used in compensating independent board members.

The payment shall be made considering the board member's time calculated based on date of appointment and dismissal on a pro-rata basis. The expenses incurred by the members of the Board of Directors in executing their duties (transportation, communication, insurance, and so on) may be borne by the company.

Senior executive salaries consist of two components: fixed salary and performance-based.

The fixed senior executive salaries are determined by considering the macroeconomic market data, compensation policies in the market, company size and its long-term targets and also the positions of people, in compliance with the international standards and legal obligations.

Bonuses for senior executives are calculated based on bonus grade, corporate, and individual performance. Information about the criteria are as follows:

Bonus Grade: Updated each year, bonus grades vary according to the size of the business related to the executive position. Current senior executive bonus policies in the market are taken into account when updating the bonus grades.

The Corporate Governance Principles Communiqué No. II-17.1 of the Capital Markets Board of Turkey defines an executive board member as a person who has an administrative duty other than being a board member or any executive unit subsidiaries to himself/herself and is involved in the daily work routine or ordinary activities of the corporation. ¹

In terms of the distribution of dividends, an executive board member is a person who is gainfully employed at the Company or a company under a group of companies the Company is a subsidiary to, included in its conglomerate, excluding the membership of the Board of Directors, has executive functions, has a unit subsidiary to himself/herself (a unit which generates revenue), and in occasion of these tasks, who is involved in company's daily workflow and in usual activities.

Company Performance: Company performance is obtained by measuring the financial and operational targets at the end of the period which are given at the beginning of each year. The sustainability of success and inclusiveness of developments compared to previous years are the principles taken into account when determining the company's targets.

Individual Performance: When determining individual performance, with company targets, financial, customer, process, technology, and targets related to long-term strategies are considered. When measuring individual performance, in parallel with company performance, external financial fields, the long-term sustainability improvement principle is also observed.

Determined as per the rules laid out above, the fees and salaries paid to the directors and senior executives, respectively, and the total amounts of other benefits provided to them are included in the annual report.