

# COMPLIANCE REPORT

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

### 1. Observance Declaration Regarding Corporate Governance Principles

With its 47 years of experience in Turkey, Türk Prysmian Kablo ve Sistemleri A.Ş. is one of the prominent and most experienced companies in its sector. As from its establishment, together with its Board of Directors and Executive Management, it has adopted the corporate structure and governance principles in its relations with the Company's shareholders and different stakeholders.

Activities are being performed to reshape the company's organization structure and the mode of management in accordance with the rules specified in the Corporate Governance Principles of the Capital Market Board (CMB) issued in the resolution of the Capital Market Board dated July 4, 2003 and numbered 35 / 835.

Moreover, since Türk Prysmian Kablo ve Sistemleri A.Ş. is within the Prysmian Cables and Systems Group which has a world - wide network system and company activities, Türk Prysmian is also subject to the corporate governance principles of the Prysmian Cables and Systems Group (PC&S).

The Company, at all times, carries out business in consciousness of its social responsibilities as regards to relations with the public, customers and suppliers and by adhering to ethical values of the business world, aims to enhance its studies and activities in this respect.

Türk Prysmian Cables and Systems, the leading company of the cable sector, which has been making contributions to the Turkish economy, has been the 23rd company in 2009 to be included in the prestigious Corporate Governance Index of IMKB which reflects the company's corporate value. Derived from the research that was executed by SAHA Corporate Governance and Credit Rating Services Inc. ([www.saharating.com](http://www.saharating.com)) under the Corporate Governance Principles of Capital Markets Board (CMB), the company received the high grade requested for entering in such qualified companies' group 7.76 out of 10 (77.58%).

Corporate Governance Rating in 2010		
MAIN SECTIONS	WEIGHTED	RATING (%)
Shareholders:	25%	88.84%
Public Disclosure & Transparency:	35%	86.14%
Stakeholders:	15%	88.13%
Board of Directors:	25%	60.86%
<b>TOTAL</b>	<b>100%</b>	<b>80.79%</b>

In 2010, Türk Prysmian Cable, based on the Board Ruling number 4/100, related to "Shareholders, Informing the Public and Transparency, Beneficiaries and Board Committee" dated 07.02.2005, has been evaluated able to completely fit the requirements again and, the company received the higher grade with 0.32 increase by remaining in such qualified companies' group 8.08 out of 10 (80.79%).

It is possible to see the whole Corporate Governance Report in our website ([www.prysmian.com.tr](http://www.prysmian.com.tr)) under the category of Investor Relations and the title Corporate Governance.

During the activity period ending as of 31 December 2009, the Company complied with the Corporate Governance Principles published by the Capital Market Board and conducted its activities by adopting these principles with the exception of the following;

- Representation of Minority Shares in the Board of Directors
- Management of Cumulative Voting Rights
- Corporate Governance Committee
- Minimum Number of Independent Members in the Board

The particulars and grounds of non-compliance with the afore listed are clarified in the relevant sections of the report.

**Governance Structure:** Based on the main parts of the Corporate Governance Principles set out by the CMB, the works carried out by the company during the relevant period, along with other efforts and practices, are detailed herein below;

### PART I - SHAREHOLDERS

#### 2. Unit for the Relations with the Shareholders

To facilitate the follow-up of shareholder rights, the company operates a "General Accounting & Investor Relations Service" at its "Administration & Control Department".

Inquiries in oral or written form addressed to this department, are replied as soon as possible, within the context of public information.

### 3. Exercise of Rights by the Shareholders to Obtain Information

During the relevant period, we received requests from the shareholders as regards to information about conversion of share certificates, attendance in the General Assembly, distribution of dividends, transfer of shares, change of commercial title and payment terms of court cases. As such requests were generally made on the phone, statistically; it was not possible to quantify the requests and the responses given to such requests. In its relations with the shareholders and in general, with the finance community, the Company, being conscious of reciprocal roles, makes every endeavour at all times to establish active and transparent dialogue with its shareholders and corporate investors.

The investors can find information about our Company on the web site ([www.prysmian.com.tr](http://www.prysmian.com.tr)); for further inquiries, they are directed to the following e-mail address, telephone and fax numbers:

E-mail: [tpks@prysmian.com](mailto:tpks@prysmian.com); Telephone No: (0224) 270 30 00; Fax No: (0224) 270 30 24

In the Company's Articles of Association, there is no reference permission given for appointment of an individual auditor; in fact, no demand was made during the activity period for appointment of a special auditor.

### 4. Information about the General Assembly

The General Assembly meets as an Ordinary and as an Extra-ordinary General Assembly. The Ordinary General Assembly may convene either in the Company's Head Office (Mudanya) or in Istanbul within a period of 3 months following the company's accounting period. These meetings can be observed by the stakeholders and press organs.

During the year 2009, the General Assemblies convened one time at the Company's Head Office, in the form of ordinary meeting (28 March 2009). The shareholders representing more than 83.75% of the shares attended to the said meetings.

The shareholders are invited to the General Assembly by indicating the place, the time and the agenda of the meeting, and also by advertisement. The invitation is effected at least 14 days before the meeting. The date of the invitation and the date of the meeting are not included in these 14 days. As a legal requirement, the invitation is made to the holders of registered shares by pre-paid registered mail. Moreover, the agenda of the meeting, copy of the proxy, and amended form of Company's Articles of Association (if any) are published in the Trade Registry Gazette, one of the newspapers with circulation all over Turkey and also, in a local newspaper.

No period is designated for registration in the shareholders' book by the holders of registered shares who will attend the General Assembly meeting. Within the frame of the preparations for the General Assembly, letters from Central Registry Agency (MKK), concerned bank and other intermediary organs showing blocking of share certificates, or certifying ownership status are requested 1 week before the date of the General Assembly meeting.

In the General Assembly meeting, the shareholders exercise the right to ask questions and to submit their recommendations. Such questions are answered by the company management, and the recommendations (if any) are taken into consideration as well.

**As indicated in the Company's Articles of Association, the General Assembly is authorized to make the decisions indicated below:**

- Acceptance of the Board of Directors' Report and the Auditor's Report,
- Review and approval of the Balance Sheet, Profit and Loss Account and the use of net profit and determination of profit share subject to distribution,
- Determination of number of Directors; and election, dismissal, removal re-election and remuneration of the same.
- Determination of number of auditors; and election and remuneration of the same.

Performance of the activities listed below requires prior or subsequent approval or acceptance of the General Assembly.

- Annual investment and finance plan prepared by the Board of Directors;
- Purchase and sale of real estate and mortgage of Company's real estate;
- Establishment of branches and partnerships (sub - branches), and acquisition or sale of participations;
- Starting to work in new production areas;
- Other businesses and transactions required in the Turkish Commercial Code.

The shareholders may have access to the minutes of the General Assembly meeting from the Company's Head Office, the Company's internet site ([www.prysmian.com.tr](http://www.prysmian.com.tr)) via the relevant links under the "Investor Relations" section and the internet site of KAP (Public Informing Project) System's web page ([www.kap.gov.tr](http://www.kap.gov.tr)) as well as from the archives of Turkish Trade Registry Gazette retained at Bursa Trade Registry Office.

### 5. Voting and Minority Rights

None of the shareholders of Türk Prysmian Kablo ve Sistemleri A.Ş. has a preferential or privileged voting right; all the votes have the same weight. Minority rights are arranged according to the relevant provisions of the Turkish Commercial Code.

The shareholders may be represented in the General Assembly by other shareholders or by third parties. However, the regulations of the Capital Market Board as regards to voting by proxy are reserved.

The cumulative voting right in order to ensure representation of minorities in the Board of Directors is not included in the Company's Articles of Association. As a matter of fact, since there is not any general tendency about the use of cumulative voting rights in the practices of the companies, the risks or benefits of the said method could not be observed.

## 6. Profit Distribution Policy and Profit Distribution Time

There is no privilege as regards to participation in the company's profit and **Profit Distribution Policy** as determined in the meeting of the Board of Directors dated 27 March 2007 is indicated below;

*"The Board of Directors passes its resolutions relating to distribution of profit in the direction of Company's financial state, period profit and strategic targets. No real person is entitled to receive privileged share from the Company's distributable profit. Company's profit distribution policy aims distribution of 20% or higher portion of distributable profit as determined in the Ordinary General Assembly meeting. In case the periodical distributable profit remains less than 20% of the Company's paid-up capital, the Board may decide -in compliance with the applicable law- not to distribute any share from the profit.*

*It is aimed to pay the profit share in cash through the authorized banks and intermediary agencies within 60 days as of the Ordinary General Assembly meeting. Following this date, the Shareholders may apply to the Company's Head Office in order to collect their profit share. Company does not consider distribution of profit share in advance. Company aims to give donations to all kinds of social institutions, primarily to those located in the Company's territory, in such a manner not to exceed 1% of the profit base and in any case, to be subject to the approval of the General Assembly."*

## 7. Transfer of Shares

There is no provision in the Company's Articles of Association restricting transfer of shares; provisions of Articles 416 - 418 of the Turkish Commercial Code are applied in case of any demand by a shareholder for transfer of whole or part of registered shares owned by him.

## PART II - PUBLICITY AND TRANSPARENCY

### 8. Company's Information Policy

Any and all kinds of communication with external sources regarding to Company's documents and information is performed -at all times in consultation with the General Manager- by the Public Relations in respect of communications with the press, and by the Financial Management as regards to corporate investors, competent authorities and shareholders.

The Company undertakes to ensure equal treatment for all categories of shareholders by avoiding any preferential treatment. With the exception of those considered as trade secrets, the Company responds all the questions pursuant to the equity and impartiality principles and ensures establishment of constant communication between the management and the shareholders in accordance with the existing legislation.

Disclosure policy is disclosed for the first time to public in the Company's activity report accompanied by Corporate Governance Report for the year 2004, as well as in the investor relations section of Internet site.

### 9. Declaration of Special Status

Number of Declarations Issued on Special Status during 2009: **18**

Number of Additional Declaration Requests made by the CMB and ISE: **None**

There is no sanction (written warning) applied by the Capital Market Board or Istanbul Stock Exchange Market's Board against failure to provide declaration on special status in time.

Since the company shares are not quoted abroad, no special status declaration has been made at a stock exchange, other than the Istanbul Stock Exchange.

### 10. Company's Internet Site and Its Content

The investors may have access to the relevant documents such as the Company's Annual Report and Ethical Code both in Turkish and in English on the web site ([www.prysmian.com.tr](http://www.prysmian.com.tr)). Moreover, our Internet site under the following titles is presented to the attention of the investors.

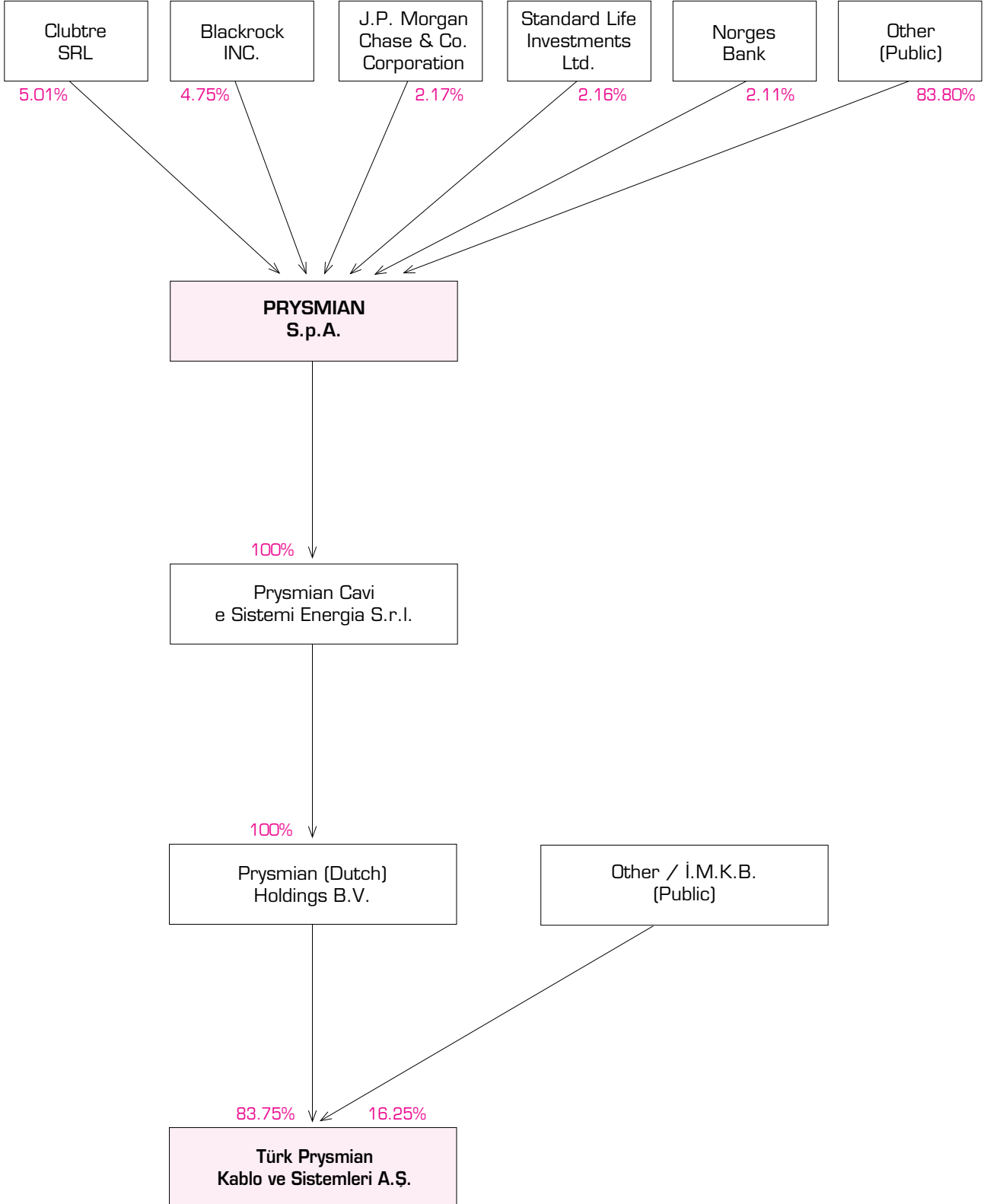
- Trade registry information,
- Latest status of partnership structure,
- Latest status of Board of Directors, Members of Auditors' Board and top level executives,
- Latest status of the Company's Articles of Association (AOA) and date / number of the Trade Registry Gazette where the amended form of the AOA is published,
- Annual Reports for the last seven years,
- Declaration of Special Status,
- Corporate Governance Observance Report,
- Attendance list, agenda and minutes of General Assembly meetings held during the last seven years,
- Proxy format,
- Periodical financial tables and independent audit reports for the last seven years,
- Company Policies,
- Public offering explanations and circulars,
- News and frequently asked questions.

Due to inapplicability of the remaining provisions of clause 1.11.5 Section II of the Corporate Governance Principles of the Capital Market Board, they are not included in the Internet site.

## 11. Disclosure of the Real Person Final Dominant Shareholder(s)

There is no special status regarding the Company's real persons and owners which may affect the investors if disclosed to public. The real person final dominant shareholder structure of our company is as follows:

### TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.' STRUCTURE OF REAL PERSON FINAL DOMINANT SHAREHOLDER (S) AS OF 31 DECEMBER 2010



## 12. Disclosure of the Persons Having Potential for Insider Trading

None of the employees of Türk Prysmian Kablo ve Sistemleri A.Ş. is allowed to deal in purchase and sale of share certificates belonging to Türk Prysmian Kablo ve Sistemleri A.Ş. on the basis of the information obtained by virtue of office.

The names of the BOD Directors, Members of Auditors' Board and Top Level Executives are listed in the Company's Activity Report and Investor Relations Section of the Internet site.

The names of the people having the potential for insider trading as of the date of the report are given herein below;

<b>EXECUTIVE MANAGEMENT :</b>	
<b>Mahmut Tayfun Anık</b>	Chairman of the Board of Directors and Member of Audit Committee
<b>Francesco Fanciulli</b>	Vice Chairman of the Board of Directors & CEO
<b>Fabio Ignazio Romeo</b>	Board Member and Member of Audit Committee
<b>Hasan Özgür Demirdöven</b>	Board Member and CFO
<b>Hikmet Türken</b>	The Board of Auditor Member
<b>Raşit Yavuz</b>	The Board of Auditor Member
<b>İbrahim Etem Bakaç</b>	Sales & Marketing Director
<b>Halil İbrahim Kongur</b>	Factory Director
<b>Faik Kürkcü</b>	Utilities and Contractors Sales Director
<b>Erkan Aydoğdu</b>	Logistics and R&D Manager
<b>Esat Baykal</b>	Quality Manager
<b>Aydan Biltekin</b>	Internal Audit Manager
<b>İdris Çolakgil</b>	Information Technologies Manager
<b>Sıtkı Anıl Kovalı</b>	General Accounting and Investor Relations Manager
<b>Murat Okatan</b>	Credit and Risk Manager
<b>Sabri Levent Özçengel</b>	Human Resources Manager
<b>İlhan Öztürk</b>	Export Sales Manager
<b>Av. Yiğit Türsoy</b>	Legal Affairs Manager
<b>Okay Yıldız</b>	Technical Service Manager
<b>Sevda Yücel</b>	Purchasing Manager
<b>INDEPENDENT AUDIT COMPANY : (DELOITTE - DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.)</b>	
<b>Özlem Gören Güçdemir</b>	Partner
<b>Fulya Kılınç</b>	Manager
<b>Zeynep Dikicioğlu</b>	Auditor
<b>Ahmet Ömeroğlu</b>	Audit Assistant
<b>Kutay Kızıl</b>	Audit Assistant
<b>TAX AUDIT COMPANY : (BDO DENET - Denet Yönetim Danışmanlığı Yeminli Mali Müşavirlik A.Ş.)</b>	
<b>Haluk Erdem</b>	Partner / Tax Director
<b>Adem Kefelioğlu</b>	Tax Audit Manager
<b>Müge Erentürk</b>	Senior Tax Auditor
<b>Demet Uzman</b>	Tax Audit Assistant
<b>Berra Yavuz</b>	Tax Audit Assistant
<b>OTHER PEOPLE :</b>	
<b>Numan Lokman Ketenci</b>	Partner (RSM - Kapital Karden Bağımsız Denetim ve Yeminli Müşavirlik A.Ş.)
<b>Dr. Erdem Tüzgiray</b>	CPA – Expert (RSM - Kapital Karden Bağımsız Denetim ve Yeminli Müşavirlik A.Ş.)
<b>Hafize Nazan Çekmecı</b>	Publisher (Net Ajans Reklam Tanıtım ve Yayıncılık Hizmetleri)
<b>Süalp Çekmecı</b>	Designer (Net Ajans Reklam Tanıtım ve Yayıncılık Hizmetleri)
<b>Av. Cüneyt Büyükyaka</b>	Lawyer (Büyükyaka Law Office)
<b>Av. Mehmet Küçük</b>	Lawyer (Küçük & Küçük Law Office)
<b>Av. Ece Uygun</b>	Lawyer

## PART III – STAKEHOLDERS

### 13. Notification of Stakeholders Basic Management Principles

The basic management principles which regulate the relations between the Executive Management, shareholders, employees of the Company and third parties (customers, suppliers and any person or organization with which the company has relation) are indicated below.

**Honesty:** We make every endeavour to ensure strict adherence to the honesty principles in all our business activities and our relations with our clients, employees, shareholders and other companies, institutions and organizations.

**Reliability:** We furnish understandable, rational and correct information to our customers, shareholders and employees, and provide all the services as required by our undertakings.

**Impartiality:** We do not have sexual, religious, lingual, racial and ethnical prejudice against our customers, suppliers, employees and shareholders.

**Observance:** We respect all laws, legislations and standards.

**Secrecy:** Excluding the authorities designated by the law, we do not share with any person or organization the information relating to the transactions executed with respect of our Shareholders, customers, suppliers, employees and business partners.

**Transparency:** Excluding the information considered as trade secret and those not yet disclosed to public, we publicize all information whether of financial nature or not in the most accurate, complete, rational, interpretable and accessible manner according to the relevant legislation.

**Social Responsibility:** In our practices and investments, utmost attention is given to the particulars such as social benefits and improvement of our sector and conservation of reliability, as well as effective Company image and the activities are carried out in full respect to all the arrangements made protection of environment, consumer and public health. The stakeholders are notified through the Internet site and the Istanbul Stock Exchange by issuing special status declaration. Further to this announcement, the agenda of the General Assembly is informed to the attendants in the Trade Registry Gazzete and by registered mail; the decisions passed in the meeting are also published in the Trade Registry Gazzete in the most distinct and understandable manner. Moreover, information is given to the Capital Market Board (SPK) Ministry of Industry and Undersecretariat of Treasury and application is made by the Company and the necessary permissions are obtained from the said authorities. The public announcements relating to the General Assembly meetings are made in one of the local and national newspapers. Additionally, the Company employees are notified through intranet system, general circulations by e-mail and annual presentation meetings.

**Please see:** Article 8 - Company's Information Policy

**Please see:** Ethical Code / Article 9 - Information

### 14. Participation of Stakeholders in the Management

Participation of stakeholders in the management is enabled in the General Assembly meetings according to the principles set out by the Capital Market Board for the shareholders; as to suppliers and customers, necessary arrangement is made in the meetings with the suppliers, customers and dealers, also paying visits to the same. With regards to employees, meetings are held at least two times a year to evaluate the Company's activities and to furnish information about the Company's targets and strategies and to receive feed back as well.

Moreover, by encouraging team work to develop work conduct procedures and processes undertaken by the Company's employees, special project groups are created.

### 15. Human Resources Policy

Human Resource policy is disclosed in the "Investor Relations" section of the Company's Internet site.

**Please see:** Ethical Code / Article 6 - Human Resources

### 16. Information Regarding Relations with the Customers and Suppliers

**Please see:** Ethical Code / Article 4 - Customers

### 17. Social Responsibility

Türk Prysmian Kablo ve Sistemleri A.Ş. is the holder of ISO 14001 Environment Management System certificate since 1997. The environmental affect of business activities, and the services purchased by our Company are determined within the frame of ISO 14001 Environment Management System and studies are carried out continuously for elimination or minimization of these affects. All of these studies are performed with the philosophy of continuous improvement and in full compliance with the Türk Prysmian Kablo ve Sistemleri A.Ş. Environment Policy defined by the top management.

The legal obligations relating to environment are followed and fulfilled at all times, without failure. Türk Prysmian Kablo ve Sistemleri A.Ş. holds all the legal permissions required in respect of environment. These permissions may be listed as Emission Permission, Opening License for the 1st Class Non - Sanitary Establishments and Provisional Storage Permission for hazardous refuses.

The activities carried out by Türk Prysmian Kablo ve Sistemleri A.Ş. are not within the scope of Environmental Affect Evaluation Regulations (EAER). There exists an official letter obtained from the Bursa Provincial Office / Environment and Forestry Directorate, in charge of environmental affairs, indicating that our Company is not subject to preliminary survey in respect of EAER.

No law suit has been filed against our Company for causing environmental pollution. Our company provides for the recycling (if applicable), or the disposal (if recycling is not applicable) of all of the wastes attributable to the Company in accordance with the related regulations within the scope of environmental legislation.

Our Company performs its duties within the scope of social responsibilities by supporting social, cultural and various sporting activities in compliance with the principles set out by Prysmian Cables and Systems Group and also, by participating in and making contributions, both in cash and in rem, to the public institutions and organizations.

**Please see:** 13. Notification of Stakeholders / Social responsibilities

**Please see:** Ethical Code / Article 5 - Community - Article 7 - Environment

## PART IV - BOARD OF DIRECTORS

### 18. Structure of the Board of Directors, Its Formation, and Independent Members

In the Company's Articles of Association, it is expressly stated that the tasks and responsibilities of the Board of Directors are subject to the basic provisions defined pursuant to Turkish Commercial Code and the adaptations in the Company's Articles of Association. The formalities relating to appointment, re-election, qualification and replacement of the Board of Directors are performed according to the Company's Articles of Association and the provisions of Turkish Commercial Code.

#### Structure of the Board of Directors

POSITION	MEMBERS	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
Chairman	Mahmut Tayfun Anık		X	
Vice Chairman	Francesco Fanciulli	X		
Board Member	Fabio Ignazio Romeo		X	
Board Member	Hasan Özgür Demirdöven	X		

POSITION	MEMBERS	FIRST APPOINTMENT	LATEST APPOINTMENT
Chairman	Mahmut Tayfun Anık	27 July 2006	26 March 2010
Vice Chairman	Francesco Fanciulli	16 July 2009	26 March 2010
Board Member	Fabio Ignazio Romeo	22 July 2005	26 March 2010
Board Member	Hasan Özgür Demirdöven	26 March 2010	26 March 2010

As a result of the activities initiated for filling the vacancies in the Board of Directors upon the sudden resignation of the independent members on 26 July 2006; it was understood that the persuasion of independent members bearing the same qualifications to take office in the Board of Directors in the place of the members that resigned would not yield to any short - term healthy results; therefore, it was stipulated that the Board of Directors should continue to take office without independent members for a temporary period. Since the members are already registered in the cadre as the staff working in the Prysmian Group companies, they cannot work in another company as per the related Labour Law.

### 19. Characteristics of the Board Members

#### Age Profile of the Board Members;

AGE GROUP	18 - 30	31 - 40	41 - 50	51 - 60	61 - 65	66 - 70	71 & Over
Number of Persons	-	1	1	2	-	-	-

The Board of Directors is composed of members who have knowledge and ability to understand and analyze the financial tables, and legal know - how to conduct daily operations and the long term activities of the Company, which includes specialization in various fields in such a way to declare opinion relating to Company's management.

The Board Members are nominated among the persons with higher education and who have knowledge on the Company's field of activity and adequate experience gained through services in private sector.

The credentials required for the Board Members are not set out in the Company's Articles of Association.

### 20. Mission, Vision and Strategic Targets of the Company

**Our Mission:** Our mission is to add value to our shareholders and to the sector by providing to our customers, our partners and to the community innovative, technological, high quality and safe products which are adequate to standards.

**Our Vision:** As being a member of Prysmian Group and as the oldest well-established and leading company in its sector, our vision is;

- To exhibit a creative and superior performance within the workforce with its distinguished and innovative role,
- To have an organizational structure which emphasizes openness and social responsibility,
- To keep customer satisfaction by providing long-term partnerships,
- To create a value for its stakeholders with permanence,
- To dedicate itself to improve the social conditions,
- To be always the leader of the sector in Turkey and international platform.

**Please also see:** Ethical Code / Targets and Values

## 21. Risk Management and Internal Audit Mechanism

In order to ensure effective conduct of risk management, Risk Management Division has been put into operation as of 2002. This division developed processes for effective risk management applicable within the Company's body and Prysmian Cables and Systems Group and implemented projects in this context.

The internal audit system of the Company is organized in such a way to provide appropriate clarification on all the Company's activities and to ensure an adequate auditing system. The responsibility regarding internal auditing system lies with the Board of Directors, and the Board of Directors, besides providing the major guidelines of the system, undertakes verification of sufficiency and effectiveness of the audit system.

The Audit Committee comprises of two Directors. Two Directors holding office in the Audit Committee are the persons who are not directly engaged in Company's activities and management. The Audit Committee meets regularly as indicated in the relevant communiqué of the Capital Market Board and the representative of the External Auditing Company may be invited to these meetings.

The aim of the Audit Committee is to provide assistance to the Board of Directors during fulfilment of long - term obligations as regards to accounting and finance reporting applications, policies and procedures, as well as evaluation of quality and risk management of Company's internal auditing systems.

The internal auditing and periodical audit activities ensure accomplishment of necessary controls to observe whether compliance with the procedures, policies and strategies is achieved or not. Apart from the audit functions of the Internal Audit Division, the Internal Audit Department of Prysmian Cables and Systems Group performs internal auditing of Türk Prysmian Kablo ve Sistemleri A.Ş., in addition to the auditing services rendered regularly by the External Audit Company.

Moreover, there is also a Planning and Control Division which presents detailed monthly reports to the Managing Director and Executive Management and provides useful and comprehensive information for the following specific activities.

Information regarding to relations with DELOITTE, independent audit company: <http://www.deloitte.com.tr>, and Information regarding to BDO, tax audit company: <http://www.denet.com.tr>

## 22. Authorities and Responsibilities of the Board Members and Executives

**The Board of Directors performs the following tasks:**

- Review and approval of strategic, corporate, industrial and financial plans,
- Delegation of necessary powers to the Managing Director, withdrawal of authorization, and determination of limits of authority as well as form and duration of authorization,
- Regular comparison of the results with the budgets, and by taking into account the information received from the Internal Audit Committee and Managing Director, and giving special attention to conflicts of interest, observation of general performance in this field,
- Passing of resolutions relating to immovable property, in kind,
- Issuance of share certificates and debentures,
- Establishment of partnerships in the newly incorporated or existing corporations and institutions,
- Review and approval of the transactions having economical and financial affect, or special influence on equity capital by showing due consideration to the transactions of the relevant parties,
- As organized by the Managing Director, verification of the organizational status and the adequacy of the administrative structure of the Company,
- Furnishing of information to the shareholders about the General Assembly meetings.

The powers and responsibilities of the Board of Directors are clearly defined in Article 10 of Articles of Association; as the powers and responsibilities conferred upon the Board of Directors may be subject to change at any time bound to dynamic structure of the Company and the business life, it is deemed necessary to detail the powers and responsibilities in the corporate signature circular.

## 23. Fundamentals Regarding to Activities of Board of Directors

The Board of Directors meets at least in quarterly periods. Unless otherwise is agreed, the Board Members are equipped with necessary documents and information within a reasonable time before the meeting in order to allow them to express their opinion about the issues subject to argument.



There is a Board Secretariat responsible for supply of information to the Board Members and establishment of communication with the directors. Although our Company has no reserve about inscription of the detailed and reasonable justification of negative vote and notification of company auditors and public opinion at times when different opinion is declared in the Board meeting and /or opposition is raised to the resolution passed by the Board; since such a situation was not encountered, no such application was effected.

Company pays careful attention to actual participation to Board Meetings on the matters specified in article 2.17.4 of section IV of the CMB corporate Governance Principles. Questions of the members raised during the meeting are reflected in the resolution. In order to ensure equal positioning among members, no member has been granted the right to veto or weighted vote.

Board of Directors has convened **15 times** during the year 2010.

#### **24. Restriction of Competition and Transactions With the Company**

In the Ordinary General Assembly which takes place every year, the Board Members are liberated by our shareholders according to Articles 334 and 335 of the Turkish Commercial Code.

#### **25. Ethical Code**

A pyramid structure is adopted in our system in respect of applicable principles and procedures, and this system can be summarized as follows:

**Ethical Code:** These rules encompass the general principles - transparency, equity and loyalty - which form the business relations of the Company in every level. Our Company, with the belief that business ethics must be pursued alongside business success, carries out its internal and external transactions in accordance with the principles set out in this Code.

**Internal Audit System:** This system is a population of "instruments" with a view to reaching reasonably the targets regarding operational efficiency and effectiveness, reliability of financial and administrative information, observance to laws and legislation, and even protection of the Company's assets against possible fraud. The internal audit system which is based on common practices and defined within this frame, is applied to all corporate levels.

**Lines of Conduct:** The Lines of Conduct stipulate special rules concerning relations with the representatives of the Public Administration, and these rules classify good lines of conduct as "performable", and bad lines of conduct as "non-performable", and by this way, provide clear definition of major operational practices stipulated in the Ethical Principles.

**Internal Executive Procedures and Policies of the Company:** These items cover the main business areas as a natural extension of the internal audit system. Therefore, they determine the internal rules concerning the main activities of the Company.

Türk Prysmian determines organizational principles and intra-structure relating to employees and executives by adopting procedures and policies covering Personnel rights, Recruitments, Purchasing / Sales activities, Investments, Protection of Environment, Information Systems, Inventory, and Intellectual Property Rights. All the procedures and policies are presented to the employees in the updated form on the intranet page of the Company.

**Also, please see:** Ethical Code

#### **26. Number and Structure of the Committees Formed Within Board of Directors and Liberty of Action**

Title of the Committee	Number of Annual Meetings (Min.)	Number of Members	Number of Independent Members
Audit Committee	4	2	-

**Members of Audit Committee:** Mahmut Tayfun Anık, Fabio Ignazio Romeo.

The Corporate Governance Committee and other committees are not formed as of 31 December 2010. The company is carrying out its activities to form the corporate Governance Committee.

#### **27. Financial Rights of the Board of Directors**

The rights of the BOD Members are agreed upon in the General Assembly meeting; no award is considered in determination of financial rights of the BOD Members depending on their individual performance, or reflecting the performance of the Company.

There are no payments effected in favor of BOD Members and other executive bodies during the year 2009. During the period no debt has been granted to any members of the Board and Top Manager of the company, no credit has been utilized by them and none of them has used benefits through third persons as well as no guarantees in favor of them.

#### **Chairman of the Board of Directors**

**Mahmut Tayfun ANIK**