

COMPLIANCE REPORT

Türk Prysmian Kablo ve Sistemleri 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 general rules specified in the Corporate Governance Principles of the Capital Market Board (CMB) issued in the resolution of the Capital Market Board.

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 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) 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%)**.

MAIN SECTIONS	Corporate Governance Rating of IMKB	
	WEIGHTED	RATING (%)
Shareholders:	25%	88.46%
Public Disclosure & Transparency:	35%	85.85%
Stakeholders:	15%	92.85%
Board of Directors:	25%	73.20%
TOTAL	100%	84.39%

In 2011, 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 0.71 increase by remaining in such qualified companies' group **8.44 out of 10 (84.39%)**.

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

During the activity period ending as of 31 December 2012, 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

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); for further inquiries, they are directed to the following e-mail address, telephone and fax numbers:

E-mail: tpks@prysmiangroup.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 İstanbul 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 2012, the General Assemblies convened one time at the Company's Head Office, in the form of ordinary meeting (30 March 2012). The shareholders representing more than 83.75% of the shares attended to the said meetings.

The shareholders shall be invited to the General Assemblies by informing the place of the meeting, time and agenda. The invitation shall be made at least 3 weeks before the General Assembly considering the regulations of Capital Markets Board. The date of invitation and meeting date shall be excluded from said three weeks period. In addition, a declaration in the Trade Registry Gazette, a national circulating gazette and a local gazette shall be performed including the agenda, sample of power of attorney and, if any, amendment of articles of association.

The shareholders may participate to the General Assembly by their attorneys as well as in principal through physical means or via electronic environment. The electronic participation is possible provided the safe electronic signatures of the shareholders or their attorneys are obtained. Thus, the shareholders to transact in EKGS (Electronic General Assembly System) shall, in the first place, register to Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency company) (MKK) e-MKK information portal as recording their contact information, and besides, shall have a safe electronic signature.

The period of the speeches shall be decided by the General Assembly upon the recommendation of the shareholders considering the intensity of the agenda, number of the subjects to be discussed, significance of the agenda subjects and the number of participants requesting to make speech. In such situations, the General Assembly shall make separate voting for deciding both, in the first place, if there is a need to limit the speech periods and the periods of the speeches.

The meeting (General Assembly) president shall enable any question to be asked by the shareholders through the meeting and any question not in quality of commercial secret to be answered. If a question is not related with the agenda or in such a coverage that may not be answered at once, it shall be answered in written form by the Investor Relations Unit at most in 30 business days. If such a situation exists, the meeting president shall explain to the owner of the question such a right and shall inform the shareholder about such future answer to be provided.

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) 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) as well as from the archives of Turkish Trade Registry Gazette retained at Bursa Trade Registry Office.

5. Voting and Minority Rights

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 490-491 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 2012: **26**

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 İstanbul 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 İstanbul Stock Exchange.

10. Company's Internet Site and It's Content

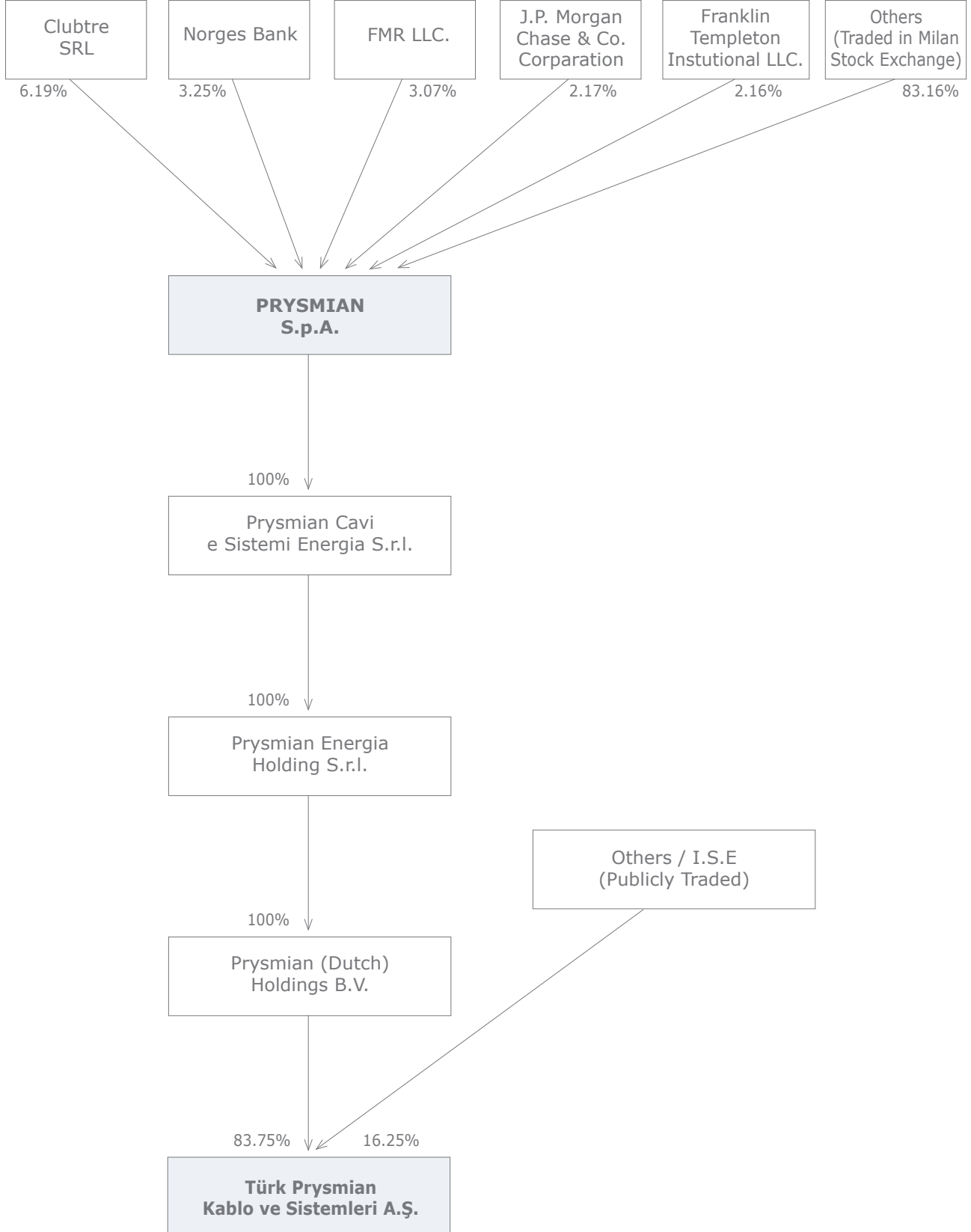
The investors may have access to the relevant documents such as the Company's Annual Report and Ethical Code both in Turkish and in English on the web site (www.prysmian.com.tr). Moreover, our Internet site under the following titles is presented to the attention of the investors.

- 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,
- Board of directors resolution
- Board of directors Committee
- Annual Reports for the last nine years,
- Declaration of Special Status,
- Corporate Governance Observance Report,
- Attendance list, agenda and minutes of General Assembly meetings held during the last nine years, proxy format,
- Periodical financial tables and independent audit reports for the last nine years,
- Company Policies,
- Public offering explanations and circulars,
- News and frequently asked questions.

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 finan 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 2012



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;

EXECUTIVE MANAGEMENT	
Mahmut Tayfun Anık	Chairman
Hans GS Hoegstedt	Vice Chairman of Board of Directors & CEO
Fabio Ignazio Romeo	Board Member (Prysmian (Dutch) Holdings B.V. natural person per procuration)
Ercan Karaismailođlu	Board Member & CFO
Halil İbrahim Kongur	Board Member & Factory Director
Ali Aydın Pandır	Independent Board Member
Neslihan Tonbul	Independent Board Member
Mehmet Emin Tutan	Independent Board Member
Hikmet Türken	Board of Auditor Member
Raşıit Yavuz	Board of Auditor Member
Erkan Aydođdu	Logistics and R&D Director
İbrahim Etem Bakaç	Domestics Sales Director
Ufuk Çolak	Marketing and Business Intelligence Manager
Aydan Biltekin Gökdađ	Internal Audit Manager
Faik Kürkçü	Utilities & Contractors Sales Director
Sabri Levent Özçengel	Human Resources Director
İlhan Öztürk	Special Cables Sales Director
Murat Tezcan	Export Sales and Telecom Solutions Director
Yiđit Türsoy	Legal Affairs Director
Sevda Yücel	Purchasing Director
Esat Baykal	Quality Manager
İdris Çolakgil	Information Technology Manager
Can Durgun	Planning and Controlling Manager
Sezgin İslamođlu	Production Manager
Gaye Yurdaşen Kantar	Credit and Risk Manager
Nevin Kocabaş	General Accounting and Investor Relations Manager
Figen Tamurođlu	Treasury Manager
Celal Uruçay	Industrial Improvement Manager
Okay Yıldız	Technical Services Manager
INDEPENDENT AUDIT COMPANY : (PWC- Başaran Nas Bađımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.)	
Çoşkun Şen	Partner
Seçil Koyunlu	Manager
Akif Çađdaş Acar	Assistant Manager
Fırat Çetin	Audit Assistant
TAX AUDIT COMPANY : (Mazars-Denge Yeminli Mali Müşavirlik A.Ş.)	
Şevki Boran	Partner / Tax Director
Nazan Yüçetaş Boran	Partner / Tax Director
Cihan Akşar	Tax Audit Manager
OTHER PEOPLE :	
Hafize Nazan Çekmeci	Publisher (Net Ajans Reklam Tanıtım ve Yayıncılık Hizmetleri)
Süalp Çekmeci	Designer (Net Ajans Reklam Tanıtım ve Yayıncılık Hizmetleri)
Av. Cansu Yitmen	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 İstanbul 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: PC&S Group Values and 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: PC&S Group Values and Ethical Code / Article 6 - Human Resources

16. Information Regarding Relations with the Customers and Suppliers

Please see: PC&S Group Values and 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: PC&S Group Values and 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

POZITION	MEMBERS	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
Chairman	Mahmut Tayfun Anık		X	
Vice Chairman	Hans GS Hoegstedt	X		
Board Member	Fabio Ignazio Romeo		X	
Board Member	Ercan Karaismailoğlu	X		
Board Member	Halil İbrahim Kongur	X		
Board Member	Ali Aydın Pandır			X
Board Member	Neslihan Tonbul			X
Board Member	Mehmet Emin Tutan			X

POZITION	MEMBERS	FIRST APPOINTMENT	LATEST APPOINTMENT
Chairman	Mahmut Tayfun Anık	27 July 2006	30 March 2012
Vice Chairman	Hans GS Hoegstedt	1 July 2011	30 March 2012
Board Member	Fabio Ignazio Romeo	22 July 2005	30 March 2012
Board Member	Ercan Karaismailoğlu	25 March 2011	30 March 2012
Board Member	Halil İbrahim Kongur	30 March 2012	30 March 2012
Board Member	Ali Aydın Pandır	30 March 2012	30 March 2012
Board Member	Neslihan Tonbul	30 March 2012	30 March 2012
Board Member	Mehmet Emin Tutan	30 March 2012	30 March 2012

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	6	-	-	-

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 number and qualities of the independent members to function in the Board of Directors have been established in accordance with the corporate management arrangements of Capital Market Boards. The Board of Directors members have been elected by the General Assembly in accordance with the Capital Market Regulations, Turkish Commercial Code and Articles of Association. The entire independent Board of Directors members shall be persons resident in Turkey as required by Income Tax Code.

Moreover, the independency statement of the independent members of Board of Directors is as follows:

Independency Statement

With regard to my independent membership in Türk Prysmian Kablo Sistemleri A.Ş and as required by the corporate management principles of Capital Markets Board;

- I, my spouse of my blood relatives till third level have not established in the last five years direct or indirect employment, capital or any significant commercial means of contact with Türk Prysmian Kablo Sistemleri A.Ş, any one of related parties of Türk Prysmian Kablo Sistemleri A.Ş or legal entities related by means of management or capital to the shareholders who hold directly or indirectly 5% or more of Türk Prysmian Kablo Sistemleri A.Ş capital.*
- I have not functioned, in the last five years, rating or consultancy companies which rate, audit or consult Türk Prysmian Kablo Sistemleri A.Ş or any company who perform whole or some of contracted activities and organization of Türk Prysmian Kablo Sistemleri A.Ş and I have not acted as a member of Board of Directors in such companies.*
- I have not been a partner, employee or board of directors member in any company which provided significant amount of services and products to Türk Prysmian Kablo Sistemleri A.Ş in the last five years.*
- I do not hold more than 1% share in Türk Prysmian Kablo Sistemleri A.Ş and any share I hold is not in privileged quality.*
- I have the professional education, information and experience required for performing my functions in relation with my independent member status.*
- I have not not been an employee with public institutions and offices.*
- I have been a resident of Turkey as required by Income Tax Code.*
- I employ the strong ethical standards, professional reputation and experience required for positively contributing to the activities of Türk Prysmian Kablo Sistemleri A.Ş, protecting my neutrality in the conflict of interest among shareholders and deciding freely by considering the rights of interest holders.*

I submit my aforementioned statements to the information of concerned parties.

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: PC&S Group Values and 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 PWC, independent audit company: <http://www.pwc.com.tr>, and Information regarding to BDO, tax audit company: <http://www.mazarsdenge.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 **19 times** during the year 2012.

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: PC&S Group Values and 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	2

Members of Audit Committee: Ali Aydın Pandır, Neslihan Tonbul

Title of the Committee	Number of Annual Meetings (Min.)	Number of Members	Number of Independent Members
Early Risk Assessment and Risk Management Committee	4	2	1

Members of Early Risk Assessment and Risk Management Committee: Ercan Karaismailođlu, Ali Aydın Pandır

Title of the Committee	Number of Annual Meetings (Min.)	Number of Members	Number of Independent Members
Corporate Governance Committee	4	2	1

Members of Corporate Governance Committee : Fabio Ignazio Romeo, Ali Aydın Pandır

It has been established as the Corporate Management Committee to perform the functions of Candidate Determination and Pricing Committees in accordance with the Communiqué Serial IV 56 for Determination and Implementation of Corporate Management Principles, Article 4.5.1 published by Capital Markets Board and that Corporate Management Working Principles as to determine the functional areas and working principles of such committees as required by the said Article.

The detailed information relating to the working principles of all the committees has been presented to the public in the "Investor Relations" placed in the internet site of the company.

Assessment related to the Internal Auditing, Internal Control and Risk Management Systems performed through the Activities in the year 2012.

Prysmian Group active in cable industry has established sufficient internal audit, internal control and risk management systems (internal systems) suitable with its scope and business branches. Aiming to monitor and manage the risks arising from the activities of the company, both the local regulations and Prysmian Group requirements have been considered while establishing the internal systems. The internal systems are suitable with the independency, objectiveness, effectiveness, sufficiency and separation of powers principles with effect to the entire organization. All our activities and business processes target customer satisfaction, sustainable income production and rising the economic benefits of the shareholders with consideration of risk sensitive capital management. Prysmian Group is responsible for establishing and managing the internal systems in line with the applicable regulations. The financial control and audit activities of this responsibility shall be supervised via Committee responsible for the Audits. Audit Committee performs this function by detailed examination of the reports arriving from the Audit Department which has been obliged to financially review, audit and report the efficiency of our processes. The Committee instructs the company management accordingly and present any issue, as deemed necessary, to the information and approval of Board of Directors. The Audit Directorate/ Department functions under the structure and coordination of Board of Directors Audit Committee and financially reviews efficiency of all the entire business processes of the company. It tests the existence, effectiveness and practice levels of the respective audit mechanisms and, if any, determines any required actions together with operations units. It reports the results of its works and activities to the Audit 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.

Net 80.000 Euro honorarium fee is paid to the independent members of Board of Directors in the year 2012. Furthermore, there are no payments effected in favor of BOD Members and other executive bodies during the year 2012. 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