

# TURKISH AIRLINES ARTICLES OF ASSOCIATION

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## ESTABLISHMENT

### ARTICLE 1

With the Resolution of the Government, 22.08.1990 dated, No: 90/822 Turkish Airlines has been included in the scope of Law No: 3291 dated 28.05.1986 whereupon a incorporation has been established by the founder whose name, nationality and domicile are given below.

1. Republic of Turkey, Prime Ministry, Presidency of Public Participation Administration (Republic of Turkey) <sup>1</sup>Ankara.

## NAME OF THE INCORPORATION

### ARTICLE 2

The name of the incorporation is TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI – TURKISH AIRLINES INC. (hereinafter will be referred as “the Incorporation”). The operational name of the Incorporation is “THY” where the flight code is “TK”.

## AIM AND OBJECTIVES AND FIELD OF ACTIVITY OF THE INCORPORATION

### ARTICLE 3

#### 3.1 Aim and Objectives of the Incorporation

Aim and objectives and mission of the Incorporation is as follows:

- a) To extend the long range flights network and to improve the global airline identity of the Incorporation;
- b) To improve the identity/nature of the Incorporation as a technical maintenance service provider, by improving the technical maintenance unit to a level as an important technical maintenance base in the region;
- c) To improve the identity of the Incorporation as a service provider in all civil aviation activities having strategic importance including ground handling and flight training;
- d) To preserve the leading position of the Incorporation in domestic air transportation;
- e) Through co-operation with a global airline alliance to integrate its own flight network, in a manner to improve the abroad image of the Incorporation and to improve the marketing possibilities, to procure the Incorporation to perform uninterrupted and qualified flight services;
- f) To make Istanbul a flight hub.

#### 3.2 Fields of Activity of the Incorporation

In order to realise its aim and objectives and mission included in Article 3.1, the Incorporation has been established to perform all types of domestic and international air transportation and the fields of activity of the Incorporation are as follows:

- a) To perform all kinds of air transportation for passengers, mail, live stock and cargo to and from any point in and out of Turkey, and all other works and commitments incidental thereto;

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<sup>1</sup> Presidency of Public Participation Administration has been changed to be Privatisation Directorate with Law No: 4046

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- b) To sell tickets and airwaybill for transportation by aircraft or other conveyance of the Incorporation or of other airlines or real persons or legal entities engaged in air transportation business, to establish and operate ticket sale offices and cargo warehouses necessary for air transportation;
- c) To purchase, sell, lease, rent, produce, repair aircraft, aircraft equipment, any and all kinds of equipment and devices related with air transportation and to establish and operate hangars, warehouses, repair and supply facilities in order to provide maintenance and safeguard thereof;
- d) To operate all types of vehicles and means of conveyance for the transportation of the passengers, mail, live stock and cargo, incidental to air transportation;
- e) To perform “ground handling” and “catering” services;
- f) To establish and operate in and abroad organisations (like branches, agencies, offices, etc.) relevant to the subject matter of the Incorporation’s activity, to export and import goods and services incidental thereto;
- g) To install and operate telephone, wireless telephone, wireless telegraph facilities, power plants and transmission lines and other facilities incidental thereto with the purpose of performing any of the functions related to the fields of activity and in compliance with the Radio Law No: 2813 and provisions of other applicable laws;
- h) To construct, operate or lease airports;
- i) To perform land transportation of bonded cargo to domestic points whenever required;
- i) To establish warehouse and depots in order to operate bonded warehouses under control of the Customs Directorates;
- j) In order to accomplish the functions related to the fields of activity, to purchase and sell, rent and lease movable and immovable properties, to institute any kind of restraints including mortgage in order to secure its credits and debit, to release those instituted, to institute commercial enterprise pledge, in order to execute the commercial activities of the Incorporation in compliance with the declarations required by Capital Market Board, to institute collateral, pledge and mortgage in favor of third parties and subsidiaries included under full consolidation for the preparation of the financial statements and to lend to its’ subsidiaries and to accomplish any and all transactions incidental thereto;
- k) To the extent permitted by the applicable law, to become members of international institutions in regard to its activities, and to perform all financial and administrative activities in order to conclude agreements with the airline operators of other countries and to perform all kinds of activities regarding production and transportation;
- l) To act as an insurance agency and to become the shareholders of insurance companies pursuant to the applicable law;
- m) To perform the functions related to the fields of activity directly or procure the performance of these through companies established or by way of participating those already established, to establish participations in and abroad and to use all property rights on the Incorporation’s shares in such participations already established or to be established;
- n) To purchase and sell petroleum and petroleum products, to act as agency, distributor or in similar works incidental thereto;
- o) To purchase and sell computer software and hardware, to act as agency, distributor or in similar works incidental thereto;
- p) To issue, buy, dispose of, give as guarantee and to perform all other legal rights regarding all kinds of securities and commercial bonds, profit partnership certificates, finance bonds and bonds convertible to shares, in compliance with the Board Resolutions, in cases authorised by the applicable laws, provided that the Incorporation will not act as a commissioner or perform portfolio management;

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r) To obtain, register, lease and conclude contracts for licences, franchises, trade marks, know-how, technical data and support and all other industrial property rights;

s) To perform all kinds of training, seminars and courses regarding the fields of activity, to co-operate with the related institutions, to participate in their activities, to establish and operate school and educational institutions;

ş) To perform training services regarding the activities of the Incorporation.

t) To aid and to make donations in compliance with the provisions of the applicable law.

In addition to the aforementioned activities, in case it is intended to perform other activities deemed required in order to realise the aim and objectives and mission of the Incorporation, these will be submitted to the approval of the Shareholders Assembly upon offer of the Board of Directors. For the application of such resolutions which require modification in the Articles of Association, the consents of the Ministry of Customs and Trade and the Capital Market Board will be obtained, the resolution will be registered in the Trade Registry and be announced in the Trade Registry Gazette.

## HEAD OFFICE AND BRANCHES

### ARTICLE 4

The head office of the Incorporation is located at Istanbul, The address of the Incorporation is Atatürk Airport, Yeşilköy, Bakırköy, Istanbul.

In case of any address change, such new address will be registered in the Trade Registry and be announced in the Trade Registry Gazette and moreover Ministry of Customs and Trade and the Capital Market Board will be notified about such change.

Services made to the registered and announced address will be deemed adequately served. If the Incorporation has left the registered and announced address but has not registered the new address in due time then this will be deemed as a reason for the termination of the Incorporation.

With the resolution of the Board of Directors and in compliance with the provisions of the applicable law, the Incorporation may open branches, agencies and representation offices in and abroad as required .by the activities of the Incorporation.

## DURATION OF THE INCORPORATION

### ARTICLE 5

The Incorporation has been established with an indefinite duration.

## SHARE CAPITAL AND SHARE CERTIFICATES

### ARTICLE 6

The Incorporation, pursuant to the provisions of Capital Market Law No: 2499 has adopted the registered share capital regime and is applying this regime according to the permission of the Capital Market Board dated 26.10.1990 No: 815.

#### a. Registered Share Capital

The authorised capital of the Incorporation is 5.000.000.000.- (five billion) Turkish Lira. This authorised capital is divided into 500.000.000.000 (five hundred billion) shares, each with the nominal value of 1 Kuruş (one kuruş).

#### b. Issued Share Capital and Share Certificates

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The issued share capital of the Incorporation is 1.380.000.000- (one billion three hundred eighty million) Turkish Lira divided into 138.000.000.000- (one hundred thirtyeight billion) shares each with the nominal value of 1 Kurus (one kurus) and is completely paid.

The permit provided by the Capital Market Board for the authorised capital ceiling is valid for the years 2020-2024 (5 years). In the period ended 2024, even if the authorised capital ceiling levels are not attained, in order for the Board of Directors to take capital increase decision for the period after 2024, the Board of Directors must get authorization for a new period at the Shareholders Assembly that will be held after permission of Capital Market Board for a previously approved ceiling level or a new level. In case the company doesn't get such an authorization, the company will be considered as signed out from the authorised capital system.

From 2020 to 2024, The Board of Directors is authorized to increase the issued capital when necessary by issuing registered share certificates up to the authorised capital ceiling, in compliance with the provisions of Capital Market Law.

The shares that represent the capital are being tracked within the frame of dematerialization principles. Shares are separated into two groups and all of them are registered.

By taking into consideration the rules of Capital Market Board and upon consent of the Capital Market Board, the "nature of foreigner" as indicated in paragraph 6(d) below and the limitations incidental thereto and the rights granted to the Incorporation in case of share transfers exceeding the foreign limit not complying with the provisions of the Articles of Association will be denoted on the share certificates issued to represent the share capital.

Below are the shares of the share groups in the issued share capital of the Incorporation:

GROUP	AMOUNT OF CAPITAL	TYPE	AMOUNT OF SHARES
A	1.379.999.999,99	Registered	137.999.999.999
C	<u>0,01</u>	Registered	<u>1</u>
TOTAL	1.380.000.000,00		138.000.000.000

Group C share is owned by Prime Ministry, Privatisation Directorate, or in case such duties are transferred by the Prime Ministry, Privatisation Directorate then the transferee institution. Privileges granted to the Group C Share in this Articles of Association, will continue to apply as long as Prime Ministry, Privatisation Directorate or in case such duties are transferred by the Prime Ministry, Privatisation Directorate, then the transferee institution holds this Group C share.

In the event of cancellation of the privilege granted to Group C share in this Articles of Association, then Group C share will convert to a Group A share. Upon such conversion of the Group C share to a Group A share, then the right "to nominate a Board Member" granted in Article 10 of this Articles of Association to Group C, will pass to the shareholders holding Group A shares.

## c. Preferential Purchase Option

The Board of Directors is entitled to issue premium shares in compliance with the provisions indicated in Article 8. Unless limited with the authorised board of the Incorporation, the shareholders will participate the capital increase in proportion to the shares held by them and will have the preferential option to purchase the shares issued under their group. Group C will not participate in the capital increase with a preferential purchase option.

## d. Shareholders Nature

The shares held by the foreigner shareholders may not exceed 40 % of the issued share capital of the Incorporation. In calculating the rates of the shares held by the foreigner shareholders, the rate of foreign shareholding in the shares held by the shareholder holding Group A shares which are not open for public will be taken into consideration as well.

Foreign shareholder shall mean:

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- foreign natural or legal persons;
- Turkish companies, share capital of over 49 % of which are owned by foreigners;
- Turkish companies in which majority members of administrative and representative boards are not Turkish citizens and in which majority votes are not on Turkish partners according to their articles of associations;
- Turkish companies under actual control of the aforementioned.

In order to ensure that the aforementioned share rate limitations on the foreigner partners will be complied with the provisions of the Articles of Association, the Incorporation will use separate parts for foreign shareholders in registering the shareholders and their related share rates in the Share Register.

It is obligatory to promptly notify the Incorporation of any share purchase and sale reaching to 1 % of the issued share capital of the Incorporation. Moreover, the shareholders who have reached or exceeded the maximum foreign shareholding rates as indicated in this Articles of Association, are obliged to promptly notify the Incorporation as they become aware of this. The purpose of such notification is to follow the foreigner element and remarkable share movements and to ensure the Board of Directors to perform its powers based on these, and only notification will not result with the nature of being a shareholder unless registered in the Share Register, and only the records in the Share Register will be relied on in such cases.

In cases where it is understood through the notifications or through other means that the total shares held by the foreigner shareholders have exceed 40 % of the issued share capital of the Incorporation, then the Board of Directors will be under the obligation, to promptly notify the related shareholders lately within 7 (seven) days, starting from the latest share transfer, to dispose of the shares which exceed the foreign shareholding limit, in amounts and rates to be in conformity to the foreign shareholding limit and otherwise the Incorporation will be entitled to apply any of the measures indicated below. The foreign shareholder to whom the notice to dispose of its exceeding shares has been served, will be under the obligation to sell such shares which have caused the foreign shareholding limit to be exceeded, to a person who is not included in the foreign shareholder definition in this Articles of Association, within the period stated in the notice. In case such shares are not disposed despite the notification, then the Board of Directors will be under the obligation to meet in 3 (three) days and to take a resolution to cover the measures indicated below in regard to the shares exceeding the limit.

(i) To redeem with the nominal value, the shares held by the foreign shareholder which has caused the foreign shareholding limit to be exceed, through decreasing the share capital; with this purpose, the Incorporation will first notify the shareholder who has exceed the foreign shareholding limit that his shares will be redeemed. In case such a notice may not be served then the fact will be announced in two newspapers published at the place where the head office of the Incorporation is located. Expenses related with such redemption, will be collected from the shareholder who has caused the redemption, through deduction from the redemption amount.

(ii) In cases where the total share rate of the foreign shareholder is over the limit indicated in this Articles of Association, then the Board of Directors will be entitled to increase the share capital in order to reduce the rate of the shares exceeding the limit. In this case, new shares may be issued by limiting the preferential purchase options of the existing shareholders according to the rules of the Capital Market Board.

In cases where the foreign shareholding limit as indicated in this Article is exceed, the Board of Directors will be entitled to resolve about the method to apply firstly to reduce the share rates to the limits permitted.

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## TRANSFER OF SHARES

### ARTICLE 7

Transfer of shares is subject to the provisions of Turkish Commercial Code, Capital Market regulations and Civil Aviation regulations.

Transfer of registered shares will be effective with regard to the Incorporation upon registration in the Share Register. The shareholders will be under the obligation to evidence when required, according to the format as determined by the Board of Directors, their identities and nationalities and, if available, the "Foreign shareholding" relation as indicated in Article 6, before registration of the registered shares in the Share Register.

Until registration of the share transfer in the Share Register, the holder registered in the Share Register will be deemed as the holder of the shares by the Incorporation.

Share transfers will be registered in the Share Register upon resolution of the Board of Directors. The Board of Directors may refrain from registering any share transfers in the Share Register in cases which are not in consistency with this Articles of Association or the law or without indicating any reason therefore.

Share transfers which are not in compliance with the foreign shareholding rate limits as indicated in Article 6 above, may not be registered in the Share Register. The Board of Directors will be under the obligation to reject the registration of such share transfers in the Share Register. Share transfers which are not registered in the Share Register by the Board of Directors will not be recognised by the Incorporation and the related transferee will not be granted to be a shareholder. The affirmative vote of the member, appointed to the Board of Directors to represent Group C share is required in the resolutions of the Board of Directors to affirm the share transfer and to register this in the Share Register.

Group C share may be transferred to any Turkish public institution substantially having the same powers granted to the Prime Ministry Privatisation Directorate by Law No: 4046. In case of such a transfer then this will promptly be registered in the Share Register without requirement for any resolution of the Board of Directors.

The Board of Directors will be under the obligation to limit the transfer of the shares to the foreigners, in order to comply with the provisions of Civil Aviation and/or other laws, it is subject to, and with the limitations as indicated in this Articles of Association and to avoid from endangering the traffic and cabotage rights held by the Incorporation.

## INCREASE AND DECREASE IN THE SHARE CAPITAL

### ARTICLE 8

Whenever required the share capital of the Incorporation may be increased or decreased in conformity with the provisions of Turkish Commercial Code and Capital Market Law.

Whenever deemed required, the Board of Directors will be entitled, in compliance with the provisions of Capital Market Law to increase the share capital by issuing new share certificates up to the registered share capital limit and to take resolutions to limit the new share purchase rights of the shareholders and to issue premium shares. New shares may not be issued unless the share certificates already issued are totally sold and their amounts are totally paid. It is obligatory to indicate the issued share capital of the Incorporation on the documents covering the trade name of the Incorporation.

## ISSUANCE OF STOCKS AND BONDS

### ARTICLE 9

With the purpose to sell to naturel or legal persons in Turkey or abroad, and in conformity with the provisions of Turkish Commercial Code, Capital Market Law and other applicable rules, with a resolution of the Board of Directors, the Incorporation may issue bonds, commercial papers, debenture



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bonds, loss and profit sharing certificates and other debenture certificates having the features of capital market instruments the authority to issue which may be transferable to the Board of Directors in compliance with the Capital Market rules. Moreover the Incorporation may issue bonds convertible to share certificates upon resolution of the Board of Directors, in compliance with the regulations of the Capital Market Board.

## **BOARD OF DIRECTORS**

### **ARTICLE 10**

The Incorporation will be managed and represented by the Board of Directors. The Board of Directors will be entitled to perform all acts, excluding those the Shareholders Assembly is legally and individually entitled.

The Board of Directors will consist of 9 members appointed by the Shareholders Assembly. It is obligatory to appoint 8 members of the Board of Directors, by electing amongst the candidates nominated by the Group A shareholders having highest votes, and to appoint one member by electing amongst the candidates nominated by the Group C shareholder.

Below principles will apply in the nomination of the candidates by the Group A shareholders:

a) In case the rate of being open to public is 15 % (including), then the shareholders holding the Group A shares open to public will have the right to nominate one of the 8 members granted to Group A shares.

b) In case the rate of being open to public is 35 % (35 % and more), then the shareholders holding the Group A shares open to public will have the right to nominate two of the 8 members granted to Group A shares.

c) In order to be able nominate candidates for the Board of Directors by the shareholders holding Group A shares open for public, they are required to be represented at the rate of minimum 2 % of the total issued share capital of the Incorporation during the Shareholders Assembly in which the members of the Board of Directors will be elected. Calculation of the aforementioned rate of 2 % will be based only on the Group A shares open for public. Shareholders holding Group A shares open for public will determine the candidates nominated for the Board of Directors in a special meeting. In this meeting only shareholders holding Group A shares open for public, not held by the public, will be entitled to nominate candidates. In case shareholders holding Group A shares open for public are not represented in the rate of 2 % at the Shareholders Assembly, then the right of such shareholders to nominate candidates for the Board of Directors, will be used by the other shareholders holding Group A shares not open for public according to the rules of Turkish Commercial Code and Capital Market.

d) In the event of any vacancy in any membership of the Board of Directors due to any reason like death, resignation, dismissal or cease of membership, then such vacant position will be occupied by the election of the Board of Directors made in compliance with Article 363 of Turkish Commercial Code. In the event of any vacancy in the Board of Directors due to any of the aforementioned reason, then the shareholders holding the group shares entitled to nominate the candidate office of which is then vacant, will be entitled to nominate a candidate for the vacant position and the Board of Directors will elect this candidate for this vacant position. In the event that the shareholders holding Group A shares open for public may not nominate any candidate for the vacant position in the Board of Directors then Group C shareholder will be entitled to nominate a candidate for the vacant position or in case Group C share has been converted to Group A share, then the shareholders holding Group A shares not open for public will be entitled to nominate a candidate for the vacant position. In the election for the vacant position of the candidate nominated by the shareholders holding Group A shares open for public, the rates of 15 %, 35 % and 2 % as indicated in paragraphs (a), (b) and (c) above will not be taken into consideration. The appointment of the successor member of the Board will be submitted to the approval of the following Shareholders Assembly. The Board member approved by the Shareholders Assembly will continue the office period of the predecessor member.

e) In the event information is given that any Board member representing a legal person has no more relation with that legal person or in the event such legal person transfers its shares to a third party, then this member will be deemed to have resigned, and provisions of paragraph (d) hereof will apply in nominating a candidate for the vacant position.

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f) In the event of any modification in this Articles of Association and creation of new share groups, the right granted to the shareholders holding Group A shares open for public to nominate 2 Board members as indicated in paragraphs (a) and (b) above may not be cancelled or modified, unless the aforementioned modification is approved by the shareholders representing 65 % of the issued share capital.

## **QUALIFICATIONS AND CONDITIONS REQUIRED FOR ELECTION OF THE BOARD MEMBERS**

### **ARTICLE 11**

In order to be able to get elected as a Board member, these persons are required not be placed under guardianship or curatorship, not to have gone under bankruptcy personally or the company managed by such person, not to have gone under incapability, not to have been convicted for shameful offences or offences indicated in Civil Aviation Law, must be a shareholder of the Incorporation and must possess qualifications required by the Turkish Commercial Code, Capital Market Law and relevant legislation. In the event of election of a person who is not actually a shareholder, such person may start his/her office only after becoming a shareholder.

The Shareholders Assembly may give permissions for cases covered in Articles 395 and 396 of Turkish Commercial Code.

It is a requirement that minimum six members of the Board, including the members representing Group C shares, will be Turkish citizens.

## **OFFICE TERM OF THE BOARD MEMBERS**

### **ARTICLE 12**

The office term of the Board Members is 2 (two) years. The Shareholders Assembly will have the right to dismiss any member prior to expiry of the office term. Board members whose office term have expired may be re-elected.

## **FUNCTIONING OF THE BOARD**

### **ARTICLE 13**

The Board of Directors will elect a chairman and a deputy chairman at its first meeting. The chairman, and in his absence the deputy chairman will be entitled to convene a meeting. Upon request of any two members, then the chairman, and in his absence the deputy chairman will be under the obligation to convene a Board meeting.

## **BOARD OF DIRECTORS' MEETINGS**

### **ARTICLE 14**

Board of Directors shall meet as and whenever required by the affairs of the Incorporation, but at least once a month in any case. The venue is the head office of the Incorporation. However the meeting may be held at another place upon decision of the Board.

It is a requirement that the items to be discussed should be listed in an agenda and that such agenda should be served to the members prior to the meeting date. Call for a board meeting should be made minimum three days before the meeting.

The Board of Directors will meet with the attendance of minimum 6 members. Resolutions of the Board of Directors may be taken with the affirmative votes of minimum 5 members. Any member who has not attended four consecutive meetings or any member who has not attended total 6 meetings during one year without having the permission of the Board or without having any plausible excuse will be deemed to have resigned.



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The important transactions in terms of Corporate Governance Principles of Capital Markets Board are conducted in accordance with Capital Markets Board's regulations.

All related party transactions and all transactions regarding guarantee, pledge and mortgage in favor of third parties are conducted in accordance with Capital Markets Board's regulations on Corporate Governance Principles.

Unless any member requests a meeting, the Board of Directors may resolve with the affirmative opinions of all members about any particular subject suggested by any member. The resolutions of the Board of Director will be effective subject to being written and signed. Lack of quorum for resolution will be deemed as rejection of such proposal.

The right holders who have the right to attend the general assembly meetings of the Incorporation may also participate in these meetings via electronic media pursuant to Article 1527 of the Turkish Commercial Code. The Incorporation may set up the electronic general assembly system that will enable the right holders to participate and exercise their votes at the general assembly meetings via electronic media pursuant to the Regulation Regarding General Assemblies to be Convened Via Electronic Media in Joint Stock Companies or it may procure services from the systems formed by service providers for this purpose. It is required to ensure that the right holders exercise their rights specified in the related legislation on the basis set forth in the provisions of the above mentioned Regulation in all general assemblies to be held via the system set up or the system to be procured from support service pursuant to this Article herein.

It is required for the Board member representing Group C share to attend the meeting and his affirmative vote is required for the effectiveness of the resolutions of the Board of Directors regarding the followings issues:

- Resolutions which will clearly adversely affect the mission of the Incorporations as indicated in Article 3.1 of this Articles of Association;
- Any suggestion to be made to the Shareholders Assembly for any modification in the Articles of Association;
- Increase of the share capital;
- Approval of transfer of registered shares and registration of the transfer in the Share Register;
- Any transaction, based on each contract, which exceeds 5 % of the total assets of the Incorporation as indicated in the latest balance sheet submitted to the Capital Market Board and which is directly or indirectly binding for the Incorporation, any resolution which will bring the Incorporation under any commitment, (provided that in case the share of the public in the Incorporation has decreased below 20 % of the Incorporation's share capital, then the provisions of this clause will automatically terminate);
- Merger, termination or liquidation of the Incorporation;
- Any resolution about the cancellation of any flight route or for a remarkable decrease in the number of flights, excluding the routes which do not even have a revenue to meet its own operating costs based on exclusive market conditions or through other sources.

The privileges of Group C share may only be limited by the High Commission of Privatisation or any other public institution which has taken over such duties.

## DUTIES AND POWERS OF THE BOARD OF DIRECTORS

### ARTICLE 15

Board of Directors is the representative and administrative organ of the Incorporation. The Board of Directors is entrusted with all duties, excluding those entrusted to the Shareholders Assembly by law and Articles of Association, and is entitled with all powers incidental to such duties.

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Pursuant the provisions of Article 367 and 370 of Turkish Commercial Code, the Board of Directors may delegate, totally or partially, such administration and representation powers to one or more members, to the president, executive vice president, manager(s) who are not Board members and may establish executive committees among members or non-member persons for the execution of such powers. However, powers may not be transferred in matters in which Group C is privileged by the Board of Directors.

The Board of Directors may establish committees in accordance with the Turkish Commercial Code, Capital Markets Legislation and the relevant legislation and prepare an internal directive in accordance with Article 367/1 of the Turkish Commercial Code.

All financial and other information required for the Board members to perform their duties and Board of Directors proposals and their enclosures will be submitted in due time.

## REPRESENTING AND OBLIGATING THE INCORPORATION

### ARTICLE 16

The power to administer and represent the Incorporation towards third parties is vested on the Board of Directors. Names and powers and signature specimens of the persons authorised to sign for and on behalf of the Incorporation will be determined by the Board of Directors and this will be registered in the Trade Register and be announced. The documents to be issued and the contracts to be concluded by the Incorporation shall not be valid unless these are executed by at least two persons authorised to sign for and on behalf of the Incorporation, under the name of the Incorporation.

## REMUNERATION OF THE BOARD MEMBERS

### ARTICLE 17

Remunerations of the Board members will be determined by the Shareholders Assembly, in accordance with the Turkish Commercial Code, Capital Markets Legislation and the relevant legislation.

## GENERAL MANAGER

### ARTICLE 18

General Manager will be appointed by the Board of Directors. Remuneration and other working conditions of the General Manager will be determined by the Board of Directors. The General Manager is required to be a Turkish citizen.

## DUTIES AND RESPONSIBILITIES OF THE GENERAL MANAGER

### ARTICLE 19

The duties and responsibilities of the General Manager will be determined by the Board of Directors. The General Manager will be under the obligation to perform his/her duties in due diligence and will be responsible for his contrary conducts.

## ORGANISATIONAL STRUCTURE OF THE INCORPORATION

### ARTICLE 20

The organisational structure, staff employment conditions, procedures and principles regarding the wages and salaries will all be determined by the Board of Directors.

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## AUDIT

### ARTICLE 21

The auditing process of the Incorporation and other matters foreseen in the legislation shall be carried out within the framework of the related provisions of the Turkish Commercial Code and Capital Markets Law.

## QUALIFICATIONS OF THE AUDITORS

### ARTICLE 22

The auditor is dismissed in accordance with the provisions of Turkish Commercial Code. Provision of Article 399/2 of the Turkish Commercial Code is reserved.

## PROVISIONS TO BE APPLIED TO THE DUTIES AND POWERS OF THE AUDITORS

### ARTICLE 23

The provisions of the Turkish Commercial Code and Capital Markets Law shall be applied for the duties and powers of the auditors and other related matters.

## REMUNERATION OF THE AUDITORS

### ARTICLE 24

Remuneration of the Auditors shall be determined by the annual contract to be made with the Auditor.

## INDEPENDENT AUDIT REPORT

### ARTICLE 25

The Incorporation shall obtain an Independent Audit Report for the financial statements and reports determined by the Capital Markets Board within the scope of the Turkish Accounting Standards, by having them examined by an Independent Audit Firm within the framework of the related legislation, pursuant to Capital Markets Law.

## SHAREHOLDERS ASSEMBLY

### ARTICLE 26

Shareholders Assembly of the Incorporation will either held ordinary or extra-ordinary meetings. Ordinary Shareholders Assembly meetings will be held at least once a year and at a time pursuant to the laws. Extraordinary Shareholders Assembly meetings may be held whenever required.

## POWERS OF THE SHAREHOLDERS ASSEMBLY

### ARTICLE 27

Shareholders Assembly, is the decision making organ of the Incorporation, entrusted with the powers set forth in the Turkish Commercial Code and other laws.

## VENUE OF THE MEETING

### ARTICLE 28

The Shareholders Assembly meeting may be held at the head office of the Incorporation, or at a convenient place of the city where the head office of the Incorporation is located, by a resolution of the Board of Directors.

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## SUMMON AND QUORUM

### ARTICLE 29

Summon announcements regarding the Shareholders Assembly meetings are required to be pursuant to the Turkish Commercial Code, Capital Markets Legislation and the relevant legislation.

Attendance to the Shareholders Assembly meetings by electronic means: Shareholders who have the right to attend the Shareholders Assembly meetings can also attend these meetings by electronic means, pursuant to the article 1527 of Turkish Commercial Code. As per the Internal Directive on Working Principles and Procedures of the General Assembly, The Incorporation can either set up a electronic general assembly system that will enable the shareholders to attend the meeting by electronic means, express an opinion, come up with a proposal and vote, or purchase a service from a provider. In all Shareholders Assembly meetings, shareholders and representatives should be enabled to use all the rights set out in the foregoing Internal Directive, as per this article of the Articles of Association.

Excluding the cases which require a higher quorum pursuant to Turkish Commercial Code, Capital Markets Legislation and this Articles of Association, Shareholders Assembly meeting will convene with the attendance of the shareholders representing minimum one fourth of the share capital of the Incorporation. In the event that such quorum cannot be obtained at the first meeting, the quorum will not be taken into consideration for a second meeting. Same quorums are applicable for the privileged shareholders meetings of the Incorporation.

Excluding the cases which require a higher quorum according to Turkish Commercial Code, resolutions will be adopted with the majority of the present shares.

In the event that any resolution of the Board of Directors subject to the approval of the Board Member representing Group C, as indicated in Article 14, requires the approval of the Shareholders Assembly, then the aforementioned approval resolution may only be adopted with the affirmative vote of the Group C shareholder.

Whenever required, Shareholders Assembly Meeting may also convene without the formal procedures in accordance with the with the Article 416 of the Turkish Commercial Code.

## ATTENDING THE MEETING AND APPOINTMENT OF PROXY

### ARTICLE 30

Shareholders may be represented at the Shareholders Assembly meetings by proxies who may or not be a shareholder appointed by authorisation documents given. Proxy shareholders of the Incorporation, in addition to their own votes, will then be entitled to vote for the shares of the shareholders they are representing.

Shareholders who have not informed the Incorporation about, their share purchase and sales which have reached to 1 % of the issued share capital of the Incorporation or that they have reached the maximum foreign rate limits as indicated in the Articles of Association, and/or shareholders which have not been registered in the share register of the Incorporation, as indicated in Article 6/d above will not be entitled to be represented at the Shareholders Assembly meetings in relation to their shares not registered in the share register.

## VOTING RIGHT

### ARTICLE 31

Each shareholder or proxy attending the ordinary or extraordinary Shareholders Assembly Meetings will be vested with one vote for each share, provided that the provisions of Article 6/d of this Articles of Association are reserved.

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## VOTING PROCEDURE

### ARTICLE 32

Votes at the Shareholders Assembly meetings will be cast by show of hands. However upon request of the shareholders representing minimum ten percent of the shares attending the meeting then voting by ballot will be required. Rules of the Capital Market Board will apply in this matter.

## CHAIRMANSHIP

### ARTICLE 33

Shareholders Assembly meetings shall be opened by the Chairman of the Board of Directors or Deputy Chairman of the Board of Directors or one of the members of the Board of Directors.

The meeting is presided by a Chairman, elected by the General Assembly, who is not obliged to be a shareholder. The Chairman shall constitute a Meeting Chairmanship by appointing a Minutes Secretary and if needed, a vote collector. Minutes of the Shareholders Assembly meetings will be signed by the Meeting Chairmanship and Ministry Representative.

## DOCUMENTS TO BE SUBMITTED

### ARTICLE 34

Three copies of the Reports of the Board of Directors and the Auditors, balance sheet, loss and profit statements, minutes of the Shareholders Assembly meeting signed by the government commissary and the attendance list will be submitted to the Ministry of Customs and Trade within one month following the meeting date.

The financial statements and reports required by the Capital Market Board and, if independent auditing is required then the independent audit report, will be submitted to the Capital Market Board and announced to the public in accordance with the procedures and principles determined by the Capital Market Board.

## FINANCIAL YEAR

### ARTICLE 35

The financial year of the Incorporation commences on the first day of January and expires on the last day of December.

## DETERMINATION AND DISTRIBUTION OF PROFIT

### ARTICLE 36

The net profit, as indicated in the annual balance sheet, found after deducting from the revenue of the Incorporation, the amounts required to be paid or reserved by the Incorporation like general expenses and various depreciations and the taxes required to be paid by the Incorporation, following the deduction of the losses of the past years, will be distributed in the following priority, by complying with the Capital Market regulations:

- a) Legal reserve fund in the rate of 5 % will be reserved.
- b) First dividend in the rate and amount as determined by Capital Market Board will be deducted from the balance.
- c) After deducting from the net profit the amounts indicated in clauses (a) and (b) above, the Shareholders Assembly will be entitled to resolve either to distribute as second dividend or to reserve as extraordinary reserve fund, the entire or any portion of the balance.

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d) Second reserve fund will be reserved according to Article 519, paragraph 2, clause c of Turkish Commercial Code in the rate of one tenth of the amount found after deducting the profit share in the rate of 5 % of the issued share capital from the amount resolved to be distributed to the shareholders and those entitled to participate the profit.

e) Unless legal reserves required by law and the first dividend determined in the Articles of Association for the shareholders are reserved, no resolution may be adopted to reserve other reserve funds, to transfer profit to the coming year, and unless first dividend is paid in cash and/or in share certificates, no resolution may be adopted to distribute profit to the privileged shareholders in profit distribution, to the holders of participation, founder and ordinary interest certificates, to the members of the Board and officers, employees and workers, to the trusts established for various purposes and similar persons and/or institutions.

## RESERVE FUND

### ARTICLE 37

The legal reserve fund to be reserved by the Incorporation at the rate of 5 % of the annual net profit will continue to be reserved until it reaches up to the 20 % of the share capital of the Incorporation. (Provisions of Article 519 of Turkish Commercial Code are reserved.) In the event that for any reason, the legal reserve fund falls below the amount representing 20 % of the share capital of the Incorporation, then legal reserve fund will continue to be reserved until it reaches this amount again.

## TIME AND FORM OF PAYMENT OF THE PROFIT

### ARTICLE 38

Shareholders Assembly will determine the time and form of the payment of the profit, by taking into consideration the Bulletins of the Capital Market Board.

## AUTHORISED COURTS AND EXECUTION OFFICES

### ARTICLE 39

The courts and execution offices of the place where the head office of the Incorporation is located, will have jurisdiction to settle the disputes between the Incorporation and the shareholders.

## ANNOUNCEMENTS

### ARTICLE 40

Announcements regarding the Incorporation will be made in compliance with the provisions of Article 35, paragraph 4 of Turkish Commercial Code. Furthermore the provisions of the Capital Market Law and the related bulletin will be complied with regarding the imperative announcements required pursuant to the provisions of the aforementioned law.

Provisions of Articles 474 and 532 of Turkish Commercial Code will apply regarding the announcements about decreasing share capital and liquidation.

## CAPITAL MARKETS BOARD CORPORATE GOVERNANCE PRINCIPLES

### ARTICLE 41

Corporate Governance Rules which are obliged to be applied by the Capital Markets Board shall be applied. The transactions which are not in compliance with the mandatory rules and the Board of Directors resolutions in this regard shall be deemed as invalid and against these Articles of Association.



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Capital Markets Board Corporate Governance Rules provisions shall be applied to the transactions which are deemed as significant for the application of Corporate Governance Rules and related party transactions and transactions relating to providing guarantee, pledge and mortgage in favor of third parties.

The qualifications and number of independent board members shall be determined in accordance with the Corporate Governance Rules of Capital Markets Board.

## **PROVISIONAL ARTICLE 1**

In accordance with the new code "The Law on the amendment to the Turkish Commercial Code" numbered 5274, nominal value of a share is changed to 1 New Kuruş, previously a nominal value of TL1,000.

Therefore, 10 shares each with a nominal value of TL 1,000 will be replaced by new shares with a nominal value of 1 New Kuruş. In relation to the replacement, shareholders' existing rights due to the ownership continue to exist.

The replacement process will be initiated by the Board of Directors, in line with the regulations that will be put in place with the new registry system of the capital market instrument.