

2007

**Statement of Compliance with
Corporate Governance
Principles**

Tüpraş has committed itself to complying with the Corporate Governance Principles issued by Capital Markets Board and making arrangements in areas requiring harmonization.

Corporate Governance Rating Report compiled in line with the Corporate Governance Principles of Capital Markets Board under four main chapters concerning Shareholders, Transparency and Public Disclosures, Stakeholders and Board of Directors, assigned Tüpraş the rating of 7.91 over 10 (79.12%). The appraisal was conducted by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., licensed by Capital Markets Board to rate corporate governance in Turkey. Execution of the said principles is among the essential aims of our Company and efforts undertaken by our Company are followed up in line with the responsibility brought on by these principles.

The outcomes of assessment for the main chapters of Shareholders, Transparency and Public Disclosures, Stakeholders and Board of Directors, assigned varying weightings in response to the resolution of principle by the CMB concerning this issue, are listed below:

The rating obtained affirms that Tüpraş has complied with CMB Corporate Governance Principles for the most part and implemented many of the necessary policies and measures, thus reflecting the value it accords its shareholders and the public.

The Company's Corporate Governance Compliance Report illustrating implemented and unimplemented aspects of these principles as applied to the activities of 2007 is as follows.

Details of our Corporate Governance Compliance Report below are also available on our website at "www.tupras.com.tr".

| Chapters | Rating (%) |
|-------------------------------------|--------------|
| Shareholders | 77.34 |
| Transparency and Public Disclosures | 88.31 |
| Stakeholders | 88.09 |
| Board of Directors | 62.65 |
| Total | 79.12 |
| Company Rating | 7.91 |

CHAPTER I: SHAREHOLDERS

Liaising with Shareholders

The Company abides by all legislation concerning the exercise of rights guaranteed by shareholding, the Articles of Association and other internal regulations, and takes all precautions to ensure that these statutory rights are fully exercised.

The Investor Relations and Strategic Planning Department and the Capital Movements Unit under the Financial Affairs Department work in coordination to liaise with individual shareholders and domestic and foreign corporate investors.

The Investor Relations and Strategic Planning Department (IRSP) responds to all enquiries raised, except those involving commercial secrets, in line with the principle of equality. Corporate shareholders of Tüpraş or potential investors are regularly briefed and updated through presentations and teleconferences as well as meetings held domestically or abroad. This serves to promote active communication between the shareholders and the executives and enables shareholders to access all kinds of information required directly from its source. Special attention is paid to ensure that Tüpraş's website provides full and updated information about the Company with the aim of informing the public and shareholders. The LSP operates under the Deputy General Director of Financial Affairs.

The main activities of the IRSP and Capital Movements Coordination Unit under the Financial Affairs Department are:

- Running transactions concerning capital markets (Liaising with the CMB and ISE, issuing of capital, paying of dividends, etc.),
- Ensuring that the General Meeting is held in accordance with current legislation and Articles of Association,
- Filing documents to be submitted to the shareholders at the meetings of the General Meeting,
- Conducting necessary work to ensure that minutes of the meetings are kept in respect of due practice,
- Observing and monitoring all aspects of public disclosure to ensure their compliance with relevant legislation;
- Running the affairs conducted with shareholders and domestic and foreign corporate investors;

- Filing timely and single-handedly the required documentation to convey to domestic/foreign investors any financial, operational or executive changes that may affect share prices of the Company and informing the investors accordingly, thus fulfilling the legal obligations of ensuring regular, timely and accurate information flow to the Istanbul and London Stock Exchange where Tüpraş shares are quoted,
- Enhancing the Company's recognition and desirability within the international investment community; promoting its advantages in comparison with other refining companies on the same footing, utilizing or commissioning the use of necessary promotion instruments such as road show, teleconferencing, e-mailing, faxing, analyst presentations and statements/announcements providing direct information to bring a status to Tüpraş that is more favorable than that of other corporations investing in emerging markets.
- Reporting to the foreign correspondent bank undertaking clearance of shares traded in London Stock Exchange concerning any procedures directly affecting the shares such as issue of capital, dividend payments, and assembly of General Meeting, and undertaking necessary action to follow up and ensure full and accurate completion of these transactions;
- Providing financial and operational data required by analysts operating in the petroleum industry for their reports and projections and ensuring these reports are checked before they are circulated;
- Surveying the breakdown of Tüpraş's existing shareholders, preparing a data base of investors' details, and employing all kinds of available tools, including external means, for identifying potential investors, and informing and advising the line managers when necessary. This is to be done by monitoring foreign/domestic components of investors holding Tüpraş shares at ISE and any significant changes of the trading volume there,
- Devising and updating presentations required for domestic/overseas promotion and information initiatives of the Company, and preparing the documents in anticipation of potential questions that may be raised by the investors such meetings in coordination with relevant departments.

The Investor Relations and Strategic Planning Department endeavors to employ electronic communication means and the corporate website of the Company in all their transactions. Maximum diligence is exercised for compliance with relevant legislation and Articles of Association in responding to the demands of the shareholders. To the extent of our knowledge, there were no written/oral complaints submitted to the Company, nor any administrative/legal action taken against the Company concerning the exercise of shareholders' rights in 2007.

Shareholders' Right to Information

No distinction is made between shareholders while processing demands for evoking their right to obtain and evaluate information.

In 2007, as a result of visits made to the Investor Relations and Strategic Planning Department and meetings arranged abroad, 327 one-to-one meetings were held with fund managers and analysts representing a total of 303 investment companies; of those attending these meetings, 24 fund managers and analysts were from 14 local investment companies, and 232 were from 194 foreign investment companies. During these meetings, relevant individuals and organizations were informed about Tüpraş and updated about the changes made.

Apart from meetings held respecting the principle of 'Right to Information' of the shareholders, a great deal of questions or requests for information, mainly concerning the value of dividends, payment venue and time, and issue of capital, were received and responded to in 2007. Documents and guides were prepared to answer frequently asked questions and these have been uploaded at the Investor Affairs section of Tüpraş website. Furthermore, in response to the requests of new dividend coupons, and exchanges of dividend coupon rights and share certificates received from the shareholders in 2007, 827 dividend coupon transactions, 214 new dividend coupon issues, and 160 share exchanges were made, bringing the total of fully delivered transactions to 1,201.

Shareholders were informed about the content of the meeting of the General Meeting through notices placed in national newspapers with high circulations, as well as letters of invitation issued by the Company and via the website. In addition, in accordance with the communiqué of the Capital Markets Board (CMB), Disclosures of Material Events (DME) were made to the Istanbul Stock Exchange (ISE) and the London Stock Exchange (LSE) ensuring that the shareholders were informed about the Company. All these transactions are available for public scrutiny at the website of the Company.

Requests towards appointment of special auditors are not yet included as an individual right within the Articles of Association of our Company. However, in the period ahead, this may be possible, subject to changes in legislation.

| Name | Title | Tel. No. | e-mail |
|--------------------|---|------------------|-------------------------------|
| T. Tuncay Önbilgin | Investor Relations and Strategic Planning Manager | +90 262 316 3269 | tuncay.onbilgin@tupras.com.tr |

Information on the General Meeting

In 2007, the Company held its 47th Ordinary General Meeting. With turnout of 66.7% of our shareholders at the meeting, a quorum was achieved.

Following the special event disclosure made to the ISE in order to announce the meeting to the shareholders and corporate investors, the invitation was repeated by issuing the items of the agenda in a clear and unequivocal way at the Turkish Commercial Registration Gazette and two high circulation newspapers.

A fortnight before the General Meeting, the Annual Report reflecting the Company's annual performance and financial statements was presented for scrutiny by shareholders on the Company website and at the headquarters. Copies of the Annual Report were distributed at the General Meeting.

The issues on the agenda were presented in an unbiased and detailed way, in a clear and comprehensible form at the General Meeting, and shareholders were provided equal opportunities to voice their opinions and ask questions, creating a forum for healthy discussion.

According to our Articles of Association, unless otherwise decided by the General Meeting, the meetings are held open to interested parties and the press. However, those participating in the meeting without a valid entry card as shareholder or his/her agent do not have right to speak or vote.

It has been stipulated in the Articles of Association that material decisions concerning spin-offs or sales, acquisitions or lease of assets with significant value can only be taken with the affirmative vote of Group C (preferential) shares. In this context, approval of Group C shares represented by the Privatization Administration is sought on the General Meeting for deciding on issues that might restrict or hinder the supply of petroleum to the Turkish Armed Forces, such as closure or sale of one of the refineries, limitation of activities through establishment of restraint or any reduction corresponding to more than 10% of the capacity, or spin-off or merger and/or liquidation of the Company.

In matters other than those mentioned above, decisions are taken by bringing issues debated at the Board of Directors to the General Meeting for discussion and resolution.

The minutes of the General Meeting, list of participants, agenda items and notices are available for the evaluation of all investors on the Tüpraş website.

The 48th Ordinary General Meeting of the Company concerning the activities of 2007 will be held at the Company Headquarters on April 22, 2008.

Voting Rights and Minority Rights

Class C shares (Golden Share), as determined by the Articles of Association and represented by Privatization Administration, do not hold any other privileges concerning voting rights apart from those assigned for matters enlisted under the General Meeting section and those concerning the liquidation of the Company.

No upper limit is set on the voting rights of the shareholders, and to encourage participation of shareholders based abroad, samples of letters of attorney have been uploaded on the website.

Considering that applying a cumulative voting method to enable minority shareholders with representation to the Board of Directors could impair the harmonious management structure, no regulations have been made towards this end.

When this matter is legislated by laws preventing the abuse of cumulative voting rights by the minority, it shall be considered at the General Meeting.

Dividends Policy and Deadlines

The dividends policy of our Company is determined within the framework of Capital Markets Legislation and our Articles of Association. In accordance with the Corporate Governance Principles, a balanced and consistent policy towards shareholders and Company interests is pursued for the distribution of dividends.

As long as the relevant legislation, investment requirements and financial means permit, it is the Company's

policy to have the Board of Directors distribute the entire distributable profit of the Company, subject to the approval of General Meeting following the proposal of the Board of Directors.

The distribution of profit is carried out within the legal timelines in accordance with Turkish Commercial Code (TCC) and the CMB. There are no privileges assigned in the Articles of Association concerning participation in profit.

Dividends are paid out within the time limits set forth in the legislation, as soon as possible following the General Meeting.

Transfer of Shares

The transfer of 51% of Class A registered shares belonging to Enerji Yatırımları A.Ş. is subject to approval of the Privatization Administration until January 26, 2009. Transfer of other Class A registered shares and transfer of the aforementioned registered Class A shares belonging to Enerji Yatırımları A.Ş after January 26, 2009 are not subject to any restrictions.

In accordance with the mandate vested in the Turkish Prime Ministry Privatization Authority with the Law 4046, Class C registered shares can be transferred to another Turkish Public Enterprise enjoying essentially the same level of powers, and this transfer is not subject to the approval of the Board of Directors.

CHAPTER II: PUBLIC DISCLOSURES AND TRANSPARENCY

Disclosures Policy of the Company

“Disclosures Policy” of the Company is executed with reference to legal regulations, capital markets legislation, and rules set out by the directives issued. The Company has drawn a written document regarding public disclosures and information, and has announced this to its shareholders and the public on its website following the approval of the Board of Directors.

The aim of the disclosures policy is to share information concerning Company’s past performance, prospects, strategies and aims with the public, relevant authorities and organizations, existing and potential investors and shareholders in an equitable manner with the exception of information constituting commercial secrets thereby providing an effective and transparent communication platform by the Investor Relations and Strategic Planning Body and Corporate Communication Unit within the framework of provisions of Capital Markets Board.

In accordance with Disclosures Policy, presentations are made concerning activities and financial outcomes of every quarter for investors, financial analysts, members of press and relevant circles and these presentations are then issued on the website of the Company. The said reports are also dispatched to all registered members on the investor data base of the Company, which includes those who have signed up through the member registry page. Furthermore, the Company has an active and updated website. Information flow to the public and investors is provided through the corporate website of the Company, www.tupras.com.tr, designed with maximum care to include all provisions required from the corporate page. This website also includes comprehensive information on those issues for which information can be requested from the Company.

Disclosures of Material Events

In 2007, 22 disclosures of material events were made in relation to the Communiqué of CMB Series: VIII, No. 39. No additional information was requested by the CMB or ISE regarding these disclosures of material events.

The company executes its liabilities for disclosure of material events pertaining to the GDR shares traded on London Stock Exchange since April 2000 in parallel with those to the ISE. There are no disclosures that made to London Stock Exchange that are withheld from the domestic market. Special attention is paid to providing disclosures of material events to both exchanges and ensuring their announcement simultaneously within the framework of the Company liabilities.

In 2007, the Company was not subject to any sanctions of the CMB brought in the event of failing to disclose material events in a timely fashion.

Company’s Website and Content

The website of the Company can be accessed at www.tupras.com.tr. Both past and current information concerning the following are available in Turkish and English.

- Detailed information about the corporate identity
- Vision and main strategies
- Information about the Members of the Board of Directors and the Senior Management of the Company
- Organization of the Company and Partnership Structure
- Articles of Association of the Company
- Commercial Register Information
- Financial data, benchmarks and analysis reports
- Press Releases
- Statements made to the Stock Exchange
- Data and charts about the share performance, Rating Grades
- Information on the analysts evaluating the Company and their reports
- Date for convention of the General Meeting, items of agenda, explanations about issues on the agenda
- The minutes and list of participants of the General Meeting
- A sample letter of attorney
- Corporate Governance Practices and Compliance Report
- Dividends policy and profit yields per share
- Disclosure policy
- Frequently Asked Questions

Projects of Social Responsibility

The said reports are dispatched to all registered members on the investor data base of the Company, including those who have signed up through the member registry page for investors.

All information that should appear in relation to Corporate Governance Principles is compiled under the section of Investor Relations on the Tüpraş website.

Disclosure of Individual Shareholder(s) with Controlling Shares

No individual owns equal to or more than 5% of the Company's or its affiliates' shares. Other corporate information concerning the breakdown of Company's capital is available on our website, in the "Corporate Governance" section under the heading of the Investor Relations.

Disclosure of Insiders to the Public

All necessary precautions are taken to ensure that all Company personnel heed the rules concerning the use of insider information in order to achieve balance between transparency and protection of Company interests.

Information acquired in the course of employment that belongs to the company and is viewed by the Company as information on a need to know basis that might be construed as commercial secrets, is deemed "Proprietary Information". All employees safeguard propriety information and shall not disclose this information out of its scope directly or indirectly while employed or thereafter.

The list of insiders, consisting of Members of the Board of Directors, auditors and senior management staff, who have access to insider information as of the date of this report, is presented below. Insiders are also declared each year as part of the Annual Activity Reports and on our website.

PEOPLE WITH ACCESS TO INSIDER INFORMATION

| Full Name | Title |
|----------------------|---|
| Mustafa Vehbi Koç | Chairman of the Board |
| Mehmet Ömer Koç | Vice Chairman of the Board |
| Dr. Bülent Bulgurlu | Board Member |
| Temel Kamil Atay | Board Member |
| Erol Memioğlu | Board Member |
| Cüneyt Ağca | Board Member |
| Ahmet Aksu | Privatization Administration Class C Representative |
| Ali Tarık Uzun | Auditor |
| İbrahim Murat Çağlar | Auditor |
| Şükrü Dilaver | Auditor |
| Yavuz Erkut | General Manager |
| Gürol Acar | Assistant General Manager (Production) |
| Yılmaz Bayraktar | Assistant General Manager (Human Resources) |
| Hasan Tan | Assistant General Manager (Trade) |
| İbrahim Yelmenoğlu | Assistant General Manager (Finance) |
| Cengiz Demirtürk | Accounting Director |
| Deniz Köseoğlu | Financial Reporting Manager |
| Tuncay Önbilgin | Investor Relations and Strategic Planning Manager |

CHAPTER III: SHAREHOLDERS

Informing Stakeholders

Shareholders of the Company are notified about General Meetings by the meeting invitations sent out, and statements sent to ISE. Information offered on the website of the Company is as comprehensive as possible, including conference statements and interviews given to the press and media and presentations, bearing in mind that shareholders will thus be informed. Arranging meetings at the highest possible levels, the Company endeavors to respond to the requests for meetings by the shareholders.

Company personnel are given access to circulars and announcements via the intra-net portal and important announcements are communicated to all employees via electronic mail. Rafine is our in-house four-monthly journal issued with the aim of reinforcing corporate communication between employees at different geographical locations. Employees and senior management executives of Tüpraş come together for annual meetings to evaluate the goals and progress achieved in the course of the year and to exchange ideas.

Shareholder Participation in Management

Despite the lack of any binding provisions in the Articles of Association of the Company endorsing participation of shareholders in the management of the Company, "Tüpraş Recognition, Appreciation and Award" scheme has been devised to reward acts and efforts of the personnel in support of the values and goals of the organization while "Refined Suggestions" initiative has been launched to promote and encourage individual and original suggestions concerning process improvement, energy saving, resource efficiency, productivity, protection of environment and work safety.

Human Resources Policy

As is the case with other Companies of Koç Group, the essence of the human resources policy at Türkiye Petrol Rafinerileri A.Ş. is embodied in the maxim "the most precious asset is our human resource".

The principles of human resources policy adopted by our Company are as follows:

- Job descriptions and their delegation and performance criteria applied are defined and communicated to the employees by the Company.
- Recruitment criteria are laid out and communicated in writing and these criteria are applied for recruitment.
- Decisions for training, appointment and promotion are taken diligently by consulting objective data and considering corporate interests.
- There is great emphasis on providing training to develop both the professional knowledge and capabilities, and personal talents of our staff.
- A safe work environment and safe work conditions are provided for our staff and effort is made to constantly improve them.
- Events relating to or decisions concerning our employees are communicated to our employees.
- Rewards are presented to employees on completion of five years and multiples thereof, in service thus encouraging qualified, trained and experienced staff for continued service.
- There is no discrimination between the employees of our Company. There have been no complaints brought by the Tüpraş employees to Senior Management concerning discrimination.
- There is no practice of assigning representatives for liaising with our employees. Information on Customer and Supplier Relations Customer Relations

As a token of its responsiveness for quality, environment, public and occupational health in all its activities, Tüpraş obtained ISO 9001:2000 Quality, ISO 14001:2004 Environment and OHSAS 18001:1999 Occupational Health and Safety Management System certificates simultaneously in all its refineries. The Company commits itself to maintaining highest levels of customer satisfaction in its policies concerning quality, environment, occupational health and safety management systems.

Tüpraş Headquarters monitors information concerning customer perception as to what extent it can meet customer conditions. This is one of the main measurement criteria for governance systems and methods have been drawn to elicit this information and use it for future targets. Therefore, customer surveys are conducted and evaluated, and targets are set in accordance with their outcome.

Within the framework of the contemporary management philosophy of Total Quality Management, the Company signed a Goodwill Statement with KalDer (Turkish Society for Quality) on April 4, 2006 as the first step of admission to National Quality Movement and Journey to Excellence Program, and has introduced EFQM Excellence Model, a continuous development tool in Total Quality Management to its practices.

Supplier Relations

In accordance with the type and content of controls applied to products or service and product suppliers, Tüpraş Headquarters checks the compliance of goods and services procured against the procurement stipulations. The Company also examines the impact of purchased products and services on the next product developed and their dependence on finished product.

Tüpraş Headquarters evaluates and selects suppliers on the basis of their capability to deliver products meeting the requirements of Tüpraş. Criteria have been drawn for selection, evaluation and re-evaluation. Tüpraş retains the outcomes of these evaluations and records of action to be taken in accordance with these outcomes.

Social Responsibility

Tüpraş regards the Global Compact, signed by Koç Holding's Chairman of the Board of Directors Mr. Mustafa V. Koç and Secretary General of the United Nations Mr. Kofi Annan in New York on March 30, 2006, as the point of reference in fulfilling its requirements of Corporate Social Responsibility.

The Company has participated in numerous corporate responsibility projects initiated under the auspices of Koç Holding. Furthermore, our Company feels obliged to contribute to the "Vocational Schools are a National Issue" campaign launched by Koç Holding in order to address the shortage of skilled industrial workers that has emerged with increasing acuteness in the recent years, by supporting vocational secondary schools.

As the largest industrial enterprise in Turkey, Tüpraş places human health, workplace safety, environmental protection and public interest at the forefront of its activities in pursuit of its goals. Apart from continuously developing products and services that protect people and the environment, Tüpraş complies with environmental standards concerning the fuel used in all its refineries for production purposes regardless of

regional differences, including Batman. Operating on the basis of global standards concerning environmental protection, Tüpraş recognizes the importance of improving the natural habitat as well as preserving it and works towards creation of new natural conservation areas.

Acting on the fact that education is an undeniable necessity for the development of nations, Tüpraş has endeavored to respond positively to all requests of aid, assistance and donation brought by schools and educational institutions. Moreover, hospitals, organizations aiding disabled citizens, various sports clubs and artistic initiatives are also supported.

A protocol concerning the Tüpraş Technical Education Program was signed with the Ministry of National Education on May 29, 2007. The protocol, which involves cooperation in training workers in the fields of Refining and Processing under Chemistry Technology, covers the following vocational schools located in the cities where our refineries are based: Kocaeli Anatolian Technical High School, Kocaeli Technical and Industrial Vocational School, İzmir Aliağa METEM (Vocational and Technical Training Complex), Kırıkkale Bahşili H. Hidayet Doğruer Multi-Program High School. 11th and 12th grade students are to be admitted to the refinery and process departments of their high schools, will attend applied courses three times a week at refining and processing units and in the laboratories for the length of their education. Moreover, Tüpraş will improve the chemistry laboratories in these schools and furnish them with necessary equipment.

CHAPTER IV: BOARD OF DIRECTORS

The Board of Directors consists of seven members elected by the General Meeting. It is compulsory that six of the seven Board members should be elected on the basis of the highest number of votes received from the Class A shareholders in the vote held at the General Meeting and the last one to be nominated by the Class C shareholder.

In the event of a Board seat falling vacant due to death, resignation or disqualification of a member, an election is held by the Board of Directors in accordance with Article 315 of the Turkish Commercial Code to fill this position. If the vacancy is among members representing Class A shares, the Board of Directors fills the vacant position by electing one among the candidates nominated by Class A shareholders on the Board. In case the seat appointed by Class C shares becomes vacant due to the abovementioned reasons, the Board of Directors fills the vacant position by holding an election for the candidate or among the candidates nominated by Class C shareholders.

Requirements for Board Membership

Minimum eligibility requirements sought by the Company for electing members to the Board correspond to the qualities stated in the articles 3.1.2 and 3.1.5. in Part IV of the CMB Corporate Governance Principles.

As determined in Article 11 of the Articles of Association, eligibility for membership of Board of Directors requires that the person is not legally incapacitated, not declared bankrupt or insolvent personally or through a company previously managed, owns a share in the Company, and has no previous convictions for serious crimes. In case persons not holding Company shares are elected members, they shall take the position after acquiring capacity as a shareholder. For the cases described in Articles 334 and 335 of the Turkish Commercial Code, the General Meeting may give consent.

The minimum eligibility requirements sought by the Company for members of the Board of Directors are specified in the Articles of Association of the Company in accordance with Article 3.1.1, in Part IV of the CMB's Corporate Governance Principles.

Vision, Mission and Values of the Company

Vision

Our vision is to be an effective and reliable player, admired for its human resources and performance, in the global petroleum industry.

Mission

Our mission is to create value for our shareholders, business partners and the community by playing an active and leading role in development of the industry, while supplying domestic needs for petroleum products.

Values

- Honest, transparent and ethical,
- Respectful to people,
- Sensitive to environment,
- Creative and innovative,
- Customer oriented,
- Encouraging development of employees,
- Promoting teamwork.

Financial Control Mechanism

The Board of Directors oversees activities relating to financial control and auditing essentially by the agency of the Auditing Committee. In fulfilling its functions, the Audit Committee examines and assesses in detail the reports compiled by the Financial Audit Department established to review, audit, and report the financial efficiency of our processes. The Committee then provides the Company management with necessary instructions, and submits these instructions to the attention and approval of the Board of Directors, where appropriate. The Board of Directors operates within the scope of and in coordination of the Audit Committee.

The Financial Audit Department reviews the efficiency of all business processes of the Company from a financial perspective, tests the appropriateness, effectiveness and implementation levels of the auditing mechanisms relating to those processes, determines measures to be taken to rectify any shortcomings in cooperation with operational units, and then reports the results of its work to the Audit Committee.

The Powers and Responsibilities of Directors of the Board and Managers

The Board of Directors is the representative and executive body of the Company. It is responsible for undertaking all duties other than those assigned to the General Meeting under the laws and the Articles of Association and is vested with all powers required to perform these tasks.

In accordance with Article 319 of the Turkish Commercial Code, the Board of Directors may delegate all or part of its executive and representative powers to one or more of the Board Members, jointly to a Board Member and a non-member General Manager or manager(s), or otherwise may set up executive committees comprising its members or non-members to perform its duties or exercise its powers.

Principles of Activity for the Board

All opinions voiced at meetings of Board of Directors are recorded in the official reports in the form of meeting minutes.

Attendance of Board Members in person is ensured where matters set out in Article 2.17.4, Part IV of the CMB's Corporate Governance Principles are discussed. However, in urgent matters pertaining to legal obligations, this principle is waived. With the exception of such matters, the quorum for Board Meetings is five members and decisions are taken with the affirmative vote of five members. A member who does not attend four consecutive Board meetings without a valid excuse or a justified cause is deemed to have resigned.

The Board of Directors convenes whenever the business of the company so requires. However, it is obligatory to have at least four meetings annually. All operations of the company are reviewed in these meetings and material issues are resolved. In addition to these regular meetings, the Board of Directors may meet when deemed necessary, with the attendance of the absolute majority of its members, to make decisions on special matters, or may decide without actually convening in accordance with Article 330/2 of the Turkish Commercial Code.

The place of meetings is the Company headquarters. Meetings may be held at another venue with the decision of the Board of Directors. Matters to be discussed at Board Meetings must be pre-determined on an agenda that is communicated to Board Members before the date of the meeting. Invitations to Board meetings must be made at least three days before the actual date of meeting.

The agendas for regular meetings are drawn by the Secretariat of Board of Directors in consideration of previous decisions and issues warranting resolution and in consultation with the Members of the Board. Meanwhile, agendas of other meetings are determined by matters where there is a legal obligation requiring a decision.

The duties of the Secretariat of Board of Directors are under the supervision of the Chief Financial Officer (CFO).

Articles of Association do not provide Members of the Board of Directors weighted voting rights or the right to veto.

Dealings with the Company and Non-Competition

Consent can be granted by the General Meeting for cases specified in Articles 334 and 335 of the Turkish Commercial Code.

Ethics Code

The Code of Ethical Business involves the fundamental principles of conduct. Tüpraş has renewed its code of ethical business towards compliance with the Global Compact signed by Koç Holding. It also adapts to changes in legal, social and economic circumstances.

Employees of the Company are expected to comply with “Code of Work Ethics” and “Common Values of the Koç Group” in performing their jobs. In recognition that business procedures, standards, laws and regulations cannot provide guidance for all of our conduct and actions, we have the Business Ethics Code built on corporate values and the Ethics Council.

Code of Work Ethics adopted by the Board of Directors is defined under the topics of Honesty and Reliability, Secrecy and Protection of Commercial Secrets, Conflict of Interest, and Our Responsibilities.

The abovementioned text can be accessed in full on the Company's website under the heading of the Corporate Governance.

Number, Organization and Independence of Board Committees

The Company has a number of committees established to ensure that the Board performs its duties and responsibilities in a robust manner. These committees perform their activities in accordance with certain procedures. Audit Committee and Corporate Governance Committee thus established operate in accordance with the principles specified below.

Audit Committee

The committee in charge of audits was established to monitor financial affairs, to assess periodical financial charts and endnotes, to take necessary action within the framework of Corporate Governance Principles and to present its proposals concerning financial results based on existing information and examination of the Independent External Audit, and oversees the internal audit processes.

Corporate Governance Committee

The committee was established to monitor the harmonization of the Company with Corporate Governance Principles and assess justification for non-compliance with the principles not yet implemented and advise the Board of Directors with proposals of improvement of the practices.

Remuneration of Board Members

All rights, benefits and remuneration to which Board Members shall be entitled are determined at the General Meeting.

No loans of any form are extended to Board Members or managers directly or indirectly.

At the Ordinary General Meeting concerning activities of 2006; it was voted unanimously to pay the gross monthly salary of TRY 1,650 to the Chairman and Members of the Board of Directors; and TRY 1,210 to the Members of the Audit Board.