



Corporate Governance Compliance Rating Report



Turcas Petrol A.Ş.

03 March 2016

Validity Period : 03.03.2016-03.03.2017

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Turcas Petrol A.Ş. is compiled;

in accordance with the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014; as well as the CMB's board decision taken at the Board meeting on 01.02.2013, no 4 / 105.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 70 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

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Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

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TABLE OF CONTENTS

1.	Seventh Period Revised Rating Result	3
2.	Company Profile and Changes within Last Year	8
3.	Rating Methodology	17
4.	Corporate Governance Compliance Rating Grades and Their Description	19





TURCAS PETROL A.Ş

BIST THIRD GROUP

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

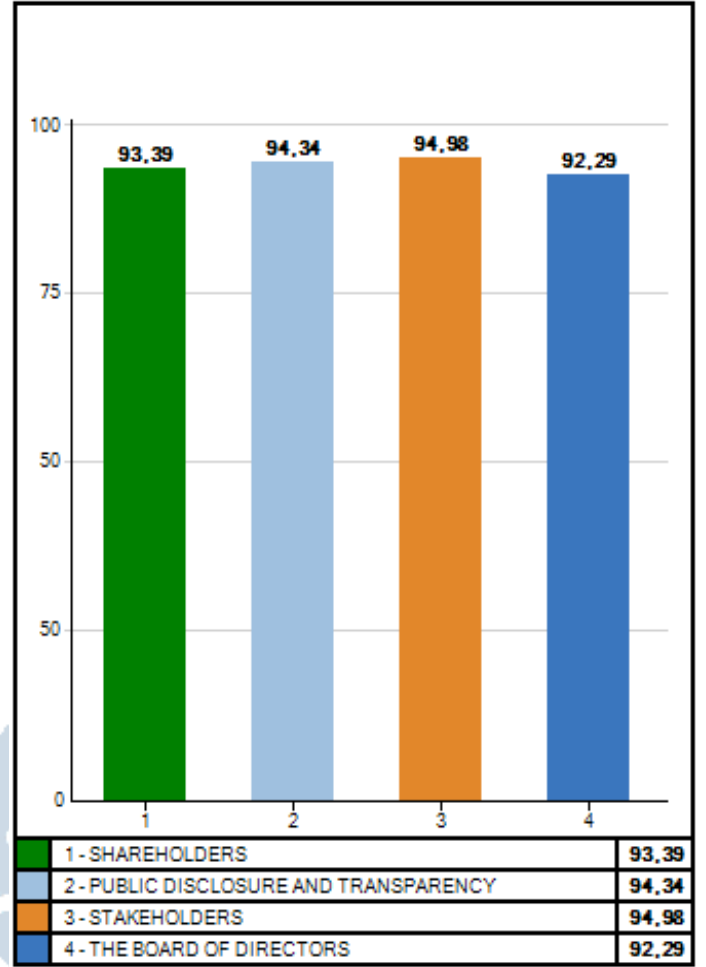
9.35

Kobirate Uluslararası Kredi Derecelendirme
ve Kurumsal Yönetim Hizmetleri A.Ş

Contact:

Serap Çembertaş (216) 3305620 Pbx
serapcembertas@kobirate.com.tr

www.kobirate.com.tr



1. SEVENTH PERIOD REVISED RATING RESULT

The process of rating of compliance of **TURCAS PETROL A.Ş.** with the Corporate Governance Principles has been prepared through onsite examinations of the documents, interviews held with executives and persons involved, examination of information open to public and other reviews. The rating process is based on the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.S. Methodology and the process of rating are based on CMB's Corporate Governance Principles Communiqué no II-17.1 No: 28871, published on 03.01.2014.

According to CMB's decision No: 1/3, dated 13.01.2015, Turcas Petrol A.Ş. is on **BIST 3rd Group Companies**. The Company has been examined through 399 criteria, as described in the methodology of Kobirate A.S. for "BIST Third Group Companies". At the end of the examination under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of **TURCAS PETROL A.Ş.** is determined as **9.35**.

This result signifies that the Company has achieved a considerable compliance with the CMB's Corporate Governance Principles. Possible risks for the Company are

determined and controlled. Public disclosure and transparency activities are at the highest level. Rights of shareholders and stakeholders are treated fairly. The structure and working conditions of board of directors is generally compliant with corporate governance principles. As a result, this rating grade indicates that the company highly deserves to be in the BIST Corporate Governance Index.

▪ At the section of Shareholders, it is seen that Turcas has achieved the grade of **93.39**. The developments that brought this grade for the Company are listed below;

- Pinar Saatcioğlu (Ceritoğlu), Deputy Manager of Investor Relations Department received Corporate Governance Rating License in addition to Level – 3 License, providing required substitution for the Department.

- Disclosure Policy, which was announced to be revised with a Material Event Disclosure dated 26.09.2014, was presented to the shareholders at the General Assembly on 13.05.2015.

- Company's practice of Electronic General Assembly has been elected as best practice by the Central Securities Depository Institution.

Relations with shareholders are conducted through Investor and Shareholders Relations Department, which reports to Corporate Finance and Investor Relations Directorate. Department's activities are conducted by Pinar Saatcioğlu (Ceritoğlu) under the coordination and supervision of Erkan İlhantekin, Finance Director (CFO) and Head of Investor Relations Department. Erkan İlhantekin has Capital Market Operations Level 3 and Corporate Governance Rating Licenses. It has also been determined that Investor Relations Department Deputy Manager Pinar Saatcioğlu (Ceritoğlu) has also received same licenses.

Erkan İlhantekin, Head of Investor Relations Department, has been a member of Corporate Governance Committee since 04.06.2012 in compliance with Capital Markets Board's Communiqué II-17.1.

Activities of Investor and Shareholders Relations Department are regularly reported to the Board of Directors. 4 (four) reporting took place at the Board of Directors meetings in 2015, in March, June, September and December.

There is no regulation or practice of cancelling or restricting shareholders' right to obtain and review information imposed by the Articles of Association and/or a decision by any corporate unit. Disclosures for shareholders and public are made in accordance with the "Disclosure Policy" of the Company. The policy is accessible at the Company's corporate website.

Ordinary General Assembly meeting to discuss activities of 2014 took place on 13.05.2015. The announcement of the meeting was made through Turkish Trade Registry Gazette (TTSG) No: 8795 and dated 07.04.2015, Public Disclosure Platform Statement on 27.03.2015, Central Registration Agency's e – general assembly system (EGKS) and corporate website in accordance with regulations.

Company capital was increased to TRY 270,000,000 from TRY 225,000,000 at the general assembly meeting. These changes are explained in the section titled "***i. Capital, Shareholding Structure and Changes in the Articles of Association***".

A briefing document general assembly's articles of agenda and sent with the invitation for the meeting. The document contained information on the shareholder structure, voting rights coming with shares, privileged shares, management and operational changes that (might) affect Company's and its substitute companies' activities in 2014 or next financial period, requests by shareholders, CMB or other public authorities to add items on the agenda, information about members of board of directors and independent members of board of directors, Dividend Distribution Table, revised text of

“Disclosure Policy”, revised text of Articles of Association and Board of Directors Decision on changes in the Articles of Association. Both old and revised versions of the articles of association have been published on the briefing document.

Turcas’ compliance with regulations and principles in general assembly practices are at a very good level. Within this frame, it has been learned that Central Securities Depository Institution (MKK) found Company’s Electronic General Assembly practice an exemplary application and used it in presentations abroad.

Information on dividend distribution is disclosed in the **“ii. Dividend Distribution”** section of our report.

▪ In the section of Public Disclosure and Transparency, the Company has achieved the grade of **94.34**. Most important developments that brought this grade to the Company are below;

- The annual report includes information on committee reports to the Board of Directors.
- The annual report includes information on whether past general assembly decisions were implemented or not.

Finance Director (CFO) Erkan İLHANTEKİN and Accounting Manager Nurettin DEMİRCAN are responsible and authorized for signing public disclosure statements of the Company. These officials are charged with monitoring all subjects related with public disclosure.

Although it is not obligatory for the Company as it is on the list of 3rd Group Companies, Turcas continues to make material event disclosures and declare financial statements, which should be disclosed to public in accordance with capital market regulations, at Public Disclosure Platform simultaneously in Turkish and English.

It is thought that corporate website and annual report are in compliance with the criteria specified by Principles and they are used effectively as means of public disclosure.

The Company regularly has independent audits and presents independent audit reports to the public through Public Disclosure Platform and its own corporate website.

▪ At the section of Stakeholders, the Company has achieved the grade of **94.98**.

The Company has a rather detailed and modern HR policy. Making, implementing and developing HR policies is undertaken by Human Resources Department under Directory of Coordination and Regulatory Affairs. The processes of HR policies include written procedures, based on objective criteria and giving priority to productivity, aiming to educate and develop careers of recruited employees, protecting rights of both the employees and the Company.

Compensation policy for employees has been prepared and disclosed to public through corporate website.

Internal regulations and procedures on recruitment, working conditions, disciplinary practices, power and responsibilities of employees, remuneration, health, leave rights, promotions, task alterations and dismissals, death, resignation and retirement have been developed and it is observed that the company sticks to these policies in practice.

Within the scope of ensuring employees’ participation to management, “Strategy Sharing Meeting” was held for the first time in 2015 with the participation of all employees. Company’s vision, mission and strategic targets were shared with the employees at this meeting and their opinions were listened. Through “Strategic Targets Progress Meeting”, which started in 2015; progress towards strategic targets has

been discussed with directors, coordinators, managers and team leaders. These meetings have become routine.

Ethical Rules required to be complied by all employees are laid down and approved by the General Assembly. Ethical principles were revised in 2015 and published on the corporate website. On close examination it is seen that the ethical rules are very comprehensive and compliant with the principles.

The Company has determined its Sustainability and Corporate Social Policies and disclosed them to the public. It is learned that a "Sustainability Committee" is planned in order to help implementation and close monitoring of Sustainability Policies.

On the other hand, a "Quality, Process Management and Environment" expert was employed as of 2015. Among responsibilities of this expert are Quality Handbook, Quality Procedures, Processes, preparation of Work Flows and Guidelines, development of Quality Management System, as well as preparation and implementation of Environment Policies.

Turcas continues to develop its practices in this section.

- In the section of Board of Directors, Turcas has received the grade of **92.29**.

As a result of interviews and examination of Decision Books of Board of Directors and Committees, it has been determined that the Board and Committees continue their activities regularly.

Board of Directors has determined Company's strategic targets. Chairman of Board of Directors and General Manager are different persons. In line with the principle of clear differentiation of powers between Chairman of Board and CEO / General Manager, 14th and 16th items of Articles of Association neatly describe duties of the Board of Directors and Chairman of Board. Duties of the Chairman of Board, Board

Members and General Manager are also described in detail in the Guidelines that set the principles of activity of the Board of Directors. These job descriptions are greatly in line with the Principles.

Company's Board of Directors is formed with seven 7 (seven) individuals; 1 (one) Chairman and 6 (six) members. The Board of Directors has four 4 (four) non – executive members and 2 (two) of the non – executive Directors of the Board are independent Members who meet the criteria for independence described by Corporate Governance Principles.

Audit, Corporate Governance and Early Detection of Risk Committees, which are referred by the Principles are established. Separate Nomination Committee and Remuneration Committee haven't been established because of the Board of Directors' structure. Duties of these committees are carried out by the Corporate Governance Committee. Mandates, working principles and membership composition for all three committees have been determined by the Board of Directors, approved as written documents, disclosed to the public and published on the corporate website. All members of the Audit Committee are Independent Members of Board of Directors. Chairmen of Corporate Governance and Early Detection of Risk are also Independent Members of Board of Directors. CEO / General Manager has no assignment in committees. Board of Directors convened 4 (four) times and took 23 (twenty three) decisions in 2015.

Audit Committee held 4 (four) meetings in 2015 and reported meeting results to the Board of Directors.

Corporate Governance Committee held 5 (five) meetings in 2015 and reported meeting results to the Board of Directors. It is also learned that Committee briefs Board of Directors at every Board meeting.

Early Detection of Risk Committee held 5 (five) meetings in 2015 and reported meeting results to the Board of Directors.

Guidelines on compensation of the Directors and Top Executives have been determined and disclosed to public through corporate website.

In accordance with Article 4.2.8 of CMB's Corporate Governance Communiqué (II-17-1) published on 01.03.2014, possible damages to the company due to defects of Board of Directors Members while performing their duties are insured, meeting the conditions described by the Communiqué. A Material Event Disclosure on the subject was published Public Disclosure Platform on 11.08.2015.

Suggestions under the heading of "Good Practices in Corporate Governance" were presented to the Members of Board of Directors by a Corporate Governance Consultancy company in November 2015. Action plans have been prepared in subjects like rotation of committee members and working of Nomination and Remuneration Committees. These plans were assessed by the Corporate Governance Committee and presented to the Board of Directors as suggestion decisions.

Self criticism and performance measurement for the Board of Directors were conducted in 2014 for the first time and the data were evaluated. Work in this area continues regularly.

Turcas took the 2nd place on "Index for Board of Directors Reinforced with Women", which was organized by Sabancı University Corporate Governance Forum for the third time in 2015 and won the "Board of Directors Reinforced with Women Award". The Company has also managed to be in the first five companies – among 422 companies – in three different indexes, prepared within the scope of Independent Woman Directors Project. As 2nd on the Strengthened Woman Index, 3rd on Gender Variety Index and 5th in

terms of ratio of Woman Board Members, Turcas maintained its title as the Company, which gives strongest voice to women in top management in Turkey, among publicly traded energy companies.

2. COMPANY PROFILE AND CHANGES WITHIN LAST YEAR

A. Company Profile:



Company Name : Turcas Petrol Anonim Şirketi
Company Address : Ahi Evran Caddesi No: 6 Aksoy Plaza Kat:7 34398
Maslak-Sarıyer / İstanbul
Company Phone : (0212) 2590000 / 17 Hat
Company Facsimile : (0212) 2590018-19
Company's Web Address : www.turcas.com.tr
Company's E-Mail Address : turcas_investorrelations@turcas.com.tr

Date of Incorporation : 07/03/1980
Registered Number : 171118
Paid in Capital : 270.000.000.-TL

Line of Business : Energy sector and activities like fuel distribution, search, production, transportation, distribution, storage, import, export, national and international commercial operations and investments in sub segments such as electricity and natural gas.

Company's Sector : Energy

Company's Representative in Charge of Rating:

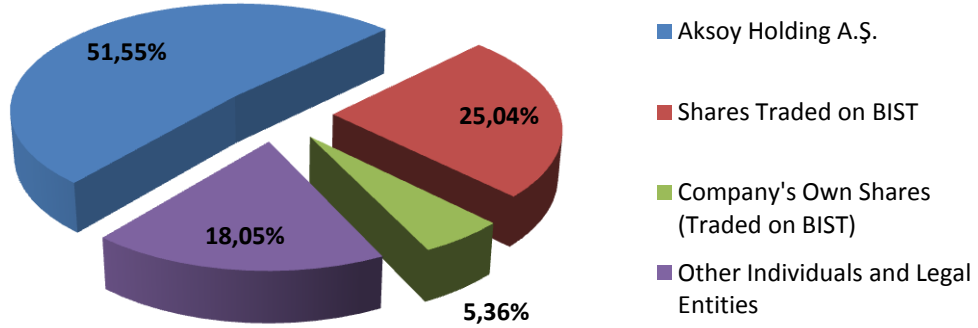
Erkan İlhanterkin

Finance Director/CFO /Head of Investor Relations Department

erkan.ilhanterkin@turcas.com.tr

0212 259 0000/1270

Shareholders Structure (As of report date)



Shareholder Name	Share (TL)	Share (%)
Aksoy Holding A.Ş.	139.175.892-	51,55
Publicly Traded at BİST	67.621.972-	25,04
Company's Own Share (Traded at BİST)	14.471.336-	5,36
Other Individual and Corporate Shareholders	48.730.800-	18,05
Total	270.000.000,00	100

Source: www.turcas.com.tr

Indirect Individual and Corporate Shareholders

Shareholder Name	Share (TL)	Share (%)
Erdal AKSOY	76.234.527,68-	28,24
Saffet Batu AKSOY	30.915.946,87-	11,45
Banu Aksoy TARAKÇIOĞLU	30.915.942,57-	11,45
Belkis AKSOY	1.108.157,50-	0,41
TOTAL	139.174.574,62-	51,55

Source: www.kap.gov.tr

Aksoy Holding A.Ş. Shareholder Structure

Shareholder Name	Share (TL)	Share (%)
Erdal Aksoy	152.945.302-	54,3
Saffet Batu Aksoy	62.086.511-	22,0
Banu Aksoy Tarakçioğlu	62.086.503-	22,0
Ayşe Belkis Aksoy	2.113.843	0,7
Aksoy Enternasyonal Ticaret A.Ş.	2.667.841-	0,9
TOTAL	281.900.000	100,00

Source: www.turcas.com.tr

Company Board of Directors

Name / Surname	Title	Executive / Non - Executive
Erdal Aksoy	Chairman of the Board	Executive
Yılmaz Tecmen	Deputy Chairman of the Board	Non - Executive
S. Batu Aksoy	Board Member and CEO	Executive
Banu Aksoy Tarakçıoğlu	Board Member	Executive
Ayşe Botan Berker	Independent Board Member	Independent/ Non - Executive
Neslihan Tonbul	Independent Board Member	Independent / Non - Executive
Matthew J. Bryza	Board Member	Non - Executive

Source: www.kap.gov.tr

Executive Committee

Name / Surname	Title
Erdal Aksoy	Chairman of the Board
S. Batu Aksoy	Board Member and CEO
Banu Aksoy Tarakçıoğlu	Board Member
Arkin AKBAY	Operational Director
Erkan İLHANTEKİN	Finance Director(CFO)/IRD Head
Altan Kolbay	Corporate Communication and Public Relations Manager
Tomurcuk EROĞLU	Legal Counselor

Source: www.turcas.com.tr

Committees Formed Within the Board of Directors

Audit Committee

Name / Surname	Title
Ayşe Botan Berker	Independent Board Member / Committee Chairperson
Neslihan Tonbul	Independent Board Member

Source: www.kap.gov.tr

Corporate Governance Committee

Name / Surname	Title
Neslihan TONBUL	Independent Board Member / Committee Chairperson
Yılmaz TECMEN	Deputy Chairman of Board
Matthew J. BRYZA	Board Member /Non - executive
Ayşe Botan BERKER	Independent Board Member
Erkan İLHANTEKİN	Finance Director(CFO)/IRD Head
Pınar SAATÇİOĞLU	Investor and Shareholder Relations Deputy Manager
Tomurcuk EROĞLU	Legal Counselor
Altan KOLBAY	Corporate Communication and Public Relations Manager

Source: www.turcas.com.tr

Early Detection of Risk Committee

Name / Surname	Title
Ayşe Botan Berker	Independent Board Member / Committee Chairperson
Neslihan TONBUL	Independent Board Member
Banu Aksoy Tarakçıoğlu	Board Member
Erkan İlhan Tekin	CFO/IRU Director
Tomurcuk EROĞLU	Legal Counselor

Source: www.turcas.com.tr

Investor Relations Department

Name / Surname	Title	Contact
Erkan İLHANTEKİN	CFO/IRU Director	0(212) 259 0000 erkan.ilhantekin@turcas.com.tr
Pinar SAATCIOĞLU (Ceritoglu)	Investor and Shareholder Relations Deputy Manager/ Investor Relations Department Official	0(212) 259 0000 (1287) pinar.ceritoglu@turcas.com.tr

Source: www.kap.gov.tr

Comparison of Company's Certain Selected Items for UFRS Consolidated Balance-Sheet belonging to 9th Months of last two years

	2014/09	2015/09	Change %
Current Assets	255.990.314	309.716.679	20,98
Fixed Assets	901.542.423	835.774.938	-7,29
Total Assets	1.157.532.737	1.145.491.617	-1,04
Short Term Liabilities	66.144.326	91.743.234	38,7
Long Term Liabilities	383.869.707	415.404.280	8,2
Equity	707.518.704	638.344.103	-9,77

Source: www.kap.gov.tr

Comparison of Company's Certain Selected Items for UFRS Consolidated Income Statements belonging to 9th Months of last two years

	2014/09	2015/09	Change %
Sales Revenue	47.089.234	755.886	-98,4
Sales Cost (-)	(46.627.396)	(621.436)	-98,66
Operational Profit or Loss	12.905.881	27.633.292	114
Profit / Loss before Tax	22.906.243	(30.317.238)	-232
Net Periodical Profit / Loss	8.480.766	(29.377.351)	-446

Source: www.kap.gov.tr

The Market Where the Capital Market Instrument is Traded and the Indexes that the Company is Included

STAR MARKET-BIST Istanbul / -BIST CHEMICAL, OIL, PLASTIC / -BIST CORPORATE
GOVERNANCE / -BIST INDUSTRIAL / -BIST ALL / -BIST ALL-100 / -BIST STAR

The Bottom and Peak Closing Values of Company's Shares traded on the BIST for last year

<i>Bottom (TL)</i>	<i>Peak(TL)</i>
1,41- (21.01.2016)	1,92- (02.02.2015/ 03.02.2015)

Source: Turcas Petrol A.Ş

Information about Subsidiaries, Affiliated Companies, Financial Fixed Assets and Financial Investments

Commercial Title	Line of Business	Paid/Extracted Capital	Company's Share in Capital	Currency	Company's Share in Capital (%)	Nature of Relationship with the Company
SHELL&TURCAS PETROL. A.Ş	TRADE OF OIL AND OIL PRODUCTS	528.117.660.00	158.435.298.00	TL	30,00	DIRECT SUBSIDIARY
RWE & TURCAS GÜNEY ELEKTRİK ÜRETİM A.Ş.	ELEKTRICITY PRODUCTION	1.072.000.000,00	321.600.000,00	TL	30,00	INDIRECT SUBSIDIARY
TURCAS ELEKTRİK ÜRETİM A.Ş	ELEKTRICITY PRODUCTION	133.795.000.00	2.639.982.73	TL	1,97	AFFILIATED COMPANY (INDIRECT)
TURCAS ENERJİ HOLDİNG A.Ş.	ENERGY	152.000.000.00	151.995.225.08	TL	99,99	AFFILIATED COMPANY (DIRECT)
TURCAS BM KUYUCAK JEOTERMAL ELEKTRİK ÜRETİM A.Ş	ELEKTRICITY PRODUCTION	19.800.000.00	9.108.000.00	TL	46,00	INDIRECT SUBSIDIARY
TURCAS ELEKTRİK TOPTAN SATIŞ A.Ş.	ELEKTRICITY TRADE	4.300.000.00	1.432.760.00	TL	33,32	INDIRECT SUBSIDIARY
TURCAS YENİLENEBİLİR ENERJİ ÜRETİM A.Ş.	ELEKTRICITY PRODUCTION	14.500.000.00	14.498.840.00	TL	99,99	AFFILIATED COMPANY (INDIRECT)
ENERJİ PİYASALARI İŞLETME A.Ş.	ENERGY MARKETS MANAGEMENT	61.572.770.00	50.000.00	TL	0,08	FINANCIAL FIXED ASSET (INDIRECT)
ATAŞ ANADOLU TASFİYEHANESİ A.Ş.	FUEL OIL STORAGE	8.400.000.00	420.000.00	TL	5,00	FINANCIAL FIXED ASSET (INDIRECT)

Source: www.kap.gov.tr

B. Changes Within Last Year:

i. Changes of Capital, Shareholder Structure and Articles of Association:

- During the monitoring period, Company's capital increased to TRY 270,000,000 from TRY 225,000,000 (an increase of TRY 45,000,000). All of the increase was funded with internal resources. Material Event Disclosure dated 25.06.2015 states:

"Issuing document on capital increase was registered by CMB with the document No: 15/730 dated 12.06.2015 and Istanbul Trade Registry Directorate approved the capital increase on 24.06.2015.

With our Board of Directors decision No 2015/12 on 25.06.2015; it was decided that our shareholders can use their right to get part of shares – up to 20 % of their current shares – from those that represent TRY 45,000,000 as of 29.06.2015, free of charges and without being limited with a time table within the frame of regulations on registry system of Central Securities Depository Institution.

Issued shares with the nominal value of TRY 45,000,000 earned the right for dividend in 2015 and they will get their first dividend in 2016."

- Because of this increase, 6th Article of Association of Articles has been changed as below:

"The Company's capital is TRY 270,000,000 (two hundred and seventy million), divided into 270,000,000 shares, each with the value of TRY 1 (one). Previous capital of TRY 225,000,000 (two hundred and twenty five million) has been completely paid in. Previous capital of the Company has been divided into A, B and C group shares as described below and all of them have been registered to Company Share Book as registered shares.

a) A GROUP; There are 224,999,850 A Group registered shares and their value is TRY 224,999,850 (two hundred and twenty nine hundred million ninety nine thousand eight hundred and fifty).

b) B GROUP; There are 112.50 registered B Group shares and their value is TRY 112.50 (one hundred and twelve Turkish Liras and fifty kuruş).

c) C GROUP; There are 37.50 registered C Group shares and their value is TRY 37.50 (thirty seven TL and fifty kuruş).

Of the increased 45,000,000 A Group registered shares with the value of TRY 45,000,000 (Forty five million Turkish liras); TRY 25,364,207.38 came from Sale Revenue of Participation Stocks and TRY 19,635,792.62 from previous year's profits. They will be distributed to the shareholders according to their shares. Shares representing company capital are monitored as registered in line with principles of dematerialization. General Assembly is authorized to issue shares over the nominal value. Amount of shares that correspond cash committed capital are paid in advance and in full. New shares cannot be issued until already issued shares are completely sold and paid for."

ii. Dividend Distribution:

In accordance with Board of Directors decision dated 27.03.2015, No: 2015/05, it was decided to;

present suggestion of distributing TRY 13,000,000 (gross TRY 0.057778 and net TRY 0.049111 for share with a nominal value of TRY 1) as cash – to be allocated from Previous Years Profit – to the shareholders - starting from 25.05.2015 - for the approval of 2014 Ordinary General Assembly, in line

with consolidated financial statements, prepared in parallel with CMB regulations and independently audited, dated 31.12.2014.

The decision was discussed at the Ordinary General Assembly on 13.05.2015 as the 8th item of the agenda and unanimously accepted. Dividend distribution took place on 25.05.2015.

iii. Policies:

Within the period of monitoring;

“Disclosure Policy” was revised with Board of Directors decision dated 25.09.2014, No: 2014/18 and “Ethical Rules and Compliance with Regulations Policy” was revised with Board of Directors decision dated 22.04.2015, No: 2015/7.

Disclosure Policy was presented to the shareholders at the General Assembly on 13.05.2015 as the 11th item of the agenda.

iv. Company Mergers, Management and Organization:

The changes in the company organization within last one year monitoring period are below:

- Company’s Material Event Disclosure dated 16.06.2015 states:

“In accordance with the decision of Board of Directors dated 09.06.2015, Turcas Petrol A.Ş. has resolved to:

1) Merge with Turcas Gaz Toptan Satış A.Ş. , which is our 100% subsidiary (where we own all the shares that grant voting rights) and registered to Istanbul Trade Registry Directorate numbered 556066, via takeover method whereby all assets and liabilities of Turcas Gaz Toptan Satış A.Ş. shall be transferred to Turcas Petrol A.Ş. as a whole;

2) Submit an application to Energy Market Regulatory Authority ("EMRA") for the termination of Gas Wholesale License dated 17.05.2007 and numbered DTS/1198-3/153 and Spot LNG License dated 03.08.2010 and numbered DİT/2680-4/213 held by Turcas Gaz Toptan Satış A.Ş. as per the Natural Gas Market License Regulation; and then follow up the required steps for the merger procedure as per Turkish Commercial Law after the approval of EMRA.

Also in accordance with the decision of Turcas Gaz Toptan Satış A.Ş.'s Board of Directors dated 09.06.2015, our Company has been informed that Turcas Gaz Toptan Satış A.Ş. has applied to EMRA for the termination of above mentioned licenses on 10.06.2015.

The main rationale behind this decision is to utilize company's sources in more efficient investments considering limited operational volume in gas market due to existing liquidity, pricing mechanism, limited diversification in gas resources required for gas trading in wholesale market.”

After completion of legal procedures, merger between Turcas Petrol A.Ş. and Turcas Gaz Toptan Satış A.Ş. has taken place through facilitated method. Material Event Disclosure about this development was made on 31.07.2015 as below:

“In accordance with Capital Markets Board's Communiqué on Merger and Demerger numbered II-23.2, merger between Turcas Petrol A.Ş. and Turcas Gaz Toptan Satış A.Ş. via facilitated procedure has been registered by Istanbul Trade Registry Directorate on 07.10.2015.”

- Company's Material Event Disclosure dated 09.10.2015 states:

"In accordance with the decision of Board of Directors dated 08.10.2015, Turcas Petrol A.Ş. has resolved to:

1) Merge with Turcas Rafineri Yatırımları A.Ş., which is our 100% subsidiary (where we own all the shares that grant voting rights) and registered to Istanbul Trade Registry Directorate numbered 801761, via takeover method whereby all assets and liabilities of Turcas Rafineri Yatırımları A.Ş. shall be transferred to Turcas Petrol A.Ş. as a whole;

2) Follow up the required steps for the merger procedure as per Turkish Commercial Law.

The main rationale behind this decision is the non-operational status of Turcas Rafineri Yatırımları A.Ş. following the divestment of shares in STAR Rafineri A.Ş. owned via Turcas Rafineri Yatırımları A.Ş. on 15.05.2014."

After completion of legal procedures, merger between Turcas Petrol A.Ş. and Turcas Rafineri Yatırımları A.Ş. has taken place through facilitated method. Material Event Disclosure about this development was made on 10.12.2015 as below:

"In accordance with Capital Markets Board's Communiqué on Merger and Demerger numbered II-23.2, merger between Turcas Petrol A.Ş. and Turcas Rafineri Yatırımları A.Ş. via facilitated procedure has been registered by Istanbul Trade Registration Office on 10.12.2015."

- According to Company's Material Event Disclosure dated 09.10.2015,

Özgür ALTINTAŞ, member of Early Detection of Risk and Executive Committees and Legal Counselor left all his positions in the Company as of 06.03.2015.

In accordance with Company's Board of Directors decision dated 02.09.2015, No: 2015/16, Tomurcuk EROĞLU, who started on 17.08.2015 as Legal Counselor, was appointed as member of Early Detection of Risk and Executive Committees.

Material Event Disclosure dated 05.02.2016 stated: "Mr. Arkin Akbay, who has been working as the Electricity and Gas Group Director, has been appointed as the Operations Director/COO as of 05.02.2016. As of the same date, Mr. Cabbar Yılmaz, who has been working as the Coordination and Administration Director, has been appointed as the CEO Consultant. Executive Committee membership of Mr. Yılmaz has been terminated."

v. Subsidiaries and Affiliated Companies

According to Company's Material Event Disclosure dated 19.03.2015;

"Current TRY 131,000,000 paid in capital of Turcas Enerji Holding A.Ş., which is 99.99 % direct subsidiary of Turcas Petrol A.Ş., will be increased by TRY 21,000,000 (TRY 20,546,535 from capital advances previously paid by Turcas Petrol A.Ş. and TRY 453,465 in cash – subsidiary use of this source is given below) to TRY 152,000,000 and this increase will be presented to the approval shareholders at the first General Assembly meeting after necessary permissions are given by Ministry of Customs and Trade;

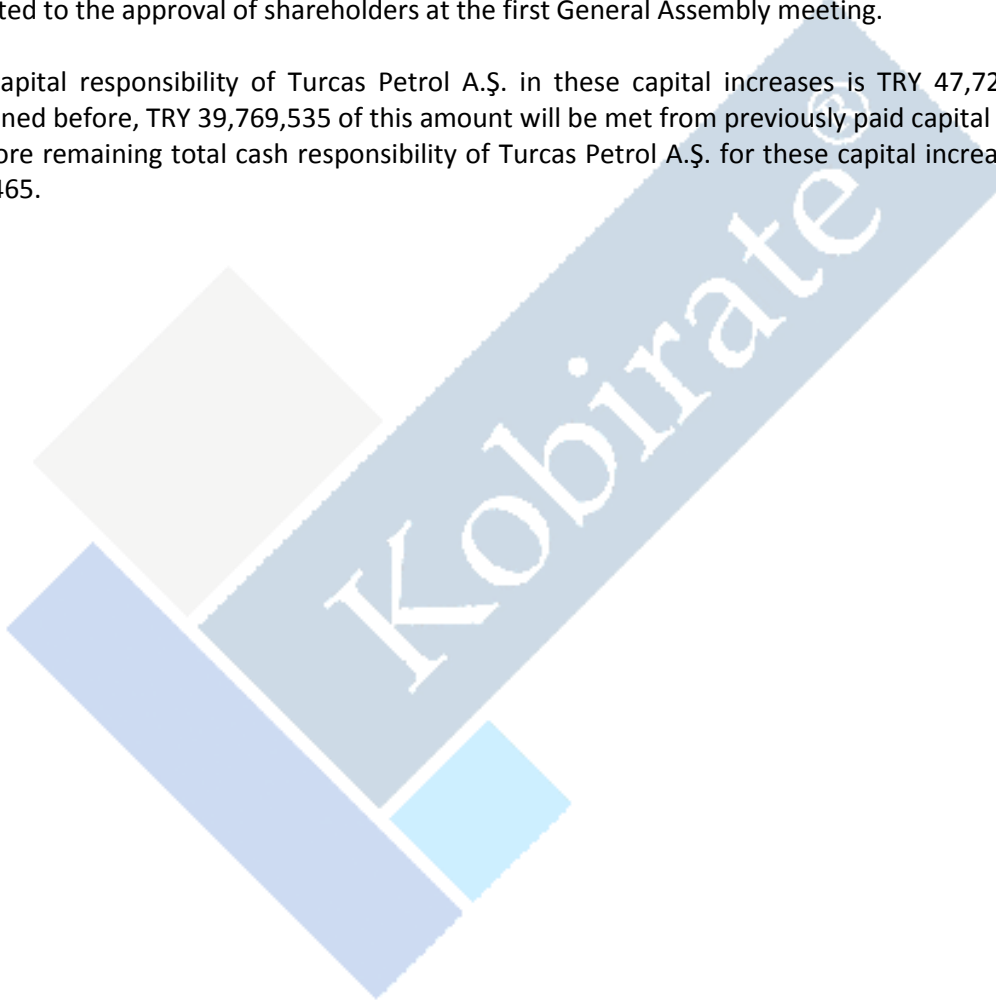
Information about use of this source by Turcas Enerji Holding A.Ş.:

1) Current TRY 120,000,000 paid in capital of Turcas Elektrik Üretim A.Ş., which is 97.80 % direct subsidiary, will be increased by TRY 13,795,000 (all from capital advances previously paid by Turcas Petrol A.Ş.) to TRY 133,795,000 and this increase will be presented to the approval of shareholders at the first General Assembly meeting;

2) Current TRY 7,000,000 paid in capital of Turcas Yenilenebilir Enerji Üretim A.Ş., which is 99.99 % direct subsidiary, will be increased by TRY 7,500,000 (all in cash) to TRY 14,500,000 and this increase will be presented to the approval of shareholders at the first General Assembly meeting;

3) Current TRY 8,000,000 paid in capital of Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş., which is 46 % direct subsidiary, will be increased by TRY 11,800,000 (all from capital advances previously paid by Turcas Petrol A.Ş. and other partners) to TRY 19,800,000 and this increase will be presented to the approval of shareholders at the first General Assembly meeting.

Total capital responsibility of Turcas Petrol A.Ş. in these capital increases is TRY 47,723,000. As mentioned before, TRY 39,769,535 of this amount will be met from previously paid capital advances. Therefore remaining total cash responsibility of Turcas Petrol A.Ş. for these capital increases is TRY 7,953,465.



3. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and stakeholders throughout the world.

Onaylandığı Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

There are four basic principles of corporate governance in OECD Corporate Governance Principles. These are: fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group, established

within TUSIAD in 2001, prepared the guide, titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014, according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "implement or disclose", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non – quoted companies.

The methodology takes into consideration the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

In this analysis, the full compliance of work flow and analysis technique with Kobirate A.Ş.'s Ethical Rules is considered.

399 criteria are used in the rating process for BIST Third Group companies in order to measure the compliance of firms with corporate governance principles. These criteria are translated into Corporate Governance Rating Question Sets through Kobirate A.S.'s unique software.

The weighting scheme for the four main sections in the new Corporate Governance

Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as below:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions / methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology, created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014, numbered II-17.1, is restricted to 85 % of the full points. Remaining 15 % is reached by measuring company's efficiency in applying CMB's Corporate Governance Principles, degree to which the company is internalized these practices and the value that these internalized practices create for the company. The existence of those practices that are not included in CMB's Corporate Governance Principles, but determined as good corporate practices by Kobirate A.Ş. Corporate Governance Compliance Rating Methodology are also

considered as part of the remaining 15 % and affect the company's grade.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is no compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

**4. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ
A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS**

GRADE	DEFINITIONS
<p>9–10</p>	<p>The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.</p>
<p>7–8,9</p>	<p>The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.</p>
<p>6–6,9</p>	<p>The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established and operated, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the BIST Corporate Governance Index.</p>

GRADE	DEFINITIONS
<p style="text-align: center;">4-5,9</p>	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
<p style="text-align: center;">< 4</p>	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency. Structure and working conditions of the Board appear to be at a level that might cause the investor to incur material losses.</p>