

**CORPORATE GOVERNANCE**

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**DECLARATION FOR COMPLIANCE WITH PRINCIPLES OF CORPORATE GOVERNANCE**

The Report for Compliance with Corporate Governance Principles pertaining to the accounting period of January 1<sup>st</sup>- December 31<sup>st</sup>, 2018 has been issued in accordance with the "Corporate Governance Communiqué No. II-17.1" ("Communiqué") of the Capital Markets Board ("CMB") published on the volume of Official Gazette dated January 3<sup>rd</sup>, 2014 and numbered 28871, and by using the templates of the Corporate Governance Compliance Report ("CRF") and Corporate Governance Information Form ("CGIF") as announced under its decision dated January 10<sup>th</sup>, 2019 and numbered 2/49.

Our Company published the CGIF through the notice <https://www.kap.org.tr/tr/Bildirim/743001> and the CRF through the notice <https://www.kap.org.tr/tr/Bildirim/743003> on the Public Disclosure Platform ("PDP") on February 27<sup>th</sup>, 2019 and they are included also in this report.

Within the framework of the Communiqué in force, while the compulsory principles to be complied have been complied in full, compliance has been also provided with a great majority of those principles not compulsory to be complied. Although it is aimed to fully comply with the noncompulsory Corporate Governance Principles, it has not been possible yet to achieve full compliance due to the reasons such as the difficulties encountered in the implementation of some principles, the ongoing discussions in terms of compliance with some principles both in our country and in the international platform, and some principles not fully overlapping with the current structure of the market and of the Company. The studies are conducted on those principles not yet implemented and it is planned to put them into practice following the completion of the administrative, legal and technical infrastructure studies in a way to make a contribution to the effective management of our Company. There is no conflict of interest resulting from those principles that have not been put into practice yet.

Accordingly, those principles that are noncompulsory to be put into practice under the Communiqué and that have not been put into practice yet, and our explanations regarding thereof are provided below:

- ❖ Concerning the principle number 1.5.2; considering that the regulations related to the protection of minority rights are sufficient and effective within the framework of the legal legislation in force in our country and in parallel also with the general practices, we do not have a plan yet to include in our Articles of Association a provision to expand minority rights.
- ❖ Concerning the principle number 3.1.3; while there are the principles set forth by our "Code of Conduct" regarding stakeholders' rights, it is planned to carry out a study to create a separate policy and procedure addressing stakeholders' rights.
- ❖ Concerning the principle number 3.2.1; while the participation of employees in management is enabled for a limited number of issues in accordance with the existing structure of our Company, assessments are made to increase the participation of employees in management. No written regulation has been created, considering the regulations under our "Code of Conduct" and given that the Company management is determined in such a way to oversee the rights of all stakeholders, and that the independent members of the Board of Directors enable also the representation of stakeholders in management.
- ❖ Concerning the principle number 3.3.8; there are certain limitations regarding the freedom of association and no planning has been made yet to change the same.
- ❖ Concerning the principle number 4.2.8; while the sum insured subscribed under the umbrella insurance of Eczacıbaşı Group is below 25% of the Company capital, the Company directors are covered by the said insurance.
- ❖ Concerning the principle number 4.3.9; a target rate and a target time have not been determined yet for female directors in the Board of Directors. However, it is tried to take due care in terms of female directors and our Board of Directors has one female director. The assessment studies are ongoing in this regard.
- ❖ Concerning the principle number 4.4.5; the meeting procedures of the Board of Directors are determined in accordance with the principles of the Turkish Commercial Code and article 11 of our Articles of Association, and no separate written regulation has been needed. Issuing internal rules in the upcoming periods is on our agenda.
- ❖ Concerning the principle number 4.4.7; there are limits to external commitments of Board members, and since the external commitments of Board members are provided in our annual report and under the section General Information/Management Information about our Company at PDP, the inclusion of a separate item to the agenda of the General Shareholders' Meeting has been deemed unnecessary.

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- ❖ Concerning the principle number 4.5.5; considering the existing structure of our Company's Board of Directors, some members of the Board had to take office in several committees within the scope of the compulsion to establish three different committees pursuant to the Capital Market legislation. Since it has been assessed that the existing structure does not hinder the active fulfillment of duties by the committees, considering the qualifications and specialties required by committee membership; no change has been planned yet in this regard.
- ❖ Concerning the principle number 4.6.1; although our Board of Directors held a separate meeting in which it assessed its activities within the year, there is not any written performance evaluation system or performance evaluation for the Board of Directors and/or its members. The performance evaluation of directors is carried out under the performance evaluation system of the human resources. Accordingly, it has not been deemed necessary to conduct a performance evaluation under the principle number 4.6.1.
- ❖ Concerning the principle number 4.6.5, the payments made to the senior executives are collectively disclosed to the public in the marginal notes of our financial statements in parallel with the general practices.

Developments and practices in the legislation will be taken into consideration and required studies will be conducted for compliance with the Corporate Governance Principles also in the upcoming period.

**OUR CORPORATE GOVERNANCE ACTIVITIES**

**I. SHAREHOLDERS**

**Investor Relations Department**

In EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. ("Company"), the relations with shareholders used to be managed by the Department of Relations with Capital Market and Partners established in 1993 which was affiliated with the Finance Department. As a result of the organizational and operational changes made in 2006, the CMB Relations and Reporting Manager of the Company has started conducting the duties of this department as of November 1<sup>st</sup>, 2006.

Information regarding the executives in the Investor Relations Department:

Investor Relations Department Manager:

|                                      |  |
|--------------------------------------|--|
| Name-Surname                         | : Gülnur Günbey Kartal   |
| Position                             | : CMB Relations and Reporting Manager  |
| Telephone                            | : 0 212 371 73 94  |
| Fax                                  | : 0 212 371 73 99  |
| e-mail                               | : <a href="mailto:gulnur.gunbey@eczacibasi.com.tr">gulnur.gunbey@eczacibasi.com.tr</a>                     |
| Type / Number of License Certificate | : Capital Market Activities Advanced Level / 204571<br>Corporate Governance Rating Specialization / 700606 |

Investor Relations Department Officer:

|              |  |
|--------------|--|
| Name-Surname | : Şerife Bilen                               |
| Position     | : Financial Reporting Responsible Specialist |

The Investor Relations Department of the Company plays an active role in protecting and facilitating the exercise of the shareholders' rights, particularly the right to obtain and examine information.

The Investor Relations Department submitted its report regarding its activities conducted in 2018 to the Corporate Governance Committee on January 18<sup>th</sup>, 2019, and the report examined by the Committee was assessed by the Board of Directors on February 26<sup>th</sup>, 2019.

In 2018, the Company received 30 written demands for information from the shareholders and they were replied within the framework of the relevant regulations and our disclosure policy. Within the year, 3 meetings were held at the Company headquarters in line with the individual requests received from the portfolio management company and analysts, and in accordance with the disclosure policy.

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**Corporate Website and Its Content**

In order to carry out its relations with shareholders much efficiently and rapidly and to be in constant contact with shareholders, the Company has been actively using its corporate website [www.eis.com.tr](http://www.eis.com.tr), as stipulated by the Corporate Governance Principles, since April 2005. Thus, the information about our Company, the human resources, our affiliates, as well as the investor relations have been open for the information of the society. As a result of the reorganization of our Company in 2007, the studies to update the website in compliance with the new structure were completed in 2008. The information on Investor Relations accessed from our Company's website [www.eis.com.tr](http://www.eis.com.tr) was directed to the address [www.eczacibasi.com.tr](http://www.eczacibasi.com.tr) as of 8<sup>th</sup> May 2009.

All the information set forth in the Corporate Governance Principles is presented to our investors at our website for information purposes. The Investor Relations Section offers information, both in English and Turkish, for the last 5 years as a minimum. The information contained therein is constantly updated, is identical and consistent with the disclosures made in accordance with the relevant legislation, and does not contain any conflicting or missing information.

The Investor Relations Department is responsible for preparing the content on the website, updating the information changed, and adding additional information. The studies to provide better service of the website always continue.

**Exercise of Shareholders' Right to Obtain Information**

In the satisfaction of demands for the exercise of shareholders' rights, utmost attention is paid for compliance with the Capital Market legislation and the other relevant legislation, the Articles of Association, and other internal regulations, measures are taken to procure the exercise of such rights, and all shareholders are treated equally. In 2018, there was no written and/or verbal complaint received by the Company in relation with the exercise of shareholders' rights or there were no administrative and/or legal proceedings brought in this regard against the Company within our knowledge.

The Company makes no distinction between the shareholders for the exercise of rights to obtain and examine information, and it shares all required information, excluding trade secrets, with the shareholders in order to properly exercise the shareholders' rights. Information is provided in a full timely and carefully way to fairly reflect the reality.

Questions received by the Investor Relations Department within the year are replied, excluding confidential information and trade secrets, both by phone and in writing following communication with the highest authority in the respective subject. In order to extend the shareholders' right to obtain information, any and all information that may affect the exercise of their rights is presented to the shareholders in updated form in electronic media. Such information and developments that may affect the exercise of shareholders' rights are disclosed to the public through material disclosures and are also published on the website of the Company.

Our Articles of Association does not include any regulation regarding the appointment of a special auditor as an individual right; however, pursuant to article 438 of the Turkish Commercial Code, each shareholder may request from the General Assembly the clarification of certain issues through special auditing, even though it is not included in the agenda, in order to exercise shareholders' rights, where necessary and if the rights to obtain and examine information have been exhausted. The shareholders have not made any such demand until today. In addition, our financial statements are periodically audited by the Independent Audit Company approved during the General Shareholders' Meeting.

**General Shareholders' Meetings**

Invitation to a General Shareholders' Meeting is announced by the Board of Directors at least 3 weeks prior to date of General Shareholders' Meeting, excluding the days of announcement and meeting, by considering the Turkish Commercial Code, the Capital Market legislation, the Articles of Association of the Company, and the Corporate Governance Principles. The Company's Articles of Association has been issued pursuant thereto.

On the date when our Board of Directors decides on a General Shareholders' Meeting, the public is informed by making required disclosures, including the items of the agenda, through PDP and Electronic General Meeting System ("EGMS").

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The announcement for invitation to the General Shareholders' Meeting is published on the Company's website and on a daily newspaper no less than 3 weeks in advance of the date of the General Shareholders' Meeting using any means of communication, including electronic communication, in addition to the methods set forth in the legislation, so that the invitation is received by the maximum number of shareholders.

In order to facilitate participating in the General Shareholders' Meeting, meetings are held open to the public in the city center. Thus, it is possible also for the willing stakeholders to participate in General Shareholders' Meetings.

Financial statements and reports including annual reports, profit distribution proposal, General Assembly Information Document issued regarding general assembly agenda, other documents forming basis to general assembly agenda, the last version of the Articles of Association and, if there shall be amendment to the Articles of Association, amendment text, and its reason, are kept open for examination in the places to which shareholders can reach in the easiest way, including the Company's headquarters and website, as of the date of announcement made for the invitation to the General Shareholders' Meeting. On the information documents related to agenda, information envisaged for each agenda item is provided to shareholders. In addition, the Company's website includes the English translation of all documents to be necessary for foreigner shareholders in order to inform them about the General Shareholders' Meeting and its agenda.

Power of attorney samples for those to be represented by attorney are announced before the General Shareholders' Meeting and are provided for the use of shareholders on the Company's website.

At the General Shareholders' Meeting, the issues on the agenda are conveyed impartially, in detail, clearly and in a comprehensible manner; and shareholders are given the opportunity to express their opinions and to ask questions under equal circumstances, and the opportunity is given to discuss the annual report and performance indicators of the Company.

Minutes of General Shareholders' Meetings is disclosed to the public through PDP and can be also accessed from EGMS and the Company's website. Moreover, minutes is kept open for examination of the shareholders in the Company's headquarters and is delivered to those who demand it.

In 2018, the Company held 1 General Shareholders' Meeting. The Ordinary General Shareholders' Meeting was held on April 12<sup>th</sup>, 2018, during which the activities of the year 2017 were discussed, convened with an 85.77 percent quorum. 79 shareholders, including 7 real persons and 72 legal entities, registered themselves in the List of Attendants. Our General Shareholders' Meeting was held under the supervision of the Ministerial Representative appointed by Istanbul Provincial Directorate of Commerce of Istanbul Governorate of the Republic of Turkey. At the General Shareholders' Meeting, our shareholders exercised their rights to ask questions. The questions were replied by the Board Members and the General Manager depending on the subjects of the questions. The Company received no demand for the addition of an item to the agenda by the shareholders. A great majority of the questions received from our shareholders at the General Shareholders' Meeting were replied during the meeting and those questions requiring a certain study to reply them were replied within 15 days following the meeting date, sent by mail to the relevant investor, and published on our website on the same date. Information was provided at the General Shareholders' Meeting under an individual agenda item about the donations and aids made in 2017; the upper limit for donations to be made in 2018 was determined as TL 500,000, and no change was made in the donation policy.

According to CMB regulations, in 2018, there was no transaction where the affirmative vote of the majority of the Independent Board Members was sought in order to make a decision at the Board of Directors but where the decision was left to the General Assembly due to the negative vote of the mentioned members.

In 2018, it was not in question the performance of any material transaction, by the shareholders having management control, or the Board members, or the senior executives having administrative responsibility, and their spouses and second degree relatives by blood and marriage, which might cause conflict of interests with the Company or its affiliate companies, and/or the performance of any transaction in type of commercial business within the subject of the business of the Company or its affiliate companies by the same on behalf of them or on behalf of others, or their participation in another partnership, engaging in the same type of commercial businesses, with the title of unlimited partner.

In 2018, there was no transaction, notified to the Board of Directors, made by the persons who have the opportunity to access the Company information in a privileged manner, on behalf of them within the scope of activities of our Company.

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**Voting Rights and Minority Rights**

In our Company, practices that make it difficult to exercise the voting rights are avoided, and each shareholder, even cross-border, is given the chance to exercise the voting right in a fair, easy and convenient way. With regards to the voting for agenda items during the General Shareholders' Meetings, open vote method by a show of hands is used, provided that the provisions for voting in electronic media are reserved. Each agenda item is individually voted during the meetings.

There is not any privilege in our Articles of Association regarding the exercise of voting rights and each share has one voting right. In our Company, there is no regulation prescribing that a voting right is to be used after a while from the date of acquisition. In our Articles of Association, there is no provision which prevents a person, who is not a shareholder, from voting by proxy as a representative. Cumulative vote method is not applied.

Our main partner and largest shareholder Eczacıbaşı Holding A.Ş., which holds 50.62 percent of shares of our Company's capital and whose 37.28 percent of the capital is owned by our Company, votes at our General Shareholders' Meetings but our Company does not vote at the General Shareholders' Meetings of Eczacıbaşı Holding A.Ş.

Our Articles of Association does not include any provision that prescribes or makes difficult the representation of minority in management, or that provides for the determination of minority in such a way that the minority would be less than one-twentieth of the capital.

**Transfer of Shares**

In our Articles of Association, there is not any provision restricting or making difficult the free transfer of shares.

**Dividend Right**

In accordance with the profit distribution policy of our Company, the annual profit distribution proposal of our Board of Directors is prepared in accordance with the profit distribution statement determined by CMB and is submitted for the information of our shareholders in PDP environment simultaneously with the decision of our Board of Directors. The mentioned proposal is available in our annual report and is submitted to the approval of the shareholders at the General Shareholders' Meetings. In addition, the profit distribution statement and the profit distribution history, as well as detailed information regarding capital increases are disclosed to the public on the Company's website. In 2018, a gross cash dividend at the rate of 20 percent was distributed to the shareholders.

**Profit Distribution Policy**

Within the scope of the provisions of the Turkish Commercial Code, the Capital Market Legislation, Tax Legislation, other relevant legislation, and the article related to profit distribution in the Articles of Association; the Board of Directors decided during its meeting on March 29<sup>th</sup>, 2013 to apply a profit distribution policy within the framework of the following concept, and this decision was submitted to the approval of the shareholders and accepted by them during the Ordinary General Shareholders' Meeting of 2012.

- ❖ The principle was adopted to distribute dividend as cash and/or bonus share over the “distributable profit for the period”, calculated within the scope of the Capital Market Legislation and the other relevant legislation, based on the net profit for the year in the financial statements issued within the scope of the Capital Market Legislation and made be subject to independent audit.
- ❖ In our Articles of Association, there is not a specific regulation envisaging the application of giving profit share to our employees and members of the Board of Directors together with preferred stock related to obtaining share from profit, and promoter's dividend share.
- ❖ The profit distribution proposals submitted by our Board of Directors to the approval of our General Assembly are issued by considering the current profitability of our Company and the delicate balances between the possible expectations of our shareholders and the projected growth strategies of our Company.
- ❖ The attention is paid to make the profit share payments (cash and/or bonus share) within the legal periods and as soon as possible following the General Shareholders' Meetings so as to be until the end of the period envisaged within the legislation at the latest.

This dividend policy is still applied and our Board of Directors has not made any change within this regard.

**CORPORATE GOVERNANCE****Distributed profit share in previous years and its percentage**

The profit distribution information of the Company for the last five years is as follows:

| Year | Profit Distribution Starting Date | Amount (TL) | Percentage (%) |      | Form (%) |       |
|------|-----------------------------------|-------------|----------------|------|----------|-------|
|      |                                   |             | Gross          | Net  | Cash     | Share |
| 2013 | 06.05.2014                        | 52,627,968  | 9.6            | 8.16 | 9.6      | -     |
| 2014 | 05.05.2015                        | 43,856,640  | 8              | 6.8  | 8        | -     |
| 2015 | 10.05.2016                        | 219,283,200 | 40             | 34   | 40       | -     |
| 2016 | 08.05.2017                        | 342,630,000 | 50             | 42.5 | 50       | -     |
| 2017 | 22.05.2018                        | 137,052,000 | 20             | 17   | 20       | -     |

**II. STAKEHOLDERS****Informing the Stakeholders**

Information is provided to the stakeholders of our Company through General Assembly and by replying personal applications, by inviting them to meetings for matters concerning to them or by using the Group's website and electronic communication means where necessary, provided that it is within the scope of CMB legislation. Information to the public is provided both during press conferences held and statements made through media, and information is provided to employees during various organizations such as Strategic Planning, General Manager information and dissemination meetings (in such meetings, changes such as target sharing, salary, social benefits, and allowances are announced). Eczacıbaşı Group has a portal called "Port-e" accessed by the employees and it has been ensured that the employees can access any information and document to concern them, the significant announcements, changes in management, and press releases through this portal. In addition, the Corporate Communications Department within Eczacıbaşı Group publishes an internal periodic journal entitled "Yaşam" in order to increase the communication with the employees.

Moreover, with our General Shareholders' Meetings open to all stakeholders, the information provided on the website of our Company, our annual reports, and our practices under our information policy based on transparency, it is aimed to inform not only the shareholders but also all stakeholders.

The problems of Kanyon hirers, being our most important customers, are resolved with direct meetings and Kanyon Yönetim İşletim ve Pazarlama A.Ş., providing management services of Kanyon complex, gives support to resolve such problems. The senior management of Kanyon Yönetim İşletim ve Pazarlama A.Ş. informs the Board members at its meetings held monthly. Kanyon hirers are informed through financial activity reports issued both monthly and annually every March. Any and all wishes and suggestions of hirers, Kanyon visitors, and Kanyon office and residence habitants are received by Kanyon Customer Relations Department in person, via e-mail, telephone, WhatsApp line, and Sizi Dinliyoruz forms and replied in line with the contact preferences of them. The reports of the Customer Relations and the reports such as the number of visitor entrances are shared with hirers, who demand them, and their suggestions are received and action plans are prepared accordingly. The requests received through Kanyon social media accounts, Kanyon application, the website kanyon.com.tr, and the website şikayetvar.com are replied in line with the contact preferences of persons. Information about Kanyon is provided through Kanyon newspaper, Kanyon internal announcement channels (screens, posters, notice boards, and brochure holders), Kanyon social media accounts, other media purchasing tools (outdoor, newspaper & magazine advertisements), and its website. Information is shared during the meeting regularly held with business partners, subcontractors, and suppliers and suggestions received through this channel are assessed.

The corporate governance structure of the Company gives the opportunity for all stakeholders including employees and representatives to convey their concerns regarding transactions not appropriate in terms of laws and ethics, through verbal-written and other means of communication. Stakeholders may submit those matters, which they believe do not comply with the legislation and are unethical, to the Compliance Board established within Eczacıbaşı Group via the communication form available at [www.eis.com.tr](http://www.eis.com.tr) or [www.eczacibasi.com.tr](http://www.eczacibasi.com.tr) and through the address [uyum@eczacibasi.com.tr](mailto:uyum@eczacibasi.com.tr). The Code of Conduct booklet of Eczacıbaşı Group is published at the address <https://www.eczacibasi.com.tr/Media/Upload/eczacibasi-toplulugu-davranis-kurallari.pdf>. Such complaints may be communicated to the Audit Committee after being reviewed by the Audit Board of Eczacıbaşı Group. In addition, employees may submit those matters, which they believe do not comply with the issues on the Code of Conduct booklet of Eczacıbaşı Group and are unethical, to the Compliance Board established within Eczacıbaşı Group via the notification line on the corporate portal.

**CORPORATE GOVERNANCE****Participation of Stakeholders in Management**

Models (surveys, interviews, etc.) supporting the participation of stakeholders, notably including employees, in the Company's management are carried out provided that the Company's activities are not hindered. On the other hand, requests and suggestions made during meetings held with employees and other stakeholders are assessed by the managers, and policies and applications for these are realized. Within this framework, it is ensured that the stakeholders participate in the management with information provided at the General Shareholders' Meetings for shareholders and with information provided through various meetings, Corporate Portal ("Port-e"), and electronic mail for employees. In addition, the evaluations of employees regarding applications are collected through the Employee Loyalty questionnaires made throughout Eczacıbaşı Group every year, and the employee loyalty and satisfaction are measured. The improvement targets for questionnaire results are added to the performance cards of General Managers by also considering the Company's activities.

Any and all suggestions, opinions, and ideas received in person, via e-mail, telephone, WhatsApp line, and Sizi Dinliyoruz forms from the SC and office building hirers and residence habitants during the evaluation meetings held by Kanyon Yönetim İşletim ve Pazarlama A.Ş. with the business partners from which it gets services are taken into consideration and such opinions that can be applied are put into practice. Likewise, the requests received through Kanyon social media accounts, Kanyon application, the website kanyon.com.tr, and the website şikayetvar.com are also assessed. In order to ensure the sustainability and development of Kanyonca, the communication language of Kanyon, projects are developed and employees who contact customers are directed, trained, and developed. Accordingly, improvements are performed with the feedback received through the observation or witness of visitors' needs by the said Kanyonca personnel through the system of visitor's ear (Misafir Kulağı). During the meetings held with the hirers, their priorities such as the increase in turnover-number of visitors are determined, and an action plan is created and implemented. Projects are developed to ensure that new experiences are created by making contributions to differentiate services or that the existing experiences are improved. Information is obtained about opinions and choices of Kanyon visitors through the survey made with Ipsos research in October every year. Likewise, their opinions are obtained also through surveys via telephone in certain periods.

**III. BOARD OF DIRECTORS****Structure and Composition of the Board of Directors**

In accordance with our Articles of Association, the activities and management of our Company are conducted by a board of directors comprised of minimum 5 members to be elected upon the decision of the General Assembly pursuant to the Turkish Commercial Code and the Capital Market Legislation. The authorities and responsibilities of members of the Board of Directors and managers are explicitly defined in the Articles of Association. The authorities are specified in the Company's signature circular in detail. In our company, the Chairman of the Board of Directors and the General Manager are not the same person.

Members of the Board of Directors are identified to allow them to carry out efficient and constructive studies, to take swift and rational decisions, to set up committees and to organize their studies effectively.

| <b>Name-Surname</b>  | <b>Position</b>                         | <b>Start Date of Taking Office (*)</b> | <b>Status of Independency</b> |
|----------------------|---|--|-------------------------------|
| F. Bülent Eczacıbaşı | Chairman of the Board of Directors      | 12 April 2018                          | -                             |
| R. Faruk Eczacıbaşı  | Vice Chairman of the Board of Directors | 12 April 2018                          | -                             |
| M. Sacit Basmacı     | Member                                  | 12 April 2018                          | -                             |
| Atalay M. Gümrah     | Member                                  | 12 April 2018                          | -                             |
| H. Toker Alban       | Member                                  | 12 April 2018                          | Independent Member            |
| Zühal Atanan         | Member                                  | 12 April 2018                          | Independent Member            |

(\*) The Board of Directors was elected to be in charge for one year during the Ordinary General Assembly Meeting dated 12<sup>th</sup> April 2018, and will hold the office until the Ordinary General Assembly Meeting where operations of the year 2018 are to be discussed.

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The committees in which the Board members take office and external commitments of the Board members are provided below:

| <b>Name - Surname</b> | <b>External Commitments as of the Most Recent Situation</b>  | <b>Committees Taken Part in and Duties</b>                                   |
|-----------------------|--|--|
| F. Bülent Eczacıbaşı  | Eczacıbaşı Holding A.Ş. - Chairman of the Board of Directors<br>Chairman of the Board of Presidents (Executive Board) of Eczacıbaşı Group<br>Chairman and Member of the Boards of Directors at companies of Eczacıbaşı Group           | None.  |
| R. Faruk Eczacıbaşı   | Eczacıbaşı Holding A.Ş. - Vice Chairman of the Board of Directors<br>Vice Chairman of the Board of Presidents (Executive Board) of Eczacıbaşı Group<br>Chairman and Member of the Boards of Directors at companies of Eczacıbaşı Group | None.  |
| M. Sacit Basmacı      | Eczacıbaşı Holding A.Ş. - Chairman of the Audit Board<br>Member of the Boards of Directors at companies of Eczacıbaşı Group  | Corporate Governance Committee - Member                                      |
| Atalay M. Gümrah      | Eczacıbaşı Group - CEO<br>Eczacıbaşı Holding A.Ş. - General Manager<br>Member of the Boards of Directors at companies of Eczacıbaşı Group  | Committee of Early Detection of Risk - Member                                |
| H. Toker Alban        | İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. -<br>Independent Member of the Board of Directors   | Audit Committee - President<br>Corporate Governance Committee - President    |
| Zühal Atanan          | İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. -<br>Independent Member of the Board of Directors   | Audit Committee - Member<br>Committee of Early Detection of Risk - President |

- ❖ The members of the Board of Directors did not take any action against the prohibition of competition within the period of January 1<sup>st</sup> - December 31<sup>st</sup>, 2018.
- ❖ The curriculum vitae information of the members of the Board of Directors is included in the preamble section of the annual report.

Upon the decision of the General Assembly dated 12<sup>th</sup> April 2018, our members of the Board of Directors were entitled to make transactions in accordance with articles 395 and 396 of the Turkish Commercial Code. Members of the Board of Directors can take office at companies affiliated with Eczacıbaşı Group, however, as a principle, they may not take office outside the Group.

It is considered that having diversity in terms of knowledge, experience, and point of view in our Board of Directors will make a positive contribution to the Company's activities and to the effective working of the Board of Directors. Our assessment studies are ongoing to determine a target rate for female directors of the Board of Directors being an intermediary to ensure that different opinions are represented in the Board of Directors. Currently, Zühal Atanan is the female director of the Board of Directors in accordance with the Corporate Governance Principles, and the rate of female directors is 16.7%.

During the Ordinary General Shareholders' Meeting dated April 12<sup>th</sup>, 2018, 2 independent members capable of fulfilling their duties without being influenced by anything were elected among the Board members in accordance with the Corporate Governance Principles of the Capital Markets Board. All of the Independent Members of the Board fully meet the "independency criteria" specified in the Communiqué. The candidates for Independent Member of the Board submitted their declarations of independence and their background information to the Corporate Governance Committee before the General Shareholders' Meeting and all of them were identified as independent members by the Board of Directors.

The declarations of independence of our Independent Members of the Board are provided at the end of the report.

**Operation Principles of the Board of Directors**

The Board of Directors holds meetings as required by the Company businesses, as laid down in the Articles of Association of our Company. Agenda of meetings of the Board of Directors is determined upon notification of issues, explicitly ordered in our Company's Articles of Association to be submitted to the decision of the Board of Directors, by relevant departments to the Company's senior management and to the members of the Board of Directors. In addition, in the event that any one of the members of the Board of Directors proposes taking of a decision about a certain matter to Company's Senior Management, the agenda of the meeting may be determined accordingly. Attention is paid that the information and documents related to the agenda of a Board meeting are submitted in such periods of time that members can carry out necessary examinations and assessments. In 2018, our



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Board of Directors held 18 meetings in total and the participation of members to such meetings was realized as 85.8% on average. Meetings are held in the Company's headquarters and the invitation to meetings is made by telephone and/or e-mail. No electronic portal is used for activities of the Board of Directors. In the event that the Board members cannot participate in meetings, they can submit their opinions in writing. Material decisions of the Board of Directors are disclosed to the public through PDP and are published in Turkish and English at the website.

Each member of the Board of Directors has one voting right. No prevailing voting right and veto right has been granted to members of the Board of Directors. The resolutions taken in the Board of Directors meetings were unanimously taken by those present, and there was no member of the Board opposing to the resolutions taken. As no such opposition or view was declared at the meetings of the Board of Directors held in 2018, no public disclosure was made in this regard.

At the meetings of the Board of Directors, the issues on the agenda are discussed openly and in all respects. The Chairman of the Board of Directors makes his best efforts to guarantee active participation of non-executive members in the meetings of the Board of Directors. There is no Board member to whom authority was transferred upon allocation of duties. The Board of Directors holds an evaluation meeting to review whether it has duly discharged all its responsibilities. For the evaluation of 2018, independent experts were not employed.

Our Company offers a "Directors and Officers liability insurance" to members of the Board of Directors and senior executives under the umbrella insurance of the Group.

**Number, Composition and Independence of Board Committees**

Our Company has committees to enable the Board of Directors to properly fulfill its duties and responsibilities, and the committees conduct their activities within the framework of the determined working principles. The members taking office in several committees ensure communication between the committees working for related issues and increase the opportunities for cooperation.

The fields of duty and the working principles of the committees, as well as the members to form such committees are determined by the Board of Directors and announced to the public on the website of the Company.

All the members of the Audit Committee and the presidents of the other committees are elected among the independent members of the Board of Directors. General Manager cannot take charge in committees. Considering the structure of our Company's Board of Directors, some members of the Board had to take office in several committees within the scope of the compulsion to establish three different committees pursuant to the Capital Market legislation. However, this does not cause any conflict of interest.

The Board of Directors provides the committees with any resource and support required for the fulfillment of their duties. The committees can invite any person they deem required to their meetings and receive the opinion of such person. The committees make use of independent expert views on issues which they deem necessary in relation to their activities, and fees for consultancy services are borne by the Company. In 2018, the Board of Directors did not get any consultancy services from any independent person and/or organization.

**Audit Committee**

Established upon the decision made during the meeting of the Board of Directors held on 6<sup>th</sup> May 2003, the Audit Committee fulfills the duties stipulated in the Capital Market Legislation and the Corporate Governance Principles. All the members of the Audit Committee are independent members of the Board of Directors. During the meeting of our Company's Board of Directors held on April 13<sup>th</sup>, 2018, it was resolved that the committee be composed of 2 members and H. Toker Alban be appointed as the President and Zühal Atanan be appointed as member. The working principles of the Committee are announced on the website of the Company and the Committee holds regular meetings four times a year. Moreover, it submits its opinion, to the Board of Directors in writing, with regards to election of independent auditor and its opinion built regarding accuracy, authenticity and compliance of annual and interim financial statements, to be disclosed to public, with the accounting principles followed by the partnership also by considering the assessments of the responsible managers of the partnership and of the independent auditors. The Audit Committee held 8 meetings related to its activities in 2018.

**CORPORATE GOVERNANCE**

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The activities carried out by the Committee in 2018 are mainly as follows:

- It prepared its proposal regarding the Independent Audit Firm it determined for the audit of the financial statements and the annual report issued in 2018 and the reports related to the Committee of Early Detection of Risk, and submitted it to Board of Directors for approval.
- It made its own assessment regarding the accuracy, authenticity and compliance of the consolidated financial statements of 2018, disclosed to public, with the accounting principles followed by the Company by receiving opinions from the Company's responsible managers and also from the independent auditor in June and December, and submitted it to the Board of Directors for approval.
- It obtained the necessary information about the internal control and internal audit activities of the Company from the Audit Board.

**Corporate Governance Committee**

It was established upon the decision of the Board of Directors dated May 31<sup>st</sup>, 2012 in order to monitor the Company's compliance with the corporate governance principles, to perform improvement studies in this regard, and to make suggestions to the Board of Directors. During the meeting of our Company's Board of Directors dated April 13<sup>th</sup>, 2018, it was decided to form the Corporate Governance Committee by three members and to appoint H. Toker Alban, the independent member of the Board of Directors, as President and Mustafa Sacit Basmacı and Gülnur Günbey Kartal (Investor Relations Manager) as members. As individual Nomination Committee and Remuneration Committee could not be established due to the structure of the Board of Directors, it was decided upon the same decision that the Corporate Governance Committee would fulfill also the duties of these committees.

The Corporate Governance Committee determines whether the corporate governance principles are applied in the Company, if not, the reason therefor, and the conflicts of interest arising from not fully observing these principles, and makes suggestions to the Board of Directors for improving the practices, and oversees the activities of the Investor Relations Department.

The working principles of the Committee are announced on the website of the Company. The Corporate Governance Committee held 5 meetings related to its activities in 2018.

**Committee of Early Detection of Risk**

In accordance with the Communiqué, with series IV number 63, of CMB that entered into force after its publication on the volume of the Official Gazette number 28567 dated February 22<sup>nd</sup>, 2013; during its meeting held on May 17<sup>th</sup>, 2013, our Board of Directors removed the risk issue, included within the duties and responsibilities of the Corporate Governance Committee, from the duties and responsibilities of this committee and decided to establish the "Committee of Early Detection of Risk" to work in this regard. During the meeting of our Company's Board of Directors held on April 13<sup>th</sup>, 2018, it was resolved that the committee be composed of 2 members and Zühal Atanan be appointed as the President and Atalay M. Gümrah be appointed as member. The working principles of the Committee are announced on the website of the Company.

The Committee of Early Detection of Risk makes suggestions and recommendations to the Board of Directors for the issues related to the early determination and assessment of any strategic, operational, financial, legal and any other risks to endanger the existence, development, and continuance of the Company; the calculation of effects and possibilities of such risks; the management of such risks in accordance with the corporate risk taking profile of the Company; reporting of such risks; implementing the required precautions related to the determined risks; taking such precautions into consideration in the decision mechanisms; and creating effective internal control systems accordingly and the integration thereof, in order to comply both with the regulations of the Capital Markets Board on Corporate Governance and article 378 of the Turkish Commercial Code number 6102. The duties and the working principles of the Committee of Early Detection of Risk have been determined within the framework of the Capital Market Legislation, the Company's Articles of Association, the Turkish Commercial Code and the regulations, provisions, and principles included in the "Corporate Governance Principles" of the Capital Markets Board. The Article 378 of the Turkish Commercial Code stipulates that, with its bimonthly report to be submitted, the Committee will assess the relevant period regarding the risks that may affect the existence and the continuation of the Company, will refer hazards, if any, and will show solutions. Within this framework, the Committee of Early Detection of Risk held 7 meetings related to its activities in 2018.

**CORPORATE GOVERNANCE**

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**Assessment of the Board of Directors Related to the Activities of the Committees**

Established by the Board of Directors, the committees discharged their duties and responsibilities set forth in their duty and working principles and took care to convene at frequencies deemed necessary for effective work. The committees informed the Board of Directors, verbally and in writing, about their works.

**Risk Management and Internal Control Mechanism**

At Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar, risk management is dealt with a holistic perspective. The strategic, operational, financial and all of the other issues considered posing a risk for the achievement by the Company of its short and long-term objectives are assessed at each level of the organization starting from the Board of Directors.

As risk management cannot be considered separate from the management of business processes, the applications related to risk management are realized within the Company as much as possible and are not left to external sources and advisors. Accordingly, one of the important tasks of the process owners is to manage relevant risks.

The Board of Directors creates internal control systems to include risk management, information systems, and processes that are able to minimize risks that may affect the Company's stakeholders, including, notably the shareholders, by also considering the views of the relevant committees of the Board of Directors.

The primary risks incurred by the Company are monitored under two main titles as financial risks (foreign exchange, interest, liquidity, and credit) and nonfinancial risks (strategic and operational), and the Board of Directors is periodically informed about these risks. Detailed information related to risk management is available in the relevant section of the annual report.

**Strategic Targets of the Company**

The Board of Directors manages and represents the Company through strategic decisions by observing, in the first place, long-term interests of the Company, using a reasonable and cautious risk management approach that keeps the Company's risk, growth and yield balance at the right level.

The Board of Directors defines the strategic targets of the Company, determines the needed human and financial resources, and audits the performance of the management.

The Board of Directors observes that the Company's activities are in compliance with the legislation, the Articles of Association, internal regulations, and the adopted policies. During the Board of Directors and Senior Management meetings held periodically, the Company's objectives and its activities realized are monitored so as to include the performances of the previous periods. The current situation of the Company is reviewed and new targets and strategies are developed where deemed necessary as a result of existing conditions.

**Financial Rights**

Our Company's "Compensation Policy for the Board of Directors and Senior Executives", including any rights and benefits provided to the members of the Board of Directors and Senior Executives, as well as the criteria to determine these and the compensation principles, was submitted for review of our shareholders on our website through the "Information Document" published three weeks before the Ordinary General Shareholders' Meeting dated April 13<sup>th</sup>, 2018.

According to the Articles of Association of our Company, the rights to be provided to the members of the Board of Directors are determined at the General Assembly. The Chairman and Deputy Chairman of the Board of Directors may be provided with a fee appropriate to their positions as a result of their service and provided that they are also employees. Regarding the compensation for the independent members of the Board of Directors, there is not any compensation system based on stock options or Company's performance. The independent members of the Board of Directors are paid with the fee determined in accordance with the decisions of the General Assembly.

There is no transaction to cause a conflict of interest such as lending by the Company to the members of the Board of Directors or to senior executives having administrative responsibility, making loan available to them, making loan available to them by means of personal loan through a third person, or giving security on their behalf.

**CORPORATE GOVERNANCE**

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The Company collectively discloses to the public the total benefits provided to the senior executives in the marginal notes of its financial statements in parallel with the general applications as follows:

**Benefits provided to members of the Board of Directors and senior executives**

The Group has identified its senior management as the members of the Board of Directors, the heads and assistant heads of groups, and the general manager at the Company and subsidiaries of the Company. The amount of short-term benefits provided to employees includes salary, premium, SSI employer's contribution and employer's contribution for unemployment, health insurance, leave, seniority incentive award. The long-term benefits provided to senior management include severance pay and/or service award paid to departing senior executives due to retirement and/or transfer.

As of 31 December 2018 and 2017, the breakdown of benefits provided to senior executives is as follows:

| <b>Benefits provided to senior executives (Thousand TL)</b>                             | <b>2018</b>  | <b>2017</b>   |
|---|--------------|---------------|
| Short-term benefits provided to members of the Board of Directors and senior management | 9,580        | 11,945        |
| Long-term benefits provided to members of the Board of Directors and senior management  | 228          | 1,309         |
|   | <b>9,808</b> | <b>13,254</b> |

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

|   |  |
|---|--|
| <b>1. SHAREHOLDERS</b>  |  |
| <b>1.1. Facilitating the Exercise of Shareholders' Rights</b>   |  |
| The number of investor meetings (conference, seminar, etc.) organised by the company during the year  | 0  |
| <b>1.2. Right to Obtain and Examine Information</b>   |  |
| The number of special audit request(s)  | 0  |
| The number of special audit requests that were accepted at the General Shareholders' Meeting  | 0  |
| <b>1.3. General Assembly</b>  |  |
| Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)  | <a href="https://www.kap.org.tr/tr/Bildirim/669361">https://www.kap.org.tr/tr/Bildirim/669361</a> ;<br><a href="https://www.kap.org.tr/tr/Bildirim/669953">https://www.kap.org.tr/tr/Bildirim/669953</a>           |
| Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time  | The English and Turkish versions of materials were not provided at the same on PDP, but the English version was uploaded to the Company's website as soon as possible upon the announcement on PDP.                |
| The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 | There is no transaction in this regard.  |
| The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)   | There is no transaction in this regard.  |
| The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)  | There is no transaction in this regard.  |
| The name of the section on the corporate website that demonstrates the donation policy of the company   | Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / General Assembly / General Assembly Information Document 2018 - p.15  |
| The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved   | <a href="https://www.kap.org.tr/tr/Bildirim/676516">https://www.kap.org.tr/tr/Bildirim/676516</a>  |
| The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting   | None.  |
| Identified stakeholder groups that participated in the General Shareholders' Meeting, if any  | The General Shareholders' Meetings are held open to the public and thus, it is possible for willing stakeholders to participate in meetings; no separate list was issued for participants other than shareholders. |
| <b>1.4. Voting Rights</b>   |  |
| Whether the shares of the company have differential voting rights   | No.  |
| In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.   | -  |
| The percentage of ownership of the largest shareholder  | 50.62%   |
| <b>1.5. Minority Rights</b>   |  |
| Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association   | No.  |
| If yes, specify the relevant provision of the articles of association.  | -  |
| <b>1.6. Dividend Right</b>  |  |
| The name of the section on the corporate website that describes the dividend distribution policy  | Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / Corporate Governance / Profit Distribution Policy   |
| Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend             | Our Board of Directors did not propose not to distribute dividends.  |
| PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends   | -  |

**CORPORATE GOVERNANCE**

**General Assembly Meetings**

| General Meeting Date | The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting | Shareholder participation rate to the General Shareholders' Meeting | Percentage of shares directly present at the GSM | Percentage of shares represented by proxy | Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against | Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them                                | The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions | The number of declarations by insiders received by the board of directors | The link to the related PDP general shareholder meeting notification   |
|----------------------|---|---|--|---|--|--|---|---|--|
| 12/04/2018           | 0   | 85.77%  | 0.21%  | 85.56%                                    | Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / General Assembly / General Assembly Minutes   | Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / General Assembly / General Assembly Minutes and Questions Replied in Writing Following the General Assembly | None  | 0   | <a href="https://www.kap.org.tr/tr/Bildirim/676516">https://www.kap.org.tr/tr/Bildirim/676516</a> ;<br><a href="https://www.kap.org.tr/tr/Bildirim/677514">https://www.kap.org.tr/tr/Bildirim/677514</a> |

**CORPORATE GOVERNANCE**

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| <b>2. DISCLOSURE AND TRANSPARENCY</b>  |  |
| <b>2.1. Corporate Website</b>  |  |
| Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.  | Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / Financial Information / Announcements and Presentations / Corporate Governance / General Assembly / Contact   |
| If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.  | Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / Corporate Governance / Shareholding Structure   |
| List of languages for which the website is available   | Turkish and English  |
| <b>2.2. Annual Report</b>  |  |
| <b>The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.</b>  |  |
| a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members   | The duties of the members of the Board of Directors conducted out of the Company are explained on Annual Report / Corporate Governance section, page 8; the duties of the executives conducted out of the Company are explained page 2 of the Annual Report; and the declarations on independence of Board members are explained on Annual Report / Corporate Governance section, pages 25 and 26. |
| b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure  | It is explained on the Annual Report / Corporate Governance section, pages 9 to 11.  |
| c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings  | It is explained on the Annual Report / Corporate Governance section, page 9.   |
| ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation  | It is explained on page 6 of the Annual Report.  |
| d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof   | It is explained on page 6 of the Annual Report.  |
| e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest | It is explained on page 6 of the Annual Report.  |
| f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%   | It is explained on page 6 of the Annual Report.  |
| g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results  | The information on social rights and professional training of the employees is provided on page 3 of the Annual Report, and the information on activities of corporate social responsibility is provided on page 8 of the Annual Report.   |

**CORPORATE GOVERNANCE**

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| <b>3. STAKEHOLDERS</b>   |  |
| <b>3.1. Corporation's Policy on Stakeholders</b>   |  |
| The name of the section on the corporate website that demonstrates the employee remedy or severance policy   | The internal regulations do not include any written employee remedy or severance policy.   |
| The number of definitive convictions the company was subject to in relation to breach of employee rights   | 0  |
| The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)   | Compliance Board of Eczacıbaşı Group   |
| The contact detail of the company alert mechanism.   | E-mail address: <a href="mailto:uyum@eczacibasi.com.tr">uyum@eczacibasi.com.tr</a><br>Telephone number: (0 212) 371 72 72<br>Fax number: (0 212) 371 72 66   |
| <b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>   |  |
| Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.   | None.  |
| Corporate bodies where employees are actually represented  | -  |
| <b>3.3. Human Resources Policy</b>   |  |
| The role of the board on developing and ensuring that the company has a succession plan for the key management positions   | Developing a succession plan for the key management positions is determined by the Company's Human Resources Planning Board and monitored by the Group's Talents and Remuneration Committee.   |
| The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.                                  | The equal opportunities policy of Eczacıbaşı Group is published on Eczacıbaşı Group's website / Social Responsibility / Sustainability / Gender Equality, and the human resources policy covering hiring principles is published on Eczacıbaşı Group's website / Group / Human Resources / Talent Selection / Recruitment. |
| Whether the company provides an employee stock ownership programme   | There isn't an employee stock ownership programme.   |
| The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.          | Eczacıbaşı Group's policy covering discrimination and mistreatments and the measures to prevent them is published on Eczacıbaşı Group's website / Home / Code of Conduct.  |
| The number of definitive convictions the company is subject to in relation to health and safety measures   | 0  |
| <b>3.5. Ethical Rules and Social Responsibility</b>  |  |
| The name of the section on the corporate website that demonstrates the code of ethics  | Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / Corporate Governance / Work Ethics  |
| The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues. | The activities carried out for corporate social responsibility issues in Eczacıbaşı Group are published on Eczacıbaşı Group's website / Social Responsibility.   |
| Any measures combating any kind of corruption including embezzlement and bribery   | The measures taken by Eczacıbaşı Group for combating corruption are included in the Code of Conduct booklet and published on Eczacıbaşı Group's website / Home / Code of Conduct.  |



**CORPORATE GOVERNANCE**

| <b>4. BOARD OF DIRECTORS - I</b>  |   |
|---|---|
| <b>4.2. Activity of the Board of Directors</b>  |   |
| Date of the last board evaluation conducted   | None  |
| Whether the board evaluation was externally facilitated   | No  |
| Whether all board members released from their duties at the GSM   | Yes   |
| Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties  | There is no Board member to whom authority was transferred upon allocation of duties. Any two of members of the Board of Directors are authorized to jointly sign on behalf of the Company. |
| Number of reports presented by internal auditors to the audit committee or any relevant committee to the board  | 0   |
| Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls   | It is explained on page 4 of the Annual Report.   |
| Name of the Chairman  | Ferit Bülent Eczacıbaşı   |
| Name of the CEO   | Canan Bademlioğlu   |
| If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles  | They are not the same person.   |
| Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital | Insurance was subscribed under the umbrella insurance of the Group and the sum insured is below 25% of the Company capital.   |
| The name of the section on the corporate website that demonstrates current diversity policy targeting women directors   | There is not a written diversity policy targeting women directors.  |
| The number and ratio of female directors within the Board of Directors  | Number: 1 ; Ratio: 16.7%  |

**Composition of Board of Directors**

| Name, Surname of Board Member | Whether Executive Director Or Not | Whether Independent Director Or Not | The First Election Date To Board | Link to PDP Notification That Includes The Independency Declaration                               | Whether the Independent Director Considered By The Nomination Committee | Whether She/He is the Director Who Ceased to Satisfy The Independence or Not | Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not |
|-------------------------------|-----------------------------------|-------------------------------------|----------------------------------|---|---|--|--|
| Ferit Bülent Eczacıbaşı       | Nonexecutive                      | Not independent director            | 03/04/1981                       | -   | -   | -  | Yes  |
| Rahmi Faruk Eczacıbaşı        | Nonexecutive                      | Not independent director            | 31/03/1993                       | -   | -   | -  | Yes  |
| Mustafa Sacit Basmacı         | Nonexecutive                      | Not independent director            | 18/05/2004                       | -   | -   | -  | Yes  |
| Atalay Muharrem Gümrah        | Nonexecutive                      | Not independent director            | 12/04/2018                       | -   | -   | -  | Yes  |
| Hasan Toker Alban             | Nonexecutive                      | Independent director                | 12/04/2018                       | <a href="https://www.kap.org.tr/tr/Bildirim/669953">https://www.kap.org.tr/tr/Bildirim/669953</a> | Considered  | No   | Yes  |
| Zühal Atanan                  | Nonexecutive                      | Independent director                | 12/04/2018                       | <a href="https://www.kap.org.tr/tr/Bildirim/669953">https://www.kap.org.tr/tr/Bildirim/669953</a> | Considered  | No   | Yes  |

**CORPORATE GOVERNANCE**

|   |   |
|---|---|
| <b>4. BOARD OF DIRECTORS - II</b>   |   |
| <b>4.4. Meeting Procedures of the Board of Directors</b>  |   |
| Number of physical board meetings in the reporting period (meetings in person)  | 18  |
| Director average attendance rate at board meetings  | 85.8%   |
| Whether the board uses an electronic portal to support its work or not  | No.   |
| Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter                     | There is not a written regulation; attention is paid that the information and documents related to the agenda of a Board meeting are submitted in such periods of time that members can carry out necessary examinations and assessments.   |
| The name of the section on the corporate website that demonstrates information about the board charter                              | There is not a written regulation, except for the Articles of Association. The principles regarding the meetings of the Board of Directors are set forth in article 11 of our Articles of Association.<br>Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / Corporate Governance / General Information / Articles of Association "Article 11 - Meetings of the Board of Directors" |
| Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors | Members of the Board of Directors can take office at companies affiliated with Eczacıbaşı Group, however, as a principle, they may not take office outside the Group.   |
| <b>4.5. Board Committees</b>  |   |
| Page numbers or section names of the annual report where information about the board committees are presented.                      | It is explained on the Annual Report / Corporate Governance section, pages 9 to 11.   |
| Link(s) to the PDP announcement(s) with the board committee charters  | <a href="https://www.kap.org.tr/tr/Bildirim/207037">https://www.kap.org.tr/tr/Bildirim/207037</a>   |

**Composition of Board Committees - I**

| Names of The Board Committees        | Name of Committees Defined As "Other" In The First Column | Name-Surname of Committee Members | Whether Committee Chair or Not | Whether Board Member or Not |
|--------------------------------------|---|-----------------------------------|--------------------------------|-----------------------------|
| Audit Committee                      | -   | Hasan Toker Alban                 | Yes                            | Board member                |
| Audit Committee                      | -   | Zühal Atanan                      | No                             | Board member                |
| Corporate Governance Committee       | -   | Hasan Toker Alban                 | Yes                            | Board member                |
| Corporate Governance Committee       | -   | Mustafa Sacit Basmacı             | No                             | Board member                |
| Corporate Governance Committee       | -   | Gülnur Günbey Kartal              | No                             | Not board member            |
| Committee of Early Detection of Risk | -   | Zühal Atanan                      | Yes                            | Board member                |
| Committee of Early Detection of Risk | -   | Atalay Muharrem Gümrah            | No                             | Board member                |

**CORPORATE GOVERNANCE**

|   |   |
|---|---|
| <b>4. BOARD OF DIRECTORS - III</b>  |   |
| <b>4.5. Board Committees - II</b>   |   |
| Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)                   | It is explained on the Annual Report / Corporate Governance section, pages 9 and 10.                                  |
| Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)    | It is explained on the Annual Report / Corporate Governance section, page 10.   |
| Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)              | No separate nomination committee was established in accordance with article 4.5.1 of the Communiqué number II.17-1.   |
| Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website) | It is explained on the Annual Report / Corporate Governance section, page 10.   |
| Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)            | No separate remuneration committee was established in accordance with article 4.5.1 of the Communiqué number II.17-1. |
| <b>4.6. Financial Rights</b>  |   |
| Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)                | It is explained on page 11 of the Annual Report.  |
| Specify the section of website where remuneration policy for executive and non-executive directors are presented.   | Investor Relations / Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar / Corporate Governance / Remuneration Policy       |
| Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)        | It is explained on the Annual Report / Corporate Governance section, pages 11 and 12.                                 |

**Composition of Board Committees - II**

| Names of The Board Committees        | Name of Committees Defined As "Other" In The First Column | The Percentage of Non-executive Directors | The Percentage of Independent Directors In The Committee | The Number of Meetings Held In Person | The Number of Reports on its Activities Submitted to the Board |
|--------------------------------------|---|---|--|---------------------------------------|--|
| Audit Committee                      | -   | 0%  | 100%   | 8                                     | 8  |
| Corporate Governance Committee       | -   | 0%  | 33%  | 5                                     | 5  |
| Committee of Early Detection of Risk | -   | 0%  | 50%  | 7                                     | 7  |

CORPORATE GOVERNANCE

|   | Compliance Status |         |    |          |                | Remarks  |
|---|-------------------|---------|----|----------|----------------|--|
|   | Yes               | Partial | No | Exempted | Not applicable |  |
| <b>CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF)</b>   |                   |         |    |          |                |  |
| <b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS' RIGHTS</b>   |                   |         |    |          |                |  |
| 1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.   | X                 |         |    |          |                |  |
| <b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>  |                   |         |    |          |                |  |
| 1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.   | X                 |         |    |          |                |  |
| <b>1.3. GENERAL ASSEMBLY</b>  |                   |         |    |          |                |  |
| 1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.  | X                 |         |    |          |                |  |
| 1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.           |                   |         |    |          | X              |  |
| 1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting. | X                 |         |    |          |                |  |
| 1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.   | X                 |         |    |          |                | The total amount of donations made within the year and their beneficiaries are one by one read at General Shareholder's Meetings.  |
| 1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.  | X                 |         |    |          |                | The press was not invited specifically; the meetings are held open to the public and it is possible for all stakeholders and press to participate in meetings without having the right to speak. |
| <b>1.4. VOTING RIGHTS</b>   |                   |         |    |          |                |  |
| 1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.   | X                 |         |    |          |                |  |
| 1.4.2 - The company does not have shares that carry privileged voting rights.   | X                 |         |    |          |                |  |
| 1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.  | X                 |         |    |          |                |  |
| <b>1.5. MINORITY RIGHTS</b>   |                   |         |    |          |                |  |
| 1.5.1 - The company pays maximum diligence to the exercise of minority rights.  | X                 |         |    |          |                |  |
| 1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.  |                   |         | X  |          |                | Our Company's Articles of Association does not include any regulation in this regard.  |
| <b>1.6. DIVIDEND RIGHT</b>  |                   |         |    |          |                |  |
| 1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.   | X                 |         |    |          |                |  |

**CORPORATE GOVERNANCE**

|   | Compliance Status |         |    |          |                | Remarks |
|---|-------------------|---------|----|----------|----------------|---------|
|   | Yes               | Partial | No | Exempted | Not applicable |         |
| 1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future. | X                 |         |    |          |                |         |
| 1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.  |                   |         |    |          | X              |         |
| 1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.  | X                 |         |    |          |                |         |
| <b>1.7. TRANSFER OF SHARES</b>  |                   |         |    |          |                |         |
| 1.7.1 - There are no restrictions preventing shares from being transferred.   | X                 |         |    |          |                |         |

|  |   |  |  |  |  |  |
|--|---|--|--|--|--|--|
| <b>2.1. CORPORATE WEBSITE</b>  |   |  |  |  |  |  |
| 2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.  | X |  |  |  |  |  |
| 2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months. | X |  |  |  |  |  |
| 2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.  | X |  |  |  |  |  |
| <b>2.2. ANNUAL REPORT</b>  |   |  |  |  |  |  |
| 2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.   | X |  |  |  |  |  |
| 2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.  | X |  |  |  |  |  |

|   |   |   |   |  |  |  |
|---|---|---|---|--|--|--|
| <b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>  |   |   |   |  |  |  |
| 3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.                                       | X |   |   |  |  |  |
| 3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.  |   | X |   |  |  | There is not a separate policy and procedure in this regard, and it is explained under the sections of the Work Ethics on our website. |
| 3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.  | X |   |   |  |  |  |
| 3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.  | X |   |   |  |  |  |
| <b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>  |   |   |   |  |  |  |
| 3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.   |   |   | X |  |  | The Articles of Association or the internal regulations do not regulate it.  |
| 3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them. | X |   |   |  |  |  |

**CORPORATE GOVERNANCE**

|  | Compliance Status |         |    |          |                | Remarks   |
|--|-------------------|---------|----|----------|----------------|---|
|  | Yes               | Partial | No | Exempted | Not applicable |   |
| <b>3.3. HUMAN RESOURCES POLICY</b>   |                   |         |    |          |                |   |
| 3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.   | X                 |         |    |          |                |   |
| 3.3.2 - Recruitment criteria are documented.   | X                 |         |    |          |                |   |
| 3.3.3 - The company has a policy on human resources development, and organises trainings for employees.  | X                 |         |    |          |                |   |
| 3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.  | X                 |         |    |          |                |   |
| 3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.  | X                 |         |    |          |                |   |
| 3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.   | X                 |         |    |          |                |   |
| 3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment. | X                 |         |    |          |                |   |
| 3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.   |                   |         | X  |          |                | There are certain limitations in this regard in accordance with the Company procedures. |
| 3.3.9 - A safe working environment for employees is maintained.  | X                 |         |    |          |                |   |
| <b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>   |                   |         |    |          |                |   |
| 3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.   | X                 |         |    |          |                |   |
| 3.4.2 - Customers are notified of any delays in handling their requests.   | X                 |         |    |          |                |   |
| 3.4.3 - The company complied with the quality standards with respect to its products and services.   | X                 |         |    |          |                |   |
| 3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.  | X                 |         |    |          |                |   |
| <b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>  |                   |         |    |          |                |   |
| 3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.   | X                 |         |    |          |                |   |
| 3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.  | X                 |         |    |          |                |   |

CORPORATE GOVERNANCE

|  | Compliance Status |         |    |          |                | Remarks   |
|--|-------------------|---------|----|----------|----------------|---|
|  | Yes               | Partial | No | Exempted | Not applicable |   |
| <b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>   |                   |         |    |          |                |   |
| 4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.  | X                 |         |    |          |                |   |
| 4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.                            | X                 |         |    |          |                |   |
| <b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>   |                   |         |    |          |                |   |
| 4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.  |                   | X       |    |          |                | The Board of Directors does not report to the shareholders.   |
| 4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.  | X                 |         |    |          |                |   |
| 4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.  | X                 |         |    |          |                |   |
| 4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.  | X                 |         |    |          |                |   |
| 4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.   | X                 |         |    |          |                |   |
| 4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.             | X                 |         |    |          |                |   |
| 4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.  |                   |         | X  |          |                | Insurance was subscribed under the umbrella insurance of Eczacıbaşı Group and the sum insured is below 25% of the Company capital.                                      |
| <b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>  |                   |         |    |          |                |   |
| 4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy. |                   |         | X  |          |                | A target rate and a target time have not been determined yet for the woman member rate in the Board of Directors and the assessment studies in this regard are ongoing. |
| 4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.   | X                 |         |    |          |                |   |
| <b>4.4. BOARD MEETING PROCEDURES</b>   |                   |         |    |          |                |   |
| 4.4.1 - Each board member attended the majority of the board meetings in person.   | X                 |         |    |          |                |   |
| 4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.  |                   |         | X  |          |                | No minimum time has been defined.   |
| 4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.  |                   |         |    |          | X              |   |
| 4.4.4 - Each member of the board has one vote.   | X                 |         |    |          |                |   |

**CORPORATE GOVERNANCE**

|   | Compliance Status |         |    |          |                | Remarks   |
|---|-------------------|---------|----|----------|----------------|---|
|   | Yes               | Partial | No | Exempted | Not applicable |   |
| 4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.  |                   |         | X  |          |                | There is not a written regulation, except for the Articles of Association. The principles regarding the meetings of the Board of Directors are set forth in article 11 of our Company's Articles of Association.  |
| 4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.   | X                 |         |    |          |                |   |
| 4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.   |                   | X       |    |          |                | Members of the Board of Directors can take office at companies affiliated with Eczacıbaşı Group, however, as a principle, they may not take office outside the Group. The external commitments of Board members have not been included as an individual item on the agenda at the General Shareholder's Meetings. However, such information is provided in the annual report. |
| <b>4.5. BOARD COMMITTEES</b>  |                   |         |    |          |                |   |
| 4.5.5 - Board members serve in only one of the Board's committees.  |                   |         | X  |          |                | Considering the existing structure of the Company's board of directors, some members of the Board had to take office in several committees within the scope of the compulsion to establish 3 different committees pursuant to the Capital Market legislation.   |
| 4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.  | X                 |         |    |          |                |   |
| 4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.   |                   |         |    |          | X              |   |
| 4.5.8 - Minutes of all committee meetings are kept and reported to board members.   | X                 |         |    |          |                |   |
| <b>4.6. FINANCIAL RIGHTS</b>  |                   |         |    |          |                |   |
| 4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.   |                   | X       |    |          |                | Although our Board of Directors held a separate meeting in which it assessed its activities within the year, there is not any written performance evaluation system or performance evaluation report for the Board of Directors.  |
| 4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them. | X                 |         |    |          |                |   |
| 4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.  |                   | X       |    |          |                | The Company collectively disclosed it to the public in its annual report in parallel with the general applications.   |



**CORPORATE GOVERNANCE**

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**DECLARATION OF INDEPENDENCE**

I hereby declare that within the framework of the legislation, the articles of association, and the criteria specified in the Corporate Governance Communiqué of the Capital Markets Board, I am a candidate for taking the office as an "independent member" in EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş. (Company), and within this scope;

- That there has been no employment relation at manager level to undertake significant roles and responsibilities, that more than 5 percent of capital or voting rights or privileged shares has not been collectively or individually acquired or that no material commercial relationship has been established during the last five years between the Company, partnerships in which the Company has management control or material effect, partners having management control on the Company or having material effect on the Company, legal persons in which such partners have management control, and me, my spouse and my second degree relatives by blood and marriage;
- That during the last five years, I have not taken office as a partner (5 percent and above), employee in capacity of manager to undertake significant roles and responsibilities or member of the board of directors in the companies from/to which the Company has considerably purchased/sold service or product, within framework of the agreements concluded including notably the Company's audit (including tax audit, legal audit, internal audit), rating and consultancy, for the period during which such service or product purchase or sales transactions have been performed;
- That I have the professional education, knowledge, and experience to carry out properly the duties that I shall undertake as an independent member of the board of directors;
- That I will not work as a full-time employee in public institutes and institutions, except for being a faculty member at a university and provided that it is consistent with the legislation, after being elected as a member;
- That I am considered a resident of Turkey pursuant to the Income Tax Law;
- That I possess strong ethic standards, professional reputation, and experience to make positive contributions to the Company's activities, to preserve my impartiality in any conflict of interest between the company and its shareholders, and to decide independently taking into account the interests of the stakeholders;
- That I will spare time for works of the Company to such extent that I can track functioning of the Company's activities and completely fulfill the requirements of the duties I assume;
- That I have not served as a board member at the Company's board of directors for more than six years in the last ten years;
- That I do not take office as an independent member of the board of directors in the Company and in more than three of the companies controlled by the partners having management control on the Company and, in total, in more than five of the companies being traded in the stock market;
- And that I have not been registered and announced in the name of a legal entity that has been elected as a member of the board of directors.

March 7<sup>th</sup>, 2018

**Zühal ATANAN**

**CORPORATE GOVERNANCE**

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**DECLARATION OF INDEPENDENCE**

I hereby declare that within the framework of the legislation, the articles of association, and the criteria specified in the Corporate Governance Communiqué of the Capital Markets Board, I am a candidate for taking the office as an "independent member" in EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş. (Company), and within this scope;

- That there has been no employment relation at manager level to undertake significant roles and responsibilities, that more than 5 percent of capital or voting rights or privileged shares has not been collectively or individually acquired or that no material commercial relationship has been established during the last five years between the Company, partnerships in which the Company has management control or material effect, partners having management control on the Company or having material effect on the Company, legal persons in which such partners have management control, and me, my spouse and my second degree relatives by blood and marriage;
- That during the last five years, I have not taken office as a partner (5 percent and above), employee in capacity of manager to undertake significant roles and responsibilities or member of the board of directors in the companies from/to which the Company has considerably purchased/sold service or product, within framework of the agreements concluded including notably the Company's audit (including tax audit, legal audit, internal audit), rating and consultancy, for the period during which such service or product purchase or sales transactions have been performed;
- That I have the professional education, knowledge, and experience to carry out properly the duties that I shall undertake as an independent member of the board of directors;
- That I will not work as a full-time employee in public institutes and institutions, except for being a faculty member at a university and provided that it is consistent with the legislation, after being elected as a member;
- That I am considered a resident of Turkey pursuant to the Income Tax Law;
- That I possess strong ethic standards, professional reputation, and experience to make positive contributions to the Company's activities, to preserve my impartiality in any conflict of interest between the company and its shareholders, and to decide independently taking into account the interests of the stakeholders;
- That I will spare time for works of the Company to such extent that I can track functioning of the Company's activities and completely fulfill the requirements of the duties I assume;
- That I have not served as a board member at the Company's board of directors for more than six years in the last ten years;
- That I do not take office as an independent member of the board of directors in the Company and in more than three of the companies controlled by the partners having management control on the Company and, in total, in more than five of the companies being traded in the stock market;
- And that I have not been registered and announced in the name of a legal entity that has been elected as a member of the board of directors.

March 7<sup>th</sup>, 2018

**Hasan Toker ALBAN**