

**EGELİ & CO. AGRICULTURE INVESTMENT TRUST**  
**COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES REPORT**  
**FOR THE PERIOD JANUARY 1ST 2012 - DECEMBER 31ST 2012**

## **1. Compliance to Corporate Governance Principles Declaration**

EGCYO complies with the compulsory provisions of Communiqué for Specification and Application of Corporate Governance Principles ("Corporate Governance Communiqué") and puts forth effort to comply with discretionary provisions as much to a large extent.

## **SECTION I - SHAREHOLDERS**

### **2. Investor Relations**

EGCYO has established an Investor Relations Unit reporting to the Corporate Governance Committee.

Investor Relations contact information is indicated below:

Çağrı Ünveren  
Investor Relations Senior Associate  
Tel: +90 212 343 0626  
Fax: +90 212 343 0627  
Email: yatirimci@egcyo.com

Investor Relations carries out the responsibilities of,

- Providing coordination within the Company for matters regarding shareholders;
- Informing current and potential investors and all stakeholders of the operations of the Company regularly, efficiently, correctly and completely;
- Providing General Shareholders' Meeting be held in accordance with the regulations, Articles of Association and internal policies of the Company and keeping records and issuing reports in the aftermath of General Shareholders' Meeting;
- Fulfilling the responsibility for public disclosure in accordance with the relevant regulations and Disclosure Policy of the Company and
- Coordinating the communication with regulatory bodies.

Primary activities carried out by the Investor Relations within the reported period are as follows:

- 6 requests for information were received from our shareholders on the phone within the reporting period. All questions received from investors were replied in accordance with legal arrangements and the Disclosure Policy of the Company, and all information requests, excluding those which

are confidential or a business secret were responded in line with the principle of equality.

- General Shareholders' Meeting was provided to be held in accordance with the regulations, Articles of Association and internal policies of the Company.
- Before General Shareholders' Meeting Assembly, an Information Document was prepared for shareholders.
- The records of the voting results were kept. None of the shareholders requested these records.
- Responsibilities regarding Public Disclosure were fulfilled in accordance with the regulations and the required disclosures were provided to be made on the Public Disclosure Platform completely, directly, lucidly, comprising sufficient information and free from deceptive expressions.

Our Company met both in the country and abroad with shareholders and potential investors in numerous meetings and conferences in 2012. In 2012 EGCYO attended the EMPEA Private Equity in Emerging Markets conference in London and Das Eigenkapital Forum conference in Frankfurt in order to provide information on the Company to institutional investors in international capital markets. Our Company had a chance to introduce itself and its asset management companies to potential investors in the Gulf Region by attending Global Ag Investing in Abu Dhabi in February 2013.

### **3. Exercise of the Right to Receive Information by the Shareholders**

In accordance with the relevant regulations and Disclosure Policy of the Company, all investors must be equally informed. In any information shared with investors, any information not previously disclosed to the public is not included.

On the Company website no information or disclosure is contained that might affect exercise of shareholders' rights. Disclosures regarding dematerialization of the shares, attendance to General Shareholders' Meeting and possible share repurchase program were contained on the Company website in 2012. Additionally, all disclosures made on Public Disclosure Platform were also announced on the Company website [www.egcyo.com](http://www.egcyo.com).

No arrangement for a personal right, allowing the shareholders to request a private auditor appointment is contained in the Articles of Association of the Company. No such requests were made within the reported period.

### **4. Shareholders' Assembly Meetings**

The call for the Ordinary General Shareholders' Meeting held on 2 May 2012 was announced on Hürses Newspaper dated 13 April 2012, Yenigün Newspaper dated 13 April 2012, Turkish Trade Registry Gazette dated 17 April 2012, Company website and Public Disclosure Platform. Out of the TL 22 million capital of the

Company corresponding to a total of 22 million shares, the holders of TL 5,558,527 capital corresponding to 5,558,527 shares (25.27%) were personally present in the meeting. No questions were asked by the shareholders in the meeting.

No stakeholders or media representatives attended the meeting. A representative of the Corporate Governance Rating Company attended the meeting as a guest.

A General Shareholders' Meeting Information Document containing explanatory information in regard to the matters on the agenda was prepared and announced on the Company website before the Shareholders' Assembly meeting. Before the Shareholders' Assembly meeting, the Annual Report and Financial Statements, the Proposal for Profit Distribution and Articles of Association were made available for review at the headquarters of the Company where the meeting was held.

In the General Shareholders' Meeting under a separate agenda item regarding donations and financial aid, shareholders were informed that no donations or financial aid were made within the reporting period.

General Shareholders' Meeting minutes are announced on the Company website under Investor Relations section under Corporate Governance header at the link for General Assembly

## **5. Voting Rights and Minority Rights**

No privileges are acknowledged in the Articles of Association in regard to voting rights. However, the Company has 5,262 Group A nominative privileged shares each with a value of TL 1. All Group A shares are owned by Tan Egeli.

According to Article 16 in the Articles of Association, Group A shareholders are privileged for nominating candidates for the election of two third of Board Members while Group B shares have no privileges.

## **6. Dividend Rights**

None of the shareholders have privileges for participation in the dividend of the Company. Profit Distribution Policy submitted for the information of shareholders in the General Shareholders' Meeting is as follows:

In accordance with Turkish Commercial Code, Capital Markets Law and the relevant regulations, taking the financial position and profitability of the Company and general economic conjuncture into consideration, distribution of the distributable net profit if any, to an extent that shall not affect the capital structure and work plan of the Company via dividends in cash and/or bonus shares shall be submitted for the approval of General Shareholders' Meeting. This

policy may be annually reviewed by Board of Directors according to local and international economic and financial market conditions.

## **7. Assignment of Shares**

Group A and B shares are nominative. Assignment of nominative shares shall not be restricted. 5,262 Group A privileged shares owned by leading investors and 5,494,738 Group B shares shall not be assigned within the two years following the conversion to venture capital investment trust. However, if any Group B shares are issued for capital increases, the condition that leading investors shall hold at least 25% of the capital in the partnership shall not be pursued. Assignment of privileged shares is subject to an approval by Board of Directors.

## **SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY**

### **8. Disclosure Policy**

Disclosure Policy of the Company is announced on the Company website and the responsibility for monitoring, supervising and developing the works in regard to Disclosure Policy is fulfilled by Board of Directors with support from Audit Committee.

#### **1. Purpose**

Egeli & Co. Agriculture Investment Trust ("EGCYO" or "Company") Disclosure Policy aims to establish effective and transparent communication by complete, fair, accurate, timely, comprehensive and comparable disclosure of information regarding company performance and future expectations of the company to the public, related regulatory institutions, shareholders, existing and potential investors, capital market participants and other stakeholders within the framework of the generally accepted accounting principles and capital market regulations and Corporate Governance Principles of the Capital Markets Board.

#### **2. Scope**

The Disclosure Policy is effective for all affiliates and subsidiaries of the Company and its managers, employees and advisors.

#### **3. Authority and Responsibility**

The Disclosure Policy was established by the Board of Directors. The board of directors is authorized to approve any change to be made on the contents of the policy. The audit committee assists the board of directors in fulfilling the responsibilities of monitoring, supervising and developing the Disclosure Policy.

The investor relations unit of the Company is responsible for coordination of any and all activities relating to the public disclosure and advises the board of directors on the improvements to be made on the Disclosure Policy.

#### **4. Disclosure Methods and Instruments**

The Disclosure Policy is implemented through following methods and means:

- Financial statements and explanatory footnotes (the "Financial Statements")

- Annual Reports
- Disclosure of Material Events
- Printed and Visual Media
- Corporate Website
- Turkish Trade Registry Gazette

#### **4.1 Financial Statements**

The Financial Statements, prepared quarterly in accordance with the International Financial Reporting Standards (the "IFRS") within the scope of the Capital Market Law and regulations, are ratified by the board of directors based on the opinion of the audit committee.

The Financial Statements, ratified by the board of directors, shall be submitted to the Istanbul Stock Exchange (the "ISE") together with the responsibility declaration prepared and undersigned by general manager of the company and one board member, and disclosed to the public through the Public Disclosure Platform.

The Financial Statements are subject to limited scope audit for to the periods ending on June 30 and full independent audit for the fiscal period ending on December 31. As a general principle, the company receives limited scope audit for financial statements for the quarter ending on March 31 and three quarters ending on September 30.

The limited scope audit for the period ending June 30 and independent audit reports for the period ending on December 31 are prepared both in Turkish and English.

The Financial Statements are made open available at the corporate website for five years.

#### **4.2 Annual Report**

EGCYO quarterly interim reports and the annual report are prepared in line with the capital market regulations and the Corporate Governance Principles of the Capital Markets Board. These reports shall be submitted to the Istanbul Stock Exchange and disclosed to the public through the Public Disclosure Platform.

#### **4.3 Disclosure of Material Events**

Disclosure of Material Events is prepared by the investor relations unit in a complete, to-the-point, comprehensive manner, with adequate level of information and without any misleading expression; and published on the Public Disclosure Platform by two managers, who are granted e-signing authority by the board of directors and the titles of whom are disclosed to the public.

Disclosures of Material Events, announced on the Public Disclosure Platform, are uploaded to the corporate website of the Company on the following business day and made available for access for five years.

#### **4.4 Printed and Visual Media**

Strategies, potential investment opportunities of the Company, assessments on the general economy and printed and visual media disclosures on the Company are handled by the chairman of the board and General Manager. Other personnel of the Company may not respond the requests of the printed and visual media for the disclosure and assessment without the consent of the board of directors.

Media announcements and disclosures shall be posted to the corporate website.

News published and broadcasted on the printed and visual media relating to the Company are regularly monitored by the media monitoring service and regularly disclosed to the members of the board of directors and top management by the corporate communications manager of the Company.

#### **4.5 Corporate Website**

The corporate website [www.egcyo.com](http://www.egcyo.com) of the Company is actively used for implementation of the Disclosure Policy within the framework of the Corporate Governance Principles of the Capital Market Board.

Disclosures made on the corporate internet website do not substitute notifications and disclosures of material events, required to be made as per the provisions of the Capital Market Law and regulations.

The Company takes any and all measures required for the security of the corporate website and regularly follows up the developments relating to the internet security.

Contents of the Investor Relations page of the corporate website are coordinated and regularly updated by the Investor Relations Unit for the purpose of informing the shareholders and potential investors of the Company.

Information disclosed on the corporate website is as follows:

- General introduction and history of the Company
- Mission and Vision
- Information on the Members of the Board of Directors and top executives
- Shareholding Structure
- Articles of Association
- Disclosure of Material Events
- Press Releases
- Date and agenda of the General Assembly, General Assembly Information Document
- General Assembly meeting minutes and attendance list
- Important Resolutions of the Board of Directors
- Proxy Form

- Disclosure Policy
- Code of Ethics
- Dividend Policy
- Independent Audit Reports
- Annual Reports
- Corporate Governance Compliance Report
- Details of Share Certificates
- Disclosure regarding Privileged Shares
- Contact Details

#### 4.6 Turkish Trade Registry Gazette

Announcements regarding the General Assembly, capital increase and dividend payments are made in the Turkish Trade Registry Gazette and daily newspapers as per the Capital Market Law and regulations, Turkish Commercial Code and Articles of Association of the Company.

### 5. Analyst Reports

Analyst reports are intellectual property of the institution, which prepared the report, and are not published on the corporate website. The Company's personnel may not review or approve reports or financial models prepared by the analysts or advise analysts on these reports. EGCYO does not accept any responsibility for the reports or financial models prepared by the analysts.

However, in some exceptional cases, in order to avoid potential incorrect public disclosure, the analyst reports are overviewed provided that only historical knowledge, under the public domain and relating to the past are used.

Names, companies and contact details of the analysts, preparing reports on the Company are disclosed to public on the corporate website.

### 6. Meetings and Telephone Calls

Board members and upon consent of the board of directors, top management and investor relations unit manager may have one-on-one or collective face-to-face meetings or telephone calls with capital market participants within the scope of the investor relations activities.

However, during these meetings, no information, not disclosed to the public before may be provided to the participants and the information disclosed to the public before cannot be updated.

EGCYO implements the principle of equal and concurrent disclosure to the capital market participants.

## **7. Silence Period and Black-out Period**

The Company refrains from disclosing to the capital market participants in certain periods of the year to prevent distribution of incorrect information and unauthorized disclosures regarding the consequences of the activities (the "Silence Period"). The Silence Period starts two weeks prior to the deadline when quarterly interim report and the year-end financial results are to be disclosed and ends on the date of disclosure of the financial results. In case the Company discloses an earlier date for disclosure of the financial statements, the Silence Period shall cover two weeks prior to the announced disclosure date.

During the Silence Period, the financial status of the Company, excluding the information disclosed to the public, is not discussed and questions asked by the individuals or small groups are not replied. If required, the questions asked by the individuals or the groups are published and disclosed to the public on the corporate website of the Company.

Board members, legal auditors or employees may not use undisclosed confidential information which they obtain with regard to the activities and financial status of the Company, for their own benefit or for the benefit of their relatives or third parties directly or indirectly; they shall obey all the restrictions including those stipulated in the Capital Market Law and the Regulations.

Nevertheless, besides the liabilities arisen out of the laws and regulations, it is forbidden that insiders of the Company buy or sell shares within the period falling in the Silence Period (the "Black-out Period"). The Black-out Period starts two weeks before the last date of disclosure of the financial statements and ends on the date of publication of the financial statements on the Public Disclosure Platform. In case the Company announces a date for disclosure of its financial statements prior to the legal disclosure period, then the Black-out Period covers two weeks before the date of disclosure.

## **8. Future Expectations**

EGCYO may disclose to the public its expectations on the general economy and related sectors. These expectations shall be based on realistic assumptions and expectations and in correlation with the consequences of activities of the Company. In such disclosures, the Company must state that realizations might be different from the Company's expectations based on various uncertainties and risks.

The expectations may be disclosed only by the persons authorized to make public disclosure and by expressly stating the aforesaid warnings or by referring to an existing and a written public document (such as press releases, informative documents, disclosures already made within the frame of the Capital Market Law and Regulations). In case of unexpected developments, the Company revises and discloses its future expectations.

## **9. Disclosure on Transactions with Related Parties**

Legal and commercial transactions between the Company and the real persons and legal entities with which the Company has direct or indirect relationships in respect of capital, management and control are subject to the provisions of the Capital Market Law and Regulation and the Turkish Commercial Code.



## **10. Disclosure on the Matters to be discussed at the General Assembly**

The Company ensures that the shareholders are adequately informed before the Ordinary and Extraordinary General Assembly meetings. For this purpose, in addition to the meeting agenda, a General Assembly Informative Document is prepared and disclosed to the public.

As of the date of announcement made for the General Assembly meeting, the following information and documents are made available for review at the Company's headquarters and on the corporate website:

- Annual Report
- Financial Statements
- Recommendation for Dividend Policy
- General Assembly Informative Document
- Other documents supporting the agenda items
- Final version of the Articles of Association

If Amendment to Articles of Association is required, the amendment text and the ground for such an amendment.

## **11. Enforcement**

The Company's Disclosure Policy is updated with resolution of the Board of Directors and enters into force after submission for the information of the shareholders at the general assembly meeting.

## **9. Company Website and Contents**

Company website of EGC Agriculture Investment is at the address [www.egcyo.com](http://www.egcyo.com) both in Turkish and English. The website contains, all matters specified in the Corporate Governance Principles of the Capital Markets Board.

## **10. Annual Report**

Annual Report contains the information specified in the Corporate Governance Principles of the Capital Markets Board

## **SECTION III - STAKEHOLDERS**

### **11. Informing Stakeholders**

The Company defines any persons, groups or establishments affecting or being affected by achievement of its objectives and sustainment of its operations and thus having legitimate interests on the operations of the Company as its stakeholders. It EGCYO believes that the shareholder value can only be maximized by watching over the interests of all stakeholders and that the interests of the shareholders and stakeholders run parallel to each other. The company takes maximum care for watching over the interests of stakeholders under this philosophy.

Stakeholders are invited to the meetings regarding any matters concerning them or are informed via communication methods as required. Meetings, Company website, email, Public Disclosure Platform and E-Management system are used as communication methods.

Responsibility for assessment of the views of stakeholders regarding transactions they consider to be against the regulation or ethically inappropriate is given to Audit Committee.

## **12. Participation of Stakeholders in Management**

No preparation was made for participation of stakeholders in the management.

## **13. Human Resources Policy**

The most important asset of EG CYO for achieving its goals is its qualified human resources. The responsibility for carrying out the relationships with employees is fulfilled by Zeynep Aygöl, Human Resources Officer of the Group. Human Resources activities of the Company focuses on finding and maintaining well educated, expert and competent human resources through the concept of the right person for the right job.

The required measures for avoiding discrimination in terms of race, religion, language, gender, age, physical handicap or any other reason, respecting human rights and protecting the employees from physical, sexual, mental or sentimental abuse are taken and monitored by Audit Committee. During recruitment no discrimination is made to anyone and the selection process is carried out based on objective criteria. The principle of providing equal opportunity for equal people is adopted for career planning.

The Company takes care for installing and applying systems for accurately assessing the individual differences for the employees, preparing a convenient environment for personal and professional development of the employees and providing a convenient workplace environment.

Human Resources Processes of the Company are carried out under the following headings:

- Human Resources Planning
- Job Descriptions and Job Evaluation
- Training and Development
- Performance Assessment and
- Rewarding

The Company pays attention that any persons joining the team shall hold the competencies, qualifications, knowledge, education and career required by the position, be suitable for teamwork and be open for changes and development.

The training objectives of the Company are providing the employees adopt certain knowledge, skills and behaviour as well as providing support for them so that they shall apply the same also in their lives. Competencies and professional skills of the employees are objectively assessed within the scope of the Performance Assessment System and their areas in need of development are specified. Training requirements set by the employees and managers together are met within a systematic training program in the next stage.

In order to provide the right remuneration for the right job and maintain the balances within the Company, a rewarding policy consistent with the steps specified in line with market conditions is applied in the Company through a flexible Rewarding System consistent with the constantly changing employment environment. The Company takes care for forming the reward package in such a way providing the employees be motivated towards the targets of the Company.

To date, no complaints have been received from the employees in regard to discrimination.

#### **14. Code of Conduct and Social Responsibility**

Focusing on creating long term value and providing sustainable positive return with its investments in agriculture, EGCYO has formed its investment philosophy based on Sustainable and Socially Responsible Investing approach.

In line with this approach, the Company concentrates in the fields contributing to environmental sustainability, protecting the interests of the society and economy in the long run while singling out investment opportunities. The concept of Social Responsibility has become an inseparable part of EGCYO business model within the scope of this approach.

Having adopted contributing to the development of agriculture industry in our country within the scope of Sustainable and Socially Responsible Investing approach, our Company provides works for enhancing added value and institutionalization in agriculture. In this context,

- canalizing institutional and individual investments to agriculture industry for building up a sustainable and competitive agriculture industry;
- developing the local improvement capacity through agricultural activities which are of vital importance for our national economy and increasing the business opportunities;
- improving the environmental conditions on the countryside;
- materializing mechanisms which enable resources be utilized efficiently, including Risk Management;
- raising human labour required for the sustainability of quality in agriculture and
- materializing agricultural production by efficiently utilizing scientific approaches and technologies is aimed.

Our works for achieving these objectives will accomplish a significant Social Responsibility mission by enhancing added value and institutionalization in agriculture industry which is of vital importance for our country.

As a member of EMPEA (Emerging Markets Private Equity Association), EGCYO has adopted contributing to the society and minimizing the damage given to the natural environment by its operations as an inseparable part of its business model.

In all investment operations planned within EGCYO, which has specified complying with Socially Responsible Investing Principles while materializing its investments as its main objective, developing environment friendly and profitable businesses is aimed. Code of Ethics of the Company is announced on the Company website.

## **SECTION IV- BOARD OF DIRECTORS**

### **15. Board Composition and Structure**

Board of Directors, which shall comprise at least 5 and at most 12 members the majority of which shall be nonexecutive, holding the conditions specified in Turkish Commercial Code and Capital Markets legislation, elected for a term of at most 3 years by General Shareholders' Meeting in accordance with the provisions of Turkish Commercial Code, is responsible for managing, representing and binding the Company against third parties. Among these members there shall be independent members as well. The number and qualifications of Independent Board Members shall be determined in accordance with the compulsory Corporate Governance Principles. Accordingly, Board of Directors Members Mehmet Ali Güneysu and Murat Nadir Tansel Saraç were elected for Board of Directors as independent members. In the first meeting Board of Directors shall elect from among its members a Chairman and Vice-chairman who shall deputize the Chairman.

Group A shareholders are privileged for nominating candidates for the election of two thirds of Board Members. The rest of Board of Directors Members shall be determined by Shareholders' Assembly.

Board of Directors Members shall be elected for a term of at most 3 years. Regarding members whose term is over, it is possible for them to be re-elected. If any opening for membership emerges for any reason or a member loses their independence, Board of Directors shall temporarily elect a person holding the conditions specified in Turkish Commercial Code and Capital Markets legislation and shall submit them for the approval of the first Shareholders' Assembly. Any members elected in such manner shall complete the term of the previous member.

Board of Directors Members may be discharged anytime by Shareholders' Assembly.

For sound fulfilment of the duties and responsibilities of Board of Directors, certain Committees shall be formed within Board of Directors. While forming the Committees Capital Markets legislation shall be complied. Duties of the Nomination Committee are fulfilled under Corporate Governance Committee. Independent member Mehmet Ali Güneysu is Corporate Governance Committee Chairman. Due to contributions of the current independent members who work efficiently, our Board of Directors saw fit that current independent members of the Company shall be renominated and be submitted for the approval of member in the General Shareholders' Meeting dated May 2nd 2012. No other candidates were nominated for Corporate Governance Committee other than these candidates.

Board of Directors comprises six members four of which are nonexecutive and two are independent.

Tan Egeli	Chairman	Non-executive	02.05.2012/1 year
Ersoy Çoban	Vice-chairman	Non-executive	02.05.2012/1 year
Elif Pehlivanlı	Member	Non-executive	02.05.2012/1 year
Dr. Burak Koçer	Member	Non- executive	02.05.2012/1 year
M. Ali Güneysu	Member	Independent	02.05.2012/1 year
M. Nadir Tansel Saraç	Member	Independent	02.05.2012/1 year

Murat Çilingir	General Manager
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### **Tan EGELI**

*Chairman of the Board*

Having graduated from Delaware University Department of Business Administration in 1992, Tan Egeli got his master's degree (MSIA) from Carnegie Mellon University, Tepper Business School.

After starting his career in 1994 at Citibank, Egeli served as a senior executive at establishments of Citicorp Securities, İnter Yatırım Securities and BSI Bayındır Securities in that order between 1996 and 2001 especially as responsible for international capital markets and asset management. After leaving BSI Bayındır Securities where he served as a Board of Directors Member and General Manager between 1998 and 2001, he lay the foundations for Egeli & Co. Financial Services Group by founding Egeli Consulting in 2002.

In result of the partnership he established in 2007 with British Ashmore Group which is known for its investments in developing markets, in 2008 Egeli founded

Ashmore Asset Management, the first asset management company operating in Turkey with independent foreign capital. Until 2009 he served as CEO at Ashmore Turkey and Chairman of the Board at the subsidiaries of the Company.

While serving as General Manager at Egeli & Co. Asset Management, Tan Egeli also serves at Egeli & Co. Group companies Egeli & Co. Agriculture Investment Trust, Egeli & Co. Investment Trust, Egeli & Co. Corporate Support Services, Egeli & Co. Financial Investments, Batı Agriculture, EGC Energy and Simya Agriculture Investments as Chairman of the Board and as Board of Directors Member at İstanbul Erkek Liseliler Foundation. Tan Egeli speaks German and English and holds Capital Markets Board Advanced Level and Derivatives Licenses.

### **Ersoy ÇOBAN**

*Board Member*

After graduating from Yıldız Technical University Department of Economics in 1997, Ersoy Çoban received his master's degree in finance from Yeditepe University in 2004.

Having started his career at Interbank Department of Operations and Accounting in 1996, Çoban worked at Bayındır Securities as Operations and Accounting Director and as internal audit manager at Dundas Ünlü Securities Internal between 1999 and 2004. Ersoy Çoban has been serving as CFAO at Egeli & Co. Group since 2004.

He currently serves as Chairman of the Board at Egeli & Co. Asset Management and General Manager at Egeli & Co. Investment Holding, Vice-chairman of the Board at Egeli & Co. Agriculture Investment Trust and Egeli & Co. Investment Trust and Board Member at Egeli & Co. Financial Investments and Egeli & Co. Corporate Support Services. Additionally, Ersoy Çoban also serves as Board Member at various subsidiaries and affiliates of the Group.

Ersoy Çoban holds CMB Advanced Level, Corporate Governance Rating Specialist and Derivatives Licenses and speaks English.

### **Elif PEHLİVANLI**

*Board of Directors Member*

Having graduated from Bilkent University Faculty of Business Administration in 1994, Elif Pehlivanlı completed Strategic Business Management and Planning Certification Program jointly conducted by Marmara University and Michigan State University in 1998 and then completed her MBA at Yeditepe University in 2000. Additionally, she completed Real Estate Evaluation Expertise Certification Program conducted by Istanbul University in 2004.

Starting her career at international auditing company Deloitte Touche Tohmatsu International as an auditor in 1994, Pehlivanlı gained experience in finance by

serving at Bayındır Holding in Strategic Planning Department and at Bayındır Securities in Corporate Financing, Public Offering and Merger Departments between 1997 and 2002. Between 2002 and 2010 she became an expert on Integrated Marketing Communication Strategies and served as a Strategic Planning Manager at prominent advertising agencies. Before joining Egeli & Co. Financial Services Group she worked as a Marketing and Sales Manager in important real estate business development projects. Serving at Egeli & Co. Group since 2010 as Business Development and Marketing Director, Pehlivanlı also serves as a Board of Directors Member at Egeli & Co. Corporate Support Services. Pehlivanlı is a member of Corporate Governance Association of Turkey (TKYD), Istanbul Young Entrepreneurs Association (ISGID) and Union of Chambers and Commodity Exchanges of Turkey (TOBB) Women Entrepreneurs Council (KGK). Pehlivanlı, who holds a Certified Public Accountant Certificate, speaks English.

**Dr. Burak KOÇER**

*Board of Directors Member*

After graduating from Istanbul University Faculty of Business Administration in 1998, Burak Koçer completed his master's degree at Ball State University Miller College of Business. He got his doctor's degree at Istanbul University Institute of Social Sciences in 2005 with his thesis on Board of Directors of companies traded at Istanbul Stock Exchange. He worked as a research assistant at Istanbul University between 1998 and 2001, and at Istanbul Bilgi University between 2001 and 2004.

Between 2004 and 2007 he served as Training and Publishing Director and Associate Coordinator at Corporate Governance Association of Turkey (TKYD). Between 2007 and 2009 he served as Business Development Manager and Finance Manager at Hergüner Bilgen Özeke Attorneyship Partnership. After serving at financial investment consulting company P-Solve Investments Ltd. as Corporate Governance and Reporting Director in 2009, he joined Egeli & Co. Financial Services Group in 2011. Currently he serves as General Manager at Egeli & Co. Corporate Support Services. Additionally, he serves as Board of Directors Member at Egeli & Co. Investment Holding and Egeli & Co. Agriculture Investment Trust and as Independent Board Member at Bosch Fren Sistemleri San. ve Tic. A.Ş. and Federal Mogul İzmit Piston ve Pim Üretim Tesisleri A.Ş..

Koçer, who holds Capital Markets Board Advanced Level and Corporate Governance Rating Specialist Licenses, speaks German, English and medium level Greek.

**Mehmet Ali GÜNEYSU**

*Independent Board Member*

After graduating from Boğaziçi University Department of Industrial Engineering in 1987, Mehmet Ali Güneysu completed his MBA at New York University Stern School of Business in 1992.

He served as an analyst at Interbank between 1987 and 1989 and at Türk Merchant Bank (currently Deutsche Bank) between 1989 and 1990. After serving at Booz Allen & Hamilton as an intern consultant in India in 1991, he served as a customer representative at TC Ziraat Bankası between 1992 and 1993, as an Associate Manager at Finansbank between 1993 and 1994, as an Associate Manager at Indosuez Eurotürk Merchant Bank between 1994 and 1995 and as a Department Manager and Group Manager at Koçbank between 1995 and 2006. After serving at Reform Consulting Services as a Senior Consultant between 2006 and 2011, Mehmet Ali Güneysu is currently serving as General Manager at Istanbul Erkek Liseliler Foundation since 2011.

At the same time he is serving as Independent Board Member at Egeli & Co. Agriculture Investment Trust and Bosch Fren Sistemleri San. ve Tic. A.Ş. as well as Board Member at Sarı Siyah Education Services where Istanbul Erkek Liseliler Foundation is the controlling partner. Güneysu speaks German and English and holds Capital Markets Board Advanced Level, Credit Rating and Corporate Governance Rating Licenses.

**M.N. Tansel SARAÇ**

*Independent Board Member*

Graduated from Ankara University Faculty of Political Sciences in 1997, Tansel Saraç started his career in 1997 at the Capital Markets Board (CMB). After working for 7.5 years at the Department of Market Oversight between 2004 and 2009, he worked as Capital Markets Director at Akfen Holding and General Manager at Akfen Real Estate Investments. During the same period he served as a Board Member at Akfen Real Estate Trust, member of the Audit Committee at TAV Airports Holding, member of the Audit Committee at Mersin International Port Operation and member of the Audit Committee at TÜVTürk.

An independent consultant on Capital Markets, Tansel Saraç serves as Independent Board Member at Egeli & Co. Investment Holding, Flap Kongre Toplantı Hizmetleri Otom. Turizm A.Ş. and Beyaz Filo Oto Kiralama A.Ş..

During his career he specialized on public offering studies, real estate investment partnerships and agricultural investments. Tansel Saraç holds CMB Advanced License and Independent Auditor License and speaks English.



**Murat ÇİLİNGİR**

General Manager

After graduating from Istanbul Technical University Department of Electrical Engineering in 1993, Murat Çilingir completed his master degree of Business Administration Program at Istanbul University in 1994.

Starting his career at Makintaş İnşaat ve Ticaret A.Ş. in 1996, Çilingir served as an associate manager in Foreign Affairs Department till 2003. Having joined Egeli & Co. Group during its founding and having entered the finance industry, Murat Çilingir has served as an investment advisor, portfolio manager and senior executive manager within the Group since 2003. While serving as General Manager at Egeli & Co. Agriculture Investment Trust since 2011, Çilingir also serves as Board of Directors Vice-chairman at Egeli & Co. Asset Management, Board of Directors Member at Egeli & Co. Investment Trust and Egeli & Co. Financial Investments. Additionally, he also serves as a Board of Directors Member at subsidiaries of Egeli & Co. Group; Batı Agriculture, EGC Energy, Karesi Geothermal and Simya Agriculture Investments. Çilingir speaks German and English and holds Capital Markets Board Advanced Level License.

**Declaration of Independence**

In regard to the office of Independent Board of Directors membership I shall undertake at Egeli & Co. Agriculture Investment Trust (Company), in accordance with;

- Provisions of Communiqués with Serial: IV, No: 63, Serial: IV, No: 61, Serial: IV, No: 60 and Serial: IV, No:57 and "*Communiqué for Specification and Application of Corporate Governance Principles*" with Serial: IV, No: 56 announced and entered into effect in Official Gazette dated December 30th 2011 and numbered 28158 by TR Prime Ministry Capital Markets Board
- Articles of Association of the Company and
- Provisions of other relevant regulations

I hereby declare that I have the qualifications and meet the criteria of an Independent Board Member, I have read and understood the aforementioned information and documents and I shall completely fulfil the duties specified in the aforementioned information and documents.

I hereby declare that I hold all the qualifications required for being able to be qualified as an independent member in accordance with *Communiqué for Specification and Application of Corporate Governance Principles* with Serial: IV, No: 56, accordingly;

- a) In the last five years, no commercial relationship was established in terms of employment, capital or any significant nature in the position of an executive undertaking direct or indirect significant duties or responsibilities between myself, my spouse or relatives by blood or marriage up to second

degree and the Company, a related party of the Company, or legal entities in relationship in terms of management or capital with shareholders holding directly or indirectly 10% or more shares in the capital of the Company

- b) In the last five years, I did not work or serve as a Board of Directors Member in any company executing the whole or a certain part of the operations or organization of the Company within the scope of contracts drawn up, primarily any company performing audit, rating or consulting for the Company;
- c) In the last five years, I was not a shareholder, employee or Board Member of any company providing products or services to the Company;
- d) The shares I hold in the capital of the Company are less than 1% and these shares are not preferred shares;
- e) As it may be seen in my resume annexed, I have the required professional education, information and experience to duly fulfil the duties I shall undertake due to being an Independent Board Member;
- f) I currently do not work full time in any public institution or establishment;
- g) I am a resident in Turkey in accordance with Income Tax Law;
- h) I shall contribute positively to the operations of the Company, I shall retain my objectivity in conflicts of interest between partners of the Company, I shall take resolutions freely by taking into consideration the rights of stakeholders;
- i) I shall allocate time for the works of the Company to the extent as to be able to follow the running of the operations of the Company and fulfil completely the requirements of the duties I undertake;

Additionally, I hereby declare and acknowledge that in the last ten years I did not serve for more than six years as a Board of Directors Member.

Again I hereby declare and acknowledge that if any situation emerges that may annul my independence for any reason, I shall convey this change to Board of Directors as to be disclosed to the public in accordance with provisions of the relevant Communiqué for Specification and Application of Corporate Governance Principles.

Mehmet Ali Güneysu

### **Declaration of Independence**

In regard to the office of Independent Board of Directors membership I shall undertake at Egeli & Co. Agriculture Investment Trust (Company), in accordance with;

- Provisions of Communiqués with Serial: IV, No: 63, Serial: IV, No: 61, Serial: IV, No: 60 and Serial: IV, No:57 and "*Communiqué for Specification and Application of Corporate Governance Principles*" with

Serial: IV, No: 56 announced and entered into effect in Official Gazette dated December 30th 2011 and numbered 28158 by TR Prime Ministry Capital Markets Board

- Articles of Association of the Company and
- Provisions of other relevant regulation

I hereby declare that I have the qualifications and met the criteria of an Independent Board Member, I have read and understood the aforementioned information and documents and I shall completely fulfil the duties specified in the aforementioned information and documents.

I hereby declare that I hold all the qualifications required for being able to be qualified as an independent member in accordance with *Communiqué for Specification and Application of Corporate Governance Principles* with Serial: IV, No: 56, accordingly;

- a) In the last five years, no commercial relationship was established in terms of employment, capital or any significant nature in the position of an executive undertaking direct or indirect significant duties or responsibilities between myself, my spouse or relatives by blood or marriage up to second degree and the Company, a related party of the Company, or legal entities in relationship in terms of management or capital with shareholders holding directly or indirectly 10% or more shares in the capital of the Company
- b) In the last five years, I did not work or serve as a Board of Directors Member in any company executing the whole or a certain part of the operations or organization of the Company within the scope of contracts drawn up, primarily any company performing audit, rating or consulting for the Company;
- c) In the last five years, I was not a shareholder, employee or Board Member of any company providing products or services to the Company;
- d) The shares I hold in the capital of the Company are less than 1% and these shares are not preferred shares;
- e) As it may be seen in my resume annexed, I have the required professional education, information and experience to duly fulfil the duties I shall undertake due to being an Independent Board Member;
- f) I currently do not work full time in any public institution or establishment;
- g) I am a resident in Turkey in accordance with Income Tax Law;
- h) I shall contribute positively to the operations of the Company, I shall retain my objectivity in conflicts of interest between partners of the Company, I shall take resolutions freely by taking into consideration the rights of stakeholders;
- i) I shall allocate time for the works of the Company to the extent as to be able to follow the running of the operations of the Company and fulfil completely the requirements of the duties I undertake;

Additionally, I hereby declare and acknowledge that in the last ten years I did not serve for more than six years as a Board of Directors Member.

Again I hereby declare and acknowledge that if any situation emerges that may annul my independence for any reason, I shall convey this change to Board of Directors as to be disclosed to the public in accordance with provisions of the relevant Communiqué for Specification and Application of Corporate Governance Principles.

M. Nadir Tansel Saraç

### **Other Duties of Board Members**

Service in other companies provided by Board Members is subject to approval by Shareholders' Assembly in accordance with Turkish Commercial Code. In the General Shareholders' Meeting dated 2 May 2012, Board Members were authorized and approved in accordance with Corporate Governance Principles and Turkish Commercial Code Articles 334 and 335 which were in effect at that time. In-group and Out of Group offices executed by Board of Directors Members are as follows:

#### **Tan Egeli**

Within the group: CEO at Egeli & Co. Financial Services Group, General Manager at Egeli & Co. Asset Management, Chairman of the Board at EG CYO, E GLYO , Egeli & Co. Corporate Support Services(EKDH), Egeli & Co. Financial Investments, Batı Agriculture Investments, EGC Energy.

Out of the group: Chairman of the Board at Simya Agriculture Investments A.Ş., Board of Directors Member at Istanbul Erkek Liseliler Foundation

#### **Ersoy Çoban**

Within the group: Chairman of the Board at Egeli & Co. Asset Management, General Manager at Egeli & Co. Investment Holding, Board of Directors Vice-chairman at Egeli & Co. Investment Trust, Board of Directors Member at Egeli & Co. Financial Investments, Egeli & Co. Corporate Support Services, Batı Agriculture, EGC Energy

Out of the group: Board of Directors Member at Simya Agriculture Investments

#### **Elif Pehlivanlı**

Within the group: Board of Directors Member at Egeli & Co. Corporate Support Services

#### **Dr. Burak Koçer**

Within the group: Board of Directors Member at EG CYH, General Manager at Egeli & Co. Corporate Support Services

Out of the group: Independent Board Member at Bosch Fren Sistemleri San. ve Tic. A.Ş. and Federal Mogul İzmit Piston ve Pim Üretim Tesisleri A.Ş..

### **Mehmet Ali Güneysu**

Within the group: Independent Board Member at Egeli & Co. Investment Holding

Out of the group: General Director at Istanbul Erkek Liseliler Foundation, Board of Directors Member at Bosch Fren Sistemleri San. ve Tic. A.Ş. and Sarı Siyah Education Services

### **M.N. Tansel SARAÇ**

Within the group: Independent Board Member at Egeli & Co. Investment Holding

Out of the group: Independent Board Member at Beyaz Filo Kiralama A.Ş. and Flap Kongre Toplantı Hizmetleri Otom. Turizm A.Ş.

## **16. Board Practices**

Board of Directors shall meet as necessary in line with business of the Company. The agenda shall be specified by the Chairman of the Board. Any Board Member may add items to the agenda by notifying the Chairman. Board Members are invited to meetings by e-mail or telephone.

Under extraordinary conditions if the Chairman does not invite members for a meeting, the members shall be authorized to make a call ex officio.

The Board of Directors meets at the headquarters of the Company. However, Board of Directors may also meet at any other place deemed convenient. In accordance with the provision of CMB Corporate Governance Principles Section IV Article 2.17.4, physical attendance of the members in Board of Directors meetings is provided. Any questions asked and any matters discussed in the meetings are recorded in the meeting minutes.

Any information in the meeting minutes constituting a trade secret shall not be disclosed to the public. However, any important matters resolved in the meetings shall be disclosed to the public as per the Disclosure of Material Events regulations of the Capital Markets Board. Additionally, board resolutions of material importance shall be disclosed to the public on the Company website.

Meeting quorum is majority of the total board size and decision quorum is the majority of presence. However, in accordance with the provisions of Communiqué for Specification and Application of Corporate Governance Principles

by CMB with Serial: IV No: 56, for resolutions of Board of Directors in regard to material transactions and related party transactions, approval of Independent Board Members by majority vote is required.

Votes shall be cast as "accept" or "decline". Any members casting a vote of decline shall indicate his/her objection in writing on the resolution and sign it.

In case of equality, Board Members do not have any right to vote and/or authorization for veto. Each Board Member has one vote including the Chairman of the Board and none of the members has a weighted vote.

In 2012 Board of Directors conducted 23 meetings. A significant numbers of these meetings were conducted with full participation.

### **17. Number, Structure and Independence of Board Committees**

In 2012 eight Corporate Governance Committee meetings, one Remuneration Committee meeting and five Audit Committee meetings were conducted. In Audit Committee meetings recommendation for the acknowledgement of Financial Statements was submitted to Board Members, in the Remuneration Committee meeting financial rights of Board Members and senior executives were assessed and in Corporate Governance Committee meetings the steps required for development of compliance with Compliance to Corporate Governance Principles and Risk Management of the Company were assessed.

Board of Directors have observed that committees have made significant contributions to the Company in improving the implementation of Corporate Governance practices, ensuring the accuracy, transparency and issuance of Financial Statements compliant with the legislation within the scope of their Terms of Reference.

Since there are two independent members in the Board of Directors, same independent members need to serve in more than one committee. Terms of Reference of the committees are as follows:

#### **Audit Committee**

**Chairman:** Mehmet Ali Güneysu

**Member:** M. Nadir Tansel Saraç

The Terms of Reference of Audit Committee were respecified on April 5th 2012 in accordance with the Communiqué by CMB with Serial: IV, No: 56.

## **Committees and Terms of Reference**

### **1. Purpose**

1.1 This procedure aims to determine the terms of reference of the audit committee, which assists the board of directors in implementing the independent audit and internal audit processes of Egeli & Co. Agriculture Investment Trust (“**EGCYO**” or the “**Company**”) in line with regulations and disclosing the Company’s financial statements timely, accurately, and fairly to reflect the truth, as well as oversees and monitors potential complaints by stakeholders regarding compliance of the Company’s transactions to legal and ethical standards.

### **2. Membership**

2.1 The audit committee shall consist of at least two members. All members of the committee shall be selected from among the independent members of the board.

2.2 Members of the committee shall be appointed by the board, one of the members being appointed as the committee chairman.

2.3 Only members of the committee have to right to attend the committee meetings. However, other Company officers or independent advisors may be invited to attend the meetings by the chairman of the committee, when appropriate. In general, it is expected that independent auditor of the Company would attend the committee meeting once a year to provide feedback to the committee. The chief executive officer or the general manager of the Company cannot become committee members or attend the committee meetings.

### **3. Quorum**

3.1 The quorum for committee meeting shall be the majority of the total number of members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### **4. Frequency of Meetings**

4.1 As a principle, the committee shall meet four times a year in accordance with the time schedule for disclosure of the financial statements. The committee members may organize additional meetings if required.

### **5. Notice of Meetings**

5.1 Meetings of the committee shall be called by the chairman of the committee.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the committee and other persons required to attend the meeting at least five days before the date of the meeting. Supporting papers along with the agenda shall be sent to the committee members at the same time.

## **6. Minutes of Meetings**

6.1 The chairman of the committee authorizes a committee member or any other attendee to be invited to minute the proceedings and resolutions at each meeting.

6.2 Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

## **7. Duties**

7.1 To monitor the integrity of the annual and quarterly financial statements of the Company, and any other formal announcement relating to its financial performance.

7.2 To review presentations and press releases regarding the financial performance of the Company together with the top management.

7.3 To review the financial information and reference documents prepared for the analysts and rating agencies together with the top management.

7.4 To examine the consistency of accounting policies across reporting periods.

7.5 To assess the effect of new developments and regulations in accounting as well as off- balance sheet items on the financial statements together with the top management.

7.6 To advise the top management with regard to appointment or replacement of the internal audit manager and ensure efficient operation of the internal audit processes.

7.7 To review transactions with related parties. The ratification of a related party transaction is assessed under the resolution of the board of directors.

7.8 To recommend to the board of directors on the engagement with the independent audit company. Pursuant to this scope, the committee determines the appropriate cost for a healthy independent audit and advises the board of directors on the agreements terms including the scope of work and fees.

7.9 To review independent audit company's relationships with the Company and its executives to ensure the independence of the audit. It examines whether the independence is jeopardized by non-audit services or for any other reason and submits a report to the board of directors regarding the same.

7.10 To examine whether the independent audit team has adequate competence and sources.

7.11 To examine together with the independent auditor the problems and difficulties experienced in the audit process and evaluate measures taken by the top management.

7.12 To examine together with the independent auditor responsibilities, budget and staff of the internal audit function.



7.13 To evaluate, together with the independent auditor, disagreements between the independent auditor and the top management, which may partially or entirely affect the contents of the financial statements or independent audit report regardless whether they are resolved later.

7.14 To examine the report issued by the legal advisor of the Company and evaluate legal matters, which may considerably affect the financial statements.

7.15 To oversee and monitor potential complaints by stakeholders submitted to the Investor Relations Unit regarding compliance of the Company's transactions to legal and ethical standards.

7.16 To support the Board of Directors on the implementation of the Code of Ethics and examines complaints made in that respect.

## **8. Reporting Responsibilities**

8.1 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

8.2 The committee shall submit a report to the board of directors on proposals received from the independent audit companies, evaluation of the committee regarding the same and independence of the audit company.

## **9. Public Disclosures**

9.1 The committee shall advise the board of directors on the statement of responsibility to be published in the annual report.

## **10. Authority**

10.1 The committee is authorized to seek any information it requires from any employee of the company in order to perform its duties.

10.2 The committee may obtain legal advisory or professional advice on any matter within its terms of reference. Such services shall be reimbursed from the internal audit budget.

10.3 The committee shall call any employee to be questioned at a meeting of the committee as and when required

10.4 The committee is authorized to ratify non-audit services to be supplied by an independent audit firm.

## **Corporate Governance Committee**

**Chairman:** Mehmet Ali Güneysu

**Member:** Dr. Burak Koçer

## **Corporate Governance Committee Terms of Reference**

### **1. Purpose**

1.1 This procedure aims to determine the terms of reference of the Corporate Governance Committee, which assists the Board of Directors in terms of

compliance of Egeli & Co. Agriculture Investment Trust (“EGCYO” or the “Company”) to the corporate governance principles, performance of the investor relations activities in accordance with the related laws and regulations, nomination of candidates for the board and the top management, assessment of board and executive performance and top-management career planning and improving of the Company’s risk management process.

## **2. Membership**

2.1 The corporate governance committee shall consist of at least two members. The chairman of the committee shall be selected from among the independent members of the board. The majority of the committee members shall be selected from among the non-executive directors. In case the committee consists of two members, all members shall be selected from among the non-executive directors, committee chairman being an independent director.

2.2 Members of the committee shall be appointed by the board, one of the members being appointed as the committee chairman.

2.3 Only members of the committee have to right to attend the committee meetings. However, other Company officers or independent advisors may be invited to attend the meetings by the chairman of the committee, when appropriate. The chief executive officer or the general manager of the Company cannot become committee members or attend the committee meetings.

2.4 The Committee members shall appointed for maximum term of office for which they are appointed as the members of the board. The members, who complete their terms of office, may be re-elected as long as they continue to have the required qualifications.

## **3. Quorum**

3.1 The quorum for committee meeting shall be the majority of the total number of members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

## **4. Frequency of Meetings**

4.1 As a principle, the committee shall meet once each quarter. The committee members may organize additional meetings if required.

## **5. Notice of Meetings**

5.1 Meetings of the committee shall be called by the chairman of the committee.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the committee and other persons required to attend the meeting at least five days before the date of the meeting. Supporting papers along with the agenda shall be sent to the committee members at the same time.

## **6. Minutes of Meetings**

6.1 The chairman of the committee authorizes a committee member or any other attendee to be invited to minute the proceedings and resolutions at each meeting.

6.2 Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

## **7. Duties**

7.1 Terms of reference of the corporate governance committee cover the responsibilities defined by the capital markets regulations for the nomination committee, risk committee and the corporate governance committee and involves the following:

7.2 To monitor the Company's compliance to the corporate governance principles, and reasons not to comply to a specific principle if not fully complied with, review resulting conflicts of interest and advice the board for improvement. Pursuant to this scope, the committee ensures that the corporate governance compliance declaration and corporate governance compliance report is issued in accordance with the related laws and regulations.

7.3 To monitor investor relations activities, in cooperation with the board of directors, to maintain effective communication between the Company and investors, resolve and settle possible disputes. Pursuant to this scope, the committee takes necessary measures for providing accurate, complete and timely information to the investors in compliance with the related laws and regulations and ensures efficient functioning of the disclosure process. The committee ensures that the investor relations unit prepares the investor relations section of the corporate website and the documents to be submitted to the shareholders at the general assembly are up-to-date and accurate.

7.4 To monitor the composition and the size of the board of directors including competencies, know-how, experience and diversification needed and advises the board of directors regarding the same.

7.5 To carry out activities to establish a transparent system to identify, evaluate and train appropriate candidates for the board of directors and determine policies and strategies regarding the same.

7.6 To determine and monitor approaches, principles and practices on performance assessment and career planning of the board of directors and the top management.

7.7 To evaluate the succession planning for the board of directors and the top management in line with the challenges the Company encounters, and competencies and experiences required at the board.

7.8 To review the composition of the board of directors, performance of individual members and advice the board of directors on re-nomination of non-executive members whose terms are expired. The committee members shall not

comment on their re-nomination. The nomination process for existing committee members shall be governed by the board of directors.

7.9 To carry out activities for identification of risks promptly, which may threaten existence, development and continuity of the Company and take necessary measures regarding risks identified and implement relevant risk management processes.

7.10 To advise the board of directors on risk appetite, tolerance and strategy of the company, considering existing and expected financial and macroeconomic circumstances.

7.11 To review the ability of the Company to define and manage the new risk types.

7.12 To examine risks of brought by a strategically important transaction such as a significant M&A transaction and its impact on the risk appetite/tolerance of the Company and advice the board of directors accordingly prior to board approval.

7.13 To overview efficiency of the internal audit and risk management processes at least once a year and approve the disclosures to be made regarding the same in the annual report.

7.14 To ensure that all employees are informed in writing regarding internal policies, processes, regulations and terms of reference of the Company.

## **8. Reporting Responsibilities**

8.1 The committee shall make whatever recommendations to the board and auditor of the Company it deems appropriate on any area within its remit where action or improvement is needed each two months in writing.

8.2 The committee shall coordinate the preparation of the corporate governance compliance report to be published in the annual report and approve the same.

8.3 The committee shall ensure that necessary disclosures are made in the annual report with regard to the risk management practices and strategy of the Company.

## **9. Public Disclosures**

9.1 The committee ensures that the contents of the Company's annual report is accurate, consistent and in compliance with the related laws and regulations and the Disclosure Policy of the Company.

9.2 The committee develops recommendations to ensure that the public disclosures, analyst presentations and disclosures of material events comply with the related laws and regulations and the Disclosure Policy of the Company.

## **10. Authority**

10.1 The committee may obtain legal advisory or professional advice on any matter within its terms of reference. The committee is authorized to seek any information it requires from any employee of the company in order to perform its duties.

**Remuneration Committee**

**Chairman:** M.Nadir Tansel Saraç

**Member:** Tan Egeli

**Remuneration Committee Terms Of Reference****1. Purpose**

1.1 This procedure aims to determine the terms of reference of the compensation committee, which assists the board of directors in relation to remuneration of the board members and the top management of Egeli & Co. Agriculture Investment Trust ("EGCYO or the "Company").

**2. Membership**

2.1 The remuneration committee shall consist of at least two members appointed by the board, one of the members being appointed as the committee chairman. The chairman of the committee shall be selected from among the independent members of the board.

2.2 Only members of the committee have to right to attend the committee meetings. However, other Company officers or independent advisors may be invited to attend the meetings by the chairman of the committee, when appropriate. The chief executive officer or the general manager of the Company cannot become committee members or attend the committee meetings.

2.3 The Committee members shall be appointed for maximum term of office for which they are appointed as the members of the board. The members, who complete their terms of office, may be re-elected as long as they continue to have the required qualifications.

**3. Quorum**

3.1 The quorum for committee meeting shall be the majority of the total number of members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

**4. Frequency of Meetings**

4.1 As a principle, the committee shall meeting twice a year. The committee members may organize additional meetings if required.

**5. Notice of Meetings**

5.1 Meetings of the committee shall be called by the chairman of the committee.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the committee and other persons required to attend the meeting at least five days before the date of the meeting. Supporting papers along with the agenda shall be sent to the committee members at the same time.

## **6. Meeting Minutes**

6.1 The chairman of the committee authorizes a committee member or any other attendee to be invited to minute the proceedings and resolutions at each meeting.

6.2 Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

## **7. Duties**

7.1 To determine in writing the committee's recommendations for remuneration of the board members and the top management in line with the long term objectives of the Company.

7.2 To ensure that the remuneration principles are disclosed under a separate agenda item at the general assembly meeting and published on the corporate website.

7.3 To determine the criteria to be used in determination of remuneration based on the performance of both the Company and the member in line with the relevant laws and regulations.

7.4 To advise the board of directors on the payment to be made to the members of the board of directors and the top management also by considering the degree of achievement of the criteria.

## **8. Public Disclosures**

8.1 The committee ensures accurate and complete disclosure of the principles of remuneration of the board of directors and the top management in the annual report.

## **9. Authorities**

9.1 The committee may obtain legal advisory or professional advice on any matter within its terms of reference.

## **18. Risk Management and Internal Control Mechanism**

Internal Control Mechanisms were formed in the Company and in 2012 the efficiency of Risk Management and Internal Control was monitored under supervision by Corporate Governance Committee. Risk Management and Internal Control Mechanisms are efficiently operated for specifying and managing the risks encountered by the Company.

## **19. Strategic Goals**

Strategic goals of the Company are set in line with proposals of senior managers

and Board of Directors and are linked to budget targets. Budget targets and achievement rates are followed by the General Manager and Chairman of the Board of the Company and are assessed in Board of Directors meetings where the Interim Financial Statements of the Company are discussed.

## **20. Financial Rights**

Any rights, benefits and remuneration provided for Board Members and senior executives as well as the criteria used for specifying the same and the Remuneration Policy comprising the remuneration principles are announced on the Company website.

Remuneration is provided for only members with independent member status in Board of Directors and a remuneration of monthly net TL 1,750 for Board of Directors membership is paid only for Independent Board Members of the Company and no remuneration is provided to other members.

The Company did not grant any warranties or loans or provide loan facilities to any Board Members or managers.