

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Türk Telekomünikasyon A.Ş. ("Türk Telekom") pays utmost attention for implementing the Corporate Governance Principles published by the Capital Markets Board of Turkey ("CMB"). The Company updates its annual and interim activity reports and corporate website, and makes them available to its shareholders to satisfy the said principles. Shareholders have access to comprehensive information through the Türk Telekom investor relations website constantly kept up-to-date, as well as the possibility to direct their queries to the Capital Markets and Investor Relations Department.

Türk Telekom successfully received an overall Corporate Governance rating of 8.72 as a result of an independent assessment by SAHA Corporate Governance and Credit Rating Company incorporated by Capital Markets Board of Turkey.

Corporate Governance Rating was determined as a result of the examination made under four major topics (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted differently within the framework of the CMB's Corporate Governance principles. Breakdown of our corporate governance rating under major categories is as follows:

Sub Categories	Weight (%)	Rating
Shareholder	25	8.45
Public Disclosure & Transparency	25	9.45
Stakeholders	15	8.40
Board of Directors	35	8.54
Total	100	8.72

This rating assigned to Türk Telekom based on the Corporate Governance Principles is a clear sign that our Company is compliant with CMB Corporate Governance Principles to a large extent, has put the necessary policies and precautions into effect and our Company's efforts for fully complying with the Corporate Governance Principles will continue.

REASONS FOR NON-COMPLIED CORPORATE GOVERNANCE PRINCIPLES

Pursuant to the Communiqué II-17.1 and dated January 3, 2014 of the Capital Markets Board on the Corporate Governance, and other regulations, non-complied issues with their grounds are as below:

That the Articles of Association entitle shareholders to appoint a special auditor, and that there is no additional provision on minority rights

Turkish Commercial Code and the CMB regulations are qualified for the appointment of special auditor and minority rights. Pursuant to the New Turkish Commercial Code 6102 which became effective in July, 2012, each shareholder's right to appoint a special auditor will be protected.

Presence of voting privileges:

The privileges attached to the Golden Share held by the Republic of Turkey Under secretariat of Treasury are statutory (4763 numbered law), and our company is not authorized to amend these privileges.

No articles in the Articles of Association regarding the procedures for invitation of the members of the board for a meeting by shareholders and stakeholders

Pursuant to the New Turkish Commercial Code 6102 which became effective in July, 2012, each Board Member may submit a written request to the chairman of the board to invite members of board of directors for a meeting. There is no the other way of invitation of the Board Members for a meeting.

Mechanisms and models to encourage participation of the stakeholders in the management of the company are not regulated by the Articles of Association

This issue is in the preparation phase.

Charter of the Audit Committee hasn't been disclosed yet

This issue is in the preparation phase.

Disputes between stakeholders (regulatory bodies and public authorities)

Resolving disputes between stakeholders is an ongoing process.

Head of Investor Relations Department is not a member of the Corporate Governance Committee. Chairmanship of the Early Identification and Management of Risks Committee is vacant.

These issues are in the planning phase.

SHAREHOLDERS

Investor Relations Unit

At Türk Telekom, a Capital Markets and Investor Relations Department (“the Department”) has been formed which reports directly to the CEO with respect to the structured maintenance of relationships with existing and potential shareholders, effectively responding to the queries by investors and analysts, and carrying out the activities targeted at increasing the Company’s share value. The Department is supervised by the Capital Markets and Investor Relations Director Onur Öz. Corporate Governance & Compliance Manager Süleyman Kısaç who holds required licenses took the responsibility arising from capital markets legislation and coordination of corporate governance practices.

Primary activities handled by the Department are as follows:

- › To ensure keeping of recordings related to correspondences between investors and the Company and other information and documents healthy, reliable and up-to-date
 - › Responding written information requests of shareholders related to the Company
 - › Regarding the General Assembly Meeting, preparing documents required to submit for shareholders’s review and taking precautions to ensure organization of General Assembly Meeting in accordance with related regulation, articles of association and other regulations within the corporation
 - › Responding to the information requests by analysts researching about the Company; ensuring proper and optimum promotion of the Company and guaranteeing that reports for investors are prepared in an accurate and complete fashion,
 - › Sharing the interim and year-end statements, investor presentations, press releases and annual and interim activity reports regarding financial and operational results with investors and the press; updating the investor relations website regularly to ensure that shareholders have access to accurate and complete information,
 - › Keeping investors regularly informed on Türk Telekom and the Turkish Capital Markets by participating in conferences and investor meetings,
 - › Monitoring public disclosures made pursuant to the Company’s disclosure policy and applicable legislation.
 - › Stock news are announced within the Company by watching the composition of domestic/foreign investors and significant changes in trade volume.
- › Including the all kinds of cases related to Corporate Governance and Public Disclosure, performing the requirements of the Capital Market Regulations, and handling necessary internal and external disclosures and monitoring related processes
 - › Introducing and presenting the Türk Telekom Group to domestic and foreign individual and corporate investors,
 - › Keeping existing and potential investors regularly informed on the Company’s activities, financial standing and strategies in a timely, accurate and complete manner,

Contact information for employees working in the Capital Markets and Investor Relations Department is as follows:

Full Name	Title	Phone Number	E-mail address
Onur Öz	Director	+ 90 0212 309 96 30	ir@turktelekom.com.tr
Süleyman Kısaç	Manager		
Özge Kelek	Manager		
Eren Öner	Manager		
Şule Gençtürk	Senior Analyst		
Nergis Gündoğdu	Senior Analyst		
Sezgi Eser	Senior Analyst		
Selin Akar	Analyst		
Ayça Sincan	Director Assistant		

Please contact Süleyman Kısaç for questions related with dividends, General Assembly and transfer of shares.

In 2014, Investor Relations department attended 4 investor conferences in Turkey, 25 investor conferences in total and met with 295 investment corporations in these conferences. Moreover, roadshows were organized and 48 investors were visited in London, Los Angeles, Boston and New York during the book building process of the issued bonds. Within the year, 53 investors were visited in the roadshows organized at various locations in United Arab Emirates, Europe, USA and England. Separate meetings were held with 73 investors in Istanbul. As a consequence of all activities carried out, Investor Relations department met with 469 investors in 2014. More than 1000 information requests were made to the Directorate in 2014 via phone and e-mail and all of the requests were answered.

The report regarding the activities of Investor Relations presented to Board on February 25, 2015.

Shareholders' Exercise of their Right to Obtain Information

Queries, other than those relating to trade secrets and undisclosed information, received from shareholders and analysts by the Capital Markets and Investor Relations Department by letter, phone, email and other means are answered in the fastest and most effective way possible upon contacting the relevant person with the highest authority on the related matter. Over 1.000 information requests received by Türk Telekom in the relevant period were answered. Furthermore, current and retrospective information and developments relating to Türk Telekom that are of

interest to shareholders are regularly communicated to the concerned parties by the investor relations website both in Turkish and English languages. They are also regularly communicated to those registered to our database via emails.

In addition to the foregoing, within the context of shareholders' exercise of their right to obtain information, data and information are provided on the investor relations website so as to ensure rapid and easy access to information about Türk Telekom. A large portion of this information is provided on the website both in Turkish and English languages. The website covering the related documents accessible at www.ttinvestorrelations.com is periodically updated.

Further details are presented under the heading "Investor Relations Website and its Content" below.

Company activities are periodically audited by independent auditors and statutory auditors appointed by the General Assembly upon proposal by the Board of Directors. Independent audit services for 2014 activities were provided by KPMG, which performs said services under the legal entity of Akis Bağımsız Denetim ve SMMM A.Ş.

There is no article related to the appointment of a special auditor in the Articles of Association. Shareholders did not request the appointment of a special auditor in 2014 and no special audit was conducted. Being a telecommunications company, activities of Our Company is subjected to the audit and enquiry of Information and Communications Technologies Authority, Capital Markets Board of Turkey and Competition Authority. The results of enquiries and audits are disclosed to the public

within the context of press releases issued by the related authorities and disclosure of material events regulated by the Communiqué on the Principles Regarding The Public Disclosure Of Material Events.

Minority shareholders may request the appointment of a special auditor according to the 438th and 439th articles of the New Turkish Commercial Code 6102.

General Assembly Meetings

Article 19 of the Articles of Association reads as follows: "The General Assembly shall be the main decision body of the Company possessing every kind of authority in relation to the business of the Company provided by law". Article 21 of the Articles of Association lists the "Material Decisions to be adopted by the General Assembly" as follows:

- a) the presentation of any petition for winding-up;
- b) any change to these Articles of Association;
- c) any change to the corporate name of the Company;
- d) any change to the accounting reference date or accounting policies except as required by law;
- e) any change in the share capital or the creation, allotment or issue of any shares or of any other security or the grant of any option rights or rights to subscribe to the capital or to convert any instrument into such shares or securities other than bonus shares;
- f) any reduction of capital or variation of the rights attaching to any class of shares or any redemption, purchase or other acquisition by the Company of any shares or other securities of that company;
- g) any merger with or material acquisition of any other company;
- h) the cessation of any major Business* operation;
- i) any material change to the nature of its Business*;
- j) the payment or declaration by the Company of any dividend or distribution of any other kind relating to the shares other than in accordance with Article 30;
- k) decisions on any of the matters referred to in Article 12 (a) to (f) above to the extent such matters have not been approved in accordance with Article 12:
 - › the entry into of any contract or commitment not provided for in the Budget under which the Group Company may incur costs (per transaction) of more than USD 50 million;
 - › the acquisition of any assets or property (other than in the ordinary course of business) at a total cost (per transaction) of more than USD 50 million;
 - › the sale or disposition of any fixed assets for a total price per transaction of more than USD 10 million;
 - › the borrowing of amounts by a Group Company which when aggregated with all other borrowings of that Group Company would exceed USD 150 million except for the loans obtained from banks in the ordinary course of business;
 - › the entry into of any agreement (other than any management agreement referred to in Article 12(g) below) between a Group Company and a Shareholder (other than the holder of the Group B Shares) or its Associates which (x) is not on arm's length terms or (y) involves the transfer of monies or goods and services of a value greater than USD 30 million;
 - › the appointment of any representative to act for the Company at any general assembly meeting of any Group Company (other than the Company and AVEA);
 - › the entry into of any management agreement between a Group Company on the one part and a Shareholder, or any Associated Companies of a Shareholder or any person that entered into a management agreement/management consultancy agreement with the holder of the Group A Shares or any of its Associated Companies in connection with the tender process for the block sale on the other part. However, this Article shall not prevent the Company from entering into employment or consultancy agreements with individuals

* The business regarding electronic communications services including without limitation broadband services, internet and data services, fixed and mobile telephony, information services, media services and technology and solutions and providing electronic communications networks and infrastructure.

Organisations regarding our company's General Assembly Meetings are in the Türk Telekomünikasyon A.Ş.'s Articles of Association which is public and can be found on the company's Investor Relations website.

2014 General Assembly Meetings

On 31 March 2014, at the Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı, 06103 Aydınlikevler, Ankara, Ordinary General Assembly was intended to convene where 93.92% of the Company shares were present in proxy both via electronic platform and individually. However since government commissioners did not participate, General Assembly could not convene. Minutes of the Meeting is accessible at the <http://www.ttinvestorrelations.com/corporate-governance/general-assembly-meeting.aspx>.

On 27 May 2014, at the Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı, 06103 Aydınlikevler, Ankara, Ordinary General Assembly convened without any press or stakeholder participation where 93.53% of the Company shares were represented in proxy. Shareholders attended the meeting both via electronic platform and individually. They posed their questions and had their answers during the meeting, all spoken issues were written to the Minutes of the Meeting. Minutes of the Meeting is accessible at the <http://www.ttinvestorrelations.com/corporate-governance/general-assembly-meeting.aspx>. No proposal for the agenda items were given by shareholders during the meeting. Particulars related to the said 2013 Ordinary General Assembly Meeting dated 27 May 2014 were published on Turkish Trade Registry Gazette (TTRG) dated 5 June 2014. In addition, the relevant Regulatory Disclosures of Material Events made by our Company was also published on the Public Disclosure Platform as of meeting dates.

The rules governing the Company's General Assembly meetings are covered in Türk Telekomünikasyon A.Ş. Articles of Association which is publicly disclosed and posted on the investor relations website. According to Article 31 thereof, General Assembly meetings are announced at least 21 days in advance of the meeting date, excluding the dates of announcement and meeting, in the Turkish Trade Registry Gazette (TTRG) and two national newspapers in accordance with Article 414 of the Turkish Commercial Code and so as to inform the shareholders in advance of the General Assembly meetings. Information on General Assembly meetings, their agendas, invitation letters and sample proxy forms are also posted on the investor relations website.

The Company's Class A shares held by Ojer Telekomünikasyon A.Ş. and Class C shares held by the Undersecretariat of Treasury are registered, whereas the remaining shares are bearer shares. Shareholders who wished to exercise their rights arising from shareholding, fulfilled the necessary procedures for participation in General Assembly meetings pursuant to applicable legislation and attended to the General Assembly Meeting.

The announcement and explanations which our company is obliged to do as per corporate governance principles, Information Set and invitation to the General Assembly Meeting and Minutes of the Meeting are made available for uninterrupted access to our shareholders at www.ttinvestorrelations.com.

Any transaction that requires positive votes of majority of the independent Board Members in order to be resolved by Board of Directors and left to the discretion of General Assembly due to the negative votes of independent Board Members did not occur.

In General Assembly Meeting, shareholders were informed about the donations including humanitarian aid made by Our Company to the associations and charitable institutions which were worth of TL 38,684,176.42 for the year 2013. These associations and institutions operate in education, health, sports, and art. Donation policy was amended and the annual limit of donations was determined as 40 Million TL, amended donation policy has been approved by shareholders on the General Assembly Meeting.

Within the knowledge of our company, shareholders that hold management control, Board Members, insiders with administrative responsibilities and spouses and up to third degree relatives by blood or marriage did not make any transaction that will be able to cause a conflict of interest between the Company and its subsidiaries; on behalf of themselves or someone else, did not make any business transaction included in the operation of the Company and its subsidiaries; or did not involve in another company that engages with the same kind of business transaction with the role of unlimited partner.

Voting and Minority Rights

All Shares of Türk Telekom can be transferred except for one privileged (golden) share of Group C. For the purpose of protecting the national interest in issues of national security and the economy, the following actions and resolutions cannot be taken without the affirmative vote of the holder of the C Group Privileged Share at either a meeting of the board of directors or the General Assembly. Otherwise, such transactions shall be deemed invalid.

- a) Any proposed amendments to the Articles of Association;
- b) The transfer of any registered Shares in the Company which would result in a change in the management control of the Company;
- c) The registration of any transfer of registered shares in the Company's shareholders' ledger

Pursuant to the Articles of Association, the holder of the C Group Privileged Share appoints one member representing the Privileged Share. The C Group Privileged Share owner cannot participate in capital increases. On May 1, 2014 Feridun Bilgin was appointed by the Board of Directors as the Board Member representing the Class C golden share, the membership shall be presented to the approval of the upcoming General Assembly Meeting.

The Company's Articles of Association contain the provision that minority rights are to be exercised by shareholders representing at least 5% of the paid-in capital. However, minority shareholders are not represented on the Board of Directors.

There are no reciprocal shareholding interests in the Company's share capital.

Dividend Rights

The Articles of Association grant no privileges regarding participation in the Company's profit. Each share is entitled to equal profit share; however, holder of the Class C share does not receive any share from the profit. Türk Telekom dividends are paid within the legally prescribed periods of time by applicable legislation.

Our Company adopts a policy to distribute maximum of distributable profit which is calculated based on Capital Markets Board regulations. Dividend Distribution policy was approved by shareholders' in 2013 Ordinary General Assembly Meeting convened on May 27, 2014. On the other hand, Board of Directors considered the short term financial liabilities of group companies, and conditions of those contracts signed with creditors in determining the Company's dividend distribution policy.

Board proposal regarding 2013 dividend distribution was resolved by General Assembly and dividend distribution on non public shares was made on 28 May 2014, for public shares dividend distribution was made on 30 May 2014.

As stated in the Company's Articles of Association, the dates and the manner of distribution of the annual profit to the shareholders are decided by the General Assembly upon proposal by the Board of Directors, in accordance with the provisions of the Capital Market Law and applicable legislation.

Dividend Distribution Policy is stated above and disclosed to the public via investor relations web site (www.ttinvestorrelations.com).

Transfer of Shares

The provisions in the Company's Articles of Association restricting transfer of shares are as follows:

Holder of Class A shares may transfer, always subject to vetoing by the Class C golden share, all or part of its shares to a third party at any time after either the expiration of the Strategic Undertaking Period, or after the date of full payment of the amount payable by the holder of Class A shares for its shares in the Company, whichever occurs later.

Holder of Class A shares may create pledge or encumbrance in favor of a financial institution over its shares which will not be subject to pledge of shares* in time, as guarantee for money borrowed for the acquisition of such shares or otherwise. In the event that such pledge or encumbrance is cashed by the relevant financial institution, the same may be able to transfer the Class A shareholder's shares subject to pledge and encumbrance only upon prior written consent of the Treasury, which consent will not be unreasonably withheld.

Subject to the provisions of the following two paragraphs, holder of Class B shares may not transfer to a third party all or part of its shares during the course of the Strategic Undertaking Period without the prior consent of the holder of Class A shares, which consent will not be unreasonably withheld.

1. In the context of the public offering of the Company's shares, only the Treasury may have all or part of its shares quoted and sold on the stock exchange at any time without being subject to the restriction in the preceding paragraph.

2. Holder of Class B shares may additionally transfer, without being subject to the restriction set out in the first paragraph, its own shares that are equal to 5% or less of the Company's total shares at the time of the transfer in a single transaction or in a series of transactions at any time and at any price in line with the Law 406, to employees mentioned in the Law 406 and to "small savings holders"

* "Share Pledge" the pledge over 1.540.000.000.000 Group A registered shares of the Company (equal to 80% of the Group A registered Shares of the Company) granted to the Group B Shareholder as security for the deferred consideration under the Share Sale Agreement.

Furthermore, pursuant to the supplemental Article 17 of the Telegram and Telephone Law no 406 and Article 6, paragraph 4 of the Company's Articles of Association, the one Class C golden share may not be sold.

Strategic Undertaking Period ended in November 14, 2008. A Group Shareholder paid the full amount of its payables in the Company.

PUBLIC DISCLOSURE AND TRANSPARENCY

Company Disclosure Policy

Türk Telekom Disclosure Policy has been formulated in line with the CMB's Communiqué on Principles Governing Disclosure of Material Events No: II-15.1 and CMB's Corporate Governance Principles. The policy has been approved and put into effect by the Board of Directors and were submitted to the shareholders's information in General Assembly Meeting convened on May 27, 2014. The disclosure policy is posted on the investor relations website (www.ttinvestorrelations.com) under the "Corporate Governance" heading under the Investor Relations section. The Capital Markets and Investor Relations Department is responsible for the monitoring and development of the said policies, and the names and duties of the relevant responsibility owners are listed under the heading Investor Relations Unit. These individuals cooperate closely with the Board of Directors in the fulfillment of these responsibilities.

Investor Relations Web Site and Its Content:

Corporate Investor Relations website which is accessible at www.ttinvestorrelations.com, is actively used in achieving transparency and public disclosure in parallel with the Capital Market legislation, CMB and BIST rules and regulations, and CMB's Corporate Governance Principles. A large portion of the information on the website is provided both in Turkish and English. The main headings covered on the website are listed below:

- > Detailed Information About Company Profile
- > Vision, Mission and Values
- > Company Organization Chart and Shareholding Structure
- > Information About The Members Of The Board Of Directors and Senior Management Of The Company
- > Articles Of Association
- > Trade Registry Information
- > Financial Statements and Activity Reports
- > Regulatory Disclosures
- > Press Releases
- > Investor Presentations

- › Investor Relations News
- › Stock Performance Information
- › Contact Information Of Analysts Who Covered The Company
- › Meeting Date Invitation To General Assembly, Agenda Of The General Assembly Of Shareholders and Documents Related To The Minutes Of General Assembly Meeting Agenda
- › Meeting Minutes and List Of Attendants Of The General Assembly Of Shareholders
- › Sample Of Letter Of Attorney
- › Corporate Governance Practices and Compliance Report
- › Dividend Distribution Policy, History And Capital Increases
- › Independent Auditor
- › Insiders With Administrative Responsibilities
- › Internal Audit And Risk Management
- › Disclosure Policy
- › Telecom Glossary
- › Demand Circular Related To The Public Offering and Prospectus
- › Türk Telekom Call Center And Contact Information
- › CM&IR Contact Information
- › Information Related To The Social Responsibility Projects Of Türk Telekom

Activity Report

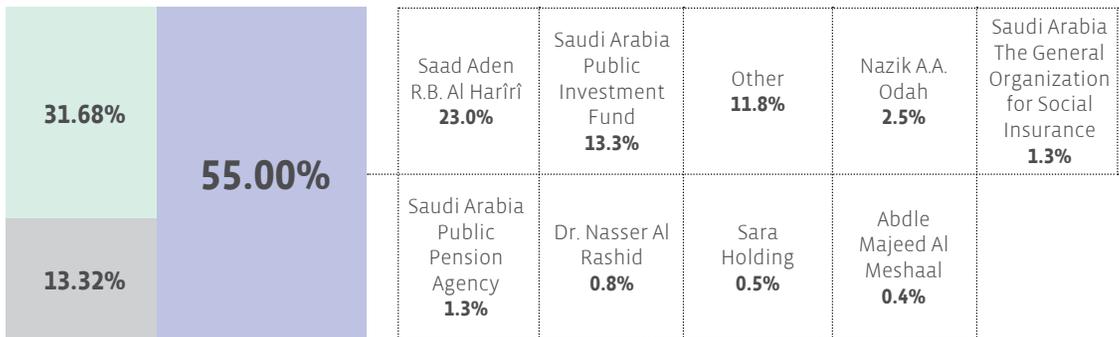
The content of the annual activity report are prepared in accordance with New Turkish Commercial Code and Capital Market Board regulations. There were no conflicts of interest arising between Türk Telekom and the related organisations which offer investment advice, investment analysis, and rating activity. Board of Directors did not propose not to distribute any dividends to the General Assembly. Chief Executive Officer is not the Chairman of the Board of Directors.

In 2014, Türk Telekom Group successfully achieved all its targets it had publicly announced 2014. Group revenue reached TL 13.6 billion and thus exceeded the lower limit (TL 13.58 billion) of the 2014 revenue guidance. Group EBITDA figure was TL 5.05 billion and exceeded the lower limit (TL 5 billion) of the 2014 EBITDA guidance. Group's capital expenditure reached TL 2.15 billion as the guidance (TL 2.1 billion approx.) for 2014 was met.

As there is no reciprocal shareholding interests in the Company's share capital, no information regarding this issue is placed in activity report.

Disclosure of Ultimate Controlling Individuals

Not subject to the authorized capital system, the Company has a share capital of TL 3,500,000,000 which is fully paid-in. The distribution of the paid-in capital among the shareholders is shown below:

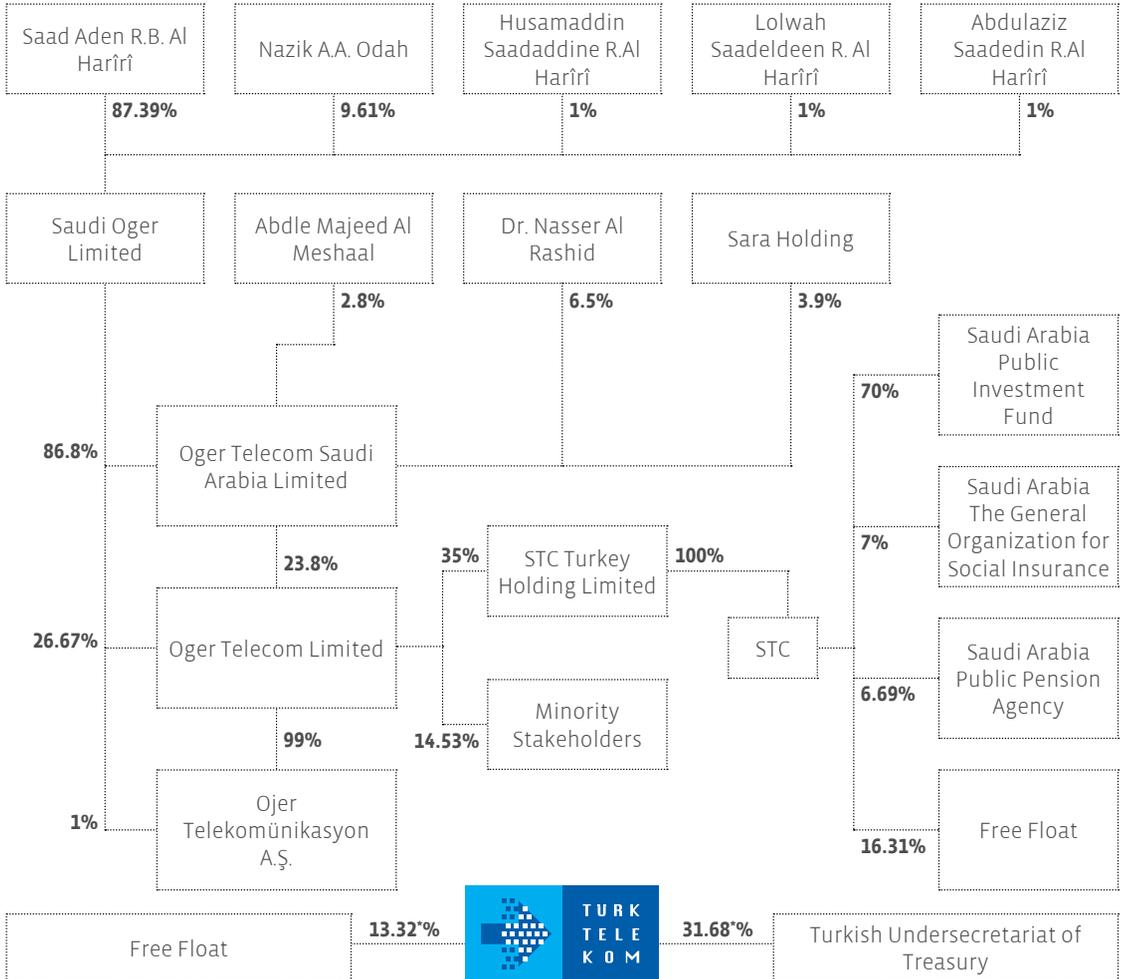


Ojer Telekomünikasyon A.Ş.

Turkish Undersecretariat of Treasury*

Free Float*

Natural and legal persons owing share from our Company's capital are stated below:



*15% of the total capital IPO'd however since T.R. Undersecretariat of Treasury purchased the shares constituting 1.68% of the capital from stock market, effective free float is less than 15%

STAKEHOLDERS

Keeping Stakeholders Informed

Türk Telekom shareholders and investors are kept informed in line with the public disclosure principles. The Company's Corporate and Consumer Business Customer Care Departments efficiently handle Türk Telekom customers' information requests about services and products, their comments or complaints, and provide solutions for customer problems.

A customer relationship management which entails a transition to a customer-oriented customer service approach from the existing service and technology oriented relationship approach, was conducted. Each customer's information is collected in one place, allowing Türk Telekom for analysis and improve the customer experience thanks to "One Customer, One View Approach". Employees of Türk Telekom may identify the main reasons of customer complaints and

find best solutions for them by Heroes of Customers project which is implemented in 2012. Sales Channel Excellence Project facilitated to address shortcomings in its dealer network which required more investment and training. This project entailed an evaluation of the dealer network with geographical location, sales capabilities and financial positions of the dealers being assessed.

Intercorporate news are issued by Human Resources – Internal Communication Department to the employees.

Stakeholder Participation in Management

There is no specific rule of the Company regarding stakeholder participation in management. A communication form enabling stakeholders to freely communicate their concerns about any illegal or unethical practices to the Corporate Governance Committee is available on IR website.

Human Resources

Türk Telekom aims to be the most preferred company in the Turkish telecommunications sector, to attract and recruit the most skilled human resources aligned with the corporate culture and values and in line with its future strategies and targets.

Recruitment and career planning are made in line with the principle of providing equal opportunities to employees within the context of human resources policy. Recruitment principles are defined according to objective criteria as part of body of rules for recruitment. It is aimed to generate long term employment within the possibilities of technological developments, fiscal and economic conditions, sectoral variations, convergence of goods and services, organizational and changes in order to provide fast, high quality and economical services. Continuous improvement of the Company depends on the capability and flexibility of employees to adapt to changing conditions of the sector quickly and efficiently. In this regard, recruitment is made

locally and internationally. Recruitment processes are defined pursuant to relevant legislations. Relations with employees is managed by Human Resources Partners, a human resources representative hasn't been assigned yet.

Working Culture

Türk Telekom makes it a goal to establish an ongoing relationship with its employees and stakeholders built on respect, trust and ethical values, adhering to the corporate culture built and maintained on the basis of respect and sharing, as well as its principles which include 'Customer Focused, Trustworthy, Innovative, Responsible and Dedicated'. There was no complaint regarding discrimination from our employees in 2014.

Our working culture is characterized by providing high quality products and services and achieving high levels of customer satisfaction, increasing productivity. The objectives which are specific, measurable, attainable, relevant and time bound, are compared based on their correlation with the actual performance results. Alternative, Customer-Focused Approaches are developed in order to follow-up, evaluate and resolve customer complaints.

Intranet of the Company creates corporate awareness, enables employees to access to all business resources, contributes to employees's career development and creates a synergy through events and social activities. Definitions of tasks and their distribution and performance related reward mechanisms are disclosed by Performance Management Team.

Health and Safety

Türk Telekom is obliged to develop measures pursuant to the Labor Law and articles related to Occupational Safety and Health issues raised and to fulfill the requirements in all workplaces. Türk Telekom has created accident prevention and environmental awareness among employees by developing Occupational Health and Safety & Environmental Management System model.

Türk Telekom has unionized labor. Rights of employees, employers and workers are protected in accordance with the Collective Labor Agreements signed..

Performance Management and Continuous Improvement

“In-house performance evaluation” methods have been established in order to manage and evaluate performance of corporate and employees. Responsibilities, competencies, performance of business development and contribution to company goals of employees are determined by objective criteria within the framework of quality, quantity, time and cost of the work. In this process, after the performance feedback, employee training requirements are determined, promotion and other reward mechanism is executed within the context of objective criterias. Performance evaluation and knowledge of methods and mechanisms are submitted to employees’ attention before the assessment of staff. The generated performance management module; below management processes are discussed.

- › Planning and approval of individual targets in line with the objectives of the Company,
- › Monitoring employee performance continuously in line with the goals, action plans and criteria and giving feedback,
- › Evaluating of performance,
- › Supporting motivation and continuous improvement, clarifying expectations regarding development plans,

Türk Telekom providing opportunities for the personal and professional development of its employees to create a performance management concept focused on constant development where employees will be able to realize their full potential. Türk Telekom also aims to support corporate goals by enhancing the loyalty of its “human resources”, its most valuable asset, to the Company. Within this process, Türk Telekom Academy supports the development of employees.

Remuneration

The Company aims to attract new well qualified employees, prioritizes to employee retention, keep motivation high in order to make services sustainable and reward outstanding performers. Remuneration

is determined by the relevant legislation, the job description, required responsibilities and qualifications and the market value.

Code of Ethics and Social Responsibility

The code of ethics that is the key for the Company’s success, as well as for the personal success of our employees, has been approved by the Board of Directors and submitted to the shareholders’s information in 2009 Ordinary General Assembly Meeting convened on April 6, 2010. The Code of Ethics is a body of rules that must be abode by the Company executives in particular, and all employees in general, while also leading other employees to act in compliance with these principles. The Code of Ethics is of a complementary nature to Türk Telekom Disciplinary Principles.

Social Responsibility

Türk Telekom while adding value to its customers’ lives with its products and services, gathered all social responsibility projects, implemented across Turkey under a single roof named “Türkiye’ye Değer” in 2012.

Turkey’s leading communication and convergence technologies company contributes to the country by investing not only in technology and infrastructure but also in human resources.

Türk Telekom creates values undertaking various social responsibility activities that focus on the nation’s economic and social needs including, in particular, education, culture and arts, technology, environment and sports.

Information on the “Türkiye’ye Değer” projects are shared with the public also via the corporate website. Detailed information is available also at www.turkiyeyedeger.com.tr.

BOARD OF DIRECTORS

Structure and Formation of the Board of Directors

Our Board of Directors was elected at the Extra Ordinary General Assembly Meeting which was held on 30 June 2012, for a term of 3 years and will be elected on 2014 Ordinary General Assembly Meeting. Structure of the Board of Directors as of the report date is below:

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Name, Surname	Duty	Independent / Not Independent Board Member	Executive / Non Executive	Committee Duties
Mohammed Hariri	Chairman	Not Independent	Non-Executive	Executive Committee Chairman, Corporate Governance Committee Member
Feridun Bilgin	Vice Chairman	Not Independent	Non-Executive	Executive Committee Member
Abdullah Tivnikli	Member	Not Independent	Non-Executive	Executive Committee Member
Rami Aslan	Member, CEO	Not Independent	Executive	Executive Committee Member
Mazen Abou Chakra	Member	Not Independent	Non-Executive	Audit Committee Observer Member, Early Identification and Management of Risks Committee Member
Khaled Hussain S. Biyari	Member	Not Independent	Non-Executive	Executive Committee Member, Audit Committee Observer Member
Al-Hakam Marwan Moh'd Kanafani	Member	Not Independent	Non-Executive	
Cenk Serdar	Member	Not Independent	Non-Executive	Corporate Governance Committee Member, Early Identification and Management of Risks Committee Member
Fahri Kasirga	Member	Independent	Non-Executive	
İbrahim Eren	Member	Independent	Non-Executive	Audit Committee Chairman, Corporate Governance Committee Chairman
Yiğit Bulut	Member	Independent	Non-Executive	Audit Committee Member
Kemal Madenoğlu	Member	Independent	Non-Executive	

Biographies of the members of Türk Telekom's Board of Directors are placed in the Board of Directors Section of the annual report and Investor Relations website. Pursuant to the 10th article of the Articles of Association, the members of the Board of Directors shall hold office for a term of 3 years. There is no

distribution of tasks between the members of Board of Directors. General Assembly elected Independent members of Board of Directors during its Extra Ordinary General Assembly Meeting which was held on 30 June 2012. Since a nomination committee could not be formed under the board of directors,

Audit Committee performed the functions of Nomination Committee in line with CMB principles. Four independent members of Board of Directors were nominated to the Audit Committee by B Group Shareholder. A report regarding nominees' independence situation was submitted to the Board of Directors by Audit Committee. After CMB provided consent for the nominees, the nominees of independent members of board of directors were submitted to the General Assembly's approval and elected as well.

After resignation of Efkan Ala, Independent Board Member, Ibrahim Eren was nominated to the Corporate Governance Committee acting as Nomination Committee by B Group Shareholder. A report regarding nominee's independence situation was submitted to the Board of Directors by Corporate Governance Committee on January 17, 2014. After receiving the consent from application to CMB for the nominee, Board of Directors has resolved on January 29, 2014 that Ibrahim Eren shall be appointed as an Independent Board Member, in the capacity of real person Board Member, to the Board Member position which became vacant due to the resignation of Efkan Ala on December 27, 2013, for the remaining term of office of the Board of Directors in accordance with Article 363 of Turkish Commercial Code as to be submitted to the approval of the General Assembly of the Company at the first upcoming General Assembly Meeting to be held.

After resignation of Süleyman Karaman, Independent Board Member, Fahri Kasirga was nominated to the Corporate Governance Committee acting as Nomination Committee by B Group Shareholder. A report regarding nominee's independence situation was submitted to the Board of Directors by Corporate Governance Committee on February 26, 2014. After receiving the consent from application to CMB for the nominee, Board of Directors has resolved on March 7, 2014 that Fahri Kasirga shall be appointed as an Independent Board Member, in the capacity of real person Board Member, to the Board Member position which became vacant due to the resignation of Süleyman Karaman on February 26, 2014, for the remaining term of office of the Board of Directors in accordance with Article 363 of Turkish Commercial Code as to be submitted to the approval of the General

Assembly of the Company at the first upcoming General Assembly Meeting to be held.

After resignation of Adnan Çelik, Independent Board Member, Yiğit Bulut was nominated to the Corporate Governance Committee acting as Nomination Committee by B Group Shareholder. A report regarding nominee's independence situation was submitted to the Board of Directors by Corporate Governance Committee on April 30, 2014. After receiving the consent from application to CMB for the nominee, Board of Directors has resolved on May 6, 2014 that Yiğit Bulut shall be appointed as an Independent Board Member, in the capacity of real person Board Member, to the Board Member position which became vacant due to the resignation of Adnan Çelik on May 1, 2014, for the remaining term of office of the Board of Directors in accordance with Article 363 of Turkish Commercial Code as to be submitted to the approval of the General Assembly of the Company at the first upcoming General Assembly Meeting to be held.

Our Independent Board Member Ibrahim Şahin has resigned from Board Membership on October 13, 2014. Independent Board Member, Kemal Madenoğlu was nominated to the Corporate Governance Committee acting as Nomination Committee by B Group Shareholder. A report regarding nominee's independence situation was submitted to the Board of Directors by Corporate Governance Committee on January 29, 2015. After receiving the consent from application to CMB for the nominee, on February 19, 2015 Kemal Madenoğlu has been appointed as an Independent Board Member, in the capacity of real person Board Member, to the Board Member position which is vacant, for the remaining term of office of the Board of Directors in accordance with Article 363 of Turkish Commercial Code as to be submitted to the approval of the General Assembly of the Company at the first upcoming General Assembly Meeting to be held.

There was no circumstances that jeopardize independence of board of directors in the activity period. No company rules have been internally established regarding the positions of the Board of Directors held outside the company yet.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The Positions of The Board Of Directors Held Outside The Company are as below:

Name - Surname Duties in TT Group over the last 5 years	Duties outside of Türk Telekom	
Mohammed Hariri > Chairman of the Board, > Chairman of the Executive Committee, > Member of Corporate Governance Committee Previous: > Chairman of the Audit Committee	Chairmanship of the Board	Al Mal Investment Holding, Avea İletişim Hizmetleri A.Ş., Cell C (Pty), GroupMed International Holding Limited, GroupMed sal (Holding), BankMed sal, Oger Telecom Ltd., Oger Telekomünikasyon A.Ş., SaudiMed Investment Company, TNET A.Ş.,
	Vice Chairmanship of the Board	Saudi Oger Ltd.
	Board Membership	3C Telecommunications (PTY) Limited, Arab Bank plc., Enterprise de Travaux Internationaux, Lanun Securities S.A., Oger International S.A.,
Ferdun Bilgin > Vice Chairman of the Board, > Member of the Executive Committee	Board Membership	-
	Vice Chairmanship of the Board	Avea İletişim Hizmetleri A.Ş.
	Other	Undersecretary Ministry of Transport, Maritime Affairs and Communications of Turkey
Abdullah Tivnikli > Board Member, > Member of the Executive Committee	Chairmanship of the Board	4TEK İletişim A.Ş. – İstanbul, A G Gayrimenkul Yatırım San. ve Tic. A.Ş. – İstanbul, Alphakat Dizele Sanayi ve Ticaret A.Ş.– İstanbul, Çeşme Enerji A.Ş. İstanbul, Eksim Elektrik Enerjisi İthalat İhracat ve Toptan Satış A.Ş. – İstanbul, Eksim Enerji Danışmanlık A.Ş.– İstanbul (Previous Ünvanı; Eymir Enerji A.Ş.), Eksim Yatırım Holding A.Ş. – İstanbul, İltek Enerji Yatırım San.ve Tic.A.Ş. – İstanbul, Karadeniz Elektrik Yatırım San. Tic. A.Ş. – İstanbul, Kartaltepe Enerji A.Ş. – İstanbul, Kök Elektrik Enerjisi İthalat İhracat ve Toptan Satış A.Ş. – İstanbul (Previous Ünvanı; Kök Makine Sanayi ve Ticaret A.Ş.), Körfez Gayrimenkul Yatırım Ortaklığı A.Ş. – İstanbul, Merzifon Enerji A.Ş. – İstanbul, Net Ekran Televizyonculuk Ve Medya Hizmetleri A.Ş.– İstanbul, Rewe Enerji A.Ş. – İstanbul, Seferihisar Enerji A.Ş. – İstanbul, Stoneks Madencilik ve Doğaltaş San.ve Tic.A.Ş. – İstanbul, Susurluk Enerji A.Ş. – İstanbul, Tam Enerji Yatırım San. ve Tic. A.Ş. – İstanbul, Tokat Enerji A.Ş. – İstanbul
	Vice Chairmanship of the Board	Argela Yazılım ve Bilişim Teknolojileri A.Ş. – İstanbul, AssisTT Rehberlik ve Müşteriz Hiz. A.Ş. – İstanbul, Batı Hattı Doğalgaz Tic. A.Ş. – İstanbul, Hasanbeyli Enerji A.Ş. – İstanbul, Innova Bilişim Çözümleri A.Ş. – İstanbul, Kuveyt Türk Katılım Bankası A.Ş. – İstanbul, Rsh Enerji A.Ş. – İstanbul, Sebit Eğitim ve Bilgi Teknolojileri A.Ş. – Ankara
	Board Membership	11818 Rehberlik ve Müşteri Hizmetleri A.Ş. – İstanbul, Akabe İnşaat San.ve Tic.A.Ş. – İstanbul, Akasya Çocuk Dünyası A.Ş. – İstanbul, Avea İletişim Hizmetleri A.Ş. – İstanbul, Kat Turizm Gayrimenkul Yatırımları Ve İşletme Ticaret A.Ş.- İstanbul, Ottoman Gayrimenkul Yatırımları İnş. ve Tic. A.Ş. – İstanbul, Saf Gayrimenkul Yatırım Ortaklığı A.Ş. – İstanbul, Sinangil Gıda Pazarlama San. ve Tic. A.Ş. – İstanbul, TNET A.Ş. – İstanbul
Rami Aslan > Board Member, > Member of the Executive Committee, > CEO Previous: > Observer Member of the Audit Committee	Chairmanship of the Board	Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş., AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., Innova Bilişim Çözümleri A.Ş., Sebit Eğitim ve Bilgi Teknolojileri A.Ş., Turk Telekom International ATAG
	Board Membership	3C Telecommunications Pty Ltd., Avea İletişim Hizmetleri A.Ş., Cell C (Pty), Net Ekran Televizyonculuk ve Medya Hizmetleri A.Ş., Oger Telecom Ltd., Oger Telekomünikasyon A.Ş., TNET A.Ş.

Name - Surname Duties in TT Group over the last 5 years	Duties outside of Türk Telekom	
Dr. Khaled Hussain S. Biyari > Board Member, > Member of the Executive Committee, > Observer Member of the Audit Committee	Chairmanship of the Board	STC Advanced Solutions
	Board Membership	Avea İletişim Hizmetleri A.Ş., Kuwait Telecom Company, Oger Telecom Limited, Ojer Telekomünikasyon A.Ş.,
	Other	CEO of Saudi Telecom Company (STC), Vice President of Oger Telecom Limited, Chairman of the Executive Committee of Kuwait Telecom Company, Chairman of the Executive Committee of STC Advanced Solutions
Fahri Kasırga > Board Member	Board Membership	-
	Other	General Secretary of Presidency of Turkish Republic
Mazen Abou Chakra > Board Member, > Observer Member of the Early Identification of Risks Committee, > Member of the Audit Committee	Board Membership	3C Telecommunications Pty Ltd., AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., Cell C (Pty), Net Ekran Televizyonculuk ve Medya Hizmetleri A.Ş., Oger Telecom Ltd., Ojer Telekomünikasyon A.Ş.,
	Other	Oger Telecom Ltd. Chief Legal Officer and Deputy CEO, Turk Telekom International Group Supervisory Board Member
Al-Hakam Marwan Moh'd Kanafani > Board Member Previous: > TT Group CEO	Board Membership	Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş., Cell C (Pty), Innova Bilişim Çözümleri A.Ş., Oger Telecom Ltd., Ojer Telekomünikasyon A.Ş., Sebit Eğitim ve Bilgi Teknolojileri A.Ş., ETNO, SAMENA
	Other	Vice Chairman of Turk Telekom International Group
Canak Serdar > Board Member, > Member of Corporate Governance Committee, > Member of the Early Identification of Risks Committee	Board Membership	Avea İletişim Hizmetleri A.Ş., Contact Centers Company (CCC), SALE Advanced Co. Ltd.,
	Other	Chief Consumer Officer of STC
İbrahim Eren > Board Member, > Chairman of the Audit Committee, > Chairman of Corporate Governance Committee	Board Membership	Euronews
	Other	Vice President of TRT (Turkish Radio Television)
Yiğit Bulut > Board Member > Member of the Audit Committee	Board Membership	-
	Other	Chief Advisor of Presidency of Turkish Republic
Kemal Madenoğlu > Board Member	Board Membership	-
	Other	Undersecretary of Turkish Republic Prime Ministry

Principles of Activity of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors shall meet at least four times a year or shall meet whenever the Company's business so requires. The activities of the Board of Directors are run by Board Secretariat. At least 10 business days before the meeting, a notice of the time of meeting and the agenda which is accompanied by any relevant papers are sent to the Board of Directors. Meeting notices were sent to the members of the Board of Directors via e-mail. The agenda of the meeting is set via e-mails according to the proposals of members of the Board

of Directors, CEO, VPs and Executive members of departments Agenda is finalized by receiving the consent of the Chairman of the Board. Meetings of the Board of Directors were held in fiscal 2014. The over-all attendance rate of board meetings in 2014 was percent.

Pursuant to the 12th article of Articles of Association; questions arising at a meeting were passed by a simple majority of the votes of the Directors present at such meeting unless the resolution relates to a "Supermajority Decision Relating to the Board.

Supermajority Decisions Relating to the Board were taken with the presence and affirmative vote of 7 Directors, at least one of which shall be a Director representing the Treasury. Questions arising at the meeting of Board of Directors and issues with multiple views are recorded into minutes with the appropriate grounds of negative votes in detail. The rights of member of Board of Directors representing C Group are explained in the section of Voting Rights and Minority Shares. No negative votes on these resolutions were recorded. There were no important transactions presented for approval of the independent directors and all the related party transactions were approved by the majority of the independent directors.

Numbers, Structures and Independence of Committees within the Board of Directors

Membership structure of the Audit Committee was changed with the Board Resolution dated 17 October 2012. Efkân Ala was appointed as non executive chairman of the Audit Committee. İbrahim Şahin and Süleyman Karaman were appointed as non executive members of the Audit Committee. Non Executive Board Members; Rami Aslan, Mazen Abou Chakra and Ameen Fahad A Alshiddi were appointed as observer members of the Audit Committee. Non Executive Board Member, Jameel Abdullah A Al Molhem was appointed to the observer membership of the Audit Committee replacing Ameen Fahad A Alshiddi who resigned from his position as of 11 December 2012. On 23 October 2013 Non Executive Board Member, Maziad Nasser M Alharbi was appointed to the observer membership of the Audit Committee replacing Jameel Abdullah A. Al Molhem who resigned from his position as of 1 April 2013. On 27 December 2013 Efkân Ala resigned from his position of Board Membership and chairman of Audit Committee. On 4 February 2014 İbrahim Şahin was appointed as chairman of Audit Committee replacing Efkân Ala who resigned from his position and İbrahim Eren was appointed as member of the Audit Committee. Khaled Biyari was appointed as observer member of the Audit Committee replacing

Maziad Nasser M. Al-Harbi who resigned from his position. It was resolved that appointment to observer membership of the audit committee which became vacant after Rami Aslan's resignation, will be later. Audit Committee Chairman İbrahim Şahin has resigned from Board Membership on October 13, 2014.

İbrahim Eren was appointed Chairman of the Audit Committee and Yiğit Bulut was appointed member of the Audit Committee.

Corporate Governance Committee was established with the Board Resolution dated 17 October 2012. Adnan Çelik was appointed as non executive chairman of the Corporate Governance Committee. Mohammed Hariri and Ghassan Hasbani were appointed as non executive members of the Corporate Governance Committee. Non Executive Board Member, Jameel Abdullah A Al Molhem was appointed to the membership of Corporate Governance Committee replacing Ghassan Hasbani who resigned from his position as of 11 December 2012. On 23 October 2013, Non Executive Board Member, Maziad Nasser M Alharbi was appointed to the membership of Corporate Governance Committee replacing Jameel Abdullah A. Al Molhem who resigned from his position as of 1 April 2013. On 4 February 2014, Cenk Serdar was appointed as the member of Corporate Governance Committee replacing Maziad Nasser M. Al-Harbi who resigned from his position. Chairman of the Committee, Adnan Çelik resigned from Board Membership on May 1, 2014, İbrahim Eren was appointed to be the Chairman of the Committee.

Early Identification of Risks Committee was established with the Board of Resolution dated 23 October 2013. Non executive, independent Board Member Süleyman Karaman was appointed as the chairman of the committee. Non Executive Board Members Mazen Abou Chakra and Maziad Nasser M Alharbi were appointed as members of the committee. On 4 February 2014, Cenk Serdar was appointed as the member of the committee replacing Maziad Nasser

M. Al-Harbi who resigned from his position. Chairman of the Committee, Süleyman Karaman resigned from Board Membership and Committee chairmanship on February 26, 2014.

Audit Committee shall meet five times a year. The Committee reviewed and monitored Türk Telekom Group's processes of accounting, finance and auditing as well as their processes for monitoring compliance with law and regulations and their own code of business conduct, as well as such other matters which may be delegated specifically to the Committee by the Board from time to time. Preparations regarding the audit committee charter is an ongoing process. Corporate Governance Committee shall convene at least quarterly. Activities of the Corporate Governance Committee in 2014 were done according to the guidelines included in its charter. Early Identification of Risks Committee shall meet every 2 months. Establishment goal of the committee is to to early identify any potential risks that might jeopardize the existence, development and continuation of the Company, to take and implement the necessary measures and preventive actions for the elimination of such detected potential risks as well as to perform and coordinate any studies related to risk management facilities and to manage and review the risks by applying a risk management system and to report the Board of the Directors thereon.

Independent Board Member İbrahim Eren serves as Chairman of both Corporate Governance Committee and Audit Committee, as a result of the shareholder decision.

Risk Management and Internal Control Mechanism

Türk Telekom has defined its mission regarding the management of risks and opportunities as "by means of raising an awareness on the ever-changing internal and external dynamics, to most effectively manage the risks and related opportunities faced by the Company and to make Enterprise Risk and Opportunity Management an indispensable part of the corporate culture and strategic decision-making." while "to integrate the Enterprise Risk and Opportunity Management into Türk Telekom's management structure as a best practice both in Turkey and in the world." is designated as the vision.

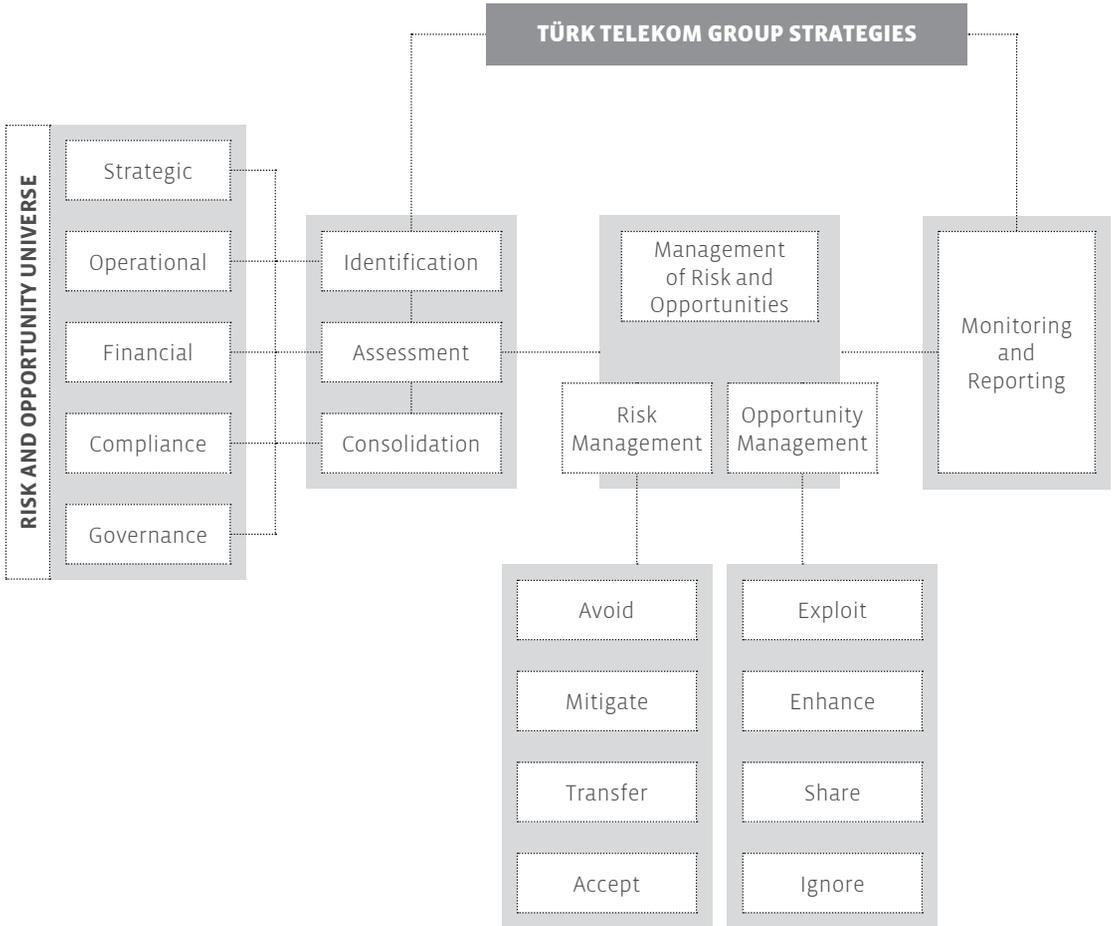
The management approach of the Company not just comprises of the mitigation of the risks already present/that might arise in the risk universe; but also includes the treatment of risks born from not taking advantage of the related opportunities. In this context, Board of Directors and the Top Management of Türk Telekom embraces the value-creating role of Enterprise Risk and Opportunity Management and supports the effectiveness of the system avidly.

Enterprise Risk and Opportunity Management has been structured to support Türk Telekom in achieving its strategic objectives. While establishing these objectives; an analysis on each strategic choice as well as its risks and returns are conducted to have an optimal balance between performance aims and the aforementioned risks. Risks that can prevent/lessen the effectiveness of strategic attempts are identified and quantified via certain metrics. External risks that cannot be mitigated by Türk Telekom are assessed on their impact, probability, speed of progress and Türk Telekom's preparedness of facing those with the aim of supporting Türk Telekom in reaching its strategic objectives. Existing/emerging opportunities are also identified via this approach.

An integrated governance model among Türk Telekom and its affiliates has been developed for the mitigation of losses arising both from risks and the non/mis-management of opportunities where the risk universe is identified by business functions periodically. All risk areas are closely monitored and the risks are managed by risk owners within this framework.

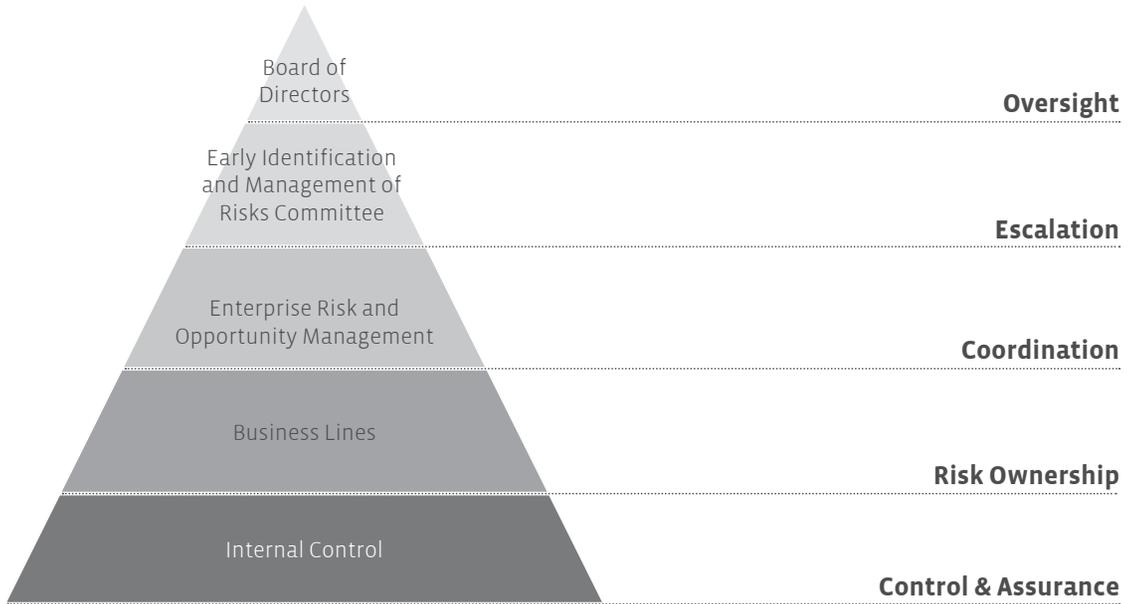
The risks Türk Telekom is exposed to are classified as strategic, operational, financial, governance and compliance. These risks are measured via qualitative and quantitative risk metrics and management tools which are continuously improved and updated to be in harmony with the dynamic global conditions and ICT sector.

Türk Telekom Enterprise Risk and Opportunity Management Process



In this scope, Türk Telekom’s Enterprise Risk and Opportunity Management Governance Model has been further improved with the establishment of the Early Identification and Management of Risks Committee on October 23, 2013; in compliance with the Capital Markets’ Board’s related regulations.

Türk Telekom Enterprise Risk and Opportunity Management Governance Model



In this governance model;

Board of Directors, oversees and assesses the risks and opportunities faced by Türk Telekom in compliance with the Company's strategies.

Early Identification and Management of Risks Committee identifies the risks and opportunities faced by Türk Telekom and establishes the Risk and Opportunity Management process. It escalates the significant risks and opportunities to the Board of Directors.

Enterprise Risk and Opportunity Management coordinates all the risk and opportunity management functions among business lines and between Group firms. It assesses the risk limits and risk levels deemed important for Türk Telekom.

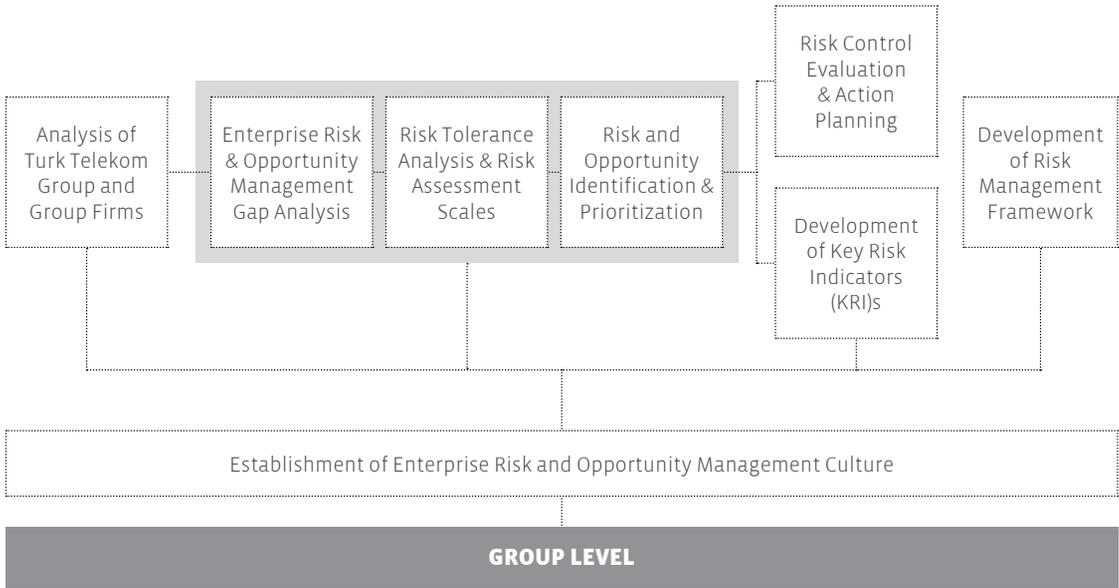
Business functions own the related risks and opportunities and takes relevant measures and actions.

Internal Audit gives assurance on controls and actions. It controls the operability of the system and reports the actions.

Risks and opportunities faced by Türk Telekom are transparently assessed in the workshops conducted between Group Companies and all business functions in compliance with the aforementioned framework. During the assessment process; root causes triggering the risks, correlation between the risks, factors specific to the sector and macroeconomic dynamics are also taken into account.

This process has been designed by a bottom-up approach through business functions and management levels of Türk Telekom Group. Therefore, relevant analyses have been re-assessed with a higher level of manager and the identified risks and opportunities are presented to top level decision-makers iteratively. This approach has proven advantageous for the specification of the risk universe down to the last detail and elevation of the risk and opportunity ownership among the Company to the top level via the meticulous collection of all related data regarding the management of risks and opportunities from all sources available and including all business levels in the process.

Enterprise Risk and Opportunity Management Framework



Practices regarding action planning are still being carried out and the business processes and related risk management approaches are being structured dynamically. Related applications are conducted periodically with the coordination of Enterprise Risk and Opportunity Management from here onwards.

Efficiency of the successfully established risk management and internal control systems are periodically observed by the Board of Directors through Early Inspection of Risks and Management Committee and Audit Committee and evaluated as satisfactory.

Strategy

5 years Strategic Business Plan and annual budget; which include the strategic targets determined by observing the global and local sectoral developments, technological developments and

identifying customer preferences are subject to Board of Directors approval. Board watches the performance of Türk Telekom reaching its strategical targets monthly.

Prohibition on Doing Business and Competing with the Company

The Company has adopted practices that are aligned with Articles 395 and 396 of the Turkish Commercial Code and Corporate Governance Principles annexed to the Communiqué II-17.1 on Corporate Governance.

At the General Assembly Meeting dated 27 May 2014, permission was given to the controlling shareholders, the Board of Directors Members, the senior executives, their spouses and their relatives by blood and marriage up to the second degree to make transactions which may cause conflict of interest for the Company or Company's subsidiaries and to

The remuneration of directors and other members of key management were as follows:

The remuneration of directors and other members of key management	31 December 2014 (thousand TL)	31 December 2013 (thousand TL)
Short-term benefits	96,243	81,739
Long-term defined benefit plans	1,936	1,894
	98,179	83,633

compete in accordance with the Communiqué II-17.1 on Corporate Governance and Turkish Commercial Code no 6102 and the general assembly was informed about the transactions of this nature realized within the year.

Remuneration of the Members of the Board of Directors

Shareholders were informed about the “Remuneration Policy” determined for the Board of Directors Members and the Senior Executives in accordance with the Corporate Governance Principles at the Ordinary General Assembly Meeting dated 28 May 2013. Remuneration Policy was disclosed to the public and put on the investor relations web site within the same day.

Remuneration of the members of the Board of Directors is determined by the General Assembly in accordance with Article 408 of the New Turkish Commercial Code and Article 8 of the Company’s Articles of Association. General Assembly approved and accepted that each member of the Board of Directors shall be paid net remuneration at an amount

of TL 8.000 on monthly basis as well as the premiums at the same amount of the monthly remunerations twice in a year, in January and in July. There is no performance measurement and performance-based rewarding system in place for the Board Members. The Company has never lent money or extended loans to any Board Member or executive, no credit has been given under the name personal loan through third persons, nor have any guarantees been provided such as suretyship in their favor

Furthermore, Oger Telecom Management Services Company (OTMSC) charged to the Company a management fee amounting to 29,697 thousand TL and an expense fee for an amount of 210 thousand TL for the year ended 31 December 2014 (31 December 2013 – thousand TL 23,607 and thousand TL 238), based on the contract between OTMSC and the Company. OTMSC’s ultimate shareholder is Saudi Oger. Significant portion of the expense fee represents salaries of key management personnel. The contract has been renewed on 15 April 2012 for an annual charge of thousand USD 12,000 (prior contract value: thousand 8,500 USD) for three years.