

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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1. Statement of Compliance with Corporate Governance Principles

In the fiscal year ending 31 December 2012, the Company worked as necessary to achieve full compliance and complete implementation of the Corporate Governance Principles published by CMB, and efforts continued to achieve compliance, understanding and implementation of these principles.

Pursuant to the CMB's Communiqué Serial: IV No: 56, dated 30.12.2011 on the Determination and Implementation of Corporate Governance Principles, all structural revisions and principles have been fully implemented that were stipulated as compulsory in the said Communiqué, including amending the Company's articles of incorporation, setting up the Committees specified in the principles, restructuring Company organs as stipulated, developing the infrastructure needed so that announcements are made subject to the principles.

We hereby declare that efforts will be persisted to achieve significant compliance with these principles.

Part I- Shareholders

2. Shareholder Relations Unit

Our Company carried out the following activities within the frame of the efforts to achieve full compliance and complete implementation of Corporate Governance Principles published by the CMB and the provisions of Articles 7 and 8 of the CMB Communiqué Serial: IV No: 41 on the Principles to be Followed by Firms under the Capital Market Law:

- An Investor Relations Unit is set up, which works for the exercise of shareholding rights at our Company whose shares are traded on the ISE. This Unit reports to the Board of Directors and maintains the communication between shareholders and the Board of Directors. During the reporting period, Deniz Bal, who functions as the Budget and Finance Manager at the company and who holds "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise" license served on this Unit. (Tel: 216 (Tel: 216-666 6767, e-mail: deniz.bal@celebi.com)
- The Company appointed a full-time manager responsible for the fulfillment of the Company's obligations arising from the capital market legislation, and coordination of corporate governance practices, who reports to the Board of Directors; thus, Özgür Eren, who currently works for our Company and holds a "Capital Market Activities Advanced Level License" and a "Corporate Governance Rating Expertise License", served as executive personnel. (Tel: 216-666 6767, e-mail: ozgur.eren@celebi.com.tr)
- Due to the resignation of Özgür Eren in October, who reported to the Board of Directors, worked as the head of the Company's Investor Relations Unit and held a "Capital Market Activities Advanced Level License" and a "Corporate Governance Rating Expertise License", Deniz Bal, who serves as the head of Investor Relations Unit and who holds "Capital Market Activities Advanced Level" and "Corporate Governance Rating Expertise" licenses was put in charge of the fulfillment of the Company's obligations arising from the capital market legislation, and coordination of corporate governance practices, in addition to her existing responsibilities.

3. Shareholders' Exercise of Their Right to Obtain Information

During the reporting period, there were a limited number of verbal requests made by our Company's shareholders and investors for information about the performance of our Company's shares on the ISE, about the amounts and timings of dividend payments and share capital increases, about investments in progress, and about publicly disclosed financial statements and their footnotes. These requests were responded verbally and/or to in light of any information that had previously been publicly disclosed by means of special circumstance announcements within the framework of CMB regulations and on the basis of information provided in the "Questions and Answers" section of the Company's corporate website.

Shareholders' electronic access to information concerning the exercise of their rights through the Company's corporate website at www.celebihandling.com and investor relations website at www.celebiyatirimci.com was at the level stipulated in the corporate governance principles announced by the Capital Markets Board. At the same time, developments related to shareholders' exercise of their rights were also publicly disclosed by means of special circumstance announcements as required by CMB regulations and through newspaper announcements as required by law.

Moreover, in 2012, eighteen informational meetings and one analysts conference were held so as to keep brokers and analysts well informed on the Company's activities and financial performance.

A request to have a special auditor appointed is not an individual right provided for under our Company's articles of incorporation. There were no requests for the appointment of a special auditor in 2012.

4. General Meetings

General meetings held during the reporting period	Date	% of shares in attendance	Meeting announcements and invitations
Ordinary general meeting	24/05/2012	77.37%	Place, date, time and agenda were announced via: Material event disclosure made to ISE on 27/04/2012 Announcements published in the 02/05/2012 issues of the Turkish Trade Registry Gazette no: 8059 and Milliyet newspaper Announcement on the Company's internet site Letters sent to registered shareholders
Extraordinary General Meeting	31/10/2012	80.46%	Place, date, time and agenda were announced via: Material event disclosure made to ISE on 28/09/2012 Announcements published in the 03/10/2012 issue of the Turkish Trade Registry Gazette no: 8166 and Milliyet newspaper dated 29/09/2012 Announcement on the Company's internet site Letters sent to registered shareholders

Participation in general meetings

The Company's Ordinary General Meeting held on 24 May 2012 and the Extraordinary General Meeting held on 31 October 2012 were attended by shareholders responding either in person or in proxy to invitations sent out, as well as by three members of the Company's Board of Directors, all senior managers, Company's personnel, and representatives of a number of media organizations.

Entries in the shareholders' register

There is no period of time stipulated in the Company's articles of incorporation in which the holders of registered shares must have entries made in the shareholders' register in order to take part in general meetings. The provisions of the Turkish Commercial Law (TCC) governing such matters are complied with by the Company. Shares corresponding to more than 99% of our Company's capital have been duly registered as required by Capital Markets Board regulations. Shares belonging to our shareholders are retained in custody in the investor subaccounts of our Company as issuer and/or of brokerage concerns held by the Central Registry Agency.

Information announced to shareholders

Before the Company's ordinary general meeting held on 24 May 2012, the financial statements for the fiscal year ending 31 December 2011 and independent auditor's report prepared by the statutory auditors elected by the general assembly of shareholders in accordance with the provisions of TCC and the Company's articles of incorporation, the Board of Directors' profit distribution proposal, and Board of Directors annual report prepared within the framework of CMB regulations and containing the statements of Company managers responsible for annual financial statements and reports as well as information about Company activities in 2011 and the board's explanations about them were all made available for the examination of Company shareholders and other stakeholders at the Company's headquarters as of the date on which the general meeting was announced. The reports and other documents were also sent to media organizations and brokerages in order to better disseminate the information contained in them with the public and existing and potential investors.

Shareholders' exercise of their right to ask questions at general meetings

The shareholders exercised their right to ask questions at the ordinary general meeting held on 24 May 2011 and at the extraordinary general meeting held on 31 October 2012, these questions were answered by the Company board members and executives that attended the meeting.

Motions made by shareholders at general meetings

At the ordinary general meeting held on 24 May 2012, the following five motions were made by shareholders on the subjects indicated below and each motion was passed by a majority vote:

- The meeting's presiding committee is formed and authorized to sign the meeting minutes and documents on behalf of the general assembly of shareholders.
- Whereas the balance sheet and income statement included in the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that it

suffices to read the Statutory Auditors' Report and Opinion of the Independent Auditors' Report for the discussion of item 3 on the agenda.

- Whereas the balance sheet and income statement included in the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that a reading of the main headings of both balance sheet and income statement suffices for the discussion of item 4 on the agenda.
- The candidates designated within the framework of the provisions of our Company's articles of incorporation to replace members of the Board of Directors whose terms of office have expired are hereby elected; Mr. Can Çelebioğlu and Mrs. Canan Çelebioğlu Tokgöz from amongst Board members are to be appointed as managing directors, and managing directors and independent Board members are to be paid remuneration.
- The candidates designated within the framework of the provisions of our Company's articles of incorporation to replace statutory auditors whose terms of office have expired are hereby elected.

At the extraordinary general meeting held on 31 October 2012, a motion was made by the shareholders regarding the formation of a Presiding Board and signing of the meeting minutes and documents by the presiding board on behalf of the General Assembly of Shareholders.

Action taken to facilitate participation in general meetings

To facilitate participation in general meetings, a material event disclosure concerning them is made as required by CMB regulations while invitations announcing the meetings are published within the framework of the provisions of TCC and the Company's articles of incorporation at least twenty-one days before the meeting date in the Turkish Trade Registry Gazette and one newspaper published in the place where our headquarters are located and announced in our Company's internet site. Media organizations are also contacted to have the meeting announced in the press and electronic media.

Availability of general meeting minutes for inspection by shareholders

After they have been registered in accordance with applicable laws, regulations, and administrative provisions, general meeting minutes are published in the Turkish Trade Registry Gazette and are always available for the inspection of stakeholders at our Company's headquarters and on its corporate website.

Presentation of information to shareholders regarding the amount and recipients of grants and donations during the reporting period under a dedicated agenda item in the general meeting

At the Ordinary General Meeting held on 24 May 2012, information has been presented to shareholders under a dedicated agenda item about the donations and grants made and their recipients during the reporting period.

While there is no specific policy for donations and grants that is approved by the General Assembly of Shareholders, grants and donations are made subject to the provisions of Article 3.9 of the Company's articles of incorporation, which reads "Donations and grants may be made to social foundations, associations, universities and similar institutions and public institutions subject to the principles set forth in the CMB legislation, by providing information to the shareholders at the general meeting and by complying with the public disclosure obligation pursuant to the Capital Market Legislation.". The failure to achieve compliance in this matter with the Corporate Governance Principles published by the CMB

stems from the fact that the Board of Directors has not completed its own assessment of developments and practices concerning these issues.

5. Voting Rights and Minority Rights

According to our Company's articles of incorporation, none of our Company's shares incorporate special voting rights. Three categories ("A", "B", and "C") of shares have been issued representing the Company's capital. Of these, only the owners of "A" and "B" shares have the right to designate candidates to be elected as Company directors and statutory auditors.

There are no reciprocal shareholding interests between our Company and our corporate entity shareholders.

Minority shareholdings interests are not represented in the Company's administration because there are no minority shareholders who have been designated as candidates in elections for Company directors or statutory auditors and elected to such positions.

The Company's articles of incorporation contain no provisions concerning the representation of minority shareholding interests on the Board of Directors or governing the accumulated voting method.

6. Entitlement to Dividends

Special rights concerning participation in the Company's profits

There are no special rights concerning anyone's participation in the Company's profits.

Dividend payment policy

With the decision of the Board of Directors on 4 April 2006, our Company devised a written Profit Distribution Policy constituting a groundwork for preparation of profit distribution for presentation to the General Assembly in the frame of compliance efforts with Corporate Governance Principles published by the CMB and of the CMB decision number 4/67 and dated 27 January 2006. The decision was announced to the public through the material disclosure sent to ISE on 4 April 2006 and informed to the shareholders during the Ordinary General Meeting held on 28 April 2006.

According to the statement it was decided as follows;

- Provided that CMB legislation will not be contradicted, as a principle, at least 50% of the distributable profit each year will be paid out as dividends in profit distribution for 2006 and subsequent years.
- Such pay-out will be made in cash or in bonus shares to be issued by addition of dividends to the capital, or through distribution of a certain amount of cash and certain amount of bonus shares, taking into consideration the investment and financing needs required by the Company's long-term growth.
- This profit distribution policy will be adhered to, save for special circumstances that will be warranted by the Company's investments and financial position and extraordinary developments in economic conditions.

Information on the Profit Distribution Policy is made available on the corporate website at www.celebiyatirimci.com and in the Board of Directors Activity Report.

Profit distribution timing

In the financial statements dated 31.12.2011, the “Equity Effect resulting from Acquisition” item in the amount of TL -34,297,074 under shareholders’ equity arose as follows:

- The acquisition of a portion of shares worth TL 144,000 of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş., a Çelebi Group company with a capital of TL 150,000, for TL 146,880 from Çelebi Holding A.Ş. on 20 August 2010 based on the company book value method resulted in an amount of TL -545,407, and
- As a result of the acquisition of shares representing 30% of the capital of Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság (“CGHH”), a Hungary-based company in which we control 70% stake, for TL 33,712,020 on 08 December 2011 based on the amounts determined by a CMB-licensed valuation firm, our Company’s share in CGHH went up to 100%. It is the sum with the difference of TL -33,751,667 between the purchase price and the value of net assets that corresponds to the share acquired in the company.

The said amount has been taken into account as an element of prior year profit/loss in the determination of net distributable profit for the period with respect to dividend distribution.

The net distributable profit for the period that descended in the legal financial statements of 31 December 2011 is TL 28,476,915.56. Under the CMB legislation, the net profit for the period in our consolidated financial statements of 31 December 2011 is TL 7,623,634.00. Net distributable profit for the period is the net total of TL -23,472,276.00, which results from setting off the “Profit for Previous Periods” in the amount of TL 10,824,798.00 under the Shareholders’ Equity in the consolidated financial statements and the “Equity Effect resulting from Acquisition” in the amount of TL -34,297,074.00 that takes place within the Shareholders’ Equity and is regarded as an element of prior year profit/loss in the determination of the net distributable profit for the period with respect to dividend distribution from the net profit for the period.

Hence, on 16 May 2012, the Company’s Board of Directors decided to inform the shareholders that no dividends will be distributed for the fiscal year 01.01.2011-31.12.2011 under the CMB’s profit distribution regulations. This has been adopted in the Ordinary General Meeting held on 24 May 2012.

7. Transfer of Shares

The Company’s articles of incorporation contain no provisions restricting the transfer of shareholding interests.

Part II: Public Disclosure and Transparency

8. Disclosure Policy

Pursuant to the provision of Article 23 of the CMB Communiqué Serial: VIII, No: 54 on the Principles of Public Disclosure of Material Events and within the frame of efforts carried out to achieve full compliance with the Corporate Governance Principles published by the CMB, and to fully implement the same, the Company’s Board of Directors resolved on 30 April 2009 to approve the Information Policy developed by the Company’s General Management, to post it on the corporate website and present it for the information of shareholders at the immediately following general meeting. Enforced as of the same date, the Company Information Policy aims at communicating the Company’s past performance and future expectations within the frame of generally accepted accounting principles and CMB provisions, on the principles of completeness, fairness, accuracy, timeliness and intelligibility, making them equally available to all “stakeholders” such as national/foreign shareholders, stakeholders, investors and capital market institutions, and targets to maintain an active and

transparent communication and to ensure that necessary information and disclosures other than trade secrets are made available to all stakeholders including shareholders, investors, employees and customers in a timely, accurate, complete, and intelligible manner, easily accessible at low cost.

The Company "Information Policy" can be accessed at the corporate website at www.celebiyatirimci.com under the main heading "Information".

During 2012, Deniz Bal was responsible for the execution of the Information Policy, who functions as the head of the Investor Relations Unit at the Company and who holds "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License".

9. Company Internet Site and its Content

The address of our corporate website is www.celebihandling.com and the address of Investor Relations is www.celebiyatirimci.com. There is an English version of the Company's website and efforts are underway to make the whole content available in English

Presence on the corporate website of information stipulated in the corporate governance principles published by CMB

Information	Availability
Commercial registry information	Yes
Current partnership and management structure	Yes
Detailed information about preferential share rights	Yes
Current form of the Company's articles of incorporation together with dates and numbers of trade registry gazettes in which amendments were published	Yes
Special circumstance announcements	Yes
Annual reports	Yes
Periodic financial statements and reports	Yes
Prospectuses and public offering circulars	n/a
General meeting agendas	Yes
General meeting attendance rosters and minutes	Yes
Proxy form	Yes
Mandatory information forms prepared for proxy solicitation or tender offers	n/a
Minutes of Board of Directors meetings whose decisions might have a material impact on the capital market instruments issued by the Company	Yes
Frequently-asked questions / Requests for information, questions, and warnings made to the Company / The Company's responses to them	Yes

Stakeholders are presently able to access some information in electronic format on our Company's corporate website at www.celebihandling.com and on Investor Relations website at www.celebiyatirimci.com.

10. Annual Report

The Annual Report of the Company's Board of Directors covers the information specified in the CMB Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles.

Part III: Stakeholders

11. Keeping Stakeholders Informed

Based on the Company 's Board of Directors decision passed on 19 March 2009, pursuant to the provision of Article 7 of the CMB Communiqué Serial: IV No: 41 on the Principles to be Complied with by Joint Stock Companies Subject to the Capital Market Law, and within the frame of efforts carried out to ensure achievement of full compliance by the Company with the Corporate Governance Principles published by the CMB and to fully implement the same, the Company set up an Investor Relations Unit, which will handle exercising of shareholding rights at our Company that is listed on the ISE, which reports to the Board of Directors, and which will maintain communication between the Board of Directors and shareholders. In this context, Abdullah Kırımlı, who serves as the Business Development Coordinator at Çelebi Havacılık Holding A.Ş., the majority shareholder in our Company, and who holds a "Capital Market Activities Advanced Level License" was appointed as the head of the Investor Relations Unit as a full-time manager responsible for the fulfillment of the Company's obligations arising from the capital market legislation, coordination of corporate governance practices and reporting thereon to the Board of Directors, and Özgür Eren, who works for our Company and holds a "Capital Market Activities Advanced Level License" and a "Corporate Governance Rating Expertise License", was assigned as executive personnel. Upon the reorganization that took place in the Company, Abdullah Kırımlı who served as the head of Investor Relations Unit has been appointed the Business Development Coordinator at Çelebi Aviation Holding Inc. ("the Holding"); thus, Deniz Bal has been assigned as the head of Investor Relations Unit as of 01 July 2010 and carried on the duty during 2012, who has earned the "Capital Market Activities Advanced Level License" and who presently functions as the Budget and Finance Manager at the Company.

In 2012, for the purpose of informing stakeholders, our Company's executive director and other members of management gave interviews that appeared in the press and electronic media, took part in TV programs and discussions, and made press statements. Detailed information about the Company and its investments was provided in the course of such appearances and announcements.

The Company could not yet set up the mechanisms for the communication of the Company's illegitimate and unethical transactions by stakeholders to the Corporate Governance Committee or the Audit Committee; the failure to achieve compliance with the CMB's Corporate Governance Principles stems from the fact that the Company's Board of Directors has not completed its own assessment of relevant developments and implementations concerning these issues.

12. Stakeholder Participation in Management

Airport ground handling services are a part of the civil aviation industry and as such they are a business that imposes stringent demands on specialization and expertise whose rules are specifically spelled out by international aviation agencies and organizations. Partaking in the management of a company engaged in this sector requires expertise in a variety of different areas and for that reason, no significant steps have been taken in the direction of involving the Company's employees, the majority of which are blue-collar workers, in the Company's management.

In matters involving non-technical issues such as employee rights and human resources policies on the other hand, individual workplace meetings are held regularly and at least once a year during which employees' views on the conduct of work and Company practices are solicited. Changes are made where necessary in light of such views and feedback is

provided.

13. Human Resources Policy

Our Company Human Resources policy is presented in section 13 (“13. Information about Personnel; Human Resources Policy”) of our Company’s annual report for 2012.

14. Rules of Ethics and Social Responsibility

Two publications (Corporate Culture and Our Policies) have been put out by the Company. These publications contain not only the vision and mission statements that have been adopted by the Company and are included in its every publication, on its corporate website, and on the Company intranet, but also the principles that must apply and to which every employee must adhere in all dealings with Company personnel and outside parties. Copies of these publications are given to every newly hired employee during his orientation. Every year Company meetings are held in which Company directors and the general manager take part for the purposes of informing senior, middle, and lower management about the Company’s ethical values, and short, medium, and long-term strategy within the framework of the mission and vision statements and ensuring that such matters are conveyed through them to all lower-echelon employees.

The Company’s code of ethics has been shared with the public via our website.

Compliance with the European Union (“EU”) Environmental Norms

When procuring new equipment, our Company only purchases items that comply with EU environmental norms. Our Company fully complies with all EU standards governing the prevention of noise and pollution.

Sectoral responsibility projects

There is not as yet a particularly great public awareness of the civil aviation industry in our country and for this reason, our Company gives special importance to supporting its sector to promote awareness and appreciation, and to help attract high-quality human resources to the industry.

To this end, the Company directly supports and sponsors:

- Sectoral movies about civil aviation
- The “Career Days” event held each year at the Eskişehir College of Civil Aviation
- The congresses, seminars, and training projects of aviation industry professional organizations.

On the other hand, the Company established cooperation with the Ministry of Transport and Erzincan University. Within the scope of the collaboration, the project has been launched to set up a School of Civil Aviation under the university.

Under the project, a school building is constructed with a floor area of 4,000 m² and a covered area of 15,000 m² holding 30 classrooms for a student body of 1,500.

Registrations for the 2010-2011 academic year at the Erzincan Ali Cavit Çelebioğlu Civil Aviation School, construction of which was completed as of September 2010, were accepted on August 31st and September 1st.

Students registering in the school’s Civil Aviation Transportation Management Department

will complete a five-year program consisting of a first year of English language prep followed by a four-year BA curriculum. Because students who have been accepted into the prep class will be studying English at a language school in Erzincan city, the official opening of the civil aviation school itself took place at the start of the 2011-2012 academic year.

Under the "I'm Home" project, which is being carried out in collaboration with TOÇEV (Tüvana Educational Support Foundation), the Ministry of National Education and the Ministry of Transportation, Çelebi initiated work in 2008 to renovate the lodging allocated to the teachers of 50 village schools identified in cities located in the eastern part of the country, and to equip them with basic furniture and appliances.

Under the "I'm Home" project, which is being carried out in collaboration with TOÇEV (Tüvana Educational Support Foundation), the Ministry of National Education and the Ministry of Transportation, Çelebi initiated work in 2008 to renovate the lodging allocated to the teachers of 50 village schools identified in cities located in the eastern part of the country, and to equip them with basic furniture and appliances.

Under the repairing and renovation works carried out, Çelebi Homes are recreated in a healthy structure from their foundations to their roofs. Improvements are made to the interiors as well and the homes are furnished and equipped with basic necessities and appliances from sofa beds to refrigerators, TV sets to stoves. Each Çelebi Home is thus converted into a cozy home enabling the teachers to move in just taking along their personal belongings and "feel at home".

Following the initial two homes in Kars completed during 2008 under the project "I'm Home", in 2009, eight more homes were built, of which two were in Diyarbakır, two in Erzurum, three in Erzincan, and one in Mardin, thus bringing the total number to ten. The number of homes completed and turned over reached twenty six with the addition of two in Hatay, two in Kahramanmaraş, three in Malatya, and three in Osmaniye during 2010, three in Van and three in Erzurum during 2011, and seven in Van and 3 in Malatya in 2013. Plans are to complete fifty more homes by end of 2013.

The environment and nature

Our Company has an environment management system (EMS) that has been developed in order to systematically reduce or eliminate the harm that is or may be caused to the environment. Our Company's EMS aims at identifying environmental factors and at controlling such factors in order to minimize their environmental impact and to improve environmental performance during all the stages from the design of services to their presentation to the customers.

The environment management system has been awarded ISO 14001:2004 certification at headquarters offices and at the İzmir station by the firm of Bureau Veritas. With this certification, we declare that we shall:

- Carry out programs to minimize our waste and achieve compliance with laws and regulations.
- Carry out programs to minimize resource use.
- Coordinate efforts aimed at more environment-friendly production.

Aware of the need and responsibility on the part of people to use the natural resources they require to maintain a good way of life in a renewable way, which is to say mindfully of future generations as well, our Company engages in the following activities to achieve optimum use of natural resources and to minimize pollution.

Combat against Climate Change

- Voluntary calculation and disclosure of our carbon footprint under the Carbon Disclosure Project (CDP),
- Purchasing and using, to the extent possible, electric-powered vehicles (tractors, ladders, push-back, etc.) instead of fossil-fueled vehicles used for apron services,
- Having annual flue gas analysis conducted by accredited organizations and keeping sources of carbon emission under control.

Efficiency of Natural Resources

- Sorting at source the recyclable (paper, plastic, etc.) and recoverable (waste batteries, toners/cartridges, electronic waste, etc.) waste generated by our company and having them recycled/recovered via licensed facilities,
- Having high calorific value waste such as waste oil, end-of-life tires that result from activities disposed of at licensed incinerators and ensuring energy recovery,
- Reducing building electricity consumption by using photocell systems and high energy-efficient light bulbs for buildings,
- Reducing building water consumption by using photocell sanitary fittings in lavatories in buildings

Waste Management

- Having wastewater analyses regularly conducted by accredited organizations and keeping sources of wastewater under control,
- Having the hazardous waste resulting from our activities, which do not have an economic value, moved and disposed of by firms licensed by the Ministry of Environment and Urbanization, thus preventing damage to the environment thereby.

Being an “an environmentally-sensitive company in the aviation sector” with its implementations, our Company focused on an approach that will preserve and improve the quality of living of its employees and customers in its environment policy.

Waste generated by the business units of our Company is delivered to firms licensed by the Ministry of Environment and Urbanization for disposal/recovery.

Every year, our waste inventory is calculated for reviewing our environmental performance, which is then reported to third parties in the form of “Environmental Performance Reports”.

The types of waste delivered in 2012 to licensed firms for ensuring safe disposal and their quantities are presented below:

Recycling:

Waste paper – 28,500 kg

Scrap metal – 13,252 kg

Waste plastic and glass – 1,066 kg

Recovery:

Waste accumulators – 21,537 kg

Electronic waste - 567 kg

Waste toners/cartridges - 358 kg

Waste batteries - 160 kg

Energy Recovery:

Waste oil – 16,900 liters

End-of-life tires – 5,904 kg

Contaminated fabric and packaging – 2,214 kg.

Furthermore, the following have been delivered to licensed firms for safe disposal.
Waste filters – 2,033 kg
Fluorescent lamps - 227 kg
Medical waste - 94 kg

In 2009, Republic of Turkey Ministry of Transport Directorate General of Civil Aviation (DGCA) launched the project Green Airport in an effort to systematically reduce and eliminate the actual or potential damage caused to the environment by establishments operating in airports.

Having started the relevant work, Çelebi Ground Handling filed its first application with the DGCA for the İzmir Station. As a result of the reviews carried out, it has been established that our application fulfilled the required conditions under the Project Green Airport, and our İzmir Station became the first establishment to receive the “Green Company” certification in the Turkish Civil Aviation industry. Çelebi Ground Handling, with the title earned, was entitled to use the logo set out in the project, as well as 20% discount in the extension fees charged on various permits such as enterprise authorization certificate, licenses and certificates.

Following the İzmir Station, applications were filed also for Bodrum and Antalya stations in 2011 and “Green Company” certification was received in 2012 for these two stations, as well. It is targeted to win “Green Company” certification for four more stations (Dalaman, Adana, Trabzon, Ankara) by the end of 2013 to bring the number of our “Green Company” stations to 7. Efforts to this end are progressing as planned.

The goals for the following years include earning “Green Company” certification for four stations every year, ultimately for all of our existing stations that currently number 30.

There are no environment-related lawsuits filed against our Company in 2012, nor are there any fines imposed by legal institutions.

Our Company is not a defendant in any suit brought against it on account of harm caused to the environment.

General social responsibility projects

Health services: Our Company has been supporting the Lokman Hekim Health Foundation since 1986. Based in Gebze-Beylikbaşı outside İstanbul, this foundation serves low-income people who are in need of health services without any concern for material gain.

Part IV: The Board of Directors

15. Structure and Formation of the Board of Directors

According to “Article 7 - Board of Directors” of our Company’s articles of incorporation, the Company’s affairs and administration are conducted by an eight-member Board of Directors; six of these members are elected by the General Assembly of Shareholders (four of them from among candidates nominated by a majority of Class A shareholders and two of them by a majority of Class B shareholders) and two independent members are elected by the General Assembly of Shareholders from amongst nominees satisfying the independence criteria. The number, qualifications, nomination and election of independent members who will serve on the Board of Directors are governed by the CMB requirements in relation to corporate governance. Company directors are elected for a maximum term of office of three years. A director whose term of office expires may be reelected.

A director who represents a corporate-entity shareholder must notify the Company if his relationship with that entity terminates, whereupon his seat on the board is vacated.

If a vacancy occurs in the Board's membership before a term of office expires, the remaining directors will chose a new member from among candidates designated by a majority of shareholders of the same class as put the departing member up as a candidate. If the seat of an independent member is vacated, then new member will be elected within the frame of CMB requirements, which will be laid down for approval at the next General Meeting. A member elected to the Board in this way will complete the remaining term of the departing director.

The Board of Directors will set up the Audit Committee and Corporate Governance Committee, Nomination Committee, Early Detection of Risk Committee and Compensation Committee to ensure healthy performance of its duties and responsibilities, in line with the Company's current circumstances and needs. If separate Nomination Committee and Compensation Committee are not created due to the structure of the Board of Directors, then these functions will be fulfilled by the Corporate Governance Committee.

Formation, decision-making process, duties and operating principles of committees are defined in detail and publicly disclosed by the Board of Directors in accordance with the compulsory Corporate Governance Principles of the CMB and in view of the provisions of the articles of incorporation. The Board of Directors may, at any time, revise the duties and operating scopes of committees and it may also make the necessary replacements in their memberships.

According to "Article 8 - Representing and binding the company" of our articles of incorporation, the Company is administered and represented by the Board of Directors. The Board of Directors may delegate some or all of its powers to represent and administer the Company to executive directors and/or to managers who are not members of the Board. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the Board and duly registered and announced. In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors.

Members of the Board of Directors elected by shareholders at the Ordinary General Meeting held on 24 May 2012 and their resumes are presented below.

Name	Position	Executive/Non-executive	Independent/Non-independent Board Member
Can Çelebioğlu	Chairman	Executive/Managing Director	Non-independent Member
Canan Çelebioğlu	Deputy Chairperson	Executive/Managing Director	Non-independent Member
Memet Kaya	Member	Non-executive	Non-independent Member
Aydın Günter	Member	Non-executive	Non-independent Member
Salih Samim Aydın	Member	Non-executive	Non-independent Member

Turgay Kuttaş	Member	Non-executive	Non-independent Member
Feyzi Onur Koca	Member	Non-executive	Independent Member
Osman Cengiz Aktar	Member	Non-executive	Independent Member

Can ÇELEBİOĞLU		
Date of Birth		1963
Company/Title		Çelebi Hava Servisi - Chairman of the Board Çelebi Havacılık Holding - Chairman of the Board
Education:		Boğaziçi University / Business Administration
Experience	1982- 1982-1996 1995- 1983-1995 2007- 1996- 1997- 2005- 2004- 1996-	Çelebi Hava Servisi - Chairman of the Board Çelebi Hava Servisi - General Manager Çelebi Holding - Chairman of the Board Çe-Tur Çelebi Turizm Ticaret - Chairman of the Board Çelebi Marina ve Yat İşletmeciliği - Chairman of the Board Çelebi Hizmet Gıda İşletmeleri Turizm - Deputy Chairman of the Board Çelebi Güvenlik Sistemleri ve Danışmanlık - Deputy Chairman of the Board Çelebi Otelcilik ve Turizm İşletmeciliği - Deputy Chairman of the Board Çelebi Yatırım Danışmanlık - Chairman of the Board Çelebi Hizmet Restorant İşletmeleri - Chairman of the Board
Foreign Languages		English
Memberships/Awards		2010 - Ernst&Young, Entrepreneur of the Year
Marital Status		Married, 2 children
E-mail		can.celebioglu@celebi.com

Canan ÇELEBİOĞLU		
Date of Birth		1966
Company/Position		Çelebi Hava Servisi – Deputy Chairperson of the Board Çelebi Havacılık Holding - Deputy Chairperson of the Board Çelebi Holding – Chief Executive Officer
Education		İstanbul University/Business Administration
Experience	2002-2003 1996- 1982-	Çelebi Hava Servisi - General Manager Çelebi Holding Deputy - Chairperson of the Board Çelebi Hava Servisi - Deputy Chairperson of the Board
Foreign Language		English
Memberships/Awards	2009 2010 2010 2010	Economist Magazine, Woman Entrepreneur of the Year Ernst&Young Entrepreneur of the Year EGSiAD Businesswoman of the Year Dünya Newspaper; Businessperson of the Year

Marital Status		Married, 2 children
E-mail		canan.celebioglu@celebi.com

Memet KAYA		
Date of Birth		1945
Company/Position		Çelebi Hava Servisi – Member of the Board of Directors
Education		İstanbul University/Law
Experience	1962-1974 1974-2011 1982-1996 1996-2011 2011-2012	T.R. Ministry of Finance Self-employed Lawyer Çelebi Hava Servisi – Tax Consultant. Çelebi Hava Servisi - Member of the Board of Directors Çelebi Havacılık Holding - Member of the Board of Directors
Memberships/Awards		Member and Honorary President of the Alumni Association of the School of Public Finance, Head of the Disciplinary Board of the School of Public Finance Sports Club, Member of İstanbul Foundation for Culture and Arts
Marital Status		Married
E-mail		mehmet.kaya@celebi.com

İsmail Aydın GÜNTER		
Date of Birth		1943
Company/Position		Çelebi Hava Servisi - Member of the Board of Directors
Education		Ankara University – Faculty of Political Sciences
Experience	2003/2012	Çelebi Hava Servisi- Member of the Board of Directors
		After working as a tax inspector at the Ministry of Finance for 7 years, he began serving as a Tax Consultant for Sabancı Holding, where he later functioned as Chief Financial Consultant and Financial Affairs Coordinator. He served as Chief Financial Officer for 8 years at Sabancı Holding, He held seats on the Boards of Directors of Akbank, Brisa, and I-Bimsa. He has been offering freelance service to companies since 1994. Currently he serves as a member on the Boards of Directors of Akın Holding, Akın Factoring Hizmetleri, Turkish Yatırım, Karel Elektronik, and Dilek Gayrimenkul.
Foreign Languages		English, Italian
Marital Status		Married
E-mail		a.gunter@gunter.com.tr

Salih Samim AYDIN		
Date of Birth		1954
Company/Position		Çelebi Havacılık Holding - Member of the Board of Directors,

on		International Aviation and Public Relations
Education		Boğaziçi University/Mechanical Engineering
Experience	2010-2012 2006-2010 2005-2006 2000-2005 1997-2000	Çelebi Havacılık Holding - President of Ground Handling - Europe Çelebi Hava Servisi - General Manager Çelebi Holding - Chief Operating Officer (COO) Fraport AG Frankfurt Airport Services Worldwide Bayındır Antalya Havalimanı Terminal İşletmesi - General Manager
Foreign Languages		English, French, German
Memberships/Awards		ASA-Airport Services Association, President
Marital Status		Married, 1 child
E-mail		samim.aydin@celebi.com

Turgay KUTTAŞ		
Date of Birth		1957
Education		Boğaziçi University/Electrical Engineering
Experience	2005- 2004-2005 2002-2004 2002-2004 1991-2001	Parker İklim Kontrol Sistemleri AŞ - General Manager Touch Group Plc. (London) - Group Chief Operating Officer (COO) Lanark Resources Ltd.- Founding Partner Capex Industries Ltd. - International Sales Coordinator Jotun Boya Sanayi Ticaret AŞ, - Regional Director - Europe
Foreign Language		English

Onur KOCA		
Date of Birth		1957
Company/Position		Boğaziçi University/Electrical Engineering
Education	2005- 2004-2005 2002-2004 2002-2004 1991-2001	Parker İklim Kontrol Sistemleri AŞ, - General Manager Touch Group Plc. (London) -Group Chief Operating Officer (COO) Lanark Resources Ltd. - Founding Partner Capex Industries Ltd. - International Sales Coordinator Jotun Boya Sanayi Ticaret AŞ, - Regional Director - Europe
Experience		English
Foreign Language		Boğaziçi University Foundation Trustee
Memberships/Awards		Turkish Cultural Foundation - AFS member
Marital Status		Married
E-mail		kocalar@tnn.net

Cengiz AKTAR		
Date of Birth		1955
Education		Sorbonne University
Experience		He served as a director for the United Nations (UN) in 12 countries for 21 years. From 1989 through 1994, he worked as the vice president of the intergovernmental advisory committee formed under the UN and centered on the European Union (EU) immigration and asylum policies. He was the chief of the UN Mission in Slovenia from 1994 through 1999. From 2000, he gave graduate courses on the EU at Galatasaray University. He has been functioning as the Head of the European Union Relations Department at Bahçeşehir University since 2005. A reporter for the EU Commission Research General Directorate, he also writes columns for Vatan and Today's Zaman newspapers.
Memberships		Consultant to KAGİDER – Women Entrepreneurs Association of Turkey
Marital Status		Married, 2 children

The Company's Board of Directors reviewed the declarations of candidacy and independence by Feyzi Onur Koca and Osman Cengiz Aktar who have put up their candidacy for the independent Board of Directors memberships that would be elected at the Ordinary General Meeting held on 24 May 2012, and approved their candidacy for independent Board of Directors membership as documented in the decision dated 9 May 2012, numbered 2012/18. Both candidates have been elected as independent Board members to serve a term of office of one year (the period between the two General Meetings) at the Ordinary General Meeting convened on 24 May 2012.

"Declaration of Independence" by the independent Board directors is presented below:

I hereby declare that;

1. I stand for serving as an "Independent Member" on the Board of Directors of Çelebi Hava Servisi Anonim Şirketi ("the Company") within the scope of the criteria stipulated by the Corporate Governance Principles of the CMB legislation;
2. I have not held a seat on the Company's Board of Directors for more than six years in the past ten years;
3. Employment, capital or material commercial relationship, either direct or indirect, has not been established in the past five years between corporate entities with which any related party of the Company or shareholders holding, directly or indirectly, 5% or more share in the Company's capital is related with respect to management or capital, and myself, my spouse and my relations by blood or marriage up to third degree,
4. I have not worked for or served as a member on the boards of directors of any company conducting, under a contract, the Company's activities or organization in part or in whole, and particularly the firms performing the audit, rating and consultancy of the Company, in the past five years,
5. I was not a shareholder, employee or board member for any company supplying service or product of material quantity to the Company in the past five years,
6. I hold less than 1% share in the Company's capital and these are not preferential shares / I hold no share in the Company's capital,
7. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,
8. I am not a full-time employee of public institutions and establishments as at the date of

nomination,

9. I am considered to be a resident of Turkey as for the purposes of Income Tax Law,
10. I am capable of making positive contributions to the Company's operations, maintaining my independence in possible conflicts of interest between the Company's shareholders, making decisions freely taking into consideration the rights of stakeholders, and I possess strong ethical standards, professional credibility and experience that are necessary to do that,
11. I will forthwith notify any event that prejudices my independence, if applicable, to the Board of Directors for public disclosure of the same,
12. I will not demand any compensation from the Company apart from Board of Directors compensation and attendance fee,
13. I will dedicate sufficient amount of time to be able to follow up the operation of the Company's affairs and to fully meet the requirements of the duties I undertake.

At the Company's Ordinary General Meeting held on 24 May 2012, shareholders holding management control, the members of the Board of Directors, senior executives and their spouses and relatives by blood or marriage have been authorized to deal in transactions with the Company and its subsidiaries that might lead to conflict of interest, to compete with them, to carry out the business affairs that fall under the Company's scope personally or on behalf of others, and to become shareholders in companies that are engaged in similar kinds of business affairs, as well as engaging in other transactions, as per Articles 334 and 335 of the Turkish Commercial Code.

16. Operating Principles of the Board of Directors

Determining the agenda for board meetings

Agendas for Board of Directors meetings may be determined in three different ways. The chairman may determine the agenda on the basis of suggestions received from Company directors; the Company's General Manager may determine the agenda himself; the agenda for the next Board meeting may be determined during a Board meeting that is in progress.

Number of board meetings during the reporting period

The Company's Board of Directors convened 52 times during 2012.

Meeting and decision quorums and methods and processes for summoning the meeting

The secretariat of the chairman of the Board of Directors keeps Company directors informed about meeting times and agendas by means of reports sent out regularly prior to the meeting. In 2012, 12 meetings convened with the attendance of 4 board members, 25 with 5 members, 6 with 6 members, 6 with 7 members, and 3 with 8 members. In meetings held with the attendance of 4 members, the full membership of the Board of Directors was 6, and the number of Board members was increased from 6 to 8 following the decision passed at the Ordinary General Meeting of 24 May 2012.

Whether the questions posed by Directors and dissenting members' reasonable and detailed objections during the meeting are entered into the record

The questions posed by the Company directors during the meeting are not entered into record.

The ability of Company directors to exercise special voting rights or veto board decisions

Our Company's articles of incorporation do not vest any Company director with special voting rights or the ability to veto board decisions.

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

On 26 April 2012, the Company's Board of Directors decided as follows in order to achieve compliance with the Corporate Governance Principles pursuant to the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles and other applicable legislation.

- A Corporate Governance Committee will be set up, which will also take on the duties of a separate Nomination Committee, Early Detection of Risk Committee and Compensation Committee until these three are set up,
- Operating Principles of the Corporate Governance Committee were adopted,
- Operating Principles of the Audit Committee were adopted, which was formed earlier based on the Board of Directors decision in order to allow the Company's Board of Directors to properly fulfill its duties and responsibilities.

Under the relevant article of the CMB Communiqué Serial: X No: 22 on the Independent Audit Standards in the Capital Market and the applicable provisions of the CMB Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles, the Company's Board of Directors made the following elections from amongst the Company Directors who were elected at the 2012 Ordinary General Meeting held on 24 May 2012:

- Non-executive/independent Board members Feyzi Onur Koca and Osman Cengiz Aktar were elected as the members of the Audit Committee,
- Non-executive Board member Aydın Günter and non-executive/independent Board member Feyzi Onur Koca were elected as the members of the Corporate Governance Committee.

Since there are two independent members on the Company's Board of Directors, Feyzi Onur Koca serves both on the Audit Committee and the Corporate Governance Committee pursuant to Article 4.5.3 of the CMB Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles, which reads "All of the members of the Audit Committee and the heads of other committees are to be elected from among independent board members".

The Company's Audit Committee convened five times during 2012 at which times they queried Company managers and looked into whether or not our publicly disclosed financial statements accurately reflected the true standing of our operational results and whether or not the accounting principles adhered to by the Company were in compliance with CMB laws and regulations. They reached the conclusion that financial statements were correct and had been prepared in accordance with such requirements.

Moreover, they presented their thoughts and opinions to the Company Board of Directors, on the explanations made at the declaration and notification of the annual and interim financial statements within the context of 28/B decisions of communiqué on "Capital Markets Independent Audit" Serial: X No.16 of Capital Markets Board and on information transmission and coordination to ISE, relations with the partners, and CMB Serial: VIII No.54, on material disclosures covered by communiqué on Principles on material disclosure to public within the context of the principles in ISE quotation regulations article 18/A as well as on defining by which executives of the Company these disclosures are to be conducted.

The Company's Corporate Governance Committee convened five times during 2012. The Committee works to determine and remedy non-conformities, if any, with the relevant articles of the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles, reviews the activities of the Company's Investor Relations Unit with respect to their responsibilities arising from the legislation, and spends efforts to detect the Company's operational and financial risks, take necessary steps for identified risks, and manage risk.

During 2012, there were no related party transactions or transactions of material nature, which had been laid down for the approval of independent Board members, nor were there any such transactions that were not approved and thus laid down for the approval of the General Assembly of Shareholders.

18. Risk Management and Internal Control Mechanism

The planning, conduct, functioning, and oversight of the effectiveness of risk management and internal control and the conduct of the internal control team's activities within the framework of the plan are the responsibility of the Audit Committee that has been set up by a Board of Directors resolution and as per article 28/A added to CMB communiqué X: 16. The Audit Committee creates a risk management and internal audit system capable of minimizing the impact of the risks that the Company may be exposed to and takes such measures as needed to ensure that this system functions reliably.

While there is no separate unit responsible for risk management and control in the Company's organization, these functions are carried out by the Holding Company's Audit Unit under the guidance of the Audit Committee.

19. Strategic Objectives of the Company

The Company's Strategic Objectives are described under the section "Company's Mission, Vision and Strategic Objectives" in the 2012 Annual Report.

20. Financial Rights

On 26 April 2012, the Company's Board of Directors adopted the Company "Compensation Policy" to achieve compliance with the Corporate Governance Principles as per the applicable legislation, pursuant to the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles. The policy is posted on the website at the address www.celebiyatirimci.com. Pursuant to the provisions of the Compensation Policy and under the decision passed at the Company's Ordinary Meeting held on 24 May 2012, non-executive board members do not receive an attendance fee. On the other hand, fees were paid on a monthly basis to those according to their knowledge, experience and specialization, to Vice Chairperson, Canan Çelebioğlu Tokgöz (executive board member/managing director), together with our General Manager; Chairman Can Çelebioğlu (executive board member/managing director); Board Member Mehmet Kaya, not an executive position however for the legal services on Tax Code and Fiscal Legislation; and to Board Member Necmi Yergök, again a non-executive position but for the responsibilities he undertook on technical and equipment maintenance in 2012.

At the annual Ordinary General Meeting convened on 24 May 2012, it has been resolved to appoint Can Çelebioğlu and Canan Çelebioğlu from amongst Board members as managing directors (executive members) and to pay a net monthly remuneration of EUR 30,000 to each managing director, and a net monthly remuneration of TL 3,000 to independent Board members.

The Company's Board members have no debts carried forward from 2011; in 2012, Board members were lent money (advances on salaries) that amounted to TL 343,758, and the advances on salaries were repaid in their entirety during the reporting period. There are no dues (advances on salaries) from the Board members as of 31 December 2012.

The amount due (advances on salaries) from the Company executives carried forward from 2011 is TL 20,000. During 2012, the Company lent money (advances on salaries) with a total worth of TL 61,500; out of this amount (advances on salaries), TL 41,500 has been collected. The amount due (advances on salaries) from the Company executives is TL 40,000 as of 31 December 2012.

The terms of these loans made to Board members and managers were not prolonged nor were their conditions improved; no credit was extended to them under the rubric of personal loan nor were they provided with any guarantees such as surety through any third party

Information on Relations with Controlling and Affiliated Companies pursuant to Article 199 of the Turkish Commercial Code

Necessary explanations regarding the transactions the Company carried out with related parties in the 01.01.2012-31.12.2012 fiscal year are provided under note 26 to the consolidated financial statements for the 01.01.2012-31.12.2012 fiscal year.

In all transactions the Company carried out with its controlling company or the subsidiaries of the controlling company in 2012, an appropriate counter-performance was provided in each transaction according to the conditions and state known to us at the time the transaction and/or the action was realized/taken or avoided; there were no actions taken or avoided which might potentially cause loss to the Company, and hence, there are no transactions or actions that would require equalization within this scope.