

**- CORPORATE GOVERNANCE COMPLIANCE REPORT FOR 2018**



**PUBLIC DISCLOSURE PLATFORM**

**EGE SERAMİK SANAYİ VE TİCARET  
A.Ş.**

**Corporate Governance  
Compliance Report 2018 -  
Annual Notification**



Related Companies []

Related Funds[]

	Compliance Status					Remarks
	Yes	Partly	No	Exempted	Irrelevant	
<b>Corporate Governance Compliance Report</b>						
<b>1.1. TO FACILITATE THE EXECUTION OF SHAREHOLDERS' RIGHTS</b>						
1.1.2 - Information and explanations that may affect the exercise of shareholders' rights are made available to investors on the Company's corporate website.	X					
<b>1.2. RIGHT TO DEMAND INFORMATION AND REVIEW</b>						
1.2.1- Company management has refrained from making transactions that complicate special audits.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The Company ensured that the agenda of the General Assembly was clearly expressed and that each proposal was submitted under a separate title.	X					
1.3.7 - Individuals who have the privilege of accessing the partnership information have informed the Board of Directors to add on the agenda in order to provide information in the general assembly about the transactions conducted within the scope of the activity of the partnership, carried out on behalf thereof .	X					
1.3.8- The members of the Board of Directors, other relevant persons, the officials responsible for the preparation of the financial statements and the auditors were present at the General Assembly on the specific issues on the agenda.	X					
1.3.10- The amounts of all donations and benefits and the beneficiaries are included in the agenda of the General Assembly.	X					
1.3.11 - The General Assembly meeting was held open to the public, including stakeholders and the media without the right to speak..	X					
<b>1.4. VOTING RIGHT</b>						
1.4.1 - There are no restrictions and practices that make it difficult for shareholders to exercise their voting rights.	X					

1.4.2- The Company has no privileged voting rights.	X						
1.4.3 The Company has not exercised the voting rights in the General Assembly of any partnership in which it has a mutual shareholding relationship, as well as having relationship in terms of dominance .					X		There is no mutual shareholding relationship in our Company's capital.
<b>1.5. MINORITY RIGHTS</b>							
1.5.1The Company has paid utmost attention to the use of minority rights.	X						
1.5.2- Minority rights are also granted to those who have less than one-twentieth of the share capital and the scope of minority rights has been extended and regulated in the articles of association.		X					In terms of maintaining the company's business or economic independence; in case of request for acquiring 20% of the share or exceeding the amount thereof of the capital consisting of registered shares in the Company capital, directly or indirectly by any person or people who act together, may accept these matters as material reason and may reject the approval requests for the transfer of shares and usufruct right establishments.
<b>1.6. DIVIDEND RIGHT</b>							
1.6.1 - The profit distribution policy approved by the General Assembly is publicly disclosed on the corporate website of the Company	X						
1.6.2 - The dividend distribution policy contains minimum information that allows the shareholders to foresee the principles and procedures for distribution of profits to be acquired in the future periods.	X						
1.6.3 - The reasons for not distributing profit and the use of undistributed profit are specified in the relevant agenda item.		X					As stated in our profit distribution policy, it is foreseen to distribute the remaining profit from the investment
1.6.4 - The Board of Directors has reviewed whether there is a balance between the interests of the shareholders and the interest of partnership in the dividend	X						

distribution policy.							
<b>1.7. TRANSFER OF SHARES</b>							
1.7.1 - There are no restrictions that complicate the transfer of shares.	X						
<b>2.1. CORPORATE WEBSITE</b>							
2.1.1 - The corporate website of the company includes all the elements in the corporate governance principle 2.1.1.	X						
2.1.2-Shareholding structure (names, privileges, number of shares and share of real person shareholders with more than 5% of the issued capital) is updated on the corporate website at least every 6 months.	X						
2.1.4 - The information on the corporate website of the company is prepared in the preferred foreign languages as including the same content set forth in the Turkish language.		X					The footnotes of the financial statements are updated in English on a quarterly basis and the annual report and the annual financial statements and footnotes are available in English.
<b>2.2. ACTIVITY REPORT</b>							
2.2.1 - The Board of Directors ensures that the annual report fully and accurately reflects the company's activities..	X						
2.2.2 - The annual report contains all the elements contained in the principle 2.2.2..	X						
<b>3.1. COMPANY POLICY FOR STAKEHOLDERS</b>							
3.1.1- Stakeholders' rights are protected in accordance with relevant regulations, contracts and rules of good faith.		X					Stakeholders are provided with information on any Company-related issues which concern them. Participation of stakeholders in management is ensured through such instruments as in-house proposals, questionnaires, etc.. Practices on working conditions and rights provided to employees are established through agreement with the union. Open door was adopted to convey in-house/internal suggestions and requests to the management.

3.1.3 - Policies and procedures related to the rights of stakeholders are published on the company's corporate website.		X				Some of the policies and procedures related to the rights of the stakeholders are published on the Company's website under the title of Investor Relations / Annual Reports / 2018 Stakeholders.
3.1.4 - Mechanisms have been established for stakeholders to report transactions that are contrary to the legislation and that are not ethically appropriate.		X				Open door was adopted to convey in-house/internal suggestions and requests to the management
3.1.5 - The Company considers conflicts of interest between stakeholders in a balanced manner.	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF STAKEHOLDERS IN THE COMPANY MANAGEMENT</b>						
3.2.1 - Employee participation in the management is regulated by the articles of association or internal regulations.	X					
3.2.2 - Methods such as questionnaires / consultations were applied to take the opinions of the stakeholders in the important decisions that have consequential effects on the stakeholders.		X				The opinions of the stakeholders are taken and considered by means of a questionnaire (eg: food / transport The opinions of the service employee satisfaction survey) in important decisions that may result in terms of some of the stakeholders.
<b>3.3. HUMAN RESOURCES POLICY OF THE COMPANY</b>						
3.3.1 - The company has adopted an employment policy providing equal opportunities and a succession planning for all key executive positions.		X				In relation to our human resources application and social responsibility policy, only the statement on equal opportunities is given under the heading of the stakeholders of the annual report.; no key management position succession study is available.
3.3.2 - The criteria for recruitment of personnel have been determined in writing.	X					
3.3.3 - The Company has a Human Resources Development Policy and organizes trainings for its employees.	X					

3.3.4 - Meetings were organized to inform employees on issues such as financial position of the company, remuneration, career planning, education and health.		X				Seasonal information meetings are held, although not periodically. (Regular training and meetings on education and health issues are being organized)
3.3.5 - Decisions that may affect employees are communicated to them and their representatives. The opinion of the relevant unions was also taken into consideration.	X					
3.3.6 - Job descriptions and performance criteria were prepared in detail for all employees and announced to employees and used in remuneration decisions.		X				Performance evaluation and competence analysis are in progress.
3.3.7 Measures were taken to prevent discrimination among employees and to protect employees from physical, mental and emotional maltreatment in the company, as well as trainings, awareness raising, targets, monitoring, and complaint mechanisms.		X				Our general policy regarding our human resources policy, principles and practices and our social responsibility policy are included. ( www.egeseramik.com / Investor Relations / Annual Reports / 2018, Stakeholders) There are no procedures to prevent discrimination among employees. We continue to study for the Ethics and Notice Line
3.3.8 The company supports the freedom to establish associations and the effective recognition of the right to collective bargaining.	X					
3.3.9 - A safe working environment is provided for employees.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1- The company has measured customer satisfaction and has been operating with an understanding of unconditional customer satisfaction.	X					
3.4.2 - This situation is notified to the customers when there is a delay in the processing the claims of the customer for the goods and services purchased.	X					
3.4.3 - The company is committed to quality standards for goods and services	X					
3.4.4 - The company has controls to protect the confidentiality of sensitive information of customers and suppliers within the scope of trade secrets.	X					

<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The Board of Directors has determined the Code of Ethics and published it on the corporate website of the company.	X					
3.5.2- The partnership is sensitive to social responsibility. Measures to prevent corruption and bribery are taken.	X					
<b>4.1. FUNCTION OF THE BOARD OF DIRECTORS</b>						
4.1.1-The Board of Directors ensures an efficient risk management implementation in a way that the strategies and risks do not threaten the long-term interests of the company.	X					
4.1.2-The meeting agenda and minutes show that the board of directors has discussed and approved the company's strategic objectives, determined the resources needed and the performance of the management was inspected.	X					
<b>4.2. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS</b>						
4.2.1- The Board of Directors has documented its activities and presented them to the shareholders.	X					
4.2.2- The duties and authorities of the members of the Board of Directors are included in the annual report.	X					
4.2.3 - The board of directors has established an internal control system in accordance with the company's scale and the complexity of its activities.	X					
4.2.4- Information on the operation and effectiveness of the internal control system is given in the annual report.	X					
4.2.5 - The duties of the chairman of the board of directors and the chief executive officer (general manager) are separated and defined.	X					
4.2.7-Board of Directors; ensures the effective functioning of the investor relations department and corporate governance committee and works closely with the investor relations department and the corporate governance committee to resolve disputes between the company and its shareholders, in terms of communication with the shareholders.	X					
4.2.8 - The Company has made executive liability insurance for a loss exceeding 25% of the capital in relation to the failures of the members of the Board of Directors during their duties.			X			Our company has no application in this direction.
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9- The Company has established a policy for achieving this goal by setting a minimum of 25% for the female member rate. The Board of Directors structure is reviewed annually and the nomination process is carried out in accordance with this policy.			X			Although we do not have a written policy, the proportion of female members of the Board of Directors for 2018 was 33.33%.
4.3.10 - At least one of the members of the committee responsible for audit shall have 5 years of experience in auditing / accounting and finance.	X					

4.4. THE TYPE OF THE BOARD OF DIRECTORS MEETINGS					
4.4.1 - All board members have physically participated into most board meetings.	X				
4.4.2 - The Board of Directors has defined a minimum period for sending information and documents related to the agenda items to all members before the meeting..	X				
4.4.3 - The opinions of the member who could not attend the meeting but reported his opinions to the board of directors in writing were presented to the information of other members.	X				
4.4.4 - Each board member has one voting right.	X				
4.4.5 - The way in which the Board of Directors meetings are held is documented by internal regulations.	X				
4.4.6 - The meeting of the Board of Directors reveals that all items on the agenda are discussed and the resolution is prepared to include opposite opinions.	X				
4.4.7 - Members of the Board of Directors are restricted in terms of undertaking other duties outside the company. The duties of the members of the Board of Directors that were undertaken from outside the Company were presented to the shareholders at the general assembly meeting.			X		Although there is no restriction for members of the Board of Directors to work outside the company, in terms of duties outside the company, authority is taken in General Assembly meeting, and in the curriculum vitae information published in the annual report, these are indicated.
4.5. COMMITTEES FORMED WITHIN THE BOARD OF DIRECTORS					
4.5.5 - Each board member only serves in one committee.			X		The Chairman of the Audit Committee also serves as the Chairman of the Corporate Governance Committee.
4.5.6- The committees invited people to the meetings to consider their opinions and received their opinions.	X				
4.5.7 - Information on the independence of the person / organization providing consultancy service to the committee is included in the annual report.			X		There is no person / organization where the company provides consultancy services regarding committee activities
4.5.8 - A report was prepared on the results of the Committee meetings and presented to the members of the Board of Directors..	X				
4.6. FINANCIAL RIGHTS PROVIDED TO BOARD MEMBERS AND THE EXECUTIVES HAVING ADMINISTRATIVE RESPONSIBILITIES					
4.6.1 The Board of Directors has conducted a performance evaluation of the Board to assess whether it has fulfilled its responsibilities effectively.	X				



<p>4.6.4 - The Company did not extend any credit or lend money to any of its board members or managers with administrative responsibility or extended the period of the loan borrowed, did not improve the conditions, and did not extend credit under a personal credit title through third parties or did not provide guarantees such as bail in favor of them.</p>	X				
<p>4.6.5 - The remuneration of the members of the Board of Directors and the executives having administrative responsibility is disclosed in the annual report</p>		X			<p><a href="http://www.egeseramik.com">www.egeseramik.com</a> / Investor Relations / Annual Reports / 2018, Remuneration/Benefits to the Board of Directors and Senior Executives; the total amount has been given and disclosed under foregoing headings.</p>