



## **REPORT ON COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES**

### **1. STATEMENT ON COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES**

Since it is required to include some aspects in the activity report pursuant to requests of the Capital Market Board in connection with compliance to the Corporate Governance Principles as published by the Capital Market Board, the compliance report covering the period of 01.01.2011 to 31.12.2011 for items of interest is submitted in sections below.

As for the items for which compliance is absent, consideration shall be given to achievement of compliance therefor to the extent it is allowed by the Company's fields of operation.

### **SECTION I – SHAREHOLDERS**

#### **2. Shareholder Relations Unit**

A shareholder relations unit was established by our Company for the purpose of managing relations with shareholders; answering questions in a timely and appropriate manner; administering investor relations; and providing information to a large number of investors.

Director of the Unit: Fikret Varol

Email: fikret.varol@alkim.com / Phone Number: + 90 212 292 22 66

In general, these activities involve disclosure of special events to the public, providing answers to written requests of information received from shareholders, holding of general assembly meetings in accordance with applicable regulations and articles of association, and coordination of registration formalities at the Central Registration System.

#### **3. Shareholders' Use of the Right to Get Information**

Our shareholders and investors are kept informed by our shareholder relations unit by means of the Special Event Statements as adopted by Istanbul Stock Exchange. Furthermore, all questions regarding the Company (i.e. investments, turnover figures, capital increases, dividend payments, and etc. ) are answered by the same unit unless such questions involve disclosure of trade secrets. Our corporate website ([www.alkim.com](http://www.alkim.com)) contains all useful information that are available to both shareholders and the public.

In 2011, it was attempted to provide clear and concise answers for requests of shareholders for information received in writing or personally at the Company.

#### **4. Details of General Assembly Meetings**

The agenda and the call for meeting of the General Assembly of Shareholders, which was held on 18.03.2011 at the Company's head office in respect of operations and activities carried out throughout 2010, were announced via Turkish Trade Registry Gazette as well as two national newspapers circulated on 28.02.2011. This meeting of the General Assembly of Shareholders was attended by 17 shareholders representing 1.782.753.400 out of total 2.472.500.000 shares of the Company.

Pursuant to the Capital Market Law, annual activity reports, financial statements, proposals for distribution of profits, agendas of meetings of the General Assembly of Shareholders, forms of proxies, and other documentation required to be submitted in connection with agenda items are submitted to all shareholders who make a request therefor, and the same are also announced via at least two national newspapers as well as our corporate website before meeting of the General Assembly of Shareholders.

Questions asked by any shareholder present at a meeting of the General Assembly of Shareholders are answered one by one pursuant to principle of equality. Minutes of meetings are notified to Istanbul Stock Exchange, and published via our corporate website upon completion of a meeting of the General Assembly of Shareholders. Shareholders are entitled to vote by proxies at meetings of the General Assembly of Shareholders. All kinds of resolutions concerning amendments to Articles of Association of the Company are adopted at meetings of the General Assembly of Shareholders..

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

As stipulated in Article 14 ('Meetings of the General Assembly of Shareholders') of our Articles of Association, holders of shares classified as A, B, C, and D are entitled to 100 votes per share, whereas holders of shares classified as E are entitled to 1 vote per share. Article 9 of our Articles of Association stipulates that members of the board of directors are elected from among candidates nominated by shareholders of Groups A, B, C, and D. Our Articles of Association can be found at our corporate website. No cumulative voting is allowed.

#### **6. Corporate Policy on, and Timing of, Distribution of Profits**

Our Company realizes distribution of profits within legal periods of time in accordance with applicable provisions of Turkish Commercial Code as well as regulations adopted by the Capital Market Board. Each shareholder is entitled to receive a share from profits in proportional to his/her shareholding in the Company. No concession has been granted so far, which can be enjoyed in connection of distribution of profits. Amount of profits to be distributed are fixed at meetings of the General Assembly of Shareholders depending upon presence of liquidity of as well as investments to be made by the Company.

## 7. Transfer of Shares

Article 20 of our Articles of Association contains provisions which govern transfer, sale, and disposal of registered shares. Transfer of bearer shares is subject to applicable provisions of Turkish Commercial Code and the Capital Market Law.

## SECTION II - PUBLIC DISCLOSURES AND TRANSPARENCY

### 8. Policy on Corporate Disclosures

Our company discloses such facts which are required to be disclosed to the public in connection with its activities and operations in a timely manner via Special Event Statements in accordance with applicable laws and regulations. Furthermore, it is the duty of our shareholder relations unit to supervise all issues regarding public disclosures, and to answer questions received by our Company. All kinds of questions asked in writing or orally throughout year are answered by this unit, and all pertinent details are disclosed to relevant parties.

The Disclosure Policy, which was submitted to attention of our shareholders, is available at our corporate website.

Mr. Nihat Erkan, the General Manager, and Mr. Fikret Varol, the director of shareholder relations unit, are responsible for implementation of our policy on public disclosures.

### 9. Special Event Statements

6 Special Event Statements were delivered in the year 2011. No additional explanation was requested by the Capital Market Board or by Istanbul Stock Exchange in respect of said Special Event Statements.

### 10. Corporate Website and its Content

Corporate website of Alkim can be accessed at [www.alkim.com](http://www.alkim.com). Necessary arrangements have been made in respect of our corporate website in accordance with the Corporate Governance Principles, and information and requirements specified in Article 1.11.5 in Section II of the Corporate Governance Principles published by the Capital Market Board have been provided or fulfilled, as the case may be.

Our website contains:

- Trade registration details
- Most recent shareholding structure
- Most recent members of the board of directors
- Most recent form of Articles of Association
- Activity reports
- Special event statements
- Reports on compliance to the Corporate Management Principles
- Disclosure Policy
- List of attendants and minutes of meetings of the General Assembly of Shareholders proxy form for voting purposes
- Periodical financial statements and independent audit reports, prospectus and circulars on public offerings (containing information for the year 1999) agenda items for meetings of the General Assembly of Shareholders

### 11. Details of Real Persons Acting as Dominant Shareholders

Dominant shareholders of our company are disclosed by our company upon request.

### 12. Public disclosures on Individuals who can access insider information

Alkim Alkali Kimya Anonim Şirketi tries to take all measures which are required to comply with legal arrangements regarding prevention of insider trading. For this purpose, the chairman and members of the board of directors, auditors, and all other members of staff are prohibited to use any insider information, which might be obtained directly or indirectly in the course of fulfillment of their tasks and duties, for the benefit of themselves or third parties.

Below is a list of individuals who have access to insider information as of the end of 2011:

M. Reha KORA	Chairman of the Board of Directors	B.Gökhan Bora	Manager of International Commercial Affairs
Arkin KORA	Deputy Chairman of the Board of Directors	Ümit Çelik	Manager of Domestic Commercial Affairs
A. Haluk KORA	Deputy Chairman of the Board of Directors	Ferruh Çalışkan	HR Manager
Ferit KORA	Deputy Chairman of the Board of Directors	Fikret Varol	IT Manager
Özay KORA	Member of the Board of Directors	Berna Sarı	Chief Accounting and Financial Affairs
Tülay ÖNEL	Member of the Board of Directors	Metin Canoğulları	Chief Auditor for Partners
E.Hale KOSİF	Member of the Board of Directors	Seda Akkuş Tecer	Responsible Chief Auditor for Partners
Kerim OYGUR	Member of the Board of Directors	Galip Ayköse	Senior Audit Manager
Nihat ERKAN	Member of the Board of Directors - General Manager	Ferzan Ulgen	Chief Auditor
M.Faruk Yüksel	Assistant General Manager	Kaan Birdal	Reserve Chief Auditor
Hüseyin Ünlü	Assistant General Manager	Tolga Kirelli	Audit Manager
M.Azmi Gümüş	Accounting Manager	Yüksel Kadioğlu	Auditor- Certified Public Accountant
İsmail Kandemir	Manager of Cihanbeyli Plant	Haydar Sözen	Auditor- Certified Public Accountant
İlhan Kınacı	Manager of Çayırhan Plant		



## SECTION III - STAKEHOLDERS

### 13. Disclosures to Stakeholders

#### Shareholders

In accordance with Article 8 'Corporate Policy on Disclosures', shareholders are kept informed about relevant matters by means of legal notifications as well as our website.

#### Customers

Necessary disclosures are made in respect of corporate matters which are of interest for customers. Furthermore, our website contains all information and news about our Company.

#### Staff

All arrangements involving our staff members are conducted in accordance with the labor law as well as other applicable regulations. Activities regarding recruitment, promotion, and dismissal of staff members are carried out by our HR division. As of the end of 2011, we have a total of 439 employees.

### 14. Stakeholders' Participation in Management

Our Company has not adopted any special model for participation of stakeholders in corporate management. Rights of our stakeholders are protected by applicable regulations.

### 15. HR Policy

Our HR policy is intended to improve productivity of our employees in accordance with corporate objectives and strategies; and to employ training tools and similar HR tools in connection with the assessment of performance of our employees. A highly motivated and successful team is the result of combination of the sapient and experienced management staff of our Company having existence for over 50 years with a personnel staff who attach importance to a career to be pursued in our Company, and who work in harmonization in a disciplined manner well suited for human relations as well as a prestigious work environment. We have a HR unit which is directed by Mr. Ferruh Çalışkan.

### 16. Details of Customers and Suppliers

Our main field of operation is to produce sodium sulphate. In respect of production of sodium sulphate which is among main raw materials of several sectors such as detergents, glass, cellulose, textile paints, and etc., Alkim is known in our country, in neighbor countries, in Europe (since it is the sixth largest producer of the world), and even in the world since the Company has been operating in sector for over 50 years. We have been maintaining relations for many years with both technical and commercial staff and directors acting in these sectors, and with top level managements of companies of the sector. Customer relations are also sustained with other chemical companies which, like Alkim, produce raw materials for fundamental sectors since publications of international chemical sector contain news and comments about operations and activities of our Company.

### 17. Social Responsibility

Our company produces sodium sulphate and salt from natural resources. Due to our awareness in this respect, we act in strict compliance to all the applicable laws and regulations regarding environment as well as health and safety of our employees. It is proven that Alkim goes beyond current practices in Turkey regarding environmental standards since certain bird species, which are rare in our country, have begun living and reproducing in the region of Acıgöl (Afyon) where our largest facilities are located; an increase has been observed in number of the most sensitive animal species such as flamingos and etc. which started living in these regions; and all these facts have been broadcasted by scientific and reputed TV programs.

Our approach to social responsibility requires us to show people such a respect which is higher than that shown to environment. In this regard, Alkim has constructed and equipped 5 primary schools with 18 classrooms each, 2 healthcare centers, 1 library, 2 parks for children, and 1 center for conferences and performance arts in regions where the Company operates facilities, and delivered the property thereof to public. Alkim also assumes annual general repair and maintenance works of these facilities. All these efforts have not been shared with media for advertising purposes since they were initiated purely based on an awareness of our social responsibility.

## SECTION IV - BOARD OF DIRECTORS

### 18. Organization of the Board of Directors, and Independent Members

M. Reha KORA	Chairman of the Board of Directors
Arkin KORA	Deputy Chairman of the Board of Directors
A. Haluk KORA	Deputy Chairman of the Board of Directors
Ferit KORA	Deputy Chairman of the Board of Directors
Özay KORA	Member of the Board of Directors
Tülay ÖNEL	Member of the Board of Directors
E.Hale KOSİF	Member of the Board of Directors
Kerim OYGUR	Member of the Board of Directors
Nihat ERKAN	Member of the Board of Directors - General Manager



Mr. Nihat Erkan is the general manager as well as a member of the board of directors of the Company. The General Manager holds an executive position in the Company. Members of the board of directors may hold positions outside the Company without any restrictions, and no rules have been adopted in this respect.

The independent member of the Board of Directors shall be elected at the first meeting of the General Assembly of Shareholders.

#### **19. Qualifications of the Members of the Board of Directors**

Minimum qualifications, which are required for holding a membership position at the board of directors, match with those qualifications that are listed in Paragraphs 3.1.1., 3.1.2, and 3.1.5 of Section IV of the Corporate Governance Principles as adopted by the Capital Market Board. Principles applicable in this regard are not included in the Articles of Association because due diligence is paid to election of members of the board of directors in accordance with the said principles.

#### **20. Mission, Vision, and Strategic Objectives of the Company**

The fundamental objective of Alkim is to carry out production activities at its sodium sulphate and salt mining fields at the highest level of productivity, and sell these products in our country as well as in all over the world, especially our near neighbors. We aim to maintain and advance our position as the sixth largest global manufacturer of sodium sulphate. Strategic objectives are identified by the general manager as well as his assistants, and submitted to the board of directors for approval. Levels of achievement of approved objectives are reported to the Board of Directors on monthly basis, and these levels are evaluated appropriately.

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

The Corporate Risk Management and Internal Control Mechanism is implemented by a committee of auditors which is comprised of members of the Board of Directors. This committee has authorized the Audit Group to supervise the establishment of an internal control mechanism, and to inspect the functioning thereof. The Audit Group conducts periodical audits on internal control mechanism pursuant to approved annual audit plans, and reports its opinions to top management. The committee of auditors reviews said facts and comments, and make proposals to the board of directors. This Committee and the Board of Directors notify corporate directors of necessary measures via the General Manager.

#### **22. Authorities and Responsibilities of Members of the Board of Directors as well as Corporate Directors**

Authorities and responsibilities of members of the board of directors as well as corporate directors are detailed in Articles 8, 9, 10 & 11 of Articles of Association of the Company.

#### **23. Principles of Operation for the Board of Directors**

Principles of Operation for the Board of Directors are detailed in Article 10 of Articles of Association of the Company. The Board of Directors held 15 meetings in the fiscal year of 2011. The Board of Directors holds meetings with the attendance of majority of all of its members, and passes its resolutions through majority of votes cast by its members at these meetings.

The board of directors convenes at the Company's head office. In case of consent of all members, a meeting may be held at another location. The board of directors convenes upon a call received from the chairman or deputy chairman of the Board of Directors, or pursuant to a written request of any member of the Board of Directors.

#### **24. No Deal or Competition with the Company**

This matter is discussed as an agenda item at meetings of the General Assembly of Shareholders of our Company. The General Assembly of Shareholders has authorized the board of directors so far to conduct in accordance with Articles 334 and 335 of Turkish Commercial Code.

#### **25. Code of Conduct**

The Code of Conduct which is binding on all employees has been adopted through over 50 years of operations of Alkim. This code of conduct conforms to operation principles of Alkim, national laws, international practices, and general principles of honesty and reliability. Apart from this general perspective, it is the overall principle of all employees of Alkim to consider national benefits in all operations, and to adopt a national awareness since we operate natural resources of our country, and we are involved in this field; to protect nature and environment; to attach a primary importance to quality; and to attach primary importance to teamwork as a corporation. Compliance to the code of conduct is supervised by superiors of employees within an hierarchical structure. In case of identification of any behavior that is contrary to the code of conduct, necessary formalities are fulfilled by relevant division chief, unit manager, assistant general manager, and the General Manager in sequential fashion starting from the immediate manager in accordance with corporate bylaws on human resources and personnel staff.

#### **26. Number, Structure, and Independency of Committees established within the Board of Directors**

The audit committee of our Company was established within legal period of time, and fulfills such tasks and duties specified in respective communiqués of the Capital Market Board. Members of this committee are Mr. Özey Kora and Mr. A. Haluk Kora, both also being members of the board of directors.

At the first meeting of the General Assembly of Shareholders, members of the Board of Directors shall be elected, and the Committee in charge of Audits, and the Corporate Governance Committee shall be established again.

#### **27. Financial Rights Granted to the Board of Directors**

Members of the board of directors receive a fixed monthly remuneration. This monthly remuneration was TL 1.000 for the fiscal year of 2011. No loans or credits were granted to, nor any securities were issued in favor of, members of the board of directors or managers of the Company.