

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with Corporate Governance Principles

In the fiscal year ending December 31st, 2014, 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 No: 17.1, dated January 03rd, 2014 on the Corporate Governance, in 2014, 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- Investors

2. Investor Relations Unit and Coordination of the Corporate Governance Implementation

Our Company carried out the following activities within the frame of the efforts to achieve full compliance and complete implementation of the provisions of Article 11 related to the CMB Corporate Governance Communiqué Serial: II No: 17.1:

- An Investor Relations Unit is set up, which works for the exercise of shareholding rights at our Company whose shares are traded on the Borsa İstanbul (BİST). 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 Financial Affairs Director at the Company and who holds "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise" license served on this Unit. (Tel: +90-216-666 6767, e-mail: deniz.bal@celebiaviation.com)
- Engin Aydın, a full-time employee of the Company who holds both "Advanced Capital Market Operations" and "Corporate Governance Rating Specialist" licenses, was appointed to the position of "Investor Relations Unit Employee" during the reporting period. (Tel: +90-216-666 6767, e-mail: eyaydin@celebiaviation.com)
- Deniz Bal, who holds both "Advanced Capital Market Operations" and "Corporate Governance Rating Specialist" licenses and was serving in the capacity of Investor Relations Unit Manager, was charged during the reporting period with the additional duties of fulfilling obligations arising from capital market laws and regulations, of coordinating corporate governance practices, and of reporting on such matters to the Company's general manager.

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 BİST, 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 2014, 26 informational meetings 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 2014.

4. General Meetings

General meetings held during the reporting period	Date	% of shares in attendance	Meeting announcements and invitations
Ordinary General Meeting	May 8 th , 2014	81.56%	Place, date, time and agenda of the Annual General Meeting were announced via: 1- Material event disclosure placed on the Public Disclosure Platform (KAP) on April 11 th , 2014 2- Announcements published in the April 14 th , 2014 issue of the Turkish Trade Registry Gazette no: 8549 and the Milliyet newspaper dated April 12 th , 2014 3- Announcement on the Company’s website 4- Letters sent to registered shareholders 5- Announcement made through the Electronic General Meeting system

The Company’s annual general meeting was held on May 8th, 2014 during which the following resolutions were passed:

- The Board of Directors’ annual report and the independent auditors’ report are approved.
- The financial statements for calendar year 2013 are approved.
- The Company’s Dividend Policy revised pursuant to CMB regulations is approved.
- The TRL 1,959,612.00 in prior-year losses are to be deducted from the TRL 3,054,766.00 in net current profit shown in the Company’s consolidated financial statements dated December 31st, 2013 and the remaining TRL 1,095,154.00 is to be retained in the Company as an extraordinary reserve.

- In compliance with CMB regulations pertaining to profit distributions, no dividend is to be paid for the period beginning on January 1st, 2013 and ending on December 31st, 2013.
- The members of the Board of Directors and the Company's statutory auditors are acquitted of their fiduciary responsibilities.
- Board of Directors members Can Çelebioğlu, İsak Antika, Canan Çelebioğlu, Mehmet Murat Çavuşoğlu, Mehmet Yağız Çekin, and Turgay Kuttaş, whose terms of office have expired, are elected to serve as board members for a period of one year (the period between two consecutive annual general meetings).
- Feyzi Onur Koca and İlter Turan are elected to serve as independent board members for a period of one year (the period between two consecutive annual general meetings).
- Independent board members are to be paid a stipulated monthly fee/honorarium but no such fees or honoraria are to be paid to board members other than the independent ones.
- The firm of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Ernst & Young) is appointed as the independent auditor to carry out the independent auditing of the Company's consolidated financial statements for 2014 and 2015 in compliance with the Turkish Commercial Code and with Capital Markets Board rules and regulations pertaining to the independent auditing of such statements prior to their public disclosure.
- An upper limit of TRL 500,000.00 is set on charitable donations that are to be made by the Company during the period beginning on January 1st, 2014 and ending on December 31st, 2014.
- Shareholders with control over the Company's management, board members, and senior executives as well as their spouses and their relatives, whether by blood or marriage unto the second degree are authorized, pursuant to articles 395 and 396 of the Turkish Commercial Code (Statute 6102) and even if they may involve conflicts of interest, to engage in transactions of a significant nature with the Company and/or its subsidiaries, to compete against the Company, to engage in transactions with the Company on their own behalf or on behalf of others, to personally and/or on behalf of others to engage in businesses that fall within the Company's object and scope and to become partners in and engage in other dealings with companies involved in the same businesses.

Information was also provided to shareholders about changes in the Company's Remuneration Policy, about the Company's Disclosure Policy, about the guarantees, pledges, and mortgages granted and the revenues and benefits received by the Company from third parties during calendar year 2013, about related-party transactions engaged in during calendar year 2013, and about the TRL 188,106.00 worth of payments made as charitable donations to various foundations, associations, professional chambers, and public agencies and organizations.

Participation in general meetings

The Ordinary General Meeting held on May 8th, 2014 was attended by shareholders responding either in person or in proxy to invitations sent out, as well as by four members of the Company's Board of Directors, senior managers, Company's Investor Relations Unit 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

With regard to the agenda of the Annual General Meeting on May 8th, 2014, the Board of Directors membership candidate list, the annual report for the reporting period 2013, the Company's remuneration policy and the resolution for profit distribution for the 2013 calendar year were all made available to shareholders and other stakeholders through the Electronic General Meeting system and the Company's website on the date on which the general meeting was announced.

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 May 8th, 2014, these questions were answered by the Company board members and executives that attended the meeting.

Motions made by shareholders at general meetings

During the Annual General Meeting on May 8th, 2014, a total of 7 resolutions as listed below were made by shareholders and all of the resolutions were unanimously accepted:

- Candidates for the presiding committee designated pursuant to the first item on the agenda are: Hüsnü Tanzer Gücümen (as presiding officer), Zeynep Candan Çetiner (as vote-taker), and Mustafa Tarık (as secretary).
- While the annual report of the Board of Directors was made available for shareholders to examine before the general meeting and handed out to those present at the meeting, and because the 'profit distribution' section of the annual report is also to be read during the discussion of item 7 on the agenda, the general meeting agrees that it would suffice to read the Independent Auditors' Report on the consolidated financial statements for the discussion of item 3 on the agenda.
- While the annual report of the Board of Directors was made available for shareholders to examine before the general meeting and handed out to those present at the meeting, the general meeting agrees that it would suffice to read the opinion section of the Independent Auditors' Report on the annual report of the Board of Directors for the discussion of item 4 on the agenda.
- While the balance sheet and income statement included in the annex to 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 would suffice for the discussion of item 5 on the agenda.
- The candidates designated to serve as members of the Board of Directors until the next general meeting are hereby elected; Mrs. Canan Çelebioğlu, Mr. Mehmet Murat Çavuşoğlu, Mr. Mehmet Yağız Çekin and Mr. Turgay Kuttaş are to be elected as board members representing Group A shareholders (Çelebi Havacılık Holding AŞ) and Mr. Can Çelebioğlu and Mr. İsak Antika as board members representing Group B shareholders (Çelebi Havacılık Holding AŞ).
- Elected independent board members are to be paid remuneration, while board members elected to represent Group A and B shareholders shall not be paid any wages for this period.

- An upper limit of TRL 500,000.00 is set on charitable donations that are to be made by the Company during the period beginning on January 1st, 2014 and ending on December 31st, 2014.

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-four 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 May 8th, 2014, information has been presented to shareholders about the donations and grants made during the reporting period to various foundations, associations, chambers, public institutions and organizations amounting TL 188,106.

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."

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

On April 8th, 2014 our Company's Board of Directors passed a resolution to approve the revision of the Company's Dividend Policy pursuant to the requirements of *Capital Markets Board Dividend Communiqué II-19.1*, which went into effect with its publication in issue 28891 of *Resmi Gazete* dated January 23rd, 2014; to publicly disclose this revision; and to submit this revised Dividend Policy for the consideration and approval of shareholders at the upcoming annual general meeting. At the annual general meeting held on May 8th, 2014, the Board of Directors resolution concerning the Dividend Policy passed on April 8th, 2014 was discussed and unanimously approved by shareholders.

Çelebi Ground Handling Inc. Dividend Policy

- Taking our Company's medium- and long-term strategies, its investment and financing policies, and its profitability and cash situation into account and in the absence of any extraordinary developments in our Company's investment and/or financing needs and/or occurrences in its industry or the economy, at least 50% of net distributable profit shall be paid out as a dividend. When determining the dividend rate, attention shall be given to medium- and long-term investments that may require short-term cash outflows, material events that affect our Company's financial structure, and significant developments in the sector and/or in the economy and/or in markets.
- Dividends whose payment has been decided upon may take the form of cash, of bonus shares, or of some mix of the two.
- Dividend and payment-timing Board of Directors resolutions shall be in compliance both with this Dividend Policy and with currently applicable laws, regulations, and administrative provisions and then publicly disclosed. Board of Directors dividend and payment-timing proposals shall be considered and decided upon by shareholders convened in a general assembly. The payment of dividends shall begin within thirty days of the date of the general meeting at which the decision to pay them is taken and in all cases within statutorily-mandated periods of time. The Board of Directors may decide to have dividends paid in instalments provided that a general assembly of shareholders shall have authorized it to do so.
- Provided that a general assembly of shareholders shall have authorized it to do so, the Board of Directors may decide to have advances paid against dividends and may effect the payment of such advances subject always to the Capital Markets Law and Capital Markets Board regulations and decisions and to the Company's own articles of association.

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.

According to the resolution passed by the Company's Board of Directors on April 11th, 2014:

In the financial statements prepared on the basis of our statutory books of account as of December 31st, 2013, the net current profit remaining after the deduction of taxes and other statutory obligations amounts to TRL 3,054,766.00.

As there are no prior-year losses or first statutory reserve that must be set aside from net current profit pursuant to the requirements of the Turkish Commercial Code, the amount shown in our statutory books of account as being net distributable profit is TRL 3,168,955.08.

According to our Company's independently-audited consolidated financial statements dated December 31st, 2013 prepared in accordance with Turkish Accounting Standards & Turkish Financial Reporting Standards (TMS/IFRS) and in CMB-specified formats pursuant to the requirements of *CMB Communiqué II:14.1 Concerning Financial Reporting Principles In Capital Markets*, the net current profit remaining after the deduction of taxes and other statutory obligations amounts to TRL 3,054,766.00.

After the deduction of TRL 1,959,612.00 in prior-year losses that are shown in the Company's consolidated financial statements and whose deduction from net current profit is mandated by CMB regulations, the Company's net distributable profit amounts to TRL 1,095,154.00.

Accordingly it has been decided that the TRL 1,959,612.00 in prior-year losses will be deducted from the TRL 3,054,766.00 in net current profit shown in the Company's consolidated financial statements dated December 31st, 2013 and that the remaining TRL 1,095,154.00 will be retained in the Company as an extraordinary reserve.

ÇELEBİ HAVA SERVİSİ A.Ş. PROFIT DISTRIBUTION TABLE FOR 2013 (TL)		
	Distribution as required by CMB legislation	As shown in the legal books of account
NET PROFIT FOR THE PERIOD	3,054,766.00	3,168,955.08
PRIOR YEAR LOSS (-)	1,959,612.00	0.00
FIRST LEGAL RESERVES (-)	0.00	0.00
NET DISTRIBUTABLE PROFIT/(LOSS) FOR THE PERIOD	1,095,154.00	3,168,955.08
DIVIDENDS	0.00	0.00
TRANSFERRED TO EXTRAORDINARY RESERVES	1,095,154.00	3,168,955.08

Shareholders were notified, in compliance with CMB regulations pertaining to profit distributions that no dividend would be paid for the period beginning on January 1st, 2013 and ending on December 31st, 2013 and this issue was approved by a majority of shareholders at the annual general meeting of the Company held on May 8th, 2014.

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 April 30th, 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 2014, 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". In addition, Engin Aydın, a full-time employee of the Company who holds both "Advanced Capital Market Operations" and "Corporate Governance Rating Specialist" licenses, was appointed to the position of "Investor Relations Unit Employee" on December 26th, 2014.

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 the whole content is 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 dated January 03rd, 2014, Serial: II No: 17.1 on the Corporate Governance.

Part III: Stakeholders

11. Keeping Stakeholders Informed

Based on the Company's Board of Directors decision passed on March 19th, 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 BIST, which reports to the Board of Directors, and which will maintain communication between the Board of Directors and shareholders. In this context, Deniz Bal, who has earned the "Capital Market Activities Advanced Level License" and who presently functions as the Financial Affairs Director at the Company 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 he carried out his duty during 2014.

In 2014, 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 "4. Information on Personnel and Human Resources Policy" of our Company's annual report for 2014.

14. Rules of Ethics and Social Responsibility

The vision and mission statements that have been adopted by the Company are included in its every publication, on its corporate website, and on the Company intranet. Besides, two publications (Corporate Culture and Our Policies) that have been put out by the Company contain 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.

The official opening of the Erzincan Ali Cavit Çelebioğlu Civil Aviation Academy, construction of which was completed in September 2010, took place ahead of the 2011-2012 academic year. A total of 213 students received education at the academy during the 2013-2014 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 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 three in Malatya in 2012. More 50 homes were planned to be completed during 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 İstanbul Atatürk, Antalya, İzmir, Bodrum and Dalaman stations by TSE. 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 2014 to licensed firms for ensuring safe disposal and their quantities are presented below:

Recycling:

Waste paper - 24,321 kg

Scrap metal - 18,786 kg

Waste plastic and glass – 1,055 kg

Recovery:

Waste accumulators - 73,684 kg

Waste toners/cartridges - 121 kg

Waste batteries - 258 kg

Energy Recovery:

Waste oil - 27,016 liters
End-of-life tires - 17,777 kg
Contaminated fabric and packaging - 6,524 kg

Furthermore, the following have been delivered to licensed firms for safe disposal:

Waste filters - 1,785 kg
Fluorescent lamps - 124 kg
Medical waste - 24 kg

In 2009, Republic of Turkey Ministry of Transport, Maritime Affairs and Communications, 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 Ground Handling 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.

In 2013, the Company's İzmir, Bodrum and Antalya stations were evaluated within the scope of "Green Company" re-certification. As a result of the evaluation, these 3 stations were deemed to be of the required standard to keep their "Green Company" certificates.

In 2014, our Dalaman station received "Green Company" and the number of our "Green Company" stations increased to 4. It is planned to receive "Green Company" certifications for Ankara Esenboğa and İstanbul Atatürk Airport stations by the end of 2015.

Çelebi Ground Handling has placed the principle of carrying out its operations efficiently and in an environmentally friendly manner as a part of its mission; and it has been fulfilling the necessary requirements for many years. In 2014, the Company received the ISO 14064 verification auditing services from TSE for the purpose of developing its own programs to manage greenhouse gas (GHG) emissions. Following the verification audit, the Company's stations in İstanbul Atatürk, İzmir, Antalya, Bodrum and Dalaman were certified according to the ISO 14064 standard.

Within the framework of the Carbon Disclosure Project (CDP), during 2014 Çelebi Ground Handling became one of the 39 leading companies in Turkey to submit CDP data concerning its greenhouse gas emissions and energy use, as well as the risks and opportunities brought about by climate change. The Company aims to submit data concerning its greenhouse gas emissions and energy use to the CDP by May 2015.

There are no environment-related lawsuits filed against our Company on account of harm caused to the environment in 2014.

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 May 8th, 2014 and their resumes are presented below.

Name	Position	Independent Member or Not
Can Çelebioğlu	Chairman	Non-independent Member
İsak Antika	Vice Chairman	Non-independent Member
Canan Çelebioğlu	Board Member	Non-independent Member
Mehmet Murat Çavuşoğlu	Board Member	Non-independent Member
Mehmet Yağız Çekin	Board Member	Non-independent Member
Turgay Kuttaş	Board Member	Non-independent Member
Feyzi Onur Koca	Board Member	Independent Member
İlter Turan	Board Member	Independent Member

Can Çelebioğlu		
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
E-mail		canc@celebiaviation.com

İsak Antika		
Company/Position		Çelebi Hava Servisi - Vice Chairman of the Board Çelebi Havacılık Holding - Vice Chairman of the Board
Education		Boğaziçi University / MBA
Experience		Çelebi - Vice Chairman of the Board Actera Group - Managing Partner Antika Partners - Managing Partner JP Morgan Investment Banking - President
Foreign Language		English
E-mail		isak.antika@acteragroup.com

Canan Çelebioğlu		
Company/Position		Çelebi Hava Servisi – Deputy Chairperson of the Board Çelebi Havacılık Holding - Deputy Chairperson of the Board
Education		İstanbul University/Business Administration
Experience	2002-2003 1996- 1982-	Çelebi Hava Servisi - CEO Çelebi Holding - Deputy Chairperson of the Board Çelebi Hava Servisi - Deputy Chairperson of the Board
Foreign Language		English
E-mail		canan.celebioglu@celebiaviation.com

Mehmet Murat Çavuşoğlu		
Company/Position		Çelebi Hava Servisi - Member of the Board of Directors Çelebi Havacılık Holding - Member of the Board of Directors
Education		Harvard Business School / MBA Stanford University / MS Engineering Economic Systems Virginia University / BS Electrical Engineering
Experience		Çelebi - Member of the Board of Directors Actera Group - Managing Partner Southeast Europe Equity Fund - Managing Director Taurus Capital Partners - Managing Partner Fiba Group - General Manager Goldman Sachs - M&A & Corporate Finance
Foreign Language		English
E-mail		murat.cavusoglu@acteragroup.com

Mehmet Yağız Çekin		
Company/Position		Çelebi Havacılık Holding - Member of the Board of Directors
Education		Virginia Tech. / MBA Boğaziçi University / BS Mechanical Engineering
Experience		Actera Group - Partner Southeast Europe Equity Fund - Vice President Taurus Capital Partners - Principal Global Securities - Investment Banking
Foreign Language		English
E-mail		yagiz.cekim@acteragroup.com

Turgay Kuttaş		
Company/Position		Çelebi Havacılık Holding - Executive Board Member
Education		İstanbul University/Tourism
Experience	2012- 2010-2012 2007-2010 2004-2007 1999-2004 1997-1999 1994-1997 1986-1994	Çelebi Hava Servisi - Member of the Board of Directors Çelebi Havacılık Holding - Member of the Auditing Board Çelebi Havacılık Holding - Advisor Pegasus - Chief Operational Officer (COO) Havaş - Member of the Board of Directors Circle International - Turkey Director Havaş – Assistant General Manager (Operations) Çelebi Holding - Member of the Board of Directors
Foreign Language		English
E-mail		turgay.kuttas@celebi.com

Feyzi Onur Koca		
Company/Position		Çelebi Hava Servisi - Member of the Board of Directors (Independent)
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
E-mail		kocalar@tnn.net

İlter Turan		Çelebi Hava Servisi - Member of the Board of Directors (Independent)
Education		Oberlin College / BA Political Sciences Columbia University / MA Political Sciences İstanbul University / Ph.D. Political Sciences
Experience	1998-2001 1993-1998 1992-1993 1984-1993 1976-1984 1974-1976 1973-1974 1970-1972	İstanbul Bilgi University / Rector Koç University / Professor International Relations / President İstanbul University / Faculty of Political Sciences, Professor İstanbul University / Faculty of Economics, Political Sciences Professor İstanbul University / Faculty of Literature Turkish Armed Forces / Sub-Lieutenant İstanbul University / Faculty of Political Sciences, Associate

	1966-1970	Professor İstanbul University / Instructor
Foreign Language		English

The Members of the Board of Directors have been elected to serve a term of office of one year at the Ordinary General Meeting convened on May 8th, 2014, until the next Ordinary General Meeting.

In accordance with the Company's Corporate Governance Principles and Articles of Incorporation, İlder Turan and Feyzi Onur Koca, who were approved for their candidacy of membership of the independent Board of Directors, were elected as independent Board members to serve a term of office of one year (the period between the two General Meetings).

"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 May 8th, 2014, 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 59 times during 2014.

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 2014, 29 meetings convened with the attendance of 6 board members, 15 with 7 members, and 15 with 8 members.

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 May 8th, 2014, the Company's Board of Directors decided to appoint the following board members – who were elected in the Annual General Meeting for the 2013 reporting period – to the following positions in accordance with the related provisions of the Capital Markets Board's Communiqué on Corporate Governance Principles: Feyzi Onur Koca and İlter Turan as members of the Audit Committee, Mehmet Yağız Çekin and Feyzi Onur Koca as members of the Corporate Governance Committee, and Turgay Kuttaş and İlter Turan as members of the Early Detection of Risk 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 the CMB Communiqué on Governance Principles, which states "All members of the Audit Committee and the heads of other committees are to be elected from among independent board members".

Likewise, İltter Turan, one of the other independent members on the Company's Board of Directors serves both on the Audit Committee and the Early Detection of Risk Committee. The Company's Audit Committee convened seven times during 2014 at which times they interviewed the Company's managers and checked 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.

The Company's Corporate Governance Committee convened three times during 2014. 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.

The Company's Early Detection of Risk Committee convened three times in 2014 and took the necessary measures in strengthening the early detection of the causes that could threaten the existence of the Company, its development and the continuity of the business unit. The Committee also applied the necessary measures and remedies in this regard, in the management of the risk.

During 2014, there were no related party transactions or transactions of a 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.

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 2014 Annual Report.

20. Financial Rights

In the Annual General Meeting convened on May 8th, 2014, the decision was taken to pay a gross monthly remuneration of TL 4,000 to each of the independent board member and to pay no remuneration to those board members who were elected to represent Group A and B

Shareholders. In this context, remunerations were paid to independent board members in 2014.

The Company's Board members have no debts carried forward from 2013; no Board member was lent money (advances on salaries) in 2014. There are no receivables (advances on salaries) to be paid by the Board members as of December 31st, 2014.

The Company executives have no debts carried forward from 2013 and were not lent money (advances on salaries) in 2014. There are no receivables (advances on salaries) to be paid by the executives as of December 31st, 2014.

The terms of the loans made to Board members and executives 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.