



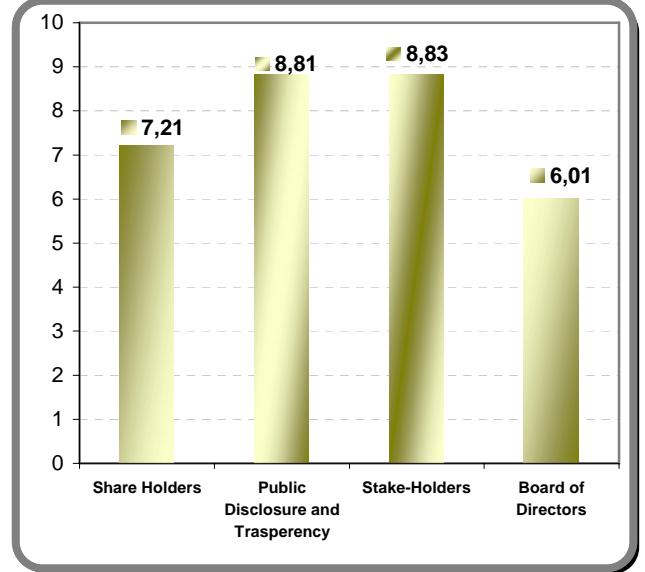
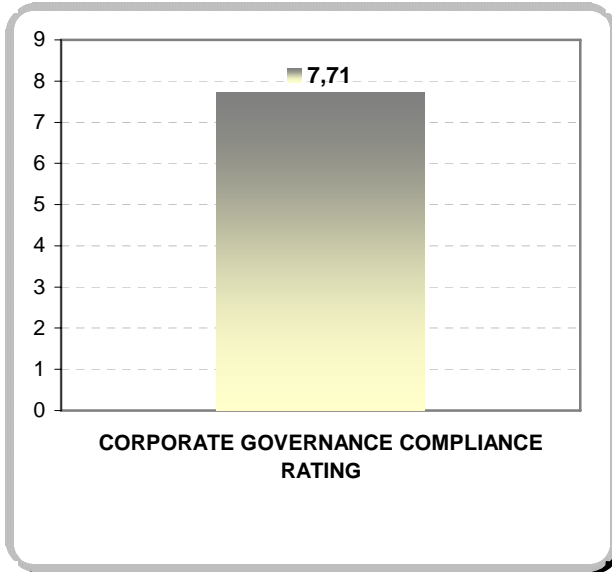
PETKİM PETROKİMYA HOLDİNG A.Ş.

1. Corporate Governance Principles Compliance Report

During the global economic crisis, we witnessed some of the world's largest corporations fall overnight or suffer significant damage to their corporate reputations due to poor crisis management. Along with this loss in regard, significant damage was also done to market share, stakeholders, public institutions and of course to society as a whole. The negative experiences which occurred and their repercussions, which continue to be felt, clearly emphasized the need to structure and strengthen corporate governance in order for companies to carry out their corporate activities in a responsible and sustainable fashion.

According to the Capital Markets Board (CMB) meeting decision number 45/1588 of Dec. 10, 2004, companies whose shares are traded on the Istanbul Stock Exchange (ISE) are obligated to declare, both in their annual reports and on their Web sites, their compliance with Corporate Governance Principles. In this context, the Petkim Board of Directors expends the utmost effort to comply with the "Corporate Governance Principles" defined by the Capital Markets Board, and in areas where compliance cannot be met, to provide reasons for the failure to comply and also to announce precautions taken against potential conflicts of interest that could arise from noncompliance.

Our Company, with 38.7 percent of its shares publicly traded, aims to comply to the highest degree with the Corporate Governance Principles outlined by the CMB and above all, places priority on shareholder rights, the public's right to be informed, transparency, shareholder satisfaction and our responsibility to society and to the environment. Our Board of Directors acts with the utmost care to implement good corporate governance practices and to internalize its corporate governance principles. In this scope, our Company carried out a compliance rating for CMB Corporate Governance Principles and demonstrated its dedication with regard to this subject.



The results of the CMB Corporate Governance Compliance Ratings report carried out by TCR Corporate Governance and Credit Rating Services A.Ş. (Türk-KrediRating) were disclosed to the public on 11/05/2009 and the detailed report can be accessed on our Web site (www.petkim.com.tr) under the heading, "Corporate Relations/Corporate Governance/Corporate Governance Ratings Report."

The report gave Petkim a rating of "Good" compliance to Corporate Governance Principles and confirmed that its management activities are carried out at a high level of "Good Governance." The result of this first rating is a demonstration of Petkim's dedication to good corporate governance principles, its consciousness of its obligations to stakeholders large and small, and its commitment to continuing to improve its policies of good governance.



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Petkim, which has been included in the ISE Corporate Governance Index since 11/05/2009, in recognition of its obligations to all shareholders, owners and society, will continue to build on its performance and achievements in compliance with Corporate Governance Principles.

During its 2009 operations, Petkim was diligent in the application of Corporate Governance Principles as published by the CMB and to all necessary developments related to and adjustments necessary in order to apply these principles. The various reasons explaining why particular practices could not be implemented were outlined in detail.

Our website, www.petkim.com.tr, is published in both English and Turkish as required by compliance with CMB Principles and is also a key element in our on-going efforts to help set the standards for excellence in Investor Relations. In 2008, information under the headings, "Activity Calendar, Investor Presentations, Analyst Reports, Meeting and Conference Information and Rating Note" were added to our Website, and during the current period additional topics added were: Information Policy, Lists of Persons with Access to Internal Information, Audit Committee Working Principles, Ethical Rules, Corporate Governance and Risk Management Committees, Disclosure of Ultimate Controlling Individual Shareholder(s), Disclosure of Special Events Announced on the ISE, Trade Registration Circulars, Announcements to Stakeholders and Corporate Governance Rating."

In the periods ahead, our Company will undertake all necessary actions and will act in accordance with its responsibilities toward these principles in order to continually improve corporate governance, to the benefit of the capital markets and to bring to life more widespread and lasting good governance.

SECTION 1: SHAREHOLDERS

2. Shareholder Relations Unit

Relations with shareholders are carried out in our Company by the "Investor Relations Unit" which is part of the Finance Department. The contact information for the unit is as below:

- **Department Head**

Füsun UGAN (Finance Manager)

Telefon : +90 232- 616 14 53
+90 232 - 616 12 40 / 4575

E-Mail : fugan@petkim.com.tr

- **Department Staff**

Özlem FİDAN (Transaction Officer)

Telefon : +90 232 - 616 61 27
+90 232 - 616 12 40 / 2256

E-Mail : osidar@petkim.com.tr

Emre Can YÜCEOĞLU (Transaction Officer)

Telefon : +90 232 - 616 61 27
+90 232 - 616 12 40 / 4460

E-Mail : eyuceoglu@petkim.com.tr

İlkay ÇETİN (Specialist)

Telefon : +90 232 - 616 61 27
+90 232 - 616 12 40 / 4438

E-Mail : icetin@petkim.com.tr

Ahmet GÜRSESLİ (Specialist)

Telefon : +90 232 - 616 61 27
+90 232 - 616 12 40 / 3917

E-Mail : agursesli@petkim.com.tr

Within the context of shareholder relations, our Company is dedicated to carrying out the following activities in accordance with Capital Market Principles:



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- To monitor all developments regarding the Capital Markets Board (CMB), Istanbul Stock Exchange (ISE) and Central Registry Agency (CRA) regulations and to maintain communication with such institutions,
- To undertake studies and improvement projects regarding Corporate Governance,
- To organize the announcements to be made to public within the framework of the Company's Public Disclosure Policy, and to pass these on to the Istanbul Securities Exchange,
- To ensure the maintenance of records regarding the shareholders in a sound, secure and updated manner,
- To conduct transactions regarding share certificates,
- To respond to the requests from shareholders, potential investors and analysts for written and oral information (except for information deemed a commercial secret),
- To provide information to investors via organizing and attending meetings and conferences cooperating with domestic and foreign firms to organize or attend the same,
- To prepare and update information published on the corporate Web site (www.petkim.com.tr) in the section titled "Investor Relations" in both Turkish and English,
- To conduct all activities relating to General and Extraordinary Board Meetings in accordance with current regulations and the Company's Articles of Association.

3. Exercise of Shareholders' Right to Obtain Information

There is no discrimination among the shareholders with respect to the exercise of the right to obtain information. All necessary information and documents relevant to shareholders' exercise of their rights is presented without discrimination between any shareholders and is available on the corporate Web site, (www.petkim.com.tr). Developments that may affect the exercise of the shareholders' rights are sent as an explanation to the CMB, ISE and Public Disclosure Project (PDP) system; within the context of the PDP, such information is also disclosed on our Web page as announcements in both English and Turkish.

During the year 2009, approximately 100 information requests from shareholders (except for confidential information and commercial secrets) were received and answered each month on subjects including company activities, General Assembly meetings and stock certificate procedures.

In 2009 a total of 140 new registrations were made with regard to new stock purchase coupons, dividend coupons, stock certificate changes and registration procedures for share/rights holders.

No change was made to the Articles of Association regarding shareholders' right upon request to appoint a special auditor to the general assembly; shareholders' rights to obtain and inspect information is protected by article 348 of the Turkish Commercial Code.

4. Information pertaining to the General Assembly

The General Assembly meeting was held pursuant to the decision of the Board of Directors. The invitation to the General Assembly meeting, its date, place and topics of discussion were duly announced three weeks in advance of the meeting in the Istanbul Securities Exchange Special Situations Announcement, the Turkish Trade Registry Journal and through advertisements placed in national newspapers.

From the time of the announcement of the General Assembly meeting, all relevant documents including the annual report, financial tables and statements, the profit distribution proposal, informational documents relating to the Assembly agenda, the latest version of the Articles of Association, as well as proposals for amendments to the text of the Articles of Association, were made available at the company's headquarters and on the Web site so as to provide access to the greatest number of shareholders in the easiest way.



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Before the General Assembly, examples of power of attorney documents to be used for those who would be represented by proxies were in the announcements and could be found on the Web site. Before the meeting, the voting procedure was announced and shareholders were informed via electronic means.

The General Assembly meeting was held on 03.31.2009 at the Holding Headquarters. The shareholders and their representatives applying to the Company with blocking letters, Board Members, Auditors, the General Manager and Assistant General Managers and personnel of the Investor Relations Unit and the Finance Manager carrying out the preparations for the General

Assembly of the Company attended the General Assembly Meeting.

The meeting quorum was 129,907,584 (63.45%) shares and 12 beneficial owners attended the meeting by proxy, while one beneficial owner attended the meeting in person. The press did not attend the meeting. No term was prescribed for the registry to the share register to procure the participation of the holders of the registered shares at the General Assembly meeting.

In the General Assembly, the shareholders exercised their right to ask questions and the questions were answered by the Board of Directors. No one took the floor in the petitions and requests section of the meeting. The minutes were drawn up pursuant to the agenda items of the General Assembly. The Minutes of the General Assembly were announced to the public the same day in the ISE Special Situations Announcement and were registered in the Turkish Trade Registry Journal. The Minutes, list of attendees, agendas and informational documents and ads were also presented on the Web site for all investors.

There are no provisions in the Articles of Association that the decisions of a material nature such as amalgamation, sales, purchase and lease of substantial part of assets, must be made or ratified by the General Assembly. Decisions made by the Board with respect to changes in the Company's capital and management structure, the division or change of shares, significant sales or purchases of material or immaterial assets, warrants, rents, guarantees, notes or assurances such as mortgages or other securities given to third parties are presented to the General Assembly. While making such decisions in the General Assembly would, it is believed, prolong the workflow and reduce the Company's ability to act quickly in accordance with changing market conditions, shareholders are able to make their views known with respect to these types of decisions during the General Assembly.

5. Voting Rights and Minority Rights

Article 32 of the Articles of Association of the Company states that shareholders or their proxies who attend General Assembly Meetings shall have one vote per share. Votes made through proxies are made in accordance with CMB regulations. According to Article 15 of the Company's Articles of Association, Group C Shares have privileged voting rights concerning nominating candidates for the Board.

Minority shares are represented in the General Assembly directly or through their proxies. There is no cross-shareholding relationship with our majority shareholders. There is no provision in the Articles of Association of our Company on the cumulative voting method. No change was made to a provision in the Articles of Association allowing minority shareholders to send a representative to the Board of Directors through the cumulative voting method. This issue will be evaluated by the General Assembly after the rights of all shareholders have been brought to a proper level through legal arrangements.

6. Distribution of Profit Policy and Profit Distribution Date

The Company's profit distribution procedures are set out in articles 37, 38 and 39 of the Articles of Association of the Company and according to the Turkish Commercial Code and Capital Market regulations. With regard to the Company's profits, no privileges are granted by the Articles of Association.

Information pertaining to Petkim's Distribution of Profit Policy is published in the annual report and on the Internet site of our Company (www.petkim.com.tr) under the link: Investor Relations/Share Certificates/Profit Distribution Policy. Accordingly:



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Net profit consists of the sum remaining after all legally deductible expenses have been subtracted from gross revenues.

Legal reserve funds and taxes are set aside from this net profit in accordance with Article 38. Out of the remaining amount, a sum in the rate and amount determined by the Capital Markets Board is distributed to the shareholders pro rata to their shares as the first dividend. The portion remaining after deduction of such amounts, an amount which shall not exceed 0.1% of the total distributable profit and which will be determined by the General Assembly shall be distributed to the members of the Board of Directors as a profit share.

Unless otherwise decided by the General Assembly, the remaining profit shall be distributed to the shareholders pro rata to their share of paid-up capital as a second dividend.

Unless statutory reserves required to be earmarked according to the provisions of law and the first dividend designated for shareholders in the Articles of Association have been paid, no resolution may be adopted for carryover of the profits to the following year or for the distribution of profit to the Members of Board of Directors and to management, personnel and workers.

- The legal reserves earmarked by the Company from its net profit for each year with a ratio of 5% shall continue to be earmarked until it reaches 20% of the authorized capital of the Company. (The provisions of Article 466 of the Turkish Commercial Code are reserved.) In the event that the legal reserves fall below 20% of the Company's authorized capital for any reason whatsoever, legal reserves shall continue to be earmarked until the stated amount is reached.

- In the implementation of profit distribution policy, a consistent policy is pursued recognizing both shareholder and Company interests.

- The payment schedule of the dividend is decided upon at the suggestion of the Board of Directors and by the ruling of the General Assembly. The payment of the dividend shall be made within the legal time allotted. Other distribution matters shall be handled according to the relevant CMB regulations, communiqués and rules.

- In the event that a dividend is not paid, the Board of Directors shall inform the shareholders as to why the profit was not distributed and how the profit shall be used. The General Assembly determines the time and manner of payments of dividends in accordance with the communiqués of the Capital Markets Board. No provision regarding advance dividend payment has been made in Petkim's Articles of Association; the issue shall be taken up again at a future date.

7. Transfer of Shares

Restrictions on the transfer of shares have been made in Articles 8 and 9 of the Articles of Association of the Company.

Article 8: Group C shares belong to the Prime Ministry Privatization Administration. The privileges hereby granted to this class of shares by the Articles of Association shall continue for as long as the Prime Ministry Privatization Administration holds Group C shares. With the conversion of Group C shares into Group A shares, the "Right to nominate a candidate for the Board of Directors" granted by Article 11 shall also transfer to the holders of Group A shares. In accordance with the last paragraph of Article 15, in case it has been decided to void the rights assigned to Group C shares, the share shall class transform into Group A shares. In this case, Group C's right to nominate a candidate for the Board of Directors is transferred to Group A.

Article 9-The effect of transfer of the registered share/shares of the Company depends on the fact that a transfer is registered in the share book.

Except for the shares offered and to be offered to the public by means of the Istanbul Stock Exchange, the approval of the Board of Directors is a prerequisite for the validity of the sharetransfer of the Company.

In the event that the transfer is not registered in the share book, then the shareholder according to the Company is the person whose name is appears in the share register. Registration to the share register is performed by the decision of the Board of Directors. Reserving the last clause of Article 418 and the provision of Article 419 of the



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Turkish Commercial Code, the Board of Directors may refrain from registering a transfer in the share book without providing any reasons. The affirmative vote of the members of the Board of Directors elected to represent Group C shares is a requirement regarding the registration to the share register.

Group C share certificates may be transferred to another Turkish Public Institution having, in principle, the authorities assigned to the Prime Ministry Privatization Administration of the Republic of Turkey by Law number 4046. In such a case, the transfer shall immediately be registered in the share register without the need for a Board of Directors decision.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy of the Company

The company's "Information Policy" was formulated according to legal requirements, Capital Markets Board regulations and published communiqués and rules and went into effect on 08/06/2009 with the Board of Directors decision number 46/108.

The goal of the information policy rests on open and effective communication to ensure the timely and equal sharing of information regarding the Company's past performance and future expectations with shareholders, investors, capital market specialists and market participants within the framework of basic accounting principles, the Capital Markets Board regulations and relevant legal requirements.

The Board of Directors is responsible for the implementation, monitoring and development of the public disclosures and the information policy at Petkim. Disclosures are the responsibility of and coordinated by the Finance Department, the Investor Relations and Financial Analysis Unit, the Accounting Department, the Human Resources Department, the Audit Committee, under the supervision of the Board of Directors.

Detailed information on the information policy is available online at the company Website, www.petkim.com.tr.

9. Special Circumstance Announcements

During the year 2009, 31 special circumstance announcements were made in accordance with the regulations of the CMB. No additional information was requested by the Capital Markets Board and Istanbul Stock Exchange for the announcements made for special circumstances. All of the Company's special announcements were made in a timely fashion. Our Company's shares are not listed on a foreign stock exchange.

10. Company Website and Contents

Petkim actively uses its corporate Web site to ensure the fastest and most efficient communication with shareholders as envisioned by CMB Corporate Governance Principles. According to article 1.11.5 in Section II of the CMB Corporate Governance Principles, information is given via the Internet on: trade register information, latest partnerships and management structure, detailed information on privileged shares, trade registers in which changes are published, the Articles of Association in their latest form along with date and number, announcements of special circumstances, annual reports, periodic financial statements and tables, prospectuses, circulars relating to public offerings, the agendas of General Assembly meetings, lists of participants, forms for vote by proxy, ranking reports, analyst reports and frequently asked questions. Our Web site's contents and structure have been created in line with CMB principles. The Investor Relations Unit is responsible for the preparation of the Investor Relations section, for updating and correcting information and adding new information. The site is continually updated in order to provide increasingly higher levels of service in line with the company goal of continuous improvement.

11. Announcement of Real Person Final Controlling Shareholder/Shareholders

Information with regard to the shareholdings of the Company's real person final controlling shareholders and the distribution of the Company's capital is provided on the Web page under Investor Relations/Corporate Governance/Capital and Shareholding Structure.



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12. Announcement to thr Public of Persons with Access to Inside Information

Any and all necessary precautions have been taken to prevent the use of inside information. Information is considered "Company information" when it has been learned while working at the Company, belongs to the Company, is undesirable for others to learn and can be classified as a trade secret. Employees at Petkim protect company information while working at Petkim and afterwards and use it directly or indirectly only for its intended purpose.

No employee can use information gained from within the Company during the course of carrying out his or her duties in order to profit from the buying or selling of the Company's shares. All personnel with access to inside information provide a written letter of undertaking on this subject.

The list of members of the Board of Directors, auditors and high-level managers who, at the time of the report, have Access to inside information are listed below. A full list of personel with access to inside information is available on the corporate Web site and is updated at the time of any changes.

PERSONS WITH ACCESS TO INSIDE INFORMATION

MEMBERS OF THE BOARD OF DIRECTORS

NAME SURNAME	TITLE
Vagif Aliyev	Chairman of the Board
Erdal Aksoy	Vice Chairman of the Board
Osman İlder	Board Member
S. Batu Aksoy	Board Member
David Mammadov	Board Member
Farrukh Gassimov	Board Member
Kenan Yavuz	Board Member, Socar&Turcas Energy

AUDIT COMMITTEE MEMBERS

NAME SURNAME	TITLE
Ferruh Murat BENZER	Audit Committee Member
Nurettin Demircan	Audit Committee Member
C. Yusuf Ata	Audit Committee Member

COMPANY SENIOR MANAGEMENT

NAME SURNAME	TITLE
M.Hayati Öztürk	General Manager
Abdülkadir Tuncer	Assistant General Manager
Ali Öztürk	Assistant General Manager
C. Şafak Ayışığı	Assistant General Manager
Bülent N. Sunay	Assistant General Manager
Hatice Kaygın	Assistant General Manager

COMPANY and AFFILIATED COMPANY STAFF

Nilüfer Yalçın	Socar&Turcas Energy Advisor to the CEO
Füsun Ugan	Finance Director
İmdat Yalçın	Legal Consultant
Özer Aksoy	Accounting Director



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İsmail Hakkı Metecan	Production and Strategic Planning Director
Celal Saatçiođlu	Project Manager
Gökhan Bedük	Export Manager
Muammer Kaygın	Sales and Marketing Director
Ali Ekrem Aslan	Business Transformation and ERP/MES Group Manager
Nihat Gürbüz	Production Group Manager
Seymur Agayev	Socar Office Turkey Director
Samir Kerimli	STEAŞ, Supply, Trade and Business Development Manager
Cabbar Yılmaz	Turcas Petrol A.fi. Coordination & Regulatory Affairs Director

OTHERS

Ođuz Bardak	Fitch Ratings Credit Ratings Company
Eldar Aghayev	Fitch Ratings Credit Ratings Company
Çađlar Keyder	PWC Independent Auditor
Ediz Günsel	PWC Independent Auditor
Kutlu Vardar	PWC Independent Auditor
K.Ceyhun KIR	TCR Corporate Governance and Credit Ratings Services A.fi. Assistant General Manager, Specialist.

SECTION 3: BENEFICIAL OWNERS

13. Provision of Information to Beneficial Owners

Announcement to the public of information with regard to the issues relevant to shareholders relating to our Company are made via special circumstance disclosures to the ISE and made public on the Website of the Company and via printed or visual media.

One-on-one or group meetings are held with suppliers and customers for information sharing. To keep stakeholders informed, teleconferences are held with investors and banks and investor meetings are held with domestic shareholders.

The disclosure of information inside the Company is realized through the corporate portal, the Petkim Bulletin and via the electronic communication-documentation system and by holding communication meetings during the year.

14. Beneficial Owners' Participation in Management

The participation of shareholders in Management by representing the 38.68% publicly held portion of our Company is made possible by articles 11 and 22 of the Articles of Association.

Additionally, corrective and preventive activities are carried out in light of evaluations of the customer communication system, questionnaires and periodic meetings.

A Performance Management System has been established and studies for the redesign of its processes are ongoing. Employee suggestions to add value are shared with management through the "Suggestion System" as part of the Suggestion Tracking System.



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The Employee Satisfaction survey, which is carried out once a year, provides another forum for employees to express their thoughts regarding the Company and to make suggestions for improvements.

15. Human Resources Policy

The HR policy of our Company consists of: continuing its leading position in Turkish industry with further capacity

expansions, satisfying its shareholders' expectations, appreciating the value of its employees, being open to changes, being a regional leader, using its resources efficiently as a global company, showing concern for the environment, safety and occupational health, complying with quality standards, constantly developing its technology, drawing strength from the creativity of its employees, and using its human resources in an efficient manner on its way to becoming a customer-oriented company. The main goal of our Human Resources policy is to conduct human resources activities such as human resources planning, recruitment and personnel affairs, job analysis, salary and wage administration, training and development, performance and career management in accordance with the scientific methods required to carry out our Company's activities in an efficient and proactive manner. The main principles of our Human Resources policy consist of the following:

- Define and apply the system for analyzing human resource skills and recruiting appropriate personnel to enable our Company to carry out its activities in an efficient and proactive manner.
- Determine and apply training programs imparting the necessary knowledge, skills, talent and conduct to employees, and assess the results on behalf of the Company.
- Develop a performance management system, which enables personnel to see results and to assess the results of his/her success, and provide fair and equal chances in the application of this system.
- Design and implement a career management system that provides constant progress for the personnel of the company and prepares them for responsibilities above their current positions, and evaluate employees who are eager to assume greater responsibility at all levels in the most efficient way.
- Gather data on human resources needs and working conditions within the Company's job descriptions, and by evaluating that data, conduct job analysis and prepare job definitions in accordance with changing conditions.
- Establish working conditions that are appropriate to the business processes carried out, develop systems that encourage success and creativity and maintain job satisfaction at the highest possible level.
- Provide training opportunities at home and abroad in order to develop personnel's professional knowledge and skills.
- Guide the applications that will be implemented by soliciting employee opinions via questionnaires, etc.
- By soliciting employees' opinions via questionnaires and other methods, shape the future practices of the Company.
- Develop a "Corporate Culture and Concept" to motivate personnel regarding their jobs, foster organizational loyalty and provide for the social and cultural needs of personnel, all with the ultimate aim of increasing the productivity of the Company.

On appointing a representative for managing relations with employees, and if appointed, that person's duties and responsibilities:

As provided for by article 34 of rule 2821 of the Labor Law under the heading, "Appointment and qualification of union representatives at the workplace," a head representative and representatives of the Petrol-öl union are present with the authority to negotiate collective bargaining agreements.

On the subject of employee complaints regarding discrimination, and if they were lodged, what steps were taken:

There have been no complaints of discrimination from employees.

16. Information on Relations with Customers and Suppliers

RELATIONS WITH CUSTOMERS:

Our Company places great importance on relations with customers, whom it views as business partners. Every mode of communication is utilized including face-to-face meetings, electronic communication, fax and telephone in order to maintain good relations with customers and maintain corporate relations at the highest level.

A "Customer Perception Survey" is conducted every year in order to measure perceptions of the results of our efforts to address customer needs and expectations. Since 2008, 26 questions based on the EFQM Excellence Model



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are asked under the headings, "General Image, Products and Services, Support after Product or Service Delivery and Customer Loyalty." Great interest was shown for the survey in 2009 by customers, from whom information on province, type, corporate structure, status, and size is collected. Our goal is to evaluate all feedback from our business partners, to reflect them in our business processes and to bring customer satisfaction to the highest sustainable levels. In addition to the perception survey, in June of 2009 we also implemented and began using an online Complaint Evaluation Survey.

As part of our efforts to transition corporate relations with our customers to an information-based system, the "Customer Information System" was further developed in 2009 with attention to feedback from customers. All communication that was previously made via telephone, fax and e-mail was migrated to this system. After the improvements, customer usage of this system reached nearly 100 percent. This system, which allows the performance of many sales functions from product requests to invoicing, was seen in the survey to have been well received by customers.

To celebrate the 44th anniversary of our Company on April 3, 2009 an event was held during which customers received awards in various categories. It was decided that from 2010 onward this event will be enlarged in scope and held regularly.

In 2009 industry, regional and product/service familiarization meetings were held in the provinces of Eskişehir, Uşak, Gaziantep, Denizli, Kayseri and Konya and attended by the General Manager and Assistant General Managers. In the future, these regional and sectoral meetings, which generated positive feedback from customers, will continue with a broader scope.

The necessary precautions have been taken to ensure that there are no conflicts of interests from firms providing services concerning subjects such as investment consulting, investment analysis and rankings, and these have been stated in the Rules of Ethics.

RELATIONS WITH SUPPLIERS

In 2009, as part of a strategy to broaden and improve relations with suppliers, the Outside Supplier Information System was further expanded. Usage of this system allowed suppliers to update records and get feedback from the Company. The number of registrations and number of firms that updated their information via this system increased significantly in 2009 over 2008. The participation rate in the survey also rose. Moreover, a new performance measurement system was developed to encompass all suppliers (chemical, materials and services), whereas the previous system rated only chemicals suppliers. This measurement, which begins at the moment that a supplier gives a proposal and continues at every stage, makes it possible to evaluate supplier performance throughout the year at every stage whether or not an order is placed.

At the stage of proposal request and in the process of implementing SAP procedures, special attention is given to supplier performance. Systems programming and design work has begun to allow the sending of feedback and notifications regarding purchases through this system. Work to design a new structure allowing the companies to register for the system online will be carried out by the Information Technologies Department. Under this structure, suppliers not earning a designated number of points will be warned at initial registration and feedback will be provided for them to address deficiencies. In August of 2010, during the live implementation of SAP, information on our suppliers who have placed bids or received orders will be transferred to this system, and inactive suppliers will be allowed to reapply online. In this way, while preventing over subscription, we will be able to identify those suppliers who have worked with us in the past and those who have the potential to work with us in the future.

17. Social Responsibility

Our Company has a mission to be a petrochemical company that is "Respectful of the Environment and Humanity," and has made work safety and environmental protection its top priorities. With responsibility to society a top priority, we have undertaken a number of important social responsibility projects.

In this respect, several projects have been undertaken in the İzmir Aliağa district where we carry out our corporate activities. The Petkim Primary School and Gazi Primary School built by Petkim, the Petrokimya



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Primary School in Aliağa and the Latife Hanım Primary School in Yamanlar, Karflıyaka / Izmir, were donated to the government to be used as public schools.

A protocol for the Haydar Aliyev Technical and Industrial Vocational School, to be constructed in Aliağa, was signed at a ceremony attended by Izmir Governor Mustafa Cahit Kıraç and Petkim Chairman Rövnag Abdullayev. Construction of the school, which will serve 720 students in 24 classrooms, is in the final stages and the school is expected to be open for the 2011-2012 school year.

- Close Contact and Cooperation with Foundations

Petkim, through its "University-Industry Cooperation" concept, provides support to universities, scientific foundations and vocational schools in the form of materials, supplies and technical equipment. Internships are also provided for vocational school students and university students in our factories and management units. Students are encouraged to benefit from the vast experience of our Company's expert teachers and to strengthen their theoretical and applied knowledge. Every year, some 350 students benefit from this opportunity. In addition, within the framework of an agreement signed in 2005 with Aegean University, Petkim has provided support in the form of machinery and technical equipment to the laboratory of the Aegean Vocational High School Plastic and Chemical Department in order to increase the quality of teaching there.

Requests to Petkim from organizations and academic foundations across the country for technical visits increase each year. During these visits, informational presentations are made and tours given of factory facilities.

- Petkim Stands Side-by-Side with University Students

Our Company supports symposia organized by universities. This year, the Company sponsored the Fifth Manufacturing and Industry Summit organized by Uludağ University between December 18-21. Moreover, the first prize in the 8th annual "What Shall we Produce Event and Project Competition" organized by the Izmir Advanced Technologies Institute, Chemical Engineering Unit, was donated by Petkim.

- Haydar Aliyev Friendship and Remembrance Forest

Petkim also carries out social responsibility projects in fields other than education. In June of 2009, a forest fire in Yeni Foça that lasted for three days burned some 200 hectares of land. In order to reforest this land, prevent despoilment and to serve as an example to other large companies with significant activities in the region, Petkim took the initiative to create the "Haydar Aliyev Friendship and Memorial Forest," planting 11,000 saplings in a 75,000 square-meter area. This forest will serve as a symbol of Petkim and Turkish-Azeri brotherhood. In addition, our Company continues to plant trees in the region of the Aliağa Complex and company housing.

- Aliağa Petkim, The Province's Pride in Basketball

Petkim's full support and primary sponsorship of the Aliağa Petkimspor Basketball Team provides Aliağa residents the opportunity to watch the biggest teams in the Beko Basketball 1st Division in Turkey compete live and encourages children's love of sport and success in social activities.

- LÖSEV Building Donated by Petkim

Since 1999, Petkim has provided the Turkish Pediatric Leukemia Foundation (LÖSEV) with a seven-story, 12-office building, rent free and with a 20 year lease, and in doing so has played a role in providing comfort and support to children with leukemia.

- Joint Project with Ege TV

Petkim is the primary sponsor of a program called "Real Economy," which airs each Wednesday night at 9:40 p.m. on Ege TV, the largest Aegean regional television channel. During the 2009-2010 season, the program dealt with topics including the difficulties and outlook for the Turkish real sector and proposals for solutions.



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-Petkim and the Environment

With the opening of the Petkim waste storage facility to third parties, Petkim has provided an important service in the field of environmental health.

OUR ENVIRONMENTAL ACTIVITIES

Protecting people and the environment is one of our core priorities, and is stated as such in our mission, principles and values, listed among our strategies and explicitly stated in our Integrated Management System. Our activities in this field were documented with ISO-9001 certification and for the first time we received TS 18001 Occupational Health and Security and ISO 14001 Environmental Management Systems certification. Bringing company procedures in line with the requirements of the IMS system, which is an internationally recognized risk management system, involves the continuous monitoring of safety and environmental risks and aims to improve performance on human safety, environmental management and work process safety.

Petkim plans its activities with environmental concerns in mind, receives the necessary permits and in the planning process scrutinizes the project according to Environmental Impact Assessment (EIA) procedures. In 2009, an application for the "47.5 MW Wind Power Station" was judged not to require an environmental impact report, while the "Hazardous Waste Storage Facility" received a rating of "EIA positive." Along with this, the EIA processes for our PA Factory Capacity Increase project and the Aromatics Factory Equipment Renovation and Modernization project are continuing.

The rapid rise in recent years in our Company's activities in the field of environmental responsibility is due to a policy of making decisions and managing projects in accordance with legal requirements as well as our own evaluations, and making comparisons among various options. Among these projects was the creation of Petkim's US\$ 25 million Waste Incineration Facility, the first licensed facility of its kind created by a Turkish company, which continues to provide support to Turkish industry in the disposal of hazardous wastes and serves as a solution center for sustainable development. As environmental consciousness among our employees has increased and as part of our work in the field of energy savings, we have also realized significant decreases in our Co2 emissions. During the period, no lawsuits have been opened against Petkim for damage to the environment.

SECTION IV BOARD OF DIRECTORS

18. The Structure and Composition of the Board of Directors and Independent Members

The names of the members of the Board of Directors as selected according to the Company's Articles of Association are below:

NAME SURNAME	TITLE
Vagif Aliyev	Chairman of the Board
Erdal Aksoy	Vice Chairman of the Board
Osman İlter	Board Member
S. Batu Aksoy	Board Member
David Mammadov	Board Member
Farrukh Gassimov	Board Member
Kenan Yavuz	Board Member

The Board of Directors is composed of 7 members selected by the General Assembly.



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Comprehensive information regarding Board Members is available in the initial pages of the Annual Report and on our Web page. The rules for selection of the Board are defined in detail in articles 11-18 of the Articles of Association.

The chairman and members of the Board of Directors are permitted with the approval of the General Assembly to engage in transactions which fall within scope of the Company's area of operations in their own name or on behalf of third parties and to be shareholders in companies that engage in the same line of business under the provisions of articles 334 and 335 of the Turkish Commercial Code. In 2009, none of the said directors engaged in such a transaction.

There is no independent member on the Board of Directors.

However, all members of the Board are professionals with many years of experience in various sectors and individuals with experience in the field in which our Company operates. Our Company benefits to the highest degree from the reservoir of knowledge and experience of our Board members. Our Board members can freely express their opinions and views without outside influence. All of the Company's Board members are non-executive members of the Board.

The term of Board membership is two (2) years. The General Assembly may remove Board members before the completion of their term. Members who have completed their terms may be elected to consecutive terms.

19. The Qualifications of Board Members

The minimum qualifications sought for the election of members to the Board of Directors of the Company are in compliance with Articles 3.1.1, 3.1.2 and 3.1.5 of Section IV of the Corporate Governance Principles of the CMB. As per Article 12 of the Articles of Association of the Company, a person should have the following qualifications in order to be elected to the Board of Directors: not to have been placed under restraint; to be a shareholder in the Company; and not to have been convicted of any infamous crimes. In the event that non-shareholder persons are elected as members, they may start serving on the Board of Directors after they receive the title of shareholder. The General Assembly may give permission for the situations stipulated in Articles 334 and 335 of the Turkish Commercial Code.

20. Mission, Vision and Strategic Targets of the Company

The vision, mission and corporate strategies of our Company are revised and updated at the Strategic Management Review (SMR) meeting held at the beginning of each year with the participation of the senior management of Petkim and, since 2005, the shareholders. The fundamental input of this meeting is the operating environment study document, which is comprised of information such as the needs and expectations of the stakeholders, developments regarding the sector and market and portfolio analyses. The fundamental output of the meeting are the revised vision, mission, corporate values and corporate strategies. The corporate strategies included in the performance scorecard of our general manager are announced within the Company via the intranet.

The Critical Success Factors indicating how corporate strategies shall be implemented and the performance indicators determining the measurement of their efficiency are also established at the SMR meetings with a view to ensuring the measurement and assessment of the strategies. Targets for the performance indicators included in the performance scorecard are determined on the basis of the program budget and consideration of the experiences of the previous years.

At Petkim, the implementation of the corporate strategies is realized as per the Corporate Performance Management procedure within the context of the Corporate Performance Management System. The Balanced Scorecard method is utilized for the announcement and measurement of the success of corporate strategies. During the year, the monitoring of corporate performance is carried out at monthly budget meetings, Guidance Committee meetings and Board of Directors meetings. The performance on the basis of the performance scorecards is evaluated at the quarterly in the Guidance Committee meetings attended by the senior management and at the end of the year in the general evaluation meeting. In such meetings, the explanations pertaining to performance indicators falling below targeted levels are examined in detail and the issues that will constitute input for the SMR meetings where the strategies of the following year are established, are resolved by the management.

In 2009, at the SMR meeting held on January 24-25, the vision, mission and corporate strategies were revised, and the strategies for 2009 were determined and the Balanced Scorecard, which is the performance scorecard of



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our general manager, was prepared. The vision and mission of our Company is available on Petkim's web page at www.petkim.com.tr, in the Company's Intranet portal and in the Annual Report.

21. Risk Management and Internal Control Mechanisms

Environmental Risk Management;

Within the scope of the Integrated Management System, the environmental dimensions of all activities of the Company in each factory and unit are inspected, the possible effects on the environment evaluated and actions planned and precautions taken to bring any risks in areas of high impact under control.

Financial Control Mechanism;

The Board of Directors supervises activities with regard to financial control and auditing through the Audit Committee.

The Audit Committee;

Supervises activities with regard to the Company's financial system, public reporting of financial information and independent auditing procedures. The selection of the independent auditors, the preparation of the agreement for independent auditing and the work of the independent auditing company are carried out under the supervision of the Audit Committee.

The Audit Committee, taking into consideration the yearly and periodic public financial statements of the Company, Company accounting principles, and the opinions of the independent auditors and relevant managers, submits a written report including its own evaluations to the Board of Directors. The Audit Committee meets at least once every three months and submits its meeting results to the Board. The Audit Committee immediately submits its findings and suggestions with regard to its duties and areas of responsibility to the Board.

The duties and working principles of the Risk Management Committee, to be composed of two non-executive board members and one executive member, will be established in 2010.

Internal Controls System and Internal Auditing

The Company's internal auditing aims to ensure a sound flow of information on financial and management topics, to guarantee the completeness of information, to ensure that information is delivered in time, to increase efficiency and to ensure compliance with regulations.

In 2010, we plan to form an internal audit structure with all internal auditing procedures and policies in written form that ensures that: company activities are conducted in accordance with all regulations, company strategy and policies and its Articles of Association; all transactions carried out on behalf of the Company are done in accordance with agreements and general and special authorizations; company accounting, documentation and registration are carried out properly; identifies risks to lower as much as possible the potential dangers from improprieties and errors and to take necessary precautions; keeps records in a timely and correct manner; identifies potential conflicts of interest between company employees' private and professional transactions; and ensures that all expenditures are properly documented.

22. Authorities and Responsibilities of the Members of the Board and Company Directors

The authorities and responsibilities of the Board members and directors of the Company are expressly stated in Article 16 of the Company's Articles of Association. The Board of Directors is the management and representative body of the Company.

The Board of Directors is responsible for all the duties other than those assigned to General Assembly under the Law and the Articles of Association, and has all authorities that such duties require. The Board of Directors may transfer a part or all of its management and representation authority to one or more members and to the general manager, or managers who are not Board members, and may also form executive committees from or outside the Board in order to conduct its duties and exercise its authorities in accordance with the provisions of Article 319 of the Turkish Commercial Code. However, no transfer of authority can be made by the Board of Directors regarding matters on which Group C privilege exists.



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23. The Activities and Principles of the Board of Directors

The Board of Directors shall convene as the operations of the Company require and shall regardless convene at least once a month. In the year 2009, the Board of Directors convened 22 times. The place of meeting is the Company's headquarters. Another place may be used for meeting by the decision of the Board of Directors.

The Board of Directors may convene when at least four members are in attendance. The Board of Directors makes its decisions on the basis of the affirmative votes of at least four members. A member who has not attended four consecutive meetings without permission of the Board of Directors or without reasonable grounds shall be deemed to have resigned. The decisions of the Board of Directors may be taken also by the receipt of written affirmative opinions of all members on a suggestion regarding a certain subject matter submitted by one of the members, unless one of the members demands to hold a meeting. In order to be valid, the decisions of the Board of Directors must be in writing and signed. In case a decision quorum cannot be reached on a certain subject matter, then the matter is deemed to have been rejected. The management and representation of the Company before third parties is the duty of the Board of Directors. The Board of Directors may partially or completely delegate this representation authority to others. The validity of the documentation to be given and the agreements to be concluded by the Company depends on the fact that they are signed by the authorized signatories of the Company and bear the official seal of the Company.

The different opinions and grounds for opposing votes explained in the Board meetings are recorded in the decision minutes. However, recently, there has been no public announcement, due to the nonexistence of any opposing opinions or differences of opinion.

24. Prohibition on Carrying out Transactions with the Company and Competition Restraint

The members of the Board of Directors may not carry out transactions with the Company in their own account or on behalf of others without the permission of the General Assembly. In 2009, the members of the Board did not carry out any transactions with the Company or compete with the Company in any of its areas of operation.

25. Ethical Rules

The Company's Ethical Rules were adopted with the decision of the Board of Directors in line with the declaration of the CMB's Corporate Governance Principles and was announced to the public. The above-mentioned Ethical Rules can be viewed on the corporate Web site, www.petkim.com.tr.

26. Number, Structure and Independence of the Committees Established by the Board of Directors

In order for our Company's Board of Directors to perform its duties and fulfill its responsibilities, the Corporate Governance Committee and Risk Management Committee were formed alongside the Audit Committee. The committee in charge of audit acts with the consent of the Board and within the framework of the Board's working principles.

The Audit Committee consists of two Board members not having an executive function and not having a title of delegate. The Corporate Governance Committee, made up of two nonexecutive members of the Board and the Risk Management Committee, made up of two non-executive directors of the Board and one executive member, will submit its working principles for the Board's approval in 2010. A Board member may not hold a position on more than one committee.

27. Financial Compensation Provided to the Board of Directors

Remuneration and other benefits to which Board Members shall be entitled are determined at the General Meeting. Furthermore, a reward to reflect the performance of the Company is not applied. The Company does not lend money or loan nor give neither indemnities nor similar securities to any of its Board members or to directors of the Company.