

GSD HOLDİNG A.Ş. (GSD HOLDING INC.)
INTERNAL REGULATION RELATED WITH THE WORKING BASIS AND
PROCEDURES OF THE BOARD OF DIRECTORS

1. Purpose

Our Company's Internal Regulation Related with the Working Basis and Procedures of the Board of Directors involves the instructions that show the manner of the meetings held in accordance with Capital Market Board (CMB) Regulations, Turkish Commercial Code and other relevant regulations.

2. Constitution of the Board of Directors (Articles of the Association, Article 11)

The Company's Board of Directors consist of 9 members whom will be elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code.

5 members of the Board of Directors, 2 of whom are required to meet the criteria stipulated by the Corporate Governance Principles for independent board members, are selected from the candidates nominated by (A) Group shareholders, 2 members of the board of directors are selected from the candidates nominated by (B) Group shareholders and 2 members of the board of directors are selected from the candidates nominated by (C) Group shareholders by the General Assembly.

The Board of Directors, in its first meeting following the selection, elects a President and a Vice President in order to represent the President in case of the President's absence. The President and Vice President whose term of office expired can be re-elected.

The Board of Directors can establish committees and commissions whose membership may contain its own members in order to monitor the conduct of business, to prepare reports on matters to be submitted to them or with the aim of internal audit. The fields of activity of the committees, the working principles and the membership coverage are determined and declared to public by the board of directors in accordance with the Corporate Governance Principles.

3. Term of Office of the Board of Directors (Articles of the Association, Article 12)

The term of office of the members of the Board of Directors is maximum three years. The members, whose term of office expires, may be re-elected. In case any membership of the Board of Directors becomes vacant for any reason, the Board of Directors selects a member among the candidates nominated by the belonging group's shareholders for the vacant membership. In case any membership of the independent members of the Board of Directors becomes vacant for any reason, the Board of Directors select a member among the candidates nominated by the belonging group's shareholders for the vacant membership in accordance with the Corporate Governance Principles regarding independent board members. The member so elected holds office until the next meeting of the General Assembly and if his/her selection is approved by the General Assembly, that member can complete the term of the office of his/her predecessor.

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4. Fundamental Functions of the Board of Directors (CMB Regulations Series: IV No: 56, CG Principles 4.1)

The Board of the Directors manages and represent the Company with its strategic decisions and a rationalist and precautionous risk management by providing the Company's risk, development and return balance at most appropriate level and by protecting especially the long-term benefits of the Company.

The Board of the Directors determines the strategic goals of the Company, the human and financial resources which will be required by the Company and audits the performance of the management.

The Board of the Directors closely monitors and supervise whether or not the Company's operations comply with the relevant legislations, articles of the association, internal regulation and policies.

5. Principles of Activity of the Board of Directors (CMB Regulations Series: IV No: 56, CG Principles 4.2)

The Board of Directors conducts its activities in a fair, transparent, accountable and reliable manner.

The Board of Directors establishes an internal control and risk management mechanisms that are appropriate for the Company to minimize adverse effects of the Company's risks, which would also negatively effect the shareholders and stakeholders by taking into consideration the opinion of the related Committee of the Board of Directors.

The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year. Information related with the presence, process and the efficiency of the internal controls and internal audit are disclosed in the annual report.

The Board of Directors acts as a pioneer in resolving and settling disputes that may arise between the Company and shareholders and for this purpose the Board of Directors is in close cooperation with Corporate Governance Committee and Investor Relations Unit.

6. The Board of Directors' Meetings and Resolutions

(Articles of the Association, Article 16) The Board of Directors meets whenever required due to the transactions and operations, not less than once a month, either at the head office of the Company or at another convenient place by the participation of at least 6 members and decides by the positive votes of at least 5 members.

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(CMB Regulations Series: IV No: 56, CG Principles 4.4.1) The Chairman of the Board of Directors consults other Members of the Board of Directors and General Manager to determine the agenda of the Board of Directors Meetings. Members are attentive to participation to all the meetings and express their opinions.

(CMB Regulations Series: IV No: 56, CG Principles 4.4.2) Documents and information about the agenda items of the Board of Directors Meeting are submitted to examination of the Members of the Board of Directors by providing equal information flow to each of the Members of the Board sufficient time before the meeting.

(CMB Regulations Series: IV No: 56, CG Principles 4.4.3) A member of the Board is entitled to propose any amendments on the agenda to the Board Chairman prior to the start of the meeting. The opinions of members, who are unable to attend the meeting, should be presented to the other members of the Board, provided that the opinions are delivered in writing to the Board of Directors.

(CMB Regulations Series: IV No: 56, CG Principles 4.4.4) Each member is entitled to a single vote at the Board of Directors Meeting. **(TCC No: 6102, Article 390/2)** Members of the Board of Directors can not vote on behalf of each other and can not attend to the meetings by proxy.

(TCC No: 6102, Article 390/3) If the votes are equal, the related argument is postponed to the next meeting. If the votes are equal again in the second meeting, the related proposal will be deemed as rejected.

(CMB Regulations Series: IV No: 56, CG Principles 4.4.6) The agenda items should be discussed openly and thoroughly at the board meetings. The Chairman of the Board of Directors shows a maximum effort to provide the efficient attendance of the non-executive members to the meetings of the Board of Directors. A member of the Board should have a dissenting opinion; he/she should append the reasonable and detailed dissenting opinion to the records of the meeting.

(CMB Regulations Series: IV No: 56, CG Principles 4.4.7) The approval of the independent members are requested for the resolutions of the Board of Directors related with the Company's all transactions with related parties and guarantees, collaterals and mortgages given on behalf of third parties. When any opposition is raised by the independent board member on a particular issue at the board meeting such dissenting vote is disclosed to public together with a reasonable and detailed reasoning and the mentioned issue is submitted to the approval of the General Assembly. In the mentioned General Assembly Meetings, a resolution have been taken to prevent the parties of the transaction and related parties not to vote and to provide other members to attend these types of resolutions in the General Assembly. Meeting quorum is not required in the General Assembly Meetings for the situations mentioned in this article. Decisions have been taken by the votes of majority. Resolutions of the Board of Directors and General Assembly made incongruously to the principles stated in this paragraph are not valid. A Member of the Board of Directors is not permitted to vote in the Board of Directors Meeting that may concern his/her transactions with related parties.

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(CMB Regulations Series: IV No: 56, CG Principles 4.4.10) Member of the Board of Director takes sufficient time for Company's works. In the event of a member of the Board of Director takes duties as an executive director or a member of the board of director or gives consultancy services in another company, the mentioned situation shall not lead a conflict of interest and the member shall not impede his/her duties in the Company. In this context, our Company monitors the compliance status to this provision in terms of participation to the meetings, fulfilling the duties, conflict of interest, other circumstances and notifies the contrarities, if exist, to the Board of Directors. Duties of the Member of the Board of Directors taken outside the Company and their reasons are submitted to the information of shareholders by separating between intra-group and non-group in the General Assembly Meeting in where the election is discussed.

(TCC No: 6102, Article 390/4-5) In the event of that any member does not prompt for the meeting, the resolutions of the Board of Directors, for the proposals made by a member of the Board of Directors and written in the form of decision related with a specific issue, are taken with the written approval of at least a majority of total number of members. Making the same proposal to all Members of the Board of Directors is the condition for the validity of the resolution which will be taken in this way. It is not exstipulated that the approvals exist in the same document but for the validity of the resolution, it is requested that all the papers involving the signatures of approvals must be posted to the Minute Book of the Board of Directors or it must be converted to a resolution involving the signatures of approvers. The validity of the resolutions is depending on that they are written and signed.

(CMB Regulations Series: IV No: 56, CG Principles 1.3.10) When the approval of the General Assembly is not requested for the transactions that are accepted as significant in accordance with the relevant legislations, the approval of a majority of independent members is requested for the Board of Directors in order to perform the resolution related with mentioned transactions. But if the approval of a majority of independent members does not exist and despite the opposition of a majority of independent members, the transactions are submitted to the approval of the General Assembly in case of performing mentioned transactions. In that case, the reason for the opposition of the independent Board Members is declared immediately to public, noticed to CMB and read in the General Assembly. In the case of parties of the transactions that are accepted as significant transactions, the related parties can not vote in the General Assembly Meetings. Meeting quorum is not required in the General Assembly Meetings in order to fulfil the liabilities mentioned in this article and the resolutions have been made by the votes of majority.

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7. Void Judgments (TCC No: 6102, Article 391)

It could be requested from the court in order to determine the Board of Directors' resolutions that are void or not. Especially the resolutions;

- a) Contrary to equal treatment principle,
 - b) Contrary to the fundamental structure of incorporations or not pursuing the capital maintenance principle,
 - c) Derogating especially the indispensable rights of shareholders or restricting or rarifying the use of them,
 - d) Relating with nonassignable authorities of other organs and relating with the transfer of these authorities,
- are void judgments.

8. Right to Demand Information and Examination Right (TCC No: 6102, Article 392)

All the members of the Board of Directors could demand information, inquire, make examination relating with the Company's all activities and transactions. Bringing any of the account books, book entries, contracts, writings or documents requested by a member to the Board of Directors, examination, discussion or demand information relating with them by the Board of Directors or Members could not be rejected. If it is rejected, the provision of the fourth paragraph is applied.

In the Meetings of the Board of Directors, the persons and committees authorised by Company Management as all the members of the Board of Directors, are responsible to give information. The demand of a member in this regard could not be rejected; the questions of the member could not be left unanswered.

Every member of the Board of Directors, apart from the Meetings of the Board of Directors, with the approval of the Chairman of the Board of Directors, could demand information from persons authorised by Company Management related with run of business and specific several works and if it is required to carry out his/her duty, he/she could request the submission to examine the Company's account books and files from the Chairman of the Board of Directors.

If the Chairman of the Board of Directors rejects the request of a member prescribed in 3rd paragraph such as demand for getting information, asking question and examination, the issue will be carried to the Board of Directors in two days. If the Board of Directors does not hold a meeting or the Board of Directors rejects this request, the member could apply to a commercial court of first instance located in the Company's Headquarter's region. The court could resolve the request by reviewing the content over file, the resolution of the court is the definitive judgment.

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The Chairman of the Board of Directors, without the approval of the Board, apart from the Meetings of the Board of Directors, could not gather information; examine Company's account books and files. If the request of the Chairman is rejected, the Chairman could apply to court in accordance with the provision of fourth paragraph.

The rights of the Member of the Board of Directors arising from this article could not be restricted, removed. The article of the association and the Board of Directors could enlarge the Rights to Demand Information and Examination Rights of members.

Every Member of the Board of Directors could request in writing from Chairman to convene the Board of Directors.

9. Prohibition to Participate in Negotiations (TCC No: 6102, Article 393)

A Member of the Board of Directors is not permitted to attend the negotiations that concern his/her own interests and interests outside the Company coinciding with the Company's interests or the interests and interests outside the Company, coinciding with the Company's interests, of his/her blood or his/her spouse or affinity relatives up to third degree including third degree relatives. This prohibition is also applied in the circumstances that a Member of the Board of Directors is not attending to the negotiations pursuant to honesty principle. In the circumstances that cause hesitation, the decision is taken by the Board of Directors. Also the related member can not attend to this voting. Even if the interest conflict is not known by the Board of Directors, the related member is obliged to declare that and obey to the prohibition.

The member of the Board of Directors who acts contrary to this regulation, the members who do not object to the participation of the related member in the event of that it is known and there is a conflict of interest objectively and the Members of the Board of Directors who make a decision on the participation of mentioned member to the meeting are responsible for the compensation of loss of Company.

The reason of the non-participation to negotiations due to the prohibition and related transactions are written in the resolution of the Board of Directors.

10. Financial Rights of the Members of the Board of Directors

(Articles of the Association, Article 17) It is up to the General Assembly to resolve on whether and how much the Members of the Board of Directors shall be remunerated.

(Articles of the Association, Article 27/1-c) Up to 10% part of the net profit of the Company may be appropriated to be distributed to the members of the Board of Directors of the Company without prejudice to the first dividend.

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11. Prohibition of Making Transactions With the Company and Borrowing from/to the Company (TCC No: 6102, Article 395)

The Member of the Board of Directors can not make any transactions with the Company on behalf of herself/himself or someone else without approval of the General Assembly; otherwise it can be asserted that the transactions made with the Company are invalid. Other party can not assert such a claim.

Non-shareholder Members of the Board of Directors and of their blood or their spouse or affinity relatives up to third degree including third degree relatives can not borrow in cash from the Company. The Company can not give bail, guarantee and collaterals for this person and can not assume the responsibility of them and can not take over the debts of them. Otherwise for the borrowings from the Company, the creditors of the Company can follow directly them for the debts of the Company for the assumed amount of the Company.

Special provisions of the Banking Law are reserved.

12. Prohibition of Competition (TCC No: 6102, Article 396)

(TCC No: 6102, Article 396) Any of the Members of the Board of Directors, without approval of the General Assembly, can not make any business transactions under the scope of the Company's activity areas on behalf of herself/himself or someone else and can not participate in a company operating in the same type of activity areas as an unlimited partner. The Company is free to claim compensations from the Members of the Board of Directors who act contrary to this provision, instead of the compensation, the Company is free to assume that the transactions are made on behalf of the Company and the Company is free to litigate that the benefits arisen from the contracts made for the third parties belong to the Company.

(TCC No: 6102, Article 396) The choosing of one of these rights belongs to the members excepting the members who act contrary to the provision of first paragraph.

(TCC No: 6102, Article 396) These rights are prescribed 3 months after the date that the other members ascertain that the mentioned transactions have been made or a Member of the Board of Directors has participate in a Company and in any event 1 year after that these transactions have been made.

(TCC No: 6102, Article 396) The provisions regarding the responsibilities of the Members of the Board of Directors are reserved.

(CMB Regulations Series: IV No: 56, CG Principles 1.3.7) Authorisation of the shareholders with management control, the Members of the Board of Directors, the senior executives and their spouses and relatives by blood and marriage up to the second degree to make transactions which may lead to conflict of interest and to be in competition with the Company or its subsidiaries must be approved by the General Assembly and the information about transactions carried out in this regard must be submitted to General Assembly.

13. Validity

This "Internal Regulation Related with the Working Basis and Procedures of the Board of Directors" has become valid on 26 December 2012.