

İŞ YATIRIM ORTAKLIĞI 

**İS YATIRIM ORTAKLIĞI
ANONİM SİRKETİ**

**ANNUAL REPORT
FOR 2021**

(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of İş Yatırım Ortaklığı Anonim Şirketi

1) Opinion

We have audited the annual report of İş Yatırım Ortaklığı Anonim Şirketi ("the Company") for the period of January 1 - December 31, 2021.

In our opinion, the financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Company are presented fairly and consistent, in all material respects, with the audited full set financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Report* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Financial Statements

We have expressed an unqualified opinion in our auditor's report dated January 28, 2022, on the full set financial statements of the Company for the period of January 1 - December 31, 2021.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Company is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Company for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the financial statements. The development of the Company and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Company,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Company's audited financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatih Polat SMMM
Partner

January 28, 2022
İstanbul, Türkiye

IS YATIRIM ORTAKLIGI A.Ş

**ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD
BETWEEN 01.01.2021 - 31.12.2021**

Company's Trade Name	:	IS YATIRIM ORTAKLIGI ANONIM SIRKETI
Principal Office	:	Istanbul
Date of Incorporation	:	16/08/1995
Field of Business	:	Management of the portfolio consisting of capital market instruments and precious metals.
Trade Registration Number	:	367835
Address	:	Buyukdere Cad.Is Kuleleri Kule 1 Kat:5 Levent/Istanbul
Telephone - Fax	:	212/ 284 17 10 - 212/ 284 16 70
Website	:	www.isvatort.com.tr
Reporting Period	:	01.01.2021 – 31.12.2021
Issued Capital	:	TRY 160.599.284
Authorized Capital	:	TRY 300.000.000

Our mission is to have the portfolio of our Company managed professionally and in an effective, consistent and rational manner in line with the principle of risk diversification in accordance with the applicable regulations and the articles of association, and also to provide the shareholders with a regular dividend yield by years as aligned with our Dividend Distribution Policy.

Our vision is to update the investment strategy in line with the changing market conditions so as to keep the risk at the optimum level, and to provide the shareholders with a regular dividend distribution, and accordingly, to become a preferred collective investment scheme.

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ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2021 - 31.12.2021

I. SHAREHOLDING STRUCTURE

The current shareholding structure of the Company is given below.

Shareholders	Group	Shareholding Amount (TRY)	Shareholding (%)
Is Yatirim Menkul Degerler A.S.	A	2.347.411	1.46
Is Yatirim Menkul Degerler A.S.	B	44.106.690	27.47
T.Sinai Kalkinma Bankasi A.S.	B	9.346.475	5.82
Yatirim Finansman Menkul Degerler A.S.	A	1.185.072	0.73
Yatirim Finansman Menkul Degerler A.S.	B	632.039	0.40
Anadolu Hayat Emeklilik A.S.	A	592.536	0.37
Anadolu Hayat Emeklilik A.S.	B	870.929	0.54
Other	B	101.518.132	63.21
Total		160.599.284	100.00

The capital of the Company is divided into 16,059,928,400 shares, the nominal value of each of which amounts to 1 (one) Kurush, and the portion amounting to TRY 4,125,019 of the shares consists of the Group (A) shares, while the portion amounting to TRY 156,474,265 of the shares consists of the Group (B) shares. In respect of election of the members of the Board of Directors; each of the Group (A) shares shall entitle the holder thereof to 1.000.000 (one million) votes, and each of the Group (B) shares shall entitle the holder thereof to 1 (one) vote.

II. BOARD OF DIRECTORS

The members of the Board of Directors have been elected at the shareholders' ordinary general assembly meeting, held on March 23, 2021, to hold office until 31.03.2022, and have not been assigned with any executive duty within the organization of our Company.

Full Name	Position	Date of Election
Serkan Ugras Kaygalak	: Chairman	23.03.2021
Kenan Ayvaci	: Deputy Chairman	23.03.2021
Volkan Kublay	: Member	23.03.2021
Prof.Dr.Sule Isinsu Ozmen	: Member (Independent)	23.03.2021
Bora Oruc	: Member (Independent)	23.03.2021

The resumes of and the duties assigned to the members of the Board of Directors are as follows:

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SERKAN UGRAS KAYGALAK
CHAIRMAN

He has graduated from the Department of Business Administration of the Faculty of Economics and Administrative Sciences of the Middle East Technical University, in 1997. Having started to serve as an Intern Assistant Auditor within the organization of the Audit Department of T.Is Bankasi A.S. within the same year, Mr.Kaygalak held office as the Assistant Manager at the Treasury Department in 2006. Having served as the Manager at the Tarsus Branch in 2008 and as the Vice President in charge of the information systems auditing within the organization of the Audit Department in 2010, Mr.Kaygalak has been appointed to serve as the Card Payment Systems Department Manager in 2013. Mr.Kaygalak, who has completed the Advanced Management Program at the Harvard Business School in 2018, has been promoted to serve as the Chief Executive within the organization of T.Is Bankasi A.S. on 29.07.2020. He has been holding office as the Chairman of the Board of Directors of our company since 17.11.2020.

KENAN AYVACI
DEPUTY CHAIRMAN

Having graduated from the Department of Business Administration at the Middle East Technical University in 1997, he has started to serve as an Assistant Auditor within the organization of the Audit Department at T. Is Bankasi A.S. in 1998. In 2006, he has been appointed to serve as the Assistant Manager at the Capital Markets Department and in 2010 as the Unit Manager and in 2016 as the Department Manager, all within the organization of T.Is Bankasi: Having completed his master's degree in 2010 at the Galatasaray University, Mr.Ayvaci has been continuing to serve as the Assistant General Manager at Is Yatirim Menkul Degerler A.S. since June 12, 2019, and he has been serving as the Deputy Chairman of the Board of Directors of our company as of July 23, 2019.

VOLKAN KUBLAY
MEMBER

Having graduated from the Department of Economics (English) at the Faculty of Economics and Administrative Sciences at Marmara University, Mr.Kublray has started to serve as an Assistant Auditor at T. Is Bankasi A.S. in 2000. He has continued to serve as an Auditor between 2000 and 2008, and he has been appointed to serve as the Assistant Manager at the Subsidiaries Department in 2008, and he has been promoted to the position of Unit Manager of the said department in 2012. Mr.Kublray, who has been elected to serve as a Member of the Board of Directors of our Company on 24.08.2012, also serves as a director for several other affiliates.

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PROF.DR.SULE ISINSU OZMEN
INDEPENDENT MEMBER

Having graduated from the Department of Economics at the Faculty of Economic and Administrative Sciences at the Middle East Technical University in 1981, Mrs.Ozmen has completed her master's degree at the Department of Economics, Faculty of Economics and Administrative Sciences, Middle East Technical University and Marmara University, and her doctorate at the Department of Econometrics, Marmara University. Having served as a research associate at the Faculty of Economics and Administrative Sciences at the Middle East Technical University between 1981 - 1985 and Marmara University between 1985 - 1992, Mrs. Ozmen continued her academic career at the Marmara University. She has been serving as a lecturer at the Faculty of Economics and Administrative Sciences at the Istanbul Bilgi University since 2009. She has been continuing to serve as a Member of the Board of Directors of our Company since 22.03.2018.

BORA ORUC
INDEPENDENT MEMBER

Having graduated from the Department of Economics at the Faculty of Economics and Administrative Sciences at the Middle East Technical University in 1999, Mr.Oruc has started his career as an Assistant Specialist at the Capital Markets Board within the same year. After serving as a Specialist at the Supervision Department and the Intermediation Activities Department at the Capital Markets Board, Mr.Oruc has completed his master of business administration (MBA) program at the Judge Business School at the Cambridge University in 2009. During the period between April 2014 and November 2020, Mr.Oruc has held office as the Vice President in charge of development, regulation, supervision, issuance and recognition processes and activities with respect to the publicly-held companies, capital market instrument issuances, investment firms, corporate investors and the financial infrastructure firms, within the organization of the Capital Markets Board. Having held office as a Member of the G20 Financial Stability Board Regulatory Cooperation Standing Committee during the period between October 2017 and November 2020, Mr.Oruc has also served as the Chairman of the Board of Directors of Merkezi Kayit Kurulusu A.S. during the period between September 2018 and November 2020. At the present, Bora Oruc holds office as the Managing Partner at OMG Capital Partners and as a member of the Board of Directors at Eliptik Yazilim ve Ticaret A.S. and Inveo Yatirim Holding A.S., and he has been serving as a Member of the Board of Directors of our Company since 23.03.2021.

MEMBERS OF THE BOARD OF DIRECTORS HELD OFFICE WITHIN THE REPORTING PERIOD

Serhat Gurleyen	: Member	(01.01.2021 - 23.03.2021)
Aydin Ozcan	: Member	(01.01.2021 - 23.03.2021)
Ibrahim Kurban	: Member	(01.01.2021 - 23.03.2021)

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COMMITTEES:

AUDIT COMMITTEE:

Prof. Dr. Sule Isinsu Ozmen : Chairperson

Bora Oruc : Member

CORPORATE GOVERNANCE COMMITTEE:

Prof. Dr. Sule Isinsu Ozmen : Chairperson

Volkan Kublay : Member

F.Nilufer Basarir Kutluturk : Member (*)

(*) Director in charge of investor relations

COMMITTEE FOR EARLY RECOGNITION OF RISK

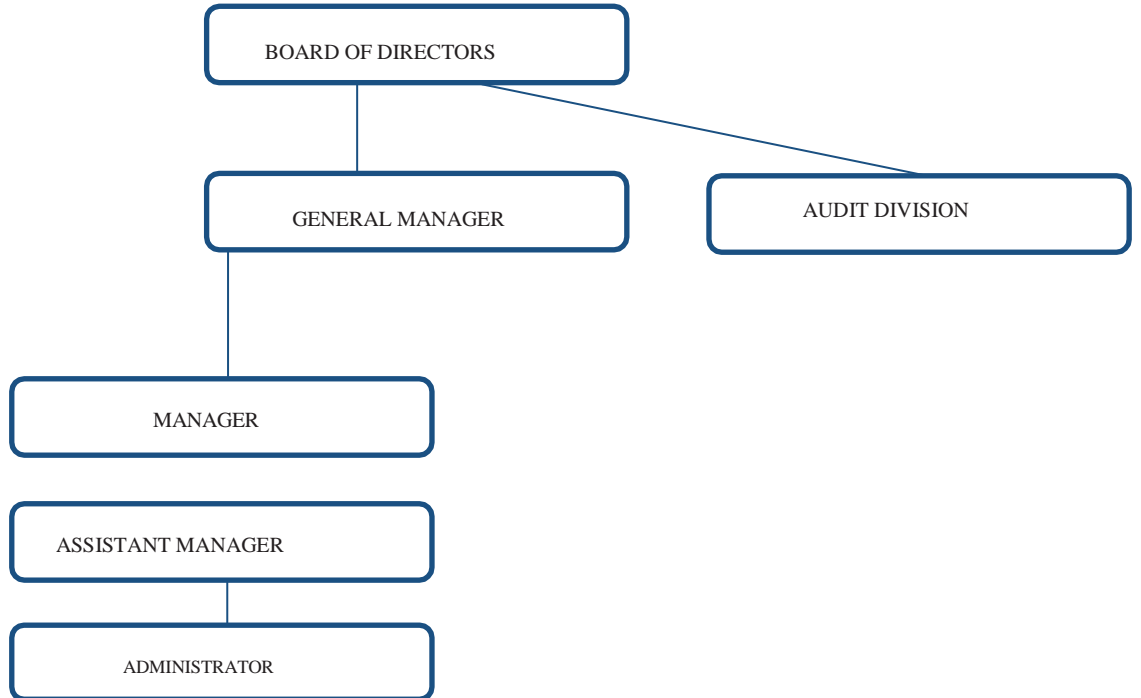
Bora Oruc : Chairman

Volkan Kublay : Member

MANAGEMENT:

Rifat Cenk Aksoy : General Manager

ORGANIZATIONAL CHART



The headcount of our Company is 5 as of the end of the year. Our Company does not execute any collective labor agreement, and the relevant regulations and internal regulations are taken as the basis in relation to the benefits granted to the employees.

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III. ECONOMIC OVERVIEW

During the first three quarters of 2021, Turkish economy grew by 11.7% on annual basis. During such period, while domestic and net foreign demand contributed 10.6 points and 5.1 points, respectively, inventories dragged down the growth by 3.9 points. The mobility restricting practices, which have been initiated due to the pandemic and remained in force until the end of June of 2021, were discontinued as of July. Despite the fact that there was no significant decrease at the number of the cases, no significant negative impact of the pandemic on the economic activity was observed during the third and the fourth quarter of the year upon the speeding of vaccination and non-deployment of the measures restricting the mobility, and accordingly, the recovery continued during such period. The actual data with respect to production, consumption and foreign trade pointed out that the growth momentum remained robust during the last quarter of 2021 despite it has slowed down to a limited extent. Non-adjusted industrial production increased by 10% on annual average basis during October and November 2021. By showing an increase by 15.9% on annual average basis within the same period, retail sales volume index reflected that the support provided to the growth by consumption has continued. While the average for the third quarter for the manufacturing PMI (Purchasing Managers' Index), which is one of the most significant leading indicators for production was reported as 53.5, it decreased to 51.8 on average basis during the fourth quarter, however, the index remained above the threshold value (50) that differentiates the growth and shrinkage. The average in the fourth quarter for the survey-based non-manufacturing industrial confidence indexes was reported above the figure for the previous period. In the light of all such data, it is projected that the economic activity would be reported 10.6% for the entire of 2021, and above the projected growth of 9% as determined in the Medium-Term Programme which has been issued in September 2021. The positive performance on the growth outlook was reflected to the labor market as well. The seasonal influences adjusted rate of employment, which was reported as 12.7% at the end of 2020, decreased to 11.2% as of November 2021. During such period, while the recovery at the labor force participation rate continued, the gain at the non-farm employment reached to 2.5 million individuals during the first 11 months of 2021.

The policy rate, applied by the Central Bank (CBRT-the Central Bank of the Republic of Turkey) which has remained at 17% at the end of 2020, remained unchanged on the grounds that the impacts of the monetary tightening that has been applied previously during the first two months of 2021, were expected to become evident. In March, the CBRT increased the interest rate by 2 points on front-end basis and raised the policy rate to 19% due to the inflationary risks. While the interest rate was kept unchanged for a period of five months, it was reported that the strict attitude in respect of the monetary policy would be maintained by taking into account the high inflation levels during such period. Having started the process to reduce the interest rate in September on the grounds that the tightness of the monetary attitude caused the commercial loans to suffer a shrinkage that was beyond the expected extent, the Central Bank decreased the interest rate to 14% with a total reduction of 5 points until the end of 2021. On the other hand, while the CBRT took steps to tighten the foreign currency liquidity by increasing the foreign currency required reserve ratios in September and November, the BRSA (Banking Regulation and Supervision Agency) shortened the maturity term of the consumer loans. While signaling that the policy rate would be kept fixed during the first quarter of 2022 during the last meeting held last year, it also indicated that the monetary policy framework would also be reviewed during such period. Against the excessive volatility at the exchange rates in December, 2021, the Central Bank directly intervened by selling foreign exchange, which was a practice it has done in 2014 for the last time. Besides, the economy administration announced a range of measures to balance the volatility at the exchange rates. For the purpose of supporting the savings in TRY, the Ministry of Treasury and Finance initiated the TRY Time Deposit Protected Against Exchange Rate, which is exempt from withholding and whereby the difference in between would be paid to the saver if and when the increase at the exchange rate would be higher than the interest yield. For the purpose of supporting the switching to TRY from the foreign exchange deposit accounts, the Central Bank put in place a similar application

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for once for the real persons who would switch from the foreign currency and gold deposits to TRY time deposit. The annual CPI inflation, which was announced as 14.6% at the end of 2020, increased to 36.1% at the end of 2021. The supply constraints with respect to the price increases resulting from the industrial lock-downs, the substantial domestic demand, the cumulative implications of the increase at the exchange rates and the upward trend at the global commodity prices remained influential during the year. The core-C inflation, excluding food, alcoholic beverages and tobacco, energy and gold, increased to 31.9% at the end of 2021 from the level of 14.3% at the end of 2020.

During the first 11 months of 2021, despite the high global energy prices, the current deficit showed a significant decrease upon the robust course of exports, the low level of gold imports as compared to the previous years, and the weakening of the negative impacts of the pandemic on the tourism industry. In the meantime, the increase at the energy imports limited the recovery at the current account balance in consequence of the energy prices in rise. At the end of 2020, the 12 months cumulative current deficit of 35.5 billion dollars decreased to 14.3 billion dollars as of November 2021. During the first 11 months of the last year, a financial requirement amounting to 48.5 billion dollars, 37.1 billion dollars of which constituted reserve accumulation and 10.8 billion dollars of which constituted the current deficit and 0.6 billion dollars of which constituted the loan repayments, has arisen. Such financial requirement has been satisfied by means of the cash inflows with unclear source, amounting to 19.7 billion dollars, and the cash and deposit transfers from abroad to home, amounting to 12.4 billion dollars, and allocation of the Special Drawing Rights (SDR), amounting to 6.3 billion dollars, transferred by the IMF to the member states in proportion to their quotas for the purpose of supporting the global liquidity, and the direct investments, amounting to 6.3 billion dollars, and the portfolio investments, amounting to 2.8 billion dollars, and the commercial loan utilization, amounting to 1.1 billion dollars.

The central administration budget had a positive outlook throughout the year. The ratio of the 12 months cumulative budget deficit to the GDP, which was 3.4% at the end of 2020, completed 2021 at the level of 2.8%. The robust course of the tax revenues in 2021 with the support of the domestic demand, and the one-off revenue generation by means of the restructuring of the debts such as the amounts payable to the SSI (Social Security Institution) and tax penalties, and the increase made at the corporate tax in the second half of the year had an influence on the positive outlook of the budget. Additionally, it was announced by the Ministry of Treasury and Finance that the steps taken as part of the fight against the inflation by means of the fiscal policy, such as the sliding scale application, the VAT reductions at the service industry and non-increase of the SCT (Special Consumption Tax) automatically for tobacco, have led to a loss of 125.6 billion TRY at the budget revenues in 2021. The Ministry also stated that such practices have enabled a decrease by 5.7 points at the inflation in 2021. The Treasury borrowed 396.5 billion TRY domestically throughout 2021, and the internal debt rollover ratio was announced at the level of 96.4%. External borrowing amounted to 10 billion dollars as of September 2021 as aligned with the target of the Treasury.

During 2021, foreign investors materialized a portfolio withdrawal, amounting to a total of 4.4 billion dollars through the equities, bond and eurobond markets, and amounting to 17.5 billion dollars through the swap market, in the domestic markets. During the same period, the foreign currency deposits, including gold, of the domestically-residents increased by 8 billion dollars on parity impact-adjusted basis. While the CDS (Credit Default Swap), reflecting the risk premium of Turkey, followed a level that was higher than such other similar developing countries during the year, it showed a negative separation from the similar countries, starting as of April. As compared to the year-end of 2020, CDS reached the level of 560 at the end of 2021 by increasing by 254 basis points. The bond yields with a maturity of 2 years and 10 years reached to 22.7% and 24.3% respectively, at the end of 2021 by increasing by 7.7 and 11.4 points, respectively, during the same period.

While the global composite PMI, the leading indicator for growth, was reported as 46.9 on average basis during 2020, and thus, indicated the shrinkage at the economic activity, it was reported as 54.8 on average basis and indicated that the recovery followed a positive course during 2021 following the

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ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2021 - 31.12.2021

pandemic. While the virus variants suffered during the course of the pandemic have led to deceleration in particular at the service industry activity between May and August, the negative impacts of the mutations on the economy were not as severe as they were in 2020 thanks to the fact that the rates of vaccination remained high in particular at the developed countries and also that the individuals and the companies got used to live with the pandemic. Upon the start of disappearance of the mobility restricting impacts of the pandemic, the demand requirements gained strength significantly, and the elements such as the low-level inventories and inadequate production encountered in particular at the manufacturing and energy industry revealed supply constraints, and the inflation increased on global scale. The estimates, prevailing at the beginning of 2021 and projecting that the high inflation would be temporary, were substituted with the expectation that the price increases would be more persistent than projected towards the end of the year. As of December 2021, the CPI inflation reached to 7% in the USA and to 5% in the Euro Zone, constituting the highest levels as compared to those reported for many years, and it exceeded the targets of the central banks, significantly. In China and Japan, the CPI inflation was reported as 1.5% and 0.8%, respectively, as of December 2021, and it showed a significant increase as compared to the end of 2020. The SDR support, amounting to 650 billion dollars, granted to the member states by the IMF in August 2021, was a positive development in terms of international liquidity. On the other hand, some signals denoting that the supportive monetary policy attitude shown by the developed countries has come to an end, during the fourth quarter of 2021. The central banks, in particular the FED and the Bank of England, signaled that they would implement tightening policies following the asset purchase programmes they have been implemented since 2020, in the light of the economies, which have started to recover, and the inflation in rise. While it started cut down its asset purchase programme in November 2021, FED expedites such cutting down in December. The indication by FED that it will discontinue the asset purchase programme completely in March 2022 and also that it will not increase the interest rate during such period and that it will start to downsize its balance sheet thereafter, implicated a considerably hawkish attitude in respect of its monetary policy. While the Bank of England raised the policy rate to 0.25% by increasing it by 15 basis points during its last meeting held in last year, it signaled for additional tightening for the upcoming period. The European Central Bank indicated that it will discontinue the asset purchases, it has materialized as part of the pandemic, in March 2022 as it has already scheduled.

IV. SECTOR OVERVIEW

Securities investment trusts are the capital markets companies, which are incorporated in the form of joint-stock companies or on registered capital basis in order to manage the blended portfolio of capital market instruments and gold and other precious metals that are traded on national and international exchanges or off-exchange organized markets.

The total net asset values were 697.5 million TRY according to the portfolio asset statements of 31.12.2021 as last disclosed by the securities investment trusts for the relevant period.

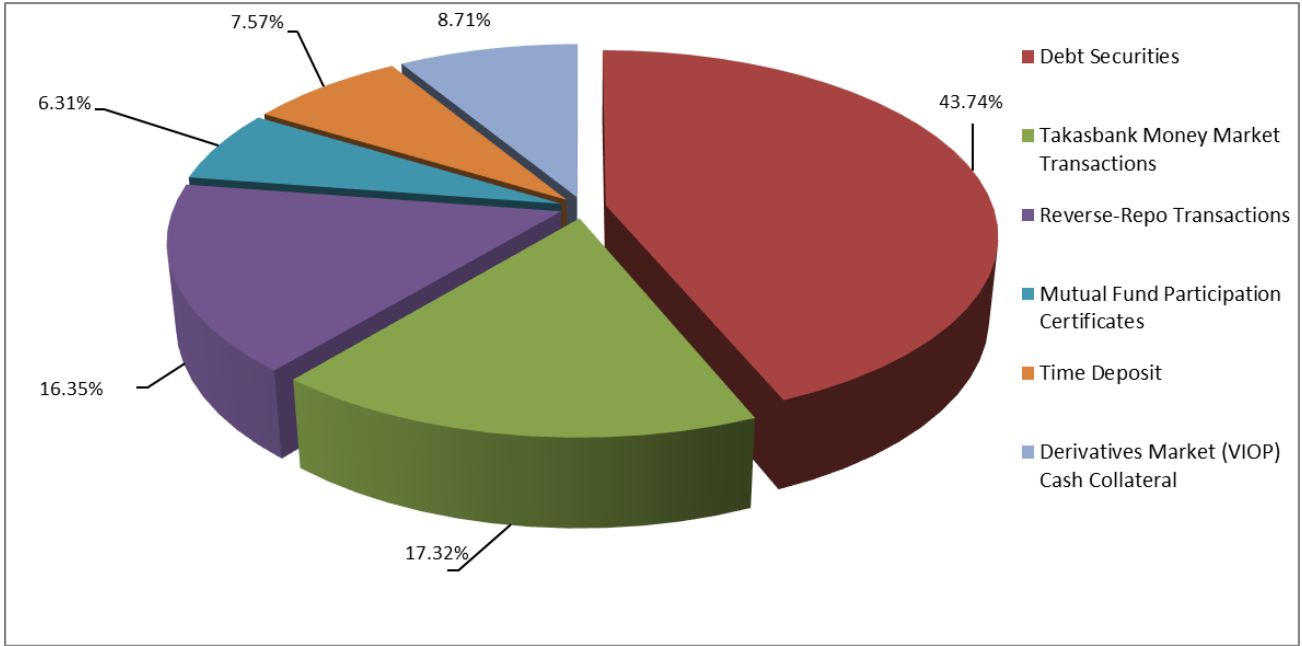
The Company's net asset value, which has amounted to TRY 274.661.481- as of December 31, 2021, accounts for 39.4% of the overall portfolio size of the industry.

V. OPERATIONS AND FINANCIAL STANDING OF THE COMPANY

The portfolio of the Company is being managed professionally by Is Portfoy Yonetimi A.S. in accordance with the threshold value and investment strategy as set out by the Board of Directors, in line with the principle of risk diversification. As of December 2021, the asset allocation was as follows; 33.67% as the reverse repo and Takasbank Money Market transactions, 43.74% as the TRY debt securities, 8.71% as the Derivatives Market (VIOP) cash collateral, 6.31% as the mutual fund participation certificates, and 7.57% as the time deposits.

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The details about the Futures Contracts available in the portfolio of the Company are as follows as of the end of the period;

Long position with the Index-30 contract with maturity in February, at 0.76% of the Net Asset Value, is available; and
Short position with the USDTRY contract with maturity in February, at 0.47% of the Net Asset Value, is available.

The threshold value applicable during the period between 01.01.2021 - 31.12.2021, and the band widths of the financial assets as covered by the investment strategy are as follows.

Threshold Value:

In respect of the performance benchmarking for the portfolio management, threshold value targeting is maintained. For 2021, the threshold value has been determined as 3 months maturity Turkish Lira Reference Sales Interest Rate (TRLIBOR).

The net periodic return of the portfolio during the performance period ending on December 31, 2021 is reported as 22.53%, and the threshold value return is reported as 20.59%. The positive or the negative percent value, which will be found in consequence of benchmarking of the rate of return of the portfolio as calculated as of the end of the performance period with the threshold value, is called as the relative rate of return. In respect of benchmarking of the performance of the portfolio, the relative rate of return is reported as 1.94% as of December 31, 2021 following the adjustment made with respect to the dividend paid during the year.

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Investment Strategy:

0 % - 100 %	Corporate Debt Instruments
0 % - 100 %	Reverse Repo
0 % - 100 %	Eurobond
0 % - 100 %	Equities
0 % - 100 %	Government Domestic Debt Securities
0 % - 50 %	Foreign Debt Instruments
0 % - 20 %	Takasbank Exchange Money Market transactions
0 % - 20 %	Mutual Fund Participation Certificates
0 % - 20 %	Foreign Equities
0 % - 20 %	Precious Metals, and Capital Market Instruments Backed By Precious Metals
0 % - 10 %	Time Deposits/Participation Accounts

Trading Volumes on the Basis of Financial Assets in 2021;

	Trading Volume (TRY)
Equities	274.768.742
Debt Securities	159.414.583
Eurobonds (*)	165.039.253
Mutual Funds	57.700.915
Futures Contracts	123.163.030
Reverse Repo	21.501.000.000
Time Deposit	75.382.497

(*) Trading volume of the Eurobonds amounts to USD 12.318.968.

Revenue Figures on the Basis of Financial Assets in 2021;

	Revenues (TRY)
Equities	2.956.958
Debt Instruments	14.451.790
Eurobonds (*)	7.595.482
Mutual Funds	10.169.681
Precious Metals	1.425.438
Money Market and Short-Term	21.063.586
Other	279.876
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Total Revenues	57.942.811

(*) Revenues on the basis of financial assets have been deducted from the revenues figures. Likewise, USDTRY futures contract costs have been set off against the Eurobond revenues.

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Major Financial Indicators in 2021;

(TRY)	31.12.2021	31.12.2020
Size of Assets	275.585.786	250.106.554
Total Liabilities	1.731.895	1.996.999
Paid-up Capital	160.599.284	160.599.284
Total Equity	273.853.891	248.109.555
Net Profit /(Loss)	50.811.337	27.974.547
Proceeds	276.920.773	232.143.407
Market Value	512.311.716	565.309.480
Net Asset Value	1.7102	1.5549
Final Closing Price	3.19	3.52

Total Liabilities / Equity	0.6 %	0.8 %
Total Profits / Assets	18.4 %	11.2 %
Total Equity / Assets	99.4 %	99.2 %
Total Expenditures / Average Net Asset Value	2.90 %	3 %

In accordance with the resolution, which has been adopted at the shareholders' ordinary general assembly meeting for 2020, held on March 23, 2021, cash dividends amounting to TRY 25.053.488,3.- corresponding to 15.6% of the issued capital as of March 29, 2020 have been distributed, and the closing price, which was TRY 3.50.- before the distribution, was adjusted to be TRY 3.34 as of the beginning of the day on March 29, 2021.

The share price of our company (ISYAT) has decreased by 5.06% at the Borsa Istanbul equities market, in 2021.

The adjusted book value of the company has grown by 22.53% in 2021 upon the adjustment of the impact of the dividend paid.

VI. CONSIDERATIONS REGARDING THE RISKS AND RISK MANAGEMENT SYSTEM:

The core business of the Company is portfolio management. Due to the fact that it deposits the entire of its resources into the monetary and capital market instruments as per its business, the Company is exposed to market risk to such an extent that may be considered significant. Market risk is the likelihood to suffer from losses due to such risks as the interest risk, equity risk, derivatives risk and exchange risk, which may emerge in connection with the changes in interest rates, exchange rates and equity prices as a consequence of the fluctuations in the financial markets. In 2021, the foreign currency risk has been managed by taking USDTRY contract short position in the futures market due to the Eurobond position.

The Company values its securities on the basis of current market values, and monitors the portfolio variations on daily basis, and outsources the regular calculation and reporting of the portfolio risk to as per the risk management system that has been established. The relevant reports are being assessed and reviewed by the Committee for Early Recognition of Risk and also by the Board of Directors, and

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efforts are made for ensuring that the risk management system functions effectively.

The effectiveness of the risk management system and the models and parameters being used have been reviewed by the Committee for Early Recognition of Risk at the end of the year, and the report drawn up accordingly has been submitted to the Board of Directors. The model, being used for the risk management of the positions taken within the portfolio of the company in 2021, has generated consistent results, and it has been seen that the risk management system has functioned effectively. The daily VaR limit average was reported as 0.45%, and 0.75% was seen as the highest ratio. Such figures show that the risks posed by the positions taken within the portfolio of the company were relatively lower, and also that the portfolio has been diversified adequately by means of the asset groups with different correlation. Also, at most five retrospective excesses have occurred at the last 250 observation days within the year, and it has been determined that such excesses have resulted from the extraordinary market conditions, and no action was required to be taken. During the course of such process, actions have been taken upon the proposal of the respective Committee and the resolution adopted by the Board of Directors. It has been decided to continue to implement the risk management system and the current model.

VII. INTERNAL CONTROL ACTIVITIES:

For the purpose of ensuring that any and all operations and transactions of the Company are carried out orderly, effectively and efficiently in accordance with the regulations, the articles of association and the internal regulations, as well as ensuring the reliability and integrity of the order of the accounts, documentation and records, and also preventing and determining any errors, fraud and irregularities; an internal control system has been established in 2011, and service for such purpose has been started to be procured from Is Yatirim Menkul Degerler A.S. accordingly. Following establishment of the Auditing Unit within the organization of the Company on August 01, 2014, internal control activities have been assumed by such unit as of the said date. Accordingly, the internal control activities are being carried out on regular basis, and the internal control reports, drawn up on monthly basis, are being submitted to the information of and review by the Board of Directors; and efforts are being made to ensure that the internal control system functions effectively. The Board of Directors do not have any negative finding or additional opinion with respect to the functioning and effectiveness of the internal control system.

VIII. COMMITTEES OF THE BOARD OF DIRECTORS:

The committees established by the Board of Directors and the members appointed to serve therein are provided within the second section of this report. All members of the Audit Committee as well as the chairpersons of the other committees are the independent members of the Board of Directors. The risk reports, drawn up as a part of the risk management system of the Company, are assessed by the Committee for Early Recognition of Risk, and in the cases where the risk level is detected to have increased, proper actions are taken to identify the measures to be taken, and the Board of Directors is informed about the matter.

The Corporate Governance Committee, which also assumes the functions of the Nomination and Remuneration committees, is responsible to determine that whether the Corporate Governance Principles are properly implemented, and to determine the potential conflicts of interest that might arise from any failure in such proper implementation, and in cases where it may deem so necessary, to take improvement actions and to inform the Board of Directors about the matter.

The Audit Committee is responsible for the accounting system, the public disclosure of financial information, as well as the appointment of the independent auditing firm, and functioning and effectiveness of the internal control system, and also the observation of the independent audit processes.

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Accounting and internal control systems, independent auditing and financial reporting processes have been monitored throughout the year, and no written reporting has been made to the Board of Directors and it has been concluded that the actions have been taken duly since no negative finding has been found. The Board of Directors have been informed about the matter as of the quarterly accounting periods, and actions have been taken as based on the resolution adopted by the Board of Directors.

Due care is taken for the effective functioning of the committees in accordance with the requirements of the business of the Company and the functionality thereof. Committee for Early Recognition of Risk convenes at least for six times in a year, and the other committees convene at least for four times a year, as well as if and when so required.

Financial benefits granted to the members of the Board of Directors and senior executives

The members of the Board of Directors receive the amount of the attendance fee, as approved at the Shareholders General Assembly Meeting, on monthly basis. The total amount of the remuneration and the financial benefits paid to the members of the Board of Directors and also the senior executives of the Company amounted to TRY 1.688.461 in 2021.

IX. RELATED PARTY TRANSACTIONS:

The amounts of the transactions, executed by and between our Company and the related parties during 01.01.2021 - 31.12.2021, as well as the respective entities are provided herein below, and the detailed explanations of such transactions are given in the footnotes to our the financial statements.

<i>Commissions and charges paid to the related parties within the accounting period</i>	(TRY)
İs Yatirim Menkul Degerler A.S.	881.397
Is Portfoy Yonetimi A.S.	1.234.542
Turkiye Is Bankası A.S.	595.856
Is Merkezleri Yonetim ve Isletim A.S.	97.611
Isnet Elektronik Bilgi Uretim Dagitim Tic. ve Iletisim Hiz. A.S.	139.439
Softtech Yazilim Teknolojileri Arastirma Gelistirme ve Paz. Tic. A.S.	4.271
Anadolu Anonim Turk Sigorta Sirketi	13.287
Total	2.966.403

The conclusion section of the Affiliate Report for 2021, which has been drawn up as per Section 199 of the Turkish Commercial Code Nr. 6102, is provided as follows.

"The business transactions, executed by and between our Company and Is Yatirim Menkul Degerler A.S., Turkiye Is Bankasi A.S. and such other group companies during the accounting year of 2021, the details of which are provided in the report, are the transactions as required by the business of the Company, and such transactions have been executed on the basis of the at arm's length principle. There are no decisions, made against our Company, or any detrimental transactions between the controlling company or any of its affiliates and our Company, upon the instruction of the controlling company."

X. MAJOR DEVELOPMENTS REGARDING THE PERIOD BETWEEN 01.01.2021 - 31.12.2021:

Shareholders' Ordinary General Assembly Meeting and Distribution of Profit:

The shareholders' ordinary general assembly meeting for 2020 of the Company has been held on March 23, 2021, both physically and electronically. The announcement for the meeting included the details

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about the agenda and the date and the address of the meeting, and also the principles for attending such meeting, and the form of the power of attorney, and the information document covering the details about the total voting rights and the preferred shares has been published on the Public Disclosure Platform and also on the website of the Company. The minimum quorum of 25% was applied for the meeting as per the applicable regulations, and the shareholders attended the meeting by 39.56% while the entire of the preferred shareholders attended the meeting. No press member attended the meeting, and as for the stakeholders, the representative of the independent auditing firm attended.

The announcement for the meeting was intended to be received by the maximum number of shareholders, and the announcement was released through the Public Disclosure Platform, the electronic general assembly system of the Central Securities Depository, the website of the Company, and the Trade Register Gazette, at least 3 weeks in advance of the date of the meeting. The financial statements, the annual report, the independent auditing report, and the profit distribution statement have been published electronically, and also have been made available at the principal office of the Company before the meeting. None of the shareholders exercised the right to inquiry or requested to add an item to the agenda during the meeting. The meeting minutes and the list of attendees were released to the public through the electronic general assembly system of the Central Securities Depository, the Public Disclosure Platform, as well as the website of the Company and were, further, made available to the shareholders for information at the principal office of the Company.

During the shareholders' ordinary general assembly meeting, the members of the board of directors have been elected to serve until March 31, 2022; and it has been resolved that cash dividends, amounting to TRY 25.053.488,3.- at 15.6% of the issued capital, to be covered from the distributable profit of the Company for 2020, be distributed, and such distribution has been completed on March 31, 2021 following its start on March 29, 2021.

Also, during the said shareholders' ordinary general assembly meeting, it has been resolved that Guney Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.S. be elected to serve as the independent auditing firm for 2021, and that the Articles 3, 5, 8, 10, 11, 12 and 18 of the Articles of Association of the Company be amended as per the amendment draft, and that the members of the Board of Directors be authorized for the performance of the transactions as specified in Sections 395 and 396 of the Turkish Commercial Code, and also that the upper limit for the donations that might be made within 2021 be TRY 125.000, and it has been announced that the Company has made a donation, amounting to TRY 99.997.- for the medkits as needed by the Hospitals of the Ministry of Health during the course of the pandemic.

XI. DIVIDEND POLICY:

As per the resolution, adopted at the meeting, dated 26.02.2014, of the Board of Directors, the Dividend Policy has been revised as follows, and it has been approved at the Shareholders' General Assembly Meeting held on March 26, 2014. Accordingly, the principles for the dividend policy are given as follows.

- As per Article 33 of the Articles of Association, it is required that at least the 20% of the net distributable profits of the Company be distributed in cash as the first dividend.
- A dividend policy, as based on proposal of distribution of the amount, which corresponds to either the 5% of the net assets value originated as of the end of the previous year, or the 30% of the net distributable profit for the current year, whichever is higher, in cash, to the Shareholders' General Assembly Meeting, has been adopted.
- The cash dividend distribution shall be performed no later than the end of the second month following the date of the shareholders' general assembly meeting during which the resolution for distribution of the profit has been adopted. The deposit share dividend distribution shall be performed

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following the statutory authorizations obtained for such purpose.

- Unless the cash dividend, determined for the shareholders by means of a resolution to be adopted at the shareholders' general assembly meeting, is paid, no dividend shall be paid to the members of the board of directors and the employees of the Company.

XII. OTHER CONSIDERATIONS AND REMARKS:

- No claims or actions had been brought against our Company throughout the year.
- No administrative and/or judicial sanction has been imposed on the Company and the members of the board of directors.
- The Company is not engaged in any research and development activities, as required by the nature of its business operations.
- Since there is not any unfavorable situation with respect to the financial structure of the Company, it is not required to take any remedial action.
- The BIST TLREF Index has been determined as the threshold value for 2022 in respect of benchmarking of the performance of the portfolio.
- The detailed portfolio and net asset value statement as of December 31, 2021 and also the statement for benchmarking of the return of financial assets in 2021 are given as follows.

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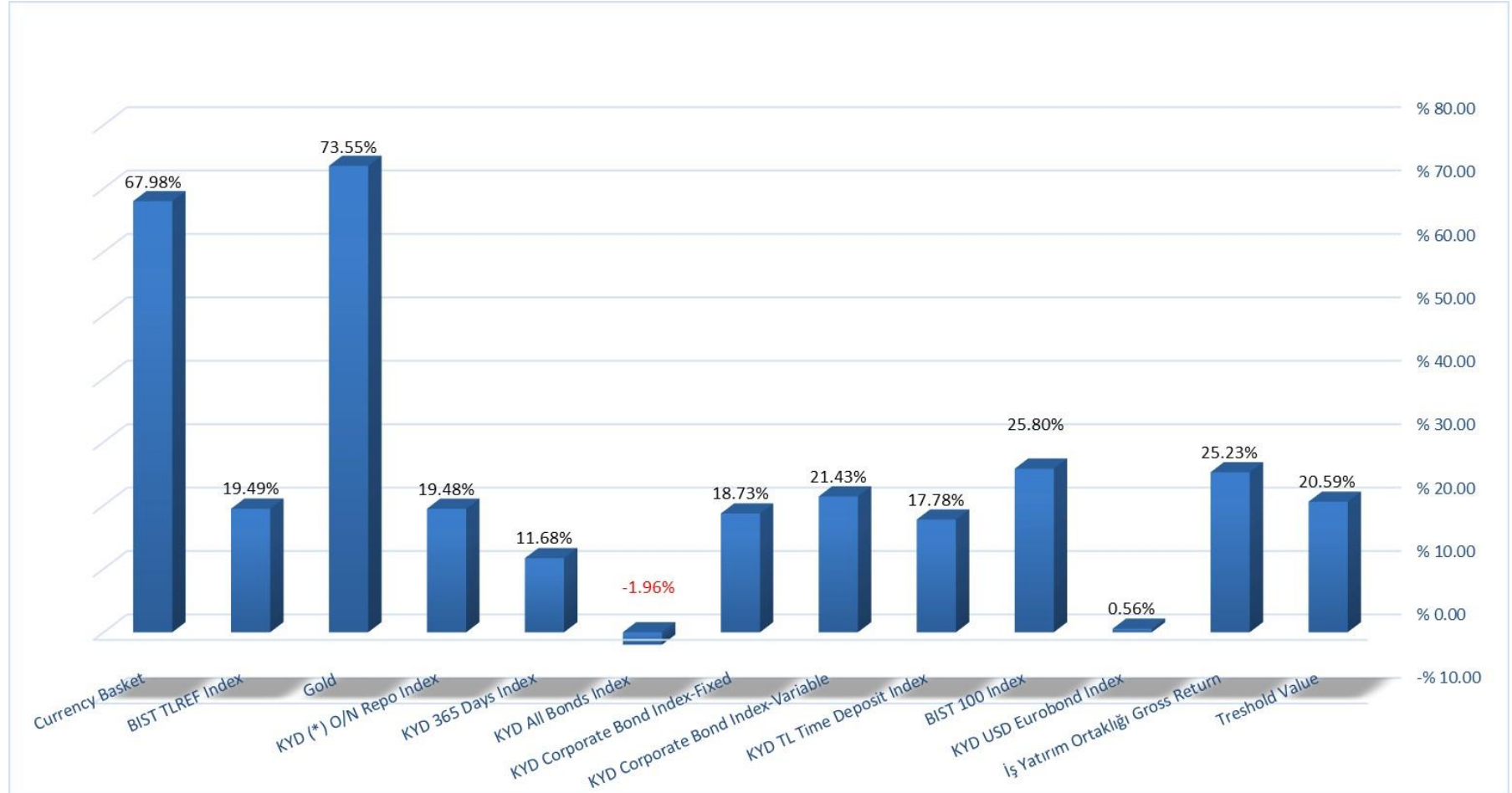
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IS YATIRIM ORTAKLIĞI A.S. PORTFOLIO VALUE STATEMENT										
31/12/2021										
Type of Securities	Issuer	Maturity	Asset Description	Interest Repayment Number	Nominal Value/Number of Contracts	Unit Purchase Price	Daily Unit Value	Total Value	Group (%)	Total Price Change (%)
A.EQUITIES										
B.DEBT SECURITIES										
CORPORATE BONDS										
	AKBANK T.A.S	03.02.2022	TRFAKBK22220	0	3.000.000,00	97,005	98,6624	2.959.872,00	2,46%	1,08
	AKBANK T.A.S	10.02.2022	TRFAKBK22279	0	5.000.000,00	97,147	98,29566	4.914.783,00	4,08%	1,79
	ALTERNATİFBANK A.S.	03.03.2022	TRFALNF32214	0	5.000.000,00	96,253	96,83238	4.841.619,00	4,02%	1,76
	DENİZBANK A.S.	07.07.2022	TRFDZBK72235	1	5.000.000,00	100,000	101,17983	5.058.991,60	4,20%	1,84
	QNB Finance Leasing	04.01.2022	TRFFFKR12226	0	5.000.000,00	94,123	99,94912	4.997.456,00	4,15%	1,82
	QNB Finance Leasing	22.02.2022	TRFFFKR22233	0	2.500.000,00	96,687	97,27621	2.431.905,25	2,02%	0,89
	QNB Finance Leasing	09.03.2022	TRFFFKR32216	0	3.000.000,00	95,782	97,18266	2.915.479,80	2,42%	1,06
	QNB Finansinvest	18.01.2022	TRFFNYM12214	0	5.000.000,00	93,523	99,24148	4.962.074,00	4,12%	1,81
	GARANTI BANK	18.02.2022	TRFGRAN22236	3	1.500.000,00	100	100,26575	1.503.986,31	1,25%	0,55
	GARANTI FAKTORING A.S.	24.03.2022	TRFGRFA32223	0	5.000.000,00	95,077	95,61181	4.780.590,50	3,97%	1,74
	MERCEDES BENZ FINANSMAN TURK A.S.	06.10.2022	TRFMCBFE2215	12	2.350.000,00	100	104,46851	2.455.010,07	2,04%	0,89
	TURK EKONOMI BANKASI A.S.	07.01.2022	TRFTBKB12216	0	5.000.000,00	97,272	99,82446	4.991.223,00	4,14%	1,82
	TURKIYE HALK BANKASI A.S.	28.01.2022	TRFTHAL12250	0	6.500.000,00	97,296	98,91811	6.429.677,15	5,33%	2,34
	Yapı ve Kredi Bank	04.03.2022	TRFYKKB32245	0	5.000.000,00	96,203	97,33916	4.866.958,00	4,04%	1,77
	ARCELİK A.S.	27.04.2023	TRSARCL22313	3	1.100.000,00	100	103,21158	1.135.327,43	0,94%	0,41
	AYGAZ A.S.	11.12.2023	TRSAZGA22312	3	5.000.000,00	100	100,8177	5.040.884,82	4,18%	1,84
	ENERJISA ENERJİ A.S.	13.10.2023	TRSENSAE2312	3	3.370.000,00	100	102,65062	3.459.325,88	2,87%	1,26
	GARANTI BANK	14.02.2030	TRSGRAN23013	3	10.500.000,00	100	107,01111	11.236.166,63	9,32%	4,09
	KOC FINANSMAN A.S.	01.12.2022	TRSKCFA2216	12	1.700.000,00	100	102,4871	1.742.280,62	1,45%	0,63
	OPET PETROLÇÜLÜK A.S.	17.02.2023	TRSOPAS22319	3	1.030.000,00	100	100,95671	1.039.854,14	0,86%	0,38
	OPET PETROLÇÜLÜK A.S.	13.12.2023	TRSOPASA2312	3	5.000.000,00	100	100,87738	5.043.868,82	4,18%	1,84
	OYAK CEMENTO FABRİKALARI A.S.	31.10.2023	TRSOYKCE2313	3	7.260.000,00	100	102,90262	7.470.729,88	6,20%	2,72
	TAT GIDA A.S.	18.04.2023	TRSTATK42315	12	2.100.000,00	100	103,45956	2.172.650,67	1,80%	0,79
	HALK BANK	22.10.2027	TRSTHAL2716	1	1.000.000,00	100,502	102,14114	1.021.411,37	0,85%	0,37
	TUPRAS-TURKIYE PETROL RAFİNERİLERİ A.S.	20.01.2023	TRSTPRS12313	3	6.700.000,00	100	102,75652	6.884.686,87	5,71%	2,51
	TUPRAS-TURKIYE PETROL RAFİNERİLERİ A.S.	03.02.2023	TRSTPRS22312	3	5.000.000,00	100	103,13774	5.156.887,09	4,28%	1,88
	TURKIYE VAKIFLAR BANKASI T.A.O.	06.09.2027	TRSVKFB92719	3	600.000,00	100,64	102,17566	613.053,95	0,51%	0,22
	VESTEL ELECTRONICS	01.08.2022	TRSVSTL82218	3	2.500.000,00	100	103,9666	2.599.164,99	2,16%	0,95
	YDA İNŞAAT A.S.	16.03.2022	TRSYDAT32212	3	2.500.000,00	100,426	100,76874	2.519.218,45	2,09%	0,92
	Yapı ve Kredi Bank	20.06.2029	TRSYKKB62914	3	5.000.000,00	104,064	106,22218	5.311.109,10	4,41%	1,93
GROUP TOTAL					119.210.000,00			120.556.246,40		43,89
E.PARTICIPATION CERTIFICATES										
	İİB		İİB		416.994,00	0	1,381757	576.184,38	3,32%	0,21
	İİP		İİP		414.527,00	0	1,463648	606.721,61	3,49%	0,22
	İKL		İKL		340.487,00	0	1,966672	669.626,25	3,85%	0,24
	İKP		İKP		760.660,00	0	1,637233	1.245.377,65	7,17%	0,45
	İPJ		İPJ		317.510,00	0	4,333162	1.375.822,27	7,92%	0,5
	İSZ		İSZ		5.000.000,00	1,319301	1,788087	8.940.435,00	51,44%	3,26
	İTP		İTP		378.090,00	0	1,900511	718.564,20	4,13%	0,26
	İTİ		İTİ		6.291,00	22,431989	346,55494	2.180.177,11	12,54%	0,79
	İTMG		İTMG		4.444.285,00	0	0,239984	1.066.557,29	6,14%	0,39
GROUP TOTAL					12.078.844,00			17.379.465,77		6,33
H.REVERSE REPO										
	REPUBLIC OF TURKEY	03.01.2022	TRT120122T17		1.001.233,70	90,909091	91,021245	1.001.233,70	2,22%	0,36
	REPUBLIC OF TURKEY	03.01.2022	TRT110226T13		20.024.657,53	67,366458	67,449513	20.024.657,53	44,44%	7,29
	REPUBLIC OF TURKEY	03.01.2022	TRT110226T13		20.024.657,53	67,366458	67,449513	20.024.657,53	44,44%	7,29
	REPUBLIC OF TURKEY	03.01.2022	TRT1020926T17		4.004.931,51	83,532942	83,635928	4.004.931,51	8,89%	1,46
GROUP TOTAL					45.055.480,27			45.055.480,27		16,4
J.TIME DEPOSIT										
	AKBANK T.A.S	11.02.2022	TRY Deposits		4.000.000,00	100	100,32463	4.012.985,08	19,24%	1,46
	HALK BANK	04.02.2022	TRY Deposits		5.000.000,00	100	100,41791	5.020.895,30	24,08%	1,83
	TURKIYE İS BANKASI A.S.	04.02.2022	TRY Deposits		5.000.000,00	100	100,41791	5.020.895,30	24,08%	1,83
	TURKIYE VAKIFLAR BANKASI T.A.O.	03.02.2022	TRY Deposits		6.752.919,24	100	100,66011	6.797.495,63	32,60%	2,47
GROUP TOTAL					20.752.919,24			20.852.271,31		7,59
K.EXCHANGE MONEY MARKET										
		17.02.2022			10.394.520,55	100	101,95352	10.195.352,17	21,36%	3,71
		08.03.2022			10.443.835,62	100	101,26246	10.126.245,51	21,21%	3,69
		03.01.2022			15.185.566,23	100	100,13562	15.185.566,23	31,81%	5,53
		08.03.2022			2.610.958,90	100	101,26246	2.531.561,37	5,30%	0,92
		08.03.2022			4.804.164,38	100	101,26246	4.658.072,94	9,76%	1,7
		18.03.2022			5.226.849,32	100	100,8719	5.043.595,15	10,56%	1,84
GROUP TOTAL					48.665.895,00			47.740.393,37		17,38
M.COLLATERAL TRANSACTIONS										
			Collateral		24.012.689,13	1	1	24.012.689,13	100,00%	8,74
GROUP TOTAL					24.012.689,13			24.012.689,13		8,74
TOTAL PORTFOLIO VALUE										
								275.596.546,25		
CASH AND CASH EQUIVALENTS (+)										
								17.911,01		
RECEIVABLES (+)										
								53.309,03		
OTHER ASSETS (+)										
								374.029,90		
LIABILITIES (-)										
								1.380.314,83		
TOTAL VALUE										
								274.661.481,36		
TOTAL VALUE/NUMBER OF SHARES										
								1,710229		
VOB (DERIVATIVES EXCHANGE) CONTRACTS										
	Short	28.02.2022	F_USDTRY0222 (SHORT)		-90,00	11,8001	14,5033	-1.305.297,00	0,00%	-0,48
	Long	28.02.2022	F_XU030022 (LONG)		100,00	2172,02	2097	2.097.000,00	0,00%	0,76

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2021 Comparative Returns of Financial Assets



(*) Refers to the Turkish Institutional Investment Managers' Association

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MARKS ON CORPORATE GOVERNANCE PRACTICES IN 2021

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Is Yatirim Ortakligi A.S., which has adopted the principles of transparency, equality, responsibility and accountability, complies with all of the Corporate Governance Principles required to be implemented in accordance with the Corporate Governance Communique, numbered II-17.2, promulgated by the Capital Markets Board, and almost the entire of the non-compulsory principles prescribed under the said communique. The few number of principles not implemented, which constitute exception, do not lead to any conflict of interest. The position of the Company in respect of the Framework For Compliance with Sustainability Principles is given herein.

As per the resolution, dated 10.01.2019 and numbered 2/49, of the Capital Markets Board; Corporate Governance Compliance Report numbered II-17.1 shall be drawn up using the templates for Corporate Compliance Report (URF) and Corporate Governance Information Form (KYBF) on the Public Disclosure Platform (KAP). Such reports are accessible on www.kap.org.tr/tr/sirket-bilgileri/ozet/989-is-yatirim-ortakligi-a-s. Explanatory information about the reports, to be drawn up using the templates, is provided herein below.

PART II - SHAREHOLDERS

2.1 Investor Relations Department

A separate Investor Relations Department has not been established within the organization of the Company; and it has been resolved that the functions of the said department, as set out in Article 11 of the corporate governance communique, be carried out by F.Nilufer Basarir Kutluturk, who serves with the job title of Manager and reporting to R.Cenk Aksoy, the General Manager of the Company, and who holds the Capital Market Activities Advanced Level License, in the capacity of Executive and in substitution of Muazzez Demircan, who has been serving in the capacity of Administrator within the organization of the Company. The Report Regarding the Investor Relations Activities has been submitted to the Board of Directors on December 17, 2021. The Investor Relations activities include correspondences between the investors and the trust, ensuring retention of the records of other information and documentation as on sound, secure and up-to-date basis, responding the written or verbal inquiries of the shareholders with respect to the trust as long as the contents thereof do not constitute trade secrets, holding of the shareholders' general assembly meetings in compliance with the applicable regulations and the articles of association, and the activities in relation to compliance with the corporate governance principles. A small number of requests for information received from the investors by telephone and e-mail throughout the year has been answered in accordance with the regulations, and no written request for information has been received by our Company.

2.2 Exercise of the Right to Information by the Shareholders

Any development that might affect the exercise of the shareholder rights is announced at the Public Disclosure Platform and on the website of the Company. Efforts are made to reply any other request for information, received from shareholders, swiftly. Even though the Articles of Association of the Company does not contain any provisions regarding the appointment of a private auditor; the shareholders may file a request for the appointment of a private auditor at the shareholders' meeting under the applicable regulations. No request has been made for the appointment of a private auditor during the shareholders' general assembly meeting held in 2021.

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2.3 Shareholders' General Assembly Meetings

The shareholders' ordinary general assembly meeting for 2020 has been held physically and electronically on March 23, 2021 in Istanbul, where principal office of the Company is situated. The announcement for the meeting included the details about the agenda and the date and the address of the meeting, and also the principles for attending such meeting, and the form of the power of attorney, and the information document covering the details about the total voting rights and the preferred shares has been published on the Public Disclosure Platform and also on the website of the Company. The minimum quorum of 25% was applied for the meeting as per the applicable regulations, and the shareholders attended the meeting by 39.56% while the entire of the preferred shareholders attended the meeting. No press member attended the meeting, and as for the stakeholders, the representative of the independent auditing firm attended.

The announcement for the meeting was intended to be received by the maximum number of shareholders, and the announcement was released through the Public Disclosure Platform, the electronic general assembly system of the Central Securities Depository, the website of the Company, and the Trade Register Gazette, at least 3 weeks in advance of the date of the meeting. The financial statements, the annual report, the independent auditing report, and the profit distribution statement have been published electronically, and also have been made available at the principal office of the Company before the meeting. None of the shareholders exercised the right to inquiry, request to add an item to the agenda during the meeting; and the full wording of the minutes of the meeting and the list of attendees were released to the public through the electronic general assembly system of the Central Securities Depository, Public Disclosure Platform, as well as the website of the Company and was, further, made available to the shareholders for information at the principal office.

The information regarding the donations and charities made throughout 2020 has been addressed as an individual agenda item during the shareholders' ordinary general assembly meeting, and is provided within the annual report. No donation has been made by the Company within 2021.

During the year, there was not any matter which was submitted to the discretion of the shareholders' general assembly due to the fact that the vote of independent members were sought under the regulations and that they cast dissentive votes therefor.

There had not been performed any material transaction by shareholders, holding the managerial control, members of the board of directors, the executives with administrative responsibilities, and the spouses, and the kinsmen and relatives by marriage up to second degree of such persons, which may cause any conflicts of interest for our Company, and also no transaction as a kind of business that falls into the field of business of our Company has been performed on behalf of themselves or others, or there had not been entered into another affiliate engaging in businesses of the same kind as an unlimited partner.

2.4 Voting Rights and Minority Rights

Maximum efforts are made for the purpose of enabling the shareholders to exercise their voting rights in the easiest and optimal manner. The shares of the Company are categorized into Group A and Group B shares pursuant to the Articles of Association approved by the Capital Markets Board. Each share entitles the holder thereof to 1 (one) vote at the shareholders' general assembly meeting; however, only in the case of the election of the members of the Board of Directors, each Group A share entitles the holder thereof to 1.000.000 (one million) votes and each Group B share entitles the holder thereof to 1 (one) vote. We do not have any subsidiary that is controlled by us as required by the nature of our business. There is no minority description under our articles of association, other than the description for minority as specified under the Capital Market regulations. No candidate has been nominated to a seat of the Board of Director by the minority shareholders during the shareholders' general assembly meeting held.

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2.5 Right to Dividends

In accordance with the Dividend Distribution Policy, which has been revised on February 26, 2014 as per the regulations, of the Company; a dividend distribution policy, as based on proposal for distribution of the amount, corresponding to either 5% of the net assets value originated as of the end of the previous year, or 30% of our net distributable profits for the current year, whichever is higher, in cash and no later than the end of the second month following the date of the shareholders' general assembly meeting during which the resolution for distribution of dividend has been adopted, to the Shareholders' General Assembly, has been adopted.

Dividend Distribution Policy has been approved at the shareholders' ordinary general assembly meeting, held on March 26, 2014, and has been released to the public on the Public Disclosure Platform and the website of the Company; and has also been included in the annual reports. There are no preferential status granted in respect of participation to the profit under the articles of association. No dividend is paid to the members of the Board of Directors and the employees on the basis of founder's shares, and the dividend payments are being performed within the periods prescribed under the policy thereto.

During the Shareholders' Ordinary General Assembly Meeting, held on March 23, 2021, it has been resolved that the Company shall distribute cash dividends amounting to TRY 25.053.488,3.- at 12.5% of the issued capital, to be covered from the distributable profits for 2020, and such distribution has been completed on March 31, 2021 following its start on March 29, 2021.

2.6 Transfer of Shares

The articles of association of the Company do not include any provision that restricts the share transfers. Share transfers are subject to the provisions of the Turkish Commercial Code and the Capital Markets regulations.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Corporate Website and Its Contents

The corporate website address of the Company, as registered to the Istanbul Trade Registry Office is "www.isyatort.com.tr" Any and all matters provided under the relevant section of the Corporate Governance Principles (since the Company does not have information forms in place for collection of stocks and powers of attorney through calls, such matters are not available on the website) are available on the website of the Company, and a great majority of the relevant matters are available also in English. Utmost attention is being paid for keeping and maintaining the website up-to-date on continuous basis.

3.2 Annual Report

The annual reports of the Company entirely include the Corporate Governance Principles as well as any other information prescribed under the applicable regulations, and the interim annual reports include the details regarding the variations and events, which may have taken place between the end of the previous accounting year and the date of issue of the interim annual report, as contemplated by the Capital Market Regulations.

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PART IV - STAKEHOLDERS

4.1 Disclosure to Stakeholders

Any registered information of the Company, which is not of trade secret nature, is communicated to the shareholders and the stakeholders in accordance with the principle of equality, and any material events related to the operations and the management of the Company are disclosed to the public in the form of material disclosures, portfolio value statements are published weekly, and the said information is also made available on the website of the Company.

Stakeholders may, at their discretion, communicate their opinions or any matters, they may consider to be in breach of the applicable regulations or the code of ethics, to the Company, and the Corporate Governance Committee or the Audit Committee is informed about any such matter through the Executive In Charge of Investor Relations or such other executives. Such kind of any application has not been received in 2021.

4.2 Stakeholders' Participation in Management

The Company is represented and engaged by the Board of Directors under the Articles of Association and applicable regulations, and the members of the Board of Directors are elected by the shareholders at the shareholders' general assembly meetings. Even though they are not directly represented at the Board of Directors, stakeholders may communicate their opinions and considerations about any matter to the Company, and such opinions and considerations are taken into account by the Board of Directors during the course of adoption of the resolutions. In such cases, where any matter that might lead to significant consequences for the stakeholders is to be adopted; due care is paid for communication and exchange of opinions with the concerned stakeholders.

4.3 Human Resources Policy

The Company carries out its operations with a staff, consisting of five individuals. It has not been deemed required to establish a separate unit for human resources and to designate a representative to carry out the relations with the employees, since the headcount is not high and also the diversity of job titles and staff is narrow. Recruitment and the personal rights of the staff members are maintained in accordance with the laws governing the labor relations, the resolutions of the board of directors, the internal regulations as well as the code of ethics; and the employees of the Company are informed about the rules in relation to the relevant matters, job descriptions, as well as the business and functioning thereof. No complaint submitted by a staff member has been received in 2021.

4.4 Code of Ethics and Social Responsibility

The code of ethics established in order for the maintenance of the Company's operations in integrity, effectively and rationally is set forth within the annual reports and the corporate website of the Company.

PART V- BOARD OF DIRECTORS

5.1 Organization and Composition of the Board of Directors

Our Board Members have been elected at the shareholders' ordinary general assembly meeting, held on March 23, 2021, to hold office until the next shareholders' ordinary general assembly meeting; and have not been assigned with any executive duty within the organization of our Company. The resumes of

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and the duties assigned to the members of the Board of Directors are provided in section two hereunder.

There is no internal regulation with respect to the outside positions held by the members of the Board of Directors. During the shareholders' general assembly meeting held in 2021, the members of the board of directors have been authorized to perform any work and transaction, which would fall under the scope of activity of the Company, for and on their own behalf or for and on behalf of others in accordance with the Turkish Commercial Code.

Our Company has two independent Board Members. Corporate Governance Committee, which has assumed also the functions of the Nomination Committee, has submitted two candidates for the independent Members of the Board of Directors by means of its report, dated March 12, 2021, to the Board of Directors; and it has been resolved that such candidates be nominated at the shareholders general assembly meeting, dated March 12, 2021, upon the resolution adopted for such purpose. During the shareholders' ordinary general assembly meeting, two of such candidates were elected to serve as the independent board members. Independent members satisfy all of the criteria prescribed for the independence as required by the regulations; and no circumstance, which would cause such members forfeit their such status, has occurred during the year.

A copy of the statements of independence, submitted by Mrs. Prof. Dr. Sule Isinsu Ozmen and Mr. Bora Oruc, the Independent Members of the Board of Directors, to us in 2021 is given below:

STATEMENT OF INDEPENDENCE

IS YATIRIM ORTAKLIGI A.S. TO THE
BOARD OF DIRECTORS,

As I have been nominated as an independent member of the board of directors at the shareholders' ordinary general assembly meeting, to be held on **March 23, 2021**, of Is Yatirim Ortakligi A.S.(the “**Company**”); I hereby declare that;

- No employment-related relationship in respect of any managerial position, whereby any substantive duties and responsibilities may be assumed, has been established between the Company and any affiliates, who either hold the control of or have any significant influence on the management of the Company, or any shareholders who hold the control of the management of the Company, or have a significant influence on the Company, or any legal persons, who hold the control of the management of such shareholders, and myself, my spouse and any of my relatives by blood and by marriage up to the second degree, within the last five years; and also that I have not held more than 5% of the capital or the voting rights or the privileged shares of the Company, either collectively or individually, or any commercial relationship which is of substantial nature has not been established; and also that;
- During the last five years, particularly in respect of the companies which have carried out auditing, rating and consulting activities for the Company; I have not been a shareholder holding 5% or more of the shares of, or any employee serving at any managerial positions whereby any substantial duties and responsibilities may be assumed, or a member of the board of directors of any such company, from which the Company has procured any services or products or to which the Company has sold any services or products to a material extent in accordance with the agreements executed for such purpose; and also that;
- I enjoy the professional educational background, knowledge and experience to properly and duly fulfill my duties as an independent member of the board of directors, and also that;
- I shall not work for any public agency and entity on full-time basis throughout my term of office as an independent member of the board of directors, excluding the position of being a faculty member at the universities, should I be elected so, and also that;
- I am considered as resident in the territory of the Republic of Turkey for the purposes of the Income Tax Law, and also that;
- I am strongly bound by ethical standards, and enjoy the professional reputation and experience to positively contribute to the operations of the Company, maintain my impartiality in any potential case of conflict of interest amongst the shareholders of the Company, and to make decisions freely with due consideration of the rights and benefits of the stakeholders, and also that;
- I will be able to allocate time for the affairs of the Company to such an extent that I would be able to fully perform and carry out the duties and tasks which I have assumed, and to follow up the functioning of the activities and operations of the Company, and also that;
- I have not held the office of a member of the board of directors at the board of directors of the Company for a period longer than six years within the last decade, and also that;
- I have not held office as an independent member of the board of directors of more than three of the companies which hold the control of management of the Company or the shareholders who hold the control of management of the same, and at more than five of the listed companies in total; and also that;
- I have not been registered and announced for the legal person that has been elected as a member of the board of directors.

Yours Respectfully,

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5.2 Principles of functioning of the Board of Directors

As per the provisions as prescribed by the articles of association of the Company, the Board of Directors shall convene in accordance with the agenda to be determined upon the call to be made by the chairman or the deputy chairman. The date and the agenda of the meeting of the board of directors shall be determined by the chairman; however the date of the meeting may also be determined upon the resolution of the board of directors. Such agenda may be changed upon a resolution of the Board of Directors. Each member of the board of directors may request, in writing, from the chairman, or the deputy chairman, in the absence of the first, to call the board of directors for meeting. The chairman or the deputy chairman shall pay strict attention to fulfill such request forwarded by any such member of the board of directors, for a Board meeting to be held, depending on the need thereto, as well as any opportunities for such purposes. Each member is entitled to one vote, which should be cast as an affirmative or a dissenting vote. Any member, who casts a dissenting vote, shall write the grounds thereto and affix her/his signature thereunder, and opposing opinions shall be recorded into minutes.

The board of directors shall convene upon attendance of the majority of the total number of the board members and it shall adopt its resolutions with the simple majority of the members present at the meetings. In case of equality of votes, discussion of the respective item on the agenda shall be adjourned to the next meeting. In case of a further equality of votes at such meeting, then the proposal shall be deemed to have been rejected. The members of the board of directors may attend the board meetings by means of electronic means in accordance with the regulations. Since the matters in respect of manner of holding the meetings of the Board of Directors, and also the fashion of the voting are described in details under the articles of association; establishment of a written internal regulation has been regarded unnecessary.

The Board of Directors has adopted 22 resolutions during 2021, and there have been no material transaction or related party transaction which have not been not approved by the independent members. Efforts are made for the purpose of ensuring full attendance of all members and resolutions are adopted unanimously.

Directors' liability insurance is effected against the risk of loss that would be caused to be suffered by the Company due to any negligence of them during the course of performance of their duties as covered by the liability insurance policy in which Turkiye Is Bankasi A.S. and its affiliates (the Turkiye Is Bankasi Group) are included as the insured, for the Members of the Board of Directors and the Directors/Executives of our Company.

5.3 Number, Composition and Independence of the Committees Established at the Board of Directors

The committees, established to meet the operational requirements of our Company and in accordance with the Corporate Governance Principles, and also the members, the activities thereof and the procedures thereto are given herein below. The members of the Board of Directors, serving at the committees, do not hold executive positions.

AUDIT COMMITTEE:

Prof. Dr.Sule Isinsu Ozmen : Chairperson
Bora Oruc : Member

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CORPORATE GOVERNANCE COMMITTEE:

Prof. Dr.Sule Isinsu Ozmen : Chairperson
Volkan Kublay : Member
F.Nilufer Basarir Kutluturk : Member (*)

(*) Director in charge of investor relations

COMMITTEE FOR EARLY RECOGNITION OF RISK:

Bora Oruc : Chairman
Volkan Kublay : Member

The chairperson and the member of the Audit Committee and the chairpersons of the other committees are independent members of the board of directors pursuant to the Corporate Governance Communiqué. The Audit Committee, which is responsible for the accounting system, public disclosure of the financial information, designation of the independent auditing firm and observation of the independent auditing activities as well as the effectiveness of the internal control system, has convened for 6 times during 2021.

The Corporate Governance Committee, which is responsible for monitoring that whether the corporate governance principles are being implemented or not, and also for monitoring the investor relations and ensuring the effectiveness thereof, and which carries out the functions of the Nomination Committee and the Remuneration Committee, and which consists of two members of the board of directors and the executive in charge of investor relations, has convened for 6 times during 2021.

Committee for Early Recognition of Risk which is responsible for carrying out the activities with respect to early identification, control, monitoring and prevention of the risk, carries out assessments with respect to the status of the portfolio, allocation of assets and also the risk reports. Committee for Early Recognition of Risk has convened for 9 times in 2021.

The Company has two independent members of the board of directors, and one member of the board of directors is required to hold office in multiple committees due to the requirement to have independent members of the board of directors in each committee as per the applicable regulations, and also due to the fact that the liability, assumed by the member of the board of directors who is in charge of internal control and appointed as per the requirements as prescribed in the communiqué, numbered III-48.5, promulgated by the Capital Markets Board, is parallel with the liabilities of the respective Committees, and also that the topics are associated and constitute integrity.

5.4 Risk Management and Internal Control Mechanism

The Company has risk management and internal control systems in place, and actions are taken for the purpose of ensuring the effective functioning thereof. An Audit Unit has been established in 2014 for the purpose of carrying out the audits for compliance with the applicable regulations and the policies within the organization of the Company and also fulfilling the supervision and auditing functions in respect of any and all activities and operations of the Company, in particular the functioning of the internal control system and the risk management system; and the Senior Auditor, serving at the said Unit, has also assumed the duties and responsibilities of the internal control personnel outsourced until then.

Accordingly, the internal control activities are being carried out on regular basis within the Company,

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and the internal control reports are being drawn up on monthly basis, and submitted to, and assessed by the Board of Directors. Within the context of the risk management system, service is being procured from Is Yatirim Menkul Degerler A.S. in respect of risk calculations, and the risk reports, drawn up on weekly basis, are being submitted to the Board of Directors by the General Manager. Such reports are assessed by both the Committee for Early Recognition of Risk and the Board of Directors.

5.5 Strategic Goals of the Company

The mission and vision of our Company have been approved by the Board of Directors, and made publicly available on our website.

Our mission is to have the portfolio of our Company managed professionally and in an effective, consistent and rational manner in line with the principle of risk diversification in accordance with the applicable regulations and the articles of association, and also to provide the shareholders with a regular dividend yield by years as aligned with our Dividend Distribution Policy.

Our vision is to update the investment strategy in line with the changing market conditions so as to keep the risk at the optimum level, and to provide the shareholders with a regular dividend distribution, and accordingly, to become a preferred collective investment scheme.

Accordingly, the performance for the current year is assessed at the end of each period, and the investment strategy with respect to the portfolio and also the benchmark/threshold value are determined and resolved by the Board of Directors by obtaining the market expectations and the opinions regarding the asset allocation of the portfolio managers as well. Such resolution is disclosed to the public and made available in the website of the Company. The Board of Directors reviews the periodic reporting submitted to it, as well as the operations of the Company on regular basis, and monitors the performance of the Company.

5.6 Financial Rights

The Remuneration Policy, which includes the principles of remuneration for the Members of the Board of Directors as well as any and all executives and staff members of the Company, has been in force as of 21.03.2012, and disclosed to the public through the Public Disclosure Platform as well as the website of the Company, and was also submitted to the shareholders for information as an individual agenda item at the ordinary shareholders' meeting held on 02.04.2012. The Corporate Governance Committee monitors and supervises the remuneration practices of the Company in accordance with the applicable policy, and submits the analysis and considerations thereof to the Board of Directors, where necessary.

The Company may not grant any benefits or loans to its shareholders, members of the board of directors, staff members or any third persons, from its assets, other than the payments required to be performed as per its activities and operations, such as the attendance fee, remuneration and dividends required under the regulations and its articles of association. There are no debts, sureties or guarantees granted to the members of the board of directors and/or the staff members. The remuneration and/or other benefits provided to the members of the Board of Directors and the senior executives are disclosed to the public within the financial statements and the annual report of the Company.

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5.7 Sustainability Principles Compliance Framework

The Company has at all times prioritized the support provided for the development of the capital markets by paying regard to the environmental, social and governance aspects as well. Sustainability policies introduce the fundamental principles and guidelines for the purpose of minimizing the negative environmental and social impacts with respect to the operations of the Company and maximizing the positive impacts.

Sustainability Policy has been adopted by the Board of Directors in 2021. Anti-Bribery and Corruption Policy and the Gifts and Entertainment Policy are supplements the Sustainability Policy. Such policy is accessible under the Corporate Governance heading available on the website of the Company. As part of the General Principles section of the Sustainability Policy, the Company;

- Takes into account the environmental and social impacts of the operations it carries out; and Adopts the sustainable life concept and aspires after protecting and making the environmental and natural resources sustainable; and
- Accepts in principle to invest mainly in the capital market instruments of the companies, listed in the Sustainability Index calculated by the Borsa Istanbul, in the portfolio of the Company; and
- Adopts to contribute to the transition to the low carbon economy and meet the expectations of the society in terms of sustainability with respect to the processes for improving its operations; and
- Takes into account the concept of sustainability and the environmental impacts of the operations of the Company as well as its principles while determining its corporate governance strategy; and
- Is committed to creating a modern workplace environment where human rights are respected and social justice and employment rights are improved continuously, and thus, raising the understanding and awareness of its stakeholders; and
- Rejects any and all kinds of discrimination that breaks the equality in opportunity, discriminates, excludes or favors individuals in terms of gender, religion, language, political opinion, race, cultural or social origin; and
- Improves its processes as part of such topic on continuous basis by means of preventive, corrective and protective approaches by providing a healthy and safe workplace environment to its employees as part of the statutory regulations and practices with respect to occupational health and safety; and
- Adopts an understanding which is grounded on the sharing of the values, it has created and accumulated, with the shareholders, employees and such other stakeholders.

Implementation of the Sustainability Policy and such other supplementary policies, established as part of the Sustainability Policy, by the Head Office is carried out under the supervision of the Corporate Governance Committee. There has been no breach of the environmental regulations in terms of the operations of the Company, and no legal sanction has been imposed on the Company with respect to such matter.

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5.8 Corporate Code of Ethics

Being engaged in portfolio management, Is Yatirim Ortakligi A.S. is committed to managing its portfolio effectively and rationally and thus, providing its investors with a high return. While accomplishing such objective, the employees of the Company shall observe and comply with the code of conduct.

IS YATIRIM ORTAKLIGI A.S. shall;

- Observe and comply with any and all kinds of statutory restrictions applicable to it due to its nature and business; and
- Carry out its operations in accordance with the principles of equality, transparency, accountability and responsibility; and
- Ensure that its portfolio is managed professionally and as based on a reliable understanding in accordance with the principle of risk diversification; and
- Respect the rights of the stakeholders in respect of the Company, and protect such stakeholders and ensure that they are informed about the condition of the company as required; and
- Take any and all kinds of measures to prevent any conflict of interest; and
- Make best efforts to ensure that the data, prepared, disclosed to the public and regulatory authorities by the company is accurate, complete and understandable and also that such data is disclosed timely; and
- Treat each employee equal within the organization of the company, and provide each employee with a fair and safe work environment; and
- Protect the personal dignity and the rights vested by law of its employees.

The EMPLOYEES shall;

- Act in compliance with the laws and the internal regulations; and
- Internalize and maintain the name and reputation of Is Yatirim Ortakligi A.S.; and
- Act moderately and thoughtfully during the course of their relations with each other, direct reports and superiors; and
- Abstain from any relationship that might give rise to affording of any advantage and/or any conflict of interest; and
- Make continuous efforts for the purpose of enhancing their professional knowledge and experience and self-development; and
- Be aware of the non-disclosure obligation with respect to any information, which might be of secret nature, of the company; and
- Act sensitively in respect of the proper use of the assets and resources of the company; and
- Be obliged to inform the management in case of any breach of the code of ethics.