

**IS YATIRIM ORTAKLIGI
ANONIM SIRKETI**

ANNUAL REPORT FOR 2020

INDEPENDENT AUDITOR'S REPORT IN RELATION TO THE BOARD OF DIRECTOR'S ANNUAL REPORT

To the Shareholders' General Assembly of Is Yatirim Ortakligi Anonim Sirketi,

1) Opinion

We have audited the annual report of Is Yatirim Ortakligi Anonim Sirketi (the "Company") for the accounting period between January 1, 2020 - December 31, 2020.

According to our opinion; the financial details within the annual report, issued by the board of directors, are in conformity with the scrutiny by the Board of Directors regarding the status of the Company, full-set financial statements audited from all important aspects, and all information we have obtained during the independent audit, and they do accurately reflect the same.

2) Basis of the Opinion

The independent audit we have conducted has been carried out in accordance with the independent auditing standards, which have been promulgated by the Capital Markets Board of Turkey, and also the Independent Auditing Standards (IAS) which constitute a part of the Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). The responsibilities, we have under these Standards, are explained in detail in the section titled *Responsibilities of the Independent Auditor Regarding Independent Auditing of the Annual Report* hereunder. We hereby represent that we are independent from the Company in accordance with the *Code of Ethics for Independent Auditors*, promulgated by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"), as well as the provisions on ethics prescribed under the applicable regulations on independent audit. The other responsibilities on ethics, prescribed under the Code of Ethics and the said applicable regulations, have been fulfilled by us. We believe that the independent audit evidence, we have obtained during the performance of the said independent auditing, constitutes an appropriate and sufficient ground for the composition of our opinion.

3) Our Audit Opinion on Full-Set Financial Statements

We have provided a favorable opinion under our auditor's report dated January 29, 2021 regarding full-set financial statements in relation to the accounting period between January 1, 2020 - December 31, 2020.

4) Responsibility of the Board of Directors regarding the Annual Report

As per sections 514 and 516 of the Turkish Commercial Code ("TCC") Nr. 6102, and the "*Communiqué on Principles Regarding Financial Reporting in Capital Markets*" Serial II; No: 14.1, promulgated by the Capital Markets Board, the management of the Company shall be responsible for fulfillment of the below-given matters regarding the annual report:

- a) It shall draw up the annual report within a period of three months following the date of balance-sheet, and submit the same to the shareholder's general assembly.
- b) It shall draw up the annual report in a manner to reflect the flow of the Company's activities, and its financial status for the respective year accurately, perfectly, directly, realistically and fairly. The financial status shall be evaluated in line with the financial statements hereunder. Furthermore; the growth of the Company, as well as any possible risk it might face shall be indicated clearly. The considerations of the board of directors pertaining to such issues shall also be included in the report.

- c) The annual report shall also include the below-listed matters:
- Occurrences which have arisen across the Company following completion of the accounting year, and which are of particular importance,
 - Research and development activities of the Company,
 - Material benefits paid to the members of the board of directors, and the senior executives such as remuneration, premium, bonus, etc., as well as allowances, travelling, accommodation and representation costs and expenses, and any benefit, either in kind or in cash, insurances and such other coverage.

While drawing up the annual report, the board of directors shall also consider the secondary regulatory arrangements performed by the Ministry of Customs and Trade, and the concerned bodies.

5) Responsibilities of the Independent Auditor Regarding Independent Auditing of the Annual Report

Our purpose is to deliver an opinion regarding the fact that whether the financial details, included under the annual report, and the scrutiny by the Board of Directors are consistent with the audited financial statements of the Company, as well as the information we have obtained during the independent audit, and that whether they do reflect the truth, or not, and then, to draw up a report covering our opinion, in line with the provisions of the TCC and the Communiqué.

Our independent audit has been conducted in accordance with the Independent Auditing Standards (IAS), and the independent auditing standards promulgated by the Capital Markets Board. Such standards require ensuring compliance with the ethical provisions, and also planning and performance of independent auditing to obtain a reasonable assurance in respect of the fact that whether the financial information, available under the annual report, as well as the scrutiny by the Board of Directors are consistent with the financial statements and the information obtained during the audit, or not, and also that whether such information reflects the truth, or not.

Yaşar Bivas has acted as the auditor in charge who has conducted and finalized this independent audit.

Guney Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Sirketi
A member firm of Ernst & Young Global Limited

Yaşar Bivas, SMMM
Auditor in Charge

January 29, 2021
Istanbul, Turkey

TRADE NAME OF THE COMPANY	:	İŞ YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
HEAD OFFICE	:	İstanbul
DATE OF INCORPORATION	:	16/08/1995
FIELD OF BUSINESS	:	To operate the portfolio consisting of capital market instruments and precious metals.
TRADE REGISTRY NUMBER	:	367835
ADDRESS	:	Büyükdere Cad. İş Kuleleri Kule 1 Kat:5 Levent/İstanbul
TELEPHONE - FAX	:	212/ 284 17 10 - 212/ 284 16 70
WEBSITE	:	www.isyatort.com.tr
ACCOUNTING PERIOD	:	01.01.2020 – 31.12.2020
ISSUED CAPITAL	:	TL 160.599.284
REGISTERED CAPITAL	:	TL 300.000.000

Our Mission is to have the portfolio of our Company professionally managed effectively, coherently, and rationally in line with the risk distribution principle in accordance with the applicable regulations and the articles of association, and also to provide a regular dividend income/yield to the shareholders by years in accordance with our Dividend Distribution Policy.

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

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

I. SHAREHOLDING STRUCTURE

The current shareholding structure of the Company is given below.

Shareholders	Group	Shareholding Amount (TL)	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 AS	A	592,536	0.37
Anadolu Hayat Emeklilik AS	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 TL 4,125,019 of the shares consists of Group (A) shares, while the portion amounting to TL 156,474,265 of the shares consists of 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 18, 2020, to hold office until the next shareholders' ordinary general assembly meeting; and have not been assigned with any executive duties within the organization of our Company.

Full Name	Position	Date of Election
Serkan Uğraş Kaygalak	: Chairman	17.11.2020 (*)
Kenan Ayvaci	: Deputy Chairman	18.03.2020
Volkan Kublay	: Member	18.03.2020
Aydın Özcan	: Member	18.03.2020
Serhat Gürleyen	: Member	18.03.2020
Prof. Dr. Şule Işınsoy Özmen	: Member (Independent)	18.03.2020
İbrahim Kurban	: Member (Independent)	18.03.2020

(*)Mrs.Gamze Yalçın resigned from the Board of Directors on 17.11.2020. Instead, it was decided to elect Mr. Serkan Uğraş Kaygalak to be presented for the approval of the first General Assembly.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

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

MR. SERKAN UĞRAŞ KAYGALAK
CHAIRMAN

Serkan Uğraş Kaygalak who graduated from the Department of Business Administration, Faculty of Economics and Administrative Sciences, Middle East Technical University in 1993. In the same year, he started his career as an Assistant Inspector at the Board of Inspectors in T. İş Bankası. Mr. Kaygalak was appointed as Deputy Manager at the Treasury Department in 2006. Later he was Branch Manager in Tarsus in 2008 and Vice President responsible for information systems audit at the Board of Inspectors in 2010. Mr. Kaygalak was appointed as Department Manager at the Card Payment Systems Division in 2013. After he completed the Advanced Management Program at Harvard Business School in 2018, he was promoted as Deputy CEO in T.İş Bankası A.Ş as of dated 29.07.2020. Mr. Kaygalak has been serving as the Chairman of the Board of Directors of our company since 17.11.2020

MR. KENAN AYVACI
DEPUTY CHAIRMAN

Kenan Ayvaci graduated from the Business Administration Department of the Middle East Technical University in 1997, and T. İş Bankası A.Ş. He started to work as an Assistant Inspector at the Board of Inspectors. In 2006, T. İş Bankası A.Ş. He was appointed as Deputy Manager in the Capital Markets Department, as Division Manager in 2010 and as Department Manager in 2016. Having completed his master's degree at Galatasaray University in 2010, Ayvaci has been serving as Deputy General Manager at İş Yatırım Menkul Değerler A.Ş. since June 12, 2019, and has been serving as the Deputy Chairman of the Board of Directors of our company since 23.07.2019.

MR. VOLKAN KUBLAY
MEMBER

Mr. Kublay, who has graduated from the Department of Economics (English), Faculty of Economic and Administrative Sciences, Marmara University, has started to serve as an Assistant Inspector in T. İş Bankası A.S. in 2000. Mr. Kublay has served as an Auditor between 2000 and 2008, and has been appointed to the office of Assistant Manager at the Subsidiaries Department in 2008, and has been promoted to the position of Division Manager of the same department in 2012. Mr. Kublay, who has been elected to serve as a Member of the Board of Directors of the Company on 24.08.2012, also serves as a director for several other group affiliates.

MR. SERHAT GÜRLEYEN
MEMBER

Mr. Gurleyen, who has graduated from the Department of Economics, Bogazici University, has served as the Research Manager for TEB Economic Researchs A.S. between 1995 and 1998, and for TEB Yatırım A.S. between 1998 and 2002, and for İş Yatırım Menkul Değerler A.S. between 2002 and 2007. He currently serves for the same company as a Director, and has also been serving as a Member of the Board of Directors of the Company since 28.03.2005.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

MR. AYDIN ÖZCAN
MEMBER

Mr. Özcan graduated from Bilkent University, Department of Economics in 2004 and joined T. İş Bankası A.Ş. in the same year as a Deputy Specialist in the Capital Markets Department. He was promoted to the Deputy Manager at the Capital Markets Department in 2014 and After he completed his master's degree at Bilgi University in 2009, he was promoted to the Division Manager at the Capital Markets Department. Mr. Özcan has been serving as a Board Member of our Company since 18.03.2020.

PROF. DR. MRS. ŞULE İŞINSU ÖZMEN
INDEPENDENT MEMBER

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

MR. İBRAHİM KURBAN
INDEPENDENT MEMBER

Having completed his studies at the Department of Political Science and Public Administration, and graduated from the Middle East Technical University in 1982, Mr. Kurban started of his carrier as an Assistant Specialist at the Capital Markets Board in that year, and following his career as a specialist and chief specialist, he had held the offices of the Head of Auditing Department, and Representative of Istanbul between 1995 and 1999, and of the Head of Accounting Standards in 1999. He had held offices of the Chairman of the Supervisory and Inspection Committee of Istanbul Stock Exchange (ISE) between 1999 and 2008; of the Principal Deputy Chairman at ISE between 2008 and 2012, and of the Chairman Advisor at Borsa Istanbul A.S between 2012 and 2014. He also had held office of the Member of the Board of Directors at Merkezi Kayit Kurulusu A.S., Takas ve Saklama Bankasi A.S., and Vadeli Islem ve Opsiyon Borsasi A.S. within different periods between 2001 and 2010. Mr. Kurban has been serving as a Member of the Board of Directors of our Company since 20.03.2015.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

COMMITTEES :

AUDIT COMMITTEE

İbrahim Kurban : Chairman
Prof. Dr. Şule Işınsu Özmen : Member

CORPORATE GOVERNANCE COMMITTEE

İbrahim Kurban : Chairman
Volkan Kublay : Member
F.Nilüfer Başarır Kutlutürk (*) : Member

(*) Director in charge of the investor relations

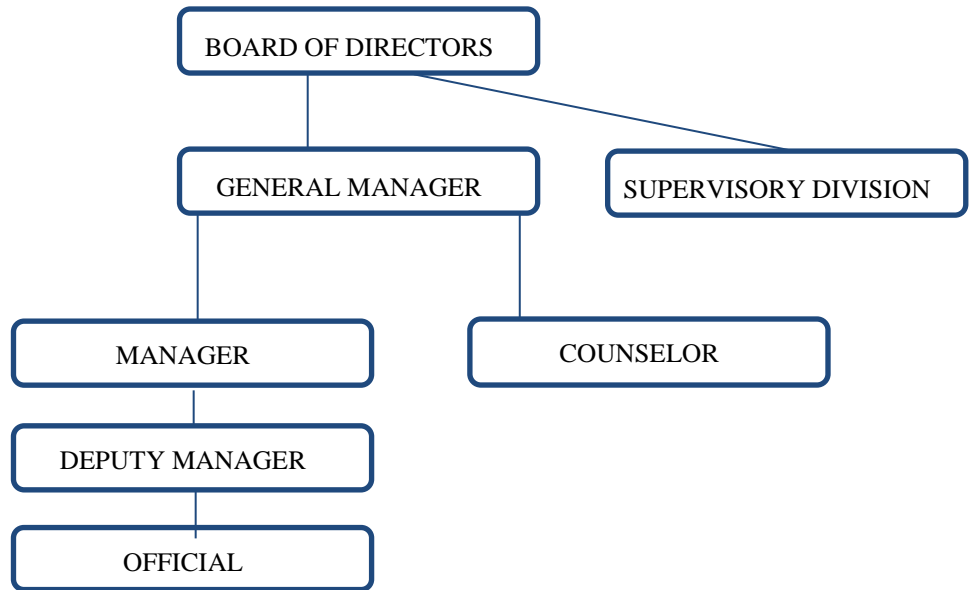
COMMITTEE FOR EARLY RECOGNITION OF RISK

Prof. Dr. Şule Işınsu Özmen : Chairman
Volkan Kublay : Member

SENIOR MANAGEMENT

Rıfat Cenk Aksoy : General Manager

ORGANIZATIONAL CHART



The headcount of our Company is six 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.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

III. ECONOMIC OVERVIEW

Turkey's economy grew by 6.7% in the third quarter of 2020 as a recovery period after the pandemic. The contribution of domestic demand in the composition of growth was 10.7 points while the net foreign demand was the determining factor, it dragged the growth down by 9.1 points. In this period, contribution of the stock accumulation to growth was quite high with 5.1 points. After seasons reflecting short-term trends and calendar adjusted GDP once in 3Q20 after shrinking by 10.8% in 2Q20, the economy recorded with 15.6% growth compared to the previous period and confirmed 'V' shaped recovery. In the last quarter of 2020, accompanied by the Central Bank's interest rate hike, financial conditions tightened and with the acceleration of the course of the pandemic in Turkey as well as in the global social isolation measures were taken, which affected the service sector to a large extent. Industrial production grew 8.5% annually in 3Q20 October-November 2020 accelerated to an annual increase of 9.1% during the period. Although the PMI average of 54.7 decreased to 52 in 4Q20, it remained above the threshold separating growth and contraction value and the long-term average of 51. The retail sales volume index tracked for consumption as the driving force of growth, was on average 9.2% in 3Q20. Later it accelerated to an annual increase of 11.2% in October-November 2020. In the first three quarters of 2020 GDP which grew by 0.5% compared to the same period of the previous year, was the most severe external shock in history. It was understood that it will form in the positive territory in 2020 while the official forecast is 0.3%, the probability of exceeding appeared. Following the recovery in the economy, there was a revival in the labor market. The seasonally adjusted unemployment rate fell from 14% in June to 12.9% in October.

In the second quarter of 2020, significant acceleration was observed in loans when the measures taken to eliminate the damage caused by the pandemic to the economy. The lagged effects of upward movement in the exchange rate and loans by the strengthening of domestic demand caused a deterioration in the inflation outlook. Annual CPI inflation ended 14.6% in 2020, above the Central Bank's year-end forecast of 12.1%. The risk appetite increased as policy makers with its coordinated steps that focus on price stability and the tendency towards the Turkish Lira after the changes made in economic management in November. In the last two meetings of the year, the Central Bank's policy rate was raised to 17% by 475 and 200 basis points respectively.

In 2020 the external balance was deteriorated because of the loss of income in tourism due to the pandemic, high gold imports and the recovery in domestic demand effect. The cumulative current account deficit rose to \$38 billion in November from \$14 billion in June 2020. In addition to the current account deficit in the last year, the need for external financing increased with capital outflows, loan repayments and net errors and omissions. The financing of these items was covered primarily reserves and swap agreements with foreign central banks. The 2.6% annual contraction on the export in 3Q20 tended to an increase by 6.7% in the fourth quarter while imports increased by 10.7% and 12% year-on-year in the third and fourth quarters, respectively. With the recovery of domestic demand in the second half of the year, tax revenues remained strong and central government budget performed better than forecasts. Non-tax revenues in 2020 decreased by 3.9% year-on-year, while tax revenues increased by 23.6% year-on-year. 12-month cumulative central government budget deficit ratio to GDP was 3.5%, closed under 1.4 points below the New Economy Program (NEP) forecast of 4.9%.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

In order to support economies developed country central banks continued to implement the expansionary fiscal and monetary policies with very low interest rate during pandemic period. US Cental Bank Fed revised the strategy on the monetary policy by holding the interest rates at the low level for undefined timeline in order to boost the employment market. This made a perception on the market that Fed doesn't act when the inflation rate rises above the 2% target. Japan, Eurozone and the US economies did not improve to pass to positive territory on the growth rate after the economic recovery was seen it the last quarter and the economies contracted by 5.8%, 4.3% and 2.9% respectively. China is the one with positive 2.3% growth rate in the pandemic year of 2020. According to the IMF forecasts the global economy will contract by 4.4% in 2020 and will grow by 5.2% in 2021.

The global composite PMI, which is followed as the pioneer of global growth, rose from 52 in 3Q20 to 53 in 4Q20. Announcement of the development of multiple effective vaccines against Covid-19 and starting from December, the gradual transition to mass use of vaccines was hopeful for recovery. Developed countries announced large-scale financial support packages on December. The European Union (EU) had confirmed 1.8 trillion euros, including the 750 billion euro coronavirus relief fund. While approving the joint budget, it added \$708 billion in Japan and \$900 billion in the United States. support package accepted. In 2020, the balance sheets of G4 central banks total expanded to \$8.5 trillion, the fiscal expansion implemented globally exceeded \$12 trillions. Total figure because of the fiscal and monetary expansion due to the pandemic reached to 20.5 trillion dollars that means 24.5% of GDP.

IV. INDUSTRY OVERVIEW

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.

According to the portfolio value tables of December 31, 2020, which were announced by the investment trusts for the period, total net asset values were amounted to 636,6 million TL. The company has a 39.2% market share in the sector with a net asset value of TL 249.720.539.

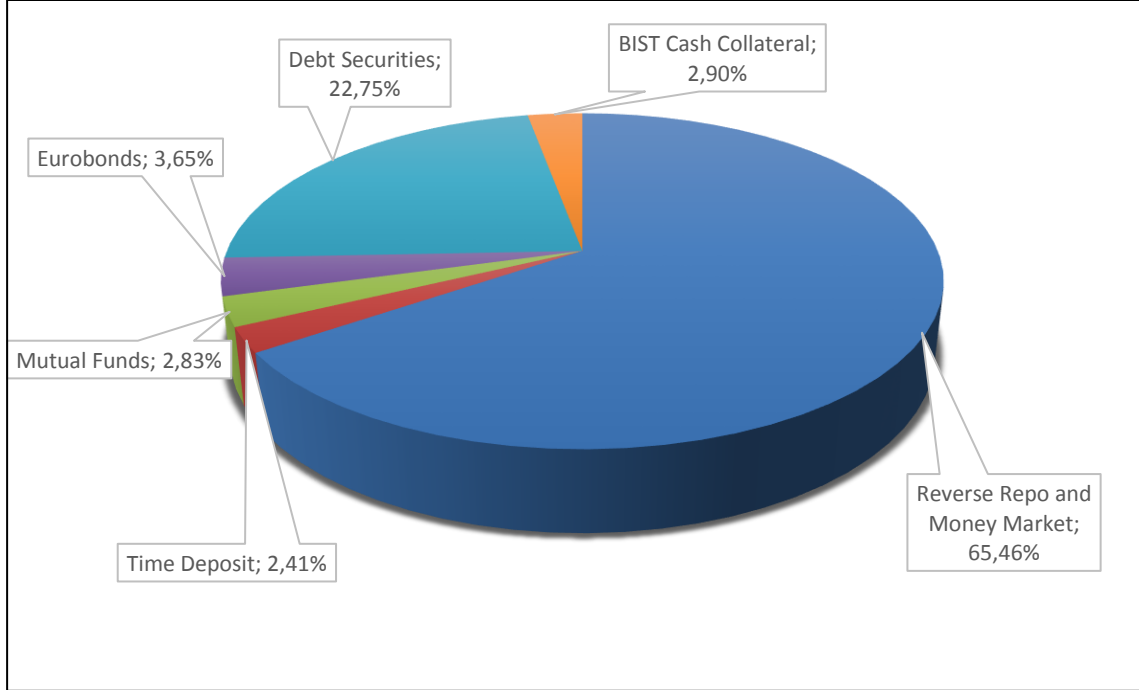
V. OPERATIONS AND FINANCIAL STANDING OF THE COMPANY

The portfolio of the Company is being managed professionally in accordance with the threshold values as identified and the investment strategy as determined by the Board of Directors, and in line with the principle of risk distribution by İş Asset Management Inc. The average breakdown of the portfolio assets was as follows throughout the year; debt securities by 22.75%, eurobonds by 3.65%, mutual fund by 2.83%, time deposits by 2.41%, reverse repo and Money Market transactions by %65.46 and BİST cash collateral accounts by 2.9%.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

Allocations of portfolio assets are mentioned below as of December 31, 2020;



%4.29 short position on USDTRY forward contract at BIST Derivatives Market.

The performance criteria and investment strategy applicable for the period between 01.01.2020 – 31.12.2020;

Hurdle Rate

In portfolio management performance measurement, the hurdle rate method which was determined for 2020 as the 3-month Turkish Lira Reference Sales Interest Rate (TRLIBOR), has been continuing to implement instead of the benchmarking method. In the performance period ended on December 31, 2020, the net portfolio yearly return was 13.09 while the hurdle rate value was 11.64%. The positive or negative percentage return to be obtained by comparing the portfolio return rate calculated as of the end of the performance period over the hurdle rate value is called the Alpha. Accordingly, as of 31.12.2020, the relative yearly Alpha of the portfolio was 1.45%.

Investment Strategy :

% 0 - % 100	Corporate Bonds
% 0 - % 100	Reverse Repo
% 0 - % 80	Eurobonds
% 0 - % 70	Equities
% 0 - % 50	Government Debt Securities
% 0 - % 20	Mutual Funds
% 0 - % 20	Money Market Transactions
% 0 - % 20	Foreign Equities
% 0 - % 20	Precious Metals and Capital Market Instruments with those underlying's
% 0 - % 10	Time Deposits

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

Volume of the transactions conducted throughout 2020,

	Transaction Volume (TL)
Equities	34,600,023
Debt Securities	14,029,259
Eurobonds (*)	457,713,752
Mutual Funds	5,433,722
Derivatives	1,343,445,612
Reverse Repo	12,055,000,000
Time Deposit	6,000,000

(*) Trading volume of the Eurobonds amounts to USD 61,691,478.

Major Financial Indicators;

	31.12.2020	31.12.2019
Total Asset Size (TL)	250.106.554	276.918.173
Total Debts (TL)	1.996.999	1.680.551
Paid-in Capital (TL)	160.599.284	160.599.284
Total Equity Capital (TL)	248.109.555	275.237.622
Net Profit/(Loss) (TL)	27.974.547	64.271.268
Sales (TL)	232.143.407	189.217.077
Market Value (TL)	565.309.480	295.502.683
Net Asset Value	1,5549	1,7196
BİST Closing Price (TL) (*)	3,52	1,84

(*) The price with closing price on 31.12.2018 being not adjusted.

Total Debts / Equity Capital	0.8%	0.6%
Profit / Total Assets	11.2%	23,2%
Equity Capital / Total Assets	99.2%	99.4%

In accordance with the resolution, which has been adopted at the shareholders' ordinary general assembly meeting for 2019, held on March 18, 2020, of our Company, cash dividends amounting to TL 55,085,554.41 corresponding to 18.7% of the issued capital have been distributed as of March 23, 2020 and the closing price (ISYAT), which was TL 2.76 before the distribution, was adjusted to be TL 2.42 as of the beginning of the day on March 23, 2020. When calculated using the adjusted prices after the dividend distribution has been reflected on it, ISYAT was appreciated by 118.5% for 2020 in Borsa Istanbul Stock Exchange. The total assets of the Company as cleared of the impact of the dividends paid, as of December 31, 2020, have grown by 13,09% on year-over-year basis.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

VI. CONSIDERATIONS REGARDING RISKS, AND RISK MANAGEMENT SYSTEM :

The core business operation of the Company is portfolio management. Due to the fact that it deposits the entire of its resources to the monetary and capital market instruments as per its operations, the Company is exposed to market risk to such an extent that may fairly 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. The Company values the securities thereof 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 İş Investment Securities Inc. as a part of the risk management system 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 efforts are made for ensuring that the risk management system functions effectively.

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 outsourced from İş Investment Securities Inc. accordingly. Following establishment of the Supervisory Division within the organization of the Company on August 1, 2014, the internal control activities have been conducted by this Division. 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 didn't have any negative finding or additional comment with respect to operation 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 risen, proper actions are taken to identify the measures to be taken, and the Board of Directors is informed on the matter. The Corporate Governance Committee, which also assumes the functions of the Nomination and Remuneration Committees, is responsible to determine whether or not the Corporate Governance Principles are properly implemented, and to determine the potential conflicts of interest, which may arise out of 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 on the matter.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

The Audit Committee constituted in 2003 is responsible for the accounting system, the public disclosure of financial information, as well as the appointment of the independent audit firm, and functioning, and effectivity of the internal control system, and also the observation of the independent audit processes. Accounting and internal control systems, independent auditing and financial reporting processes had been monitored throughout the year, and no negative finding had been established, and it was concluded that there had been duly acted. The Board of Directors had been informed thereof on quarterly basis.

Due care is taken for the efficient operation of the committees in accordance with the requirements of the operations of the Company and the functionality thereof. The committees convene for minimum four times a year, as required.

Financial benefits offered to the members of the Board of Directors and the senior executives:

The members of the Board of Directors of the Company are paid with the remuneration as approved by 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 to the senior executives of the Company has been TL 1,535,049 during 2020.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

IX. TRANSACTIONS WITH RELATED PARTIES/AFFILIATES :

The amounts of the transactions, entered into by and between our Company and the related parties/affiliates during 01.01.2020 - 31.12.2020, as well as the respective entities are provided herein below, and the detailed explanations of such transactions are given in the footnotes available under the financial statements.

(TL)	
<i>Commissions and charges paid to the related parties within the accounting period</i>	
İş Yatırım Menkul Değerler A.Ş.	715,719
İş Portföy Yönetimi A.Ş.	2,050,891
T.İş Bankası A.Ş.	558,198
İş Merkezleri Yönetim ve İşletim A.Ş.	95,561
İşnet Elektronik Bilgi Üretim Dağıtım Tic. ve İletişim Hiz. A.Ş.	117,051
Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Paz. Tic. A.Ş.	3,614
Anadolu Anonim Türk Sigorta Şirketi	12,758
Total	3,553,792

The conclusion of the Dependent Company Report for 2020, which was prepared pursuant to the provisions of Section 199 of the Turkish Commercial Code Nr. 6102, is provided as follows.

"The business transactions, executed by and between our Company and İş Yatırım Menkul Değerler A.Ş., its principal shareholder, as well as T. İş Bankası A.Ş., our ultimate shareholder, as well as the other group companies during the accounting year of 2020, the details of which are provided under this report, are limited to the transactions necessitated by the business of the Company, and have been executed in strict compliance with the 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."

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

X. MATERIAL EVENTS THROUGHOUT THE PERIOD OF 01.01.2020 - 31.12.2020:

Shareholders' Ordinary General Assembly and Distribution of Profit:

The shareholders' ordinary general assembly meeting for 2019 of the Company has been held on March 18, 2020 both physically and electronically. Further information on the meeting is provided under the heading "Shareholders' General Assembly Meetings" in section "Remarks on Corporate Governance Practices" hereunder. All privileged shareholders which were present at the meeting, a minimum 25% meeting quorum is valid within the framework of the legislation. The quorum was realized at the rate of 42.28%. No press member attended the meeting, and as for the stakeholders, the representative of the independent audit firm attended.

During the shareholders' ordinary general assembly meeting, the members of the board of directors have been elected as described under the second section of the report; and it has been resolved that the Company shall distribute cash dividends amounting to TL 55,085,554.41 at the 34.3% of the issued capital, to be covered from the distributable profit of the Company obtained in 2019 and such distribution has been completed on March 23, 2020 following its start on March 25, 2020.

Also, it has been resolved that Guney Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.S. shall be elected as the independent auditing firm for 2019; and that the authorization for the members of the Board of Directors shall be granted in respect of the transactions specified under Sections 395 and 396 of the Turkish Commercial Code; and also that the upper limit for the donations that would be granted during 2020 shall be determined as TL 125,000 and also that no donation has been granted during 2019.

Any and all resolutions, which were adopted during such shareholders' ordinary general assembly meeting, were fulfilled by the Company, and any and all explanations thereto were provided.

XI. PROFIT DISTRIBUTION POLICY :

As per the resolution, adopted at the meeting, dated 26.02.2014, of the Board of Directors, the Profit Distribution Policy has been revised as follows, and has been approved at the General Assembly meeting held on March 26, 2014. Accordingly, the principles for distribution of profits 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 profit distribution policy, 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 General Assembly, 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 following the statutory authorizations obtained for such purpose.

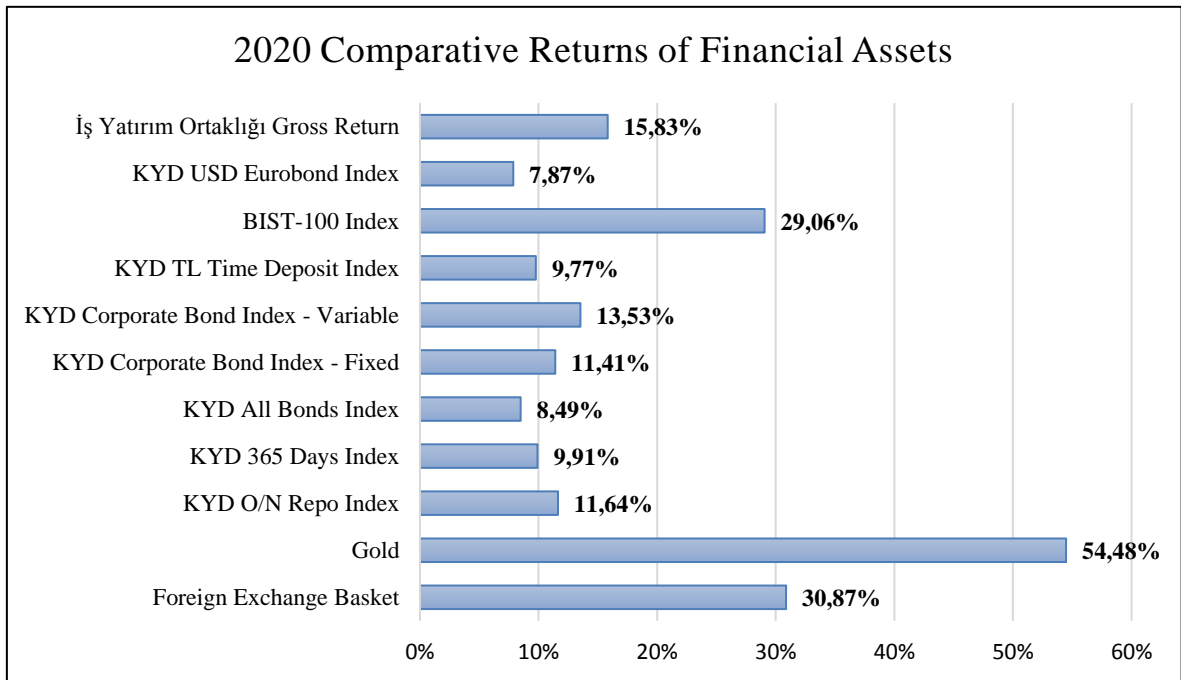
İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

- Unless the cash dividend, determined for the shareholders by means of a resolution to be adopted at the shareholders' general assembly, 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 sanctions had been imposed on the Company and the members of the board of directors.
- An amendment realized by Capital Market Board dated 10/12/2020 about the principles of the general information and portfolio performance standards relating the regulation of the Investment Trusts.
- 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.
- Comparative returns of financial assets in comparison with gross portfolio return charted as follows,



İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

REMARKS ON CORPORATE GOVERNANCE PRACTICES IN 2020

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 Communiqué, numbered II-17.2, promulgated by the Capital Markets Board, and almost the entire of the non-compulsory principles prescribed under the said communiqué. The few number of principles not implemented, which constitute exception, do not lead to any conflict of interest.

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 Investors Relations Department

A separate Investors 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 under Article 11 of the Corporate Governance Communiqué, shall be carried out by F.Nilufer Basarir Kutluturk, who serves under the job title of Manager reporting to Rifat 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 the Vice President within the organization of the Company. The Report Regarding the Investors Relations Activities has been submitted to the Board of Directors on December 18, 2020. The Investors 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 our investors by telephone and e-mail throughout the year had been answered in accordance with the regulations. No written requests for information had been received by our Company in 2020.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

2.2 Exercise of the Right to Information by the Shareholders

Any event, which may affect the exercise of any shareholding rights, is disclosed through the Public Disclosure Platform and the website of the Company. Any inquiry received from shareholders is endeavored to be responded 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. Any requests for the appointment of a private auditor have not been filed at the shareholders' general assembly meeting held in 2020.

2.3 Shareholders' General Assembly Meetings

The ordinary general assembly meeting for 2019 of the Company was physically and electronically held in Istanbul where the Company is based, on March 18, 2020. The announcements have covered the details about the agenda and the date of the meetings as well as the meeting venues, the principles for attendance in respect of the meetings, and the forms of the powers of attorney, and the information document including the details about the total voting rights and the preferred shares has been published on the Public Disclosure Platform, as well as 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 42.28% while the entire of the preferred shareholders attended the same. No press member attended the meeting, and as for the stakeholders, the representative of the independent audit 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 Registry Agency, the website of the Company, and the Trade Registry Gazette, at least three 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 Registry Agency, 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 aids made throughout 2019 was addressed as an individual agenda item during the shareholders' ordinary general assembly meeting, and is provided within the annual report. Total 99,997 TL donations made by the Company in 2020 on the health equipment needed by the Ministry of Health Hospitals during the pandemic process.

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 was sought under the regulations and that they cast dissenting 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

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

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

Utmost efforts shall be made in order for enabling the most convenient and simple fashion of exercise of their voting rights to the shareholders. 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 held 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. The Company does not have any controlled subsidiaries for the purpose of its operations. There is no minority description under our articles of association, other than the description for minority as specified under the Capital Market regulations. The minority shareholders did not nominate any candidates for the Board of Directors at the shareholders' general assembly meeting held.

2.5 Right to Dividends

In accordance with the Profit Distribution Policy, which has been revised on February 26, 2014 as per the regulations, of the Company; a profit distribution policy, 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 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 profit has been adopted, to the Shareholders' General Assembly, has been adopted.

Profit Distribution Policy has been approved at the shareholders' ordinary general assembly meeting, held on March 26, 2014, and has been released to the public through the Public Disclosure Platform and the website of the Company; and has also been included in the annual reports. There is 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 18, 2020, it has been resolved that the Company shall distribute cash dividends amounting to TL 55,085,554.41 at the 34.3% of the issued capital, to be covered from the distributable profit of the Company obtained in 2019, and also from contingency reserves item; and such distribution has been completed on March 25, 2020 following its start on March 23, 2020.

2.6 Transfer of Shares

The Articles of Association of the Company does not include any provisions that restrict the transfer of shares. Share transfers are subject to the provisions of the Turkish Commercial Code and the Capital Markets regulations.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

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.

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 with respect to 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, net active value tables are published weekly and the all informations are also made available on the website of the Company.

The 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 matters through the Executive In Charge of Investors Relations or such other executives. Any such communication was not received throughout the year 2020.

4.2 Stakeholders' Participation to 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, the stakeholders may communicate their opinions and considerations about any matters 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 may 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.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

4.3 Human Resources Policy

The Company operates through a staff of 6 members. The establishment of an individual unit for the human resources and the appointment of a separate official to maintain the relations with the staff members were not considered necessary due to the few number of employees and the low diversity of staff members. 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. Any staff complaints were not received throughout the year 2020.

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. Total 99,997 TL donations made by the Company in 2020 on the health equipment needed by the Ministry of Health Hospitals during the pandemic process.

PART V - BOARD OF DIRECTORS

5.1 Organization and Composition of the Board of Directors

The members of our Board of Directors have been elected at the shareholders' ordinary general assembly meeting held on March 18, 2020, to hold office until the next shareholders' ordinary general assembly meeting, and have not been assigned with any executive duties within the organization of our Company. The resumes of and the duties assigned to the members of the Board of Directors are provided in section two hereunder.

There are no internal regulations in place that prohibit the members of the Board of Directors to serve outside the organization of the Company. The members of the Board of Directors were authorized at the ordinary shareholders' meeting held in 2020 to perform the business and transactions, which may fall to the scope of operations of the Company, either for their own behalf or on behalf of others in accordance with the Turkish Commercial Code.

Our Company has two independent Members of the Board of Directors. The 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 through its report, dated March 10, 2020, to the Board of Directors; and it was resolved, by means of the resolution, dated March 10, 2020 by the Board of Directors, to nominate the candidates during the shareholders' general assembly meeting. During the shareholders' ordinary general assembly meeting, two candidates were elected to serve as the independent member of the board of directors. The 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 independency as submitted by Prof. Dr. Mrs. Şule İşınsu Özmen and Mr. İbrahim Kurban to us in 2020 is given below:

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

STATEMENT OF INDEPENDENCY

İS YATIRIM ORTAKLIĞI A.Ş.
BOARD OF DIRECTORS,

As I have been nominated for the position of the independent member of the board of directors at the ordinary general assembly meeting of Is Yatirim Ortakligi A.S.(the “**Company**”) to be held on March 18, 2020, I 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,
- 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,
- 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,
- 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,
- I am considered as resident in the territory of the Republic of Turkey for the purposes of the Income Tax Law,
- 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,
- 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,
- 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,
- 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 which has been elected as a member of the board of directors,

Yours faithfully,

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

5.2 Principles of Operation of the Board of Directors

The Board of Directors convenes at least once a month but, in any case, as frequently as the business of the Company may require to address the agenda to be determined, upon the call/invitation of the chairman or the deputy chairman in accordance with the provisions of the articles of association of the Company. The date and the agenda of the meeting of the board of directors are determined by the chairman; however the date of the meeting may also be determined by the resolution of the board of directors. The agenda so determined may be subsequently revised upon a resolution on the matter 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 take pains 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 state the grounds for such dissenting vote and shall sign under the resolution, whereby the opposing opinions are recorded.

The board of directors convenes upon attendance of the majority of the total number of the board members and resolves with 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 24 resolutions during 2020 and there are no material transactions or related party transactions not approved by the independent members. The meetings are organized to ensure full attendance of all members, and the resolutions are adopted unanimously.

Under the scope of the liability insurance policy including Türkiye İş Bankası A.Ş. and the Affiliates thereof (Türkiye İş Bankası Group) as the Insured; the Member of the Board of Directors and Executives of our Company have been caused to be insured per any one claim and on an annual aggregate basis in respect of any damage and/or loss they may lead the Company to suffer due to their negligence during the course of performance of their duties.

5.3 Number, Organization and Independent Status of Committees of the Board of Directors

The committees established to meet the operational needs of the Company in accordance with the Corporate Governance Principles as well as the members, activities and governing procedures thereof are provided as follows. The members of the Board of Directors, who serve within the committees, do not hold executive positions.

AUDIT COMMITTEE

Ibrahim Kurban : Chairman
Prof. Dr. Şule Işın Özman : Member

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

CORPORATE GOVERNANCE COMMITTEE

Ibrahim Kurban	: Chairman
Volkan Kublay	: Member
F.Nilüfer Başarır Kutlutürk (*)	: Member

(*) Director in charge of the investor relations

COMMITTEE FOR EARLY RECOGNITION OF RISK

Prof. Dr. Şule Işınsu Özmen	: 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 Communique. The Audit Committee, which is responsible for the accounting system, public disclosure of the financial data, appointment of the independent audit firm and observation of the independent auditing activities as well as the effectiveness of the internal control system, convenes at least four times a year. The Corporate Governance Committee, which is responsible for monitoring that whether the corporate governance principles are being implemented or not, and also for monitoring of the investor relations and ensuring effectiveness of the same, 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 the investor relations, convenes when and if so required, but at least four times a year. The Committee for Early Recognition of Risk, which is responsible for carrying out the activities for monitoring, assessment and prevention of the risks, convenes when and if so required, but at least four times a year; and carries out its assessments and reviews in accordance with the status, breakdown/distribution of the portfolio of the Company, as well as the risk reports.

The Company has two independent members of the board of directors; the requirement contemplated by the applicable regulation for each committee to include an independent member of the board of directors, and the fact that the responsibilities of the member of the board of directors in charge of internal control, appointed pursuant to the Communique, Serial: III, No: 48.5, of the Capital Markets Board, and those of the relevant Committees should be of similar nature, and also that such matters are associated and constitute an integrity, lead to the situation that a single member of the board of directors holds a seat at multiple committees.

5.4 Risk Management and Internal Control Mechanism

The Company has risk management and internal control systems available, and makes efforts to cause them to operate efficiently. A Supervisory Division has been established in 2014 for the purpose of carrying out the audits for compliance with the regulations and the policies within the organization of the Company and also fulfilling the supervision and inspection functions in respect of any and all activities and operations of the Company, in particular functioning of the internal control system and the risk management system; and the Auditor/Inspector, holding office at this Division, has also assumed the duties and responsibilities of the internal control personnel outsourced until then.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

Accordingly, the internal control activities are being carried out on regular basis within the Company, and the internal control reports are being drawn up on monthly basis, and submitted to, and assessed by the Board of Directors. In respect of the risk management system, the service for the risk calculations is being procured from İş Investment Securities Inc. and the risk reports, drawn up on weekly basis, are being submitted to the Board of Directors. The relevant reports are being assessed both by the Committee for Early Recognition of Risk, and the Board of Directors.

5.5 Strategic Goals of the Company

The mission and the 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 professionally managed effectively, coherently, and rationally in line with the risk distribution principle in accordance with the applicable regulations and the articles of association, and also to provide a regular dividend income/yield to the shareholders by years in accordance with our Dividend Distribution Policy.

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

In this sense, the investment strategy and the benchmark/hurdle rate in relation to the portfolio are determined; and the market expectations and the opinions regarding the portfolio distribution of the portfolio managers are obtained; and the matter is resolved by the Board of Directors. The decision made on the matter is, then, disclosed to the public and made available on 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 is 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.

İŞ YATIRIM ORTAKLIĞI A.Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 01.01.2020 - 31.12.2020

CODE OF ETHICS

Is Yatirim Ortakligi A.S., the scope of operations of which consists of portfolio management, aims to ensure the effective and rational management of its portfolio and thus regular, stable and high return for the investors thereof. The staff members of the Company shall observe the following code of ethics in accomplishment of the said purpose.

IS YATIRIM ORTAKLIGI A.S. shall;

- comply with any legal and statutory restrictions and regulations, which may be governing thereon due to the nature and operations thereof.
- maintain its operations in accordance with the principles of equality, transparency, accountability and responsibility.
- ensure the professional and reliable management of its portfolio in accordance with the principles of risk distribution.
- respect and protect the rights of the related stakeholders thereof, and ensure such stakeholders to be informed as necessary about the Company's standing.
- take any measure to prevent conflicts of interest.
- make its best efforts to ensure that the data prepared, disclosed to public and submitted to the regulatory authorities by the Company are accurate, complete and legible and are disclosed timely.
- treat equally to each employee of the Company with others and provide each employee with a fair and safe working environment.
- preserve the personal dignity and protect the legally recognized rights of its employees.

The EMPLOYEES shall;

- act in compliance with the applicable laws and the internal corporate regulations.
- internalize and protect the name and the reputation of Is Yatirim Ortakligi A.S.
- act moderately and carefully in their relations with each other as well as the subordinates and supervisors thereof.
- avoid any relations, which may lead to gaining of benefits and/or conflict of interests.
- constantly make efforts to enhance their professional knowledge and experience and improve their personal skills.
- be aware of their obligation to keep any information, which may be of secrecy for the Company, confidential.
- act sensitively for proper utilization of the property assets and resources of the Company.
- be obliged to report any case or event in breach of the code of ethics to the management.