

ALARKO CARRIER SANAYİ VE TİCARET A.Ş.

POLICY FOR DETERMINATION OF REMUNERATIONS TO MEMBERS OF THE BOARD OF DIRECTORS AND TOP EXECUTIVES

This document has been prepared for the purpose of establishment of the policies for determination of the remunerations to the members of the board of directors and the top executives of ALARKO CARRIER SANAYİ VE TİCARET A.Ş. in accordance with the regulations of the Capital Market Board.

1. Principles Applicable to the Determination of the Remuneration to the Members of the Board of Directors:

a. Independent Members: Remunerations to the independent members are determined by the General Meeting of Shareholders each year. The remuneration is determined at a level that will not affect the independence of the members. Performance-based remuneration or bonus is not paid to the independent members.

b. Other Members: Remunerations to the other members of the board of directors are determined by the General Meeting of Shareholders each year. The General Meeting may resolve not to pay any remuneration to such members. Performance-based remuneration or bonus is not paid to non-independent members.

2- Principles Applicable to the Determination of the Remuneration to the Top Executives:

The Board of Directors (the Corporate Governance Committee) has undertaken the function to establish the policies for determination of the remuneration to the top executives and to supervise the implementation of these policies.

The principles applicable to the determination of the remuneration as established by the Board of Directors are as follows:

Remuneration to the top executives consists of three basic elements. First of these elements is the base salary paid monthly. The second is the benefits (such as company car, phone, health insurance, etc.). The third element is the bonuses varying (increasing or decreasing) according to the performance of the company and the respective executive.

The base salary is determined by taking into account the salaries paid by the similar companies engaged in the same business with the company to their executives in the same positions, and the general wages policy of the company. The base salaries are revised in general once a year, to be effective from the beginning of the year on.

However, depending on the trend of changing of the general price level, the base salary revisions (adjustments) can be made twice a year by the resolution of the Board of Directors. The base salary payments are made based on the calculation of 12 salaries and 4 bonuses. Determination of the salary and bonus parts of the base salary payments is made by the General Manager.

Benefits to the top executives are determined by the General Manager by taking into account their positions.

Bonuses are determined by taking into account the general economic condition, the performance of the company in the respective year, and the personal performance of the respective executive. The targets for the General Manager are determined by the Board of Directors and the targets for the other top executives by the General Manager.

Performance criteria have the first priority in the determination of the bonuses. In addition to this, the amount of the bonuses is determined by taking into account the industry in which the

company operates, the number of years of employment at the company, the department for which the respective executive is responsible, and the strategic targets of the company. Bonus is not a right. If the company or the respective executive has failed to attain the targets, the Board of Directors may decide not to pay any bonus to the respective executive. The bonus can be determined as a percentage of the profit or by any other method as the Board of Directors deems necessary.