

Declaration of Compliance with Corporate Governance Principles

Our Company's Declaration of Compliance with Corporate Governance Principles can be accessed through the Corporate Governance Reports menu on our Company's Investor Relations page <https://www.cates.com.tr/en/corporate-governance-reports>.

Çates Elektrik Üretim A.Ş. (“the Company”) continues its efforts to internalize and implement the “Corporate Governance Principles” determined by the Capital Markets Board (“CMB”) within the Company. The Investor Relations Unit, which is assigned with the internalization and development of Corporate Governance practices and whose activities are overseen by the Company's Corporate Governance Committee, continues its activities in the areas of public disclosure, transparency and relations with shareholders and stakeholders within the framework of the Capital Markets Law (“CMB”), the Turkish Commercial Code (“TCC”), the Company's Articles of Association and the CMB Corporate Governance Communiqué No. I1-17.1 (“Communiqué”). The Company is in the first group as per the grouping made by the CMB according to the systemic importance of companies in terms of the implementation of Corporate Governance Principles. In this context, the Company complies with the full set of mandatory Corporate Governance Principles. On the other hand, the Corporate Governance Principles that are not mandatory but not yet implemented/partially implemented within the Company have not led to any conflict of interest so far. In this context, the principles that are not yet implemented/partially implemented are listed below:

- Regarding principle number 1.4.2, the Company has shares with privileged voting rights;
 - Provided that the capital represented by Class A shares continues to represent at least 30% of the issued capital of the Company, two members of the Board of Directors if it consists of five members, three members if it consists of six or seven members, and four members if it consists of eight or nine members, shall be elected from among the candidates nominated by the shareholders holding the majority of the capital represented by Class A shares.
 - Provided that the quorums stipulated in the Capital Markets Law and the Turkish Commercial Code are maintained, the affirmative vote of the shareholders holding the majority of the capital represented by Group A shares is also required for the General Assembly of the Company to take decisions on the following matters and amendments to the Articles of Association falling within the scope of these matters:
 - Approval of the budget.
 - Amendment of the articles of association, except for capital increases to be made according to the registered capital system.
 - Changing of the Company's field of activity, entering into new lines of business or abandoning existing lines of business.
 - Capital increase, liquidation, dissolution, termination, capital decrease, change of type of the company, except for capital increases to be made according to the registered capital system.
 - Application for bankruptcy, composition, financial restructuring within the scope of Article 309/m. of the Execution and Bankruptcy Law No. 2004.
 - Transfer of all or part of the company's commercial enterprise.

- Regarding principle number 1.5.2; Maximum attention is paid to the exercise of minority rights. Shareholders constituting one-twentieth of the share capital may request the board of directors to call the general assembly for a meeting by stating the reasons and agenda in writing, or if the general assembly is already convened, they may request the board of directors to put the issues they wish to be resolved on the agenda. The request to add an item to the agenda is made pursuant to the Article 411 of the Law.
- *Regarding principle number 3.4.1; Although customer satisfaction is not measured, company activities are always based on unconditional customer satisfaction.
- Regarding principle number 4.2.8; There is an executive liability policy, the amount of the policy does not exceed 25% of the share capital due to the high capital of the Company.
- Regarding principle number 4.4.7; Members of the board of directors are not restricted from assuming other duties outside the company, but this situation does not cause any conflict of interest.
- Regarding principle number 4.5.5; Based on the shareholding structure and the requirement of the Corporate Governance Communiqué to elect the chairmen of the committees from among the independent board members, members of the board of directors are assigned to more than one committee, taking into account the number of committees that need to be formed. On the other hand, it is ensured that the committees act in accordance with their legal authorities and responsibilities.
- Regarding principle number 4.5.7; Not included since no consultancy service was received.
- Regarding principle number 4.6.5; In not disclosing the remuneration and benefits provided to the members of the Board of Directors and senior executives, it is aimed to establish a balance between the rights and interests that need to be protected in terms of the Personal Data Protection Law and Remuneration Policy and the rights of shareholders and stakeholders to obtain information in terms of the transparency requirement in accordance with the Corporate Governance Communiqué, taking into account the principle of proportionality. In this context, remunerations of board members and senior executives are not disclosed on individual basis, but are included in the annual report as a total amount.

You can access our Investor Relations website at <https://www.cates.com.tr/en/investor-relations>