

ÇATES Elektrik Üretim A.Ş.

Declaration of Compliance with Corporate Governance Principles

Çates Elektrik Üretim AŞ ("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 tasked with the internalization and development of Corporate Governance practices and whose activities are overseen by the Company's Corporate Governance Committee, carries out its activities in the areas of public disclosure and transparency, relations with shareholders and stakeholders in accordance with the Capital Markets Law ("CMB Law"), the Turkish Commercial Code ("TCC"), the Company's Articles of Association and the CMB Corporate Governance Communiqué No. 11-17.1 ("Communiqué").

In terms of the implementation of Corporate Governance Principles, the Company is in the first group according to the grouping made by the CMB according to the systemic importance of companies. In this context, the Company complies with all mandatory Corporate Governance Principles.

On the other hand, the Corporate Governance Principles, which 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 have not yet been implemented/partially implemented are listed below:

- Regarding principle numbered 1.4.2, the Company has shares with privileged voting rights;

According to the Company's Articles of Association;

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 the Board of Directors consists of five members, three members if the Board of Directors consists of six or seven members, and four members if the Board of Directors consists of eight or nine members, shall be elected 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 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.
 - Bankruptcy, concordatum, application for financial restructuring under Article 309/mth of the Enforcement and Bankruptcy Law No. 2004.
 - Transfer of all or part of the company's commercial enterprise.
- Regarding the principle 1.5.2, utmost attention is paid to the exercise of minority rights. Shareholders constituting one-twentieth of the capital may request the board of directors to call the general assembly for a meeting by stating the reasons and the agenda in writing or, if the general assembly is already convened, to include the matters they wish to be resolved on the agenda. The request for placing an item on the agenda is made in accordance with Article 411 of the Law.
 - Regarding the principle numbered 4.2.8; Although the Company has executive liability insurance, considering that the Company's capital is high, the policy amount is below the rate mentioned in the Communiqué.
 - Regarding the principle 4.4.7; Due to the significant contribution of the work experience and sectoral experience of the Members of the Board of Directors of the Company to the Board of Directors, they are not restricted from taking other duties outside the Company, and this does not cause any conflict of interest. It is also submitted for the information of shareholders at the general assembly meeting. The résumés of our Board Members are included in our annual report and on the Company's corporate website.
 - Regarding the principle 4.5.5; since our process of appointing independent board members continues, committee members have not yet been determined.
 - Regarding the principle 4.5.7; since our process of appointing independent board members continues, committee members have not yet been determined.
 - Regarding the principle 4.6.5; It is aimed to establish a balance between the rights and interests to be protected in terms of the Law on the Protection of Personal Data and the Remuneration Policy in the disclosure of the wages and benefits provided to the Members of the Board of Directors and senior managers, and the rights of shareholders and stakeholders to receive information in terms of the requirement of transparency in accordance with the Communiqué, taking into account the principle of proportionality. In this context, the remuneration of the members of the Board of Directors and senior executives are not disclosed on an individual basis, but are included in the annual report as a total amount.