



## **OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS**

### **Composition and Election of the Board of Directors**

- Business and administration of the Company shall be carried out by the Board of Directors composing of 9 (nine) members elected by the General Assembly.
- 6 (six) members of the Board of Directors shall be elected among the nominees to be nominated by the majority of the Group A shares, and 3 (three) of the same shall be elected among the nominees to be nominated by the Group B shares.
- In the event that the majority of the Group A shares could not nominate any member for the Board of Directors, then such election shall be performed by the General Assembly in accordance with the general provisions.
- The General Manager may not serve as the Chairman of the Board of Directors but may hold office as a member of the Board of Directors.
- It is mandatory that simple majority of the Members of the Board of Directors have graduated from a higher educational institute.

### **Term of Office of the Members of the Board of Directors**

- The term of office of the Members of the Board of Directors shall be three years at most. Any Member of the Board of Directors, whose term of office has elapsed, may be reelected to serve as a Member of the Board of Directors.
- General Assembly may replace the Members of the Board of Directors at any time if it deems necessary, without abiding by the term of office of the same.
- Persons to be deemed appropriate by the Board of Directors may be elected to replace any Member of the Board of Directors, who has deceased or resigned or who has been deprived of the capacity to act as a Member of the Board of Directors pursuant to the applicable section of the Turkish Commercial Code. Such persons shall serve until the immediate meeting of the General Assembly. If agreed by the General Assembly, such persons shall complete the term of office of their predecessors.
- Should a member of the Board of Directors decide to resign from her/his office, then s/he shall inform the Board of Directors a reasonable amount of time in advance so that her/his resignation would not lead to any delays or disruptions in material business regarding the Company, in general, including but not limited to any tasks falling under her/his responsibility due to any assignments by the Board of Directors.

## **Convention of the Board of Directors and Agenda**

- The board of directors shall convene at least once a month. Where necessary, it may convene at more frequent intervals.
- The Board of Directors shall convene in presence of the majority of its members and the resolutions shall be adopted by the majority of the votes casted by the present members.
- The agenda of the meeting shall be determined based on the proposals submitted by the General Manager within the knowledge of the Chairman of the Board of Directors; and the Chairman or Deputy Chairman of the Board of Directors, or upon being delegated by the same, the secretary of the Board of Directors shall issue a call for a meeting.
- An Executive shall be assigned as “Rapporteur” in order to keep the members of the Board of Directors informed and to ensure communication.
- No member of the Board of Directors is granted with the right to weighted vote and/or veto power.

## **Representation and Administration of, and Transaction and Competition with the Company**

- The Company shall be administered and represented before external parties by the Board of Directors. Any document to be issued and any contract or agreement to be executed by the Company must bear the signatures of the persons authorized to engage the Company, affixed under the Company’s trade name, to become valid and effective.
- The Board of Directors may delegate its duties and powers with respect to management and representation, either partially or wholly, to managing directors who shall be appointed amongst the members thereof, or to the managers, who are not necessarily required to be shareholders, under the applicable section of the Turkish Commercial Code. In cases where the authority to represent is delegated to the managing directors; at least one member of the Board of Directors shall also be empowered to represent the Company under the provisions of the applicable section of the Turkish Commercial Code.
- The Members of the Board of Directors may not obtain authorization from the General Assembly in order to be exempt from being prohibited to carry out transactions with the Company as well as prohibition of competition as per the applicable sections of the Turkish Commercial Code.

## **Engagement of Shareholders and Stakeholders in Administration**

- As per the Articles of Associations of the Company, any shareholders representing at least 5% of the share capital of the Company, and the beneficiaries defined within the Corporate Governance Principles announced to the public by the Capital Markets Board, may be invited to attend any meeting of the Board of Directors, by forwarding their request thereto to the Chairman

of the Board of Directors. In the event that the Chairman of the Board of Directors draws the conclusion that no immediate meeting is necessary, then s/he may bring such matter in relation to invitation to the agenda and discussion at the next meeting of the Board of Directors.

### **Composition and Duties of the Committees**

- In order to ensure the smooth functioning and performance of its duties and responsibilities, the Board of Directors shall establish the Committees and Units, which are required to be established in accordance with the regulations, and which are deemed to be appropriate by it, and shall determine the number of the members of such committees and units, and shall appoint such members.
- The Corporate Governance Principles announced to public by the Capital Markets Board shall be taken into account in formation of such Committees and Units.
- The Committees shall work on the issues for which they are commissioned, and develop proposals for improvement of practices and report to the Board of Directors.
- The Board of Directors may replace or dismiss the Members of the Committees and Units at any time it may wish.
- Committees shall convene upon the invitation of their chairman, and shall adopt their resolutions in writing.
- The Secretary of the Board of Directors shall also act as the clerk of the Committees.

### **APPENDICES: 1 - Regulation on Audit Committee**

#### **2 - Regulation on Corporate Governance Committee**

#### **3 - Regulation on Risk Committee**

## **APPENDIX 1**

### **REGULATION ON AUDIT COMMITTEE**

#### **1. Purpose and Scope**

This Regulation sets out the formation of an Audit Committee to ensure fulfillment of the Board of Directors' roles and responsibilities regarding audit and supervision properly as well as the roles and responsibilities and operating procedures and principles of such Committee.

#### **2. Legal Basis**

This Regulation is drawn up based on the Communique for Determination and Implementation of Corporate Governance Principles issued by the Capital Markets Board.

#### **3. Composition of the Audit Committee**

An Audit Committee, consisting of minimum two members to be elected among the members of the Board of Directors, shall be formed.

Members of the Committee shall elect a Chairman among themselves.

All members of the Committee shall be elected from the independent members of the Board of Committee.

Where possible, it is preferable that at least one of the members of the Audit Committee has minimum 5 years of experience in auditing/accounting and finance.

The office of a member of the Audit Committee shall end upon termination of his/her office as a member of the Board.

#### **4. Roles and Responsibilities of the Audit Committee**

Roles and Responsibilities of the Audit Committee are provided below.

- The Audit Committee supervises the operation and effectiveness of the accounting system, public disclosure of its financial information, independent audit and internal control as well as internal audit system of the company.
- Selection of the independent auditing firm, execution of independent audit contracts and initiation of the independent audit process as well as operations of the independent auditing firm at every stage shall be carried out under the supervision of the Audit Committee.

- The independent auditing service provider of the Company and the services to be received from such firms shall be determined by the Audit Committee and submitted to the Board of Directors for approval.
- The methods and criteria to be used with respect to inspection and conclusion of the complaints received by the Company in relation to ethical values, accounting, internal control and internal audit system as well as the independent auditing of the company, and assessment of the reports communicated by the Company personnel in relation to corporate accounting and independent auditing shall be determined by the Audit Committee.
- The Audit Committee shall submit its assessments on the accuracy and consistency of the annual and interim financial statements to be disclosed to public with the accounting principles and facts to the Board of Directors, in writing, along with the opinions of the accountable Company managers and independent auditors as well as its own assessments.
- The Audit Committee carries out coordinated work with the Corporate Governance Committee to manage the Company's sustainability and climate-related risks when necessary.
- The Audit Committee shall fulfill any other duties and responsibilities to be assigned to it by the Board of Directors.

## **5. Operating Procedures and Principles of the Audit Committee**

- The Audit Committee shall convene at least quarterly and minimum four times a year.
- The Committee shall convene with the attendance of all members and the resolutions shall be adopted by majority of the votes of the present members.
- The Committee shall keep an official minutes book and the resolutions adopted shall be log on this book under a sequence number.
- Conclusions of the Committee meetings shall be recorded in official reports and submitted to the Board of Directors, in writing, along with the assessments made, resolutions adopted and the reasons thereof within no later than 1 months following the respective meeting of the Committee.
- The resolutions of the Committee shall come into effect upon being approved by the Board of Directors.
- The Audit Committee shall immediately inform the Board of Directors, in writing, of its findings, assessments and recommendations regarding its field of duty and responsibility.
- A statement regarding the operations and results of the meetings of the Audit Committee shall be provided in the annual report. Number of written reports submitted by the Audit Committee to the Board of Directors during the accounting year shall also be specified in the annual report.
- The Audit Committee may invite any persons it may deem necessary to attend its meetings and solicit their opinions.

- The Board of Internal Auditors shall set agenda and issue a call for meetings, establish communication with the Committee members, keep the official minutes book and manage other secretarial work for the Committee.
- Any kind of resources and assistance that might be needed by the Committee for performance of its duties shall be provided by the Board of Directors.
- The Committee may consult and get independent experts' opinions without any approval on issues requiring specialization and where it deems necessary, in relation to its operations. The cost of the consultancy services that might be needed by the Committee shall be covered by the Company.
- Members of the Audit Committee shall conduct their duties in accordance with the principles of independence and objectivity.

## **6. Effect**

The provisions of this Regulation shall come into effect on the date of approval by the Board of Directors and be executed by the Board of Directors.

## **APPENDIX 2**

### **REGULATION ON THE DUTIES OF THE CORPORATE GOVERNANCE COMMITTEE**

#### **1. Purpose and Scope**

This Regulation sets out the formation of a Corporate Governance Committee to ensure fulfillment of the Board of Directors' roles and responsibilities regarding corporate governance and sustainability properly as well as the roles and responsibilities and operating procedures and principles of such Committee.

The Corporate Governance Committee shall carry out duties of the Nomination and Remuneration Committee until such committees are formed.

#### **2. Legal Basis**

This Regulation is drawn up based on the Communique for Determination and Implementation of Corporate Governance Principles issued by the Capital Markets Board.

#### **3. Composition of the Corporate Governance Committee**

A Corporate Governance Committee consisting of minimum two members to be elected from the members of the Board of Directors and the Head of Investor Relations.

Members of the Committee shall elect a Chairman among themselves. Chairman of the Committee shall be elected from the independent Members of the Board of Committee. Experts not being a member of the Board of Directors may also become a member of the Committee.

If the Committee has two members elected from the members of the Board of Directors, then both of its members, and if it is more than two, then majority of its members must necessarily be nonexecutive members. The General Manager may not serve at the Committee.

It is mandatory that the Head of Investor Relations works full-time at the Company and is assigned as a member of the Corporate Governance Committee.

The office of a member of the Corporate Governance Committee shall end upon termination of his/her office as a member of the Board.

#### **4. Roles and Responsibilities of the Corporate Governance Committee**

The Corporate Governance Committee's roles and responsibilities with respect to corporate governance and sustainability are provided below.

- The Corporate Governance Committee shall establish whether corporate governance and sustainability principles are implemented across the Company, and if not, the reasons thereof and identify any conflicts of interest arising from lack of full compliance with these principles and advise the Board of Directors to improve the corporate governance and sustainability practices.
- It supervises the operations of the corporate Investor Relations Unit. Accordingly, The Committee establishes the fundamental principles in relation to the Company's communication with investors and regularly reviews them.
- Along with the Investor Relations Unit, the Corporate Governance Committee shall submit to the Board of Directors improvement recommendations serving to the purpose of ensuring effective communication between the Company and shareholders and elimination and resolution of any potential disputes.
- The Committee shall review the Company's Report on Compliance with the Corporate Governance and sustainability regulation Principles and submit its opinions to the Board of Directors before it is published on the annual reports of the Company.
- The Committee shall submit recommendations and assessments for establishment and amendments of the Corporate Information Policy to the Board of Directors. It shall ensure that the Information Policy covers the minimum contents set out in the regulations in respect of the Company's communication with the stakeholders and review the scope, nature, consistency and accuracy of the documentation, presentations and statements issued by the Company for informative purposes and make sure that they are issued in accordance with the Information Policy.
- It shall take actions to embed the corporate governance and sustainability culture across the company and make sure that it is adopted by managers and employees across all levels. It shall monitor any local and international developments in corporate governance and sustainability, and analyze their impact on the Company.
- It oversees the work of the Sustainability Board, established to implement environmental and social factors, in line with corporate governance principles, into the Company's activities and decision-making mechanisms in line with Sustainability Policies, and to identify and manage risks and opportunities that may arise from these issues. It reports any situations it deems necessary related to sustainability and climate change to the Risk Committee, the Audit Committee, and the Board of Directors.

The Corporate Governance Committee's roles and responsibilities with respect to nomination are provided below.

- It shall work for creation of a transparent system, by considering a gender balance, to identify, evaluate and train of eligible candidates that have diversity in education, profession, experience, culture and qualifications for the Board of Directors and executive positions with administrative responsibilities and development of policies and strategies to that end.
- It shall make regular assessments on the structure and efficiency of the Board of Directors and submit to the Board of Directors recommendations on any possible changes in this respect.
- The Committee is responsible for performance of the duties stipulated in the regulations with respect to nomination of independent members for the Board of Directors, which is mandatory for the group including the Company, as announced annually by the Board.

The Corporate Governance Committee's roles and responsibilities with respect to remuneration are provided below.

- It shall set and supervise the principles, criteria and practices to be used in remuneration of the members of the Board of Directors and executives with administrative responsibilities, taking into account the Company's long-term objectives including progress in sustainability (environmental, social and corporate governance) practices as well as its financial goals.
- It shall submit to the Board of Directors its recommendations regarding the remuneration to be paid to the members of the Board of Directors and executives with administrative responsibilities, as determined based on at which extent the criteria used for remuneration are met.
- It shall make recommendations and assessments regarding establishment and amendment of the Corporate compensation policy establishing the principles for remuneration of the members of the Board of Directors and executives with administrative responsibilities.

The Corporate Governance Committee shall fulfill any other duties and responsibilities to be assigned by the Board of Directors in relation to its field of duty.

## **5. Operating Procedures and Principles of the Corporate Governance Committee**

- The Corporate Governance Committee shall convene at least quarterly and minimum four times a year.
- The Committee shall convene with the attendance of all members and the resolutions shall be adopted by majority of the votes of the present members.
- The Committee shall keep an official minutes book and the resolutions adopted shall be log on this book under a sequence number.
- Conclusions of the Committee meetings shall be recorded in official reports and submitted to the Board of Directors, in writing, along with the assessments

made, resolutions adopted and the reasons thereof within no later than 1 months following the respective meeting of the Committee.

- The resolutions of the Committee shall come into effect upon being approved by the Board of Directors.
- The Corporate Governance Committee shall immediately inform the Board of Directors, in writing, of its findings, assessments and recommendations regarding its field of duty and responsibility.
- The Corporate Governance Committee may invite any persons it may deem necessary to attend its meetings and solicit their opinions.
- The Investor Relations Unit shall set agenda and issue a call for meetings, establish communication with the Committee Members, keep the official minutes book and manage other secretarial work for the Committee.
- Any kind of resources and assistance that might be needed by the Committee for performance of its duties shall be provided by the Board of Directors.
- The Committee may consult and get independent experts' opinions without any approval on issues requiring specialization and where it deems necessary, in relation to its operations. The cost of the consultancy services that might be needed by the Committee shall be covered by the Company.
- Members of the Corporate Governance Committee shall conduct their duties in accordance with the principles of independence and objectivity.

## **6. Effect**

The provisions of this Regulation shall come into effect on the date of approval by the Board of Directors and be executed by the Board of Directors.

## **APPENDIX 3**

### **REGULATION ON DUTIES OF THE RISK COMMITTEE**

#### **1. Purpose and Scope**

This Regulation sets out the formation of a Risk Committee to ensure fulfillment of the Board of Directors' roles and responsibilities regarding risk management properly as well as the roles and responsibilities and operating procedures and principles of such Committee.

#### **2. Legal Basis**

This Regulation is drawn up based on Section 378 of the Turkish Commercial Code and the Communiqué for Determination and Implementation of Corporate Governance Principles issued by the Capital Markets Board.

#### **3. Composition of the Risk Committee**

A Risk Committee, consisting on minimum two members to be elected from the members of the Board of Directors, shall be formed.

Members of the Committee shall elect a Chairman among themselves. Chairman of the Committee shall be elected from the independent Members of the Board of Committee. Experts not being a member of the Board of Directors may also become a member of the Committee.

If the Committee consists of two members, then both of its members, and if it consists of more than two members, then majority of its members must be non-executive members of Board of Directors. The General Manager may not serve as a member of the Committee.

The office of a member of the Risk Committee shall end upon termination of his/her office as a member of the Board.

#### **4. Roles and Responsibilities of the Risk Committee**

- The Risk Committee work for identification of risks that might endanger the existence, development and continuity of the Company at an early stage, taking necessary actions against any identified risks and management of such risks.
- The Committee shall submit proposals and opinions regarding establishment and development of a Corporate risk management system that can minimize the effects of the potential risks that are likely to affect all stakeholders, notably shareholders, to the Board of Directors, in writing.

- The Audit Committee carries out coordinated work with the Corporate Governance Committee to manage the Company's sustainability and climate-related risks when necessary.
- It shall review the risk management system of the company at least once a year.
- It shall supervise that risk management practices are carried out in accordance with the resolutions of the Board of Directors and the Committee.
- It shall review the findings and assessments on risk management to be included in the Company's annual report.
- The Risk Committee shall fulfill any other duties and responsibilities to be assigned by the Board of Directors in relation to its field of duty.

## **5. Operating Procedures and Principles of the Risk Committee**

- The Risk Committee shall convene at least quarterly and minimum four times a year.
- The Committee shall convene with the attendance of all members and the resolutions shall be adopted by majority of the votes of the present members.
- The Committee shall keep an official minutes book and the resolutions adopted shall be log on this book under a sequence number.
- Conclusions of the Committee meetings shall be recorded in official reports and submitted to the Board of Directors, in writing, along with the assessments made, resolutions adopted and the reasons thereof within no later than 1 months following the respective meeting of the Committee.
- The resolutions of the Committee shall come into effect upon being approved by the Board of Directors.
- The Risk Committee shall immediately inform the Board of Directors, in writing, of its findings, assessments and recommendations regarding its field of duty and responsibility.
- The Risk Committee may invite any persons it may deem necessary to attend its meetings and solicit their opinions.
- The Risk Management Unit shall set agenda and issue a call for meetings, establish communication with the Committee Members, keep the official minutes book and manage other secretarial work for the Committee.
- Any kind of resources and assistance that might be needed by the Committee for performance of its duties shall be provided by the Board of Directors.
- The Committee may consult and get independent experts' opinions without any approval on issues requiring specialization and where it deems necessary, in relation to its operations. The cost of the consultancy services that might be needed by the Committee shall be covered by the Company.
- Members of the Risk Committee shall conduct their duties in accordance with the principles of independence and objectivity.

## **6. Effect**

The provisions of this Regulation shall come into effect on the date of approval by the Board of Directors and be executed by the Board of Directors.