



**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.**  
**BOARD OF DIRECTORS ANNUAL ACTIVITY REPORT**  
**FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022**



## INDEPENDENT AUDIT REPORT ON THE ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

### 1. Opinion

We have audited the annual activity report of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiary (hereinafter collectively referred to as the "Group") for the accounting period January 1 - December 31, 2022.

In our opinion, the financial data contained in the annual report of the Board of Directors and the examinations made by the Board of Directors by using the information contained in the audited consolidated financial statements on the condition of the Group, are, in all their important aspects, consistent with the full set of audited consolidated financial statements and the data that we have obtained during the independent audit, and they reflect the truth.

### 2. Basis for Opinion

The independent audit we performed was carried out according to the Standards on Independent Auditing ("SIA"), a part of the Turkish Audit Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities within the scope of these standards are explained in detail in the section of Responsibilities of Independent Auditor for the Independent Audit of Annual Activity Report. We hereby represent that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") which was published by POA and with the ethical provisions contained in the relevant legislation for independent audit. We have also fulfilled the Ethical Rules and other ethics-related responsibilities as provided in the legislation. We believe that the independent audit evidence that we collected during the independent audit process constituted a sufficient and proper basis for us to reach a conclusion.

### 3. Our Auditor's Opinion in Respect of the Full Set of Consolidated Financial Statements

We have expressed an affirmative opinion in our auditor's report dated March 9, 2023 on the full set of consolidated financial statements of the Group for the accounting period January 1 - December 31, 2022.



#### **4. Responsibility of the Board of Directors for the Annual Activity Report**

In accordance with Articles 514 and 516 of Turkish Commercial Code (“TCC”) no. 6102 and the provisions of the Communiqué on Principles of Financial Reporting in Capital Markets No. II-14.1 of CMB (the “Communiqué”), the Group management is responsible for the following particularities in relation to the annual activity report:

- a) It shall prepare the annual activity report and submit it to the general assembly within the first three months following the balance sheet date.
- b) It shall prepare the annual activity report in a way to reflect the Group’s activities for that year as well as its financial standing in all aspects, correctly, completely, straightforwardly, realistically and honestly. In this report, the financial standing shall be considered in accordance with the financial statements. The report shall also expressly point out the Group’s development as well as the risks that it might possibly be faced with. Assessment of the Board of Directors relating to these issues shall also be included in the report.
- c) The activity report shall also include the following:
  - Important events that occurred in the company after the end of the activity year,
  - The company’s research and development practices,
  - Financial benefits such as salaries, premiums, bonuses and dividends, allowances, travel, accommodation and representation expenses and benefits in kind and in cash, insurances and similar allowances provided to board members and senior executives.

While preparing the activity report, the board of directors shall also take into account secondary legislative regulations issued by the Ministry of Commercial and the relevant institutions.

#### **5. Responsibility of the Independent Auditor for the Independent Audit of Annual Activity Report**

Our purpose is to provide an opinion within the framework of the provisions of the TCC and the Communiqué on whether the financial data contained in the annual activity report of the board of directors and the examinations made by the Board of Directors by using the information contained in the audited consolidated financial statements on the condition of the Group are consistent with the Group’s audited financial statements and the data that we have obtained during the independent audit, and on whether they reflect the truth, and to issue a report containing our opinion.



Our independent audit was conducted in accordance with SIA. These standards require compliance with ethical principles, and that the independent audit is planned and performed to obtain reasonable assurance on whether the financial data contained in the annual activity report and the examinations made by the Board of Directors by using the information contained in the audited financial statements are consistent with the consolidated financial statements and the data obtained during the audit, and whether they reflect the truth.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Cenk Uslu, CPA  
Responsible Auditor

Istanbul, March 9, 2023

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REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**I. GENERAL INFORMATION**

a) Reporting Period : 01-Jan-2022 – 31-Dec-2022  
b) Company's Trade Name : PARK ELEKTRİK ÜRETİM MADENCİLİK SAN. VE TİC. A.Ş.  
Mersis (Central Registration System) No. : 0815006930100014  
Tax Office and No. : ISTANBUL MAJOR TAXPAYERS TAX OFFICE – 8150069301  
Trade Registration Number : 312858

**Contact Details**

Head Office : Sultantepe Mahallesi Paşalimanı Caddesi No: 41 Üsküdar / ISTANBUL  
Phone : 0 216 531 24 00  
Fax : 0 216 531 25 71  
Website : [www.parkedlektrik.com.tr](http://www.parkedlektrik.com.tr)

**c) Capital Distribution and Shareholding Structure of the Company**

Registered Capital Ceiling : TL 300,000,000  
Issued Capital : TL 148,867,243

<b>SHAREHOLDING STRUCTURE OF PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET ANONİM ŞİRKETİ</b>					
SHAREHOLDER	Share Group	Registered / Bearer Share	Number of Shares	Holding Ratio	Nominal Value (TL)
Park Holding A.Ş.	A	Registered	1,648,365,856	11.07%	16,483,658.56
Park Holding A.Ş.	B	Registered	7,468,696,385	50.17%	74,685,963.85
<b>Sub-Total</b>			<b>9,117,062,241</b>	<b>61.24%</b>	<b>91,170,622.41</b>
Turgay CİNER	A	Registered	105,715,714	0.71%	1,057,157.14
Turgay CİNER	B	Registered	900,882,574	6.05%	9,008,825.74
<b>Sub-Total</b>			<b>1,006,598,288</b>	<b>6.76%</b>	<b>10,065,982.88</b>
Other	A	Registered	75,005,000	0.50%	750,050.00
Other	B	Registered	4,688,058,771	31.50%	46,880,587.71
<b>Sub-Total</b>			<b>4,763,063,771</b>	<b>32.00%</b>	<b>47,630,637.71</b>
<b>TOTAL</b>			<b>14,886,724,300</b>	<b>100.00%</b>	<b>148,867,243.00</b>

Park Holding A.Ş., the controlling shareholder of the Company, is controlled by Turgay Ciner. The Company has no cross-shareholding relationship.

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**I. GENERAL INFORMATION**

**ç) Explanations in Relation to Preference Shares and Voting Rights Attached to Shares**

Six (6) members of the Board of Directors shall be elected from the Group A shareholders and three (3) members shall be elected from the Group B shareholders or their nominees. There are no privileges with respect to the exercise of voting rights.

Share Group	Registered / Bearer Share	Number of Shares	Nominal Value (TL)	Ratio in Capital	Type of Privilege
A	Registered	1,829,086,570	18,290,866	12.29%	Right to nominate 6 members of the Board of Directors
B	Registered	13,057,637,730	130,576,377	87.71%	Right to nominate 3 members of the Board of Directors

**d) Information on the Board of Directors, Senior Executives and Number of Personnel**

**i) Members of the Board of Directors**

The members of the Board of Directors of the Company were elected for a term of two years at the 2020 Ordinary General Assembly meeting to be held on June 2, 2021 in accordance with the Turkish Commercial Code ("TCC") and related regulations and within the framework of the Articles of Association of the Company. The proposal of Park Holding A.Ş., the controlling shareholder of the Company, that Gürsel Usta, Erdal Yavuz, Orhan Yüksel, Salih Selim Şenkal, Mehmet Sıraç Aslan and Cevdet Özçevik on behalf of Group A shareholders, and Suat İnce on behalf of Group B shareholders, and Galip Taşdemir and Dilek Emil, whose independent membership was approved by the Corporate Governance Committee, be elected as members of the Board of Directors for a two-year term of office, was approved and accepted by the General Assembly. Details regarding the 2020 Ordinary General Assembly meeting were publicly disclosed on June 2, 2021 at [www.kap.org.tr](http://www.kap.org.tr).

**Members of the Board of Directors as of December 31, 2022:**

Board of Directors	Position	Whether Executive Director Or Not	The Election Date to Board
Gürsel Usta	Chairman of the Board of Directors	No	02-Jun-21
Erdal Yavuz	Vice Chairman of the Board of Directors	No	02-Jun-21
Özkan Gökmen*	Member of the Board of Directors	Yes	19-Oct-21
Orhan Yüksel	Member of the Board of Directors	Yes	02-Jun-21
Cevdet Özçevik	Member of the Board of Directors	Yes	02-Jun-21
Selçuk Yeşiltaş**	Member of the Board of Directors	Yes	20-Apr-22
Mehmet Sıraç Aslan	Member of the Board of Directors	No	02-Jun-21
Dilek Emil	Independent Member of the Board of Directors	No	02-Jun-21
Galip Taşdemir	Independent Member of the Board of Directors	No	02-Jun-21

\* Özkan Gökmen was appointed as a member of the Board of Directors on October 19, 2021 to fill the vacancy due to the death of Salih Selim Şenkal on September 29, 2021. The appointment was approved at the 2021 Ordinary General Assembly meeting held on July 5, 2022.

\*\* Selçuk Yeşiltaş was appointed as a member of the Board of Directors on April 20, 2022 to fill the vacancy due to the resignation of Suat İnce. The appointment was approved at the 2021 Ordinary General Assembly meeting held on July 5, 2022.

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**I. GENERAL INFORMATION**

**d) Information on the Board of Directors, Senior Executives and Number of Personnel (continued)**

**i) Members of the Board of Directors (continued)**

The majority of the Members of the Board of Directors are non-executive Members in accordance with capital markets legislation. The positions of the Members of the Board of Directors held outside the Company are presented in the table below:

<b>Member of the Board of Directors</b>	<b>Current Positions Held Outside the Company</b>
Gürsel Usta	Senior Executive at Ciner Group Glass and Chemicals Group and Member of the Board of Directors at Ciner Group Companies
Erdal Yavuz	Senior Executive at Ciner Group Strategy, Business Development and Investments Group and Member of the Board of Directors at Ciner Group Companies
Özkan Gökmen	Senior Executive at Ciner Group Energy and Mining Group and Member of the Board of Directors at Ciner Group Companies
Orhan Yüksel	Financial Affairs Senior Executive at Ciner Group and Member of the Board of Directors at Ciner Group Companies
Cevdet Özçevik	Senior Executive at Ciner Group Energy and Mining Group and Member of the Board of Directors at Ciner Group Companies
Selçuk Yeşiltaş	Financial Affairs Senior Executive at Ciner Group, Member of the Board of Directors at Ciner Group Companies and Member of the Board of Directors at Koç University Alumni Association
Mehmet Sıraç Aslan	-
Dilek Emil	EWA Kurumsal Danışmanlık Limited Şirketi - Consultant, Public Communication and Corporate Relations Management Association (KIYED) - Member of the Board of Directors, Association of Analytical Approach to Habitat (HABDER) - Member of the Board of Directors, Amorphous Ideas Association - Chairman of the Board of Directors
Galip Taşdemir	A1 Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş. Associate Chief Auditor

The CVs of the Members of the Board of Directors and independence declarations of the independent Board Members are provided in Appendix-2. No incidents have occurred in 2022 accounting period invalidating the independence of the independent Board Members.

**ii) Personnel and Labor Movements and Collective Bargaining Implementations and Rights and Benefits Granted to Personnel and Workers**

	December 31, 2021			December 31, 2022		
	White Collar	Blue Collar	Total	White Collar	Blue Collar	Total
Park Elektrik	13	11	24	12	11	23
Konya İlgin	9	18	27	10	17	27
<b>Total</b>	<b>22</b>	<b>29</b>	<b>51</b>	<b>22</b>	<b>28</b>	<b>50</b>

The total number of personnel of the Company and its subsidiary as of December 31, 2022 is 50. 22 of the employees are white collar and 28 are blue collar.

Our Company and its subsidiary have no collective bargaining agreements as of the current period. Employees are paid in accordance with the wages and rights set forth in their employment contracts.

As of December 31, 2022, the provision for severance pays for the employees of the Company and its subsidiary amounts to TL 7,179,220 and the provision for unused leave amounts to TL 2,123,995.

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## **I. GENERAL INFORMATION**

### **d) Information on the Board of Directors, Senior Executives and Number of Personnel (continued)**

#### **iii) Transactions conducted by the members of the Board of Directors with the Company on their own behalf or on behalf of third parties and their activities within the scope of the prohibition of competition**

At the respective Ordinary General Assembly meetings of the Company, the members of the Board of Directors were authorized to carry out transactions within the framework of the relevant articles of the TCC. No transaction in this scope was carried out in the 2022 accounting period.

## **II. FINANCIAL RIGHTS GRANTED TO BOARD MEMBERS AND SENIOR EXECUTIVES**

At the 2020 Ordinary General Assembly meeting held on June 2, 2021, the remuneration of the independent members of the Board of Directors was set at TL 10,000 net per month. At the 2021 Ordinary General Assembly meeting held on July 5, 2022, the relevant amount was revised as TL 15,000. No remuneration is paid to other members of the Board of Directors in their capacity as Board members. In accordance with the Company's Disclosure Policy, senior executives, other than the members of the Board of Directors, consist of the General Manager, Assistant General Managers and executives (Director, Coordinator, etc.) above the level of Manager, and no payments were made by the Company and its subsidiary ("Group") to these positions in 2022.

The total amount of benefits provided to the members of the Board of Directors for the period January 1 - December 31, 2022 is TL 367,860. No other side benefits or benefits were provided by the Group to the members of the Board of Directors in 2022.

The Group also receives management services from Park Holding A.Ş., its controlling shareholder, in the areas necessary for the sound conduct of its operations. This service includes, but is not limited to, performing procurement functions, implementing IT investments, providing technical information and support for human resources processes, assisting with financial reporting, audit and tax planning, and legal counseling processes. Park Holding A.Ş. allocates the costs incurred in providing such management services to the Group by using the cost allocation method. The amount of expenses incurred by the Group in this regard in 2022 is TL 674,970.

## **III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES**

### **Bauxite Mining Activities:**

As part of the production activities in 2022 of CTC Enerji Madencilik Sanayi ve Ticaret A.Ş. ("CTC Enerji"), which operates the bauxite site in return for royalty with registration number 78173 in İslahiye District of Gaziantep Province, where the Company holds the operating license, the royalty income received by the Company amounted to TL 72,142,918 for 1,541,249 tons of bauxite produced. Production volume increased by 3.6% compared to 1,487,760 tons in 2021. The total costs incurred in connection with the bauxite production activities, mainly labor costs for the supervision and control of the mining activities and depreciation of the equipment, amounted to TL 2,012,044.

CTC Enerji continues its mining activities with the open pit method and processes the bauxite ore obtained in the crushing and screening plant and sells it in various sizes. The Company is paid a royalty of USD 2.70 per tonne of mineral produced from the bauxite site and the amount payable cannot be less than the minimum production commitment.



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### III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)

**Bauxite Mining Activities (continued):**

The third royalty year ended on July 26, 2022 with total production of 1,430,916 tons, exceeding the minimum production commitment of 1,100,000 tons. Although it may vary depending on market conditions and supply/demand, CTC Enerji's production target for the fourth royalty year based on current mining plans is 1,100,000 tons with a minimum production commitment of 1,000,000 tons. By the end of 2022, 829,151 tons of the fourth royalty year minimum production commitment had been met. Production in calendar year 2023 is expected to be in line with 2022 at approximately 1.4-1.5 million tons.

The table below provides basic information about the bauxite site:

<b>Province / District</b>	Gaziantep / Islahiye	
<b>License Group</b>	IV. Group (C) Operating License	
<b>License Period</b>	14-Dec-18 – 14-Dec-28	
<b>Royalty Period</b>	<b>Contract</b>	It is 5 years from the start of the royalty period. Considering the market conditions, economic developments and the reserve and tenor levels in the site, the contract, which expires on April 15, 2024, will be extended to December 14, 2028, the expiration date of the license, upon the request of CTC Enerji.
<b>Minimum Production Commitment</b>	Minimum 200,000 tons of bauxite for the first royalty year, minimum 600,000 tons for the second royalty year and 1,000,000 tons for each year from the third royalty year to the end of the fifth royalty year.	
<b>Estimated Reserve Amount</b>	The grade of bauxite ore depends on the aluminum oxide ( $Al_2O_3$ ) content of the ore. As a result of the studies carried out by the Russian company VAMI in 2005, the estimated total amount of bauxite reserves in the relevant site according to ore grade is given below. Under current market conditions, bauxite ore with an $Al_2O_3$ content below 42-43% has no direct economic value and must be beneficiated.	
	<b>Ore Grade</b>	<b>Estimated Source (Million Tons)</b>
	$Al_2O_3 = 41.1$	76.7
	$Al_2O_3 = 49.5$	23.8
	$Al_2O_3 = 52.8$	13.5

Since bauxite ore with  $Al_2O_3$  content below 42-43% requires beneficiation, and such an investment plan is not available at this time, current production at the site is mainly realized from ore with an ore grade above 42-43%.

CTC Enerji's export potential of bauxite, the raw material for aluminum production, is highly dependent on the development of the Chinese economy and aluminum prices in the world. The Company's minimum production commitment policy reduces the risk of fluctuations in royalty income due to production shortfalls that may occur as a result of market conditions and supply/demand.

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### III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)

**Investment Properties:**

The Company has leased its investment property located in Beyoğlu District of Istanbul Province to Istanbul Galata University for use as a university building for higher education activities. The lease term is set for 5 years starting from June 1, 2021 and may be extended for an additional 5 years at the end of the lease term. In 2022, the rental income from the related property amounted to TL 5,901,240.

For all of the above investment properties, fair value determinations have been performed as part of the 2022 financial reporting studies. The relevant study was conducted by TSKB Gayrimenkul Değerleme A.Ş., which was authorized by the Capital Markets Board ("CMB"). The following table provides summary information on investment properties. Compared to the end of 2021, the total fair value of investment properties increased by approximately 80% to TL 541,794,160.

Address	Type	Land/Field Surface Area	Total Construction Area	Fair Value (TL)
Beraketzade Mah. Okçu Musa Cad. No:1 Beyoğlu/İstanbul	10-Storey Apartment	332 m <sup>2</sup>	2,904 m <sup>2</sup>	196,020,000
Kapıkule Yolu Üzeri, Kemalköy, Merkez/Edirne	Idle Textile Factory and Land	341,614 m <sup>2</sup>	44,543 m <sup>2</sup>	81,939,160
Hürriyet Mah. İskenderun Yolu 5. Km and Büyük Mangıt Mah. Ceyhan/Adana	Idle Textile Factory and its Land and Fields	390,037 m <sup>2</sup>	46,232 m <sup>2</sup>	263,835,000
			<b>Total</b>	<b>541,794,160</b>

**Plants, Machinery and Equipment:**

In addition, the Group has repeated the fair value studies last performed in 2020 as of the end of 2022 due to the recent inflationary environment and the impact of foreign exchange rates on the fair value of plants, machinery and equipment. The relevant study was conducted by TSKB Gayrimenkul Değerleme A.Ş., which was authorized by the CMB. As a result of the study, the fair value of the Group's plants, machinery and equipment is reported as a total of TL 27,149,593 in the consolidated financial statements as of December 31, 2022.

**a) The Company's Investments and Benefits from Incentives in the Relevant Accounting Period**

The Group's investments in 2022 mainly consist of investments related to the mining activities of the Company's subsidiary, Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Konya Ilgın"). Detailed information on the activities of Konya Ilgın is provided in subparagraph (i) of this section.

The Group has not benefited from any direct investment incentives other than the insurance premium incentive and the minimum wage incentive during the current period.

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**III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)**

**b) Information About the Internal Control System and Internal Audit Activities of Company:**

The Board of Directors has established a risk management mechanism for the Company's existing and potential risks. Internal control mechanisms are in place to monitor risk management. The effectiveness of risk management is periodically reviewed and any deficiencies or failures are corrected as soon as possible.

The Company has established an internal audit unit within its own organization. Internal Audit assesses how the organization manages existing and potential risks, the effectiveness of internal controls against risks, errors, fraud and other potential losses, and the soundness of management processes and organizational structure, reports its findings to the appropriate internal authority, and proposes solutions to problems.

**c) Information on Company's Direct or Indirect Affiliates and their Share Percentages**

		Shareholder Structure			
		31-Dec-21		31-Dec-22	
Company Name	Current Operation	Direct and Indirect Ownership Ratio	Effective Ownership Ratio	Direct and Indirect Ownership Ratio	Effective Ownership Ratio
Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş.	Production and sale of coal	100%	100%	100%	100%
Ciner Enerji Madencilik Sanayi ve Ticaret A.Ş.	Generation and sale of electricity	10%	10%	-	-

Konya Ilgın, in which the Company acquired 100% of the shares, has a project to build an integrated thermal power plant with an installed capacity of 500 MW and is currently engaged in lignite mining in the Ilgın district of Konya Province.

The Company sold its 10% shares in Ciner Enerji Madencilik Sanayi ve Ticaret A.Ş. ("Ciner Enerji") to Park Holding A.Ş. on January 10, 2022 for TL 721 in accordance with the results of the valuation study. As of September 30, 2021, in the valuation report prepared by Yeditepe Bağımsız Denetim ve YMM A.Ş., the total equity value of Ciner Enerji has been determined as negative TL 62,684,849 by using the Build-up Method and the cost approach. Considering the fact that Ciner Enerji is a joint stock company and shareholders in joint stock companies are liable to the company only with the capital shares they have subscribed, the fair value of Ciner Enerji shares has been estimated as zero in accordance with International Valuation Standards. In order to take into account the possible cash inflows and outflows that were not taken into account in the valuation study due to the current uncertainty of the lawsuits, in the event that all of Ciner Enerji's ongoing lawsuits with public institutions as plaintiffs and defendants as of the date of the transfer result in a net cash inflow of more than TL 62,684,849 as a result of the conclusion of the court proceedings, 10% of the portion of the relevant cash in excess of TL 62,684,849 will be paid to the Company as a share fee.

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### **III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)**

#### **ç) Information on the Company's Own Shares Acquired by Itself**

In 2017, the Company bought back shares with a nominal value of TL 750,000 acquired under the retirement right granted to shareholders within the scope of capital markets legislation. As these shares were acquired through the exercise of the retirement right in accordance with the CMB regulations, they are not subject to the share buyback limit of 10% of the share capital.

At the Ordinary General Assembly meeting for the year 2020 held on June 2, 2021, a Share Buyback Program was approved for a period of 2 years. The maximum price of the shares to be purchased under the share buyback program was set at 20% above the book value of the shares. Based on the last published consolidated financial statements as of December 31, 2022, the upper price for share buyback until the publication of the financial results for the first quarter of 2023 is set at TL 11.2197 for one share with a nominal value of TL 1. The nominal value of the shares to be bought back may not exceed 10% of the Company's issued capital, including previous purchases, if any. Since the current number of shares of the Company is 14,886,724,300, the maximum number of shares that may be bought back is 1,488,672,430. As part of this program, shares with a nominal value of TL 550,000 were bought back, taking into account the matching orders at the end of December 2022. The ratio of shares buy-backed under the Share Buyback Program to the share capital has reached 0.37% and TL 3,406,949 (December 31, 2021: TL 23,351) including transaction costs have been paid for share buybacks in 2022.

As stated in the relevant buyback program, the approval of the share buyback program by the General Assembly is an authorization granted to the Board of Directors and the approval of the program does not constitute a commitment that the full authorization granted under the program will be used. In the event that economic and business conditions, market conditions, Stock Exchange trading volumes or the financial situation of our company are not suitable, our Company's Board of Directors is not obliged to reach the maximum number of shares specified in the Buyback Program. Similarly, the amount of funds available for buyback is an amount calculated by multiplying the maximum number of shares by the maximum buyback price determined on the date the program was first authorized, and the Company is not obligated to use the entire amount for buyback.

The price of the shares of publicly traded companies is determined under free market conditions, depending on the situation of the company and the sector in which it operates, the financial data and specific conditions of the company, the general macroeconomic conditions and the supply and demand for the respective shares. In this regard, the maximum share buyback price announced by our company each quarter should not be considered a target price set by our company.

#### **d) Remarks on the Private Audit and Public Audit Conducted During the Accounting Period**

There were no special audit requests under article 438 of the TCC during the accounting period.

The selection of "PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." as the independent auditor, which was determined by the Board of Directors upon the proposal of the Audit Committee, to perform the independent audit activity and to review the activities and accounts of 2022 in accordance with the provisions of the Capital Markets Legislation and the Turkish Commercial Code, was approved at the General Assembly meeting held on July 5, 2022.

Our consolidated financial statements for 2022, which were prepared in accordance with the Turkish Financial Reporting Standards, were audited by an independent auditing company, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., and their audit report expressed a positive opinion.

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### **III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)**

**e) Information on the Lawsuits Brought Against the Group which may Affect the Financial Position and Operations of the Group, and the Possible Outcomes Thereof**

The Group has been involved in various lawsuits as both defendant and plaintiff due to its activities during the period. A significant portion of the Group's current lawsuits are labor lawsuits related to the Company's Madenköy operation in Şirvan district of Siirt, which was closed in 2017, and include the claims (death related pecuniary and non-pecuniary damages, receivables, and reemployment) of the Company's personnel and subcontractors' personnel and their legal successors. As of the end of 2022, the Group has made a total provision of TL 59,138,741 (December 31, 2021: TL 40,215,056) in the consolidated financial statements as a result of the legal opinions received regarding the civil, labor, commercial and administrative lawsuits filed against the Group and the evaluation of the similar lawsuits concluded in the past and the current litigation stages. The amount of the provision is updated at each reporting period based on the risks and uncertainties associated with the liability as the litigations progress.

Some non-governmental organizations filed a lawsuit against the Presidency of the Republic of Türkiye for the cancellation of the production licenses of all 30 coal-fired thermal power plants in operation in our country and the cancellation of the production licenses and projects of 7 thermal power plants that have not yet been put into operation, as the thermal power plant project of Konya Ilgın, a subsidiary of our company, is among the 7 thermal power plants that have not yet been put into operation, and the 43-year electricity generation license with license number EÜ/4292/02479 held by Konya Ilgın is also requested to be cancelled within the scope of the lawsuit, the 11th Administrative Court of Ankara has ruled to dismiss the lawsuit, with the possibility of appeal, in the lawsuit in which our subsidiary Konya Ilgın is also an intervener. At the appeal stage, the case was dismissed subject to appeal before the Council of State and the judicial process is ongoing.

**f) Remarks on Administrative and Judicial Sanctions Imposed on the Company and the Members of its Management Body Due to Practices which are in Breach of Legislation Provisions**

The application of Konya Ilgın, a subsidiary of our Company, to the Energy Market Regulatory Authority ("EMRA") to amend its electricity generation license by extending the completion period of the plant by 66 months, which was included in Konya Ilgın's electricity generation license, was rejected by EMRA's Board Decision No. 11321-10 dated October 27, 2022, and the electricity generation license was cancelled. The aforementioned decision of EMRA was first published in the Official Gazette on November 6, 2022, and numbered 32005, and was subsequently notified to Konya Ilgın on November 7, 2022, with EMRA's letter dated November 4, 2022.

It was concluded in the relevant decision of EMRA that, in summary;

1) the reasons presented to EMRA for not starting the construction of the Power Plant did not fall within the scope of "force majeure events and just causes not arising from the licensee" under the legislation on the electricity market,

2) the electricity generation license granted to Konya Ilgın for the "Ilgın 500 MW Thermal Power Plant" dated 27.02.2013 and numbered EÜ/4292/02479 was cancelled,

3) the portion of TL 7,575,000 of the two bank guarantees in the amount of TL 14,375,000 and TL 1,000,000 submitted to EMRA for the aforementioned project was recorded as a refund pursuant to Article 45 of the Electricity Market License Regulation ("Regulation") and the remaining portion is returned to Konya Ilgın,

4) pursuant to the third paragraph of Article 27 of the Regulation, all real and legal persons who directly or indirectly hold shares in the capital of Konya Ilgın and the members of the Board of Directors of Konya Ilgın were prohibited for three years following the cancellation of the license.

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**III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN  
RELATION TO THE ACTIVITIES (continued)**

**f) Remarks on Administrative and Judicial Sanctions Imposed on the Company and the Members of its Management Body Due to Practices which are in Breach of Legislation Provisions**

EMRA has assessed that the reasons we presented in our application for the extension of the plant completion period included in the generation license, due to economic and sectoral developments beyond the control of our Company and its subsidiary, do not fall within the scope of "force majeure events and just reasons not arising from the licensee" under the electricity market legislation; however, as such assessment is not considered reasonable and in accordance with the relevant legislation, studies have been initiated to exercise all possible legal rights against the decision.

Following the completion of the legal preparatory studies, an appeal against the aforementioned decision was filed before EMRA on November 22, 2022, within the legal period, pursuant to Article 11 of the Administrative Jurisdiction Procedure Law No. 2577. In the appeal to EMRA, it was emphasized that the reasons presented for the delay in the investment schedule of the power plant were legally justified and valid reasons that could be considered reasonable by EMRA.

Since Article 11 of the Administrative Jurisdiction Procedure Law No. 2577 stipulates that if the competent authority does not respond to the appeal within 30 days, the appeal shall be deemed rejected and if the appeal is deemed rejected, the period for filing an administrative lawsuit shall start again, in order to prevent any loss of rights, on January 3, 2023, Konya İlgin filed a nullity lawsuit at Ankara 21st Administrative Court with file number 2023/11, requesting a stay of execution against the said administrative action of EMRA. As EMRA also decided that all real and legal persons and entities who directly or indirectly hold shares in the capital of Konya İlgin and the members of the Board of Directors of our subsidiary Konya İlgin shall be deemed to be prohibited from the electricity market for three years following the revocation of the license, our Company and our controlling shareholder Park Holding A.Ş. also filed annulment lawsuits on January 3, 2023, requesting a stay of execution for the lifting of the prohibition. The persons against whom a prohibition order was issued also filed a lawsuit on their own behalf.

Following the filing of the administrative lawsuit, Konya İlgin was notified of the EMRA Board's decision dated December 22, 2022 and numbered 11471-3 regarding the rejection of Konya İlgin's appeal by EMRA's letter dated January 9, 2023. The aforementioned decision does not include any explanation as to why the appeal was rejected. In the case filed by Konya İlgin before Ankara 21st Administrative Court with the number 2023/11, the administrative court procedure is still ongoing and no decision has been made yet.

As stated in the activity reports previously disclosed to the public, the Konya İlgin Thermal Power Plant Project could not proceed to the construction phase as of today due to the negative developments in the Turkish electricity sector and general economic conditions, as well as the global pandemic that began to show its effects in 2020, which could not be foreseen at the time of the acquisition of the project by our Company.

In particular, the fact that the construction companies, suppliers and financial institutions with which we are working on the project are based in China, and that China has taken much more stringent measures than other countries in the fight against the pandemic, and has only recently begun to relax these stringent measures, has meant that the transactions and negotiations within the project have not progressed at the desired pace. In addition, in an environment where the impact of the Covid-19 pandemic began to diminish relatively in the last quarter of 2021, this time the conflict between Ukraine and Russia began in early 2022 and a new energy supply crisis emerged on a global scale due to the uncertainty of when and how this ongoing war environment would end and the existing and possible sanctions on energy commodities during this period.

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**III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN  
RELATION TO THE ACTIVITIES (continued)**

**f) Remarks on Administrative and Judicial Sanctions Imposed on the Company and the Members of its Management Body Due to Practices which are in Breach of Legislation Provisions**

As part of the power plant investment activities, the Chinese company GEDI (China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd.) was selected as the turnkey contractor for the construction of the Konya Ilgın Thermal Power Plant in 2015. Although the contractor is of Chinese origin, European companies were preferred as suppliers of the boiler, steam turbine, generator and flue gas treatment systems to be used in the power plant. As a result of the Paris Agreement signed by 197 countries under the United Nations Framework Convention on Climate Change, and under pressure from non-governmental organizations worldwide, American and European energy equipment manufacturers, including the leaders in the sector, have recently announced their withdrawal from the fossil fuel power plant construction sector, and in line with this view, American and European financial institutions have also changed their policies to not support fossil fuel investments. Reflecting these developments, major financial institutions in Türkiye have announced that they will not finance investments in coal-fired power plants. These developments have led to a mandatory focus on Chinese companies and financial institutions in both the construction and financing of the power plant.

On the other hand, the Group closely monitored electricity prices, which are one of the most important parameters for determining the right time and conditions for initiating investments and utilizing loans. In fact, the Market Clearing Price ("MCP"), which averaged approximately USD 48 /Mwh in 2018, was realized at approximately USD/40 Mwh in 2020, representing a 17% decrease in USD terms. In 2021, it remained at an average of USD 55 /Mwh. In this context, prices continued to remain below the USD 60-65 /Mwh level estimated to be achieved in the medium term at the time of the acquisition of Konya Ilgın in 2017. Since the realization of the Konya Ilgın Thermal Power Plant Project at these price levels was not in the best interest of the shareholders of the Company, the right time and conditions for the initiation of the investment and the utilization of the loan were expected to occur.

The recent energy supply problems, both globally and in Türkiye, have once again highlighted the importance of having high availability and reliable baseload power plants, as well as increasing the diversity of sources used for energy generation. In this context, many countries are reviewing their energy policies in the light of developments, and the utilization of lignite sites, which occupy an important place among domestic fossil fuels, is of great importance for the national energy policy of our country.

In this context, Konya Ilgın, which has the mining license of one of the three most important mining areas in our country where production can be made with domestic resources, is of strategic importance. The importance of the Konya Ilgın Thermal Power Plant Project is evident in all aspects, including the efficient use of the coal reserves in the Konya Ilgın Mining Area, the contribution to the security of energy supply as it will be a baseload power plant, the increase in employment in the region, and the fact that it will be built with foreign financing. Accordingly, taking into account the fact that EMRA's decision is not final and subject to judicial review, our business plan for the realization of the Konya Ilgın Thermal Power Plant Project in the medium term remains valid. We believe that utilizing the coal reserves in the respective site as a thermal power plant fuel to create value is the most appropriate business model, and we continue to work on the realization of the project despite the limitations and all the negative developments that have occurred worldwide regarding thermal power plants beyond the control of our Company.

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**III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)**

**f) Remarks on Administrative and Judicial Sanctions Imposed on the Company and the Members of its Management Body Due to Practices which are in Breach of Legislation Provisions**

Finally, within the framework of the pre-mining planning carried out in 2019 in order to prepare for the main mining plan with high coal production capacity to be implemented during the period of the power plant's operation, our subsidiary Konya Ilgın is currently carrying out lignite mining activities in the site with registration number 1247, which is located in the Ilgın District of Konya Province and belongs to the General Directorate of Turkish Coal Enterprises Authority ("TCEA"). The royalty agreement is valid until April 9, 2032 and, as previously disclosed to the public, a protocol has been signed by the parties for the transfer of the license of the site with registration number 1247 from TCEA, limited to the royalty period. The General Directorate of Mining and Petroleum Affairs of the Ministry of Energy and Natural Resources has approved the license transfer application and the license transfer process is ongoing. The royalty agreement in question relates only to the use of the mineral resources in the site and does not include any requirement to construct a power plant or similar facility. The license of site number 2444, which is a continuation of site number 1247, where coal production activities are planned to continue in the following period, is held directly by Konya Ilgın and is valid until March 4, 2043. In this context, although the license revocation decision is subject to judicial review and no final decision has been made, there is no obstacle to coal production from the relevant sites even if the power plant investment cannot be realized as a result of the process. In this context, EMRA's decision to revoke the power generation license does not affect the ongoing mining activities of Konya Ilgın.

**g) Significant changes in the environment in which the Company operates and the Company's policies in response to those changes**

There have been no significant changes in bauxite production activities at Islahiye that may affect operations in 2022. CTC Enerji's production continues to exceed its contractual minimum production commitment. During production, step widths, step slope angles and general slope angles within the quarry are controlled according to the project data, and the quarry is advanced in a controlled manner by measuring these parameters during production.

The mining plan of the Konya lignite site of the Company's subsidiary Konya Ilgın is reviewed annually in light of the actual implementation. In this context, in view of the 2022 realizations and the legal proceedings initiated against the license revocation decision of EMRA, the duration of the pre-mining planning, which was carried out prior to the high-volume coal production, has been extended to the entire calendar year 2026. Accordingly, the total amount of pickling to be carried out during the preliminary planning period has been revised to approximately 42.3 million tons m<sup>3</sup> and the total amount of coal to be produced between 2019 and 2026 has been revised to approximately 2.2 million tons.

Production commenced in the last quarter of 2019, and realizations under this plan are shown below as of the end of 2022.

<b>Year</b>	<b>Stripping Amount (m<sup>3</sup>)</b>	<b>Coal Production (Tons)</b>
2019	4,484,150	20,184
2020	5,557,187	270,180
2021	5,321,817	275,054
2022	4,360,352	301,061
<b>Total</b>	<b>19,723,506</b>	<b>866,479</b>



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### **III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)**

#### **g) Significant changes in the environment in which the Company operates and the Company's policies in response to those changes (continued)**

Considering the timing of the power plant investment schedule and coal sales volumes, the duration of pre-mining planning and planned coal production volumes can be revised.

In addition, the recent uptrend in energy commodities, the uncertainty caused by the conflict between Ukraine and Russia, and the impact of potential sanctions on pricing mechanisms continue. Energy commodity price increases, particularly natural gas and oil, and the weakness of the Turkish Lira against the U.S. Dollar continue to put pressure on coal production costs. In order to pass on the related increases in production costs to customers as far as possible, coal sales contracts are revised as necessary and shorter-term contracts are used in periods when price movements cannot be predicted.

Under the coal sales contract signed by our subsidiary with Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim A.Ş. ("Eti Soda") on June 30, 2022, the coal sales price has been revised according to the current market conditions as in previous contracts, taking into account the increasing coal production costs incurred by Konya Ilgın due to the inflationary environment in our country and the price increases of global energy commodities. As a precaution against cost increases that may occur during the term of the contract, it has been agreed that coal sales prices will be escalated to reflect changes in fuel prices and inflation rates. In this context, since the cost of pickling, which is the largest cost item in coal production, is approximately 50% to 55% dependent on fuel prices, the coal sales price is revised monthly to reflect fuel prices and quarterly to reflect general inflation rates. If the fuel price change is more than 5% in the same month, the price is updated separately without waiting for the next month.

As a result of its mining activities, our subsidiary is subject to environmental controls and regulations. Konya Ilgın is obliged to restore the environment to its previous condition after the end of mining activities by decommissioning the facilities and other assets that it has benefited from mining. Konya Ilgın's management believes that its environmental obligations mainly include the following aspects:

- Rehabilitation of the land structure and other forms of continuous rehabilitation; and
- Decommissioning of equipment used during mining activities at the end of mining activities and restoration of mining sites in a manner that ensures the safety of the surrounding population and the protection of the environment, buildings and other facilities.

The Group continuously reviews the amount of the provision for the rehabilitation of the Konya Ilgın mine site and has recorded a provision of TL 34,213,220 as of the end of 2022 in its financial statements.

#### **ğ) Key Factors Affecting Company Performance**

The Group is currently in the investment process and plans to operate mainly in the power generation sector as well as mining activities after the completion of the Konya Ilgın Thermal Power Plant Project within the subsidiary of the Company. Actually, the Company is engaged in bauxite mining, which is operated by the Company under royalty, and lignite mining, which was started by its subsidiary in preparation for the period when the thermal power plant will be in operation.

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### **III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)**

#### **ğ) Key Factors Affecting Company Performance (continued)**

The main factors affecting the financial results of the mining operations are the production volume and the royalty per ton, on which the royalty income from bauxite mining is directly dependent. As royalties are denominated in foreign currencies, currency fluctuations also have an indirect impact on revenues. For lignite mining, fuel prices are the most important factor in determining both production costs and coal selling prices. As Türkiye is an oil importer, exchange rates also have an indirect impact on both coal production costs and coal sales prices. In addition, changes in the price of imported coal indirectly affect the price of domestic coal, which is a substitute product. Our subsidiary Konya Ilgın is engaged in the production of domestic lignite, which has a very low calorific value compared to imported coal (with an average lower calorific value of approximately 2079 kcal/kg), and comparing lignite prices with high-calorific imported coal prices is not an accurate comparison in this respect.

On the other hand, the Konya Ilgın Thermal Power Plant Project is a greenfield investment project and many factors affect the timing of the investment, including the exchange rate of the Turkish Lira against the U.S. Dollar, electricity supply/demand, electricity prices, incentives for the use of renewable energy resources and domestic resources.

Reflecting the supply/demand conditions in the Turkish electricity sector and the global increase in energy commodity prices, electricity prices in the Turkish electricity sector have recently been on an upward trend. In 2021, the average Market Clearing Price ("MCP") was realized at TL 506.41 /MWh, an increase of 82% compared to the previous year, and continued to increase in 2022, reaching an average of TL 2,505 /MWh. This increase was driven by the increase in demand for oil and natural gas due to the acceleration of economic growth in the world as the effects of Covid-19 fade, especially in the last quarter of 2021, the uncertainty of the outcome of the conflict between Ukraine and Russia, and the current and possible sanctions of countries that include energy commodities.

In light of these price developments, EMRA introduced a new regulation at the beginning of April 2022 that differentiated the maximum settlement price for the electricity price formed within EPIAŞ ("Energy Exchange İstanbul") among power plants. The regulation, which was implemented for a temporary period of six months and extended for another six months beginning October 1, 2022, suppresses the price of electricity generated from domestic resources, including domestic coal, and negatively impacts the profit margins of domestic coal-fired power plants due to increased production costs. The maximum price for imported coal and natural gas power plants, initially set at TL 2,500 /MWh, was revised to TL 2,750 /MWh and TL 4,500 /MWh, respectively, according to the new regulation effective October 1. The maximum price for all other power plants, including domestic coal, which was set at TL 1,200 /MWh in April, was set separately for domestic coal and renewables as of October 1, and the maximum price for domestic coal was revised to TL 2,050. As of December, the maximum price for domestic coal-fired power plants was TL 2,058 per MWh, equivalent to approximately USD 110 /Mwh at year-end exchange rates. In 2022, we foresee that the levels of electricity prices reached in the market are due to the energy supply crisis and that there may be a normalization of prices in the coming period, and we are closely monitoring the levels at which prices will stabilize and the application of EMRA's maximum price. Whether or not this application becomes a permanent practice is critical for all power plants that use and will use domestic coal.

The impact of global economic and geopolitical developments on commodity and electricity prices, and whether or not they are permanent, is important to the Konya Ilgın Thermal Power Plant Project. In this respect, global economic developments, dynamics in the Turkish energy sector and changes in tax, environmental and incentive legislation are considered among the most important factors influencing the Group's investment process. The Group closely monitors recent macroeconomic developments and their impact on energy investments, the supply/demand balance in the electricity sector, and the incentive mechanisms of public authorities.

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**h) Corporate Governance Principles Compliance Report**

The mandatory "Corporate Governance Principles" published by the CMB have been complied with and implemented during the period January 1, 2022 - December 31, 2022. The "Corporate Governance Compliance Report" ("CGCR") and the "Corporate Governance Information Form" ("CGIF") for the year 2022, prepared in accordance with the formats established pursuant to the decision of the CMB dated 10.01.2019 and numbered 2/49 and the Corporate Governance Communiqué No. II-17.1, have been made available to the public at [www.kap.org.tr](http://www.kap.org.tr). The CGCR templates were used to report on compliance with voluntary principles, and the CGIF templates were used to provide information on current corporate governance practices.

The Company's Declaration of Compliance with the Corporate Governance Principles and additional explanations on the Corporate Governance Rules are included in the Annual Report under "VIII - Additional Information on Corporate Governance".

As a result of the periodic review study conducted by SAHA Kurumsal Yönetim ve Derecelendirme Hizmetleri A.Ş., the Corporate Governance Rating of our Company has been confirmed as 91.27 (9.13) as of June 6, 2022.

<b>Major Categories</b>	<b>Weight</b>	<b>Rating</b>
Shareholders	25%	89.04
Public Disclosure and Transparency	25%	97.87
Stakeholders	15%	85.55
Board of Directors	%35	90.62
<b>Total</b>		<b>91.27</b>

**l) Articles of Association Amendments and its Reasons in The Period**

None.

**i) Activities of the Company's Subsidiary – Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş.**

The Company's subsidiary, Konya Ilgın, has a project to establish an integrated thermal power plant with an installed capacity of 500 MW. Konya Ilgın was established for the purpose of extracting lignite from the relevant sites and producing and selling electric energy within the framework of the mining license it holds and the royalty agreement to which it is a party. As of the current situation, the construction of the thermal power plant could not be started due to the economic and global developments beyond the control of our Group as described in subparagraph (ğ) of this section.

Considering that the construction phase of the power plant has not yet started and that the process will take approximately 3.5 years after the start of the power plant construction, a preliminary mining activity has been planned. According to the latest updated plan, which covers the period from June 2019 to December 2026, a total of approximately 42.3 million m<sup>3</sup> of stripping is planned and a total of approximately 2.2 million tons of coal is planned to be produced during the plan period. Since it is not possible to store the coal produced within the framework of this plan (spontaneous reddening due to oxidation, etc.), the coal will be sold during this transitional period in order to generate income, and the coal produced from the site within the framework of the main mining plan will be used to cover the fuel needs of the thermal power plant.

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**III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN  
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**i) Activities of the Company's Subsidiary – Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş.**

Since the main business model of Konya Ilgın is based on electricity generation and the coal produced at the site is not continuously sold to external markets, there is no performance target for the coal production and sales activity, which is realized in a very limited volume according to the main mining plan. The main purpose of this plan is to prepare for a high coal production capacity master mining plan (a 30-year master mining plan requiring approximately 3.5 million tons of coal production per year) to be implemented in the future when the power plant will be in operation.

As part of the ongoing stripping and coal production activities in the Konya Ilgın site, a total of 4,360,352 m<sup>3</sup> of stripping was carried out in 2022, while coal production in the current period was 301,060 tons. Inventory at the end of the period was 30,662 metric tons. There were no stripping activities in the first 2 months of 2022 due to seasonal conditions.

The existing stripping contract between our subsidiary Konya Ilgın and Nasıroğlu Madencilik İnşaat A.Ş., which carried out the stripping activities in the site, was terminated by mutual agreement, taking into account the request of the relevant company, and a new contract was signed in March 2022 with Yener Tarım İnşaat Madencilik Besicilik ve Organik Ürünler Sanayi Ticaret Limited Şirketi for the realization of a total of 4,550,000 m<sup>3</sup> of stripping work with a tolerance of ±25% for the realization of the pickling works in 2022. The base unit price for the pickling was set at TL 18.65m<sup>3</sup> in the contract, and the base unit price was subject to monthly escalation during the period of the work in accordance with the terms of the contract. Weighted average annual stripping costs increased by approximately 210% in 2022 compared to 2021, mainly due to the increase in input prices, especially fuel prices.

Regarding the sale of coal produced at Konya Ilgın site, a one-year coal purchase and sale agreement was signed with Eti Soda, one of our related companies, on July 14, 2021, under which 240,000 tons of coal with a calorific value of 2,000 kcal/kg (±25%) will be sold to Eti Soda until July 17, 2022. Following the expiration of the relevant contract, a new coal purchase and sale contract has been signed for a period of one year from June 30, 2022, following the completion of the necessary General Assembly approval processes for the revised contract terms, taking into account the current market conditions. Under the new contract, coal sales to Eti Soda will continue for an additional year, effective July 17, 2022, and 240,000 tons (±25%) of coal will be delivered to Eti Soda through July 16, 2023.

Under the above contract provisions, a total of 262,682 net tons of coal was sold to Eti Soda in 2022, and as a result of coal sales, a net amount of TL 114,271,921 was received from Eti Soda.

Konya Ilgın also signed a contract on March 29, 2022 for the sale of 10,000 tons of coal produced from the coal site with a lower calorific value between 1,800-2,100 kcal/kg to Düzgün İş Makinaları İnşaat Madencilik Sanayi ve Ticaret A.Ş. Deliveries under this contract amounted to 2,207 tons.

Finally, our subsidiary Konya Ilgın signed a contract to sell 50,000 tons of coal with a lower calorific value between 1,300 and 2,250 kcal/kg to Eti Alüminyum A.Ş. on April 1, 2022. The amount of coal may be increased or decreased by 10%. Deliveries under this contract amounted to 35,765 tons.

Within the framework of all the above-mentioned contracts, the total amount of coal sales in 2022 is 300,654 tons and the net revenue generated is TL 125,577,479.

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#### **i) Activities of the Company's Subsidiary – Konya İlgin Elektrik Üretim Sanayi ve Ticaret A.Ş.**

Konya İlgin completed and capitalized the electricity transmission line investment amounting to approximately TL 880 thousand in 2022. In addition, it invested approximately TL 7 million in plant/machinery/equipment and TL 597 thousand in prefabricated offices.

A contract was signed on March 4, 2022 for the sale of the clay necessarily produced during the coal production activities in the lignite site with license number 1247 in İlgin District of Konya, which is operated by Konya İlgin under the royalty method, to HF Penta Madencilik Sanayi ve Ticaret Limited Şirketi. The contract is valid until December 31, 2022 and it is foreseen to sell 60 thousand tons of clay by the end of the year. The contract amount may be increased or decreased by 10% depending on the demand of HF Penta Madencilik Sanayi ve Ticaret Limited Şirketi and the production situation in the site. In 2022, deliveries under this contract amount to 48,461 tons. In return for this delivery, TL 2,575,564 of revenue was generated.

With the decision of the CMB dated 11.04.2019 and numbered 21/500 of the CMB, in the reporting of mineral exploration, mineral resource and mineral reserve estimation results, in the valuation of the mining license, in the valuation of mineral resources and mineral reserves, the reports prepared by the competent persons authorized by the National Resources and Reserves Reporting Committee ("UMREK") in accordance with the UMREK standards should be taken as basis, and in addition to the activities carried out so far regarding the field, activities have been started to determine the reserve in the field in accordance with UMREK norms and standards and to report it according to UMREK (2018) code.

As part of the activities carried out, the Coal Resource Estimation Report dated January 10, 2022 prepared by Güvenli ve Verimli Maden Teknolojileri San. ve Tic. Limited Şirketi in accordance with the UMREK (2018) code briefly states the following points:

- 1) The amount of coal resource, which was determined to be approximately 175 million tons in the last study conducted by ITU Faculty of Mining, Department of Mining Engineering in 2017 to estimate the amount of coal in the site, was determined to be 188 million tons and the average lower calorific value on the original basis was determined to be 2,079 kcal/kg;
- 2) As a result of the data produced from the drillings carried out in the site between 1977-2011 and the confirmation drillings carried out in 2021 within the scope of UMREK (2018) reporting, the entire 188 million tons of coal resource was classified in the Potential Category on the grounds that the quality, accuracy, precision and representativeness of the data produced from the drillings support the resource in the potential category; and
- 3) Since it is not possible to convert the mineral resources in the Potential Category into mineral reserves, additional drilling work is required to proceed with the mineral reserve estimation study

In 2022, both the additional work required by the UMREK (2018) Code and the consultations with relevant expert organizations continue.

The term of the royalty agreement for the site numbered 1247, located in the İlgin District of Konya Province and owned by TCE, where the Company currently operates its lignite mining activities on a royalty basis, has been extended until April 9, 2032. Subsequently, a protocol has been signed by the parties for the transfer of the license of the site with registration number 1247 from TCE, limited to the royalty period. The General Directorate of Mining and Petroleum Affairs of the Ministry of Energy and Natural Resources has approved the license transfer application and the license transfer process is ongoing.

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**III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN  
RELATION TO THE ACTIVITIES (continued)**

**i) Activities of the Company's Subsidiary – Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş.**

The following table provides basic information on the Konya Ilgın Thermal Power Plant Project:

<b>Project&amp;Location</b>	Ilgın Thermal Power Plant - Konya / Ilgın
<b>Type of Plant</b>	Thermal - Fluid Bed Combustion
<b>Total Installed Capacity</b>	500 MW
<b>Type of Fuel</b>	Domestic Coal/ Fuel Oil
<b>Estimated Cost</b>	Taking into account the main power plant investment (approximately USD 600 million) and the non-main power plant investments (switchgear, water intake, ash dam, etc.), the total power plant investment is projected to be approximately USD 650 million.
<b>Estimated Average Electricity Generation Amount (Gross)</b>	3,800,000,000 MWh / Year
<b>Estimated Coal Consumption Amount</b>	Approximately 3.5 million tons
<b>Construction Duration</b>	43 months (Approx. 3.5 years)
<b>Electricity Generation License Term</b>	49 years (as of February 27, 2013) (see Section III/(f))
<b>Easement Period</b>	49 years (established on February 27, 2013) for the purpose of establishing a power generation facility at the power plant site.
<b>Coal License Period (License numbered 2444)</b>	Group IV (B) mining operation license covering 1,865.42 hectares and valid until March 04, 2043 (The site is temporarily suspended until October 23, 2023).
<b>Coal License Period (License numbered 1247)</b>	Group IV (B) mining operation license of General Directorate of Turkish Coal Enterprises covering an area of 5,649.65 hectares and valid until June 21, 2026
<b>Environmental Permit and License Certificate</b>	At present, Konya Ilgın has an Environmental Permit and License Certificate valid until July 1, 2026, which carries out mining activities in the site with license number 1247.
<b>Royalty Contract Period (license numbered 1247)</b>	Royalty agreement covering 5,649.65 hectares and valid until April 09, 2032. There is a minimum production commitment of 300,000 tons per year.
<b>Estimated Reserve/Resource Amount</b>	According to the UMREK (2018) code, the sites with license numbers 1247 and 2444 are estimated to contain a total of approximately 188 million tons of potential coal resources. The average lower calorific value of the coal in the site is approximately 2079 kcal/kg.

Konya Ilgın also owns limestone sites in Ilgın District of Konya Province, which were purchased to meet the limestone needs of the power plant during the period when the Konya Ilgın Thermal Power Plant Project is realized, but as the power plant investment has not yet been realized, there are no mining activities or plant investments in the limestone sites that will affect our operations at the current situation.

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**III. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (continued)**

- j) Information on Conflicts of Interest Between the Company and Institutions from Which It Procures Services in Matters such as Investment Consultancy and Rating, and on Measures Taken by the Company to Prevent such Conflict of Interest

None.

- k) Research and Development Studies

None.

- l) Donations and Aid Granted and Social Responsibility Projects

The Group made donations and grants amounting to TL 35.097 in 2022. No social responsibility projects implemented in the current period.

**IV. FINANCIAL STATUS**

- a) Summary of Financial Statements

<b>SUMMARY BALANCE SHEET (TL)</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>
Current Assets	106,079,687	211,363,986
Non-Current Assets	999,296,460	1,409,441,899
<b>TOTAL ASSETS</b>	<b>1,105,376,147</b>	<b>1,620,805,885</b>
Current Liabilities	98,111,303	123,183,542
Non-Current Liabilities	48,148,547	105,746,100
Equity	959,116,297	1,391,876,243
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,105,376,147</b>	<b>1,620,805,885</b>

<b>SUMMARY INCOME STATEMENT (TL)</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>
Revenue	79,251,636	201,061,156
<b>Gross Profit</b>	<b>36,478,387</b>	<b>108,460,324</b>
<b>Real Operating Profit</b>	<b>10,589,387</b>	<b>66,589,512</b>
Gain/Losses (-) from Investment Activities - net	100,321,187	239,440,335
Financial Income	220,444,989	218,890,148
Financial (Expenses)	(1,924,206)	(1,307,164)
<b>Profit Before Tax</b>	<b>329,431,357</b>	<b>523,612,831</b>
Tax (Expense)	(74,262,274)	(97,181,014)
<b>Net Profit From Continued Operations</b>	<b>255,169,083</b>	<b>426,431,817</b>

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#### IV. FINANCIAL POSITION

##### b) Key Indicators and Ratios

<b>Liquidity Ratios</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>
Current Ratio*	1.08	1.72
Quick Ratio*	1.01	1.60

(\*)Current Ratio Current Assets / Short-Term Liabilities, Quick Ratio: Current Assets - Stocks / Short-Term Liabilities

<b>Financial Structure Ratios</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>
Total Liabilities / Equity	15.25%	16.45%
Current Liabilities / Total Assets	8.88%	7.60%
Non-Current Liabilities / Total Assets	4.36%	6.52%
Non-Current Assets / (Equity + Non-Current Liabilities)	13.35%	17.60%

<b>Profitability Ratios</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>
Net Profit / Total Assets	23.08%	26.31%
Net Profit / Equity	26.60%	30.64%

##### General Assessment

As a result of the mining activities started in 2019 within the framework of the pre-mining planning of Konya Ilgın, net revenues of TL 125,577,479 were generated from the sale of 300,654 tons of coal in 2022. Additionally, TL 2,575,564 was generated from clay sales. In addition to coal and clay sales, Park Elektrik received royalty income of TL 72,142,918 for 1,541,249 tons of bauxite produced in 2022 as part of the production activities of CTC Enerji, which operates the bauxite site in İslahiye, Gaziantep under the royalty method, where Park Elektrik has an operating license.

As a result of the increase in the price of coal due to the increase in the price of energy commodities as a result of the global and local economic developments, the gross profit from all mining operations amounted to TL 108,460,324 (December 31, 2021: TL 36,478,387).

The Group's revenue for 2022 amounted to TL 201,061,156 due to the increase in royalty revenues from bauxite production and coal/clay sales revenues realized by our subsidiary, while total gross profitability was TL 108,460,234. With the effect of other operating expenses incurred, the Group achieved an operating profit of TL 66,589,512 and increased its real operating profit by approximately 529% compared to the same period of the previous year.



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#### **IV. FINANCIAL POSITION**

On the other hand, due to the developments in the real estate market, the fair value of the Company's investment properties increased as of the end of 2022 as a result of the valuation studies conducted by the valuation company authorized by the CMB, which provides real estate valuation services in accordance with the Capital Market Law, and the income from investment activities amounting to TL 240,003,001 was reflected in the income statement. Net income from investment activities amounted to TL 239,440,335 due to rental income and expenses from investment activities.

In the current accounting period, the Group has received financial income in the total amount of TL 218,631,250 as a result of the receivable in the amount of TL 564,188,043 from its controlling shareholder Park Holding A.Ş., which is reported under "Other Receivables due from Related Parties" as of the end of December 2022. As of December 31, 2022, the balance of other receivables from Park Holding A.Ş. consists of both foreign currency and Turkish Lira, and the balance of foreign currency is USD 28,458,268. At the end of 2021, the related foreign currency balance was USD 27,487,171.

2022 financial structure ratios continue to remain positive due to the Group's strong equity and low debt, with a Total Debt/Equity ratio of 16.4% as of the end of December 2022. The Group is expected to maintain its strong equity-based structure in 2023.

##### **c) Financing Sources of the Incorporation**

As of December 31, 2022, the share of the Group's short- and long-term liabilities in total resources is 14,12% and the Group finances its operations mainly with equity. There is no situation of non-reciprocated capital.

##### **d) Nature and Amount of the Issued Capital Market Instruments**

No capital market instruments were issued during the period.

##### **e) Dividend Distribution Policy**

Dividends are paid according to capital markets legislation, provisions of the Turkish Commercial Code, tax regulations and other related legislation, and the article of the Articles of Association about dividends. Under the Company's current Articles of Association, there are no privileged shares with respect to the payment of dividends. The dividend shall be distributed equally to all shares existing as of the distribution date, regardless of their issuance and acquisition dates.

The General Assembly decides on the dividend distribution rate every year and, to the extent permitted by the relevant regulations and financial conditions, dividend distribution may be made in cash or by bonus issue of shares to be issued by adding the dividend to the capital, or by distributing a certain percentage of cash and a certain percentage of bonus shares, taking into account the general economic expectations, the Company's growth targets, investment and financing policies, profitability and cash position.

Dividends are paid after the proposal of the Board of Directors has been submitted to the General Assembly for approval and the dividend to be paid has been determined, but no later than at the end of the fiscal year in which the General Assembly resolving on the payment of dividends is held. According to the Articles of Association of the Company, the Board of Directors may pay advance dividends if authorized by the General Assembly and in compliance with capital market regulations.

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#### **IV. FINANCIAL POSITION**

##### **e) Dividend Distribution Policy (continued)**

At the meeting of the Board of Directors on June 7, 2022, within the framework of Capital Markets Legislation, the articles of association regarding the distribution of dividends and the Dividend Distribution Policy; taking into account the long-term investment and financing strategy of the Company due to the ongoing investments, the uncertainty caused by the current economic situation in our country and the world, the fact that the profit generated is mainly in the nature of real estate appreciation, which does not generate cash inflow and financing income, especially foreign exchange gains, and the Company's cash position and the long-term interests of the shareholders, in order to strengthen the equity of the Company, it was decided to submit the issue of retaining the net distributable profits for fiscal year 2021 within the Company and not distributing them to the shareholders to the approval of the Ordinary General Meeting of the Company for fiscal year 2021, and at the relevant General Assembly meeting held on July 5, 2022, it was decided not to distribute the profits.

#### **V. ASSESSMENT OF ELECTRICITY SECTOR**

##### **a) Information About the Industry in which the Company Operates, the Company's Position in the Market**

The Group is currently in the investment process and plans to operate mainly in the power generation sector as well as mining activities after the completion of the thermal power plant investment within the Group.

In 2022, Türkiye's electricity consumption decreased by 1.25% from the previous year to 328,719 GWh. Over the same period, electricity generation decreased by 2.60%, bringing the total electricity generation in 2022 to 326,015 GWh.

In December 2022, the average spot electricity price was realized at approximately TL 3,724 /MWh, with an increase of approximately 269% compared to December 2021. Based on average annual electricity sales prices, the year-on-year increase was approximately 394%. In 2021, the average electricity sales price was TL 506 /MWh, while in 2022 it was TL 2,505 /MWh.

	Dec.21	Dec.22	Change	2021	2022	Change
Generation (GWh)	29,256	26,549	-9.25%	334,723	326,015	-2.60%
Consumption (GWh)	29,291	27,011	-7.79%	332,871	328,719	-1.25%
Average Spot Price (TL/MWh)	1008.64	3724.41	269.25%	506.41	2505.61	394.78%

Reference: TEİAŞ, EPIAŞ

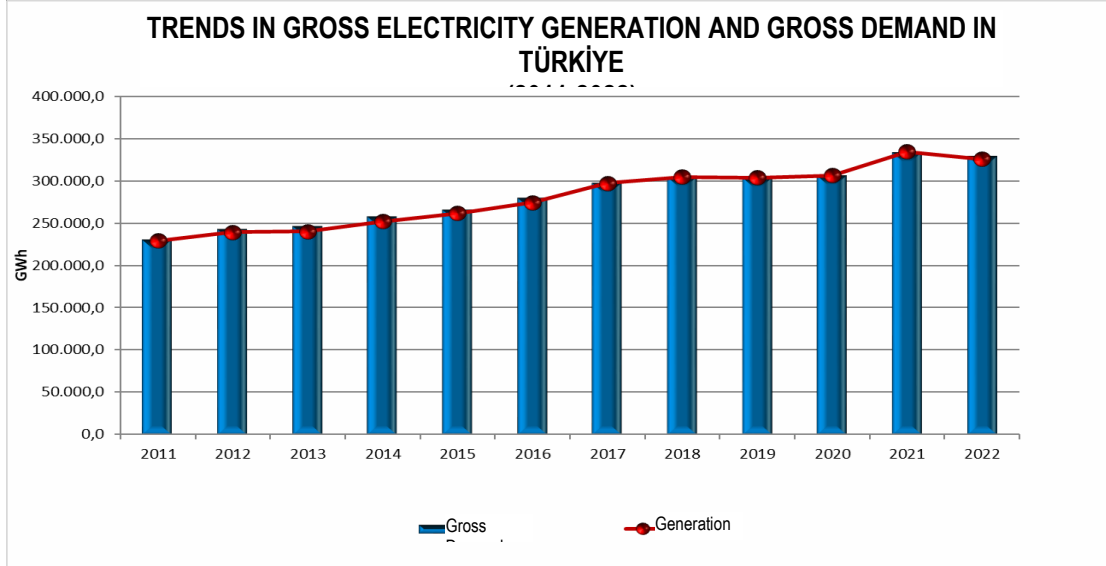
Analyzing both the December 2022 data and the total annual data, we see that the decrease in generation is greater than the decrease in consumption, and that the amount of electricity generated does not match the amount of consumption in either period.

In the first quarter of 2022, electricity generation and consumption values increased by an average of 4.22% compared to the first quarter of 2021, while they decreased by an average of 1.97% in the second and third quarters compared to the same period in 2021. The downward trend accelerated in the last quarter of 2022, with electricity generation and consumption values 5.37% lower in October, 7.93% lower in November, and 8.52% lower in December compared to the same period in 2021. The decrease in production values was greater than the decrease in consumption values.

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**V. ASSESSMENT OF ELECTRICITY SECTOR (continued)**

**a) Information About the Industry in which the Company Operates, the Company's Position in the Industry (continued)**



Reference: TEİAŞ

Analyzing the trend of Türkiye's electricity generation values over the years, it is observed that electricity generation has been on an upward trend every year, except for a 0.30% decrease in 2019. However, in contrast to previous years, electricity generation in 2022 decreased by 2.6%.

The rapid rise in global natural gas prices, which have reached historic highs, has led to an increase in demand for coal, which in turn has led to an increase in coal prices. This has led to energy demand being met with expensive imported resources, and the rise in electricity prices has become inevitable.

While a significant portion of the investments made in the Turkish electricity generation sector in the last 3-4 years have been based on renewable energy resources with the incentives provided, the recent energy supply problems experienced both globally and in Türkiye have once again demonstrated the importance of having reliable baseload power plants with high availability, as well as increasing the diversity of resources to be used for energy generation. In this context, many countries are reviewing their energy policies in the light of developments, and the utilization of lignite sites, which occupy an important place among domestic fossil fuels, remains important for the national energy policy of our country. In fact, coal is still the most important source of electricity generation worldwide, accounting for 36% of global electricity generation in 2021. Scenario analyses conducted by the International Energy Agency also predict that coal-based generation will remain at 28% in 2030.

**Distribution of Installed Capacity and Generation Based on Energy Resources**

According to TEİAŞ ("Turkish Electricity Transmission Company") data, the total installed capacity in the sector as of December 2022 was 103,809.2 MW with a net increase of 3,989 MW compared to the same period of the previous year (after taking into account the plants with reduced capacity and shutdowns).

An analysis of the change in installed capacity by fuel type shows that the increase in installed capacity was mainly driven by renewable energy sources, mainly solar (1,609 MW) and wind (789 MW), as well as biomass (276 MW) and imported coal (1,380 MW).

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**V. ASSESSMENT OF ELECTRICITY SECTOR (continued)**

**a) Information About the Industry in which the Company Operates, the Company's Position in the Industry (continued)**

**Distribution of Installed Capacity and Generation Based on Energy Resources (continued)**

When analyzing the distribution of Türkiye's installed capacity based on energy source, respectively hydropower, natural gas and coal-fired power plants take the first three places in 2022. These three groups account for approximately 30%, 24% and 21% of total installed capacity, respectively.

The distribution of total electricity generation based on energy source in 2022 shows that the share of natural gas-fired power plants in generation has decreased significantly compared to the same period in the previous year. While the share of coal-fired power plants (Lignite, Imported Coal, Hard Coal, and Asphaltite) in generation increased compared with the same period last year, coal-fired power plants were the largest energy source, accounting for 34.6% of generation. Natural gas plants, which historically have had the largest share of generation, have seen their generation decrease due to natural gas prices and natural gas constraints. On the other hand, the share of hydroelectric plants increased to 20.6% compared to the previous year.

Comparing the 2022 data with the 2021 values, the share of hydroelectric power plants in generation increased (from 16.71% to 20.61%), while the increase was higher than that of coal-fired power plants (from 30.89% to 34.61%) and Geothermal, Wind and Solar power plants (from 16.78% to 18.8%). The share of natural gas-fired power plants in generation decreased significantly (from 33.22% to 22.25%).

**Incentive Mechanisms in the Electric Power Industry**

In recent years, the public authority has provided various support to power plants that generate renewable energy and electricity from domestic resources, with the aim of reducing external energy dependence, ensuring sustainable growth, reducing the current account deficit and supporting the power generation sector.

The most important of these incentives is Renewable Energy Resources Support Mechanism (RERSM). The new support mechanism for renewable energy plants to be commissioned between July 1, 2021 and December 31, 2025 was published in the Official Gazette dated January 30, 2021. According to the support mechanism, the price support to be provided to the renewable energy power plants to be commissioned between the above-mentioned dates will be applied in Turkish Lira and the prices will be updated every 3 months according to the change in inflation rates (PPI/CPI) and exchange rates (EUR/TL and USD/TL). US dollar price caps are applied when prices are updated. The power plants will benefit from the purchase guarantee for 10 years. The implementation period of the domestic contribution share is set as 5 years. In the third quarter of 2022, RERSM prices were realized as TL 82.65 kuruş/kWh for hydroelectric power plants, TL 66.13 kuruş/kWh for wind and solar power plants, and TL 111.58 kuruş/kWh for geothermal and biomethanization power plants. Q4 prices were determined as TL 93.47 kuruş/kWh for hydroelectric power plants, TL 74.79 kuruş/kWh for wind and solar power plants, and TL 126.18 kuruş/kWh for geothermal and biomethanization power plants.

The new support prices set in Turkish lira were significantly lower than the old RERSM prices. The Group is closely monitoring how the new RERSM mechanism will affect investment in the electricity sector in the coming period.

Since 2018, when there was a currency shock due to the fact that the electricity sales revenues of power plants outside the scope of RERSM in recent years were denominated in Turkish Lira and the investments were largely financed in foreign currency, both existing power plants and ongoing projects in this site, with the exception of renewable energy power plants, have been exposed to high currency risk.

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## **V. ASSESSMENT OF ELECTRICITY SECTOR (continued)**

### **a) Information About the Industry in which the Company Operates, the Company's Position in the Industry (continued)**

#### **Incentive Mechanisms in the Electric Power Industry**

In view of the developments in the sector, the Public Authority has decided, by the Decree of the Council of Ministers published in the Official Gazette on December 2, 2017, that the purchase of electricity energy from the Domestic Coal-Fired Power Plants of Electricity Generation Company ("EÜAŞ") for a period of seven years (2018 - 2024) starting from 2018 and that the electricity purchase price will be increased quarterly according to certain parameters.

EÜAŞ electricity purchase prices, which are escalated according to inflation and USD/TL exchange rate changes, were realized at TL 394.54 /MWh, TL 403.93 /MWh, TL 447.10 /MWh and TL 457.36 /MWh for the quarters of 2021, respectively. However, EÜAŞ's electricity purchase prices remained at very low levels in the third and fourth quarters of 2021 compared to the free-market electricity sales prices, which increased sharply due to rising commodity prices for the reasons mentioned above. In the third quarter of 2021, the average free market price was TL 532.20 /MWh, while the average EÜAŞ purchase price was TL 447.10 /MWh. This situation, which negatively affected domestic coal-fired thermal power plants, further increased in the fourth quarter of 2021, with the average free market price realized at TL 836.51 /MWh, while the purchase price of EÜAŞ remained at TL 457.36 /MWh. In the last days of 2021, the public authority did not change the existing conditions in the electricity procurement tender and the escalation mechanism was maintained, and therefore the tender was not finalized.

Subsequently, the scope of the power purchase tender conducted by EÜAŞ to incentivize Domestic Coal-Fired Power Plants was changed in 2022, making it open to all resource types and requiring bidders to set electricity sales prices. However, the relevant electricity purchase tender was canceled by EÜAŞ.

Similarly, EÜAŞ organized a power purchase tender for 2023 to incentivize Domestic Coal-Fired Power Generation Plants, the purchase price was set at TL 1500 /MWh and the escalation mechanism was kept the same as in previous tenders. However, the tender in question has not been finalized.

As a result, while the 2018-2024 period set for EÜAŞ's electricity procurement tenders was already a risk factor in terms of continuity, the shift of the pricing mechanism away from market prices has created additional uncertainty about whether the authority will continue to support domestic coal-fired power plants.

In addition, EMRA introduced a new regulation at the beginning of April that differentiates the maximum settlement price for the electricity price formed within EPIAŞ among power plants. The maximum price, which used to be the same for all market participants, was set at TL 2,500 /MWh for imported coal and natural gas power plants and TL 1,200 /MWh for all other power plants. In this framework, a policy was adopted to subsidize part of the costs of natural gas and imported coal power plants with high production costs, which determine the price formation in the market, by other producers in the market in order to allow them to continue production. This situation caused other power plants, especially domestic coal-fired power plants, to sell electricity well below the market price and negatively affected their profitability. Generation facilities included in RERSM are excluded from the application of the maximum settlement price.

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**V. ASSESSMENT OF ELECTRICITY SECTOR (continued)**

**a) Information About the Industry in which the Company Operates, the Company's Position in the Industry (continued)**

**Incentive Mechanisms in the Electric Power Industry**

The Maximum Settlement Prices realized in the period from April to September 2022 under the specified escalation mechanism are as follows:

TYPE OF RESOURCE	Apr.22	May.22	Jun.22	Jul.22	Aug.22	Sep.22
IMPORTED COAL	2,500.00	2,731.99	3,062.26	3,556.52	3,426.83	3,372.67
NATURAL GAS / FUEL OIL / DIESEL / NAPHTHA	2,500.00	2,512.86	2,896.08	2,902.62	3,172.01	4,619.41
OTHER (Including Domestic Coal)	<b>1,200.00</b>	<b>1,277.99</b>	<b>1,369.98</b>	<b>1,412.12</b>	<b>1,452.52</b>	<b>1,488.21</b>

Effective April 1, 2022, the maximum settlement price was introduced for a period of 6 months and is scheduled to expire on September 30. However, due to the persistence of current conditions and the continued rise in energy commodity prices, it was decided to apply for an additional 6 months until March 31, 2023. However, in light of the low maximum settlement price set specifically for domestic coal-fired power plants and changing price levels, the maximum price levels have been reviewed and updated for the new implementation period. According to the update, the maximum settlement price for imported coal and natural gas-fired power plants has been reduced, while the maximum settlement price for domestic coal-fired power plants has been increased by creating a separate item.

The maximum settlement base prices for the period October 2022 - January 2023 are determined as follows:

TYPE OF RESOURCE	Oct.22	Nov.22	Dec.22	Jan.22
IMPORTED COAL	2,750.00	2,178.53	2,493.69	1,980.81
NATURAL GAS / FUEL OIL / DIESEL / NAPHTHA	4,500.00	4,500.82	4,501.34	4,136.34
DOMESTIC COAL	<b>2,050.00</b>	<b>2,057.11</b>	<b>2,058.52</b>	<b>2,162.71</b>
RENEWABLE RESOURCES	1,540.00	1,545.34	1,546.40	1,624.67

Another advantage for domestic coal-fired power plants is the Electricity Market Capacity Mechanism Regulation, which came into effect after being published in the Official Gazette on January 20, 2018. Under this framework, capacity payments are made to generating plants that meet the conditions specified in the regulation, primarily those using domestic resources.

In 2021, a total of 51 power plants (23 coal, 18 natural gas and 10 hydroelectric power plants) received incentives under the capacity utilization mechanism. Of these, 15 plants use only domestic coal, 8 use domestic and imported coal together, 15 use natural gas, 3 use domestic and imported natural gas, and 10 are hydroelectric plants. In May 2021, with the amendment of the Electricity Market Capacity Mechanism Regulation, power plants built using the build-operate method and power plants generating with foreign resources older than 13 years were also included in the Capacity Mechanism. As a result of this change, the number of plants that will benefit from the Capacity Mechanism in 2021 has increased, resulting in the above list of plants. In 2021, the total amount paid was realized as TL 2,852,656,935.

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## **V. ASSESSMENT OF ELECTRICITY SECTOR (continued)**

### **a) Information About the Industry in which the Company Operates, the Company's Position in the Industry (continued)**

#### **Incentive Mechanisms in the Electric Power Industry**

With the amendment of the Regulation published in the Official Gazette on December 18, 2021, it was decided that 50% of the payment system of the Capacity Mechanism will be based on the free market electricity sales prices and the fixed and variable cost components determined for different resource types. In 2022, the number of plants that will benefit from the Capacity Mechanism was again set at 51, while 5 candidate plants will be added to the Capacity Mechanism list upon completion of their capacity increases. For 2022, the budget of the Capacity Mechanism is set at 3 billion TL. While in 2021, 56.5% of the capacity fee distributed by TEİAŞ was paid to Domestic Coal-Fired Power Plants, with this amendment, the share of domestic coal-fired power plants in the capacity mechanism decreased to 23.6% in 2022, while the share of natural gas power plants and hydroelectric power plants was 67.35% and 9.02%, respectively.

Taking all these regulations into account, it is assessed that the public authority has recently shifted from a policy of promoting the use of domestic resources to a set of policies that prioritize supply security and ensure that electricity price increases are not passed on to consumers as much as possible. How long these practices will continue and whether they will become sustainable is critical to the Konya Ilgın Thermal Power Plant Project. The removal of uncertainties regarding the continuity of all these incentive mechanisms is expected to have a positive impact on the investment climate in the electricity sector.

#### **Paris Agreement**

The Paris Agreement entered into force in 2016, with the aim of improving the implementation of the United Nations Framework Convention on Climate Change and mitigating the adverse effects of climate change.

For the Paris Agreement to enter into force in the countries where it is signed, it must also be ratified by those countries' parliaments. On October 6, 2021, the Paris Agreement was officially adopted and ratified by the Grand National Assembly of Türkiye, while Türkiye was the only OECD and G20 member that had signed but not ratified the Paris Agreement.

In its 2016 Declaration of Intended Nationally Determined Contribution, Türkiye also made a "mitigation from increase" projection, stating that it plans to reduce its emissions, which it projects to decrease from 1 billion 175 tons to 929 million tons in 2030, through the measures it will take.

At the COP27 Climate Summit in November 2022, Türkiye's updated Nationally Determined Contribution was announced, stating that Türkiye's 21% emissions mitigation from increase target for 2030 has been increased to 41%.

The extent to which coal and fossil fuel-based power generation will be affected by emission mitigation targets is uncertain. Within the framework of the Paris Agreement, Türkiye's emission targets and the policies to be implemented to achieve these targets will play an important role in shaping the investment environment in the electricity sector.

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## **VI. RISKS, AND ASSESSMENTS OF THE BOARD OF DIRECTORS**

Park Elektrik conducts its activities in a transparent, accountable, fair and responsible manner. The Board of Directors, taking into account the opinions of the relevant committees of the Board of Directors, establishes internal control systems, including risk management and information systems and processes, that can minimize the impact of risks that may affect the Company's stakeholders, in particular shareholders.

By resolution of the Board of Directors dated September 12, 2013, a Risk Management Committee was established within the Company in accordance with the Communiqué on Corporate Governance. The purpose of the Committee, which reports to the Board of Directors, is to identify, analyze, measure, monitor and report strategic, financial and operational risks that may affect the Company's activities, and to mitigate and prepare for both controllable and uncontrollable risks. As part of this role, the Committee makes suggestions and recommendations to the Board of Directors. The independent auditor's report on the System and Committee for Early Detection of Risk is attached as Appendix 2.

In addition, an Audit Committee has been established within the Board of Directors for the purpose of internal control of the financial reporting process, and the necessary reports are submitted to the Board of Directors on a quarterly basis.

## **VII. INFORMATION ON RELATED PARTY TRANSACTIONS AND BALANCES**

For the period from January 1, 2022 to December 31, 2022, related party transactions and balances are disclosed in Note 23 to the consolidated financial statements for the respective period.

As of December 31, 2022, the Group's total trade and other receivables from related parties amounted to TL 575,845,461. This amount was reported as TL 606,400,608 in the financial statements dated December 31, 2021. Of total receivables, TL 11,657,418 were trade receivables and TL 564,188,043 were non-trade receivables. All other receivables were due from Park Holding A.Ş. As of December 31, 2022, the balance of other receivables from Park Holding A.Ş. consists of both foreign currency and Turkish Lira, and the balance of foreign currency is USD 28,458,268. At the end of 2021, the related foreign currency balance was USD 27,487,171.

In 2022, interest rates for commercial and financial transactions denominated in TL were 20.14% for January-March, 20.21% for April-June, 22.09% for July-September and 18.75% for October-December (in 2021, interest rates were 18.80% for January-March, 20.09% for April-June, 20.07% for July-September and 18.84% for October-December). For USD denominated financial transactions, interest rates were 2.72% for January - March, 3.78% for April - June, 5.67% for July - September and 5.83% for October - December (In 2021, interest rates were 2.52% for January - March; 2.41% for April - June; 2.04% for July - September; 2.26% for October - December). In accordance with the Group's policy, interest rates are re-determined every quarter by taking the arithmetic average of the current deposit and commercial loan interest rates announced by the Central Bank of the Republic of Turkey, provided that they are not below the deposit interest rates for the fund lender.

The total financial income generated in 2022 from other receivables from Park Holding A.Ş. amounted to TL 218,631,250.



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**VII. INFORMATION ON RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

The Board of Directors of the Company has prepared a report explaining the relations with the controlling shareholder and its subsidiaries within the scope of the provisions of the Turkish Commercial Code and the conclusion part of the said report:

"In the legal transactions carried out by our Company with our controlling shareholder Park Holding and its subsidiaries in the fiscal year 2022, it was assessed that an arm's length performance was achieved in each transaction, that the said transactions did not cause any loss to our Company, and that the interests of our Company were observed and protected within the framework of the rules of honesty through transactions carried out within the framework of the "arm's length principle" and market rules; in fiscal year 2022, it was concluded that there were no legal transactions made with the controlling shareholder of our Company, Park Holding and its subsidiaries and their directives for the benefit of Park Holding or any subsidiary, and there were no measures taken or avoided for the benefit of Park Holding or any subsidiary."

**VIII. EVENTS AFTER THE REPORTING PERIOD**

The production activities of the bauxite site with registration number 78173, located in Islahiye District, Gaziantep Province, where the Company has an operating license, were suspended on February 6, 2023, following the earthquake disaster that affected 10 provinces in the same region, with Kahramanmaraş as the epicenter. After the completion of the repair works to restore the transportation between the working areas in the mine site and Islahiye, the identified damages to the power transmission lines were largely repaired by CTC Enerji Madencilik Sanayi ve Ticaret A.Ş. so as not to constitute an obstacle to the mining activities to be carried out. As a result, production at the site resumed on March 1, 2023, ahead of schedule.

Except as disclosed above, no operations or assets of the Company and its subsidiary were damaged by the earthquakes that occurred on February 6, 2023 and there is no indication that the investment properties in Adana may be impaired. In addition, Ciner Group is providing food, medicine, clothing, machinery/equipment and labor support to the region to meet the needs of the disaster area, and has begun working to help address the housing problem in the region.

**IX. ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE**

**a) Corporate Governance Compliance Statement**

Our Company started to work on the Corporate Governance Principles, which were first announced to the public by the CMB in July 2003, immediately after the publication of the Principles. By the end of 2004, the Company had completed its initial work on compliance with the Corporate Governance Principles and had complied with all subsequent updates.

Within this framework, the Company has fully incorporated the concepts of equality, transparency, accountability and responsibility, which form the basis of corporate governance, into its management approach.

The Company has complied with all of the compulsory principles and the majority of the non-compulsory principles within the scope of the CMB's Communiqué on Corporate Governance No. II-17.1, which entered into force upon its publication in the Official Gazette on January 3, 2014. Although the Company aims to achieve full compliance with the non-compulsory principles, full compliance has not yet been achieved due to existing difficulties in implementation, periodic changes related to the Company, and ongoing discussions in Türkiye and in international markets regarding the application of some principles.

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## **IX. ADDITIONAL INFORMATION ON CORPORATE**

### **a) Corporate Governance Compliance Statement (continued)**

The "Corporate Governance Compliance Report" ("CGCR") and the "Corporate Governance Information Form" ("CGIF") for the fiscal year 2022, prepared in accordance with the resolution of the Capital Markets Board dated January 10, 2019 and numbered 2/49 and the Communiqué on Corporate Governance numbered II-17.1, were published on March 9, 2023 at [www.kap.org.tr](http://www.kap.org.tr).

For the fiscal year ended December 31, 2022, compliance with the corporate governance principles annexed to the Communiqué on Corporate Governance and explanations regarding the voluntary principles that have not yet been complied with are included in the relevant sections of the Corporate Governance Compliance Report ("CGCR") and Corporate Governance Information Form ("CGIF").

If the content of the relevant forms changes significantly during the reporting period, the relevant development will be communicated to the public by updating the Public Disclosure Platform, and the relevant information will also be included in the Interim Activity Report.

### **b) Corporate Governance Policies**

The Company's Corporate Governance Policies are available to the public on the Company's website at [www.parelektirik.com.tr](http://www.parelektirik.com.tr) under the heading "Corporate Governance".

### **c) Investor Relations Department**

As of April 26, 2005, the Company established an Investor Relations Department to ensure the exercise of shareholders' rights and communication between the Company's management and shareholders. The Investor Relations Department reports to the Capital Markets Director. The Investor Relations department carries out its duties in cooperation with the Board of Directors, the committees established within the Board of Directors and the executives responsible for financial affairs and financial reporting.

Tolga Büyükdikbaş continues to serve as the Department Manager in the Investor Relations Department.

Contact and licensing information for the Investor Relations Department Manager is provided below:

<b>Name</b>	<b>Title</b>	<b>Type of License</b>	<b>License No</b>	<b>Contact Details</b>
Tolga Büyükdikbaş	Investor Relations Department Manager	Capital Market Activities Level 2 License	102513	Tel: 0216 5312533 Fax: 0216 5312571 <a href="mailto:yatirimci.iliskileri@cinergroup.com.tr">yatirimci.iliskileri@cinergroup.com.tr</a> <a href="mailto:investor.relations@cinergroup.com.tr">investor.relations@cinergroup.com.tr</a>

In addition, Kadir Zararsız, who was working as a Financial Reporting Specialist in our Group, has been assigned to the Investor Relations Department.

Written and oral requests for information submitted to the department by investors and all other stakeholders are responded to in writing and/or orally by the Investor Relations Department with the knowledge and approval of the higher authority to which it reports.

Information and meeting requests from investors and all other stakeholders are evaluated by the Investor Relations Department within the framework of the Disclosure Policy and all information is shared within the framework of what has been previously disclosed to the public. The Company does not provide guidance to investors regarding expectations for the Company's operating results or share price performance.

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## **IX. ADDITIONAL INFORMATION ON CORPORATE**

### **c) Investor Relations Department (continued)**

In addition, opinions and requests for information received from our shareholders by telephone and electronic mail are responded to in a manner that does not create an information imbalance, excludes confidential information and business secrets, and ensures that our investors are informed.

### **d) Use of Information Rights by Shareholders**

Shareholders' rights are exercised in accordance with the law, the Articles of Association and other relevant regulations; all shareholders are treated equally in the exercise of their right to receive and review information; and information that does not constitute trade secrets is shared with all shareholders on an equal basis.

The Company's corporate website, [www.parkedlektrik.com.tr](http://www.parkedlektrik.com.tr), under the Investor Relations and Corporate Governance sections, is designed to provide investors with the maximum amount of information in the shortest amount of time in a simultaneous, accurate, fast, complete and understandable manner.

### **e) General Assembly Meetings**

The Ordinary General Assembly Meeting of Park Elektrik Üretim Madencilik Sanayi ve Ticaret Anonim Şirketi for the year 2021 was held on July 5, 2022 at the Company's headquarters. The General Assembly convened with a presence of 68.51%. The Company's 2021 Ordinary General Assembly Meeting was also held electronically and shareholders with a total nominal value of TL 402,600 participated in the meeting electronically.

At the General Assembly, all items on the agenda were communicated in a clear, impartial and understandable manner, and shareholders were able to participate in the voting process under equal conditions. Shareholders had the right to ask questions at the General Assembly, and these questions were answered in detail by the Chairman of the Board of Directors and other relevant persons., which were forwarded to the Investor Relations Department.

### **f) Voting Rights and Minority Rights**

The Company's Articles of Association do not provide for any privileges with respect to the exercise of voting rights. Each share has one voting right. There is no provision in the Articles of Association that prevents a person who is not a shareholder from voting by proxy.

The shareholders who hold less than one-twentieth of the share capital are not granted minority rights, and they are provided with the rights enumerated in general regulations in the legislation.

### **g) Structure, Duties and Authorities of the Board of Directors**

The Board of Directors consists of a total of 9 members. The Board of Directors consists of executive and non-executive members. The Board of Directors is vested with the duties and authorities set forth in the Turkish Commercial Code, capital market legislation and the Company's Articles of Association.

Pursuant to the Internal Directive on the Delegation of Management, the members of the Board of Directors delegate to the executive members of the Board of Directors the duties and authorities in the areas of responsibility set forth in Article 7 of the Directive, in order to ensure that the activities of the Company are carried out efficiently.

Currently, there is 1 female member on the Board of Directors. The Corporate Governance and Nomination Committee has set a target of 25% female representation on the Board of Directors and has established a policy to this effect.

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**IX. ADDITIONAL INFORMATION ON CORPORATE**

**g) Structure, Duties and Authorities of the Board of Directors (continued)**

In 2022, the Board of Directors took a total of 14 decisions, 9 of which were not physically convened but signed by circulation after deliberation through other channels. The members of the Board of Directors are regularly informed of the financial performance and activities of the Company.

**h) Assessment of the Board of Directors Regarding the Members of the Committees Established within the Board of Directors, Frequency of Meetings, Working Principles Including the Activities Carried Out and the Effectiveness of the Committees**

The committees reporting to the Board of Directors, their members and the frequency of their meetings are shown in the attached table. The duties of the Nomination and Remuneration committees, which are currently not included within the Board of Directors, are being performed by the Corporate Governance and Nomination Committee in accordance with the Corporate Governance Principles.

Committee	Committee Members	Position in the Committee	Type	Meeting Frequency
Audit Committee	Galip Taşdemir	Chairman	Independent Member	At least 4 times per year in 3-month periods
	Dilek Emil	Member	Independent Member	
Corporate Governance and Nomination Committee	Dilek Emil	Chairman	Independent Member	At least 2 times per year
	Galip Taşdemir	Member	Independent Member	
	Engin Yavuz	Member	Capital Markets Director	
	Tolga Büyükdikbaş	Member	Investor Relations Department Manager	
Risk Management Committee	Galip Taşdemir	Chairman	Independent Member	At least 6 times per year in 2-month periods
	Erdal Yavuz	Member	Non-Executive Member	

In 2022, the Audit Committee reported to the Board of Directors 5 times, the Corporate Governance and Nomination Committee 4 times and the Committee for Early Detection of Risk 6 times. In 2022, our Audit, Corporate Governance and Nomination and Early Detection of Risk Committees performed their duties and responsibilities in accordance with their respective charters and operated effectively.

The duties and operating principles of the Board Committees are disclosed to the public on the Company's website at [www.parelelektrik.com.tr](http://www.parelelektrik.com.tr) under the heading "Corporate Governance".

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**X. THE SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK**

The CMB's amendment to the ~~Corporate~~ Communiqué on Corporate Governance, numbered II-17.1, entered into force on October 2, 2020. With this amendment, a "The Sustainability Principles Compliance Framework", which includes the basic principles that publicly traded companies are expected to disclose while conducting their Environmental, Social and Corporate Governance ("ESG") activities, was announced to the public. While the implementation of these principles is voluntary, it is mandatory to report whether or not they have been implemented in annual reports under the "Comply or Explain" principle.

Due to the mining sector in which our company currently operates, sustainability reporting requires intensive work in many areas, particularly in the area of environmental principles. Considering that our Company's previous studies in the field of ESG have focused mainly on corporate governance and that our Company's current activities are limited to mining activities carried out by subcontractors due to the ongoing investment process through our Company's subsidiary, the Board of Directors of our Company has decided to first establish a roadmap on this issue and to gradually implement the necessary action plans to comply with the "The Sustainability Principles Compliance Framework" in accordance with this roadmap.

The Sustainability Compliance Report, prepared in accordance with the formats established by CMB Resolution No. 34/977 of June 23, 2022 and approved by the Board of Directors of the Company, was published on March 9, 2023 on [www.kap.org.tr](http://www.kap.org.tr).

In the said report, the principles that have not yet been complied with are disclosed to the public for reasons such as the difficulties in implementing the principles due to the sector in which our Company operates, the fact that some principles do not fully overlap with the current structure of the Company, and the fact that the principles of compliance will be determined by our Company according to the progress of the ongoing power plant investment process. Our Company conducts its mining activities in compliance with the mining and environmental laws in force in our country.

The impact on environmental and social risk management of not fully complying with non-compulsory principles is monitored by our Company and assessed through sustainability studies.

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**APPENDIX 1: RESUMES OF THE BOARD MEMBERS AND DECLARATIONS OF  
INDEPENDENCE OF INDEPENDENT BOARD MEMBERS**

**GÜRSEL USTA**

Gürsel Usta, who serves as Head of Ciner Group Glass and Chemicals and Vice Chairman of Park Holding A.Ş., holds a bachelor's degree from Ankara University, Faculty of Political Sciences. Gürsel Usta began his career as an account specialist at the Ministry of Finance and later served as an advisor to the Deputy Prime Minister. After serving as the Deputy General Manager of the Social Security and Child Protection Agency, where he was appointed by proxy, he joined the Tepe Group in 1992 and started working in the private sector. He joined Ciner Group in 2003 while serving as General Manager of the Tepe Group's marketing companies. Since 2003, he has held senior positions within Ciner Group.

**Orhan YÜKSEL**

Orhan Yüksel graduated from Marmara University, Faculty of Administrative Sciences, Department of Business Administration in 1984 and has been working in various private sector companies since 1978. He is a licensed Certified Public Accountant and Financial Advisor and is also a certified independent auditor by the POA. Since 1994, he has been working as a senior financial affairs executive at Ciner Group and is also a member of the Board of Directors of Ciner Group companies.

**Cevdet ÖZÇEVİK**

Mr. Özçevik graduated from Ankara State Engineering and Architecture Academy in 1980 as an Electrical Engineer and joined Ciner Group in 1999 while working at Soma Lignites Enterprise of TCE. He is a senior executive in Ciner Group's Energy and Mining Group and also serves as a member of the Board of Directors of Ciner Group companies.

**Erdal Yavuz**

Since 2017, Erdal Yavuz has served as the Head of Strategy, Business Development and Investments at Ciner Group. Between June 2010 and 2017, Mr. Yavuz served as the Head of Affiliates at Turkish Airlines. Mr. Yavuz has represented Turkish Airlines in the Turkish American Business Council and has been a member of the Board of Directors of TGS and SunExpress, two companies of the Turkish Airlines Group. Mr. Yavuz graduated from Boğaziçi University, Department of Industrial Engineering in 1995 and received his MBA degree from Cass Business School in the United Kingdom in 2001. Mr. Yavuz started his career at TSKB and was actively involved in treasury management, corporate finance, project finance and financial restructuring. Mr. Yavuz worked as a senior executive at Standard & Poors London office in 2001, at Telsim Mobil Telekomünikasyon A.Ş. between 2004 and 2006 and at Vodafone Group between 2006 and 2010.

**Mehmet Sıraç ASLAN**

Mehmet Sıraç Aslan graduated from the Faculty of Law of Istanbul University in 1968 and started his judicial career in 1971 as a candidate for the Diyarbakır Judicial Court. After serving as a Public Prosecutor, Criminal Judge and Chief of the Assize Court, he was appointed to the Court of Cassation in 1990. After working for 10 years as a member of the Supreme Court, Mehmet Sıraç Aslan was elected as a full member of the Supreme Council of Judges and Prosecutors ("HSYK") in 1994 and was appointed as Vice President of the HSYK in 1998. Between 1995 and 2003, he was President of the Central Criminal Committee of the General Directorate of Youth and Sports of the Prime Ministry, and between 1995 and 1997, he was a Lecturer in Criminal Law at the Police Academy for two years. Mehmet Sıraç Aslan retired as a member of the Court of Cassation in 2000 and served as a member of the Competition Board between 2003 and 2009.

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**APPENDIX 1: RESUMES OF THE BOARD MEMBERS AND DECLARATIONS OF  
INDEPENDENCE OF INDEPENDENT BOARD MEMBERS (continued)**

**Özkan GÖKMEN**

Özkan GÖKMEN graduated from Gazi University, Faculty of Architecture and Engineering, Department of Mechanical Engineering in 1991 and started his professional career at Turkish Coal Enterprises ("TCE") in the same year. He worked as a Shift Engineer and Mechanization Department Engineer at Çayırhan Central Anatolian Lignite Enterprise within TCE. After leaving TCE, Özkan GÖKMEN joined Ciner Group on July 1, 2000 and continues his career at Ciner Group. He worked as underground mechanization supervisor, electromechanical manager and operations manager at Çayırhan Thermal Power Plant within Ciner Group. He currently serves as a senior executive in the Energy and Mining Group of Ciner Group and is also a member of the Board of Directors of Ciner Group companies.

**Selçuk YEŞİLTAŞ**

Born in 1984 in Ordu/Fatsa, Selçuk Yeşiltaş graduated from Koç University, Department of Physics in 2007 and joined Bahçeşehir University, Financial Economics graduate program in 2009. In 2007, Mr. Yeşiltaş started his career in the corporate banking department of Denizbank and worked in the corporate banking departments of Fibabanka and TSKB before joining Ciner Group in June 2015. Mr. Yeşiltaş, who started his career as Project Finance and Business Development Manager at Ciner Group, has been serving as Group Finance Coordinator since 2016 and is also a member of the Board of Directors of Ciner Group companies.

**GALİP TAŞDEMİR, Independent Member**

After graduating from the Faculty of Economics at Istanbul University in 1972, Mr. Galip Taşdemir started his career at the Ministry of Finance as an Assistant Account Specialist in 1976, was appointed as an Account Specialist in 1980 and Chief Account Specialist in 1987. Between 1987 and 1995, Mr. Taşdemir served as Head of Department and Deputy Director General at the Directorate General of Budget and Financial Control, and then as Financial Attaché at the Consulate General in Cologne between 1995 and 1998. In 2000, Mr. Galip Taşdemir became the General Manager of the Accounting Department, in 2004 he became the Deputy Undersecretary of the Ministry of Finance and between 2004 and 2007 he was the Financial Attaché of the Consulate General in Berlin. Mr. Taşdemir served as Ministry Counselor between 2007 and 2008 and retired from this position. Between 2012 and 2017, he worked as an expert at the Ankara Court of Justice in the Commercial, Peace, First Instance, Labor and Criminal Courts. Galip Taşdemir has been working as a Certified Public Accountant since 2009. Mr. Taşdemir is also the Associate Chief Auditor of A1 Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

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**APPENDIX 1: RESUMES OF THE BOARD MEMBERS AND DECLARATIONS OF  
INDEPENDENCE OF INDEPENDENT BOARD MEMBERS (continued)**

**DİLEK EMİL, Independent Member**

Dilek Emil graduated from Ankara University, Faculty of Political Sciences, Department of Economics and Finance and completed her postgraduate studies in Economics at Birkbeck College, University of London. She began his career at the Undersecretariat of the Treasury of the Prime Minister and served in various positions between 1994 and 2004, including Advisor to the Undersecretary, Executive Economic Counselor in Washington D.C., and Deputy General Manager of Foreign Capital.

In addition to her role as Yaşar Holding's Corporate Affairs Coordinator between 2004 and 2018, Dilek Emil also chaired Yaşar Holding's Sustainable Development Committee and coordinated the sustainability studies of 10 Yaşar Holding companies that signed the Global Compact in 2007 and their reporting based on the Global Reporting Initiative (GRI), an international standard. In this framework, in addition to coordinating projects to reduce carbon and water footprints and water risks, she ensured Pınar Süt Mamulleri Sanayii A.Ş.'s participation in the Carbon and Water Transparency Program (CDP-Carbon Disclosure Project). She has also developed projects on waste prevention, waste reduction and women's empowerment.

Dilek Emil, who served as the first Chairperson of the Board of Directors of Pınar Institute between 2012 and 2016, also led the Institute's "The Future of Our Milk is in Conscious Hands" and "Let's Move with Fun, Let's Eat Healthy" projects. The Future of Our Milk in Conscious Hands project attracted the attention of the UNDP and was included in the "Business Call to Action". The "Let's Move with Fun, Let's Eat Healthy" project was expanded throughout Turkey with a protocol signed with the Ministry of National Education.

Dilek Emil is currently working at EWA Kurumsal Danışmanlık Limited Şirketi in the fields of climate change mitigation, sustainability, corporate relations and communication, public communication, corporate identity, corporate reputation, all kinds of government support, especially investment incentives, project development, research and analysis for access to various funding sources, non-governmental organizations, Small and Medium Enterprises and Start-up mentoring.



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**APPENDIX 1: RESUMES OF THE BOARD MEMBERS AND DECLARATIONS OF INDEPENDENCE OF INDEPENDENT BOARD MEMBERS (continued)**

**DECLARATION OF INDEPENDENCY**

I hereby declare that I am a candidate to serve as an independent member of the Board of Directors of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the Company), a listed company, in accordance with the independence criteria set forth in the Corporate Governance Principles attached to the Communiqué on Corporate Governance II-17.1. In that regard I also declare that:

a) Within the last five years, there has been no employment relationship with respect to a managerial position for assuming important duties and liabilities present between myself, my spouse and blood relatives and relatives by marriage up to secondary degree, and the Company, corporations in which the Company holds the control of management or a significant degree of influence as well as partners holding the management control or a significant degree of influence in the Company and legal entities where such partners have control of management, that we have not owned more than 5% of their capital or voting rights or preferential shares individually or jointly, and that we have not established a significant commercial relationship with them,

b) I have not worked, within the last five years, as a partner (5% and above), in a managerial position undertaking important duties and responsibilities, or a board member, particularly concerning the Company's audit (including tax audit, legal audit, internal audit), rating and consultancy, in companies from which the Company purchases significant amount of services or products, or to which the company sells the same under the contracts concluded, in periods of purchasing and selling services or products,

c) I have the professional training, knowledge and experience to duly perform my duties that I will undertake due to my independent board membership,

ç) Pursuant to the legislation to which they are affiliated, I will not work full-time at public institutions and agencies after having been elected as a board member, except as a faculty member,

d) I am a resident in Turkey pursuant to the Income Tax Law no. 193 dated 31.12.1960,

e) I have strong ethical standards, professional reputation and experience to be able to positively contribute to the Company's activities, to keep my impartiality in conflicts of interest between the company and shareholders, and to take decisions freely in consideration of the rights of the stakeholders,

f) I will be able to follow the flow of the company's activities and allocate time to the Company's activities to the extent that I can completely fulfill the requirements of the duties I undertake,

g) I have not held office as a board member in the Company's board of directors for more than six years within the last ten years,

ğ) I am not an independent board member in more than three of the companies whose management control is held by the shareholders who control the management of the Company, and in total more than five of the companies traded on Borsa İstanbul,

h) I have not been registered and announced in the name of the legal entity elected as a board member,

and, in the event that a situation arises that would impair my independence, I will personally notify the Board of Directors and the Capital Markets Board of this change at the same time.

**Galip TAŞDEMİR**  
28-Apr-21

**BOARD OF DIRECTORS ANNUAL ACTIVITY REPORT  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022  
IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES  
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

**APPENDIX 1: RESUMES OF THE BOARD MEMBERS AND DECLARATIONS OF INDEPENDENCE OF INDEPENDENT BOARD MEMBERS (continued)**

**DECLARATION OF INDEPENDENCY**

I hereby declare that I am a candidate to serve as an independent member of the Board of Directors of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the Company), a listed company, in accordance with the independence criteria set forth in the Corporate Governance Principles attached to the Communiqué on Corporate Governance II-17.1. In that regard I also declare that:

a) Within the last five years, there has been no employment relationship with respect to a managerial position for assuming important duties and liabilities present between myself, my spouse and blood relatives and relatives by marriage up to secondary degree, and the Company, corporations in which the Company holds the control of management or a significant degree of influence as well as partners holding the management control or a significant degree of influence in the Company and legal entities where such partners have control of management, that we have not owned more than 5% of their capital or voting rights or preferential shares individually or jointly, and that we have not established a significant commercial relationship with them,

b) I have not worked, within the last five years, as a partner (5% and above), in a managerial position undertaking important duties and responsibilities, or a board member, particularly concerning the Company's audit (including tax audit, legal audit, internal audit), rating and consultancy, in companies from which the Company purchases significant amount of services or products, or to which the company sells the same under the contracts concluded, in periods of purchasing and selling services or products,

c) I have the professional training, knowledge and experience to duly perform my duties that I will undertake due to my independent board membership,

ç) Pursuant to the legislation to which they are affiliated, I will not work full-time at public institutions and agencies after having been elected as a board member, except as a faculty member,

d) I am a resident in Turkey pursuant to the Income Tax Law no. 193 dated 31.12.1960,

e) I have strong ethical standards, professional reputation and experience to be able to positively contribute to the Company's activities, to keep my impartiality in conflicts of interest between the company and shareholders, and to take decisions freely in consideration of the rights of the stakeholders,

f) I will be able to follow the flow of the company's activities and allocate time to the Company's activities to the extent that I can completely fulfill the requirements of the duties I undertake,

g) I have not held office as a board member in the Company's board of directors for more than six years within the last ten years,

ğ) I am not an independent board member in more than three of the companies whose management control is held by the shareholders who control the management of the Company, and in total more than five of the companies traded on Borsa İstanbul,

h) I have not been registered and announced in the name of the legal entity elected as a board member, and, in the event that a situation arises that would impair my independence, I will personally notify the Board of Directors and the Capital Markets Board of this change at the same time.

**Dilek EMİL**  
28-Apr-21



## AUDITOR'S REPORT ON THE SYSTEM AND COMMITTEE FOR EARLY DETECTION OF RISK

To the Board of Directors of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

1. We have audited the system and committee for early detection of risk established by Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. ("the Company").

### *Responsibility of the Board of Directors*

2. Pursuant to the first paragraph of Article 378 of the Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors is responsible for establishing a specialized committee, operating and improving the system for early detection of causes that threaten the existence, development and continuity of the Company, taking the necessary measures and remedies in this regard, and managing the risks.

### *Responsibility of the Independent Auditor*

3. Our responsibility is to express a conclusion on the system and the committee for early detection of risk based on our audit. We conducted our audit in accordance with the Turkish Commercial Code, the "Principles of the Auditor's Report on the System and Committee for Early Detection of Risk" issued by the Public Oversight Accounting and Auditing Standards Authority and ethical rules. These Principles require us to determine whether the Company has established a system and committee for early detection of risk and, if so, to assess whether the system and committee function within the framework of Article 378 of the TCC. The adequacy of the measures taken by the Committee for Early Detection of Risk against risks and the management's response to risks are not within the scope of our audit.

### *Information on the System and Committee for Early Detection of Risk*

4. The Company has established a system and a committee for early detection of risk and the committee consists of 2 members. The Committee has submitted its reports to the Board of Directors for the accounting period from January 1 to December 31, 2022, with the purpose of early detection of causes that threaten the existence and development of the Company, taking the necessary measures and remedies in this regard, and managing the risks.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul-Türkiye

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Our Mersis (Central Registration System) Number: 0-1460-



*Conclusion*

5. As a result of our audit, we have concluded that Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.'s system and committee for early detection of risk is adequate in all material respects in accordance with Article 378 of the Turkish Commercial Code.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Cenk Uslu, CPA  
Responsible Auditor

Istanbul, March 9, 2023

**IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES  
REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)  
BOARD OF DIRECTORS ANNUAL ACTIVITY REPORT FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022**

This report has been prepared in accordance with the provisions of the Capital Markets Board's "Communiqué on Principles Regarding Financial Reporting in Capital Markets" numbered II-14.1 and the provisions of the "Regulation on Determination of the Minimum Content of the Annual Reports of Companies" published by the Ministry of Commercial in the Official Gazette of August 28, 2012 and numbered 28395, and has been signed and approved by the Members of the Board of Directors of the Company specified below.

09-Mar-23

GÜRSEL USTA  
**Chairman of the Board of Directors**

ERDAL YAVUZ  
**Vice Chairman of the Board of Directors**

ORHAN YÜKSEL  
**Member of the Board of Directors**

Selçuk YEŞİLTAŞ  
**Member of the Board of Directors**

CEVDET ÖZÇEVİK  
**Member of the Board of Directors**

ÖZKAN GÖKMEN  
**Member of the Board of Directors**

M. SIRAÇ ASLAN  
**Member of the Board of Directors**

GALİP TAŞDEMİR  
**Independent Member of the Board of  
Directors**

DİLEK EMİL  
**Independent Member of the Board  
of Directors**